

VICTORIA.



MINUTES  
OF THE  
PROCEEDINGS  
OF THE  
LEGISLATIVE  
COUNCIL.

SESSION.

1896.

COUNCIL  
CHAMBER.





MINUTES OF THE PROCEEDINGS

OF THE

LEGISLATIVE COUNCIL.

---

SESSION 1896.

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WITH COPIES OF THE VARIOUS DOCUMENTS ORDERED BY THE  
COUNCIL TO BE PRINTED.

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By Authority:

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1. The number of Bills sent by the Legislative Assembly to the Legislative Council.
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8TH MARCH, 1896, TO 31ST DECEMBER, 1896, INCLUSIVE.

Provinces and Members.	Elected at—		Dates of Retirement.	Remarks.
	Nomination.	Polling.		
<b>MELBOURNE PROVINCE :</b>				
The Honorables—				
Robert Reid ... ..	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
Sir Arthur Snowden ... ..	31 Aug. 1895	...	1901	Elected in place of Hon. G. S. Coppin, who retired by rotation.
James Service ... ..	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
Cornelius Job Ham ... ..	27 Aug. 1892	...	1898	Retired by rotation, and re-elected.
<b>NORTH YARRA PROVINCE :</b>				
The Honorables—				
William Pitt ... ..	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
Frederick Sheppard Grimwade ... ..	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
Nathaniel Levi ... ..	...	8 Sept. 1892	1898	Elected in place of Hon. W. H. Roberts, who retired by rotation.
<b>SOUTH YARRA PROVINCE :</b>				
The Honorables—				
Lieut.-Col. Sir Frederick Thomas Sargood, K.C.M.G.	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
George Godfrey ... ..	...	12 Sept. 1895	1901	Elected in place of Hon. J. M. Davies, who retired by rotation.
Edward Miller ... ..	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
Simon Fraser ... ..	27 Aug. 1892	...	1898	Retired by rotation, and re-elected.
<b>SOUTHERN PROVINCE :</b>				
The Honorables—				
Thomas Brunton ... ..	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
Sir William John Clarke, Bart. ... ..	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
Donald Melville ... ..	27 Aug. 1892	...	1898	Retired by rotation, and re-elected.
<b>SOUTH-WESTERN PROVINCE :</b>				
The Honorables—				
Joseph Henry Connor ... ..	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
Sidney Austin ... ..	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
Joseph Henry Grey ... ..	21 Dec. 1894	...	1898	Elected in place of Hon. D. S. Wallace, resigned.
Sir Henry John Wrixon, K.C.M.G., Q.C.	23 July 1896	...	1898	Elected in place of Hon. J. H. Grey, resigned.
<b>NELSON PROVINCE :</b>				
The Honorables—				
Samuel Williamson ... ..	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
William Henry Seville Osmand ... ..	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
Thomas Dowling ... ..	27 Aug. 1892	...	1898	Retired by rotation, and re-elected.
<b>WESTERN PROVINCE :</b>				
The Honorables—				
Agar Wynne ... ..	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
Samuel Winter Cooke ... ..	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
Nathan Thornley ... ..	27 Aug. 1892	...	1898	Retired by rotation, and re-elected.
<b>NORTH-WESTERN PROVINCE :</b>				
The Honorables—				
Duncan Elphinstone McBryde ... ..	...	19 Dec. 1891	1896	Elected in place of Hon. G. Young, deceased.
Pharez Phillips ... ..	...	10 Sept. 1896	1902	Elected in place of Hon. D. E. McBryde, who retired by rotation.
Joseph Major Pratt ... ..	31 Aug. 1895	...	1901	Retired by rotation, and re-elected.
James Bell ... ..	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
David Coutts ... ..	27 Aug. 1892	...	1898	Retired by rotation, and re-elected.

MEMBERS OF THE LEGISLATIVE COUNCIL—*continued.*

Provinces and Members.	Elected at—		Dates of Retirement.	Remarks.
	Nomination.	Polling.		
<b>NORTHERN PROVINCE :</b>				
The Honorables—				
William Irving Winter-Irving ...	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
George Simmie ...	31 Aug. 1895	...	1901	Retired by rotation, and re-elected.
Joseph Sternberg ...	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
Joseph Henry Abbott ...	27 Aug. 1892	...	1898	Retired by rotation, and re-elected.
<b>WELLINGTON PROVINCE :</b>				
The Honorables—				
Henry Cuthbert ...	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
Edward Morey ...	31 Aug. 1895	...	1901	Retired by rotation, and re-elected.
David Ham ...	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
Thomas Drummond Wanliss ...	6 May 1893	...	1898	Elected in place of Hon. E. Steinfeld, deceased.
<b>NORTH CENTRAL PROVINCE :</b>				
The Honorables—				
Nicholas FitzGerald ...	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
Sir William Austin Zeal, K.C.M.G.	1 Sept. 1894	...	1900	Retired by rotation, and re-elected. Re-elected President, 4th October, 1894.
Dr. William Henry Embling ...	27 Aug. 1892	...	1898	Elected in place of Hon. W. E. Stanbridge, who retired by rotation.
<b>NORTH-EASTERN PROVINCE :</b>				
The Honorables—				
John Alston Wallace ...	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
Arthur Otto Sachse ...	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
Frederick Brown ...	27 Aug. 1892	...	1898	Retired by rotation, and re-elected. Appointed Chairman of Committees, 25th June, 1895.
<b>GIPPSLAND PROVINCE :</b>				
The Honorables—				
William McCulloch ...	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
Charles Sargeant ...	31 Aug. 1895	...	1901	Retired by rotation, and re-elected.
George Davis ...	1 Sept. 1894	...	1900	Retired by rotation, and re-elected.
William Pearson ...	18 Sept. 1896	...	1900	Elected in place of Hon. G. Davis, deceased.
Edward Jolley Crooke ...	1 Sept. 1893	...	1898	Elected in place of Hon. W. Pearson, deceased.
<b>SOUTH-EASTERN PROVINCE :</b>				
The Honorables—				
James Balfour ...	28 Aug. 1896	...	1902	Retired by rotation, and re-elected.
James Callender Campbell ...	19 June 1895	...	1900	Elected in place of Hon. Dr. Dobson, deceased.
James Buchanan ...	27 Aug. 1892	...	1898	Retired by rotation, and re-elected.

GEORGE H. JENKINS,  
*Clerk of the Parliaments.*

Legislative Council,  
Melbourne, 31st December, 1896.

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I N D E X.

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## LEGISLATIVE COUNCIL OF VICTORIA.

## THIRD SESSION

OF THE

## SIXTEENTH PARLIAMENT.

## I N D E X.

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 (2) To facilitate reference to any Paper ordered to be printed, the Cypher (as A 1) at the bottom of the title-page of each Paper is shown in this Index.

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PROCEEDINGS ON BILLS.

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# BILLS INTRODUCED IN THE LEGISLATIVE COUNCIL

## AND PROCEEDINGS THEREON

DURING SESSION 1896.

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ALIENS ACT 1890 AMENDMENT BILL.  
APPROPRIATION BILL.  
BEET SUGAR WORKS ACT 1896 AMENDMENT BILL.  
COMPANIES ACT 1890 FURTHER AMENDMENT BILL.  
    See also "LIFE ASSURANCE."  
CONSOLIDATED REVENUE BILL (No. 1).  
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CONSTITUTION ACT AMENDMENT ACT 1890 AMENDMENT BILL.  
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# PROCEEDINGS ON BILLS.

SESSION 1896.

**ALIENS ACT 1890 AMENDMENT BILL.**—Bill intituled "*An Act to amend the 'Aliens Act 1890.'*"—(Hon. D. Coutts.)—Brought from the Legislative Assembly and read a first time, 10th November, 1896, p. 80.

Read a second time and committed; considered in Committee, 11th November, p. 84.

Further considered in Committee and reported with an amendment; report, by leave, considered and adopted; Bill read the third time and passed, 4th December, p. 105.

Message from the Assembly notifying that they have agreed to the amendment of the Council with amendments, 8th December, p. 108.

Amendments considered and agreed to, 9th December, p. 110.

Message from the Assembly transmitting Message from His Excellency the Governor recommending an amendment in the Bill, to which the Assembly had agreed; His Excellency's amendment considered and agreed to, 15th December, p. 116. (*Assented to 24th December. Act No. 1462.*)

**APPROPRIATION BILL.**—Bill intituled "*An Act to apply a sum out of the Consolidated Revenue to the service of the year ending on the thirtieth day of June One thousand eight hundred and ninety-seven and to appropriate the Supplies granted in this Session of Parliament.*"—(Hon. H. Cuthbert.)—Brought from the Legislative Assembly and read a first time; read a second time, by leave, and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 24th December, 1896, p. 152. (*Assented to 24th December. Act No. 1480.*)

**BEET SUGAR WORKS ACT 1896 AMENDMENT BILL.**—Bill intituled "*An Act to amend the 'Beet Sugar Works Act 1896.'*"—(Hon. W. McCulloch.)—Brought from the Legislative Assembly and read a first time, 16th December, 1896, p. 122.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 23rd December, p. 148. (*Assented to 24th December. Act No. 1475.*)

**COMPANIES ACT 1890 FURTHER AMENDMENT BILL.**—Bill intituled "*An Act to further amend the 'Companies Act 1890.'*"—(Hon. H. Cuthbert.)—Brought from the Legislative Assembly and read a first time, 28th July, 1896, pp. 25-6.

**COMPANIES ACT 1890 FURTHER AMENDMENT BILL**  
—*continued.*

Petitions presented and referred to the Committee on the Bill, 11th August, p. 33; 12th August, p. 37; 18th August, p. 39; 19th August, p. 41; 8th September, p. 53; 29th September, p. 61.

Motion—That this Bill be now read a second time—debate interrupted and adjourned, 11th August, p. 33; debate resumed and further adjourned, 11th August, p. 34; debate resumed; Bill read a second time and committed; considered in Committee, 12th August, p. 37.

Further considered in Committee, 18th August, p. 40; 19th August, p. 42; 25th August, p. 43; 1st September, p. 50; 2nd September, p. 51; 8th September, p. 54.

Reported with amendments, 8th September, p. 54.

Recommitted to a Select Committee for the reconsideration of clauses 2, 18, 20, 21, 23 to 28 inclusive, 31, 32, 35 to 46 inclusive, 48, 49, 51, 55, 56, 70, 97, 100, 102, 104, 106, 108, 110, 111, 112, 114, 115, 119, 123, 126, 127, 129, 130, 146, 160, 161, 165, 166, 167, new clauses, A, B, E, D, and the Schedules; Standing Order, by leave, suspended to allow the Committee to consist of twelve Members and Committee appointed, 8th September, p. 54.

Member of Select Committee discharged from attendance, 15th September, p. 56.

Member of Select Committee appointed, 15th September, p. 56.

Report of Select Committee brought up, 29th October, p. 77.

Recommitted to a Committee of the whole for the reconsideration of clauses 2, 18, 20, 21, 23 to 28 inclusive, 31, 32, 35 to 46 inclusive, 48, 49, 51, 55, 56, 70, 97, 100, 102, 104, 106, 108, 110, 111, 112, 114, 115, 119, 123, 126, 127, 129, 130, 146, 160, 161, 165, 166, 167, new clauses A, B, E, D, and the Schedules; reconsidered in Committee, 11th November, p. 83.

Further considered in Committee, 17th November, p. 86; 24th November, p. 92; 25th November, p. 93.

Re-reported with amendments, 25th November, p. 93.

Recommitted for the reconsideration of clauses 2, 29, 32, 34, 53, 58, 84, the head-line to clause 46, new clauses of which notice had been given, and the title; reconsidered in Committee, 25th November, p. 93.

COMPANIES ACT 1890 FURTHER AMENDMENT BILL  
—continued.

Further considered in Committee and re-reported with amendments and an amended title, viz.: —“*An Act to further amend the ‘Companies Act 1890’ and for other purposes,*” 26th November, p. 95.

Recommitted for the reconsideration of clauses 32, 45, C, K, and a new clause (*being clause 46 previously struck out in Committee*); reconsidered in Committee and re-reported with amendments; report, by leave, considered and adopted; Bill read the third time and passed, 26th November, p. 95.

Message from the Assembly notifying that they have agreed to some of the amendments of the Council, have disagreed with others of the said amendments, and have agreed to some of the said amendments with amendments, 16th December, p. 121.

Amendments considered (Nos. 1 to 3); the Council agree to some of the amendments of the Assembly on amendments of the Council, disagree with another of the said amendments, and do not insist on one of their amendments, 17th December, pp. 125–30.

Amendments further considered (Nos. 4 to 61); the Council do not insist on some of their amendments, and insist on others (some on division), and agree to some of the amendments of the Assembly on amendments of the Council, and disagree with other of the said amendments (some on division); motion, by leave, That the resolution of the Council of the 17th December to agree to the amendments of the Assembly in amendment 1 be read and rescinded—resolved in the affirmative, and amendments (on division) disagreed with, 22nd December, pp. 135–42.

Message from the Assembly notifying that they do not insist on disagreeing with the amendments made and insisted on by the Council, and that they do not insist on their amendments on amendments of the Council, 23rd December, p. 150.

Message from the Assembly transmitting Message from His Excellency the Governor recommending certain amendments in the Bill, to which the Assembly had agreed; His Excellency’s amendments considered and agreed to, 24th December, p. 154. (*Assented to 24th December. Act No. 1482.*)

CONSOLIDATED REVENUE BILL (No. 1).—Bill intitled “*An Act to apply out of the Consolidated Revenue the sum of One million one hundred and sixty-eight thousand seven hundred and ninety-six pounds to the service of the year One thousand eight hundred and ninety-six and ninety-seven.*”—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time; read a second time, by leave, and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 28th July, 1896, p. 26. (*Assented to 28th July. Act No. 1446.*)

CONSOLIDATED REVENUE BILL (No. 2).—Bill intitled “*An Act to apply out of the Consolidated Revenue the sum of One hundred and one thousand and nineteen pounds to the service of the year One thousand eight hundred and ninety-five and ninety-six.*”—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time; read a second time, by leave, and committed; considered in Committee and

## CONSOLIDATED REVENUE BILL (No. 2)—continued.

reported without amendment; report considered and adopted; Bill read the third time and passed, 15th September, 1896, p. 56. (*Assented to 21st September. Act No. 1450.*)

CONSOLIDATED REVENUE BILL (No. 3).—Bill intitled “*An Act to apply out of the Consolidated Revenue the sum of Six hundred and seventy thousand seven hundred and seventy-eight pounds to the service of the year One thousand eight hundred and ninety-six and ninety-seven.*”—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time; read a second time, by leave, and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 21st October, 1896, p. 71. (*Assented to 30th October. Act No. 1454.*)

CONSTITUTION ACT AMENDMENT ACT 1890 AMENDMENT BILL.—Bill intitled “*An Act to amend ‘The Constitution Act Amendment Act 1890’ and for other purposes.*”—(*Hon. W. McCulloch.*)—Brought from the Legislative Assembly and read a first time, 8th December, 1896, p. 108.

Petitions presented and referred to the Committee on the Bill, 9th December, p. 109; 16th December, p. 119.

The Order of the Day for the second reading having been read, the President said:—“Before the second reading of the Constitution Act Amendment Act 1890 Amendment Bill is called on, it is my duty to inform honorable Members that this Bill has not been introduced into this House in the manner prescribed by section 60 of *The Constitution Act*, or by Standing Order No. 264 of the Legislative Assembly, and I therefore rule that it is not properly before the Council and cannot be considered. The proposal to abolish the class of electors provided by *The Constitution Act*, namely, men, and to create an altogether different body, namely, persons—to include both men and women—is a radical and fundamental departure from the provisions of that Act, and should be considered and dealt with as provided for by that Statute,” 16th December, p. 122.

Motion—That this House disagrees with the ruling of the Hon. the President on the Bill—negated, 16th December, p. 122.

CORONERS ACT 1890 AMENDMENT BILL.—Bill to amend the *Coroners Act 1890.*—(*Hon. H. Cuthbert.*)—Initiated and read a first time, 6th October, 1896, p. 64.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 13th October, p. 66.

Message from the Assembly notifying their agreement to the Bill, 10th November, p. 80. (*Assented to 16th November. Act No. 1455.*)

CRIMES ACT 1890 AMENDMENT BILL.—Bill to amend the *Crimes Act 1890.*—(*Hon. H. Cuthbert.*)—Initiated and read a first time, 15th December, 1896, p. 116.

Read a second time and committed; considered in Committee and reported with amendments, 17th December, p. 124.

Order for consideration of report discharged and Bill recommitted for reconsideration; reconsidered in Committee and re-reported with

CRIMES ACT 1890 AMENDMENT BILL—*continued.*

amendments; report, by leave, considered and adopted; Bill read the third time and passed, 23rd December, p. 146.

Message from the Assembly notifying their agreement to the Bill, 24th December, p. 154. (*Assented to 24th December. Act No. 1478.*)

CUSTOMS ACT 1890 AMENDMENT BILL.—Bill intituled "*An Act to amend the 'Customs Act 1890' and for other purposes.*"—(*Hon. W. McCulloch.*)—Brought from the Legislative Assembly and read a first time, 1st December, 1896, p. 97.

Petition presented and referred to the Committee on the Bill, 9th December, p. 109.

Read a second time and committed; considered in Committee, 15th December, p. 117.

Further considered in Committee, 16th December, p. 121; 18th December, p. 133.

Reported with amendments, 18th December, p. 133.

Recommitted for the reconsideration of clauses 5, 9, and 21; reconsidered in Committee and re-reported with amendments; report, by leave, considered and adopted; Bill read the third time and passed, 18th December, p. 133.

Message from the Assembly notifying their agreement to the amendments of the Council, 22nd December, p. 144. (*Assented to 24th December. Act No. 1471.*)

EMPLOYERS AND EMPLOYÉS ACT 1890 (PART III.) CONTINUATION BILL.—Bill intituled "*An Act to further continue in force Part III. of the 'Employers and Employés Act 1890.'*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 16th December, 1896, p. 120.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 17th December, p. 124. (*Assented to 24th December. Act No. 1466.*)

EXPLOSIVES ACT 1890 AMENDMENT BILL.—Bill to amend the *Explosives Act 1890.*—(*Hon. H. Cuthbert.*)—Initiated and read a first time, 7th July, 1896, p. 16.

Order for second reading discharged and Bill withdrawn, 12th August, p. 38.

EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2).—Bill to amend the *Explosives Act 1890.*—(*Hon. H. Cuthbert.*)—Initiated and read a first time, 18th August, 1896, p. 40.

Read a second time and committed; considered in Committee and reported with an amendment, 6th October, p. 64.

Report considered and adopted; Bill read the third time and passed, 13th October, p. 66.

Message from the Assembly notifying their agreement to the Bill with amendments, 10th November, p. 80.

Amendments considered and agreed to, 11th November, p. 84. (*Assented to 16th November. Act No. 1457.*)

FACTORIES AND SHOPS ACT 1890 AMENDMENT BILL.—Bill intituled "*An Act to amend the 'Factories and Shops Act 1890' and for other purposes.*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 7th July, 1896, p. 16.

Read a second time and committed; considered in Committee and reported with amendments; report, by leave, considered and adopted; Bill read the third time and passed, 14th July, pp. 19–20.

FACTORIES AND SHOPS ACT 1890 AMENDMENT BILL—*continued.*

Message from the Assembly notifying that they have agreed to the amendments of the Council, 21st July, p. 21. (*Assented to 28th July. Act No. 1445.*)

FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL.—Bill intituled "*An Act to amend the 'Factories and Shops Act 1896.'*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 6th October, 1896, p. 64.

Petition presented and referred to the Committee on the Bill, 21st October, p. 71.

Petition presented, 2nd December, p. 99.

Read a second time and committed; considered in Committee, 13th October, p. 66.

Further considered in Committee, 20th October, p. 69; 21st October, p. 72; 29th October, p. 78; 10th November, p. 80.

Reported with amendments; report, by leave, considered and adopted; Bill read the third time and passed, 10th November, pp. 80–1.

Message from the Assembly notifying that they have agreed to some of the amendments of the Council, have disagreed with one of such amendments, and have agreed to others of the said amendments with amendments, 25th November, p. 93.

Amendments considered; the Council do not insist on one of their amendments disagreed with by the Assembly, agree to some of the amendments of the Assembly on amendments of the Council, disagree with other of the said amendments, and agree to one amendment with an amendment, 2nd December, pp. 100–1.

Message from the Assembly notifying that they insist on their amendments in clauses B and C; that they have amended one of their amendments in clause E disagreed with by the Council, and have made consequential amendments in the same clause; that they do not insist on one of their amendments in the said clause; that they have agreed to the amendment made by the Council on one of the Assembly's amendments in the said clause; and that they insist on their amendment in clause I with an amendment, 8th December, p. 108.

Amendments considered; the Council insist on disagreeing with certain amendments insisted on by the Assembly; disagree with the further amendments made by the Assembly in new clause E; do not insist on disagreeing with the amendment in clause I, and agree to the further amendment of the Assembly in the same clause, 9th December, pp. 110–12. Bill not returned from the Assembly.

FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL (No. 2).—Bill intituled "*An Act to amend the 'Factories and Shops Act 1896.'*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 22nd December, 1896, p. 135.

Read a second time and committed; considered in Committee and reported with amendments; report, by leave, considered and adopted; Bill read the third time and passed, 23rd December, pp. 147–8.

Message from the Assembly notifying their agreement to the amendments of the Council, 23rd December, p. 151. (*Assented to 24th December. Act No. 1476.*)

**FEDERAL COUNCIL REFERRING BILL.**—Bill intituled "*An Act to refer certain matters to the Federal Council of Australasia for the exercise of Legislative Authority thereon.*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 16th December, 1896, p. 120.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 17th December, p. 123. (*Assented to 24th December. Act No. 1464.*)

**GAME ACT 1890 AMENDMENT BILL.**—Bill to amend the *Game Act 1890.*—(*Hon. H. Cuthbert.*)—Initiated and read a first time, 7th July, 1896, p. 16.

Read a second time and committed; considered in Committee, 29th July, p. 28.

Further considered in Committee and reported with an amendment; report, by leave, considered and adopted; Bill read the third time and passed, 11th August, p. 34.

Message from the Assembly notifying their agreement to the Bill with amendments, 9th December, p. 110.

Amendments considered and agreed to, 10th December, p. 113.

Message from His Excellency the Governor recommending certain amendments in the Bill; His Excellency's amendments considered and agreed to, 15th December, p. 116.

Message from the Assembly notifying their agreement to His Excellency's amendments, 16th December, p. 120. (*Assented to 24th December. Act No. 1463.*)

**GOVERNMENT STOCK REDEMPTION BILL.**—Bill intituled "*An Act to authorize the Raising of Money for the Redemption of Victorian Government Stock and other purposes.*"—(*Hon. W. McCulloch.*)—Brought from the Legislative Assembly and read a first time, 16th December, 1896, p. 122.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 17th December, p. 125. (*Assented to 24th December. Act No. 1468.*)

**INCOME TAX BILL.**—Bill intituled "*An Act to declare the Rates of Duties of Income Tax for the Year ending on the thirty-first day of December One thousand eight hundred and ninety-seven and to amend the 'Income Tax Act 1895.'*"—(*Hon. D. Coutts.*)—Brought from the Legislative Assembly and read a first time, 16th December, 1896, p. 121.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 17th December, p. 124. (*Assented to 24th December. Act No. 1467.*)

**INSOLVENCY LAW AMENDMENT BILL.**—Bill intituled "*An Act to amend the Law relating to Insolvency.*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 20th October, 1896, p. 68.

Motion—That this Bill be now read a second time—debate adjourned, 17th November, p. 86; debate resumed; Bill read a second time and committed; considered in Committee, 18th November, p. 87.

**INSOLVENCY LAW AMENDMENT BILL.**—*continued.*

Further considered in Committee, 19th November, p. 89; 1st December, p. 97; 2nd December, p. 101; 4th December, p. 106; 9th December, p. 112; 10th December, p. 114.

Reported with amendments, 10th December, p. 114.

Recommitted for the reconsideration of clauses 1, 3, 6, 16, 17, 24, 68, 73, 75, 95, 98, 111, 117, and 119; reconsidered in Committee and reported with amendments; report, by leave, considered and adopted; Bill read the third time, amended, and passed, 10th December, p. 114.

Message from the Assembly notifying that they have agreed to some of the amendments of the Council, have disagreed with others, have agreed to some of the said amendments with amendments, and have disagreed with the amendment of the Council to omit clause 120 for the following reason, viz.:—Because this clause imposes a rate, tax, or impost, and because its omission will interfere with the public revenue. The amendment is, therefore, an infraction of the privileges of the Assembly. And the Assembly do not deem it necessary to offer any further reason, hoping that this one will be deemed sufficient, 18th December, p. 132.

Amendments considered; the Council do not insist on some of their amendments, do insist on others of the said amendments, and agree to the amendments of the Assembly on amendments of the Council, 23rd December, pp. 148–50.

Message from the Assembly notifying that they insist on disagreeing with the amendment of the Council to omit clause 120, and do not insist on disagreeing with the other amendments made and insisted on by the Council; amendment disagreed with considered; the Council still insist on their amendment to omit clause 120, 23rd December, p. 151.

Message from the Assembly notifying that they still insist on disagreeing with the amendment of the Council to omit clause 120; amendment considered; the Council still insist on their amendment, 24th December, p. 154. Bill not returned from the Assembly.

**JUSTICES ACT 1890 AMENDMENT BILL.**—Bill to amend the *Justices Act 1890* and for other purposes.—(*Hon. H. Cuthbert.*)—Initiated and read a first time, 11th November, 1896, p. 83.

Read a second time and committed; considered in Committee and reported with an amendment; report, by leave, considered and adopted; Bill read the third time and passed, 17th November, p. 86.

Message from the Assembly notifying their agreement to the Bill, 26th November, p. 96. (*Assented to 27th November. Act No. 1458.*)

**LEGISLATIVE COUNCIL REDUCTION OF MEMBERS BILL.**—Bill for reducing the Number of Members of the Legislative Council.—(*Hon. H. Cuthbert.*)—Initiated and read a first time, 9th December, 1896, p. 110.

Order for second reading discharged and Bill withdrawn, 23rd December, p. 152.

**LICENSING ACT 1890 AMENDMENT BILL.**—Bill to amend the *Licensing Act 1890.*—(*Hon. N. Levi.*)—Initiated and read a first time, 4th August, 1896, p. 30.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 12th August, p. 37. Bill not returned from the Assembly.

**LIFE ASSURANCE COMPANIES AMENDMENT BILL.**—

Bill to amend the provisions of the *Companies Act 1890* relating to Life Assurance.—(*Hon. H. Cuthbert.*)—Initiated and read a first time, 23rd June, 1896, p. 12.

Petition presented and referred to the Committee on the Bill, 4th August, p. 29.

Motion—That this Bill be now read a second time—debate adjourned, 7th July, p. 18; debate resumed; Bill read a second time and committed; considered in Committee, 14th July, p. 20.

Further considered in Committee, 21st July, p. 22; 28th July, p. 25; 4th August, p. 30; 6th October, p. 64; 13th October, p. 66.

Reported with amendments, 13th October, p. 66. Bill lapsed.

**LOCAL GOVERNMENT ACT 1890 FURTHER AMENDMENT BILL.**—

Bill to further amend the *Local Government Act 1890*.—(*Hon. W. Pitt.*)—Initiated and read a first time, 9th December, 1896, p. 112.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 16th December, p. 121.

Message from the Assembly notifying their agreement to the Bill, 24th December, p. 154. (*Assented to 24th December. Act No. 1479.*)

**LOCAL GOVERNMENT ELECTIONS BILL.**—

Bill intituled "*An Act to further amend the 'Local Government Act 1890.'*"—(*Hon. W. McCulloch.*) Brought from the Legislative Assembly and read a first time, 14th July, 1896, p. 20.

Read a second time and committed; considered in Committee and reported with amendments; report, by leave, considered and adopted; Bill read the third time and passed, 5th August, p. 32.

Message from the Assembly notifying that they have disagreed with the amendments of the Council; amendments considered; the Council insist on their amendments, 11th August, p. 34.

Message from the Assembly notifying that they do not insist on disagreeing with the amendments insisted on by the Council, 11th August, p. 34. (*Assented to 12th August. Act No. 1449.*)

**MELBOURNE MUNICIPAL ELECTIONS BILL.**—

Bill intituled "*An Act to give to all Ratepayers the right to vote at all Elections for the City Council of Melbourne.*"—(*Hon. W. McCulloch.*)—Brought from the Legislative Assembly and read a first time; read a second time, by leave, and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 15th September, 1896, p. 57. (*Assented to 21st September. Act No. 1452.*)

**MILDURA IRRIGATION TRUST LOAN BILL.**—

Bill intituled "*An Act to authorize the granting of a Loan to the First Mildura Irrigation Trust and for other purposes.*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 18th December, 1896, p. 132.

Read a second time and committed; considered in Committee, 22nd December, p. 144.

Further considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 23rd December, p. 146.

**MILDURA IRRIGATION TRUST LOAN BILL.**—*continued.*

Message from the Assembly transmitting Message from His Excellency the Governor recommending an amendment in the Bill, to which the Assembly had agreed; His Excellency's amendment considered and agreed to, 23rd December, p. 151. (*Assented to 24th December. Act No. 1477.*)

**MINES ACTS AMENDMENT BILL.**—

Bill intituled "*An Act to amend the Mines Acts.*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 15th December, 1896, p. 116.

Read a second time, 23rd December, p. 150. Bill lapsed.

**MINING DEVELOPMENT BILL.**—

Bill intituled "*An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes.*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 20th October, 1896, p. 68.

Motion—That this Bill be now read a second time—debate adjourned, 27th October, p. 73; debate resumed—the President said:—

"The question has been raised by the Honorable Dr. Embling as to whether this House is entitled to make any amendments in this Bill. On that point I have no doubt whatever. The Council can amend this Bill if it considers it advisable to do so;" Bill read a second time and committed; considered in Committee, 28th October, p. 75.

Further considered in Committee and reported with amendments, 29th October, p. 77.

Recommitted for the reconsideration of clauses 11 and 12; reconsidered in Committee and re-reported with further amendments, 29th October, p. 77.

Order for consideration of report discharged and Bill recommitted for the reconsideration of clauses 21, 22, and 25; reconsidered in Committee and re-reported with a further amendment; report, by leave, considered and adopted; Bill read the third time and passed, 10th November, p. 81. Bill not returned from the Assembly.

**MINING DEVELOPMENT BILL (No. 2).**—

Bill intituled "*An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes.*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 26th November, 1896, p. 96.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 4th December, p. 106.

Message from the Assembly transmitting a communication from the Clerk of the Parliament reporting a clerical error in the Bill, which error had been corrected by the Assembly; amendment considered and agreed to, 10th December, p. 113. (*Assented to 14th December. Act No. 1461.*)

**MUNICIPAL COUNCILLORS' INDEMNITY BILL.**—

Bill intituled "*An Act to further amend the 'Local Government Act 1890.'*"—(*Hon. J. Balfour.*)—Brought from the Legislative Assembly and read a first time, 29th July, 1896, p. 28.

Read a second time and committed; considered in Committee and reported with amendments; report, by leave, considered and adopted; Bill read the third time and passed, 5th August, p. 32.

Message from the Assembly notifying that they have agreed to some of the amendments of the Council, have agreed to another of the said



**MUNICIPAL COUNCILLORS' INDEMNITY BILL—continued.**

amendments with amendments, and have disagreed with one of the said amendments; amendments considered; the Council agree to the amendments of the Assembly, and do not insist (on division) on their amendment disagreed with by the Assembly, 20th October, pp. 68-9. (*Assented to 30th October. Act No. 1453.*)

**MUNICIPAL ELECTORS BILL.**—Bill intituled "*An Act to further amend the 'Local Government Act 1890.'*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 8th September, 1896, pp. 53-4.

Petitions presented and referred to the Committee on the Bill, 15th September, p. 56.

Petitions presented, 29th September, p. 60; 6th October, p. 63; 13th October, p. 65; 20th October, p. 67; 27th October, p. 73; 10th November, p. 79.

Order for second reading discharged and Bill withdrawn, 11th November, p. 83.

**MUNICIPAL ENDOWMENT RATIFICATION BILL.**—Bill intituled "*An Act to ratify the method of distributing the Endowment to Municipalities and for other purposes.*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 23rd December, 1896, p. 146. Read a second time, 23rd December, p. 152. Bill lapsed.

**MUNICIPAL OVERDRAFTS INDEMNITY BILL.**—Bill intituled "*An Act to indemnify the Councillors of various Municipalities for Borrowing Moneys by Overdrafts on Bankers for the purposes of their Municipalities contrary to the provisions of the 'Local Government Act 1890' and for other purposes.*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 10th November, 1896, pp. 79-80.

Petition presented and referred to the Committee on the Bill, 17th November, p. 86.

Read a second time and committed; considered in Committee, 11th November, p. 83.

Further considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 4th December, p. 105. (*Assented to 14th December. Act No. 1460.*)

**MUNICIPALITIES' ADVANCES ACT 1895 AMENDMENT BILL.**—Bill intituled "*An Act to amend the 'Municipalities' Advances Act 1895.'*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 26th November, 1896, p. 96.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 3rd December, pp. 103-4. (*Assented to 14th December. Act No. 1459.*)

**NORTHCOTE LOAN BILL.**—Bill intituled "*An Act to authorize the Town of Northcote to construct certain permanent Works and Undertakings in lieu of certain other permanent Works and Undertakings.*"—(*Hon. D. Melville.*)—Brought from the Legislative Assembly and read a first time, 17th December, 1896, p. 125.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 23rd December, p. 146. (*Assented to 24th December. Act No. 1472.*)

**POISONS ACT 1890 AMENDMENT BILL.**—Bill intituled "*An Act to amend the 'Poisons Act 1890.'*"—(*Hon. W. McCulloch.*)—Brought from the Legislative Assembly and read a first time, 16th December, 1896, p. 120.

Read a second time and committed; considered in Committee and reported with amendments; report, by leave, considered and adopted; Bill read the third time and passed, 17th December, p. 124.

Message from the Assembly notifying that they have agreed to one of the amendments of the Council and have agreed to another of the said amendments with an amendment; amendment considered and agreed to, 18th December, p. 131. (*Assented to 24th December. Act No. 1469.*)

**POWDER MAGAZINES BILL.**—Bill intituled "*An Act to authorize an exchange of land between Her Majesty and the proprietors of certain lands in the parish of Truganina required by Her Majesty for the establishment of Powder Magazines, and to authorize the construction by the State of a Tramway to such Magazines.*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 10th November, 1896, p. 80.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 11th November, p. 84. (*Assented to 16th November. Act No. 1456.*)

**PUBLIC SERVICE RETRENCHMENT ACT 1893 CONTINUATION BILL.**—Bill intituled "*An Act providing for the continuance in force for certain limited times of the Rates of Reductions of Salaries provided for in the 'Public Service Retrenchment Act 1893.'*"—(*Hon. H. Cuthbert.*)—Brought from the Legislative Assembly and read a first time, 22nd December, 1896, p. 143.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 23rd December, p. 147. (*Assented to 24th December. Act No. 1473.*)

**RAILWAY LOAN APPLICATION BILL.**—Bill intituled "*An Act to sanction the Expenditure of Moneys available under Loan Acts for Railways.*"—(*Hon. W. McCulloch.*)—Brought from the Legislative Assembly and read a first time, 17th December, 1896, p. 125.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 18th December, p. 132. (*Assented to 24th December. Act No. 1470.*)

**RAILWAYS COMMISSIONERS' SUPERANNUATION ACT 1895 AMENDMENT BILL.**—Bill intituled "*An Act to amend the 'Railways Commissioners' Superannuation Act 1895.'*"—(*Hon. S. Williamson.*)—Brought from the Legislative Assembly and read a first time, 22nd December, 1896, p. 143.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 23rd December, p. 147. (*Assented to 24th December. Act No. 1474.*)

**RUPANYUP TO BANYENA RAILWAY CONSTRUCTION BILL.**—Bill intituled "*An Act to authorize the construction by the State of a Line of Railway from Rupanyup to Banyena.*"—(Hon. W. McCulloch.)—Brought from the Legislative Assembly and read a first time, 18th December, 1896, p. 132.

Motion for second reading, on division, negatived, 22nd December, p. 144.

**SAVINGS BANKS ACT 1890 AMENDMENT BILL.**—Bill intituled "*An Act to amalgamate the Post Office Savings Bank and the Commissioners' Savings Banks, to amend the 'Savings Banks Act 1890,' to enable advances to be made and for other purposes.*"—(Hon. H. Cuthbert.)—Brought from the Legislative Assembly and read a first time, 26th November, 1896, p. 96.

Motion—That this Bill be now read a second time—debate adjourned, 3rd December, p. 103; debate resumed; Bill read a second time and committed; considered in Committee, 8th December, p. 107.

Question as to the power of this House to make any amendments in the Bill, referred to the Standing Orders Committee for consideration and report, 15th December, p. 115.

Standing Orders Committee report that the Bill, in their opinion, does not come within the provisions of section 56 of *The Constitution Act*, 15th December, p. 116.

Report from Standing Orders Committee adopted, 15th December, p. 116.

Bill further considered in Committee and reported with amendments; report, by leave, considered and adopted; Bill read the third time and passed, 15th December, p. 117.

Message from the Assembly notifying that they have disagreed with the amendments of the Council for the following reason, viz.:—Because the Bill is a Bill for appropriating part of the revenue of Victoria, and the amendments made by the Council are an infraction of the provisions of section 56 of *The Constitution Act*, which prohibits the Council from altering Bills "for appropriating any part of the revenue of Victoria," and the Assembly do not deem it necessary to offer any further reason, hoping the above may be sufficient, 22nd December, p. 143.

Amendments considered; the Council do not insist on their amendments in this Bill disagreed with by the Assembly, but maintain that this is not a Bill which comes within the operation of the 56th section of *The Constitution Act*, and therefore they have the undoubted right to amend the same; but in view of the importance of the Bill, and the great desire of the Council to meet what they believe to be the wishes of the country, they have decided not to insist on their amendments, but they do so under protest, 23rd December, pp. 151–2. (*Assented to 24th December. Act No. 1481.*)

**SEEDS ADULTERATION AND SALE BILL.**—Bill intituled "*An Act to prevent the Adulteration of Seeds and to regulate the Sale of Seeds Trees Shrubs and Vines.*"—(Hon. Lieut.-Col. Sir F. T. Sargood.)—Brought from the Legislative Assembly and read a first time, 14th July, 1896, p. 20.

Read a second time and committed; considered in Committee, 22nd July, p. 23.

**SEEDS ADULTERATION AND SALE BILL—continued.**

Further considered in Committee and reported with an amendment; report, by leave, considered and adopted; Bill read the third time and passed, 29th July, p. 28.

Message from the Assembly notifying their agreement to the amendment of the Council, 5th August, p. 31. (*Assented to 6th August. Act No. 1448.*)

**SPECIAL AND OTHER APPROPRIATIONS RETRENCHMENT ACT 1893 CONTINUATION BILL.**—Bill intituled "*An Act providing for the continuance in force for certain limited times of the Rates of Reductions of Salaries provided for in the 'Special and other Appropriations Retrenchment Act 1893.'*"—(Hon. H. Cuthbert.)—Brought from the Legislative Assembly and read a first time, 22nd December, 1896, p. 143.

Read a second time, with the concurrence of an absolute majority of the whole number of the Members of the Council, and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time, with the concurrence of an absolute majority of the whole number of the Members of the Council, and passed, 23rd December, p. 147. (*Reserved for the signification of Her Majesty's pleasure thereon, 24th December, see p. 155.*)

**TREASURY BONDS BILL.**—Bill intituled "*An Act to authorize the issue of Treasury Bonds.*"—(Hon. H. Cuthbert.)—Brought from the Legislative Assembly and read a first time; read a second time, by leave, and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 15th September, 1896, pp. 56–7. (*Assented to 21st September. Act No. 1451.*)

**TREASURY DEPOSITS INTEREST BILL.**—Bill intituled "*An Act to authorize the payment of Interest on certain deposits in the Treasury.*"—(Hon. H. Cuthbert.)—Brought from the Legislative Assembly and read a first time; read a second time, by leave, and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 21st July, 1896, pp. 21–2. (*Assented to 22nd July. Act No. 1444.*)

**WATER SUPPLY LOANS APPLICATION BILL.**—Bill intituled "*An Act to sanction the issue and application of certain sums of money as Loans for Water Supply and Irrigation Works in the Country Districts and for other purposes.*"—(Hon. H. Cuthbert.)—Brought from the Legislative Assembly and read a first time, 16th December, 1896, p. 120.

Read a second time and committed; considered in Committee and reported without amendment; report considered and adopted; Bill read the third time and passed, 17th December, p. 123. (*Assented to 24th December. Act No. 1465.*)

**YARRA RIVER FLOODS BILL.**—Bill intituled "*An Act to provide for the Reduction of Floods in the River Yarra Yarra within the cities of Melbourne Richmond and Prahran and for other purposes.*"—(Hon. H. Cuthbert.)—Brought from the Legislative Assembly and read a first time, 21st July, 1896, p. 21.

YARRA RIVER FLOODS BILL—*continued.*

Motion—That this Bill be now read a second time; further motion for the adjournment of the debate negatived; question—That this Bill be now read a second time—resolved in the affirmative; Bill read a second time and committed; considered in Committee and reported with amendments; report, by leave, considered and adopted; Bill read the third time and passed, 29th July, p. 27.

YARRA RIVER FLOODS BILL—*continued.*

Message from the Assembly notifying that they have agreed to some of the amendments of the Council and have disagreed with one of the said amendments; amendment disagreed with considered; the Council insist on their amendment, 4th August, p. 29.

Message from the Assembly notifying that they do not insist on disagreeing with the amendment insisted on by the Council, 5th August, p. 31. (*Assented to 6th August. Act No. 1447.*)

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MINUTES OF THE PROCEEDINGS, ETC.

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No. 1.

MINUTES OF THE PROCEEDINGS

OF THE

LEGISLATIVE COUNCIL.

TUESDAY, 23RD JUNE, 1896.

1. The Council met pursuant to the Proclamation of His Excellency the Governor, bearing date the twenty-third day of May, 1896, which Proclamation was read by the Clerk, and is as follows:—

FURTHER PROROGUING PARLIAMENT AND FIXING THE TIME FOR HOLDING THE THIRD SESSION OF THE SIXTEENTH PARLIAMENT.

PROCLAMATION

By His Excellency the Right Honorable Thomas, Baron Brassey, Knight Commander of the Most Honorable Order of the Bath; Governor and Commander-in-Chief in and over the Colony of Victoria and its Dependencies, &c., &c., &c.

WHEREAS by *The Constitution Act* it was amongst other things enacted that it should be lawful for the Governor to fix such places within Victoria and, subject to the limitation therein contained, such times for holding the first and every other Session of the Council and Assembly, and to vary and alter the same respectively in such manner as he might think fit; and also from time to time to prorogue the said Council and Assembly, and to dissolve the said Assembly, by Proclamation or otherwise, whenever he should deem it expedient: And whereas the said Council and Assembly called "The Parliament of Victoria," stand prorogued until Monday, the 1st day of June, 1896, and it is expedient further to prorogue the same, and to fix the time for holding the next Session thereof: Now therefore I, the Governor of Victoria, in exercise of the power conferred by the said Act, do by this my Proclamation further prorogue the said Parliament of Victoria until Tuesday, the 23rd day of June, 1896; and also I do hereby fix Tuesday, the 23rd day of June aforesaid, as the time for the commencement and holding of the next Session of the said Council and Assembly, called the Parliament of Victoria, for the despatch of business, at the hour of Two o'clock in the afternoon, in the Parliament Houses, situate in Parliament-place, Spring-street, in the City of Melbourne: And the Honorable the Members of the Legislative Council and the Members of the Legislative Assembly are hereby required to give their attendance at the said time and place accordingly.

Given under my Hand and the Seal of the Colony, at Melbourne, this twenty-third day of May, in the year of our Lord One thousand eight hundred and ninety-six, and in the fifty-ninth year of Her Majesty's reign.

(L.S.)

BRASSEY.

By His Excellency's Command,  
GEORGE TURNER.

GOD SAVE THE QUEEN!

(500 copies.)

2. APPROACH OF HIS EXCELLENCY THE GOVERNOR.—The approach of His Excellency the Governor was announced by the Usher.

His Excellency came into the Council Chamber, and commanded the Usher to desire the immediate attendance of the Legislative Assembly, who, being come with their Speaker, His Excellency was pleased to speak as follows :—

MR. PRESIDENT AND HONORABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL :

MR. SPEAKER AND GENTLEMEN OF THE LEGISLATIVE ASSEMBLY :

In calling you together for the first time since my arrival in Victoria, I am glad to be able to congratulate you on the passing away of the protracted drought, which had checked the returning prosperity of the country ; and I trust that the present expectation of a plentiful harvest will be fully realized.

It is pleasant to be able to state that signs of improvement are visible in almost every branch of trade and commerce ; exports exceed those of the previous year by half-a-million sterling ; factories are more numerous, and the number of persons employed therein greater ; the sale of land is steadily increasing ; the mines are producing more gold and employing more miners ; and such satisfactory progress has been made in opening up coal-fields that Victoria may hope at no distant date to have an independent supply.

An important Conference, at which New South Wales, South Australia, Queensland, Tasmania, and Victoria were represented by their Premiers or other Ministers, was held at Sydney at the commencement of the year. It is gratifying to know that the resolutions which it passed were agreed to unanimously. These resolutions will be laid before you and in such cases as require legislative action to give them effect your sanction will be asked to the necessary measures.

During the recess every effort has been made by my Government, in conjunction with the Governments of those Colonies which have already passed Enabling Acts, to urge upon the Governments of Queensland and Western Australia the advisableness of speedily passing similar measures. It is understood that both these great Colonies will proceed with the necessary legislation, and there is now every hope that during the present year the whole of Australia will elect representatives to a Convention for the purpose of framing a Federal Constitution.

The measure for the encouragement of the manufacture of Beet Sugar, which became law last Session, has led to the formation of a company with flattering promises of support, and it is hoped this will result in a valuable industry being permanently established in Victoria. The fact that the soil and climate of portions of the country are peculiarly adapted for the growth of tobacco and of oil-bearing plants has not escaped attention, and my Advisers have taken steps to encourage the cultivation and scientific treatment of these products.

The increase in the yield of Gold has encouraged my Advisers to bring prominently under the notice of European capitalists the advantages of Victoria as a field for investment. The Agent-General is kept supplied with full reports on proved auriferous leads and lines of reef.

The Railway Commissioner, under the provisions of the Act passed last Session, has been appointed, and will shortly enter upon the arduous and responsible duties of his important office.

The loss of traffic occasioned by the failure of the harvest has caused a serious deficiency in the income derived from the Railways during the present financial year. For the coming year the prospects are more favorable, and a largely increased revenue may be expected.

In order to provide as much employment as possible during the winter months, my Ministers have carried on the regrading of certain lines and other works authorized by Parliament. The expenditure incurred will, it is believed, be fully justified by the reduction in the working expenses and greater efficiency. It is confidently expected that when the Standing Committee on Railways has reported on the questions submitted to it still further works of a reproductive character can be undertaken.

A Royal Commission has been appointed to examine into the condition and prospects of the Irrigation Settlement of Mildura. When its report has been received, my Advisers will be prepared to carefully consider the complicated issues that have been raised by the unfortunate state of that settlement.

MR. SPEAKER AND GENTLEMEN OF THE LEGISLATIVE ASSEMBLY :

The Estimates for the ensuing Financial Year will be laid before you without delay. My Advisers have maintained their policy of bringing about a substantial and permanent reduction of the Public Expenditure, and the Estimates to be submitted to you have been framed with the view of preserving the economical administration of the Government. To enable you to deal with the details of the expenditure at the earliest possible moment, you will be asked to complete the consideration of the Estimates as speedily as practicable after the delivery of the Financial Statement.

Recognising that in order to make production successful the producer must have command of capital at a low rate of interest, my Advisers have carefully considered the valuable Report of the Commission on State Banking. They will propose for your sanction a measure which will enable producers to obtain money under more advantageous terms than have hitherto existed.

MR. PRESIDENT AND HONORABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL :

MR. SPEAKER AND GENTLEMEN OF THE LEGISLATIVE ASSEMBLY :

The first business which will be placed before you will be those two important measures which unfortunately failed to become law during the past Session ; the Bill to amend the Shops and Factories Act, which is designed to cope with the great and increasing evil of sweating, and to assure to the workers a fair wage and healthy and comfortable surroundings whilst at work ; and the Bill to amend the Companies Act, which is intended, whilst giving every scope to honest industrial enterprise, to check the many abuses which experience has shown to be too prevalent in connexion with the promotion and management of companies.

My Advisers will bring before you proposals having for their object the amendment of The Constitution Act and the removal of the many anomalies and restrictions which now exist in regard to the exercise of the franchise.

The amendment of the Mining Acts, more especially in connexion with the position of those who work mines as tributers, and the consolidation of the general body of Mining Laws now contained in a number of scattered Acts, have been long urgently required. The very magnitude of the undertaking has caused delay, but my Advisers have prepared a comprehensive measure dealing with the subject which will be submitted for your consideration.

For many years the necessity has been recognised for making better and more definite provision for the maintenance of Charitable Institutions, for their management, and for the distribution, on some settled plan, of the funds provided by the State for Charitable purposes. Aided by the valuable Report of the Royal Commission on Charities, my Advisers have framed a measure to carry out these objects, which will be shortly laid before you.

Recent events threatened to involve the Empire in war. Happily they have had no result except to demonstrate the undoubted loyalty of every portion of the Queen's Dominions and the force which a united people hold in reserve and which they are ready to exert when their spirit is aroused. The suddenness with which the danger arose is a warning to Australians that they must be prepared at all times for immediate and concerted action, and my Advisers, in accordance with the resolution arrived at by the Sydney Conference, and reciprocating the action of the other Colonies, will lay before you a Bill which will enable Victorian troops to be employed in case of necessity for the defence of any portion of Australia.

In the interest of producers, and to assist them to obtain and keep the position in the markets of the world to which the quality of their commodities entitles them, you will be asked to deal with a Bill to regulate the export of Live Stock, Meat, Dairy Produce, and Fruit, and to provide for thorough and efficient inspection of these products when intended for exportation.

It is also proposed to ask your sanction to a measure which will give consumers protection against the sale in our markets of food not fit for consumption, more especially meat and milk, upon the purity and wholesomeness of which the health of the people so largely depends.

The exigencies of public business did not allow any opportunity for the amendment of the Insolvency Law during last Session, though the necessity for it had become apparent. My Advisers have prepared and intend to lay before you a Bill which will remedy the defects of the existing system, and incorporate improvements which experience has shown to be necessary.

A measure has been prepared and will be submitted to you for the purpose of regulating the immigration of undesirable persons, especially destitute Asiatics, whose numbers have increased so considerably as to threaten to become a burden to the State as well as a source of public danger.

The law passed for the settlement of trade disputes having been found to be inoperative, my Advisers have framed a proposal which will be laid before you, and which is intended to give opportunities for amicable arrangement of those disagreements between employers and employed which have been in the past a serious danger to the community as well as a material loss to industry.

A number of other useful measures will be proposed for your consideration according as the exigencies of public business will allow. Amongst these will be found a Bill for the Suppression of Usury; a measure amending the law relating to Life Assurance; a Bill to provide for the improvement of the River Yarra; an amendment of the Post Office Act; a measure dealing with Explosives; a Bill to provide a general Metropolitan Cemetery; an amendment of the Police Offences Act; a Bill to amend the Local Government Acts; a measure to amend the Land Acts; a Bill to amend the law relating to Game; and various other practical measures of minor importance.

And now, in leaving you to your deliberations, I pray that by the blessing of Divine Providence your labours may conduce to the welfare and continued prosperity of the people.

Which being concluded, a copy of the Speech was delivered to the President, and a copy to Mr. Speaker, and His Excellency the Governor left the Chamber.

The Legislative Assembly then withdrew.

### 3. The President took the Chair, and read the Prayer.

### 4. DECLARATIONS OF MEMBERS.—The Honorables the President, J. H. Abbott, J. Balfour, J. Bell, T. Brunton, Sir W. J. Clarke, Bart., J. H. Connor, S. W. Cooke, D. Coutts, H. Cuthbert, T. Dowling, Dr. W. H. Embling, N. FitzGerald, S. Fraser, G. Godfrey, F. S. Grimwade, C. J. Ham, N. Levi, D. E. McBryde, W. McCulloch, D. Melville, E. Miller, E. Morey, W. Pitt, J. M. Pratt, A. O. Sachse, Lieut.-Col. Sir F. T. Sargood, J. Service, G. Simmie, Sir A. Snowden, J. Sternberg, N. Thornley, J. A. Wallace, S. Williamson, and W. I. Winter-Irving severally delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth:—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, WILLIAM AUSTIN ZEAL, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Six hundred and eighty-seven pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of Prahran and South Melbourne, and are known as—

“Parts of Crown portions 14, 17, 18, and 20, parish of Prahran, at Toorak; and part of Crown allotment 3, section I, and Crown allotment 4, section I, and Crown allotment 4, section L, city of South Melbourne, all in the county of Bourke.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Prahran are rated in the rate-book of such district upon a yearly value of

Four hundred and forty-four pounds ; and that such of the said lands or tenements as are situate in the municipal district of South Melbourne are rated in the rate-book of such district upon a yearly value of Two hundred and forty-three pounds.

“ And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“ W. A. ZEAL.”

“ In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JOSEPH HENRY ABBOTT, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Two hundred and seventeen pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment ; and further, that such lands or tenements are situated in the municipal districts of Sandhurst, Echuca, and Strathfieldsaye, and are known as—

“ Firstly, Crown allotment six and six A of section sixty-eight C, Olinda and Gladstone streets, city and parish of Sandhurst, county of Bendigo.

“ Secondly, Crown allotments one, two, and three, section nineteen, parish of Mandurang, county of Bendigo.

“ Thirdly, part of allotment thirteen, section one, and part of Crown allotment six of section three, parish of Mandurang, county of Bendigo, particularly described in certificate of title entered in the Register Book, vol. 1353, fol. 270462.

“ Fourthly, part of Crown allotment seventeen, section one, parish of Mandurang, county of Bendigo, particularly described in certificate of title entered in the Register Book, vol. 1140, fol. 227959.

“ Fifthly, part of Crown allotment three, section six, town of Echuca, parish of Echuca North, county of Rodney, particularly described in certificate of title entered in the Register Book, vol. 1786, fol. 357001.

“ And I further declare that such of the said lands or tenements as are situate in the municipal district of Bendigo are rated in the rate-book of such district upon a yearly value of Sixteen pounds ; and that such of the said lands or tenements as are situate in the municipal district of Strathfieldsaye are rated in the rate-book of such district upon a yearly value of One hundred and twenty-seven pounds ; and that such of the said lands or tenements as are situate in the municipal district of Echuca are rated in the rate-book of such district upon a yearly value of Seventy-four pounds.

“ And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“ JOSEPH HENRY ABBOTT.”

“ In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JAMES BALFOUR, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and seven pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment ; and further, that such lands or tenements are situated in the municipal district of Prahran, and are known as part of Crown portion 18, parish of Prahran.

“ And I further declare that such of the said lands or tenements as are situate in the municipal district of Prahran are rated in the rate-book of such district upon a yearly value of One hundred and seven pounds.

“ And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“ JAMES BALFOUR.”

“ In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JAMES BELL, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and sixty-five pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment ; and further, that such lands or tenements are situated in the municipal district of Dunolly, and are known as my property, being allotments 4, 5, 6, 7, and 9 of section 26, and allotments 8<sup>b</sup> and 9 of section 12, town of Dunolly.

“ And I further declare that such of the said lands or tenements as are situate in the municipal district of Dunolly are rated in the rate-book of such district upon a yearly value of One hundred and sixty-five pounds.

“ And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“ JAMES BELL.”

“ In compliance with the provisions of the Act 54 Victoria, No. 1075, I, THOMAS BRUNTON, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Five hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment ; and further, that such lands or tenements are situated in the municipal district of Essendon, and are known as—

“ ‘Roxburgh’, Ascot Vale, bounded by Bloomfield-road, St. Leonard’s-road, Union-road, and Roxburgh-street.



"And I further declare that such of the said lands or tenements as are situate in the municipal district of Essendon are rated in the rate-book of such district upon a yearly value of Five hundred pounds, and that such of the said lands or tenements as are situate in the municipal district of Essendon are rated in the rate-book of such district upon a yearly value of Five hundred pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"THOMAS BRUNTON."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, SIR WILLIAM JOHN CLARKE, Bart., do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Eight hundred and sixty-five pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Merriang, and are known as Three thousand four hundred and sixty-one acres, in the parishes of Kalkallo and Mickleham, No. 48 in the rate-book.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Merriang are rated in the rate-book of such district upon a yearly value of Eight hundred and sixty-five pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"W. J. CLARKE."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JOSEPH HENRY CONNOR, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of over One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Colac, shire of Colac, parish of Cundare, county of Grenville, and are known as allotments 57A and 57B, parish of Cundare, containing three hundred and eighteen acres one rood twenty-four perches.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Colac, shire of Colac, parish of Cundare, county of Grenville, are rated in the rate-book of such district upon a yearly value of One hundred and twenty-seven pounds eight shillings, and that such of the said lands or tenements as are situate in the municipal district of Colac are rated in the rate-book of such district upon a yearly value of One hundred and nineteen pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"JOS. H. CONNOR."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, SAMUEL WINTER COOKE, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Dundas, and are known as 'Murndal.'

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Dundas are rated in the rate-book of such district upon a yearly value of One thousand four hundred and sixty pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"SAMUEL WINTER COOKE."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, DAVID COUTTS, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of over One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of Korong and East Loddon, and are known as 'Salisbury Estate,' municipal district of Korong, and the 'Elmswood Estate,' also land known as Naughton's, municipal district of East Loddon.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Korong are rated in the rate-book of such district upon a yearly value of Five hundred pounds; and that such of the said lands or tenements as are situate in the municipal district of East Loddon are rated in the rate-book of such district upon a yearly value of Six hundred and thirty pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"DAVID COUTTS."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, HENRY CUTHBERT, of Ballarat, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Two hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of Ballarat and shire of Ballarat, and are known as—

"Part of allotment 4 of section 9, city of Ballarat, county of Grenville; and  
 "Allotment 2 of section 14, parish of Ballarat, county of Grenville.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Ballarat are rated in the rate-book of such district upon a yearly value of Eighty pounds; and that such of the said lands or tenements as are situate in the municipal district of the shire of Ballarat are rated in the rate-book of such district upon a yearly value of One hundred and twenty pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"HENRY CUTHBERT."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, THOMAS DOWLING, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Two hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of Hampden and Mortlake, and are known as 'Jellalabad,' situated on Mount Emu Creek, and bounded on the south by township of Darlington, on the east by lands belonging to Messrs. Cole and Dodds, on the north by station known as 'Terrinallum,' and on the west by station known as 'Mount Fyans.'

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Mortlake are rated in the rate-book of such district upon a yearly value of One thousand seven hundred pounds, and that such of the said lands or tenements as are situate in the municipal district of Hampden are rated in the rate-book of such district upon a yearly value of Five hundred and forty-six pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"THOMAS DOWLING."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, WILLIAM HENRY EMBLING, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and seventy-five pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of St. Kilda, and are known as 'Elmwood,' Chapel-street.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of St. Kilda are rated in the rate-book of such district upon a yearly value of One hundred and seventy-five pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"W. H. EMBLING."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, NICHOLAS FITZGERALD, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of Castlemaine and St. Kilda, and are known as 'Turlough House,' Camp Hill, Castlemaine, and 'Moirs,' Alma-road, St. Kilda, county of Bourke.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Castlemaine are rated in the rate-book of such district upon a yearly value of Seventy-five pounds, and that such of the said lands or tenements as are situate in the municipal district of St. Kilda are rated in the rate-book of such district upon a yearly value of Three hundred pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"N. FITZGERALD."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, SIMON FRASER, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Three hundred and fifty pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Prahran, and are known as 'Norla,' Irving-road, Toorak.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Prahran are rated in the rate-book of such district upon a yearly value of Three hundred and fifty pounds, and that such of the said lands or tenements as are situate in the municipal district of Prahran are rated in the rate-book of such district upon a yearly value of Three hundred and fifty pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"SIMON FRASER."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, GEORGE GODFREY, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of St. Kilda, and are known as all that piece of land being part of Crown portion 68A, parish of Prahran, at St. Kilda, county of Bourke, and situate in High-street, St. Kilda.

"And I further declare that the said lands or tenements are situate in the municipal district of St. Kilda, and are rated in the rate-book of such district upon a yearly value of Two hundred pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"GEO. GODFREY."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, FREDERICK SHEPPARD GRIMWADE, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Four hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Caulfield, and are known as 'Harleston,' situate at the corner of Balaclava and Orrong roads.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Caulfield are rated in the rate-book of such district upon a yearly value of Four hundred pounds, and that such of the said lands or tenements as are situate in the municipal district of Caulfield are rated in the rate-book of such district upon a yearly value of Four hundred pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"F. S. GRIMWADE."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, CORNELIUS JOB HAM, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and fifteen pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Melbourne, and are known as No. 114 and No. 124 Grey-street, East Melbourne, and being No. 71 and 70 in the rate-book of the city of Melbourne for Albert ward.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Melbourne are rated in the rate-book of such district upon a yearly value of One hundred and fifteen pounds, and that such of the said lands or tenements as are situate in the municipal district of Melbourne are rated in the rate-book of such district upon a yearly value of One hundred and fifteen pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"C. J. HAM."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, NATHANIEL LEVI, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and fifty pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of city of Melbourne, city of St. Kilda, shire of Cranbourne, and shire of Moorabbin, and are known as Printing establishment, situated in Hosier-lane, off Flinders-street east, city of Melbourne; allotment 1 of section 9 x twenty-eight perches and nine-tenths, allotment 2 of section 9 x nineteen perches and eight-tenths, allotment 3 of section 9 x nineteen perches and six-tenths, city of St. Kilda, parish of South Melbourne, county of Bourke; allotment 10, village of Lang Lang, two roods; allotment 11, village of Lang Lang, two roods twenty-six perches, parish of Lang Lang, Yallock riding, shire of Cranbourne, county of Mornington; allotment 5, part of Crown portion 28, parish of Moorabbin, South riding, shire of Moorabbin, county of Bourke.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of city of Melbourne are rated in the rate-book of such district upon a yearly value of Eighty pounds, and that such of the said lands or tenements as are situate in the municipal district of city of St. Kilda are rated in the rate-book of such district upon a yearly value of Twenty-eight pounds, and that such of the said lands or tenements as are situate in the municipal district or shire of Cranbourne are rated in the rate-book of such district or shire upon a yearly value of Four pounds, and that such of the said lands or tenements as are situate in the municipal district or shire of Moorabbin are rated in the rate-book of such district or shire upon a yearly value of Two pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"NATHL. LEVI."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, DUNCAN ELPHINSTONE MCBRYDE, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Four hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Brighton, and are known as 'Kamesburgh,' containing ten acres or thereabouts, being part of Dendy's special survey at Brighton, and situate at the angle of North-road and Cochrane-street, and purchased by me for the sum of Twelve thousand two hundred pounds.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Brighton are rated in the rate-book of such district upon a yearly value of Four hundred pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"D. E. MCBRYDE."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, WILLIAM McCULLOCH, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Three hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Colac, and are known as 'Mertoun Park.'

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Colac are rated in the rate-book of such district upon a yearly value of One thousand three hundred and thirteen pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"W. McCULLOCH."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, DONALD MELVILLE, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and thirteen pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of Brunswick, Pyalong, McIvor, and are known as—

"My residence, situated in Albion-street, W. Brunswick, with twenty-eight and one-half acres of land; two hundred and six acres of land within the shire of Pyalong; one hundred and forty acres of land within the shire of McIvor.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Brunswick are rated in the rate-book of such district upon a yearly value of Seventy pounds, and that such of the said lands or tenements as are situate in the municipal district of Pyalong are rated in the rate-book of such district upon a yearly value of Twenty-eight pounds, and that within the municipal district of McIvor at Fifteen pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"D. MELVILLE."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, EDWARD MILLER, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and forty-five pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such land or tenements are situated in the municipal district of Kew, and are known as part of 'Findon' Estate, being land measuring four acres, situate corner of Barker's-road and Findon-street.

"And I further declare that such said land situate in the municipal district of Kew is rated in the rate-book of such district upon a yearly value of One hundred and forty-five pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said land, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"EDWARD MILLER."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, EDWARD MOREY, of Ballarat, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and forty-three pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of the city of Ballarat, and are known as assessment 89, Lydiard-street, Eighty pounds; assessment 1493, Armstrong-street, Sixty-three pounds; and are allotments six and nineteen, section nine, city and parish of Ballarat, county of Grenville.

"And I further declare that the said lands or tenements are situate in the municipal district of the city of Ballarat, and are rated in the rate-book of such district upon a yearly value of One hundred and forty-three pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"E. MOREY."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, WILLIAM PITT, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Collingwood, and are known as land, Trenergy-crescent, Collingwood.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Collingwood are rated in the rate-book of such district upon a yearly value of One hundred and sixty pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"WILLIAM PITT."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JOSEPH MAJOR PRATT, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and seventy-five pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Melbourne, and are known as all that piece of land containing thirty-six perches and three-tenths of a perch or thereabouts, being part of Crown allotment four, section fourteen, city of Melbourne, parish of North Melbourne, at East Melbourne, county of Bourke.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Melbourne are rated in the rate-book of such district upon a yearly value of One hundred and seventy-five pounds sterling, and that such of the said lands or tenements as are situate in the municipal district of Melbourne are rated in the rate-book of such district upon a yearly value of One hundred and seventy-five pounds sterling.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"J. M. PRATT."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, ARTHUR OTTO SACHSE, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and two pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of the city of Prahran, and are known as land and house property, No. 25 Kensington-road, South Yarra.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Prahran are rated in the rate-book of such district upon a yearly value of One hundred and two pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"A. O. SACHSE."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, FREDERICK THOMAS SARGOOD, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One thousand one hundred and thirty-five pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Caulfield, and are known as 'Rippon Lea'—

"Forty-six acres of land, with dwelling-house thereon.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Caulfield are rated in the rate-book of such district upon a yearly value of One thousand one hundred and thirty-five pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"F. T. SARGOOD."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JAMES SERVICE, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Caulfield, and are known as 'Kilwinning,' being the house and lands occupied as a residence for myself in Balaclava-road, corner of Hotham-street.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Caulfield are rated in the rate-book of such district upon a yearly value of Five hundred pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"JAMES SERVICE."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, GEORGE SIMMIE, of Cornelia Creek, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Echuca Shire, and are known as 'Cornelia Creek.'

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Echuca Shire are rated in the rate-book of such district upon a yearly value of One thousand pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"G. SIMMIE."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, ARTHUR SNOWDEN, of 433 Little Collins-street, in the city of Melbourne, barrister and solicitor, and of Saint Hellier's-street, Abbotsford, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and six pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Collingwood, and are known as the villa residence called 'St. Helliers,' situate in St. Hellier's-street, Abbotsford, in the said municipal district, and grounds attached thereto, forming my residence, such lands having a frontage of two hundred and forty feet to St. Hellier's-street by a depth of about three hundred feet.

"And I further declare that the said lands or tenements are situate in the municipal district of Collingwood, are rated in the rate-book of such district upon a yearly value of One hundred and six pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"ARTHUR SNOWDEN."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JOSEPH STERNBERG, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of over One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of the shires of Deakin and Echuca and of the city of Melbourne, and are known as—firstly, Crown allotments 91, 92, 93, and 133, parish of Kyabram, county of Rodney, in the municipal district of the shire of Deakin; secondly, Crown allotments 4 and 5, section 1A, township and parish of Rochester, county of Bendigo, in the municipal district of the shire of Echuca; thirdly, allotment 64, parish of Rochester West, county of Bendigo, in the municipal district of the shire of Echuca; fourthly, part of Crown allotment 12, section 14, Melbourne East, parish of North Melbourne, county of Bourke, particularly described in the certificate of title entered in the Register Book, vol. 1820, fol. 363905, and which land is situated in the municipal district of the city of Melbourne.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of the shire of Deakin, and are firstly above described, are rated in the rate-book of such district upon a yearly value of Fifty-five pounds; and that such of the said lands or tenements as are situate in the municipal district of the shire of Echuca, and are secondly above described, are rated in the rate-book of such district upon a yearly value of Forty pounds; and that such of the said lands or tenements as are situate in the municipal district of the shire of Echuca, and are thirdly above described, are rated in the rate-book of such district upon a yearly value of Ten pounds; and that such of the said lands or tenements as are situate in the municipal district of the city of Melbourne, and are fourthly above described, are rated in the rate-book of such district upon a yearly value of Seventy pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"JOSEPH STERNBERG."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, NATHAN THORNLEY, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of

One thousand four hundred and forty-eight pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Minhamite, and are known as 'Kangatong,' about 8,000 acres.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Minhamite are rated in the rate-book of such district upon a yearly value of One thousand four hundred and forty-eight pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"N. THORNLEY."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JOHN ALSTON WALLACE, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Two hundred and forty pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of Towong and Port Melbourne, and are known as—

"No. 1. Lands and tenements situate near Bethanga, electoral district of Benambra, shire of Towong, area six hundred and thirty-nine acres.

"No. 2. Lands and tenements—the Bay View Hotel, situate Beach-street, Port Melbourne.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Towong are rated in the rate-book of such district upon a yearly value of One hundred pounds, and that such of the said lands or tenements as are situate in the municipal district of Port Melbourne are rated in the rate-book of such district upon a yearly value of One hundred and forty pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"JOHN A. WALLACE."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, SAMUEL WILLIAMSON, of Allan Vale, Great Western, county of Borung, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Stawell, and are known as Allanvale Estate, and consisting of 6,009 acres or thereabouts, in the parishes of Concongella and Bulgana, counties of Borung and Ripon, in the colony of Victoria.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Stawell are rated in the rate-book of such district upon a yearly value of Seven hundred pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"SAML. WILLIAMSON."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, WILLIAM IRVING WINTER-IRVING, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Six thousand pounds and upwards above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts as hereunder named, and are known as—

- "Noorilim, in the shire of Goulburn and Waranga.
- "Carpendeit, " Heytesbury.
- "Tirrengower, " Colac.
- "Allotments, " Tambo.
- "Stanhope, " Waranga and Deakin.
- "Allotments, in the city of Prahran.
- "Allotments, " Hawthorn.
- "Allotments, in the shire of Boroondara.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Waranga are rated in the rate-book of such district upon a yearly value of Two thousand nine hundred and forty-six pounds; and that such of the said lands or tenements as are situate in the municipal district of Carpendeit are rated in the rate-book of such district upon a yearly value of Five hundred and twenty-seven pounds; and that such of the said lands or tenements as are situate in the municipal district of Colac are rated in the rate-book of such district upon a yearly value of Three hundred and ninety-eight pounds; and that such of the said lands or tenements as are situate in the municipal district of Tambo are rated in the rate-book of such district upon a yearly value of Six pounds; and that such of the said lands or tenements as are situate in the municipal district of Deakin are rated in the rate-book of such district upon a yearly value of Nine hundred pounds; and that such of the said lands or tenements as are situate in the municipal district of Prahran are rated in the rate-book of such district upon a yearly value of Six hundred pounds; and that such of the said lands or tenements as are situate in the municipal

district of Hawthorn are rated in the rate-book of such district upon a yearly value of Three hundred and ninety pounds; and that such of the said lands or tenements as are situate in the municipal district of Boroondara are rated in the rate-book of such district upon a yearly value of One hundred and twenty pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“WM. I. WINTER-IRVING.”

5. LIFE ASSURANCE COMPANIES AMENDMENT BILL.—The Honorable H. Cuthbert moved, That he have leave to bring in a Bill to amend the provisions of the *Companies Act 1890* relating to Life Assurance. Question—put and resolved in the affirmative. Ordered—That the Honorable H. Cuthbert do prepare and bring in the Bill. The Honorable H. Cuthbert then brought up a Bill intituled “*A Bill to amend the provisions of the ‘Companies Act 1890’ relating to Life Assurance,*” and moved, That it be now read a first time. Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday, 7th July next.

6. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
 Penal Establishments and Gaols.—Report of the Inspector-General for the year 1895.  
 Annual Report on British New Guinea, from 1st July, 1894, to 30th June, 1895, with Appendices.  
 Post Office Savings Bank.—Statement of Accounts of the Post Office Savings Bank in Victoria for the year 1895.  
 Severally ordered to lie on the Table.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk:—

Melbourne and Metropolitan Board of Works.—Balance-sheet and Statements of Accounts and Contracts of the Board for the year ending 30th June, 1895.

Water Act 1890.—Warrnambool Waterworks Trust—Application for additional Loan of £500. Report of the Chief Inspector of Factories, Work-rooms, and Shops for the year 1895.

Report of the Country Fire Brigades Board for the year ended 31st December, 1895, together with Statement of Receipts and Expenditure and Assets and Liabilities for that period.

Report of the Metropolitan Fire Brigades Board for the year ended 31st December, 1895, together with Statement of Receipts and Expenditure and Assets and Liabilities for that period.

Neglected Children’s Act 1890.—Alteration of Regulations.

Public Service Acts.—Amendment of Regulations.

Savings Banks.—General Order No. 23.

Hospitals for the Insane.—Report of the Inspector of Lunatic Asylums for the year ended 31st December, 1895.

The Parliamentary Standing Committee on Railways.—Fourth General Report.

Agricultural Education.—Accounts of the Trustees of Agricultural Colleges and the Council of Agricultural Education from 1st July, 1895, to 31st December, 1895.

Post Office Act 1890.—Re-direction of Telegrams within Victoria.—Order in Council.

Electric Light and Power Act 1896.—Regulations with respect to applications for Orders authorizing the supply of Electricity, &c.

7. SPEECH OF HIS EXCELLENCY THE GOVERNOR.—The President reported the Speech of His Excellency the Governor.

The Honorable J. Balfour moved, That a Committee be appointed to prepare an Address to His Excellency the Governor in reply to His Excellency’s Opening Speech.

Question—put and resolved in the affirmative.

The Honorable J. Balfour moved, That the Committee consist of the Honorables J. Bell, C. J. Ham, E. Miller, E. Morey, J. A. Wallace, and the Mover.

Question—put and resolved in the affirmative.

The Committee retired to prepare the Address.

The Honorable J. Balfour presented the Address which had been adopted by the Committee, and the same was read by the Clerk, and is as follows:—

*To His Excellency the Right Honorable Thomas, Baron Brassey, Knight Commander of the Most Honorable Order of the Bath, Governor and Commander-in-Chief in and over the Colony of Victoria and its Dependencies, &c., &c., &c.*

MAY IT PLEASE YOUR EXCELLENCY—

We, the Legislative Council of Victoria, in Parliament assembled, beg to express our loyalty to our Most Gracious Sovereign, and to thank Your Excellency for the gracious Speech which you have been pleased to address to Parliament.

The Honorable J. Balfour moved, That the Council agree with the Committee in the said Address.

Debate ensued.

The Honorable D. Melville moved, That the debate be now adjourned.

Question—That the debate be now adjourned—put and resolved in the affirmative.

Ordered—That the debate be adjourned until to-morrow.

8. ADJOURNMENT.—The Honorable H. Cuthbert moved, That the Council, at its rising, adjourn until to-morrow, at half-past four o’clock.

Question—put and resolved in the affirmative.

And then the Council, at twenty-eight minutes past five o’clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
 Clerk of the Legislative Council.



# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 1.

WEDNESDAY, 24<sup>TH</sup> JUNE, 1896.

NOTICES OF MOTION:—

1. The Hon. H. CUTHBERT: To move, That Tuesday, Wednesday, and Thursday in each week be the days on which the Council shall meet for despatch of business during the present Session, and that Half-past Four o'clock be the hour of meeting on each day; that on Tuesday and Thursday in each week the transaction of Government business shall take precedence of all other business; and that on Wednesday in each week Private Members' business shall take precedence of Government business.
2. The Hon. H. CUTHBERT: To move, That the Honorables the President, S. Austin, J. Balfour, S. W. Cooke, N. FitzGerald, Lieut.-Col. Sir F. T. Sargood, J. Service, Sir A. Snowden, N. Thornley, and the Mover be Members of the Select Committee on the Standing Orders of the House; three to be the quorum.
3. The Hon. H. CUTHBERT: To move, That the Honorables the President, J. Bell, G. Davis, D. E. McBryde, and W. Pitt be Members of the Joint Committee to manage and superintend the Parliament Buildings.
4. The Hon. H. CUTHBERT: To move, That the Honorables the President, E. J. Crooke, F. S. Grimwade, C. J. Ham, and D. Melville be Members of the Joint Committee to manage the Library.
5. The Hon. H. CUTHBERT: To move, That the Honorables Dr. W. H. Embling, E. Morey, A. O. Sachse, J. A. Wallace, and W. I. Winter-Irving be Members of the Joint Committee to manage the Refreshment Rooms.
6. The Hon. H. CUTHBERT: To move, That the Honorables the President, J. H. Abbott, T. Brunton, J. H. Connor, S. Fraser, D. Ham, N. Levi, J. M. Pratt, C. Sargeant, and J. Sternberg be Members of the Printing Committee; three to be the quorum.
7. The Hon. J. BELL: To move, That leave of absence be granted to the Honorable R. Reid for the remainder of the Session on account of urgent private business.
8. The Hon. S. W. COOKE: To move, That leave of absence be granted to the Honorable A. Wynne for the remainder of the Session on account of urgent private business.
9. The Hon. H. CUTHBERT: To move, That leave of absence be granted for the remainder of the Session to the Honorable T. D. Wanliss on account of urgent private business.

ORDER OF THE DAY:—

1. ADDRESS IN REPLY TO SPEECH OF HIS EXCELLENCY THE GOVERNOR—Consideration of Report of Committee—*Resumption of debate.*

TUESDAY, 7<sup>TH</sup> JULY.

ORDER OF THE DAY:—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

PARLIAMENTARY PAPERS ISSUED 23<sup>RD</sup> JUNE, 1896.

Notices of Motion and Orders of the Day. No. 1.

Notices of Motion and Orders of the Day. No. 1.



VICTORIA.

No. 2.

MINUTES OF THE PROCEEDINGS

OF THE

LEGISLATIVE COUNCIL.

WEDNESDAY, 24TH JUNE, 1896.

- 1. The Council met in accordance with adjournment.
- 2. The President took the Chair.
- 3. The President read the Prayer.

4. **DECLARATION OF MEMBER.**—The Honorable E. J. Crooke delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth:—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, EDWARD JOLLEY CROOKE, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Three hundred and sixty pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Rosedale, and are known as portion of ‘The Holy Plain Estate.’

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Rosedale are rated in the rate-book of such district upon a yearly value of Three hundred and sixty pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“E. J. CROOKE.”

5. **PAPERS.**—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—Proceedings of Conference of Premiers held in Sydney, 4th March, 1896 (with Appendix). Ordered to lie on the Table.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk:—

- Education Act 1890 and Teachers Act 1893.—Regulations.
- Electric Light and Power Act 1896.—Regulations for securing the Safety of the Public.

6. **DAYS OF BUSINESS.**—The Honorable H. Cuthbert moved, That Tuesday, Wednesday, and Thursday in each week be the days on which the Council shall meet for despatch of business during the present Session, and that Half-past Four o’clock be the hour of meeting on each day; that on Tuesday and Thursday in each week the transaction of Government business shall take precedence of all other business; and that on Wednesday in each week Private Members’ business shall take precedence of Government business.

Question—put and resolved in the affirmative.

7. **STANDING ORDERS COMMITTEE.**—The Honorable H. Cuthbert moved, That the Honorables the President, S. Austin, J. Balfour, S. W. Cooke, N. FitzGerald, Lieut.-Col. Sir F. T. Sargood, J. Service, Sir A. Snowden, N. Thornley, and the Mover be Members of the Select Committee on the Standing Orders of the House ; three to be the quorum.  
Question—put and resolved in the affirmative.
8. **PARLIAMENT BUILDINGS COMMITTEE.**—The Honorable H. Cuthbert moved, That the Honorables the President, J. Bell, G. Davis, D. E. McBryde, and W. Pitt be Members of the Joint Committee to manage and superintend the Parliament Buildings.  
Question—put and resolved in the affirmative.
9. **LIBRARY COMMITTEE.**—The Honorable H. Cuthbert moved, That the Honorables the President, E. J. Croke, F. S. Grimwade, C. J. Ham, and D. Melville be Members of the Joint Committee to manage the Library.  
Question—put and resolved in the affirmative.
10. **REFRESHMENT ROOMS COMMITTEE.**—The Honorable H. Cuthbert moved, That the Honorables Dr. W. H. Embling, E. Morey, A. O. Sachse, J. A. Wallace, and W. I. Winter-Irving be Members of the Joint Committee to manage the Refreshment Rooms.  
Question—put and resolved in the affirmative.
11. **PRINTING COMMITTEE.**—The Honorable H. Cuthbert moved, That the Honorables the President, J. H. Abbott, T. Brunton, J. H. Connor, S. Fraser, D. Ham, N. Levi, J. M. Pratt, C. Sargeant, and J. Sternberg be Members of the Printing Committee ; three to be the quorum.  
Question—put and resolved in the affirmative.
12. **LEAVE OF ABSENCE.**—The Honorable J. Bell moved, That leave of absence be granted to the Honorable R. Reid for the remainder of the Session on account of urgent private business.  
Question—put and resolved in the affirmative.
13. **LEAVE OF ABSENCE.**—The Honorable S. W. Cooke moved, That leave of absence be granted to the Honorable A. Wynne for the remainder of the Session on account of urgent private business.  
Question—put and resolved in the affirmative.
14. **LEAVE OF ABSENCE.**—The Honorable H. Cuthbert moved, That leave of absence be granted for the remainder of the Session to the Honorable T. D. Wanliss on account of urgent private business.  
Question—put and resolved in the affirmative.
15. **ADDRESS IN REPLY TO SPEECH OF HIS EXCELLENCY THE GOVERNOR.**—The Order of the Day for the resumption of the debate on the question, That the Council agree with the Committee in the Address in reply to the Speech of His Excellency the Governor, having been read—  
Debate resumed.  
Question—put and resolved in the affirmative.  
The Honorable J. Balfour moved, That the Address be presented to His Excellency the Governor by the President and such Members of the Council as may wish to accompany him.  
Question—put and resolved in the affirmative.
16. **ADJOURNMENT.**—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday, 7th July next.  
Question—put and resolved in the affirmative.

And then the Council, at twenty-eight minutes past six o'clock, adjourned until Tuesday, 7th July next.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 2.

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TUESDAY, 7<sup>TH</sup> JULY, 1896.

*Government Business.*

ORDER OF THE DAY:—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Second reading.

*General Business.*

NOTICE OF MOTION:—

1. The Hon. J. BALFOUR: To move, That leave of absence be granted to the Honorable J. Buchanan for a period of two months on account of urgent private business.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## PARLIAMENTARY PAPERS ISSUED 24<sup>TH</sup> JUNE, 1896.

Notices of Motion and Orders of the Day. No. 2.

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Notices of Motion and Orders of the Day. No. 2.

Melbourne and Metropolitan Board of Works Bill—[3].

Regulations with respect to Applications for Orders authorizing the Supply of Electricity, &c. No. 22.

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## VICTORIA.

No. 3.

## MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

TUESDAY, 7<sup>TH</sup> JULY, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **DECLARATIONS OF MEMBERS.**—The Honorables S. Austin, J. C. Campbell, and G. Davis severally delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth :—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, SIDNEY AUSTIN, of Geelong, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and sixty-eight pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Winchelsea, and are known as ‘Karngun Paddocks.’

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Winchelsea are rated in the rate-book of such district upon a yearly value of One hundred and sixty-eight pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“SIDNEY AUSTIN.”

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JAMES CALLENDER CAMPBELL, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Two hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Brighton, and are known as Myrtle Grove, situate in New-street and North-road, town of Brighton, containing seven and one-half acres or thereabouts, on which is erected a two-storied brick house, containing sixteen rooms; also an allotment of land situate at Elwood-street, Brighton.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Brighton are rated in the rate-book of such district upon a yearly value of One hundred and ninety-five pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“JAS. C. CAMPBELL.”

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, GEORGE DAVIS, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Maffra, and are known as ‘Riversdale,’ in the parish of Tinamba, in the municipality of Maffra.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Maffra are rated in the rate-book of such district upon a yearly value of Three hundred and eighty pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“GEO. DAVIS.”

5. **ADJOURNMENT.**—The Honorable E. J. Crooke having stated his desire to move, That the House do now adjourn, six Members rose in their places and required the motion to be proposed. The Honorable E. J. Crooke then said that he proposed to speak on the subject of the “Tick pest,” and moved, That the House do now adjourn. Debate ensued. Question—put and negatived.
6. **DISTINGUISHED VISITOR.**—The Honorable H. Cuthbert moved, That a chair be provided on the floor of the Council Chamber for His Excellency the Right Honorable Viscount Hampden, Governor of the Colony of New South Wales. Question—put and resolved in the affirmative.
7. **PRESENTATION OF ADDRESS TO HIS EXCELLENCY THE GOVERNOR.**—The President reported that he had, that day, waited upon His Excellency the Governor and had presented to him the Address of the Legislative Council agreed to on the 24th June ultimo, and that His Excellency had been pleased to make the following reply :—
- MR. PRESIDENT AND HONORABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL—
- I beg to thank you, in the name and on behalf of Her Majesty, for the expression of loyalty to our Most Gracious Sovereign contained in the Address which you have just presented to me, and I earnestly hope that the outcome of your deliberations may tend to develop the prosperity of the colony and to promote the permanent interest and welfare of the people.
- BRASSEY.
- Government Offices,  
Melbourne, 7th July, 1896.
8. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—
- MR. PRESIDENT—
- The Legislative Assembly transmit to the Legislative Council a Bill intituled “*An Act to amend the ‘Factories and Shops Act 1890’ and for other purposes,*” with which they desire the concurrence of the Legislative Council.
- GRAHAM BERRY,  
Speaker.
- Legislative Assembly,  
Melbourne, 7th July, 1896.
9. **FACTORIES AND SHOPS ACT 1890 AMENDMENT BILL.**—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to amend the ‘Factories and Shops Act 1890’ and for other purposes,*” be now read a first time. Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.
10. **GAME ACT 1890 AMENDMENT BILL.**—The Honorable H. Cuthbert moved, by leave, That he have leave to bring in a Bill to amend the *Game Act 1890*. Question—put and resolved in the affirmative. Ordered—That the Honorable H. Cuthbert do prepare and bring in the Bill. The Honorable H. Cuthbert then brought up a Bill, intituled “*A Bill to amend the ‘Game Act 1890,’*” and moved, That it be now read a first time. Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.
11. **EXPLOSIVES ACT 1890 AMENDMENT BILL.**—The Honorable H. Cuthbert moved, by leave, That he have leave to bring in a Bill to amend the *Explosives Act 1890*. Question—put and resolved in the affirmative. Ordered—That the Honorable H. Cuthbert do prepare and bring in the Bill. The Honorable H. Cuthbert then brought up a Bill, intituled “*A Bill to amend the ‘Explosives Act 1890,’*” and moved, That it be now read a first time. Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.



12. RESIGNATION OF MEMBER.—The President announced that he had received the following letter from the Private Secretary to His Excellency the Governor :—

SIR,  
I am directed by His Excellency the Governor to inform you that the Honorable J. H. Grey has resigned his seat in the Legislative Council, as will be seen from the enclosed letter.

Government House,  
Melbourne, 6th July, 1896.

I have the honour to be, Sir,  
Your most obedient servant,

RICHARD NEVILL,  
Private Secretary.

The Honorable the President of the Legislative Council,  
&c., &c., &c.

Geelong, 3rd July, 1896.

To His Excellency the Right Honorable Lord Brassey,  
Governor of the Colony of Victoria.

MY LORD,

I hereby resign my seat as one of the Members for the South-Western Province of the Legislative Council of this Colony.

I am, My Lord,  
Your Excellency's obedient servant,  
J. H. GREY.

13. THE COMMITTEE OF ELECTIONS AND QUALIFICATIONS.—The President laid upon the Table the following Warrant appointing the Committee of Elections and Qualifications :—

VICTORIA.

Pursuant to the provisions of *The Constitution Act Amendment Act 1890*, I do hereby appoint—

- The Honorable Sidney Austin,
- The Honorable Sir William John Clarke, Bart.,
- The Honorable Samuel Winter Cooke,
- The Honorable David Coutts,
- The Honorable George Davis,
- The Honorable Frederick Sheppard Grimwade, and
- The Honorable James Service

to be Members of a Committee to be called "The Committee of Elections and Qualifications."

Given under my hand this seventh day of July, One thousand eight hundred and ninety-six.

W. A. ZEAL,  
President of the Legislative Council.

14. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Australasian Quarantine Conference of Melbourne, Victoria, 1896—Proceedings of the.  
Australasian Statistics for the year 1894.  
Statistical Register of the Colony of Victoria for the year 1894.—Part IX.—Social Condition.  
Statistical Register of the Colony of Victoria for the year 1895.—Part I.—Blue Book.

Severally ordered to lie on the Table.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—

- Public Service Acts.—Amendment of Regulations.
- Water Act 1890—
  - Bacchus Marsh Irrigation and Water Supply Trust.—Graduated Rate.—Regulation No. 3 (Draft Form).
  - Koondrook Irrigation and Water Supply Trust.—Rating Regulation.
  - Macorna North Irrigation and Water Supply Trust—
    - Graduated Rate.—Regulation No. 3 (Draft Form).
    - Graduated Rate.—Regulation No. 3.
    - Regulation No. 4.
  - Tragowel Plains Irrigation and Water Supply Trust—
    - Graduated Rate.—Regulation No. 13 (Draft Form).
    - Graduated Rate.—Regulation No. 13.
  - Twelve-Mile Irrigation and Water Supply Trust.—Rating Regulation.
  - Western Wimmera Irrigation and Water Supply Trust.—Supply of Water to Irrigation Colonies outside the Trust district.
  - Yatchaw Irrigation and Water Supply Trust.—Rating Regulation.
- Defences and Discipline Act 1890.—Regulations made under.—Orders in Council.
- Settlement on Lands Act 1893.—Alteration of Regulations.
- Seed Advances Act 1896.—Regulations.
- Land Act 1890, Part I.—
  - Addition to Regulations.
  - Alteration of Regulations.

15. LEAVE OF ABSENCE.—The Honorable J. Balfour moved, That leave of absence be granted to the Honorable J. Buchanan for a period of two months on account of urgent private business.  
Question—put and resolved in the affirmative.

16. LIFE ASSURANCE COMPANIES AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.

Debate ensued.

The Honorable S. Fraser moved, That the debate be now adjourned.

Question—That the debate be now adjourned—put and resolved in the affirmative.

Ordered—That the debate be adjourned until Tuesday next.

17. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.

Question—put and resolved in the affirmative.

And then the Council, at twenty-six minutes past six o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 3.

TUESDAY, 14<sup>TH</sup> JULY, 1896.

### *Questions.*

1. The Hon. T. DOWLING : To ask the Honorable the Solicitor-General if the Government will bring in an Amending Fencing Bill to compel owners of adjacent properties to join in erecting rabbit-proof fencing when required.
2. The Hon. G. DAVIS : To ask the Honorable the Solicitor-General if the Government—noting the liability of municipal councillors who may have had the least trading transaction with the councils of which they are or have been members to excessively heavy penalties—will propose some modification of the law in that respect.

### *Government Business.*

#### ORDERS OF THE DAY :—

1. FACTORIES AND SHOPS ACT 1890 AMENDMENT BILL—Second reading.
2. GAME ACT 1890 AMENDMENT BILL—Second reading.
3. EXPLOSIVES ACT 1890 AMENDMENT BILL—Second reading.
4. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Second reading—*Resumption of debate.*

### *General Business.*

#### NOTICES OF MOTION :—

1. The Hon. J. H. ABBOTT : To move, That the Return recently compiled by the Honorable Lieut.-Col. Sir F. T. Sargood, showing the manner in which the various Bills submitted for the consideration of the Legislative Council of Victoria during the last fifteen years were dealt with, be placed upon the records of this House.
2. The Hon. E. J. CROOKE : To move, That leave of absence be granted to the Honorable C. Sargeant for the remainder of the Session on account of ill-health.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

## MEETING OF SELECT COMMITTEE.

*Tuesday, 14th July.*

REFRESHMENT ROOMS (JOINT)—at half-past three o'clock.

## PARLIAMENTARY PAPERS ISSUED SINCE 2<sup>ND</sup> JULY, 1896.

Notices of Motion and Orders of the Day. No. 3.  
Factories and Shops Bill—[18]. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 4, 5, and 6.

Notices of Motion and Orders of the Day. No. 7.

Divisions in Committee of the Whole. No. 1.

Non-compulsory Vaccination Bill—[39].

Dog Bill—[40].

Report of the Parliamentary Standing Committee on Railways on the Plan for new Railway Station at Flinders-street ; together with the Appendices and Minutes of Evidence.—Return to an Order of the House. C.—No. 1.



## VICTORIA.

No. 4.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 14TH JULY, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **ISSUE OF WRIT.**—The President announced that he had this day issued a Writ for the election of a Member to serve for the South-Western Province in the place of the Honorable J. H. Grey, who had resigned.
5. **PAPERS.**—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Trade with the United Kingdom.—Returns prepared in compliance with Colonial Office Despatch, No. 103, of 28th November, 1895.  
Report of the Board appointed by His Excellency the Governor in Council to investigate and report upon the complaints made by George Sangster, Esq., M.P., against the Marine Board of Victoria.

Severally ordered to lie on the Table.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—

- Report upon the affairs of the Post Office and Telegraph Department for the year 1895.
- Bank Liabilities and Assets.—Summary of Sworn Returns for the quarter ended 31st December, 1895.
- Water Act 1890—  
Bacchus Marsh Irrigation and Water Supply Trust.—Graduated Rate.—Regulation No. 3.  
Kerang East Irrigation and Water Supply Trust.—General Rate.—Rating Regulation.
- Report of the Registrar of Friendly Societies for the year 1895.

6. **FACTORIES AND SHOPS ACT 1890 AMENDMENT BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.

Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

**ABSENCE OF THE CHAIRMAN OF COMMITTEES.**—The President said : As the Bill is now to go into Committee, I have to announce with very great regret that our esteemed Chairman of Committees has met with a very severe accident while travelling in his district, and he asks the indulgence of the House during the period of his convalescence. I feel sure it will be granted. The respect and affection with which the Chairman of Committees is regarded by honorable Members will, I am confident, induce them to extend to him the indulgence which he asks. I therefore suggest that some other honorable Member be elected to temporarily fill the office of Chairman of Committees during the absence of the Honorable F. Brown.

The Honorable H. Cuthbert moved, by leave, That the Honorable J. Bell do act as Chairman of Committees during the absence through ill-health of the Honorable F. Brown.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable J. Bell reported that the Committee had gone through the Bill and agreed to the same with amendments.

The Honorable H. Cuthbert moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.

Question—put and resolved in the affirmative.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed. The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

“ *An Act to amend the ‘ Factories and Shops Act 1890’ and for other purposes.* ”

Question—put and resolved in the affirmative.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.

7. LIFE ASSURANCE COMPANIES AMENDMENT BILL.—The Order of the Day for the resumption of the debate on the question, That this Bill be now read a second time, having been read—

Debate resumed.

Question—That this Bill be now read a second time—put and resolved in the affirmative.—Bill read a second time.

The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable J. Bell reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.

8. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “ *An Act to further amend the ‘ Local Government Act 1890,’* ” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 14th July, 1896.

GRAHAM BERRY,  
Speaker.

9. LOCAL GOVERNMENT ELECTIONS BILL.—The Honorable W. McCulloch moved, That the Bill transmitted by the foregoing Message, intituled “ *An Act to further amend the ‘ Local Government Act 1890,’* ” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.

10. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “ *An Act to prevent the Adulteration of Seeds and to regulate the Sale of Seeds Trees Shrubs and Vines,* ” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 14th July, 1896.

GRAHAM BERRY,  
Speaker.

11. SEEDS ADULTERATION AND SALE BILL.—The Honorable Lieut.-Col. Sir F. T. Sargood moved, That the Bill transmitted by the foregoing Message, intituled “ *An Act to prevent the Adulteration of Seeds and to regulate the Sale of Seeds Trees Shrubs and Vines,* ” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.

12. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next :—

*Game Act 1890 Amendment Bill—Second reading.*

*Explosives Act 1890 Amendment Bill—Second reading.*

13. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.

Question—put and resolved in the affirmative.

And then the Council, at six minutes past ten o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 4.

TUESDAY, 21<sup>ST</sup> JULY, 1896.

*Questions.*

1. The Hon. G. DAVIS : To ask the Honorable the Solicitor-General if the Government—noting the liability of municipal councillors who may have had the least trading transaction with the councils of which they are or have been members to excessively heavy penalties—will propose some modification of the law in that respect.
2. The Hon. J. H. CONNOR : To call the attention of the Honorable the Solicitor-General to the desirability of sending an experimental shipment of produce to South Africa ; and to ask what action, if any, the Government intend to take in the matter.

*Government Business.*

ORDERS OF THE DAY :—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
2. LOCAL GOVERNMENT ELECTIONS BILL—Second reading.
3. GAME ACT 1890 AMENDMENT BILL—Second reading.
4. EXPLOSIVES ACT 1890 AMENDMENT BILL—Second reading.

*General Business.*

NOTICES OF MOTION :—

1. The Hon. J. H. ABBOTT : To move, That the Return recently compiled by the Honorable Lieut.-Col. Sir F. T. Sargood, showing the manner in which the various Bills submitted for the consideration of the Legislative Council of Victoria during the last fifteen years were dealt with, be placed upon the records of this House.
2. The Hon. E. J. CROOKE : To move, That leave of absence be granted to the Honorable C. Sargeant for the remainder of the Session on account of ill-health.

ORDER OF THE DAY :—

1. SEEDS ADULTERATION AND SALE BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## PARLIAMENTARY PAPERS ISSUED SINCE 9<sup>TH</sup> JULY, 1896.

Notices of Motion and Orders of the Day. No. 4.

Adulteration of Seeds Bill—[28]—(To Members of Council only.)

Local Government Elections Bill—[33]—(To Members of Council only.)

Factories and Shops Bill—

New Clause to be proposed by the Hon. E. J. Croke. (To Members of Council only.)

Amendments to be proposed by the Hon. Lieut.-Col. Sir F. T. Sargood. (To Members of Council only.)

Amendments to be proposed by the Hon. Henry Cuthbert. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 7, 8, and 9.

Notices of Motion and Orders of the Day. No. 10.

Weekly Report of Divisions. No. 2.

Yarra Improvement Bill—[1].

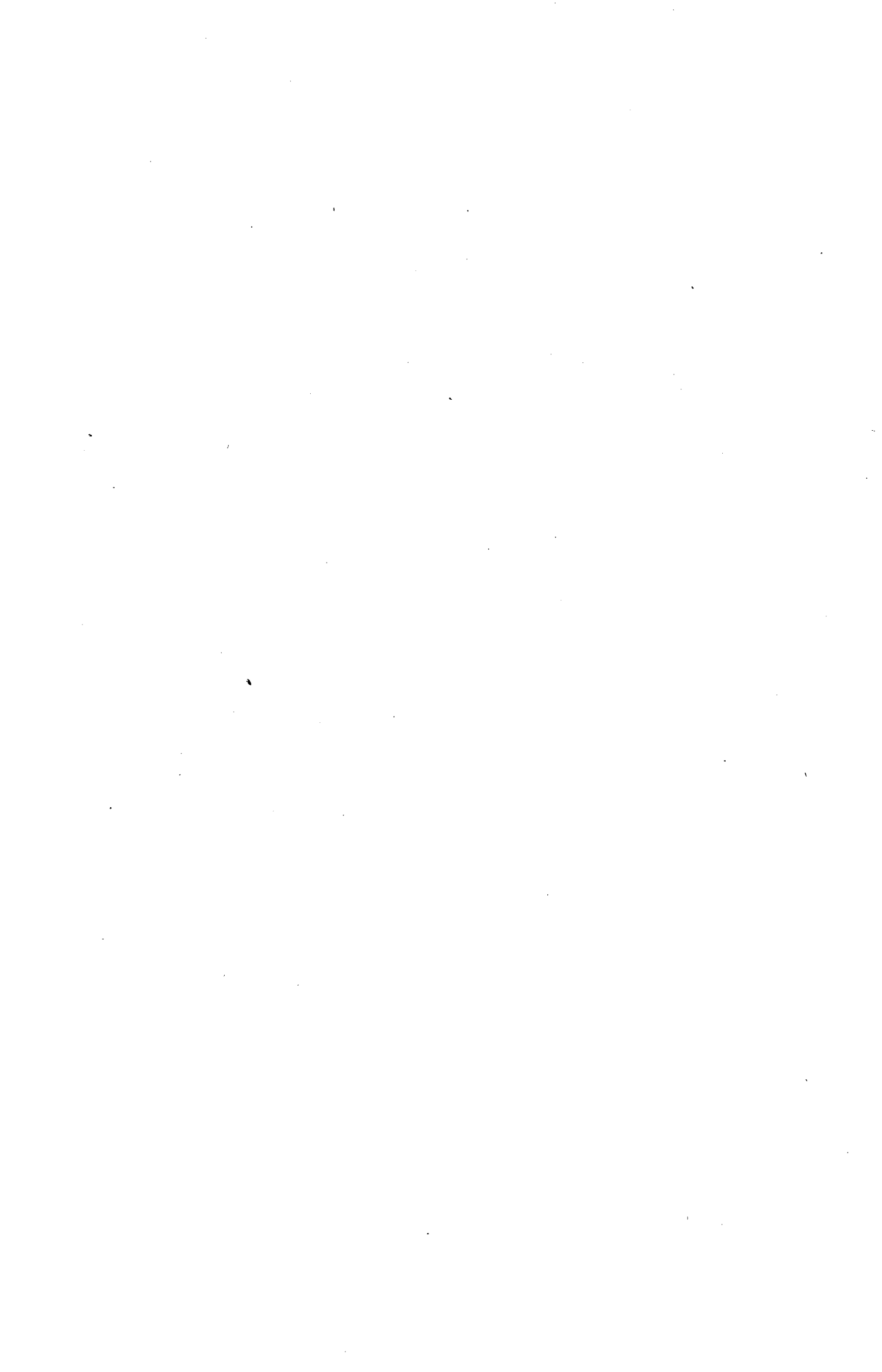
Treasury Deposits Interest Bill—[45].

Village Settlers, Koo-wee-rup.—Petition. E.—No. 1.

Proceedings of the Australasian Quarantine Conference of Melbourne, Victoria, 1896. No. 25.

By Authority: ROBT. S. BRAIN, Government Printer, Melbourne.

(160 copies.)





## VICTORIA.

No. 5.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 21st JULY, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PAPER.—The following Paper, pursuant to the directions of an Act of Parliament, was laid upon the Table by the Clerk :—

Report of the Trustees of the Public Library, Museums, and National Gallery of Victoria, for 1895, with a statement of Income and Expenditure for the financial year 1894-5.

5. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to amend the 'Factories and Shops Act 1890 and for other purposes,'*" and acquaint the Legislative Council that the Legislative Assembly have agreed to the amendments made in such Bill by the Legislative Council.

Legislative Assembly,  
Melbourne, 21st July, 1896.

GRAHAM BERRY,  
Speaker.

6. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to provide for the Reduction of Floods in the River Yarra Yarra within the Cities of Melbourne Richmond and Prahran and for other purposes,'*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 21st July, 1896.

GRAHAM BERRY,  
Speaker.

7. YARRA RIVER FLOODS BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to provide for the Reduction of Floods in the River Yarra Yarra within the Cities of Melbourne Richmond and Prahran and for other purposes,'*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.

8. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to authorize the payment of Interest on certain Deposits in the Treasury,'*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 21st July, 1896.

GRAHAM BERRY,  
Speaker.

9. **TREASURY [DEPOSITS INTEREST BILL.**—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to authorize the payment of Interest on certain Deposits in the Treasury,*" be now read a first time.  
 Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and, by leave, to be read a second time this day.  
 The Honorable H. Cuthbert moved, That this Bill be now read a second time.  
 Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable J. Bell having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
 On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
 The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
 "*An Act to authorize the payment of Interest on certain Deposits in the Treasury.*"  
 Question—put and resolved in the affirmative.  
 Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.
10. **LIFE ASSURANCE COMPANIES AMENDMENT BILL.**—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable J. Bell reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
 Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.
11. **POSTPONEMENT OF ORDERS OF THE DAY.**—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—  
*Local Government Elections Bill—Second reading.*  
*Game Act 1890 Amendment Bill—Second reading.*  
*Explosives Act 1890 Amendment Bill—Second reading.*  
*Seeds Adulteration and Sale Bill—Second reading.*

And then the Council, at thirteen minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
 Clerk of the Legislative Council.

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 5.

WEDNESDAY, 22<sup>ND</sup> JULY, 1896.

*Questions.*

1. The Hon. G. GODFREY : To ask the Honorable the Solicitor-General whether it is the intention of the Government to bring in a Bill to amend the Income Tax Act in the direction of rectifying the anomalies caused by the construction of certain of its provisions by the Commissioner of Taxes.
2. The Hon. J. C. CAMPBELL : To call the attention of the Honorable the Solicitor-General to the alteration proposed to be made with regard to the practice of permitting Victorian cattle and sheep to be sent across the border for fattening purposes ; and to ask if the Government will adhere to the present arrangements, as interference with the same will be a great hardship on Victorian farmers and graziers.

*General Business.*

NOTICES OF MOTION :—

1. The Hon. J. H. ABBOTT : To move, That the Return recently compiled by the Honorable Lieut.-Col. Sir F. T. Sargood, showing the manner in which the various Bills submitted for the consideration of the Legislative Council of Victoria during the last fifteen years were dealt with, be laid upon the Table of this House and printed.
2. The Hon. E. J. CROOKE : To move, That leave of absence be granted to the Honorable C. Sargeant for the remainder of the Session on account of ill-health.

ORDER OF THE DAY :—

1. SEEDS ADULTERATION AND SALE BILL—Second reading.

*Government Business.*

ORDERS OF THE DAY :—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
2. LOCAL GOVERNMENT ELECTIONS BILL—Second reading.
3. GAME ACT 1890 AMENDMENT BILL—Second reading.
4. EXPLOSIVES ACT 1890 AMENDMENT BILL—Second reading.

TUESDAY, 28<sup>TH</sup> JULY.

*Government Business.*

ORDER OF THE DAY :—

1. YARRA RIVER FLOODS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

## MEETING OF SELECT COMMITTEE.

*Tuesday, 28th July.*

PARLIAMENT BUILDINGS (JOINT)—at half-past three o'clock.

(120 copies.)

PARLIAMENTARY PAPERS ISSUED SINCE 16<sup>TH</sup> JULY, 1896.

Minutes of the Proceedings of the Legislative Council. No. 4.

Notices of Motion and Orders of the Day. No. 5.

Yarra Improvement Bill—[1]. (To Members of Council only.)

Explosives Bill—[24].

Life Assurance Companies Amendment Bill.—New Clause to be proposed by the Hon. S. Fraser in substitution for Clause 6. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 10, 11, and 12.

Notices of Motion and Orders of the Day. No. 13.

Weekly Report of Divisions. No. 3.

Exported Products Bill—[4].

Customs Bill—[25].

Sparrow Destruction Bill—[42].

Melbourne and Metropolitan Board of Works Acts Amendment Bill—

Amendments to be proposed in Committee. (To Members only.)

Amendments to be proposed in Committee. (To Members only.)

New Clauses, Amendments, and Schedule to be proposed in Committee by Mr. Styles. (To Members only.)

New Clauses to be proposed in Committee by Mr. T. Smith. (To Members only.)

Companies Bill 1896.—Amendments to be proposed by Mr. Isaac A. Isaacs on consideration of Report or after Third Reading. (To Members only.)

Companies Act 1890 further Amendment Bill.—Amendments to be proposed on Report. (To Members only.)

No. 6.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 22ND JULY, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PAPERS.—The following Papers, pursuant to the directions of an Act of Parliament, were laid upon the Table by the Clerk :—
  - Defences and Discipline Act 1890—
    - Victorian Military Forces.—Addition to Regulations.—Part IV.—Mounted Rifles.
    - Victorian Naval and Military Forces.—Revised Financial and Store Regulations.
    - Volunteer Cadet Corps.—Alteration of Regulations.—Paragraphs 29 and 30.
5. SEEDS ADULTERATION AND SALE BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable N. Thornley moved, That this Bill be now read a second time. Debate ensued.  
Question—put and resolved in the affirmative.—Bill read a second time.  
The Honorable N. Thornley moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable N. Thornley, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair ; and the Honorable J. Bell reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.
6. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next :—
  - Life Assurance Companies Amendment Bill—To be further considered in Committee.*
  - Local Government Elections Bill—Second reading.*
  - Game Act 1890 Amendment Bill—Second reading.*
  - Explosives Act 1890 Amendment Bill—Second reading.*
7. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.  
Question—put and resolved in the affirmative.

And then the Council, at thirty minutes past six o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*



# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 6.

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TUESDAY, 28<sup>TH</sup> JULY, 1896.

*Government Business.*

ORDERS OF THE DAY :—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
2. GAME ACT 1890 AMENDMENT BILL—Second reading.
3. YARRA RIVER FLOODS BILL—Second reading.
4. EXPLOSIVES ACT 1890 AMENDMENT BILL—Second reading.
5. LOCAL GOVERNMENT ELECTIONS BILL—Second reading.

*General Business.*

NOTICES OF MOTION :—

1. The Hon. J. H. ABBOTT : To move, That the Return recently compiled by the Honorable Lieut.-Col. Sir F. T. Sargood, showing the manner in which the various Bills submitted for the consideration of the Legislative Council of Victoria during the last fifteen years were dealt with, be laid upon the Table of this House and printed.
2. The Hon. E. J. CROOKE : To move, That leave of absence be granted to the Honorable C. Sargeant for the remainder of the Session on account of ill-health.

ORDER OF THE DAY :—

1. SEEDS ADULTERATION AND SALE BILL—To be further considered in Committee.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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PARLIAMENTARY PAPERS ISSUED 22<sup>ND</sup> JULY, 1896.

Notices of Motion and Orders of the Day. No. 6.

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Notices of Motion and Orders of the Day. No. 14.





## VICTORIA.

No. 7.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 28<sup>TH</sup> JULY, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. RETURN TO WRIT.—The President announced that there had been returned to him the Writ he had issued for the election of a Member to serve for the South-Western Province, in the place of the Honorable Joseph Henry Grey, resigned; and by the indorsement on such Writ it appeared that the Honorable Sir Henry John Wrixon, K.C.M.G., had been elected in pursuance thereof.
5. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert, and the same was read by the Honorable the President :—  
BRASSEY.

*Governor.**Message No. 1.*

The Governor informs the Legislative Council that he has, on this day, at the Government Offices, given the Royal Assent to the undermentioned Act of the present Session, presented to him by the Clerk of the Parliaments, viz. :—

*“An Act to authorize the payment of Interest on certain Deposits in the Treasury.”*

Government Offices,  
Melbourne, 22nd July, 1896.

6. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Department of Public Health.—Report of the Board of Public Health for the years 1892–5 to the Minister of Health.  
Ordered to lie on the Table.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—

Bank Liabilities and Assets.—Summary of Sworn Returns for the quarter ended 31st March, 1896.

Department for Neglected Children and Reformatory Schools.—Report of the Secretary for the year 1895.

7. LIFE ASSURANCE COMPANIES AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable J. Bell reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.
8. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “*An Act to further amend the ‘Companies Act 1890,’*” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 28th July, 1896.

GRAHAM BERRY,  
Speaker.

9. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to further amend the ‘Companies Act 1890,’*” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed and read a second time on Tuesday next.

10. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “*An Act to apply out of the Consolidated Revenue the sum of One million one hundred and sixty-eight thousand seven hundred and ninety-six pounds to the service of the year One thousand eight hundred and ninety-six and ninety-seven,*” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 28th July, 1896.

GRAHAM BERRY,  
Speaker.

11. CONSOLIDATED REVENUE BILL (No. 1).—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to apply out of the Consolidated Revenue the sum of One million one hundred and sixty-eight thousand seven hundred and ninety-six pounds to the service of the year One thousand eight hundred and ninety-six and ninety-seven,*” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed and, by leave, to be read a second time this day.

The Honorable H. Cuthbert moved, That this Bill be now read a second time.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable J. Bell having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.

The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

“*An Act to apply out of the Consolidated Revenue the sum of One million one hundred and sixty-eight thousand seven hundred and ninety-six pounds to the service of the year One thousand eight hundred and ninety-six and ninety-seven.*”

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

12. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Game Act 1890 Amendment Bill—Second reading.*

*Yarra River Floods Bill—Second reading.*

*Explosives Act 1890 Amendment Bill—Second reading.*

*Local Government Elections Bill—Second reading.*

*Seeds Adulteration and Sale Bill—To be further considered in Committee.*

And then the Council, at eleven minutes past six o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 7.

WEDNESDAY, 29<sup>TH</sup> JULY, 1896.

*General Business.*

NOTICES OF MOTION:—

1. The Hon. J. H. ABBOTT : To move, That there be laid before this House a Return showing the following particulars, as recently compiled by the Honorable Lieut.-Col. Sir F. T. Sargood, in regard to Bills which have been dealt with by both Houses of Parliament for each Session from 1881 to 1895-6, both inclusive, viz. :—
  1. The number of Bills sent by the Legislative Assembly to the Legislative Council, and the titles of such Bills.
  2. The number and titles of such Bills—
    - (a) passed,
    - (b) rejected, and
    - (c) lapsed or withdrawn.
  3. Similar particulars of Bills sent by the Legislative Council to the Legislative Assembly.
2. The Hon. E. J. CROOKE : To move, That leave of absence be granted to the Honorable C. Sargeant for the remainder of the Session on account of ill-health.

ORDER OF THE DAY:—

1. SEEDS ADULTERATION AND SALE BILL—To be further considered in Committee.

*Government Business.*

ORDERS OF THE DAY:—

1. GAME ACT 1890 AMENDMENT BILL—Second reading.
2. YARRA RIVER FLOODS BILL—Second reading.
3. EXPLOSIVES ACT 1890 AMENDMENT BILL—Second reading.
4. LOCAL GOVERNMENT ELECTIONS BILL—Second reading.

TUESDAY, 4<sup>TH</sup> AUGUST.

*Government Business.*

ORDERS OF THE DAY:—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
2. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

### PARLIAMENTARY PAPERS ISSUED SINCE 23<sup>RD</sup> JULY, 1896.

Minutes of the Proceedings of the Legislative Council. Nos. 5 and 6.  
 Notices of Motion and Orders of the Day. No. 7.  
 Companies Bill—[19]. (To Members of Council only.)  
 Life Assurance Companies Bill.—Amendments to be proposed by the Hon. N. FitzGerald. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 13, 14, and 15.  
 Notices of Motion and Orders of the Day. No. 16.  
 Weekly Report of Divisions. No. 4.



## VICTORIA.

No. 8.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 29TH JULY, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable W. McCulloch, and the same was read by the Honorable the President :—

BRASSEY,

*Governor.*

*Message No. 2.*

The Governor informs the Legislative Council that he has, on this day, at the Government House, given the Royal Assent to the undermentioned Acts of the present Session, presented to him by the Clerk of the Parliaments, viz. :—

“ *An Act to amend the ‘ Factories and Shops Act 1890’ and for other purposes.*”

“ *An Act to apply out of the Consolidated Revenue the sum of One million one hundred and sixty-eight thousand seven hundred and ninety-six pounds to the service of the year One thousand eight hundred and ninety-six and ninety-seven.*”

Government House,  
Melbourne, 28th July, 1896.

5. LEAVE OF ABSENCE.—The Honorable E. J. Crooke moved, That leave of absence be granted to the Honorable C. Sargeant for the remainder of the Session on account of ill-health.  
Question—put and resolved in the affirmative.
6. YARRA RIVER FLOODS BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable D. Coutts moved, That this Bill be now read a second time.  
The Honorable N. Thornley moved, That the debate be now adjourned.  
Debate ensued.  
Question—That the debate be now adjourned—put and negatived.  
Debate continued on the question, That this Bill be now read a second time.  
Question—put and resolved in the affirmative.—Bill read a second time.  
The Honorable D. Coutts moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable D. Coutts, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable J. Bell reported that the Committee had gone through the Bill and agreed to the same with amendments.  
The Honorable D. Coutts moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.  
Question—put and resolved in the affirmative.  
On the motion of the Honorable D. Coutts, the Council adopted the Report from the Committee of the whole on this Bill.  
And, on the further motion of the Honorable D. Coutts the Bill was read a third time and passed.  
The Honorable D. Coutts moved, That the following be the title of the Bill :—  
“ *An Act to provide for the Reduction of Floods in the River Yarra Yarra within the Cities of Melbourne Richmond and Prahran and for other purposes.*”  
Question—put and resolved in the affirmative.  
Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.

7. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to further amend the 'Local Government Act 1890,'*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 29th July, 1896.

GRAHAM BERRY,  
Speaker.

8. MUNICIPAL COUNCILLORS' INDEMNITY BILL.—The Honorable J. Balfour moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to further amend the 'Local Government Act 1890,'*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.

9. SEEDS ADULTERATION AND SALE BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable J. Bell reported that the Committee had gone through the Bill and agreed to the same with an amendment.

The Honorable N. Thornley moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.

Question—put and resolved in the affirmative.

On the motion of the Honorable N. Thornley the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable N. Thornley, the Bill was read a third time and passed. The Honorable N. Thornley moved, That the following be the title of the Bill :—

*"An Act to prevent the Adulteration of Seeds and to regulate the Sale of Seeds Trees Shrubs and Vines."*

Question—put and resolved in the affirmative.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with an amendment, and requesting their concurrence therein.

10. GAME ACT 1890 AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable W. McCulloch moved, That this Bill be now read a second time. Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable W. McCulloch moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable W. McCulloch, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable J. Bell reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.

11. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next :—

*Explosives Act 1890 Amendment Bill—Second reading.*

*Local Government Elections Bill—Second reading.*

12. ADJOURNMENT.—The Honorable W. McCulloch moved, by leave, That the Council, at its rising, adjourn until Tuesday next.

Question—put and resolved in the affirmative.

And then the Council, at four minutes past ten o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 8.

TUESDAY, 4TH AUGUST, 1896.

*Question.*

1. The Hon. J. BALFOUR : To call the attention of the Honorable the Solicitor-General to the report of an inquest on the body of one Mrs. A. M. Hunter, wife of a Mr. Hunter who is said in the evidence to hold a good position in the Government steamer *Lady Loch*, and especially to the remarks of the Coroner to the effect that Hunter's conduct was "inhuman and brutal and utterly indefensible;" and to ask whether the Government intend to take any steps in the matter.

*Government Business.*

ORDERS OF THE DAY :—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
2. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—Second reading.
3. GAME ACT 1890 AMENDMENT BILL—To be further considered in Committee.
4. EXPLOSIVES ACT 1890 AMENDMENT BILL—Second reading.
5. LOCAL GOVERNMENT ELECTIONS BILL—Second reading.

*General Business.*

NOTICE OF MOTION :—

1. The Hon. J. H. ABBOTT : To move, That there be laid before this House a Return showing the following particulars, as recently compiled by the Honorable Lieut.-Col. Sir F. T. Sargood, in regard to Bills which have been dealt with by both Houses of Parliament for each Session from 1881 to 1895-6, both inclusive, viz. :—
  1. The number of Bills sent by the Legislative Assembly to the Legislative Council.
  2. The number of such Bills passed.
  3. The number and titles of such Bills—
    - (a) rejected, and
    - (b) lapsed or withdrawn.
  4. Similar particulars of Bills sent by the Legislative Council to the Legislative Assembly.

ORDER OF THE DAY :—

1. MUNICIPAL COUNCILLORS' INDEMNITY BILL—Second reading.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

## MEETINGS OF SELECT COMMITTEES.

*Tuesday, 4th August.*

PARLIAMENT BUILDINGS (JOINT)—at half-past three o'clock.

LIBRARY (JOINT)—at a quarter-past four o'clock.

## PARLIAMENTARY PAPERS ISSUED 29TH JULY, 1896.

Notices of Motion and Orders of the Day. No. 8.

Municipal Councillors' Indemnity Bill—[41]. (To Members of Council only.)

Notices of Motion and Orders of the Day. No. 17.

Scripture Lesson Books Plebiscite Bill—[47].

Yarra River Floods Bill.—Amendments of the Legislative Council. (To Members only.)

Supplementary Estimates, 1895-6. B.—No. 4.

Estimates of the Revenue and Expenditure for the year ending 30th June, 1897. B.—No. 5.

Report from the Parliamentary Standing Committee on Railways on the proposed Railway from Rupanyup to Marnoo; together with the Appendices and Minutes of Evidence. Report No. 1.

Report of the Board of Public Health for the years 1892-5 to the Minister of Health. No. 32.





## VICTORIA.

No. 9.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 4TH AUGUST, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. SWEARING-IN OF MEMBER.—The Honorable Sir Henry John Wrixon, being introduced, took and subscribed the oath required by law, and delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth :—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, HENRY JOHN WRIXON, do declare and testify that I am legally seised of an estate of freehold for my own use, and benefit in lands or tenements in the colony of Victoria of the yearly value of Two hundred and thirty-eight pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Kew, and are known as land and house, corner of Barker’s-road and Wrixon-street.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Kew are rated in the rate-book of such district upon a yearly value of Two hundred and thirty-eight pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“H. J. WRIXON.”

5. PAPER.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Report of Proceedings taken under the provisions of the Settlement on Lands Act 1893, during the financial year ended 30th June, 1896.  
Ordered to lie on the Table.
6. PETITION.—The Honorable Lieut.-Col. Sir F. T. Sargood presented a Petition from certain Mutual Life Assurance Societies doing business in Victoria, praying that the Council would refer the Life Assurance Companies Amendment Bill and the proposed amendments thereon to a Select Committee to take evidence.  
Petition read, ordered to lie on the Table, and to be referred to the Committee of the Whole on the Life Assurance Companies Amendment Bill.
7. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled “*An Act to provide for the Reduction of Floods in the River Yarra Yarra within the Cities of Melbourne Richmond and Prahran and for other purposes,*” and acquaint the Legislative Council that the Legislative Assembly have agreed to some of the amendments made in such Bill by the Legislative Council, and have disagreed with one of the said amendments, with which they desire the concurrence of the Legislative Council.

GRAHAM BERRY,  
Speaker.Legislative Assembly,  
Melbourne, 4th August, 1896.

And the said amendment was read, and is as follows :—

Clause 15, line 4, omit “ten,” substitute “five.”

On the motion of the Honorable H. Cuthbert the Council insisted on their amendment.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council insist on their amendment disagreed with by the Legislative Assembly.

8. LIFE ASSURANCE COMPANIES AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair ; and the Honorable J. Bell reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

9. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Companies Act 1890 further Amendment Bill—Second reading.*

*Game Act 1890 Amendment Bill—To be further considered in Committee.*

*Explosives Act 1890 Amendment Bill—Second reading.*

*Local Government Elections Bill—Second reading.*

*Municipal Councillors' Indemnity Bill—Second reading.*

10. LICENSING ACT 1890 AMENDMENT BILL.—The Honorable N. Levi moved, by leave, That he have leave to bring in a Bill to amend the *Licensing Act 1890*.

Question—put and resolved in the affirmative.

Ordered—That the Honorable N. Levi do prepare and bring in the Bill.

The Honorable N. Levi then brought up a Bill intituled “*A Bill to amend the ‘Licensing Act 1890,’*” and moved, That it be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Wednesday, 12th August instant.

And then the Council, at thirty-five minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 9.

WEDNESDAY, 5TH AUGUST, 1896.

*General Business.*

NOTICE OF MOTION:—

1. The Hon. J. H. ABBOTT : To move, That there be laid before this House a Return showing the following particulars, as recently compiled by the Honorable Lieut.-Col. Sir F. T. Sargood, in regard to Bills which have been dealt with by both Houses of Parliament for each Session from 1881 to 1895-6, both inclusive, viz. :—
  1. The number of Bills sent by the Legislative Assembly to the Legislative Council.
  2. The number of such Bills passed.
  3. The number and titles of such Bills—
    - (a) rejected, and
    - (b) lapsed or withdrawn.
  4. Similar particulars of Bills sent by the Legislative Council to the Legislative Assembly.

ORDER OF THE DAY:—

1. MUNICIPAL COUNCILLORS' INDEMNITY BILL—Second reading.

*Government Business.*

ORDERS OF THE DAY:—

1. LOCAL GOVERNMENT ELECTIONS BILL—Second reading.
2. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
3. GAME ACT 1890 AMENDMENT BILL—To be further considered in Committee.
4. EXPLOSIVES ACT 1890 AMENDMENT BILL—Second reading.
5. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—Second reading.

WEDNESDAY, 12TH AUGUST.

*General Business.*

ORDER OF THE DAY:—

1. LICENSING ACT 1890 AMENDMENT BILL.—Second reading.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

### PARLIAMENTARY PAPERS ISSUED SINCE 30TH JULY, 1896.

Minutes of the Proceedings of the Legislative Council. No. 8.

Notices of Motion and Orders of the Day. No. 9.

Life Assurance Companies Bill 1896—

Amendments to be proposed by the Hons. J. Sternberg, E. Miller, and C. J. Ham. (To Members of Council only.)

New Clause to be proposed by the Hon. J. Balfour. (To Members of Council only.)

New Clause to be proposed by the Hon. N. FitzGerald. (To Members of Council only.)

Municipal Councillors' Indemnity Bill.—New Clause to be proposed by the Hon. Lieut.-Col. Sir F. T. Sargood. (To Members of Council only.)

Local Government Elections Bill.—Amendments to be proposed by the Hon. E. J. Croke. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 16, 17, and 18.

Notices of Motion and Orders of the Day. No. 19.

Department for Neglected Children and Reformatory Schools.—Report of the Secretary for the Year 1895. No. 28.



## VICTORIA.

No. 10.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 5TH AUGUST, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **BILLS, HOW DEALT WITH BY BOTH HOUSES, 1881 TO 1895-6.**—The Honorable J. H. Abbott moved, That there be laid before this House a Return showing the following particulars, as recently compiled by the Honorable Lieut.-Col. Sir F. T. Sargood, in regard to Bills which have been dealt with by both Houses of Parliament for each Session from 1881 to 1895-6, both inclusive, viz. :—
  1. The number of Bills sent by the Legislative Assembly to the Legislative Council.
  2. The number of such Bills passed.
  3. The number and titles of such Bills—
    - (a) rejected, and
    - (b) lapsed or withdrawn.
  4. Similar particulars of Bills sent by the Legislative Council to the Legislative Assembly.

Debate ensued.  
Question—put and resolved in the affirmative.

5. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to provide for the Reduction of Floods in the River Yarra Yarra within the Cities of Melbourne Richmond and Prahran and for other purposes,*" and acquaint the Legislative Council that the Legislative Assembly do not insist on disagreeing with the amendment in this Bill insisted on by the Legislative Council.

Legislative Assembly,  
Melbourne, 5th August, 1896.

GRAHAM BERRY,  
Speaker.

6. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to prevent the Adulteration of Seeds and to regulate the Sale of Seeds Trees Shrubs and Vines,*" and acquaint the Legislative Council that the Legislative Assembly have agreed to the amendment made in such Bill by the Legislative Council.

Legislative Assembly,  
Melbourne, 5th August, 1896.

GRAHAM BERRY,  
Speaker.

7. **PAPERS.**—The following Papers, pursuant to the directions of an Act of Parliament, were laid upon the Table by the Clerk :—

Defences and Discipline Act 1890—

Victorian Naval and Military Forces.—Alteration of Financial and Store Regulations.—  
Parts II., VII., and IX.

Victorian Military Forces.—Alteration of Dress Regulations.—Part VI.

8. MUNICIPAL COUNCILLORS' INDEMNITY BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable J. Balfour moved, That this Bill be now read a second time. Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable J. Balfour moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable J. Balfour, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable J. Bell reported that the Committee had gone through the Bill and agreed to the same with amendments.  
 The Honorable J. Balfour moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.  
 Question—put and resolved in the affirmative.  
 On the motion of the Honorable J. Balfour the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable J. Balfour, the Bill was read a third time and passed.  
 The Honorable J. Balfour moved, That the following be the title of the Bill :—  
*“ An Act to further amend the ‘ Local Government Act 1890.’ ”*  
 Question—put and resolved in the affirmative.  
 Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.
9. LOCAL GOVERNMENT ELECTIONS BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable W. McCulloch moved, That this Bill be now read a second time. Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable W. McCulloch moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable W. McCulloch, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable J. Bell reported that the Committee had gone through the Bill and agreed to the same with amendments.  
 The Honorable W. McCulloch moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.  
 Question—put and resolved in the affirmative.  
 On the motion of the Honorable W. McCulloch the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable W. McCulloch, the Bill was read a third time and passed.  
 The Honorable W. McCulloch moved, That the following be the title of the Bill :—  
*“ An Act to further amend the ‘ Local Government Act 1890.’ ”*  
 Question—put and resolved in the affirmative.  
 Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.
10. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next :—  
*Life Assurance Companies Amendment Bill—To be further considered in Committee.*  
*Game Act 1890 Amendment Bill—To be further considered in Committee.*  
*Explosives Act 1890 Amendment Bill—Second reading.*  
*Companies Act 1890 further Amendment Bill—Second reading.*
11. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.  
 Question—put and resolved in the affirmative.
- And then the Council, at thirty minutes past ten o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 10.

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TUESDAY, 11TH AUGUST, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—Second reading.
  2. GAME ACT 1890 AMENDMENT BILL—To be further considered in Committee.
  3. EXPLOSIVES ACT 1890 AMENDMENT BILL—Second reading.
  4. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
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WEDNESDAY, 12TH AUGUST.

*General Business.*

ORDER OF THE DAY:—

1. LICENSING ACT 1890 AMENDMENT BILL.—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## PARLIAMENTARY PAPERS ISSUED 5TH AUGUST, 1896.

Notices of Motion and Orders of the Day. No. 10.  
Licensing Act 1890 Amendment Bill—[60].

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Notices of Motion and Orders of the Day. No. 20.  
Employers' Liability Bill—[58].  
Local Government Act 1890 further Amendment Bill (No. 4).—Amendments of the Legislative Council.  
(To Members only).  
Dog Act 1890 Amendment Bill.—Amendment to be proposed in Committee by Mr. Salmon. To  
Members only.)





## VICTORIA.

No. 11.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 11TH AUGUST, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert, and the same was read by the Honorable the President :—  

BRASSEY,  
Governor.

*Message No. 3.*

The Governor informs the Legislative Council, that he has, this day, at Government House, given the Royal Assent to the undermentioned Acts of the present Session, presented to him by the Clerk of the Parliaments, viz. :—

*“An Act to provide for the Reduction of Floods in the River Yarra Yarra within the Cities of Melbourne Richmond and Prahran and for other purposes.”*

*“An Act to prevent the Adulteration of Seeds and to regulate the Sale of Seeds Trees Shrubs and Vines.”*

Government House,  
Melbourne, 6th August, 1896.
5. PETITIONS.—The following Petitions, praying that the Council would refer the Companies Act 1890 further Amendment Bill to a Select Committee were presented as under :—  

By the Honorable Lieut.-Col. Sir F. T. Sargood, from the Committee on Laws of the Incorporated Institute of Accountants, Victoria.

By the Honorable F. S. Grimwade, from Edward Knox, styling himself chairman of the Colonial Sugar Refining Company, Limited, of Sydney, New South Wales.

Petitions read, ordered to lie on the Table, and to be referred to the Committee on the Companies Act 1890 further Amendment Bill.
6. PAPERS.—The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—  

Land Acts.—Regulations under the Mallee Lands Act 1896.

Water Act 1890—  
Wandella Irrigation and Water Supply Trust.—Rating Regulation.  
Western Wimmera Irrigation and Water Supply Trust.—Rating Divisions.

Mines Acts.—Regulations relating to Mining Leases.

Report of the Council of Defence.

Report of the Chief Inspector of Explosives to the Honorable the Commissioner for Trade and Customs on the working of the Explosives Act during the year 1895.
7. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  

Debate ensued.

The Honorable W. McCulloch moved, That the debate be now adjourned.

Question—That the debate be now adjourned—put and resolved in the affirmative.

Ordered—That the debate be adjourned until this day.

8. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to further amend the 'Local Government Act 1890,'*" and acquaint the Legislative Council that the Legislative Assembly have disagreed with the amendments made in such Bill by the Legislative Council.

Legislative Assembly,  
Melbourne, 11th August, 1896.

GRAHAM BERRY,  
Speaker.

And the said amendments were read, and are as follow :—

Clause 2, line 9, omit all the words after "1890" to the end of the clause and insert "The following words shall be added at the end of the section :—'Provided that the Governor in Council on receiving a petition from the council of any borough or shire praying that the time for closing the poll be any hour not later than seven o'clock in the afternoon may by order in the *Government Gazette* declare that the hour so requested be the time for closing the poll in such borough or shire, and thereafter until altered by the Governor in Council on receipt of a further petition from such council such hour shall be the time for closing the poll in such borough or shire, and provided however that in the case of the metropolitan area as comprised within the city of Melbourne and the several other municipal districts specified in the Second Schedule to the *Melbourne and Metropolitan Board of Works Act 1890* except the borough of Brighton and the shires of Boroondara and Caulfield the hour of closing the poll shall be seven o'clock in the afternoon.'

Insert the following new clause :—

A. The Governor in Council may on the petition of the council of any borough or shire in the metropolitan area fix the time of closing the poll at any hour between the hours of five and seven o'clock in the afternoon.

The Honorable W. McCulloch moved, That the Council do not insist on their amendments.

Debate ensued.

Question—put and negatived.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council insist on their amendments disagreed with by the Legislative Assembly.

9. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the resumption of the debate on the question, That this Bill be now read a second time, having been read—

Debate resumed.

The Honorable D. Melville moved, That the debate be now adjourned.

Debate continued.

Question—That the debate be now adjourned—put and resolved in the affirmative.

Ordered—That the debate be adjourned until to-morrow.

10. GAME ACT 1890 AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair ; and the Honorable J. Bell reported that the Committee had gone through the Bill and agreed to the same with an amendment.

The Honorable W. McCulloch moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.

Question—put and resolved in the affirmative.

On the motion of the Honorable W. McCulloch the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable W. McCulloch, the Bill was read a third time and passed.

The Honorable W. McCulloch moved, That the following be the title of the Bill :—

"*An Act to amend the 'Game Act 1890.'*"

Question—put and resolved in the affirmative.

Ordered—That the Bill be transmitted to the Legislative Assembly with a Message desiring their concurrence therein.

11. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to further amend the 'Local Government Act 1890,'*" and acquaint the Legislative Council that the Legislative Assembly do not insist on disagreeing with the amendments in such Bill insisted on by the Legislative Council.

Legislative Assembly,  
Melbourne, 11th August, 1896.

GRAHAM BERRY,  
Speaker.

12. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Explosives Act 1890 Amendment Bill—Second reading.*

*Life Assurance Companies Amendment Bill—To be further considered in Committee.*

And then the Council, at thirteen minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*



# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 11.

WEDNESDAY, 12TH AUGUST, 1896.

*Question.*

1. The Hon. D. MELVILLE: To call the attention of the Honorable the Minister of Defence to the area of the Essendon Public Gardens reserve and the interference with growing trees, &c.; and to ask if the Commissioner of Crown Lands and Survey will refuse to allow further interference there until the wishes of the residents are known by a vote.

*General Business.*

ORDER OF THE DAY:—

1. LICENSING ACT 1890 AMENDMENT BILL—Second reading.

*Government Business.*

ORDERS OF THE DAY:—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—Second reading—*Resumption of debate.*
2. EXPLOSIVES ACT 1890 AMENDMENT BILL—Second reading.
3. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

### PARLIAMENTARY PAPERS ISSUED SINCE 6TH AUGUST, 1896.

Minutes of the Proceedings of the Legislative Council. Nos. 9 and 10.

Notices of Motion and Orders of the Day. No. 11.

Game Act Amendment Bill.—New Clause to be proposed by the Hon. E. J. Crooke. (To Members of Council only.)

Life Assurance Companies Bill.—

Amendment to be proposed by the Hon. J. Balfour on New Clause to be proposed by the Hon. N. FitzGerald. (To Members of Council only.)

New Clause to be proposed by the Hon. James Balfour. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 19, 20, and 21.

Notices of Motion and Orders of the Day. No. 22.

Bank Liabilities and Assets.—Summary of Sworn Returns for the quarter ended 31st March, 1896. No. 29.

Report of Proceedings taken under the provisions of the Settlement on Lands Act 1893, during the financial year ended 30th June, 1896. No. 33.

RECORD OF THE BOARD OF DIRECTORS

of the [illegible]

Minutes of the Board of Directors of the [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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[illegible]

[illegible]

[illegible]

[illegible]

## VICTORIA.

No. 12.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 12TH AUGUST, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PETITION.—The Honorable G. Godfrey presented a Petition from the Committee of the Victorian Division of the Society of Accountants and Auditors, Incorporated (England), praying that the Council would refer the Companies Act 1890 further Amendment Bill to a Select Committee.  
Petition read, ordered to lie on the Table, and to be referred to the Committee on the Companies Act 1890 further Amendment Bill.
5. LICENSING ACT 1890 AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable N. Levi moved, That this Bill be now read a second time.  
Debate ensued.  
Question—put and resolved in the affirmative.—Bill read a second time.  
The Honorable N. Levi moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable N. Levi, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable J. Bell having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
On the motion of the Honorable N. Levi the Council adopted the Report from the Committee of the whole on this Bill.  
And, on the further motion of the Honorable N. Levi, the Bill, after debate, was read a third time and passed.  
The Honorable N. Levi moved, That the following be the title of the Bill :—  
“ *An Act to amend the ‘ Licensing Act 1890.’* ”  
Question—put and resolved in the affirmative.  
Ordered—That the Bill be transmitted to the Legislative Assembly with a Message desiring their concurrence therein.
6. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the resumption of the debate on the question, That this Bill be now read a second time, having been read—  
Debate resumed.  
Question—That this Bill be now read a second time—put and resolved in the affirmative.—Bill read a second time.  
The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable J. Bell reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.

7. DISCHARGE OF ORDER OF THE DAY.—On the motion of the Honorable H. Cuthbert the following Order of the Day was read and discharged :—

*Explosives Act 1890 Amendment Bill—Second reading.*

Ordered—That the said Bill be withdrawn.

8. POSTPONEMENT OF ORDER OF THE DAY.—Ordered, That the consideration of the following Order of the Day be postponed until Tuesday next :—

*Life Assurance Companies Amendment Bill—To be further considered in Committee.*

9. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.

Question—put and resolved in the affirmative.

And then the Council, at forty-eight minutes past eight o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*



# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 12.

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TUESDAY, 18TH AUGUST, 1896.

*Question.*

1. The Hon. D. MELVILLE : To call the attention of the Honorable the Minister of Defence to the area of the Essendon Public Gardens reserve and the interference with growing trees, &c. ; and to ask if the Commissioner of Crown Lands and Survey will refuse to allow further interference there until the wishes of the residents are known by a vote.

*Government Business.*

ORDERS OF THE DAY :—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
2. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## MEETING OF SELECT COMMITTEE.

*Tuesday, 18th August.*

REFRESHMENT ROOMS (JOINT)—at half-past three o'clock.

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## PARLIAMENTARY PAPERS ISSUED 12TH AUGUST, 1896.

Minutes of the Proceedings of the Legislative Council. No. 11.  
Notices of Motion and Orders of the Day. No. 12.

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Notices of Motion and Orders of the Day. No. 23.

# REPUBLIC OF THE PHILIPPINES

Department of Education

## Office of the Director General of Education

Department of Education

Office of the Director General of Education  
Department of Education  
Division Office - Manila

Office of the Director General of Education  
Department of Education  
Division Office - Manila

Office of the Director General of Education  
Department of Education  
Division Office - Manila

Office of the Director General of Education

Office of the Director General of Education

Office of the Director General of Education

Office of the Director General of Education

Office of the Director General of Education

VICTORIA.

No. 13.

MINUTES OF THE PROCEEDINGS

OF THE

LEGISLATIVE COUNCIL.

TUESDAY, 18TH AUGUST, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. DECLARATIONS OF MEMBERS.—The Honorables F. Brown and D. Ham severally delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth :—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, FREDERICK BROWN, of Beechworth, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and nine pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Beechworth, and are known as ‘Shrublands’—Allotments 2, 3, and 4 of section F, with dwelling-house and out-offices, occupied by me; also allotment 8 of section P<sup>1</sup>, 17 of section 4, and part of allotment 3 of section D, all in the town and parish of Beechworth.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of United Shire of Beechworth are rated in the rate-book of such district upon a yearly value of One hundred and nine pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“FREDK. BROWN.”

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, DAVID HAM, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Three hundred and eighty pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Ballarat East, and are known as houses and land in Victoria-street.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Ballarat East are rated in the rate-book of such district upon a yearly value of Three hundred and eighty pounds, and that such of the said lands or tenements as are situate in the municipal district of Ballarat East are rated in the rate-book of such district upon a yearly value of Three hundred and eighty pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“DAVID HAM.”

5. PETITIONS.—The following Petitions, praying that the Council would refer the Companies Act 1890 further Amendment Bill to a Select Committee, were presented by the Honorable C. J. Ham as under :—

From certain Banks carrying on business in Victoria and elsewhere.  
 From the President and Members of the Council of the Melbourne Chamber of Commerce.

Petitions read, ordered to lie on the Table, and to be referred to the Committee on the Companies Act 1890 further Amendment Bill.

6. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

7. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert, and the same was read by the Honorable the President :—

BRASSEY,  
Governor.

Message No. 4.

The Governor informs the Legislative Council that he has, on this day, at the Government Offices, given the Royal Assent to the undermentioned Act of the present Session, presented to him by the Clerk of the Parliaments, viz. :—

“ *An Act to further amend the ‘ Local Government Act 1890.’* ”

Government Offices,  
Melbourne, 12th August, 1896.

8. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2).—The Honorable H. Cuthbert moved, by leave, That he have leave to bring in a Bill to amend the “ *Explosives Act 1890.* ”

Question—put and resolved in the affirmative.

Ordered—That the Honorable H. Cuthbert do prepare and bring in the Bill.

The Honorable H. Cuthbert then brought up a Bill intituled “ *A Bill to amend the ‘ Explosives Act 1890,’* ” and moved, That it be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

9. POSTPONEMENT OF ORDER OF THE DAY.—Ordered, That the consideration of the following Order of the Day be postponed until to-morrow :—

*Life Assurance Companies Amendment Bill—To be further considered in Committee.*

And then the Council, at fifty-nine minutes past nine o’clock, adjourned until to-morrow.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 13.

WEDNESDAY, 19<sup>TH</sup> AUGUST, 1896.

*Question.*

1. The Hon. J. H. ABBOTT : To ask the Honorable the Solicitor-General if his attention has been drawn to the recent vagaries of the Coroner at Inglewood, whereby the body of an alleged suicide, 93 years of age, was ordered to be buried between 9 p.m. and midnight, and the feelings of the relatives and the public unnecessarily outraged ; and, if so, will he consider the desirability of introducing legislation defining the duties and powers of Coroners, and so prevent such public scandals occurring in future.

*Government Business.*

ORDERS OF THE DAY:—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
2. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
3. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—Second reading.

TUESDAY, 25<sup>TH</sup> AUGUST.

*Question.*

1. The Hon. E. J. CROOKE : To call the attention of the Honorable the Solicitor-General to the fact of a vessel putting into a Victorian port to jettison a number of cattle ; and to ask if it is the intention of the Government to take any steps to prevent a repetition of such a proceeding.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

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### PARLIAMENTARY PAPERS ISSUED SINCE 13<sup>TH</sup> AUGUST, 1896.

Minutes of the Proceedings of the Legislative Council. No. 12.  
 Notices of Motion and Orders of the Day. No. 13.  
 Explosives Bill (No. 2) —[65].

Votes and Proceedings of the Legislative Assembly. Nos. 22, 23, and 24.  
 Notices of Motion and Orders of the Day. No. 25.  
 Division in Committee of the whole. No. 5.  
 Game Bill—[20]. (To Members only.)  
 Licensing Act 1890 Amendment Bill—[60]. (To Members only.)  
 Artificial Manures Bill—[63].  
 Report of the Council of Defence. No. 30.

# CONFIDENTIAL

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# MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

WEDNESDAY, 19TH AUGUST, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **ISSUE OF WRITS.**—The President announced that he had, this day, issued Writs for the election of Members to serve for the undermentioned Provinces in the places of Members who retire by rotation, viz.:—
  - Melbourne, in the place of the Honorable Robert Reid.
  - North Yarra, in the place of the Honorable William Pitt.
  - South Yarra, in the place of the Honorable Lieut.-Col. Sir Frederick Thomas Sargood.
  - Southern, in the place of the Honorable Thomas Brunton.
  - South-Western, in the place of the Honorable Joseph Henry Connor.
  - Nelson, in the place of the Honorable Samuel Williamson.
  - Western, in the place of the Honorable Agar Wynne.
  - North-Western, in the place of the Honorable Duncan Elphinstone McBryde.
  - Northern, in the place of the Honorable William Irving Winter-Irving.
  - Wellington, in the place of the Honorable Henry Cuthbert.
  - North Central, in the place of the Honorable Nicholas FitzGerald.
  - North-Eastern, in the place of the Honorable John Alston Wallace.
  - Gippsland, in the place of the Honorable William McCulloch.
  - South-Eastern, in the place of the Honorable James Balfour.
5. **ADJOURNMENT.**—The Honorable J. H. Abbott having stated his desire to move, That the House do now adjourn, six Members rose in their places and required the motion to be proposed. The Honorable J. H. Abbott then said that he proposed to speak on the subject of the conduct of the Coroner at Inglewood, and moved, That the House do now adjourn. Debate ensued. Question—put and negatived.
6. **PETITION.**—The Honorable J. Service presented a Petition from certain Companies incorporated under the Companies Acts in force in Victoria, praying that the Council would not pass the Companies Act 1890 further Amendment Bill until an opportunity had been afforded to the petitioners of pointing out to a Select or other Committee of the Council their reasons for objecting to the provisions of Division II. of the said Bill. Ordered to lie on the Table, and to be referred to the Committee on the Companies Act 1890 further Amendment Bill.
7. **PAPERS.**—The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk:—
  - Tenth Annual Report on Trade Unions.—Report of the Actuary for Friendly Societies for the year 1895, with an Appendix.
  - Mines Act 1890.—Part I.—Alteration of Regulations relating to Mining Leases (Regulation 26).

8. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.

9. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next:—

*Life Assurance Companies Amendment Bill—To be further considered in Committee.*

*Explosives Act 1890 Amendment Bill (No. 2)—Second reading.*

10. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.

Question—put and resolved in the affirmative.

And then the Council, at fifty-eight minutes past nine o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.



# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 14.

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TUESDAY, 25<sup>TH</sup> AUGUST, 1896.

*Questions.*

1. The Hon. E. J. CROOKE : To call the attention of the Honorable the Solicitor-General to the fact of a vessel putting into a Victorian port to jettison a number of cattle; and to ask if it is the intention of the Government to take any steps to prevent a repetition of such a proceeding.
2. The Hon. J. H. ABBOTT : To ask the Honorable the Solicitor-General if his attention has been drawn to the recent vagaries of the Coroner at Inglewood, whereby the body of an alleged suicide, 93 years of age, was ordered to be buried between 9 p.m. and midnight, and the feelings of the relatives and the public unnecessarily outraged; and, if so, will he consider the desirability of introducing legislation defining the duties and powers of Coroners, and so prevent such public scandals occurring in future.

*Government Business.*

ORDERS OF THE DAY :—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
2. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
3. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—Second reading.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

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## PARLIAMENTARY PAPERS ISSUED 19<sup>TH</sup> AUGUST, 1896.

Notices of Motion and Orders of the Day. No. 14.

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Notices of Motion and Orders of the Day. No. 26.  
Treasury Bonds Bill—[59].



## VICTORIA.

No. 15.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 25<sup>TH</sup> AUGUST, 1896.

1. The Council met in accordance with adjournment.

2. The President took the Chair.

3. The President read the Prayer.

4. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Statistical Register of the Colony of Victoria for the year 1895.—Part II.—Interchange.  
Ordered to lie on the Table.

The following Papers, pursuant to the directions of an Act of Parliament, were laid upon the Table by the Clerk :—

Water Act 1890—

Koondrook and Myall Irrigation and Water Supply Trust—

Regulations for Election of Commissioners.

Scheme and Plan of Works.

The Koondrook and Myall Irrigation and Water Supply Trust Constituted.

5. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

6. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Life Assurance Companies Amendment Bill—To be further considered in Committee.*

*Explosives Act 1890 Amendment Bill (No. 2)—Second reading.*

And then the Council, at nine minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

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# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 15.

WEDNESDAY, 26<sup>TH</sup> AUGUST, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
2. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
3. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—Second reading.

TUESDAY, 1<sup>ST</sup> SEPTEMBER.

*Questions.*

1. The Hon. DR. W. H. EMBLING : To ask the Honorable the Solicitor-General—
  - (1) What was the gross cost to the State of Boards of Inquiry, Royal Commissions, and Parliamentary Committees during the years 1894, 1895, and 1896.
  - (2) What was the cost of each of such Boards, Commissions, and Committees respectively.
2. The Hon. E. J. CROOKE : To call the attention of the Honorable the Solicitor-General to the fact of a vessel putting into a Victorian port to jettison a number of cattle; and to ask if it is the intention of the Government to take any steps to prevent a repetition of such a proceeding.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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### PARLIAMENTARY PAPERS ISSUED SINCE 20<sup>TH</sup> AUGUST, 1896.

Minutes of the Proceedings of the Legislative Council. Nos. 13 and 14.  
Notices of Motion and Orders of the Day. No. 15.

Votes and Proceedings of the Legislative Assembly. Nos. 25, 26, and 27.

Notices of Motion and Orders of the Day. No. 28.

Division in Committee of the Whole. No. 6.

Telegraph Operators.—Petition. E.—No. 2.

Report of the Chief Inspector of Explosives on the Working of the Explosives Act during the year 1895.  
No. 31.

Tenth Annual Report on Trades Unions.—Report of the Actuary for Friendly Societies for the year 1895,  
with an Appendix. No. 36.



## VICTORIA.

No. 16.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 26<sup>TH</sup> AUGUST, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. ADJOURNMENT.—The Honorable W. McCulloch moved, by leave, That the Council, at its rising, adjourn until Tuesday next.  
Question—put and resolved in the affirmative.  
The Honorable W. McCulloch moved, That, out of respect to the memory of the late Honorable George Davis, one of the Members for the Gippsland Province, this House do now adjourn.  
Debate ensued.  
Question—put and resolved in the affirmative.

And then the Council, at forty-six minutes past four o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

1. Introduction

2. Methodology

3. Results and Discussion

4. Conclusion

5. References

6. Appendix



# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 16.

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TUESDAY, 1ST SEPTEMBER, 1896.

*Questions.*

1. The Hon. DR. W. H. EMBLING : To ask the Honorable the Solicitor-General—
  - (1) What was the gross cost to the State of Boards of Inquiry, Royal Commissions, and Parliamentary Committees during the years 1894, 1895, and 1896.
  - (2) What was the cost of each of such Boards, Commissions, and Committees respectively.
2. The Hon. E. J. CROOKE : To call the attention of the Honorable the Solicitor-General to the fact of a vessel putting into a Victorian port to jettison a number of cattle; and to ask if it is the intention of the Government to take any steps to prevent a repetition of such a proceeding.

*Government Business.*

ORDERS OF THE DAY:—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
2. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
3. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## MEETING OF SELECT COMMITTEE.

*Tuesday, 1st September.*

PARLIAMENT BUILDINGS (JOINT)—at half-past three o'clock.

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### PARLIAMENTARY PAPERS ISSUED 26TH AUGUST, 1896.

Minutes of the Proceedings of the Legislative Council. No. 15.  
Notices of Motion and Orders of the Day. No. 16.

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Notices of Motion and Orders of the Day. No. 29.



No. 17.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 1ST SEPTEMBER, 1896.

1. The Council met in accordance with adjournment.

2. The President took the Chair.

3. The President read the Prayer.

4. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Public Service Board Report.

Royal Commission on Water Supply.—Report of the Royal Commission appointed to inquire into and report as to the financial position and prospects of the various local bodies that have obtained loans from the State for the construction of works of water supply, and as to the position generally of the schemes under the control of those bodies, and to inquire into the financial prospects of the various water supply works carried out by the State as National undertakings, and their suitability for the purposes for which they were designed and constructed, &c., &c., &c., with Appendices.

Report of the Waterworks Inquiry Board, 1893. July, 1894.

Severally ordered to lie on the Table.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk:—

Defences and Discipline Act 1890—

Victorian Naval and Military Forces.—Alteration of Financial and Store Regulations (Part II.)

Victorian Military Forces—

Alteration of Regulations (Parts I., IV., V., and VI.)

Alteration of Dress Regulations (IX.)

Supreme Court.—Regulæ Generales, dated the 25th August, 1896.—Rules for the Admission of Barristers and Solicitors.

5. RETURNS TO WRITS.—The President announced that he had received returns to Writs he had issued for the election of Members to serve for the undermentioned Provinces, in the places of Members retiring by rotation, and by the indorsements on the Writs it appeared that the following Members had been returned for the several Electoral Provinces set opposite their respective names, viz:—

The Honorable Robert Reid, for the Melbourne Province,

The Honorable William Pitt, for the North Yarra Province,

The Honorable Lieut.-Col. Sir Frederick Thomas Sargood, for the South Yarra Province,

The Honorable Thomas Brunton, for the Southern Province,

The Honorable Joseph Henry Connor, for the South-Western Province,

The Honorable Samuel Williamson, for the Nelson Province,

The Honorable Agar Wynne, for the Western Province,

The Honorable William Irving Winter-Irving, for the Northern Province,

The Honorable Henry Cuthbert, for the Wellington Province,

The Honorable Nicholas FitzGerald, for the North Central Province,

The Honorable John Alston Wallace, for the North-Eastern Province,

The Honorable William McCulloch, for the Gippsland Province, and

The Honorable James Balfour, for the South-Eastern Province.

6. SWEARING-IN OF MEMBERS.—The Honorables J. Balfour, T. Brunton, J. H. Connor, H. Cuthbert, N. FitzGerald, W. McCulloch, W. Pitt, Lieut.-Col. Sir F. T. Sargood, J. A. Wallace, S. Williamson, and A. Wynne being severally introduced, took and subscribed the oath required by law, and severally delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth :—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JAMES BALFOUR, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and seven pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Prahran, and are known as part of Crown portion 18, parish of Prahran.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Prahran are rated in the rate-book of such district upon a yearly value of One hundred and seven pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“JAMES BALFOUR.”

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, THOMAS BRUNTON, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Five hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Essendon, and are known as—

“Roxburgh’, Ascot Vale, bounded by Bloomfield-road, St. Leonard’s-road, Union-road, and Roxburgh-street.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Essendon are rated in the rate-book of such district upon a yearly value of Five hundred pounds, and that such of the said lands or tenements as are situate in the municipal district of Essendon are rated in the rate-book of such district upon a yearly value of Five hundred pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“THOMAS BRUNTON.”

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JOSEPH HENRY CONNOR, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of over One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Colac, shire of Colac, parish of Cundare, county of Grenville, and are known as allotments 57<sup>AB</sup> and 57<sup>AB</sup>, parish of Cundare, containing three hundred and eighteen acres one rood twenty-four perches.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Colac, shire of Colac, parish of Cundare, county of Grenville, are rated in the rate-book of such district upon a yearly value of One hundred and nineteen pounds five shillings.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“JOS. H. CONNOR.”

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, HENRY CUTHBERT, of Ballarat, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Two hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of Ballarat and shire of Ballarat, and are known as—

“Part of allotment 4 of section 9, city of Ballarat, county of Grenville; and

“Allotment 2 of section 14, parish of Ballarat, county of Grenville.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Ballarat are rated in the rate-book of such district upon a yearly value of Eighty pounds; and that such of the said lands or tenements as are situate in the municipal district of the shire of Ballarat are rated in the rate-book of such district upon a yearly value of One hundred and twenty pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“HENRY CUTHBERT.”

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, NICHOLAS FITZGERALD, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of Castlemaine, in the county of Talbot, and St. Kilda, county of Bourke.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Castlemaine are rated in the rate-book of such district upon a yearly value of Seventy-five pounds, and that such of the said lands or tenements as are situate in the municipal district of St. Kilda are rated in the rate-book of such district upon a yearly value of Three hundred pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"N. FITZGERALD."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, WILLIAM McCULLOCH, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Three hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Colac, and are known as 'Mertoun Park.'

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Colac are rated in the rate-book of such district upon a yearly value of One thousand three hundred and thirteen pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"W. McCULLOCH."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, WILLIAM PITT, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Collingwood, and are known as land, Trenery-crescent, Collingwood.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Collingwood are rated in the rate-book of such district upon a yearly value of One hundred and sixty pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"WILLIAM PITT."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, FREDERICK THOMAS SARGOOD, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One thousand one hundred and thirty-five pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Caulfield, and are known as 'Rippon Lea'—

"Forty-six acres of land, with dwelling-house thereon.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Caulfield are rated in the rate-book of such district upon a yearly value of One thousand one hundred and thirty-five pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"F. T. SARGOOD."

"In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JOHN ALSTON WALLACE, do declare and testify that I am legally or equitably seized of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Two hundred and forty pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of Towong and Port Melbourne, and are known as—

"No. 1. Lands and tenements situate near Bethanga, electoral district of Benambra, shire of Towong, area six hundred and thirty-nine acres.

"No. 2. Lands and tenements—the Bay View Hotel, situate Beach-street, Port Melbourne.

"And I further declare that such of the said lands or tenements as are situate in the municipal district of Towong are rated in the rate-book of such district upon a yearly value of One hundred pounds, and that such of the said lands or tenements as are situate in the municipal district of Port Melbourne are rated in the rate-book of such district upon a yearly value of One hundred and forty pounds.

"And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

"JOHN A. WALLACE."

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, SAMUEL WILLIAMSON, of Allan Vale, Great Western, county of Borung, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Stawell, and are known as Allanvale Estate, and consisting of 6,009 acres or thereabouts, in the parishes of Concongella and Bulgana, counties of Borung and Ripon, in the colony of Victoria.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Stawell are rated in the rate-book of such district upon a yearly value of Seven hundred pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“SAML. WILLIAMSON.”

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, AGAR WYNNE, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Two hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts of the shires of Mortlake and Hampden, and are known as ‘Terinallum.’

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Mortlake are rated in the rate-book of such district upon a yearly value of Three thousand one hundred and forty-seven pounds, and that such of the said lands or tenements as are situate in the municipal district of Hampden are rated in the rate-book of such district upon a yearly value of Three thousand two hundred and twenty-seven pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“AGAR WYNNE.”

7. ADJOURNMENT.—The Honorable A. Wynne having stated his desire to move, That the House do now adjourn, six Members rose in their places and required the motion to be proposed.

The Honorable A. Wynne then said that he proposed to speak on the subject of the recent prosecution of flower vendors in the city of Melbourne, and moved, That the House do now adjourn.

Debate ensued.

Question—put and negatived.

8. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

9. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Life Assurance Companies Amendment Bill—To be further considered in Committee.*

*Explosives Act 1890 Amendment Bill (No. 2)—Second reading.*

And then the Council, at twenty-one minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 17.

WEDNESDAY, 2<sup>ND</sup> SEPTEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
2. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
3. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—Second reading.

TUESDAY, 8<sup>TH</sup> SEPTEMBER.

*Question.*

1. The Hon. E. J. CROOKE: To call the attention of the Honorable the Solicitor-General to the fact of a vessel putting into a Victorian port to jettison a number of cattle; and to ask if it is the intention of the Government to take any steps to prevent a repetition of such a proceeding.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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### PARLIAMENTARY PAPERS ISSUED SINCE 26<sup>TH</sup> AUGUST, 1896.

Minutes of the Proceedings of the Legislative Council. No. 16.

Notices of Motion and Orders of the Day. No. 17.

Companies Act 1890 further Amendment Bill—

Amendments to be proposed by the Hon. Lieut.-Col. Sir F. T. Sargood. (To Members of Council only.)

- New Clause to be proposed by the Hon. Nathaniel Levi. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 28 and 29.

Notices of Motion and Orders of the Day. No. 30.

Crimes Act 1890 Amendment Bill—[56].





## VICTORIA.

No. 18.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

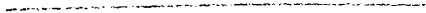
WEDNESDAY, 2ND SEPTEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PAPER.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Royal Commission on Water Supply.—Minutes of Evidence.  
Ordered to lie on the Table.
5. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.
6. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next:—  
*Life Assurance Companies Amendment Bill—To be further considered in Committee.*  
*Explosives Act 1890 Amendment Bill (No. 2)—Second reading.*
7. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.  
Question—put and resolved in the affirmative.

And then the Council, at thirty-three minutes past six o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 18.

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TUESDAY, 8TH SEPTEMBER, 1896.

*Question.*

1. The Hon. E. J. CROOKE: To call the attention of the Honorable the Solicitor-General to the fact of a vessel putting into a Victorian port to jettison a number of cattle; and to ask if it is the intention of the Government to take any steps to prevent a repetition of such a proceeding.

*Government Business.*

ORDERS OF THE DAY:—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
2. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
3. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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### PARLIAMENTARY PAPERS ISSUED 2ND SEPTEMBER, 1896.

Notices of Motion and Orders of the Day. No. 18.

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Notices of Motion and Orders of the Day. No. 31.

Statistical Register of the Colony of Victoria for the year 1895.—Part II.—Interchange. No. 5.



## VICTORIA.

No. 19.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 8TH SEPTEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **ISSUE OF WRIT.**—The President announced that he had, since the adjournment of the Council, issued a Writ for the election of a Member to serve for the Gippsland Province, in the place of the Honorable George Davis, deceased.
5. **THE LATE HONORABLE GEORGE DAVIS.**—The President announced that he had received the following letter from a daughter of the late Honorable George Davis :—

*To the President of the Legislative Council, Melbourne.*

DEAR SIR,

"Cambria," 4th September, 1896.

Will you kindly convey to the Council my mother's and our warmest thanks for the kind sympathy shown on the death of our beloved father, also for the mark of respect to his memory.

I remain,

His grateful but sorrowing daughter,

EM. L. DAVIS.

6. **PETITIONS.**—The Honorable J. H. Abbott presented a Petition from The Sandhurst Mutual Permanent Investment and Building Society, The Bendigo Mutual Permanent Land and Building Society, and the Commercial Permanent Land and Building Society, praying that the Council would refuse to pass new clause D proposed to be inserted in the Companies Act 1890 further Amendment Bill.

The Honorable G. Godfrey presented a Petition from the Trustees and Committee of The Bankers' Institute of Australasia, Melbourne, praying for the recognition of the degree of Associate of the said Institute by the addition of the words "or Associates of the Bankers' Institute of Australasia, Melbourne," in sub-clause *b* of clause 32 of the Companies Act 1890 further Amendment Bill.

Petitions read, severally ordered to lie on the Table, and to be referred to the Committee on the Companies Act 1890 further Amendment Bill.

7. **PAPERS.**—The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—
  - Water Act 1890.—Marquis Hill Irrigation and Water Supply Trust.—Rating Regulation.
  - Wattles Act 1890.—Issue of Lease under section 3.
  - Land Act 1890, Part I.—Addition to Regulations.—Chapters VIII. and XI., and Schedule 70.
  - Fire Brigades Act 1890.—Country Fire Brigades Board.—Regulations.

8. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to further amend the 'Local Government Act 1890,'*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 8th September, 1896.

GRAHAM BERRY,  
Speaker.

9. MUNICIPAL ELECTORS BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to further amend the ‘Local Government Act 1890,’*” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday, 22nd September instant.

10. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.

The Honorable Lieut.-Col. Sir F. T. Sargood moved, That this Bill be recommitted to a Select Committee for the reconsideration of clauses 2, 18, 20, 21, 23 to 28 inclusive, 31, 32, 35 to 46 inclusive, 48, 49, 51, 55, 56, 70, 97, 100, 102, 104, 106, 108, 110, 111, 112, 114, 115, 119, 123, 126, 127, 129, 130, 146, 160, 161, 165, 166, 167, new clauses A, B, E, D, and the Schedules.

Question—put and resolved in the affirmative.

The Honorable Lieut.-Col. Sir F. T. Sargood moved, by leave, That Standing Order No. 183 be suspended, so as to allow the Committee to consist of twelve Members.

Question—put and resolved in the affirmative.

The Honorable Lieut.-Col. Sir F. T. Sargood moved, by leave, That the Select Committee consist of the Honorables J. H. Abbott, S. W. Cooke, E. J. Croke, H. Cuthbert, N. FitzGerald, S. Fraser, F. S. Grimwade, C. J. Ham, D. Melville, Sir H. J. Wrixon, A. Wynne, and the Mover; such Committee to have power to send for persons, papers, and records, and to move from place to place; five to be the quorum.

Question—put and resolved in the affirmative.

11. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next:—

*Life Assurance Companies Amendment Bill—To be further considered in Committee.*

*Explosives Act 1890 Amendment Bill (No. 2)—Second reading.*

12. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.

Question—put and resolved in the affirmative.

And then the Council, at forty minutes past nine o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 19.

TUESDAY, 15TH SEPTEMBER, 1896.

*Question.*

1. The Hon. E. J. CROOKE: To call the attention of the Honorable the Solicitor-General to the fact of a vessel putting into a Victorian port to jettison a number of cattle; and to ask if it is the intention of the Government to take any steps to prevent a repetition of such a proceeding.

*Government Business.*

ORDERS OF THE DAY:—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
2. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—Second reading.

TUESDAY, 22ND SEPTEMBER.

*General Business.*

ORDER OF THE DAY:—

1. MUNICIPAL ELECTORS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

## MEETING OF SELECT COMMITTEE.

*Tuesday, 15th September.*

COMPANIES ACT 1890 FURTHER AMENDMENT BILL—at three o'clock.

## PARLIAMENTARY PAPERS ISSUED SINCE 2ND SEPTEMBER, 1896

Minutes of the Proceedings of the Legislative Council. No. 17 and 18.  
Notices of Motion and Orders of the Day. No. 19.  
Municipal Electors Bill—[36]. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 30 and 31.

Notices of Motion and Orders of the Day. No. 32.

Weekly Report of Divisions. No. 7.

Public Service Board Report. No. 16.

Royal Commission on Water Supply.—Report of the Royal Commission appointed to inquire into and report as to the financial position and prospects of the various Local Bodies that have obtained Loans from the State for the construction of works of Water Supply, &c., &c.; with Appendices.  
No. 20.





No. 20.

# MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

TUESDAY, 15<sup>TH</sup> SEPTEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **SWEARING-IN OF MEMBER.**—The Honorable W. I. Winter-Irving being introduced, took and subscribed the oath required by law and delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth:—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, WILLIAM IRVING WINTER-IRVING, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Six thousand pounds and upwards above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal districts as hereunder named, and are known as—

“Noorilim, in the shire of	Goulburn and Waranga.
“Carpendeit,	” Heytesbury.
“Tirrengower,	” Colac.
“Allotments,	” Tambo.
“Stanhope,	” Waranga and Deakin.
“Allotments, in the city of	Prahran.
“Allotments,	” Hawthorn.
“Allotments, in the shire of	Boroondara.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Waranga are rated in the rate-book of such district upon a yearly value of Two thousand nine hundred and forty-six pounds; and that such of the said lands or tenements as are situate in the municipal district of Carpendeit are rated in the rate-book of such district upon a yearly value of Five hundred and twenty-seven pounds; and that such of the said lands or tenements as are situate in the municipal district of Colac are rated in the rate-book of such district upon a yearly value of Three hundred and ninety-eight pounds; and that such of the said lands or tenements as are situate in the municipal district of Tambo are rated in the rate-book of such district upon a yearly value of Six pounds; and that such of the said lands or tenements as are situate in the municipal district of Deakin are rated in the rate-book of such district upon a yearly value of Nine hundred pounds; and that such of the said lands or tenements as are situate in the municipal district of Prahran are rated in the rate-book of such district upon a yearly value of Six hundred pounds; and that such of the said lands or tenements as are situate in the municipal district of Hawthorn are rated in the rate-book of such district upon a yearly value of Three hundred and ninety pounds; and that such of the said lands or tenements as are situate in the municipal district of Boroondara are rated in the rate-book of such district upon a yearly value of One hundred and twenty pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“WM. I. WINTER-IRVING.”

5. PETITIONS.—The following Petitions against the Municipal Electors Bill were presented as under :—

By the Honorable D. Melville—

From the President, Councillors, and Ratepayers of the Shire of Heidelberg.

By the Honorable Lieut.-Col. Sir F. T. Sargood—

From the Mayor, Councillors, and Burgesses of the Town of Port Melbourne.

By the Honorable J. H. Abbott—

From the Mayor and Councillors of the Borough of Eaglehawk.

Severally ordered to lie on the Table, and to be referred to the Committee of the whole on the Municipal Electors Bill.

6. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—MEMBER DISCHARGED.—The Honorable Lieut.-Col. Sir F. T. Sargood moved, by leave, That the Honorable E. J. Crooke be discharged from attendance on the Select Committee on the Companies Act 1890 further Amendment Bill.

Question—put and resolved in the affirmative.

7. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—MEMBER APPOINTED.—The Honorable Lieut.-Col. Sir F. T. Sargood moved, by leave, That the Honorable A. O. Sachse be a Member of the Select Committee on the Companies Act 1890 further Amendment Bill.

Question—put and resolved in the affirmative.

8. PAPERS.—The following Papers, pursuant to the directions of an Act of Parliament, were laid upon the Table by the Clerk :—

Defences and Discipline Act 1890—

Victorian Naval Forces.—Addition to Regulations (Part II., Section VII.).

Victorian Naval and Military Forces.—Addition to Financial and Store Regulations (Part VII.).

9. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to apply out of the Consolidated Revenue the sum of One hundred and one thousand and nineteen pounds to the service of the year One thousand eight hundred and ninety-five and ninety-six,*" with which they desire the concurrence of the Legislative Council.

GRAHAM BERRY,  
Speaker.

Legislative Assembly,  
Melbourne, 15th September, 1896.

10. CONSOLIDATED REVENUE BILL (No. 2).—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to apply out of the Consolidated Revenue the sum of One hundred and one thousand and nineteen pounds to the service of the year One thousand eight hundred and ninety-five and ninety-six,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed and, by leave, to be read a second time this day.

The Honorable H. Cuthbert moved, That this Bill be now read a second time.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable J. Bell having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed. The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

*"An Act to apply out of the Consolidated Revenue the sum of One hundred and one thousand and nineteen pounds to the service of the year One thousand eight hundred and ninety-five and ninety-six."*

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

11. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to authorize the issue of Treasury Bonds,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 15th September, 1896.

GRAHAM BERRY,  
Speaker.

12. **TREASURY BONDS BILL.**—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to authorize the issue of Treasury Bonds,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed and, by leave, to be read a second time this day.

The Honorable H. Cuthbert moved, That this Bill be now read a second time.  
Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable J. Bell having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed. The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

*"An Act to authorize the issue of Treasury Bonds."*

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

13. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to give to all Ratepayers the right to vote at all Elections for the City Council of Melbourne,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 15th September, 1896.

GRAHAM BERRY,  
Speaker.

14. **MELBOURNE MUNICIPAL ELECTIONS BILL.**—The Honorable W. McCulloch moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to give to all Ratepayers the right to vote at all Elections for the City Council of Melbourne,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed and, by leave, to be read a second time this day.

The Honorable W. McCulloch moved, That this Bill be now read a second time.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable W. McCulloch moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable W. McCulloch, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable J. Bell having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable W. McCulloch the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable W. McCulloch, the Bill was read a third time and passed. The Honorable W. McCulloch moved, That the following be the title of the Bill :—

*"An Act to give to all Ratepayers the right to vote at all Elections for the City Council of Melbourne."*

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

15. **POSTPONEMENT OF ORDERS OF THE DAY.**—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday, 29th September instant :—

*Life Assurance Companies Amendment Bill—To be further considered in Committee.*  
*Explosives Act 1890 Amendment Bill (No. 2)—Second reading.*

16. **ADJOURNMENT.**—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday, 29th September instant.

Question—put and resolved in the affirmative.

And then the Council, at thirteen minutes past six o'clock, adjourned until Tuesday, 29th September instant.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy verification of the data.

In the second section, the author outlines the various methods used to collect and analyze the data. This includes both manual data entry and the use of specialized software tools. The goal is to ensure that the data is both accurate and easily accessible for analysis.

The third section provides a detailed breakdown of the results. It shows that there is a significant correlation between the variables being studied. This finding is supported by statistical analysis and is consistent with previous research in the field.

Finally, the document concludes with a series of recommendations for future research. It suggests that further studies should be conducted to explore the underlying causes of the observed trends. This will help to develop more effective strategies for addressing the issues at hand.

# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 20.

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TUESDAY, 29<sup>TH</sup> SEPTEMBER, 1896.

*Question.*

1. The Hon. E. J. CROOKE: To call the attention of the Honorable the Solicitor-General to the fact of a vessel putting into a Victorian port to jettison a number of cattle; and to ask if it is the intention of the Government to take any steps to prevent a repetition of such a proceeding.

*Government Business.*

ORDERS OF THE DAY:—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
2. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—Second reading.

*General Business.*

ORDER OF THE DAY:—

1. MUNICIPAL ELECTORS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## PARLIAMENTARY PAPERS ISSUED SINCE 10<sup>TH</sup> SEPTEMBER, 1896.

Minutes of the Proceedings of the Legislative Council. No. 19.  
Notices of Motion and Orders of the Day. No. 20.

Votes and Proceedings of the Legislative Assembly. Nos. 32, 33, and 34.

Notices of Motion and Orders of the Day. No. 35.

The Constitution Act Amendment Bill—[8].

Mining Development Bill—[43].

Servants' Registry Offices Bill—[55].

Report from the Parliamentary Standing Committee on Railways on the question of selecting Localities for the Permanent Survey of Narrow-gauge Lines; together with the Appendices and Minutes of Evidence. Report No. 2.



VICTORIA.

No. 21.

# MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

TUESDAY, 29TH SEPTEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **RETURN TO WRIT.**—The President announced that there had been returned to him the Writ he had issued for the election of a Member to serve for the North-Western Province, in the place of the Honorable Duncan Elphinstone McBryde, whose seat became vacant by effluxion of time; and by the indorsement on such Writ it appeared that Pharez Phillips had been elected in pursuance thereof.
5. **SWEARING-IN OF MEMBER.**—The Honorable Pharez Phillips, being introduced, took and subscribed the oath required by law, and delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth:—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, PHAREZ PHILLIPS, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and twenty-eight pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Borung, and are known as land and tenements situate within the township of Warracknabeal.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Borung are rated in the rate-book of such district upon a yearly value of One hundred and twenty-eight pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“PHAREZ PHILLIPS.”

6. **RETURN TO WRIT.**—The President announced that there had been returned to him the Writ he had issued for the election of a Member to serve for the Gippsland Province, in the place of the Honorable George Davis, deceased; and by the indorsement on such Writ it appeared that William Pearson had been elected in pursuance thereof.
7. **SWEARING-IN OF MEMBER.**—The Honorable William Pearson, being introduced, took and subscribed the oath required by law, and delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth:—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, WILLIAM PEARSON, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Two hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of the shire of Wodonga, and are known as ‘Bonegilla,’ containing five thousand five hundred and eighteen acres or thereabouts.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of the shire of Wodonga are rated in the rate-book of such district upon a yearly value of Seven hundred pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“WM. PEARSON.”

## 8. PETITIONS.—The following Petitions against the Municipal Electors Bill were presented as under :—

By the Honorable J. H. Connor—

From the Council of the Shire of Colac.

By the Honorable N. Thornley—

From Councillors of the Borough of Portland.

From Councillors of the Shire of Portland.

From Councillors of the Shire of Glenelg.

From Councillors of the Town of Warrnambool.

From Councillors of the Shire of Warrnambool.

By the Honorable N. FitzGerald—

From Councillors of the Shire of Glenlyon.

By the Honorable D. Ham—

From the Council of the Borough of Clunes.

By the Honorable F. S. Grimwade—

From the Mayor, Councillors, and Citizens of the City of Fitzroy.

By the Honorable A. O. Sachse—

From the Council of the Shire of Yarrawonga.

By the Honorable J. Sternberg—

From Councillors of the Shire of Rodney.

From Councillors of the Municipal District of Raywood.

By the Honorable J. Bell—

From the Council of the Borough of Tarnagulla.

From Councillors of the Shire of Kara Kara.

From Councillors of the Borough of St. Arnaud.

From the Council of the Shire of Korong.

By the Honorable T. Brunton—

From Councillors of the United Shire of Newham.

From Councillors of the Shire of Whittlesea.

By the Honorable Dr. W. H. Embling—

From the Council of the Shire of Strathfieldsaye.

From Councillors of the Shire of Mount Franklin.

From Councillors of the United Shire of Maldon.

From Councillors of the Shire of Newstead.

By the Honorable J. H. Abbott—

From Councillors of the City of Bendigo.

From the Council of the Shire of Marong.

By the Honorable F. Brown—

From the Council of the Shire of Mansfield.

By the Honorable Sir W. J. Clarke, Bart.—

From Councillors of the Shire of Braybrook.

By the Honorable J. Balfour—

From Councillors of the Shire of Berwick.

By the Honorable W. I. Winter-Irving—

From the President and Council of the Shire of Echuca.

From Councillors of the Shire of Deakin.

By the Honorable E. J. Croke—

From Councillors of the Borough of Sale.

From the Council of the Shire of Wodonga.

From Councillors of the Shire of Tambo.

By the Honorable D. Coutts—

From the Council of the Shire of East Loddon.

From Councillors of the Municipal District of Inglewood.

By the Honorable Sir H. J. Wrixon—

From Councillors of the Shire of Bellarine.

By the Honorable T. Dowling—

From the Council of the Shire of Mortlake.

From the Council of the Shire of Ballarat.

By the Honorable J. M. Pratt—

From Councillors of the Shire of Arapiles.

From the Council of the Shire of Gordon.

By the Honorable D. Melville—

From Councillors of the Shire of Epping.

By the Honorable A. Wynne—

From Councillors of the Shire of Minhamite.

By the Honorable H. Cuthbert—

From Councillors of the Borough of Majorca.

From the Council of the Shire of Walhalla.

From Councillors of the Shire of Morwell.

Severally ordered to lie on the Table.



The Honorable J. A. Wallace presented a Petition from the Third Beechworth Building Society, praying that the Council would reject new clause D inserted in the Companies Act 1890 further Amendment Bill which prohibits Building Societies from receiving deposits.

A similar Petition was presented by the Honorable N. Thornley from Electors of the Western Province and Members of the Committee of the Warrnambool Permanent Building and Investment Society.

Severally ordered to lie on the Table, and to be referred to the Committee on the Companies Act 1890 further Amendment Bill.

9. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert, and the same was read by the Honorable the President:—

BRASSEY,

Governor.

Message No. 5.

The Governor informs the Legislative Council that he has, on this day, at the Government Offices, given the Royal Assent to the undermentioned Acts of the present Session, presented to him by the Clerk of the Parliaments, viz.:—

*“An Act to apply out of the Consolidated Revenue the sum of One hundred and one thousand and nineteen pounds to the service of the year One thousand eight hundred and ninety-five and ninety-six.”*

*“An Act to authorize the issue of Treasury Bonds.”*

*“An Act to give to all Ratepayers the right to vote at all Elections for the City Council of Melbourne.”*

Government Offices,

Melbourne, 21st September, 1896.

10. DECLARATION OF MEMBER.—The Honorable C. Sargeant delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth:—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, CHARLES SARGEANT, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and nine pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Warragul and Grenville, and are known as to the said municipal district of Warragul, as part of allotment one hundred and two, parish of Drouin East, county of Buln Buln, containing seventy-five acres thirty-one perches, and allotment twenty-one, township of Warragul, parish of Drouin East, county of Buln Buln, containing five acres two roods eleven perches, and as to the said municipal district of Grenville, Crown allotment six, section one, township of Rokewood, parish of Corindhap, county of Grenville.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Warragul are rated in the rate-book of such district upon a yearly value of Ninety-four pounds; and that such of the said lands or tenements as are situate in the municipal district of Grenville are rated in the rate-book of such district upon a yearly value of Fifteen pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“CHARLES SARGEANT.”

11. REFRESHMENT ROOMS COMMITTEE.—The Honorable H. Cuthbert moved, by leave, That the Honorables J. A. Wallace and W. I. Winter-Irving be Members of the Joint Committee to manage the Refreshment Rooms.

Question—put and resolved in the affirmative.

12. PRINTING COMMITTEE.—The Honorable H. Cuthbert moved, by leave, That the Honorables T. Brunton and J. H. Connor be Members of the Printing Committee.

Question—put and resolved in the affirmative.

13. STANDING ORDERS COMMITTEE.—The Honorable H. Cuthbert moved, by leave, That the Honorables J. Balfour, N. FitzGerald, Lieut.-Col. Sir F. T. Sargood, and the Mover be Members of the Standing Orders Committee.

Question—put and resolved in the affirmative.

14. PARLIAMENT BUILDINGS COMMITTEE.—The Honorable H. Cuthbert moved, by leave, That the Honorables J. H. Abbott, W. Pitt, and N. Thornley be Members of the Joint Committee to manage and superintend the Parliament Buildings.

Question—put and resolved in the affirmative.

15. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—Mildura Settlement.—Report of the Mildura Royal Commission.  
Statistical Register of the Colony of Victoria for the year 1895.—Part III.—Finance, &c.

Severally ordered to lie on the Table.

The Honorable H. Cuthbert presented—  
 Bills, how dealt with by both Houses, 1881 to 1895-6.—Return to an Order of the Legislative Council, dated 5th August, 1896, for a Return showing the following particulars, as recently compiled by the Honorable Lieut.-Col. Sir F. T. Sargood, in regard to Bills which have been dealt with by both Houses of Parliament for each Session from 1881 to 1895-6, both inclusive, viz.:—

1. The number of Bills sent by the Legislative Assembly to the Legislative Council.
2. The number of such Bills passed.
3. The number and titles of such Bills—
  - (a) rejected, and
  - (b) lapsed or withdrawn.
4. Similar particulars of Bills sent by the Legislative Council to the Legislative Assembly.

Ordered—That the foregoing Return be printed.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk:—

Agricultural Education.—Accounts of the Trustees of Agricultural Colleges and the Council of Agricultural Education from 1st January, 1896, to 30th June, 1896.

Public Service Act 1890.—Alteration of Regulations.

Factories and Shops Acts.—Regulations.

Victorian Railways—

Report of the Victorian Railways Commissioner for the year ending 30th June, 1896.

Return of Special Goods Rates for year ending 30th June, 1896.

16. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next:—

*Life Assurance Companies Amendment Bill—To be further considered in Committee.*

*Explosives Act 1890 Amendment Bill (No. 2)—Second reading.*

*Municipal Electors Bill—Second reading.*

17. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.

Question—put and resolved in the affirmative.

And then the Council, at twenty-five minutes past five o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 21.

TUESDAY, 6TH OCTOBER, 1896.

*Question.*

1. The Hon. G. GODFREY : To call the attention of the Honorable the Solicitor-General to the excessive charges made by the Post Office Department for the use of the telephone in Melbourne as compared with the charge made in other cities ; and to ask whether it is the intention of the Government to reduce the charge.

*Government Business.*

ORDERS OF THE DAY :—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
2. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—Second reading.

*General Business.*

NOTICE OF MOTION :—

1. The Hon. J. BALFOUR : To move, That leave of absence be granted to the Honorable J. Buchanan for the remainder of the Session on account of the state of his health.

ORDER OF THE DAY :—

1. MUNICIPAL ELECTORS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

## MEETING OF SELECT COMMITTEE.

*Tuesday, 6th October.*

COMPANIES ACT 1890 FURTHER AMENDMENT BILL—at three o'clock.

## PARLIAMENTARY PAPERS ISSUED SINCE 24TH SEPTEMBER, 1896.

Notices of Motion and Orders of the Day. No. 21.

Bills, how dealt with by both Houses, 1881 to 1895-6.—Return to an Order of the Legislative Council. C. 1.

Votes and Proceedings of the Legislative Assembly. Nos. 38, 39, and 40.

Notices of Motion and Orders of the Day. No. 41.

Weekly Report of Divisions. No. 9.

By Authority: ROBT. S. BRAIN, Government Printer, Melbourne.

(160 copies.)



## VICTORIA.

No. 22.

## MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

TUESDAY, 6TH OCTOBER, 1896.

1. The Council met in accordance with adjournment.

2. The President took the Chair.

3. The President read the Prayer.

4. PETITIONS.—The following Petitions against the Municipal Electors Bill were presented as under :—

By the Honorable J. H. Connor—

From the Mayor, Aldermen, and Councillors of the Town of Geelong.

By the Honorable N. FitzGerald—

From the Mayor, Councillors, and Burgesses of the Borough of Daylesford.

From the Council of the United Shire of Metcalfe.

From the Council of the United Shire of Mount Alexander.

By the Honorable J. Balfour—

From the Council of the Shire of Nunawading.

By the Honorable A. O. Sachse—

From Councillors of the Shire of Euroa.

By the Honorable J. C. Campbell—

From Councillors of the Shire of Cranbourne.

By the Honorable N. Thornley—

From Councillors of the Borough of Hamilton.

From Councillors of the Shire of Dundas.

By the Honorable E. J. Crooke—

From the Council of the Shire of Mirboo.

From the President and Councillors of the Shire of Woorayl.

By the Honorable Lieut.-Col. Sir F. T. Sargood—

From Councillors of the Borough of Kew.

From the Council of the City of Hawthorn.

From the Mayor, Councillors, and Citizens of the City of Prahran.

By the Honorable J. A. Wallace—

From the Council of the Shire of Chiltern.

From Councillors of the Shire of Rutherglen.

From E. Shortell and Jas. Knox, styling themselves Chairman and Secretary respectively of the United Country Municipal Association of Victoria.

By the Honorable D. Melville—

From Councillors of the Shire of Broadmeadows.

By the Honorable C. J. Ham—

From the Mayor, Aldermen, Councillors, and Citizens of the City of Melbourne.

Severally ordered to lie on the Table.

5. PAPERS.—The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—
- Land Act 1890—  
 Schedule of Swamp Leases executed.  
 Schedule of Swamp Leases executed.  
 Vegetation Diseases Act 1896.—Rules and Regulations.  
 Defences and Discipline Act 1890—  
 Victorian Naval Forces.—Alteration of Regulations.—Part II.—Section III.  
 Victorian Naval and Military Forces.—Addition to Financial and Store Regulations.—  
 Part VII.—Section I.  
 Savings Banks.—Statements and Returns for the year ended 30th June, 1896.  
 Bank Liabilities and Assets.—Summary of Sworn Returns for the quarter ended 30th June, 1896.
6. LEAVE OF ABSENCE.—The Honorable J. Balfour moved, That leave of absence be granted to the Honorable J. Buchanan for the remainder of the Session on account of the state of his health.  
 Question—put and resolved in the affirmative.
7. CORONERS ACT 1890 AMENDMENT BILL.—The Honorable H. Cuthbert moved, by leave, That he have leave to bring in a Bill to amend the *Coroners Act 1890*.  
 Question—put and resolved in the affirmative.  
 Ordered—That the Honorable H. Cuthbert do prepare and bring in the Bill.  
 The Honorable H. Cuthbert then brought up a Bill intituled “*A Bill to amend the ‘Coroners Act 1890,’*” and moved, That it be now read a first time.  
 Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.
8. LIFE ASSURANCE COMPANIES AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
 Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.
9. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—  
 MR. PRESIDENT—  
 The Legislative Assembly transmit to the Legislative Council a Bill intituled “*An Act to amend the ‘Factories and Shops Act 1896,’*” with which they desire the concurrence of the Legislative Council.
- GRAHAM BERRY,  
 Speaker.
- Legislative Assembly,  
 Melbourne, 6th October, 1896.
10. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to amend the ‘Factories and Shops Act 1896,’*” be now read a first time.  
 Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time this day.
11. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2).—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
 Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with an amendment.  
 Ordered—That the Bill, as amended, be printed, and taken into consideration on Tuesday next.
12. POSTPONEMENT OF ORDER OF THE DAY.—Ordered, That the consideration of the following Order of the Day be postponed until Tuesday, 20th October instant :—  
*Municipal Electors Bill—Second reading.*
13. POSTPONEMENT OF ORDER OF THE DAY.—Ordered, That the consideration of the following Order of the Day be postponed until Tuesday next :—  
*Factories and Shops Act 1896 Amendment Bill—Second reading.*
14. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.  
 Question—put and resolved in the affirmative.

And then the Council, at five minutes past nine o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
 Clerk of the Legislative Council.

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 22.

TUESDAY, 13TH OCTOBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. CORONERS ACT 1890 AMENDMENT BILL—Second reading.
2. LIFE ASSURANCE COMPANIES AMENDMENT BILL—To be further considered in Committee.
3. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—Consideration of Report.
4. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—Second reading.

*General Business.*

NOTICE OF MOTION:—

1. The Hon. J. H. ABBOTT: To move, That leave of absence be granted to the Honorable W. H. S. Osmand for the remainder of the Session on account of ill-health.

TUESDAY, 20TH OCTOBER.

*General Business.*

ORDER OF THE DAY:—

1. MUNICIPAL ELECTORS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

## MEETING OF SELECT COMMITTEE.

*Tuesday, 13th October.*

COMPANIES ACT 1890 FURTHER AMENDMENT BILL—at three o'clock.

## PARLIAMENTARY PAPERS ISSUED SINCE 1st OCTOBER, 1896.

Minutes of the Proceedings of the Legislative Council. No. 21.

Notices of Motion and Orders of the Day. No. 22.

Factories and Shops Amendment Bill—[82]. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 41, 42, and 43.

Notices of Motion and Orders of the Day. No. 44.

Mining Development Bill.—Amendment to be proposed on consideration of Report. (To Members only.)

Railways constructed under the Butty-gang System.—Return to an Order of the House. C.—No. 3.

Victorian Railways.—Report of the Victorian Railways Commissioner for the year ending 30th June, 1896. No. 38.





No. 23.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

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TUESDAY, 13TH OCTOBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PETITIONS.—The Honorable Sir A. Snowden presented a Petition from the Mayor, Councillors, and Citizens of the City of Richmond, praying that the Council would pass the Municipal Electors Bill.

The following Petitions against the Municipal Electors Bill were presented as under :—

By the Honorable J. Balfour—

From the President, Councillors, and Ratepayers of the Shire of Caulfield.

By the Honorable D. Ham—

From Councillors of the Shire of Bungaree.

From Councillors of the Borough of Carisbrook.

By the Honorable J. M. Pratt—

From Councillors of the Shire of Swan Hill.

By the Honorable Lieut.-Col. Sir F. T. Sargood—

From J. H. Maddock and William J. Barham, styling themselves President and Secretary respectively of the Municipal Association of Victoria.

By the Honorable A. Wynne—

From Councillors of the Shire of Mount Rouse.

By the Honorable D. Melville—

From the Mayor and Councillors of the Town of Northcote.

From Councillors of the Shire of Preston.

Severally ordered to lie on the Table.

5. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Education.—Report of the Minister of Public Instruction for the year 1895-6.

Ordered to lie on the Table.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—

Exhibition Trustees.—Report of Proceedings and Statement of Income and Expenditure for the year ended 30th June, 1896.

Constitution Statute.—Statement of Expenditure under Schedule D to Act 18 & 19 Vict. cap. 55, during the year 1895-6.

6. **CORONERS ACT 1890 AMENDMENT BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
 Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
 On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
 The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
*“ An Act to amend the ‘ Coroners Act 1890.’ ”*  
 Question—put and resolved in the affirmative.  
 Ordered—That the Bill be transmitted to the Legislative Assembly with a Message desiring their concurrence therein.
7. **LIFE ASSURANCE COMPANIES AMENDMENT BILL.**—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.  
 Ordered—That the Bill, as amended, be printed, and taken into consideration on Tuesday next.
8. **EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2).**—The Order of the Day for the consideration of the Report on this Bill having been read—on the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole.  
 And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
 The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
*“ An Act to amend the ‘ Explosives Act 1890.’ ”*  
 Question—put and resolved in the affirmative.  
 Ordered—That the Bill be transmitted to the Legislative Assembly with a Message desiring their concurrence therein.
9. **FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
 Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
 Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.
10. **LEAVE OF ABSENCE.**—The Honorable J. H. Abbott moved, That leave of absence be granted to the Honorable W. H. S. Osmand for the remainder of the Session on account of ill-health.  
 Question—put and resolved in the affirmative.
11. **ADJOURNMENT.**—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.  
 Question—put and resolved in the affirmative.

And then the Council, at forty minutes past eight o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 23.

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TUESDAY, 20<sup>TH</sup> OCTOBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.
2. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—To be further considered in Committee.

*General Business.*

NOTICE OF MOTION:—

1. The Hon. Sir A. SNOWDEN: To move, That leave of absence be granted to the Honorable R. Reid until the 30th November next on account of his absence from the colony on business of pressing importance.

ORDER OF THE DAY:—

1. MUNICIPAL ELECTORS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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### PARLIAMENTARY PAPERS ISSUED SINCE 8<sup>TH</sup> OCTOBER, 1896.

Notices of Motion and Orders of the Day. No. 23.  
Companies Bill—[19]. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 44, 45, and 46.

Notices of Motion and Orders of the Day. No. 47.

Mines Bill—[5].

Insolvency Bill 1896.—To be proposed by Mr. Isaac A. Isaacs on recomittal, consideration of Report, or after Third Reading. (To Members only.)

Bank Liabilities and Assets.—Summary of Sworn Returns for the quarter ended 30th June, 1896. No. 45.

Exhibition Trustees.—Report of Proceedings and Statement of Income and Expenditure for the year ended 30th June, 1896. No. 49.



## VICTORIA.

No. 24.

## MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

TUESDAY, 20<sup>TH</sup> OCTOBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PETITIONS.—The following Petitions against the Municipal Electors Bill were presented as under :—
  - By the Honorable Sir W. J. Clarke, Bart.—  
From Councillors of the Municipal District of Gisborne.
  - By the Honorable J. C. Campbell—  
From Councillors of the Shire of Templestowe.
  - By the Honorable P. Phillips—  
From Councillors of the Shire of Mildura.
  - By the Honorable A. O. Sachse—  
From the Council of the Shire of Numurkah.
  - By the Honorable S. Williamson—  
From Councillors of the Borough of Stawell.

Severally ordered to lie on the Table.
5. THE COMMITTEE OF ELECTIONS AND QUALIFICATIONS.—The President laid upon the Table the following Warrant appointing a Member of the Committee of Elections and Qualifications :—

VICTORIA.

Pursuant to the provisions of *The Constitution Act Amendment Act 1890*, I do hereby appoint—

The Honorable Henry Cuthbert

to be a Member of the Committee called "The Committee of Elections and Qualifications," in the place of the Honorable George Davis, deceased.

Given under my hand this twentieth day of October, One thousand eight hundred and ninety-six.

W. A. ZEAL,  
President of the Legislative Council.

6. PAPERS.—The following Papers, pursuant to the directions of an Act of Parliament, were laid upon the Table by the Clerk :—

Water Act 1890—

Cohuna Irrigation and Water Supply Trust.—Regulation No. 11.

Macorna North Irrigation and Water Supply Trust.—Regulation No. 5.

Rodney Irrigation and Water Supply Trust.—Graduated Rate.—Regulation No. 13 (Draft Form).

Western Wimmera Irrigation and Water Supply Trust.—Regulation No. 20.

7. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 20th October, 1896.

GRAHAM BERRY,  
Speaker.

8. MINING DEVELOPMENT BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.

9. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to amend the Law relating to Insolvency,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 20th October, 1896.

GRAHAM BERRY,  
Speaker.

10. INSOLVENCY LAW AMENDMENT BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to amend the Law relating to Insolvency,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.

11. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to further amend the 'Local Government Act 1890,'*" and acquaint the Legislative Council that the Legislative Assembly have agreed to some of the amendments made in such Bill by the Legislative Council, have agreed to another of the said amendments with amendments, and have disagreed with one of the said amendments, with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 20th October, 1896.

GRAHAM BERRY,  
Speaker.

And the said amendments were read, and are as follow :—

[Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

Insert the following new clauses—

1. A. Where in pursuance of the authority of the *Local Government Act 1890* or any other Act the council of any municipality including the City of Melbourne and Town of Geelong carries on any gas works electric light works sanitary desiccating works baths weigh-bridges markets water supply ferries or other like works, it shall be lawful for any member of any such council to receive purchase take and use any such conveniences or things or the residuum or product thereof in the same manner as any member of the public not being a councillor might do and to pay the council or the proper officers thereof without incurring any penalty or disqualification in respect thereof.

Agreed to with the following amendments :—Lines 7 and 8, omit "receive purchase take and," and line 8, after "things or" insert "receive purchase take and use."

2. B. Every action for any offence against sections fifty-one or fifty-three of the *Local Government Act 1890* shall be commenced within three months from the time of the commission of the offence complained of.

Disagreed with.

On the motion of the Honorable H. Cuthbert the Council agreed to the amendments made by the Legislative Assembly in amendment 1.

The Honorable H. Cuthbert moved, That the Council do not insist on amendment 2.

Debate ensued.

Question—put.

The Council divided.

Ayes, 24.

The Hon. S. Austin  
 J. Balfour  
 J. C. Campbell  
 Sir W. J. Clarke, Bart.  
 S. W. Cooke  
 D. Coutts  
 H. Cuthbert  
 N. FitzGerald  
 S. Fraser  
 F. S. Grimwade  
 N. Levi  
 W. McCulloch  
 W. Pearson  
 W. Pitt  
 Lieut.-Col. Sir F. T. Sargood  
 Sir A. Snowden  
 J. Sternberg  
 N. Thornley  
 S. Williamson  
 W. I. Winter-Irving  
 Sir H. J. Wrixon  
 A. Wynne.

*Tellers.*

E. J. Crooke  
 G. Godfrey.

Noes, 11.

The Hon. J. H. Abbott  
 F. Brown  
 J. H. Connor  
 T. Dowling  
 E. Morey  
 P. Phillips  
 J. M. Pratt  
 A. O. Sachse  
 J. A. Wallace.

*Tellers.*

Dr. W. H. Embling  
 D. Melville.

And so it was resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the amendments of the Legislative Assembly on an amendment of the Legislative Council, and do not insist on their amendment disagreed with by the Legislative Assembly.

12. POSTPONEMENT OF ORDER OF THE DAY.—Ordered, That the consideration of the following Order of the Day be postponed until Tuesday next :—

*Life Assurance Companies Amendment Bill—Consideration of Report.*

13. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

14. LEAVE OF ABSENCE.—The Honorable Sir A. Snowden moved, That leave of absence be granted to the Honorable R. Reid until the 30th November next on account of his absence from the colony on business of pressing importance.

Question—put and resolved in the affirmative.

15. POSTPONEMENT OF ORDER OF THE DAY.—Ordered, That the consideration of the following Order of the Day be postponed until Tuesday, 3rd November next :—

*Municipal Electors Bill—Second reading.*

And then the Council, at forty minutes past nine o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
 Clerk of the Legislative Council.





# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 24.

WEDNESDAY, 21ST OCTOBER, 1896.

*Government Business.*

ORDER OF THE DAY:—

1. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—To be further considered in Committee.

TUESDAY, 27TH OCTOBER.

*Question.*

1. The Hon. J. STERNBERG: To ask the Honorable the Solicitor-General whether, in view of the proposed alteration in the constitution of the Agent-General's Office in London, the Government will take into consideration the desirability of appointing, from time to time as required, men who have been residents of Victoria and who from their personal knowledge have become acquainted with the general resources of the colony, and, thereby, able to furnish to the public of Great Britain more information of a local character.

*Government Business.*

ORDERS OF THE DAY:—

1. MINING DEVELOPMENT BILL—Second reading.
2. INSOLVENCY LAW AMENDMENT BILL—Second reading.
3. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

TUESDAY, 3RD NOVEMBER.

*General Business.*

ORDER OF THE DAY:—

1. MUNICIPAL ELECTORS BILL—Second reading.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

## MEETING OF SELECT COMMITTEE.

*Wednesday, 21st October.*

COMPANIES ACT 1890 FURTHER AMENDMENT BILL—at three o'clock.

## PARLIAMENTARY PAPERS ISSUED SINCE 15TH OCTOBER, 1896.

Minutes of the Proceedings of the Legislative Council. No. 23.

Notices of Motion and Orders of the Day. No. 24

Life Assurance Companies Bill—[17]. (To Members of Council only.)

Insolvency Bill—[21]. (To Members of Council only.)

Mining Development Bill—[43]. (To Members of Council only.)

Factories and Shops Amendment Bill—

Amendments to be proposed in Committee by the Hon. Henry Cuthbert. (To Members of Council only.)

New clause to be proposed by the Hon. Henry Cuthbert. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 47, 48, and 49.

Notices of Motion and Orders of the Day. No. 50.

Weekly Report of Divisions. No. 10.

Explosives Bill—[65]. (To Members only.)

Coroners Bill—[70]. (To Members only.)

Constitution Act Amendment Bill—

New clauses to be proposed by Mr. T. Smith and Mr. J. B. Tucker. (To Members only.)

Amendment to be proposed in Committee by Mr. Irvine. (To Members only.)

State Bank Bill.—Memorandum. (To Members only.)

Education.—Report of the Minister of Public Instruction for the year 1895-6. No. 35.

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## VICTORIA.

No. 25.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 21ST OCTOBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PETITION.—The Honorable C. J. Ham presented a Petition from the Victorian Shopkeepers' Association, praying that the Council would refuse to pass the Factories and Shops Act 1896 Amendment Bill. Petition read, ordered to lie on the Table, and to be referred to the Committee of the whole on the Factories and Shops Act 1896 Amendment Bill.
5. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to apply out of the Consolidated Revenue the sum of Six hundred and seventy thousand seven hundred and seventy-eight pounds to the service of the year One thousand eight hundred and ninety-six and ninety-seven,*" with which they desire the concurrence of the Legislative Council.

GRAHAM BERRY,  
Speaker.

Legislative Assembly,  
Melbourne, 21st October, 1896.

6. CONSOLIDATED REVENUE BILL (No. 3).—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to apply out of the Consolidated Revenue the sum of Six hundred and seventy thousand seven hundred and seventy-eight pounds to the service of the year One thousand eight hundred and ninety-six and ninety-seven,*" be now read a first time.  
Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and, by leave, to be read a second time this day.  
The Honorable H. Cuthbert moved, That this Bill be now read a second time.  
Question—put and resolved in the affirmative.—Bill read a second time.  
The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
"*An Act to apply out of the Consolidated Revenue the sum of Six hundred and seventy thousand seven hundred and seventy-eight pounds to the service of the year One thousand eight hundred and ninety-six and ninety-seven.*"  
Question—put and resolved in the affirmative.  
Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

7. **FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL.**—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.

8. **ADJOURNMENT.**—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.

Question—put and resolved in the affirmative.

And then the Council, at seventeen minutes past five o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 25.

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TUESDAY, 27<sup>TH</sup> OCTOBER, 1896.

*Question.*

1. The Hon. J. STERNBERG: To ask the Honorable the Solicitor-General whether, in view of the proposed alteration in the constitution of the Agent-General's Office in London, the Government will take into consideration the desirability of appointing, from time to time as required, men who have been residents of Victoria and who from their personal knowledge have become acquainted with the general resources of the colony, and, thereby, able to furnish to the public of Great Britain more information of a local character.

*Government Business.*

ORDERS OF THE DAY:—

1. MINING DEVELOPMENT BILL—Second reading.
  2. INSOLVENCY LAW AMENDMENT BILL—Second reading.
  3. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.
  4. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—To be further considered in Committee.
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TUESDAY, 3<sup>RD</sup> NOVEMBER.

*General Business.*

ORDER OF THE DAY:—

1. MUNICIPAL ELECTORS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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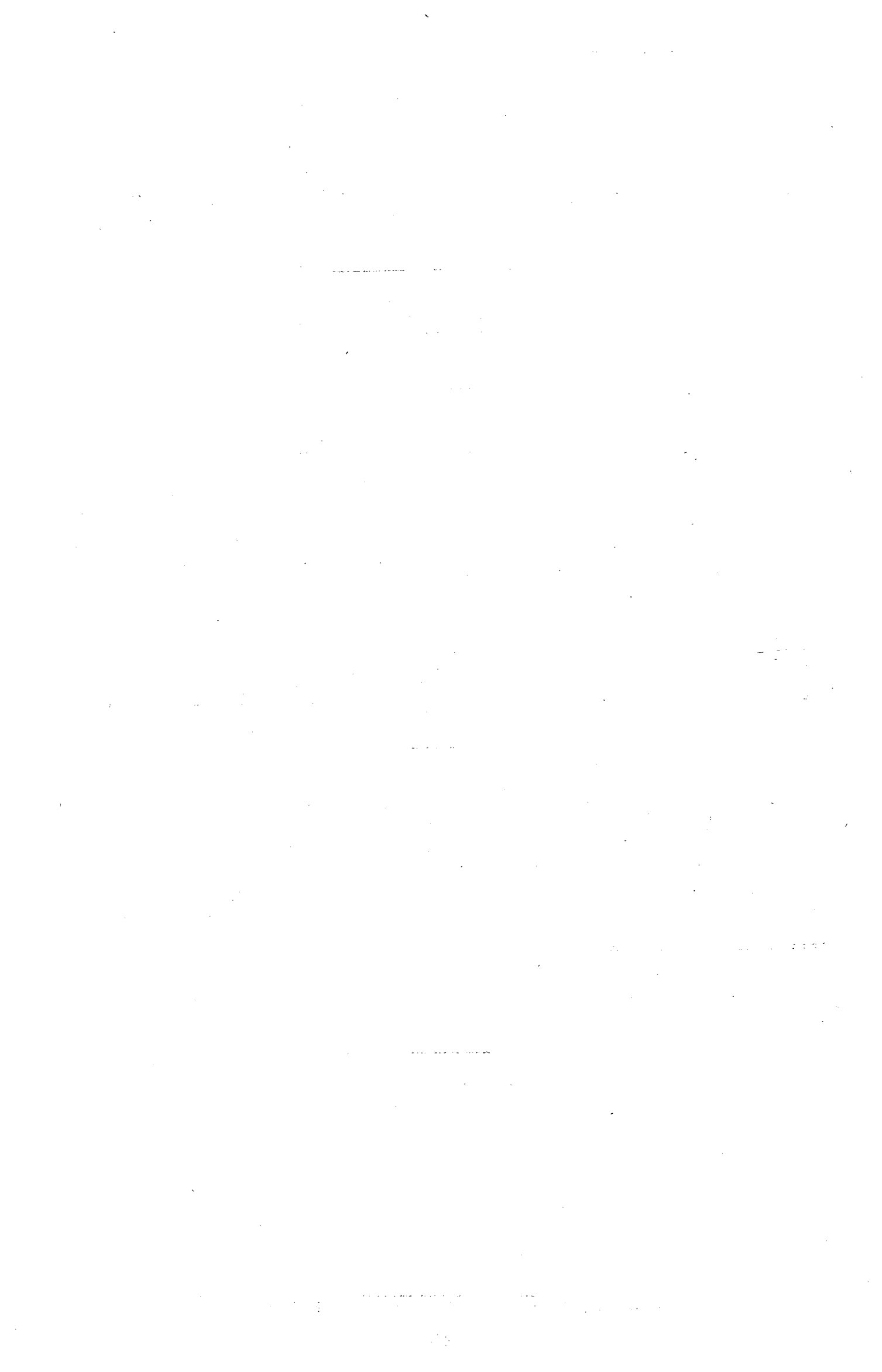
PARLIAMENTARY PAPERS ISSUED 21<sup>ST</sup> OCTOBER, 1896.

Notices of Motion and Orders of the Day. No. 35.

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Notices of Motion and Orders of the Day. No. 51.

Customs Bill 1896.—Amendments and new clauses to be proposed by Mr. Best. (To Members only.)  
Explosives Bill 1896.—New clause and amendment to be proposed by Mr. Best. (To Members only.)



## VICTORIA

No. 26.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 27<sup>TH</sup> OCTOBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PETITION.—The Honorable A. O. Sachse presented a Petition from Councillors of the Shire of Shepparton, praying that the Council would reject the Municipal Electors Bill.  
Ordered to lie on the Table.
5. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Statistical Register of the Colony of Victoria for the year 1895.—Part IV.—Accumulation.  
Ordered to lie on the Table.  
The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—  
Marine Board of Victoria.—Statement of Pilotage Receipts and Disbursements for the year ended 31st December, 1895, together with the Audit Commissioners' Certificate thereon.  
Settlement on Lands Act 1893.—Regulation.  
Land Act 1890.—Part I.—  
Alteration of Regulations (Schedule 52c).  
Additional Regulations (Chapter XIII., Timber Licences, and Schedule 67).
6. MINING DEVELOPMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
Debate ensued.  
The Honorable H. Cuthbert moved, That the debate be now adjourned.  
Question—That the debate be now adjourned—put and resolved in the affirmative.  
Ordered—That the debate be adjourned until to-morrow.
7. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—  
*Insolvency Law Amendment Bill—Second reading.*  
*Life Assurance Companies Amendment Bill—Consideration of Report.*  
*Factories and Shops Act 1896 Amendment Bill—To be further considered in Committee.*

And then the Council, at thirty-three minutes past six o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*





# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 26.

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WEDNESDAY, 28<sup>TH</sup> OCTOBER, 1896.

*Question.*

1. The Hon. Lieut.-Col. Sir F. T. SARGOOD: To ask the Honorable the Solicitor-General if he will lay on the Table of the House, for the information of honorable Members, a copy of the evidence taken by a committee of the Cabinet in relation to the amendment of the Insolvency law.

*Government Business.*

ORDERS OF THE DAY:—

1. MINING DEVELOPMENT BILL—Second reading—*Resumption of debate.*
  2. INSOLVENCY LAW AMENDMENT BILL—Second reading.
  3. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.
  4. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—To be further considered in Committee.
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TUESDAY, 3<sup>RD</sup> NOVEMBER.

*General Business.*

ORDER OF THE DAY:—

1. MUNICIPAL ELECTORS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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PARLIAMENTARY PAPERS ISSUED SINCE 22<sup>ND</sup> OCTOBER, 1896.

Notices of Motion and Orders of the Day. No. 26.

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Votes and Proceedings of the Legislative Assembly. Nos. 50, 51, and 52.  
Notices of Motion and Orders of the Day. No. 53.

DEPARTMENT OF CHEMISTRY

1942

REPORT OF THE

COMMISSIONERS OF THE BOARD OF CHEMISTRY

FOR THE YEAR 1942

CHICAGO, ILLINOIS

1943

## VICTORIA.

No. 27.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 28TH OCTOBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PAPER.—The following Paper, pursuant to the directions of an Act of Parliament, was laid upon the Table by the Clerk :—  
Public Service Acts.—Alteration of Regulations.
5. MINING DEVELOPMENT BILL.—The Order of the Day for the resumption of the debate on the question, That this Bill be now read a second time, having been read—  
Debate resumed.  
The President said :—The question has been raised by the Honorable Dr. Embling as to whether this House is entitled to make any amendments in this Bill. On that point I have no doubt whatever. The Council can amend this Bill if it considers it advisable to do so.  
Question—That this Bill be now read a second time—put and resolved in the affirmative.—Bill read a second time.  
The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.
6. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—  
*Insolvency Law Amendment Bill—Second reading.*  
*Life Assurance Companies Amendment Bill—Consideration of Report.*  
*Factories and Shops Act 1896 Amendment Bill—To be further considered in Committee.*

And then the Council, at forty-one minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

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# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 27.

THURSDAY, 29<sup>TH</sup> OCTOBER, 1896.

*Question.*

1. The Hon. T. DOWLING : To ask the Honorable the Solicitor-General when the Government will give effect to their promise to bring in a Bill to amend the *Fences Act* 1890.

*Government Business.*

ORDERS OF THE DAY:—

1. MINING DEVELOPMENT BILL—To be further considered in Committee.
2. INSOLVENCY LAW AMENDMENT BILL—Second reading.
3. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.
4. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—To be further considered in Committee.

*General Business.*

NOTICE OF MOTION:—

1. The Hon. N. LEVI : To move, That there be laid before this House a Return showing a tabulated statement of all banking returns (compiled from the sworn returns when available) since 1856, showing, at the end of the quarter of each financial year—
  1. The total amount of bank notes in circulation.
  2. The total amount of deposits by the Crown not bearing interest.
  3. The total amount of deposits by other persons not bearing interest.

TUESDAY, 3<sup>RD</sup> NOVEMBER.

*General Business.*

ORDER OF THE DAY:—

1. MUNICIPAL ELECTORS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

### PARLIAMENTARY PAPERS ISSUED 28<sup>TH</sup> OCTOBER, 1896

Minutes of the Proceedings of the Legislative Council. Nos. 24, 25, and 26.

Notices of Motion and Orders of the Day. No. 27.

Mining Development Bill—

Amendments to be proposed by the Hon. A. O. Sachse. (To Members of Council only.)

New clause to be proposed by the Hon. Sir A. Snowden. (To Members of Council only.)

Notices of Motion and Orders of the Day. No. 54.

Customs Act 1890 Amendment Bill.—Amendment and new clauses to be proposed in Committee by Mr. Best. (To Members only.)

Marine Board of Victoria.—Statement of Pilotage Receipts and Disbursements for the year ended 31st December, 1895; together with the Audit Commissioners' Certificate thereon. No. 10.

Statistical Register of the Colony of Victoria for the year 1895.—Part IV.—Accumulation. No. 39.



## VICTORIA.

No. 28.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

THURSDAY, 29<sup>TH</sup> OCTOBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. ADJOURNMENT.—The Honorable T. Dowling having stated his desire to move, That the House do now adjourn, six Members rose in their places and required the motion to be proposed.  
The Honorable T. Dowling then said that he proposed to speak on the subject of the reply of the Honorable the Solicitor-General to the question of bringing in a Bill to amend the *Fences Act* 1890, and moved, That the House do now adjourn.  
Debate ensued.  
Question—put and negatived.
5. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Honorable H. Cuthbert brought up the Report from the Select Committee on this Bill.  
Ordered to lie on the Table, and, together with the Proceedings of the Committee, Minutes of Evidence, and Appendices, to be printed.
6. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Statistical Register of the Colony of Victoria for the year 1895—  
Appendix to Part II.—Interchange.—Posts and Telegraphs, tabulated in accordance with the recommendations of the Post and Telegraph Conference, held at Hobart, in February, 1895.  
Part VI.—Population (exclusive of Municipal Finances).  
Severally ordered to lie on the Table.  
The following Paper, pursuant to the directions of an Act of Parliament, was laid upon the Table by the Clerk :—  
Water Act 1890.—Carrum Irrigation and Water Supply Trust.—Rating Regulation.
7. MINING DEVELOPMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair ; and the Honorable J. Bell reported that the Committee had gone through the Bill and agreed to the same with amendments.  
The Honorable H. Cuthbert moved, That this Bill be recommitted to a Committee of the whole for the reconsideration of clauses 11 and 12.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair ; and the Honorable J. Bell reported that the Committee had reconsidered clauses 11 and 12, and agreed to the same with further amendments.  
Ordered—That the Bill, as amended, be printed, and taken into consideration on Tuesday, 10th November next.

8. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday, 10th November next :—

*Insolvency Law Amendment Bill—Second reading.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

9. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair ; and the Honorable J. Bell reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, on Tuesday, 10th November next, again resolve itself into the said Committee.

10. BANKING RETURNS.—The Honorable N. Levi moved, pursuant to amended notice, That there be laid before this House a Return showing a tabulated statement of all banking returns (compiled from the sworn returns when available) since 1890, showing, at the end of the quarter of each financial year—

1. The total amount of bank notes in circulation.
2. The total amount of deposits by the Crown not bearing interest.
3. The total amount of deposits by other persons not bearing interest.

Debate ensued.

Question—put and resolved in the affirmative.

11. ADJOURNMENT.—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday, 10th November next.

Question—put and resolved in the affirmative.

And then the Council, at ten minutes past ten o'clock, adjourned until Tuesday, 10th November next.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*



# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 28.

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TUESDAY, 10<sup>TH</sup> NOVEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. MINING DEVELOPMENT BILL—Consideration of Report.
2. INSOLVENCY LAW AMENDMENT BILL—Second reading.
3. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.
4. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—To be further considered in Committee.

*General Business.*

ORDER OF THE DAY:—

1. MUNICIPAL ELECTORS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## PARLIAMENTARY PAPERS ISSUED 29<sup>TH</sup> OCTOBER, 1896.

Notices of Motion and Orders of the Day. No. 28.

Minutes of Evidence taken by the Committee of the Cabinet on the Law relating to Insolvency. (To Members of Council only.)

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Notices of Motion and Orders of the Day. No. 55.

Aliens Bill—[44].

The Constitution Act Amendment Bill—[73].

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## VICTORIA.

No. 29.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 10TH NOVEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert, and the same was read by the Honorable the President:—

BRASSEY,  
Governor.

*Message No. 6.*

The Governor informs the Legislative Council that he has, on this day, at the Government Offices, given the Royal Assent to the undermentioned Acts of the present Session, presented to him by the Clerk of the Parliaments, viz.:—

“An Act to apply out of the Consolidated Revenue the sum of Six hundred and seventy thousand seven hundred and seventy-eight pounds to the service of the year One thousand eight hundred and ninety-six and ninety-seven.”

“An Act to further amend the ‘Local Government Act 1890.’”

Government Offices,  
Melbourne, 30th October, 1896.

5. PETITION.—The Honorable H. Cuthbert presented a Petition from the President, Councillors, and Ratepayers of the Shire of Talbot, praying that the Council would reject the Municipal Electors Bill.  
Ordered to lie on the Table.

6. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Statistical Register of the Colony of Victoria for the year 1895.—Part V.—Vital Statistics, &c.  
Ordered to lie on the Table.

The Honorable H. Cuthbert presented—

Banking Returns.—Return to an Order of the Legislative Council, dated 29th October, 1896, for a Return showing a tabulated statement of all banking returns (compiled from the sworn returns when available) since 1890, showing, at the end of the quarter of each financial year—

1. The total amount of bank notes in circulation.
2. The total amount of deposits by the Crown not bearing interest.
3. The total amount of deposits by other persons not bearing interest.

7. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “An Act to indemnify the Councillors of various Municipalities for Borrowing Moneys by Overdrafts on Bankers for the purposes of their Municipalities contrary to the provisions of the ‘Local Government Act 1890’ and for other purposes,” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 10th November, 1896.

GRAHAM BERRY,  
Speaker.

8. **MUNICIPAL OVERDRAFTS INDEMNITY BILL.**—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to indemnify the Councillors of various Municipalities for Borrowing Moneys by Overdrafts on Bankers for the purposes of their Municipalities contrary to the provisions of the 'Local Government Act 1890' and for other purposes,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

9. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to amend the 'Coroners Act 1890,'*" and acquaint the Legislative Council that the Legislative Assembly have agreed to the same without amendment.

Legislative Assembly,  
Melbourne, 10th November, 1896.

GRAHAM BERRY,  
Speaker.

10. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to authorize an exchange of land between Her Majesty and the proprietors of certain lands in the parish of Truganina required by Her Majesty for the establishment of Powder Magazines, and to authorize the construction by the State of a Tramway to such Magazines,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 10th November, 1896.

GRAHAM BERRY,  
Speaker.

11. **POWDER MAGAZINES BILL.**—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to authorize an exchange of land between Her Majesty and the proprietors of certain lands in the parish of Truganina required by Her Majesty for the establishment of Powder Magazines, and to authorize the construction by the State of a Tramway to such Magazines,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

12. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to amend the 'Aliens Act 1890,'*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 10th November, 1896.

GRAHAM BERRY,  
Speaker.

13. **ALIENS ACT 1890 AMENDMENT BILL.**—The Honorable D. Coutts moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to amend the 'Aliens Act 1890,'*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

14. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to amend the 'Explosives Act 1890,'*" and acquaint the Legislative Council that the Legislative Assembly have agreed to the same with amendments, with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 10th November, 1896.

GRAHAM BERRY,  
Speaker.

Ordered—That the foregoing Message be taken into consideration to-morrow.

15. **FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL.**—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.

The Honorable H. Cuthbert moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.

Question—put and resolved in the affirmative.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.

The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

“ *An Act to amend the ‘ Factories and Shops Act 1896.’*”

Question—put and resolved in the affirmative.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.

16. DISCHARGE OF ORDER OF THE DAY.—On the motion of the Honorable H. Cuthbert the following Order of the Day was read and discharged :—

*Mining Development Bill—Consideration of Report.*

17. MINING DEVELOPMENT BILL.—The Honorable H. Cuthbert moved, That this Bill be recommitted to a Committee of the whole for the reconsideration of clauses 21, 22, and 25.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair, and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with a further amendment.

The Honorable H. Cuthbert moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.

Question—put and resolved in the affirmative.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.

The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

“ *An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes.*”

Question—put and resolved in the affirmative.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.

18. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Insolvency Law Amendment Bill—Second reading.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

*Municipal Electors Bill—Second reading.*

And then the Council, at four minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*



# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 29.

WEDNESDAY, 11TH NOVEMBER, 1896.

### *General Business.*

#### ORDER OF THE DAY:—

1. MUNICIPAL ELECTORS BILL—Second reading.

### *Government Business.*

#### NOTICE OF MOTION:—

1. The Hon. H. CUTHBERT: To move, That the Companies Act 1890 further Amendment Bill be recommitted to a Committee of the whole for the reconsideration of clauses 2, 18, 20, 21, 23 to 28 inclusive, 31, 32, 35 to 46 inclusive, 48, 49, 51, 55, 56, 70, 97, 100, 102, 104, 106, 108, 110, 111, 112, 114, 115, 119, 123, 126, 127, 129, 130, 146, 160, 161, 165, 166, 167, new clauses A, B, E, D, and the Schedules.

#### ORDERS OF THE DAY:—

1. MUNICIPAL OVERDRAFTS INDEMNITY BILL—Second reading.
2. POWDER MAGAZINES BILL—Second reading.
3. ALIENS ACT 1890 AMENDMENT BILL—Second reading.
4. EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2)—MESSAGE FROM LEGISLATIVE ASSEMBLY—  
To be taken into consideration.
5. INSOLVENCY LAW AMENDMENT BILL—Second reading.
6. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

## MEETING OF SELECT COMMITTEE.

*Tuesday, 17th November.*

PARLIAMENT BUILDINGS (JOINT)—at half-past three o'clock.

## PARLIAMENTARY PAPERS ISSUED SINCE 5TH NOVEMBER, 1896.

Minutes of the Proceedings of the Legislative Council. Nos. 27 and 28.  
 Notices of Motion and Orders of the Day. No. 29.  
 Powder Magazines Bill—[26]. (To Members of Council only.)  
 Aliens Bill—[44]. (To Members of Council only.)  
 Municipal Overdrafts (Indemnity) Bill—[72]. (To Members of Council only.)  
 Explosives Act 1890 Amendment Bill (No. 2).—Amendments made by Legislative Assembly. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 56 and 57.  
 Notices of Motion and Orders of the Day. No. 58.  
 Weekly Report of Divisions. No. 12.  
 Customs Act 1890 Amendment Bill.—New clause to be proposed by Mr. McColl, after Third Reading. (To Members only.)  
 Crimes Act 1890 Amendment Bill.—Amendments to be proposed in Committee by Mr. Isaac A. Isaacs. (To Members only.)





## VICTORIA.

No. 30.

# MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

WEDNESDAY, 11TH NOVEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **JUSTICES ACT 1890 AMENDMENT BILL.**—The Honorable H. Cuthbert moved, by leave, That he have leave to bring in a Bill to amend the *Justices Act 1890* and for other purposes.  
 Question—put and resolved in the affirmative.  
 Ordered—That the Honorable H. Cuthbert do prepare and bring in the Bill.  
 The Honorable H. Cuthbert then brought up a Bill intituled “*A Bill to amend the ‘Justices Act 1890’ and for other purposes,*” and moved, That it be now read a first time.  
 Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.
5. **PAPER.**—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
 Thirtieth Report of the Board of Visitors to the Observatory, together with the Report of the Government Astronomer for the period from 31st May, 1895, to 30th June, 1896.  
 Ordered to lie on the Table.
6. **DISCHARGE OF ORDER OF THE DAY.**—On the motion of the Honorable J. H. Connor, and after debate, the following Order of the Day was read and discharged :—  
*Municipal Electors Bill—Second reading.*  
 Ordered—That the said Bill be withdrawn.
7. **COMPANIES ACT 1890 FURTHER AMENDMENT BILL.**—The Honorable H. Cuthbert moved, That the Companies Act 1890 further Amendment Bill be recommitted to a Committee of the whole for the reconsideration of clauses 2, 18, 20, 21, 23 to 28 inclusive, 31, 32, 35 to 46 inclusive, 48, 49, 51, 55, 56, 70, 97, 100, 102, 104, 106, 108, 110, 111, 112, 114, 115, 119, 123, 126, 127, 129, 130, 146, 160, 161, 165, 166, 167, new clauses A, B, E, D, and the Schedules.  
 Debate ensued.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
 Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.
8. **MUNICIPAL OVERDRAFTS INDEMNITY BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
 Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
 Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.

9. **POWDER MAGAZINES BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.

Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed. The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

“ *An Act to authorize an exchange of land between Her Majesty and the proprietors of certain lands in the parish of Truganina required by Her Majesty for the establishment of Powder Magazines, and to authorize the construction by the State of a Tramway to such Magazines.*”

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

10. **EXPLOSIVES ACT 1890 AMENDMENT BILL (No. 2).**—The Order of the Day for the consideration of the amendments made in this Bill by the Legislative Assembly having been read—the said amendments were read and are as follow :—

(1) Clause 10, omit lines 3 to 11 inclusive, and insert the following :—

63. The Governor in Council may make regulations providing in what quantities and under what conditions explosives may be carried in any vessels carrying passengers, provided that no explosive other than such reasonable quantity as may be required for the purpose of making signals, and except the same is kept in properly constructed magazines or otherwise protected to the satisfaction of a Government Inspector within the meaning of Part I. of this Act, shall be conveyed in any ship being an “emigrant ship” within the meaning of Part III. of an Act of the Imperial Parliament of Great Britain and Ireland intituled the *Merchant Shipping Act 1894*.

The master or owner of any such vessel on board of which any explosive may be found or carried in contravention of the provisions of this section or of any regulations made thereunder shall for every such contravention be liable on conviction to a penalty not exceeding One hundred pounds.

(2) Insert the following new clause after clause 7 :—

A. There shall be paid by applicants for the several kinds of licences issued under the provisions of the *Explosives Act 1890* such fees as may be prescribed by regulations to be made by the Governor in Council.

On the motion of the Honorable H. Cuthbert the Council agreed to the several amendments made in this Bill, and ordered that a Message be transmitted to the Legislative Assembly acquainting them therewith.

11. **ALIENS ACT 1890 AMENDMENT BILL.**—The order of the Day for the second reading of this Bill having been read—the Honorable D. Coutts moved, That this Bill be now read a second time.

Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable D. Coutts moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable D. Coutts, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.

12. **POSTPONEMENT OF ORDERS OF THE DAY.**—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next :—

*Insolvency Law Amendment Bill—Second reading.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

13. **ADJOURNMENT.**—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.

Question—put and resolved in the affirmative.

And then the Council, at thirty-one minutes past nine o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 30.

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TUESDAY, 17TH NOVEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. INSOLVENCY LAW AMENDMENT BILL—Second reading.
2. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
3. JUSTICES ACT 1890 AMENDMENT BILL—Second reading.
4. MUNICIPAL OVERDRAFTS INDEMNITY BILL—To be further considered in Committee.
5. ALIENS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
6. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## MEETING OF SELECT COMMITTEE.

*Tuesday, 17th November.*

PARLIAMENT BUILDINGS (JOINT)—at half-past three o'clock.

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## PARLIAMENTARY PAPERS ISSUED 11TH NOVEMBER, 1896.

Notices of Motion and Orders of the Day. No. 30.  
Justices Bill—[87].

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Notices of Motion and Orders of the Day. No. 59.

Game Act 1890 Amendment Bill.—New clause to be proposed by Mr. McColl. (To Members only.)

State Bank Bill—

Amendments to be proposed in Committee by Mr. G. Turner. (To Members only.)

Amendments to be proposed in Committee by Mr. Cook. (To Members only.)

Amendments to be proposed in Committee by Mr. Higgins. (To Members only.)

Mining Development Bill.—Amendments of the Legislative Council. (To Members only.)

Factories and Shops Act 1896 Amendment Bill.—Amendments of the Legislative Council. (To Members only.)

Mines Acts Amendment Bill.—Amendment to be proposed in Committee by Mr. McColl. (To Members only.)

Statistical Register of the Colony of Victoria for the year 1895.—Part V.—Vital Statistics, &c. No. 40.



## VICTORIA.

No. 31.

## MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

TUESDAY, 17<sup>TH</sup> NOVEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. SWEARING-IN OF MEMBER.—The Honorable Robert Reid, being introduced, took and subscribed the oath required by law, and delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth:—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, ROBERT REID, merchant, Melbourne, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred and twelve pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Beaconsfield, shire of Berwick, and are known as ‘Mount Pleasant,’ Pakenham, being lots 1, 12, 13, 20, and 47, Pakenham, 448 acres.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Berwick are rated in the rate-book of such district upon a yearly value of One hundred and twelve pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“ROBERT REID.”

5. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Thirty-second Report of the Board for the Protection of the Aborigines.  
Report on the State Forests of Victoria, prepared in compliance with the request of the Honorable R. W. Best, Minister of Lands, by B. Ribbentrop, C.I.E., Inspector-General of Forests to the Government of India.

Severally ordered to lie on the Table.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk:—

Summary of Statements for the year 1895 made by Companies transacting Life Assurance business in Victoria.

The Constitution Act Amendment Act 1890.—Part IX.—

Statement of Temporary Appointments made under the authority of Part IX. of The Constitution Act Amendment Act 1890 in the Department of the Library of the Parliament.

Statement showing the Names, Remuneration, Duties, &amp;c., of all persons temporarily employed in the Department of the Legislative Assembly under the authority of Part IX. of The Constitution Act Amendment Act 1890 during the period from 27th November, 1895, to 10th November, 1896.

Victorian Railways—

Report of the Victorian Railways Commissioner for the quarter ending 30th September, 1896.

Return of Special Rates for the quarter ending 30th September, 1896.

6. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert, and the same was read by the Honorable the President :—

BRASSEY,

Governor.

Message No. 7.

The Governor informs the Legislative Council that he has, on this day, at the Government Offices, given the Royal Assent to the undermentioned Acts of the present Session, presented to him by the Clerk of the Parliaments, viz. :—

“ An Act to amend the ‘ Coroners Act 1890.’ ”

“ An Act to authorize an exchange of land between Her Majesty and the proprietors of certain lands in the parish of Truganina required by Her Majesty for the establishment of Powder Magazines, and to authorize the construction by the State of a Tramway to such Magazines.”

“ An Act to amend the ‘ Explosives Act 1890.’ ”

Government Offices,

Melbourne, 16th November, 1896.

7. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert, and the same was read by the Honorable the President :—

BRASSEY,

Governor.

Message No. 8.

In accordance with section 5 of *The (Victorian) Federal Council Act 1885*, the Governor notifies to the Legislative Council that under the provisions of the said Act the Honorable John Mark Davies, M.L.C., has ceased to hold office as a Representative of the Colony of Victoria in the Federal Council of Australasia, his resignation having been received by the Governor.

Government Offices,

Melbourne, 16th November, 1896.

8. PETITION.—The Honorable J. H. Abbott presented a Petition from J. H. Maddock and W. J. Barham, styling themselves respectively President and Secretary of the Municipal Association of Victoria, praying that the Council would pass the Municipal Overdrafts Indemnity Bill.  
Petition read, ordered to lie on the Table, and to be referred to the Committee of the whole on the Municipal Overdrafts Indemnity Bill.
9. INSOLVENCY LAW AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
Debate ensued.  
The Honorable N. Levi moved, That the debate be now adjourned.  
Debate continued.  
Question—That the debate be now adjourned—put and resolved in the affirmative.  
Ordered—That the debate be adjourned until to-morrow.
10. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.
11. JUSTICES ACT 1890 AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
Question—put and resolved in the affirmative.—Bill read a second time.  
The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with an amendment.  
The Honorable H. Cuthbert moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.  
Question—put and resolved in the affirmative.  
On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
“ An Act to amend the ‘ Justices Act 1890 ’ and for other purposes.”  
Question—put and resolved in the affirmative.  
Ordered—That the Bill be transmitted to the Legislative Assembly with a Message desiring their concurrence therein.
12. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—  
*Municipal Overdrafts Indemnity Bill—To be further considered in Committee.*  
*Aliens Act 1890 Amendment Bill—To be further considered in Committee.*  
*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at six minutes past eleven o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,

Clerk of the Legislative Council.

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 31.

WEDNESDAY, 18TH NOVEMBER, 1896.

*Question.*

1. The Hon. J. H. ABBOTT : To call the attention of the Honorable the Solicitor-General to a statement appearing in the *Herald* of the 17th inst., viz., that two children, aged respectively five and seven years, were presented at the Camberwell Court on the 6th inst., charged with assault and sentenced by the Bench to a fine of Ten shillings each, and in default 48 hours' imprisonment, and that the fine not being paid, these infants were committed on warrant and taken to the Melbourne Gaol, there to serve their term of imprisonment ; and to ask if he intends to take any action to prevent the recurrence of such a revolting spectacle as infants at these ages being sent to gaol.

*Government Business.*

ORDERS OF THE DAY:—

1. INSOLVENCY LAW AMENDMENT BILL—Second reading—*Resumption of debate.*
2. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
3. ALIENS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
4. MUNICIPAL OVERDRAFTS INDEMNITY BILL—To be further considered in Committee.
5. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

## PARLIAMENTARY PAPERS ISSUED SINCE 12TH NOVEMBER, 1896.

Minutes of the Proceedings of the Legislative Council. Nos. 29 and 30.

Notices of Motion and Orders of the Day. No. 31.

Insolvency Bill 1896.—New clause to be proposed by the Hon. Henry Cuthbert. (To Members of Council only.)

Companies Act 1890 further Amendment Bill.—Amendments to be proposed by the Hon. Lieut.-Col. Sir F. T. Sargood, on recommittal. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 58, 59, and 60.

Notices of Motion and Orders of the Day. No. 61.

Weekly Report of Divisions. No. 13.

Employers' Liability Bill—[58]. To Members only.) †

Mines Acts Amendment Bill.—Amendments to be proposed in Committee by Mr. Harper. (To Members only.)

The Constitution Act Amendment Bill 1896.—Amendments to be proposed in Committee by Mr. Best. (To Members only.)

Municipal Endowment Ratification Bill.—Amendments to be moved in Committee by Mr. G. Turner. (To Members only.)

State Bank Bill—

Amendments to be proposed in Committee by Mr. Cook, in lieu of those previously circulated. (To Members only.)

New clauses to be proposed in Committee by Mr. Beazley. (To Members only.)

Game Act 1890 Amendment Bill.—Amendments to be proposed by Mr. McLeod. (To Members only.)

Customs Act 1890 Amendment Bill.—Amendments to be proposed by Mr. Best, after consideration of Report or after Third Reading. (To Members only.)

Factories and Shops Act 1890 Amendment Bill.—Amendments to be moved by Mr. Gray, on consideration of the Amendments made by the Legislative Council. (To Members only.)

Constitution Act Amendment Act 1890 Amendment Bill.—New clause to be proposed in Committee by Mr. Rogers. (To Members only.)

Thirtieth Report of the Board of Visitors to the Observatory ; together with the Report of the Government Astronomer for the period from 31st May, 1895, to 30th June, 1896. No. 51.

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## VICTORIA.

No. 32.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL:

WEDNESDAY, 18<sup>TH</sup> NOVEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. ADJOURNMENT.—The Honorable D. Melville having stated his desire to move, That the House do now adjourn, six Members rose in their places and required the motion to be proposed.  
The Honorable D. Melville then said that he proposed to speak on the subject of sending children of tender age to gaol, and moved, That the House do now adjourn.  
Debate ensued.  
Question—put and negatived.
5. INSOLVENCY LAW AMENDMENT BILL.—The Order of the Day for the resumption of the debate on the question, That this Bill be now read a second time, having been read—  
Debate resumed.  
Question—That this Bill be now read a second time—put and resolved in the affirmative.—Bill read a second time.  
The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.
6. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—  
*Companies Act 1890 further Amendment Bill—To be further considered in Committee.*  
*Aliens Act 1890 Amendment Bill—To be further considered in Committee.*  
*Municipal Overdrafts Indemnity Bill—To be further considered in Committee.*  
*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at twenty-seven minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

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# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 32.

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THURSDAY, 19TH NOVEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. **INSOLVENCY LAW AMENDMENT BILL**—To be further considered in Committee.
2. **COMPANIES ACT 1890 FURTHER AMENDMENT BILL**—To be further considered in Committee.
3. **ALIENS ACT 1890 AMENDMENT BILL**—To be further considered in Committee.
4. **MUNICIPAL OVERDRAFTS INDEMNITY BILL**—To be further considered in Committee.
5. **LIFE ASSURANCE COMPANIES AMENDMENT BILL**—Consideration of Report.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## PARLIAMENTARY PAPERS ISSUED 18TH NOVEMBER, 1896.

Notices of Motion and Orders of the Day. No. 32.

Companies Act 1890 further Amendment Bill.—New clause to be proposed by the Hon. Agar Wynne.  
(To Members of Council only.)

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Notices of Motion and Orders of the Day. No. 62.

Justices Bill—[87]. (To Members only.)

The Constitution Act Amendment Bill—[98].—Showing the effect of the Amendments to be proposed in Committee by Mr. Best. (To Members of Assembly only.)

Victorian Railways.—Report of the Victorian Railways Commissioner for the quarter ending 30th September, 1896. No. 53.



VICTORIA.

No. 33.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

THURSDAY, 19<sup>TH</sup> NOVEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **INSOLVENCY LAW AMENDMENT BILL.**—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.
5. **POSTPONEMENT OF ORDERS OF THE DAY.**—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next :—  
*Companies Act 1890 further Amendment Bill—To be further considered in Committee.*  
*Aliens Act 1890 Amendment Bill—To be further considered in Committee.*  
*Municipal Overdrafts Indemnity Bill—To be further considered in Committee.*  
*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at six minutes past ten o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

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# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 33.

TUESDAY, 24<sup>TH</sup> NOVEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. INSOLVENCY LAW AMENDMENT BILL—To be further considered in Committee.
2. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
3. ALIENS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
4. MUNICIPAL OVERDRAFTS INDEMNITY BILL—To be further considered in Committee.
5. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

WEDNESDAY, 25<sup>TH</sup> NOVEMBER.

*General Business.*

NOTICE OF MOTION:—

1. The Hon. R. REID: To move, That, in the opinion of this House, it would be desirable for the Government to consult the other Colonies of Australasia with a view to the holding of a Conference between the Colonial Office and responsible Ministers representing the various Colonies, as suggested by the Conference of the Chambers of Commerce of the British Empire.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

### PARLIAMENTARY PAPERS ISSUED 19<sup>TH</sup> NOVEMBER, 1896.

Minutes of the Proceedings of the Legislative Council. Nos. 31 and 32.

Notices of Motion and Orders of the Day. No. 33.

Insolvency Law Amendment Bill.—New clause to be proposed by the Hon. D. Melville. (To Members of Council only.)

Notices of Motion and Orders of the Day. No. 63.

Savings Banks Act 1890 Amendment Bill—[12]. (To Members only.)

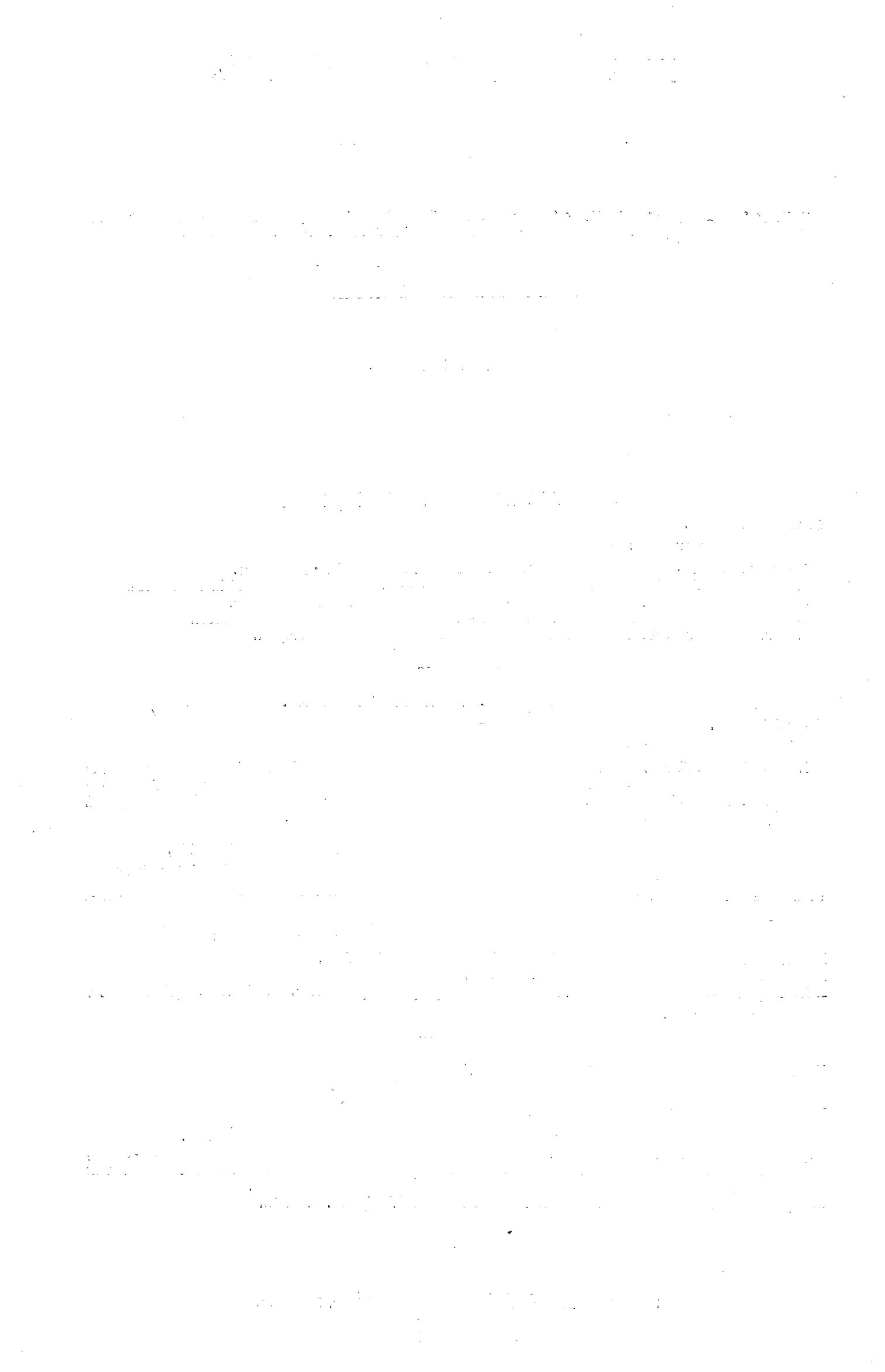
Mines Acts Amendment Bill—

Amendments to be proposed in Committee by Mr. Duggan. (To Members only.)

Amendments to be proposed in Committee by Mr. E. D. Williams. (To Members only.)

Report on the State Forests of Victoria, prepared in compliance with the request of the Hon. R. W. Best, Minister of Lands, by B. Ribbentrop, C.I.E., Inspector-General of Forests to the Government of India. No. 42.

Thirty-second Report of the Board for the Protection of the Aborigines. No. 52.





## VICTORIA.

No. 34.

## MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

TUESDAY, 24<sup>TH</sup> NOVEMBER, 1896.

1. The Council met in accordance with adjournment.

2. The President took the Chair.

3. The President read the Prayer.

4. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—Charitable Institutions.—Report of Inspector for the year ended 30th June, 1896.  
Ordered to lie on the Table.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—

Eighteenth Annual Report on Friendly Societies.—Report of the Actuary for Friendly Societies for the year 1895, to which are appended Valuations of Friendly Societies, Statistics of Friendly Societies, &c.

The Constitution Act Amendment Act 1890.—Part IX.—Statement showing the Names, Remuneration, Duties, &c., of all persons temporarily employed in the Departments of the Legislative Council and the Parliament Gardens.

Customs and Excise Duties Act 1890—

Minor Articles used in Manufacture—

Malleable Cast Hubs and Metal "Paragon" Book Clips.

"Lightning" Patent Stoppers for Bottles.

Apparel and Slops; Hats and Caps; Furniture, &c.

Box-making, Fancy.—Shields, &c.

Can Tops; Can Extinguishers.

Sleeve Extenders.

Fibre Chamois.

Floats (Cork) for Fishing Nets.

Screws for Tobacco Cutters and Tin Openers.

Rate of Duty on Parts of Dutiable Articles.—Slipper Forms.

Explosives Act 1890.—Addition to List of Explosives authorized for Importation into and Manufacture in Victoria—

Nitrate Mixture.

Blasting Amberite; Electronite.

Fisheries Act 1890.—Proclamations—

Netting in the Barwon River and Lake Connemare.

Oyster Dredging in Western Port Bay.

Prohibiting the use of "Jaggers," &c.

5. INSOLVENT ESTATES.—The Honorable F. S. Grimwade moved, by leave, That there be laid before this House a Return showing the number of Estates in Insolvency for the last three years, and giving—

1. Total number of Estates for each year passing through the Insolvency Court of Victoria.

2. Total number of Estates realized in the Insolvency Court which have produced net assets under the value of £2.

Question—put and resolved in the affirmative.

6. ADJOURNMENT.—The Honorable Lieut.-Col. Sir F. T. Sargood having stated his desire to move, That the House do now adjourn, six Members rose in their places and required the motion to be proposed. The Honorable Lieut.-Col. Sir F. T. Sargood then said that he proposed to speak on the subject of the early supply to Members of the Council of important Parliamentary Papers before the Imperial Parliament, and moved, That the House do now adjourn.

Debate ensued.

Question—put and negatived.

7. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

8. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow:—

*Insolvency Law Amendment Bill—To be further considered in Committee.*

*Aliens Act 1890 Amendment Bill—To be further considered in Committee.*

*Municipal Overdrafts Indemnity Bill—To be further considered in Committee.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at thirty-five minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 34.

WEDNESDAY, 25<sup>TH</sup> NOVEMBER, 1896.

*General Business.*

NOTICE OF MOTION:—

1. The Hon. R. REID: To move, That, in the opinion of this House, it would be desirable for the Government to consult the other Colonies of Australasia with a view to the holding of a Conference between the Colonial Office and responsible Ministers representing the various Colonies, as suggested by the Conference of the Chambers of Commerce of the British Empire.

*Government Business.*

ORDERS OF THE DAY:—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
2. INSOLVENCY LAW AMENDMENT BILL—To be further considered in Committee.
3. ALIENS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
4. MUNICIPAL OVERDRAFTS INDEMNITY BILL—To be further considered in Committee.
5. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

### PARLIAMENTARY PAPERS ISSUED SINCE 19<sup>TH</sup> NOVEMBER, 1896.

Minutes of the Proceedings of the Legislative Council. No. 33.

Notices of Motion and Orders of the Day. No. 34.

Insolvency Bill 1896.—New clause to be proposed by the Hon. J. M. Pratt. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 61, 62, and 63.

Notices of Motion and Orders of the Day. No. 64.

Weekly Report of Divisions. No. 14.

Victorian Government Stock Bill.—[57].

Federal Council Referring (Victoria) Bill.—[92].

State Bank Bill—

Amendment to be moved by Mr. Cook, on consideration of Report or after Third Reading. (To Members only.)

Amendments to be proposed by Mr. G. Turner on Report. (To Members only.)

New clause to be proposed by Mr. Beazley, on consideration of Report or after Third Reading. (To Members only.)

Amendment to be moved by Mr. Bromley, on consideration of Report or after Third Reading. (To Members only.)

Mines Acts Amendment Bill.—Amendments to be proposed in Committee by Mr. McCay. (To Members only.)



## VICTORIA.

No. 35.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 25TH NOVEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. CONFERENCE BETWEEN COLONIAL OFFICE AND AUSTRALASIAN GOVERNMENTS.—The Honorable R. Reid moved, That, in the opinion of this House, it would be desirable for the Government to consult the other Colonies of Australasia with a view to the holding of a Conference between the Colonial Office and responsible Ministers representing the various Colonies, as suggested by the Conference of the Chambers of Commerce of the British Empire.  
The Honorable W. McCulloch moved, That the debate be now adjourned.  
Question—That the debate be now adjourned—put and resolved in the affirmative.  
Ordered—That the debate be adjourned until Wednesday next.
5. PAPERS.—The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—  
Public Service Acts.—Alteration of Regulations.  
Water Act 1890—  
Korumburra Waterworks Trust.—Application for Additional Loan of £1,000.  
Mooroopna Waterworks Trust.—Application for Additional Loan of £500.
6. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—  
MR. PRESIDENT—  
The Legislative Assembly return to the Legislative Council the Bill intituled “*An Act to amend the ‘Factories and Shops Act 1896,’*” and acquaint the Legislative Council that the Legislative Assembly have agreed to some of the amendments made in such Bill by the Legislative Council, have disagreed with one of the said amendments, and have agreed to others of the said amendments with amendments, with which they desire the concurrence of the Legislative Council.  
GRAHAM BERRY,  
Speaker.  
Legislative Assembly,  
Melbourne, 25th November, 1896.  
Ordered—That the foregoing Message be taken into consideration to-morrow.
7. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.  
The Honorable H. Cuthbert moved, That this Bill be recommitted to a Committee of the whole for the reconsideration of clauses 2, 29, 32, 34, 53, 58, 84, the head-line to clause 46, new clauses of which notice has been given, and the Title.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

8. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Insolvency Law Amendment Bill—To be further considered in Committee.*

*Aliens Act 1890 Amendment Bill—To be further considered in Committee.*

*Municipal Overdrafts Indemnity Bill—To be further considered in Committee.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at sixteen minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 35.

THURSDAY, 26TH NOVEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—To be further considered in Committee.
2. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—  
To be taken into consideration.
3. INSOLVENCY LAW AMENDMENT BILL—To be further considered in Committee.
4. ALIENS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
5. MUNICIPAL OVERDRAFTS INDEMNITY BILL—To be further considered in Committee.
6. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

WEDNESDAY, 2ND DECEMBER.

*General Business.*

ORDER OF THE DAY:—

1. CONFERENCE BETWEEN COLONIAL OFFICE AND AUSTRALASIAN GOVERNMENTS—*Resumption of debate on the question*—That, in the opinion of this House, it would be desirable for the Government to consult the other Colonies of Australasia with a view to the holding of a Conference between the Colonial Office and responsible Ministers representing the various Colonies, as suggested by the Conference of the Chambers of Commerce of the British Empire.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

### PARLIAMENTARY PAPERS ISSUED 25TH NOVEMBER, 1896.

Minutes of the Proceedings of the Legislative Council. No. 34.

Notices of Motion and Orders of the Day. No. 35.

Factories and Shops Act 1896 Amendment Bill.—Amendments made by Legislative Council—How dealt with by Legislative Assembly. (To Members of Council only.)

Notices of Motion and Orders of the Day. No. 65.

Mines Acts Amendment Bill.—Additional Amendments to be moved in Committee by Mr. McCay. (To Members only.)





## VICTORIA.

No. 36.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

THURSDAY, 26TH NOVEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PAPER.—The following Paper, pursuant to the directions of an Act of Parliament, was laid upon the Table by the Clerk :—  
Defences and Discipline Act 1890.—Victorian Naval and Military Forces.—Alteration of Financial and Store Regulations (Part VII.).
5. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments, and had amended the title thereof, which title is as follows :—  
“ *An Act to further amend the ‘ Companies Act 1890 ’ and for other purposes.*”  
The Honorable H. Cuthbert moved, That this Bill be recommitted to a Committee of the whole for the reconsideration of clauses 32, 45, C, K, and a new clause.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had reconsidered clauses 32, 45, C, K, and a new clause and agreed to the same with amendments.  
The Honorable H. Cuthbert moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.  
Question—put and resolved in the affirmative.  
On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
“ *An Act to further amend the ‘ Companies Act 1890 ’ and for other purposes.*”  
Question—put and resolved in the affirmative.  
Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.

6. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled “*An Act to amend the ‘Justices Act 1890’ and for other purposes,*” and acquaint the Legislative Council that the Legislative Assembly have agreed to the same without amendment.

Legislative Assembly,  
Melbourne, 26th November, 1896.

GRAHAM BERRY,  
Speaker.

7. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “*An Act to amend the ‘Municipalities’ Advances Act 1895,*” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 26th November, 1896.

GRAHAM BERRY,  
Speaker.

8. MUNICIPALITIES’ ADVANCES ACT 1895 AMENDMENT BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to amend the ‘Municipalities’ Advances Act 1895,*” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.

9. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “*An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes,*” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 26th November, 1896.

GRAHAM BERRY,  
Speaker.

10. MINING DEVELOPMENT BILL (No. 2).—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes,*” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.

11. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “*An Act to amalgamate the Post Office Savings Bank and the Commissioners’ Savings Banks, to amend the ‘Savings Banks Act 1890,’ to enable advances to be made and for other purposes,*” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 26th November, 1896.

GRAHAM BERRY,  
Speaker.

12. SAVINGS BANKS ACT 1890 AMENDMENT BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to amalgamate the Post Office Savings Bank and the Commissioners’ Savings Banks, to amend the ‘Savings Banks Act 1890,’ to enable advances to be made and for other purposes,*” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Wednesday next.

13. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next :—

*Factories and Shops Act 1896 Amendment Bill—Message from Legislative Assembly—To be taken into consideration.*

*Insolvency Law Amendment Bill—To be further considered in Committee.*

*Aliens Act 1890 Amendment Bill—To be further considered in Committee.*

*Municipal Overdrafts Indemnity Bill—To be further considered in Committee.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at twenty-one minutes past ten o’clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 36.

TUESDAY, 1ST DECEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. INSOLVENCY LAW AMENDMENT BILL—To be further considered in Committee.
2. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—  
To be taken into consideration.
3. ALIENS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
4. MUNICIPAL OVERDRAFTS INDEMNITY BILL—To be further considered in Committee.
5. MUNICIPALITIES' ADVANCES ACT 1895 AMENDMENT BILL—Second reading.
6. MINING DEVELOPMENT BILL (No. 2)—Second reading.
7. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

WEDNESDAY, 2ND DECEMBER.

*General Business.*

ORDER OF THE DAY:—

1. CONFERENCE BETWEEN COLONIAL OFFICE AND AUSTRALASIAN GOVERNMENTS—*Resumption of debate on the question*—That, in the opinion of this House, it would be desirable for the Government to consult the other Colonies of Australasia with a view to the holding of a Conference between the Colonial Office and responsible Ministers representing the various Colonies, as suggested by the Conference of the Chambers of Commerce of the British Empire.

*Government Business.*

ORDER OF THE DAY:—

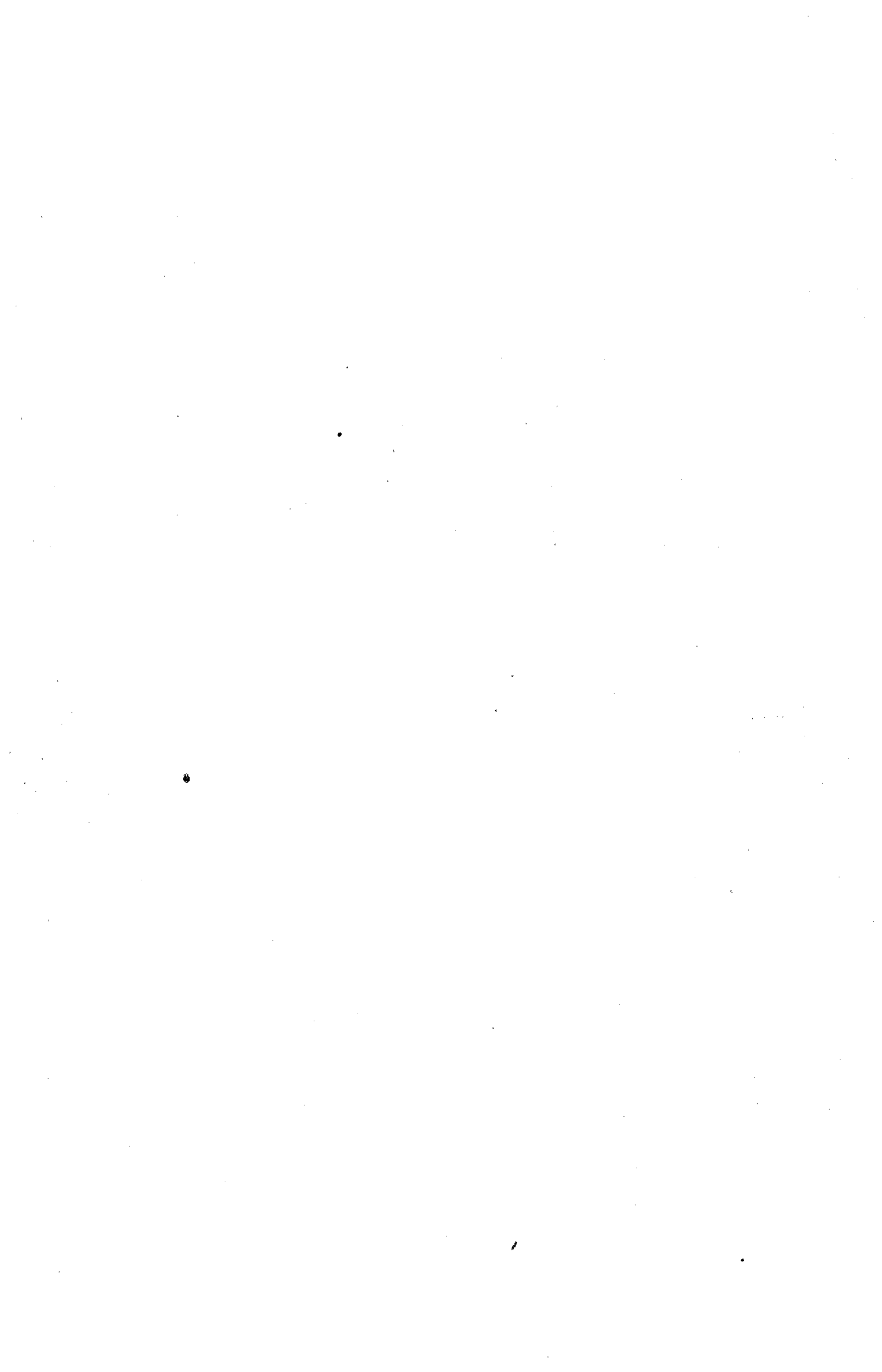
1. SAVINGS BANKS ACT 1890 AMENDMENT BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

## PARLIAMENTARY PAPERS ISSUED 26TH NOVEMBER, 1896.

- Minutes of the Proceedings of the Legislative Council. No. 35.  
 Notices of Motion and Orders of the Day. No. 36.  
 Savings Banks Act 1890 Amendment Bill—[12]. (To Members of Council only.)  
 Municipalities' Advances Bill—[16]. (To Members of Council only.)  
 Mining Development Bill—[43]. (To Members of Council only.)

- Notices of Motion and Orders of the Day. No. 66.  
 Mines Acts Amendment Bill.—Amendments to be proposed in Committee by Mr. McLellan. (To Members only.)  
 Friendly Societies.—Report of the Actuary for Friendly Societies for the year 1895, to which are appended Valuations of Friendly Societies, Statistics of Friendly Societies, &c. No. 37.



## VICTORIA.

No. 37.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 1ST DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. ADDITIONAL DAY OF BUSINESS.—The Honorable H. Cuthbert moved, by leave, That during the remainder of the present Session the Council shall meet for the despatch of business on Friday, and that half-past Four o'clock be the hour of meeting.  
Debate ensued.  
Question—put and resolved in the affirmative.

5. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to amend the ' Customs Act 1890 ' and for other purposes,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,

Melbourne, 1st December, 1896.

GRAHAM BERRY,

Speaker.

6. CUSTOMS ACT 1890 AMENDMENT BILL.—The Honorable W. McCulloch moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to amend the ' Customs Act 1890 ' and for other purposes,*" be now read a first time.  
Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.
7. INSOLVENCY LAW AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.
8. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—  
*Factories and Shops Act 1896 Amendment Bill—Message from Legislative Assembly—To be taken into consideration.*  
*Aliens Act 1890 Amendment Bill—To be further considered in Committee.*  
*Municipal Overdrafts Indemnity Bill—To be further considered in Committee.*  
*Municipalities' Advances Act 1895 Amendment Bill—Second reading.*  
*Mining Development Bill (No. 2)—Second reading.*  
*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at thirteen minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,

Clerk of the Legislative Council.

Section 1

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Page 1 of 1

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 37.

WEDNESDAY, 2ND DECEMBER, 1896.

### *General Business.*

#### ORDER OF THE DAY:—

1. CONFERENCE BETWEEN COLONIAL OFFICE AND AUSTRALASIAN GOVERNMENTS—*Resumption of debate on the question*—That, in the opinion of this House, it would be desirable for the Government to consult the other Colonies of Australasia with a view to the holding of a Conference between the Colonial Office and responsible Ministers representing the various Colonies, as suggested by the Conference of the Chambers of Commerce of the British Empire.

### *Government Business.*

#### NOTICE OF MOTION:—

1. The Hon. H. CUTHBERT: To move, That the following be adopted as a Standing Order of this House, viz.:—"When a motion to bring in any Bill is agreed to, if such Bill bears a certificate from the Clerk of this House that it is identical with a Bill as last agreed to by the House, which passed its second reading in the previous Session of the same Parliament, but was not finally disposed of by both Houses when the Session closed, then a motion may be made that such Bill be advanced to the stage it had reached in the Legislative Council in the former Session or to any earlier stage. If such motion be agreed to, the Bill shall thereupon be passed, without amendment or debate, through each of the stages authorized by the motion agreed to by the House, and thereafter shall be proceeded with and dealt with in the same manner as other Bills."

#### ORDERS OF THE DAY:—

1. SAVINGS BANKS ACT 1890 AMENDMENT BILL—Second reading.
2. INSOLVENCY LAW AMENDMENT BILL—To be further considered in Committee.
3. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—To be taken into consideration.
4. ALIENS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
5. MUNICIPAL OVERDRAFTS INDEMNITY BILL—To be further considered in Committee.
6. MUNICIPALITIES' ADVANCES ACT 1895 AMENDMENT BILL—Second reading.
7. MINING DEVELOPMENT BILL (No. 2)—Second reading.
8. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

TUESDAY, 8TH DECEMBER.

### *Government Business.*

#### ORDER OF THE DAY:—

1. CUSTOMS ACT 1890 AMENDMENT BILL—Second reading.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

PARLIAMENTARY PAPERS ISSUED SINCE 26<sup>TH</sup> NOVEMBER, 1896

Minutes of the Proceedings of the Legislative Council. No. 36.

Notices of Motion and Orders of the Day. No. 37.

Customs Bill—[25]. (To Members of Council only.)

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Votes and Proceedings of the Legislative Assembly. Nos. 64, 65, and 66.

Notices of Motion and Orders of the Day. No. 67.

Weekly Report of Divisions. No. 15.

Constitution Act Amendment Bill—[98]. (To Members only.)

Mines Acts Amendment Bill—

Amendments to be proposed in Committee by Mr. John A. Isaacs. (To Members only.)

Amendments to be proposed in Committee by Mr. McCay, in place of those previously circulated.  
(To Members only.)

Amendments and new clauses to be proposed in Committee by Mr. Sterry, Mr. Austin, Mr. McColl,  
and Mr. Hamilton. (To Members only.)

Companies Act 1890 Further Amendment Bill.—Amendments of the Legislative Council. (To Members  
only.)

Charitable Institutions.—Report of Inspector for the year ended 30th June, 1896. No. 50.

Korumburra Waterworks Trust.—Application for additional loan of £1,000. No. 57.

Mooroopna Waterworks Trust.—Application for additional loan of £500. No. 58.



## VICTORIA.

No. 38.

## MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

WEDNESDAY, 2ND DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **PETITION.**—The Honorable Sir H. J. Wrixon presented a Petition from H. Perkins, styling himself President of the Victorian Shopkeepers' Association, and others, praying that the Council would insist on their amendment in the Factories and Shops Act 1896 Amendment Bill, requiring a two-thirds majority for the compulsory closing of shops.  
Petition read, and ordered to lie on the Table.
5. **DISTINGUISHED VISITOR.**—The Honorable H. Cuthbert moved, That a chair be provided on the floor of the Council Chamber for the Honorable Sir P. O. Fysh, K.C.M.G., Treasurer of the Colony of Tasmania.  
Question—put and resolved in the affirmative.
6. **CONFERENCE BETWEEN COLONIAL OFFICE AND AUSTRALASIAN GOVERNMENTS.**—The Order of the Day for the resumption of the debate on the question—That, in the opinion of this House, it would be desirable for the Government to consult the other Colonies of Australasia with a view to the holding of a Conference between the Colonial Office and responsible Ministers representing the various Colonies, as suggested by the Conference of the Chambers of Commerce of the British Empire—having been read—  
Debate resumed.  
Question—put and resolved in the affirmative.
7. **LAPSED BILLS RESTORATION.**—The Honorable H. Cuthbert moved, That the following be adopted as a Standing Order of this House, viz.:—"When a motion to bring in any Bill is agreed to, if such Bill bears a certificate from the Clerk of this House that it is identical with a Bill as last agreed to by the House, which passed its second reading in the previous Session of the same Parliament, but was not finally disposed of by both Houses when the Session closed, then a motion may be made that such Bill be advanced to the stage it had reached in the Legislative Council in the former Session or to any earlier stage. If such motion be agreed to, the Bill shall thereupon be passed, without amendment or debate, through each of the stages authorized by the motion agreed to by the House, and thereafter shall be proceeded with and dealt with in the same manner as other Bills."  
Debate ensued.  
The Honorable Lieut.-Col. Sir F. T. Sargood moved, as an amendment, That the proposed Standing Order be referred to the Standing Orders Committee for consideration and report.  
Debate continued.  
Question—That the proposed Standing Order be referred to the Standing Orders Committee for consideration and report—put and resolved in the affirmative.

8. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL.—The Order of the Day for the consideration of the amendments made in this Bill by the Legislative Council disagreed with by the Legislative Assembly, or agreed to with amendments, having been read, the said amendments were read and are as follow :—

Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

1. After clause 5 insert new clause :—

A. Notwithstanding anything contained in the Amending Act, the price or rate of payment to be fixed by any special Board for wholly or partly preparing or manufacturing any article of furniture shall wherever practicable be both a piece-work price or rate and a wages price or rate. All piece-work price or rate to be based on the wages price or rate fixed by such Board.

Agreed to with the following amendments :—Line 6, omit “ All ” and insert “ The ”; line 7, omit “ to ” and insert “ shall.”

2. After clause 6 insert new clauses—

B. For section thirty-four of the Amending Act there shall be deemed to have been substituted from the passing of the said Act the following section :—

34. The following sub-section shall be deemed to be the last sub-section of section forty-seven of the Principal Act :—

For closing for one afternoon in each week from the hour of one o'clock—

(a) all shops other than those specified in the Fourth Schedule ;

(b) all shops of any particular class whatsoever.

Provided that before any such by-law be made a petition certified to by the municipal clerks as signed by a majority of two-thirds of all the shopkeepers whose shops it is desired to close shall be presented to the municipal council.

In the case of a petition for closing all shops other than those specified in the Fourth Schedule the majority shall be a majority of two-thirds of all the shopkeepers keeping such shops.

In the case of a petition for closing all shops of a particular class the majority shall be a majority of two-thirds of all the shopkeepers keeping shops of that class.

Provided also that in the city of Melbourne no shopkeeper shall be deemed guilty of a breach of any such by-law by reason only of his not complying with the same if he shall close and keep closed his shop on the Saturday of each and every week during which he shall fail to comply with such by-law from the hour of half-past one o'clock in the afternoon. Provided also that no shopkeeper shall be guilty of a contravention of any such by-law provided he close his shop on some one afternoon in the week on which shops carrying on any one of the businesses carried on by him are closed.

Clause B agreed to with the following amendments :—Line 2, omit “ deemed to have been ”; lines 2 and 3, omit “ from the passing of the said Act ”; line 14, omit “ clerks ” and insert “ clerk ”; line 15, omit “ two-thirds of ”; line 20, omit “ two-thirds of ”; line 24, omit “ two-thirds of ”; at end of clause add :—“ Provided also that if any by-law shall have been made for closing on Saturday afternoon all shops other than those mentioned in the Fourth Schedule or all shops of any particular class it shall be lawful for all such shops or all shops of the particular class to keep open until ten o'clock on Friday evening.”

C For sub-section four of section thirty-six of the Amending Act there shall be deemed to have been substituted as from the passing of the said Act the following sub-section :—

(4) In the case of a regulation being desired for the whole of the Metropolitan District such petition shall be signed by a majority of two-thirds of all the shopkeepers other than those mentioned in the Fourth Schedule to the Principal Act or of all the shopkeepers keeping shops of the particular class within such district.

For sub-section five of the same section there shall be deemed to have been substituted as from the passing of the said Act the following sub-section :—

(5) In the case of a regulation being desired for two or more contiguous municipal districts within the Metropolitan District such petition shall be signed by a majority of two-thirds of all the shopkeepers other than those mentioned in the Fourth Schedule to the Principal Act or of all the shopkeepers keeping shops of the particular class within such contiguous districts.

Clause C agreed to with the following amendments :—Line 2, omit “ deemed to have been ”; line 3, omit “ as from the passing of the said Act ”; line 7, omit “ two-thirds of ”; line 13, omit “ deemed to have been ”; lines 13 and 14, omit “ as from the passing of the said Act ”; line 18, omit “ two-thirds of.”

## Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

## 3. Insert the following new clauses :—

E. Nothing in this or the Principal Act shall apply to creameries butter and cheese concentrated and condensed milk factories or persons engaged in dairying and in agriculture.

G. The following classes of shops shall for the purposes only of section forty-seven of the Principal Act and section thirty-six of the Amending Act be deemed to be added to those mentioned in the Fourth Schedule of the Principal Act, namely—  
butchers bakers pastrycooks florists cooked-meat sellers herbalists hairdressers pork butchers and undertakers.

H. All orders and regulations made by the Governor in Council under the Factories and Shops Acts shall be laid on the Table of the Legislative Council and the Legislative Assembly respectively within ten days after the publication thereof if Parliament is then sitting or if not then sitting then within ten days from the next assembling of Parliament.

I. When under the Factories and Shops Acts or any by-law or regulation thereunder any class of shops is closed for a half-holiday or during certain hours no person keeping any class of shop whatever may sell on such half-holiday or during such hours as aforesaid any articles usually dealt in by such first-named class of shops. Provided that in the city of Melbourne no shopkeeper shall be deemed guilty of a contravention of this section in respect to a sale of any article on any afternoon in any week during which any class of shops is closed as aforesaid if he shall close and keep closed his shop on the Saturday afternoon of that week from the hour of half-past one o'clock.

Clause E agreed to with the following amendments:—  
Line 1, omit "Principal" and insert "Amending";  
line 4, after "agriculture" add "in any shire."

Clause G agreed to with the following amendment:—  
Line 2, before "section" insert "the last subsection of."

Disagreed with.

Clause I agreed to with the following amendment:—  
Line 5, after "sell" insert "or expose for sale."

Amendment 1, after debate, agreed to.

Amendment 2, clause B, lines 2, 3, and 14, agreed to.

" " lines 15, 20, and 24, after debate, disagreed with.

" " at end of clause to add a proviso, agreed to.

" clause C, lines 2, 3, 13, and 14, agreed to.

" " lines 7 and 18, disagreed with.

Amendment 3, clause E, line 1, to omit "Principal," after debate, disagreed with.

" " line 1, to insert "Amending," agreed to with the following amendment, viz.:—Before "Amending" insert "or."

" " line 4, after debate, disagreed with.

" clause G, agreed to.

" clause H, after debate, not insisted on.

" clause I, after debate, disagreed with.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council do not insist on one of their amendments disagreed with by the Legislative Assembly, have agreed to some of the amendments made by the Legislative Assembly on amendments of the Legislative Council, have disagreed with other of the said amendments, and have agreed to one of the said amendments with an amendment, and requesting their concurrence therein.

9. **INSOLVENCY LAW AMENDMENT BILL.**—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

10. **POSTPONEMENT OF ORDERS OF THE DAY.**—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Savings Banks Act 1890 Amendment Bill—Second reading.*

*Aliens Act 1890 Amendment Bill—To be further considered in Committee.*

*Municipal Overdrafts Indemnity Bill—To be further considered in Committee.*

*Municipalities' Advances Act 1895 Amendment Bill—Second reading.*

*Mining Development Bill (No. 2)—Second reading.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at thirty-seven minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.



# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 38.

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THURSDAY, 3RD DECEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY :—

1. SAVINGS BANKS ACT 1890 AMENDMENT BILL—Second reading.
  2. INSOLVENCY LAW AMENDMENT BILL—To be further considered in Committee.
  3. ALIENS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
  4. MUNICIPAL OVERDRAFTS INDEMNITY BILL—To be further considered in Committee.
  5. MUNICIPALITIES' ADVANCES ACT 1895 AMENDMENT BILL—Second reading.
  6. MINING DEVELOPMENT BILL (No. 2)—Second reading.
  7. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.
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TUESDAY, 8TH DECEMBER.

*Government Business.*

ORDER OF THE DAY :—

1. CUSTOMS ACT 1890 AMENDMENT BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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### PARLIAMENTARY PAPERS ISSUED 2ND DECEMBER, 1896.

Minutes of the Proceedings of the Legislative Council. No. 37.  
Notices of Motion and Orders of the Day. No. 38.

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Notices of Motion and Orders of the Day. No. 68.  
Constitution Act Amendment Act 1890 Amendment Bill.—Amendments to be proposed by Mr. Best on the Third Reading. (To Members only.)  
Mines Acts Amendment Bill.—New clause to be proposed in Committee by Mr. Duggan. (To Members only.)



VICTORIA.

No. 39.

## MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

THURSDAY, 3RD DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert, and the same was read by the Honorable the President :—  
BRASSEY,  
*Governor.* *Message No. 9.*  
The Governor informs the Legislative Council that he has, on this day, at the Government Offices, given the Royal Assent to the undermentioned Act of the present Session, presented to him by the Clerk of the Parliaments, viz.:—  
“An Act to amend the ‘Justices Act 1890’ and for other purposes.”  
Government Offices,  
Melbourne, 27th November, 1896.
5. SAVINGS BANKS ACT 1890 AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable W. McCulloch moved, That this Bill be now read a second time.  
The Honorable Lieut.-Col. Sir F. T. Sargood moved, That the debate be now adjourned.  
Question—That the debate be now adjourned—put and resolved in the affirmative.  
Ordered—That the debate be adjourned until Tuesday next.
6. MUNICIPALITIES’ ADVANCES ACT 1895 AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
Debate ensued.  
Question—put and resolved in the affirmative.—Bill read a second time.  
The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed. The Honorable H. Cuthbert moved, That the following be the title of the Bill:—

“An Act to amend the ‘Municipalities’ Advances Act 1895.”

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

7. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow:—

*Insolvency Law Amendment Bill—To be further considered in Committee.*

*Aliens Act 1890 Amendment Bill—To be further considered in Committee.*

*Municipal Overdrafts Indemnity Bill—To be further considered in Committee.*

*Mining Development Bill (No. 2)—Second reading.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at three minutes past six o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.



# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 39.

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FRIDAY, 4TH DECEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. ALIENS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
  2. MUNICIPAL OVERDRAFTS INDEMNITY BILL—To be further considered in Committee.
  3. INSOLVENCY LAW AMENDMENT BILL—To be further considered in Committee.
  4. MINING DEVELOPMENT BILL (No. 2)—Second reading.
  5. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.
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TUESDAY, 8TH DECEMBER.

*Government Business.*

ORDERS OF THE DAY:—

1. CUSTOMS ACT 1890 AMENDMENT BILL—Second reading.
2. SAVINGS BANKS ACT 1890 AMENDMENT BILL—Second reading—*Resumption of debate.*

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## MEETING OF SELECT COMMITTEE.

*Tuesday, 8th December.*

STANDING ORDERS—at three o'clock.

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PARLIAMENTARY PAPERS ISSUED 3RD DECEMBER, 1896.

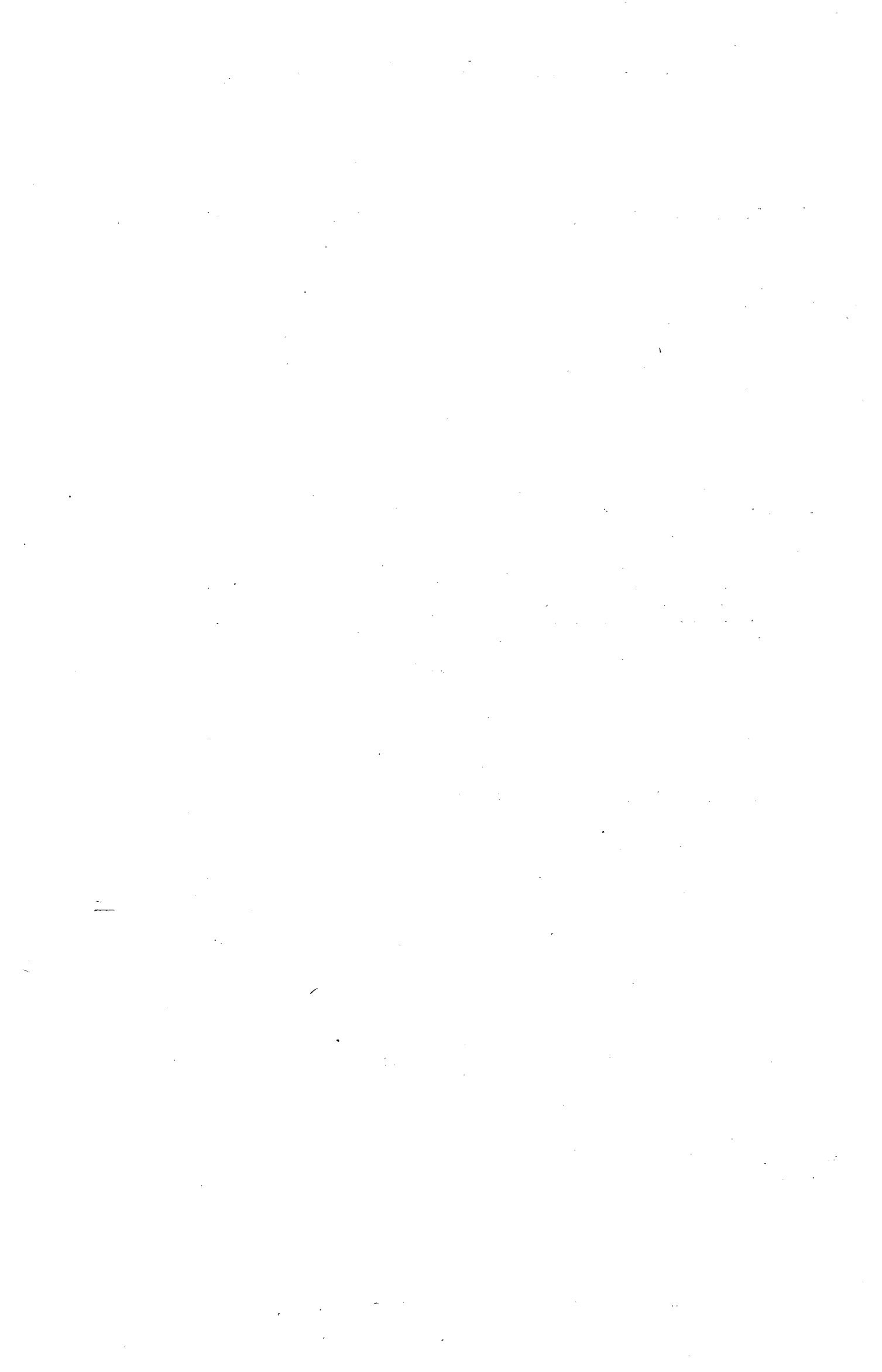
Notices of Motion and Orders of the Day. No. 39.

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Notices of Motion and Orders of the Day. No. 69.

Usury Prevention Bill—[84].

Poisons Bill—[103].



## VICTORIA

No. 40.

# MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

FRIDAY, 4TH DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PAPER.—The following Paper, pursuant to the directions of an Act of Parliament, was laid upon the Table by the Clerk :—
 

Water Act 1890.—Rodney Irrigation and Water Supply Trust.—Graduated Rate.—Regulation No. 13.
5. ALIENS ACT 1890 AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.
 

The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with an amendment.

The Honorable H. Cuthbert moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.

Question—put and resolved in the affirmative.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.

The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

*“ An Act to amend the ‘ Aliens Act 1890. ’ ”*

Question—put and resolved in the affirmative.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with an amendment, and requesting their concurrence therein.
6. MUNICIPAL OVERDRAFTS INDEMNITY BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.
 

The President resumed the Chair ; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.

The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

*“ An Act to indemnify the Councillors of various Municipalities for Borrowing Moneys by Overdrafts on Bankers for the purposes of their Municipalities contrary to the provisions of the ‘ Local Government Act 1890 ’ and for other purposes. ”*

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

7. **MINING DEVELOPMENT BILL (No 2).**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time. Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
 On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
 The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
*“An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes.”*  
 Question—put and resolved in the affirmative.  
 Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.
8. **INSOLVENCY LAW AMENDMENT BILL.**—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.  
 Resolved—That the Council will, on Tuesday next, again resolve itself into the said Committee.
9. **POSTPONEMENT OF ORDER OF THE DAY.**—Ordered, That the consideration of the following Order of the Day be postponed until Tuesday next :—  
*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at one minute past seven o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 40.

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TUESDAY, 8<sup>TH</sup> DECEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. CUSTOMS ACT 1890 AMENDMENT BILL—Second reading.
2. SAVINGS BANKS ACT 1890 AMENDMENT BILL—Second reading—*Resumption of debate.*
3. INSOLVENCY LAW AMENDMENT BILL—To be further considered in Committee.
4. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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## MEETING OF SELECT COMMITTEE.

*Tuesday, 8th December.*

STANDING ORDERS—at three o'clock.

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## PARLIAMENTARY PAPERS ISSUED 4<sup>TH</sup> DECEMBER, 1896.

Notices of Motion and Orders of the Day. No. 40.

Insolvency Law Amendment Bill.—Amendments to be proposed by the Hon. Lieut.-Col. Sir F. T. Sargood.  
(To Members of Council only.)

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Companies Bill—[19]. (To Members of Assembly only.)

Factories and Shops Act 1896 Amendment Bill.—Amendments made by the Legislative Council—How dealt with. (To Members only.)

# REPORT ON THE PROGRESS OF THE WORK

1900-1901

The following is a summary of the work done during the year 1900-1901.

1. General

2. Results

3. Conclusions

4. Summary of the work done during the year 1900-1901.

5. The work done during the year 1900-1901.

6. The work done during the year 1900-1901.

7. The work done during the year 1900-1901.

8. The work done during the year 1900-1901.

9. The work done during the year 1900-1901.

10. The work done during the year 1900-1901.

11. The work done during the year 1900-1901.

12. The work done during the year 1900-1901.

13. The work done during the year 1900-1901.

## VICTORIA.

No. 41.

## MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

TUESDAY, 8TH DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. **DECLARATION OF MEMBER.**—The Honorable W. H. S. Osmand delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth:—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, WILLIAM HENRY SEVILLE OSMAND, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of Four hundred and fifty pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of the shire of Stawell, and are known as the Concongella Estate in the parishes of Stawell and Concongella, and ‘The Sycamores,’ in the parishes of Stawell and Watta Wella.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Stawell Shire are rated in the rate-book of such district upon a yearly value of Four hundred and fifty pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“W. H. S. OSMAND.”

**SAVINGS BANKS ACT 1890 AMENDMENT BILL.**—The Order of the Day for the resumption of the debate on the question, That this Bill be now read a second time, having been read—

Debate resumed.

Question—That this Bill be now read a second time—put and resolved in the affirmative.—Bill read a second time.

The Honorable W. McCulloch moved, That this Bill be now committed to a Committee of the whole. Question—put and resolved in the affirmative.

And, on the further motion of the Honorable W. McCulloch, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

6. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “ *An Act to amend ‘The Constitution Act Amendment Act 1890’ and for other purposes,*” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 8th December, 1896.

GRAHAM BERRY,  
Speaker.

7. CONSTITUTION ACT AMENDMENT ACT 1890 AMENDMENT BILL.—The Honorable W. McCulloch moved, That the Bill transmitted by the foregoing Message, intituled “ *An Act to amend ‘The Constitution Act Amendment Act 1890’ and for other purposes,*” be now read a first time.

Debate ensued.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Wednesday, 16th instant.

8. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled “ *An Act to amend the ‘Aliens Act 1890,’*” and acquaint the Legislative Council that the Legislative Assembly have agreed to the amendment made in such Bill by the Legislative Council with amendments, with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 8th December, 1896.

GRAHAM BERRY,  
Speaker.

Ordered—That the foregoing Message be taken into consideration to-morrow.

9. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled “ *An Act to amend the ‘Factories and Shops Act 1896,’*” and acquaint the Legislative Council that the Legislative Assembly insist on their amendments in clauses B and C with which the Legislative Council have disagreed ; that they have amended one of their amendments in clause E disagreed with by the Legislative Council, and have made consequential amendments in the same clause ; that they do not insist on one of their amendments in the said clause disagreed with by the Legislative Council, that they have agreed to the amendment made by the Legislative Council on one of the Assembly’s amendments in the said clause; and that they insist on their amendment in clause I with an amendment, with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 8th December, 1896.

GRAHAM BERRY,  
Speaker.

Ordered—That the foregoing Message be taken into consideration to-morrow.

10. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Customs Act 1890 Amendment Bill—Second reading.*

*Insolvency Law Amendment Bill—To be further considered in Committee.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at five minutes past eleven o’clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.



# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 41.

WEDNESDAY, 9<sup>TH</sup> DECEMBER, 1896.

*Government Business.*

NOTICE OF MOTION :—

1. The Hon. H. CUTHBERT : To move, That he have leave to bring in a Bill for reducing the number of Members of the Legislative Council.

ORDERS OF THE DAY :—

1. ALIENS ACT 1890 AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—To be taken into consideration.
2. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—To be taken into consideration.
3. INSOLVENCY LAW AMENDMENT BILL—To be further considered in Committee.
4. CUSTOMS ACT 1890 AMENDMENT BILL—Second reading.
5. SAVINGS BANKS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
6. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

WEDNESDAY, 16<sup>TH</sup> DECEMBER.

*Government Business.*

ORDER OF THE DAY :—

1. CONSTITUTION ACT AMENDMENT ACT 1890 AMENDMENT BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

### PARLIAMENTARY PAPERS ISSUED SINCE 4<sup>TH</sup> DECEMBER, 1896

Minutes of the Proceedings of the Legislative Council. Nos. 38, 39 and 40.  
Notices of Motion and Orders of the Day. No. 41.  
Constitution Act Amendment Bill.—[98]. (To Members of Council only.)

Votes and Proceedings of the Legislative Assembly. Nos. 67, 68, and 69.

Notices of Motion and Orders of the Day. No. 70.

Weekly Report of Divisions. No. 16.

Mines Bill—[5]. (To Members only.)

Public Service Retrenchment Limitation Bill—[89].

Special and Other Appropriations Retrenchment Limitation Bill—[97].

Railway Loan Application Bill (No. 2)—[99].

Employers and Employés Act 1890 (Part III.) Continuation Bill—[104].

Poisons Act 1890 Amendment Bill.—Amendments to be proposed in Committee by Mr. Peacock. (To Members only.)

Usury Prevention Bill.—Amendments to be proposed in Committee by Mr. John A. Isaacs. (To Members only.)

Mines Acts Amendment Bill—

Amendments to be proposed by Mr. Vale on Third Reading. (To Members only.)

Amendments to be proposed by Mr. Hamilton on Third Reading. (To Members only.)

Amendment to be proposed by Mr. McCay on Third Reading. (To Members only.)

New Clauses and Amendments to be proposed by Mr. McColl on Third Reading. (To Members only.)

Amendments to be moved by Mr. McColl on Third Reading. (To Members only.)

Finance, 1895-6.—The Treasurer's Statement of the Receipts and Expenditure for the year ending 30th June, 1896, &c. A.—No. 1.

INSTITUTIONAL REPORT

Department of Education, State of New York

Report of the Commissioner of Education for the year ending June 30, 1911

Albany, New York: The University of the State of New York, 1911

Published by the University of the State of New York, Albany, New York

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## VICTORIA.

No. 42.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 9TH DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. ADJOURNMENT.—The Honorable J. M. Pratt having stated his desire to move, That the House do now adjourn, six Members rose in their places and required the motion to be proposed.  
The Honorable J. M. Pratt then said that he proposed to speak on the subject of the new goods classification and railway freights, and moved, That the House do now adjourn.  
Debate ensued.  
Question—put and negatived.
5. PETITIONS.—The Honorable J. Bell presented a Petition from the Councillors of the Shire of Wimmera, praying that the Council would reject the Constitution Act Amendment Act 1890 Amendment Bill.  
Ordered to lie on the Table, and to be referred to the Committee of the Whole on the Constitution Act Amendment Act 1890 Amendment Bill.  
The Honorable Lieut.-Col. Sir F. T. Sargood presented a Petition from representatives of the Melbourne Public Bonded Warehouses against the provisions of clause 4 of the Customs Act 1890 Amendment Bill.  
Petition read, ordered to lie on the Table, and to be referred to the Committee of the Whole on the Customs Act 1890 Amendment Bill.  
The following Petitions, praying that the Council would extend the Parliamentary franchise to women, were presented by the Honorable J. Balfour, as under :—  
From electors and other adult residents in the district of Brighton and Shire of Moorabbin.  
From electors and other adult residents in the district of Brighton and Shire of Moorabbin.  
From electors and other adult residents in the Town and district of Brighton and Shire of Moorabbin.  
Severally ordered to lie on the Table, and to be referred to the Committee of the Whole on the Constitution Act Amendment Act 1890 Amendment Bill.
6. RAILWAY EMPLOYÉS' REMUNERATION.—The Honorable H. Cuthbert moved, by leave, That there be laid before this House a copy of the Regulations of the Victorian Railways Commissioner as to the Remuneration of Employés.  
Question—put and resolved in the affirmative.
7. PAPERS.—The Honorable H. Cuthbert presented—  
Railway Employés' Remuneration.—Return to the foregoing Order.  
The following Paper, pursuant to the directions of an Act of Parliament, was laid upon the Table by the Clerk :—  
Water Act 1890.—Avenel Waterworks Trust.—Application for Additional Loan of £150.—Detailed Statement and Report.
8. STANDING ORDERS COMMITTEE.—The Honorable H. Cuthbert brought up the Report from this Committee on Lapsed Bills Restoration, and moved, That the Report be now adopted.  
Debate ensued.  
Question—put and resolved in the affirmative.  
The Honorable H. Cuthbert moved, That the following be adopted as a Standing Order of this House, to remain in force until the end of this present Parliament, and no longer, viz.:—“When a motion to bring in any Bill is agreed to, if such Bill bears a certificate from the Clerk of this House that it is identical with a Bill as last agreed to by the House, which passed its second reading in the previous Session of the same Parliament, but was not finally disposed of by both Houses when the Session closed, then a motion may be made that such Bill be advanced to the stage it had reached in the Legislative Council in the former Session or to any earlier stage. If such motion be agreed to, the Bill shall thereupon be passed, without amendment or debate, through each of the stages authorized by the motion agreed to by the House, and thereafter shall be proceeded with and dealt with in the same manner as other Bills.”  
Question—put and resolved in the affirmative.

9. **LEGISLATIVE COUNCIL REDUCTION OF MEMBERS BILL.**—The Honorable H. Cuthbert moved, That he have leave to bring in a Bill for reducing the Number of Members of the Legislative Council.  
 Question—put and resolved in the affirmative.  
 Ordered—That the Honorable H. Cuthbert do prepare and bring in the Bill.  
 The Honorable H. Cuthbert then brought up a Bill intituled “*A Bill for reducing the Number of Members of the Legislative Council,*” and moved, That it be now read a first time.  
 Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Wednesday next.

10. **ALIENS ACT 1890 AMENDMENT BILL.**—The Order of the Day for the consideration of the amendment made by the Legislative Council in this Bill agreed to by the Legislative Assembly with amendments, having been read—the said amendments were read, and are as follow :—

*Amendment of the Legislative Council to insert new clause—A. In section 5 of the Aliens Act 1890 after the word “naturalized” insert “if he has resided continuously within Victoria for a period of three years and.”—Agreed to by the Legislative Assembly with the following amendments :—Omit “Victoria” and insert “the Australasian Colonies.” At the end of new clause A add the following paragraph :—“Provided that nothing in this section contained shall affect the operation of section nine of the Aliens Act 1890 or affect the discretion of the Governor in Council under the said section.”*

On the motion of the Honorable H. Cuthbert the Council agreed to the several amendments made by the Legislative Assembly in new clause A, and ordered a Message to be transmitted to the Legislative Assembly acquainting them therewith.

11. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled “*An Act to amend the ‘Game Act 1890,’*” and acquaint the Legislative Council that the Legislative Assembly have agreed to the same with amendments, with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
 Melbourne, 9th December, 1896.

GRAHAM BERRY,  
 Speaker.

Ordered—That the foregoing Message be taken into consideration to-morrow.

12. **FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL.**—The Order of the Day for the consideration of the amendments made and insisted on by the Legislative Council and disagreed with by the Legislative Assembly, or agreed to with further amendments, having been read—the said amendments were read, and are as follow :—

Amendments made by the Legislative Council.

How dealt with.

1. After clause 6 insert new clauses—

B. For section thirty-four of the Amending Act there shall be deemed to have been substituted from the passing of the said Act the following section :—

34. The following sub-section shall be deemed to be the last sub-section of section forty-seven of the Principal Act :—

For closing for one afternoon in each week from the hour of one o'clock—

(a) all shops other than those specified in the Fourth Schedule ;

(b) all shops of any particular class whatsoever.

Provided that before any such by-law be made a petition certified to by the municipal clerks as signed by a majority of two-thirds of all the shopkeepers whose shops it is desired to close shall be presented to the municipal council.

In the case of a petition for closing all shops other than those specified in the Fourth Schedule the majority shall be a majority of two-thirds of all the shopkeepers keeping such shops.

In the case of a petition for closing all shops of a particular class the majority shall be a majority of two-thirds of all the shopkeepers keeping shops of that class.

Provided also that in the city of Melbourne no shopkeeper shall be deemed guilty of a breach of any such by-law by reason only of his not complying with the same if he shall close and keep closed his shop on the Saturday of each and every week during which he shall fail to comply with such by-law from the hour of half-past one o'clock in the afternoon. Provided also that no shopkeeper shall be guilty of a contravention of any such by-law provided he close his shop on some one afternoon in the week on which shops carrying on any one of the businesses carried on by him are closed.

Agreed to by Assembly with the following amendments :—  
 Line 17, omit “two-thirds of” ; line 23, omit “two-thirds of” ; line 27, omit “two-thirds of.”

Disagreed with by Council. }  
 Insisted on by Assembly. }

Amendments made by the Legislative Council.

How dealt with.

C. For sub-section four of section thirty-six of the Amending Act there shall be deemed to have been substituted as from the passing of the said Act the following sub-section:—

4. In the case of a regulation being desired for the whole of the Metropolitan District such petition shall be signed by a majority of two-thirds of all the shopkeepers other than those mentioned in the Fourth Schedule to the Principal Act or of all the shopkeepers keeping shops of the particular class within such district.

For sub-section five of the same section there shall be deemed to have been substituted as from the passing of the said Act the following sub-section:—

5. In the case of a regulation being desired for two or more contiguous municipal districts within the Metropolitan District such petition shall be signed by a majority of two-thirds of all the shopkeepers other than those mentioned in the Fourth Schedule to the Principal Act or of all the shopkeepers keeping shops of the particular class within such contiguous districts.

Agreed to by Assembly with the following amendments:—  
Line 9, omit "two-thirds of";  
line 22, omit "two-thirds of."

Disagreed with by Council.

Insisted on by Assembly.

2. Insert the following new clauses:—

E. Nothing in this or the Principal Act shall apply to creameries butter and cheese concentrated and condensed milk factories or persons engaged in dairying and in agriculture.

Agreed to by Assembly with the following amendment:—Line 5, after "agriculture" add "in any shire."

Disagreed with by Council.

Insisted on by Assembly with the following amendment:—After "shire" insert "or borough outside the metropolitan area"; and the following consequential amendments made in the clause:—Line 3, after "factories" insert "in any shire or borough outside the metropolitan area," and, in line 4, after "or" insert "to."

I. When under the Factories and Shops Acts or any by-law or regulation thereunder any class of shops is closed for a half-holiday or during certain hours no person keeping any class of shop whatever may sell on such half-holiday or during such hours as aforesaid any articles usually dealt in by such first-named class of shops. Provided that in the city of Melbourne no shopkeeper shall be deemed guilty of a contravention of this section in respect to a sale of any article on any afternoon in any week during which any class of shops is closed as aforesaid if he shall close and keep closed his shop on the Saturday afternoon of that week from the hour of half-past one o'clock.

Agreed to by Assembly with the following amendment:—Line 6, after "sell" insert "or expose for sale."

Disagreed with by Council.

Insisted on by Assembly with the following amendment:—After "for" insert "present."

The Honorable H. Cuthbert moved, That the Council do not insist on disagreeing with the amendments of the Legislative Assembly to omit "two-thirds of" in lines 17, 23, and 27 of clause B, and in lines 9 and 22 of clause C.

Debate ensued.

Question—put and negatived.

The Honorable H. Cuthbert moved, That the Council do not insist on disagreeing with the amendment of the Legislative Assembly in clause E, and agree to the consequential amendments made by the Legislative Assembly in the said clause.

Debate ensued.

Question—put and negatived.

On the motion of the Honorable H. Cuthbert the Council did not insist on disagreeing with the amendment made by the Legislative Assembly in clause I, and agreed to the further amendment made by the Legislative Assembly.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council insist on disagreeing with certain amendments insisted on by the Legislative Assembly; that they disagree with the further amendments made by the Legislative Assembly in new clause E; that they do not insist on disagreeing with the amendment in clause I, and agree to the further amendment of the Legislative Assembly in the same clause.

13. **INSOLVENCY LAW AMENDMENT BILL.**—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

14. **LOCAL GOVERNMENT ACT 1890 FURTHER AMENDMENT BILL.**—The Honorable W. Pitt moved, by leave, That he have leave to bring in a Bill to further amend the *Local Government Act 1890*.

Question—put and resolved in the affirmative.

Ordered—That the Honorable W. Pitt do prepare and bring in the Bill.

The Honorable W. Pitt then brought up a Bill intituled “*A Bill to further amend the ‘Local Government Act 1890,’*” and moved, That it be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Friday next.

15. **POSTPONEMENT OF ORDERS OF THE DAY.**—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow:—

*Customs Act 1890 Amendment Bill—Second reading.*

*Savings Banks Act 1890 Amendment Bill—To be further considered in Committee.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at fourteen minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 42.

THURSDAY, 10<sup>TH</sup> DECEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. GAME ACT 1890 AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—To be taken into consideration.
2. INSOLVENCY LAW AMENDMENT BILL—To be further considered in Committee.
3. SAVINGS BANKS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
4. CUSTOMS ACT 1890 AMENDMENT BILL—Second reading.
5. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

FRIDAY, 11<sup>TH</sup> DECEMBER.

*General Business.*

ORDER OF THE DAY:—

1. LOCAL GOVERNMENT ACT 1890 FURTHER AMENDMENT BILL—Second reading.

WEDNESDAY, 16<sup>TH</sup> DECEMBER.

*Government Business.*

ORDERS OF THE DAY:—

1. CONSTITUTION ACT AMENDMENT ACT 1890 AMENDMENT BILL—Second reading.
2. LEGISLATIVE COUNCIL REDUCTION OF MEMBERS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

## PARLIAMENTARY PAPERS ISSUED 9<sup>TH</sup> DECEMBER, 1896.

- Minutes of the Proceedings of the Legislative Council. No. 41.  
 Notices of Motion and Orders of the Day. No. 42.  
 Legislative Council Members Bill—[101].  
 Game Act 1890 Amendment Bill.—Amendments made by the Legislative Assembly. (To Members of Council only.)  
 Insolvency Law Amendment Bill.—New clause to be proposed by the Hon. N. FitzGerald. (To Members of Council only.)  
 Standing Orders Committee.—Report on Lapsed Bills Restoration. D 2.

- Notices of Motion and Orders of the Day. No. 71.  
 Income Tax Bill—[15].  
 Railways Commissioners' Superannuation Act 1895 Amendment Bill—[80].  
 Legislative Assembly Members and Districts Bill—[94].  
 Mines Acts Amendment Bill.—Amendments to be proposed on Third Reading by Mr. Bowser. (To Members only.)





## VICTORIA.

No. 43.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

THURSDAY, 10<sup>TH</sup> DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. GAME ACT 1890 AMENDMENT BILL.—The Order of the Day for the consideration of the amendments made by the Legislative Assembly in this Bill having been read—the said amendments were read, and are as follow :—
  - (1) Clause 9, sub-section (1), at the end of the sub-section add the following words :—“Provided that this sub-section shall not come into operation for six months after the date of the commencement of this Act.”
  - (2) Clause 14, sub-section (2), omit this sub-section.
  - (3) Insert the following new clause (to follow clause 8):—
    - A. Notwithstanding anything to the contrary in this or any other Act contained the Minister may, at his discretion; give written permission to any person or persons to retain in a state of domestication or captivity during the close season such native game as shall be specified. The Minister may cancel such permission at any time and without notice.

On the motion of the Honorable H. Cuthbert the Council agreed to the several amendments made by the Legislative Assembly in this Bill, and ordered a Message to be transmitted to the Legislative Assembly acquainting them therewith.
5. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council the accompanying communication from the Clerk of the Parliaments, reporting a clerical error in the Bill intituled “*An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes*,” and acquaint the Legislative Council that the Legislative Assembly have corrected such error by the insertion in clause 3, line 31, of the figures “5-19” instead of the figures “4-19,” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 10th December, 1896.

GRAHAM BERRY,  
Speaker.

SIR,

Parliament House,  
Melbourne, 8th December, 1896.

I do myself the honour to report, in conformity with the Joint Standing Order No. 21, that the following clerical error has been discovered in the Bill intituled “*An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes*” :—

In clause 3, line 31, the figures “4-19” have been inserted instead of the figures “5-19.”

I have the honour to be, Sir,  
Your most obedient Servant,

The Honorable the Speaker,  
&c., &c., &c.

GEO. H. JENKINS,  
Clerk of the Parliaments.

On the motion of the Honorable H. Cuthbert the Council concurred with the Legislative Assembly in the correction of the clerical error discovered in the Mining Development Bill (No. 2), and ordered a Message to be transmitted to the Legislative Assembly acquainting them therewith.

6. **INSOLVENCY LAW AMENDMENT BILL.**—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.

The Honorable H. Cuthbert moved, That this Bill be recommitted to a Committee of the whole for the reconsideration of clauses 1, 3, 6, 16, 17, 24, 68, 73, 75, 95, 98, 111, 117, and 119.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had reconsidered clauses 1, 3, 6, 16, 17, 24, 68, 73, 75, 95, 98, 111, 117, and 119, and agreed to the same with amendments.

The Honorable H. Cuthbert moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.

Question—put and resolved in the affirmative.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time.

On the motion of the Honorable Lieut.-Col. Sir F. T. Sargood the word “auctioneer” was inserted after the word “solicitor” in clause 24, line 42.

The Honorable H. Cuthbert moved, That this Bill do pass.

Question—put and resolved in the affirmative.

The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

“ *An Act to amend the Law relating to Insolvency.* ”

Question—put and resolved in the affirmative.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.

7. **POSTPONEMENT OF ORDERS OF THE DAY.**—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next :—

*Savings Banks Act 1890 Amendment Bill—To be further considered in Committee.*

*Customs Act 1890 Amendment Bill—Second reading.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

8. **ADJOURNMENT.**—The Honorable H. Cuthbert moved, by leave, That the Council, at its rising, adjourn until Tuesday next.

Question—put and resolved in the affirmative.

And then the Council, at two minutes past eleven o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

# LEGISLATIVE COUNCIL.

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## *Notices of Motion and Orders of the Day.*

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No. 43.

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TUESDAY, 15<sup>TH</sup> DECEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY:—

1. SAVINGS BANKS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
2. CUSTOMS ACT 1890 AMENDMENT BILL—Second reading.
3. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

*General Business.*

ORDER OF THE DAY:—

1. LOCAL GOVERNMENT ACT 1890 FURTHER AMENDMENT BILL—Second reading.
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WEDNESDAY, 16<sup>TH</sup> DECEMBER.

*Government Business.*

ORDERS OF THE DAY:—

1. CONSTITUTION ACT AMENDMENT ACT 1890 AMENDMENT BILL—Second reading.
2. LEGISLATIVE COUNCIL REDUCTION OF MEMBERS BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

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PARLIAMENTARY PAPERS ISSUED 10<sup>TH</sup> DECEMBER, 1896.

Notices of Motion and Orders of the Day. No. 43.

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Notices of Motion and Orders of the Day. No. 72.

Avenel Waterworks Trust.—Application for additional Loan of £150.—Detailed Statement and Report.  
No. 59.



No. 44.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

TUESDAY, 15TH DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. STANDING ORDER.—The President announced that yesterday His Excellency the Governor had been pleased to approve of the Standing Order adopted by the Legislative Council on the 9th December instant.
5. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Life Assurance Inquiry Board.—Report of the Board appointed by His Excellency the Governor in Council—
  - (1) To inquire into and report upon the formation, direction, management, financial position, transactions, and affairs of the Mutual Benefit Society of Australasia.
  - (2) To consider and report upon the desirability of any amendment in the law relating to the registration, supervision, and control of societies or persons transacting Insurance business or business of a like nature.
  - (3) To ascertain any matters which, in the opinion of the Board, will assist in regard to the above-mentioned subjects of inquiry and report.
 Post Office and Telegraph Department, Engineering and Electrical Branch.—Report of the Board appointed by His Excellency the Governor in Council to inquire into certain charges against the said branch, and also as to the management thereof, &c.  
Severally ordered to lie on the Table.
6. SAVINGS BANKS ACT 1890 AMENDMENT BILL.—The Honorable H. Cuthbert moved, That the question as to the power of this House to make any amendments in the Savings Banks Act 1890 Amendment Bill be referred to the Standing Orders Committee for consideration and report.  
Debate ensued.  
Question—put and resolved in the affirmative.  
Ordered—That the Committee do retire immediately.
7. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert, and the same was read by the Honorable the President :—

BRASSEY,  
Governor.

Message No. 10.

The Governor informs the Legislative Council that he has, on this day, at the Government Offices, given the Royal Assent to the undermentioned Acts of the present Session, presented to him by the Clerk of the Parliaments, viz.:—

“An Act to amend the ‘Municipalities’ Advances Act 1895.’”

“An Act to indemnify the Councillors of various Municipalities for Borrowing Moneys by Over-drafts on Bankers for the purposes of their Municipalities contrary to the provisions of the ‘Local Government Act 1890’ and for other purposes.”

“An Act to subsidize and enable Companies to further develop Gold Mining and for other purposes.”

Government Offices,  
Melbourne, 14th December, 1896.

8. **STANDING ORDERS COMMITTEE.**—The Honorable Lieut.-Col. Sir F. T. Sargood brought up the Report from this Committee on the Savings Banks Act 1890 Amendment Bill, which Report was read, and is as follows :—

Your Committee, having carefully considered the Savings Banks Act 1890 Amendment Bill, are of opinion that it does not come within the provisions of section 56 of *The Constitution Act*.

The Honorable Lieut.-Col. Sir F. T. Sargood moved, That the Report be now adopted.

Question—put and resolved in the affirmative.

9. **MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.**—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert, and the same was read by the Honorable the President :—

BRASSEY,

*Governor.*

*Message No. 11.*

Pursuant to the provisions of section 36 of *The Constitution Act*, the Governor transmits to the Legislative Council, for their consideration, the following amendments which he desires to be made in the Bill intituled “*An Act to amend the ‘Game Act 1890’*” :—

Clause 2, omit “November,” substitute “January,” and omit “ninety-six,” substitute “ninety-seven.”

Government Offices,

Melbourne, 14th December, 1896.

On the motion of the Honorable H. Cuthbert the Council agreed to the several amendments recommended by His Excellency the Governor, and ordered the Message to be transmitted to the Legislative Assembly with a Message requesting their concurrence therein.

10. **CRIMES ACT 1890 AMENDMENT BILL.**—The Honorable H. Cuthbert moved, by leave, That he have leave to bring in a Bill to amend the *Crimes Act 1890*.

Question—put and resolved in the affirmative.

Ordered—That the Honorable H. Cuthbert do prepare and bring in the Bill.

The Honorable H. Cuthbert then brought up a Bill intituled “*A Bill to amend the ‘Crimes Act 1890,’*” and moved, That it be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

11. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Message from His Excellency the Governor recommending an amendment in the Bill intituled “*An Act to amend the ‘Aliens Act 1890,’*” and acquaint the Legislative Council that the Legislative Assembly have agreed to the said amendment recommended by His Excellency the Governor in this Bill, with which they desire the concurrence of the Legislative Council.

GRAHAM BERRY,  
Speaker.

Legislative Assembly,  
Melbourne, 15th December, 1896.

BRASSEY,

*Governor.*

Pursuant to the provisions of section 36 of *The Constitution Act*, the Governor transmits to the Legislative Assembly, for their consideration, the following amendment which he desires to be made in the Bill intituled “*An Act to amend the ‘Aliens Act 1890’*” :—

Clause 6, in the second line, omit the word “insert” and substitute therefor the words “there shall be inserted the words.”

Government Offices,

Melbourne, 14th December, 1896.

On the motion of the Honorable H. Cuthbert the Council agreed to the amendment recommended by His Excellency the Governor, and ordered a Message to be transmitted to the Legislative Assembly acquainting them therewith.

12. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “*An Act to amend the Mines Acts,*” with which they desire the concurrence of the Legislative Council.

GRAHAM BERRY,  
Speaker.

Legislative Assembly,  
Melbourne, 15th December, 1896.

13. **MINES ACTS AMENDMENT BILL.**—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to amend the Mines Acts,*” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Thursday next.

14. SAVINGS BANKS ACT 1890 AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.

The Honorable W. McCulloch moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.

Question—put and resolved in the affirmative.

On the motion of the Honorable W. McCulloch the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable W. McCulloch, the Bill was read a third time and passed.

The Honorable W. McCulloch moved, That the following be the title of the Bill :—

“*An Act to amalgamate the Post Office Savings Bank and the Commissioners’ Savings Banks, to amend the ‘Savings Banks Act 1890,’ to enable advances to be made and for other purposes.*”

Question—put and resolved in the affirmative.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.

15. CUSTOMS ACT 1890 AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable W. McCulloch moved, That this Bill be now read a second time. Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable W. McCulloch moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable W. McCulloch, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

16. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Life Assurance Companies Amendment Bill—Consideration of Report.*

*Local Government Act 1890 further Amendment Bill—Second reading.*

And then the Council, at fifty-nine minutes past ten o’clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.





# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 44.

WEDNESDAY, 16TH DECEMBER, 1896.

*General Business.*

ORDER OF THE DAY:—

1. LOCAL GOVERNMENT ACT 1890 FURTHER AMENDMENT BILL—Second reading.

*Government Business.*

ORDERS OF THE DAY:—

1. CUSTOMS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
2. CONSTITUTION ACT AMENDMENT ACT 1890 AMENDMENT BILL—Second reading.
3. CRIMES ACT 1890 AMENDMENT BILL—Second reading.
4. LEGISLATIVE COUNCIL REDUCTION OF MEMBERS BILL—Second reading.
5. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

THURSDAY, 17TH DECEMBER.

*Government Business.*

ORDER OF THE DAY:—

1. MINES ACTS AMENDMENT BILL—Second reading.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

## PARLIAMENTARY PAPERS ISSUED SINCE 11TH DECEMBER, 1896.

Minutes of the Proceedings of the Legislative Council. Nos. 42 and 43.

Notices of Motion and Orders of the Day. No. 44.

Mines Bill—[5]. (To Members of Council only.)

Crimes Act 1890 Amendment Bill—[106].

Votes and Proceedings of the Legislative Assembly. Nos. 70, 71, 72, and 73.

Notices of Motion and Orders of the Day. No. 74.

Weekly Report of Divisions. No. 17.

Income Tax Bill—[15]. (To Members only.)

Income Tax Bill 1896—

Amendments to be proposed by Mr. G. Turner after Third Reading. (To Members only.)

New Clause to be proposed by Mr. Madden on Third Reading. (To Members only.)

Insolvency Law Amendment Bill.—Amendments of the Legislative Council. (To Members only.)

Legislative Assembly Members and Districts Bill 1896—

Members in Lower House in Australasian Colonies, &c. (To Members of Assembly only.)

Names of Existing Electoral Districts, &c. (To Members of Assembly only.)

Municipal Endowment Ratification Bill.—Statement showing the Amount actually received by Municipalities in excess or otherwise for the period 1st January, 1893, to 31st December, 1896, &c. (To Members of Assembly only.)

Post Office and Telegraph Department, Engineering and Electrical Branch.—Report of the Board appointed by His Excellency the Governor in Council to inquire into certain charges against the said branch, and also as to the management thereof, &c. No. 55.

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No. 45.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 16TH DECEMBER, 1896.

1. The Council met in accordance with adjournment.
  2. The President took the Chair.
  3. The President read the Prayer.
  4. PETITIONS.—The following Petitions, praying that the Council would extend the Parliamentary franchise to women, were presented as under :—
    - By the Honorable Dr. W. H. Embling—  
From certain persons resident at Kyneton and elsewhere.
    - By the Honorable D. Melville—  
From certain persons resident at Brunswick and elsewhere.
    - By the Honorable J. M. Pratt—  
From certain persons resident at Nhill and elsewhere.
    - By the Honorable G. Simmie—  
From certain persons resident at Bendigo and elsewhere.  
From certain persons resident at Eaglehawk and elsewhere.
    - By the Honorable N. Levi—  
From certain persons resident at Fitzroy and elsewhere.
    - By the Honorable Sir A. Snowden—  
From certain persons resident at Melbourne and elsewhere.
    - By the Honorable E. J. Crooke—  
From certain persons resident at Korumburra and elsewhere.
    - By the Honorable F. Brown—  
From certain persons resident at Shepparton and elsewhere.
    - By the Honorable T. Dowling—  
From certain persons resident at Stawell and elsewhere.
    - By the Honorable N. Thornley—  
From certain persons resident at Dunkeld.
    - By the Honorable J. C. Campbell—  
From certain persons resident at Hawthorn and elsewhere.
    - By the Honorable G. Godfrey—  
From certain persons resident at Camberwell and elsewhere.
    - By the Honorable J. Balfour—  
From certain persons resident at Brighton and elsewhere.
- Severally ordered to lie on the Table, and to be referred to the Committee of the whole on the Constitution Act Amendment Act 1890 Amendment Bill.
- The Honorable Sir H. J. Wrixon presented a similar Petition from certain persons resident at Colac and elsewhere.
- The Honorable C. J. Ham presented a Petition from certain residents of Victoria against the extension of the Parliamentary franchise to women.
- Petitions read, severally ordered to lie on the Table, and to be referred to the Committee of the whole on the Constitution Act Amendment Act 1890 Amendment Bill.

5. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Message from His Excellency the Governor recommending amendments in the Bill intituled "*An Act to amend the 'Game Act 1890,'*" and acquaint the Legislative Council that the Legislative Assembly have agreed to the several amendments recommended by His Excellency the Governor in this Bill.

Legislative Assembly,  
Melbourne, 16th December, 1896.

GRAHAM BERRY,  
Speaker.

6. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to refer certain matters to the Federal Council of Australasia for the exercise of Legislative Authority thereon,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 16th December, 1896.

GRAHAM BERRY,  
Speaker.

7. FEDERAL COUNCIL REFERRING BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to refer certain matters to the Federal Council of Australasia for the exercise of Legislative Authority thereon,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

8. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to sanction the issue and application of certain sums of money as Loans for Water Supply and Irrigation Works in the Country Districts and for other purposes,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 16th December, 1896.

GRAHAM BERRY,  
Speaker.

9. WATER SUPPLY LOANS APPLICATION BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to sanction the issue and application of certain sums of money as Loans for Water Supply and Irrigation Works in the Country Districts and for other purposes,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

10. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to amend the 'Poisons Act 1890,'*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 16th December, 1896.

GRAHAM BERRY,  
Speaker.

11. POISONS ACT 1890 AMENDMENT BILL.—The Honorable W. McCulloch moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to amend the 'Poisons Act 1890,'*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

12. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to further continue in force Part III. of the 'Employers and Employés Act 1890,'*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 16th December, 1896.

GRAHAM BERRY,  
Speaker.

13. EMPLOYERS AND EMPLOYÉS ACT 1890 (PART III.) CONTINUATION BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to further continue in force Part III. of the 'Employers and Employés Act 1890,'*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

14. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to declare the Rates of Duties of Income Tax for the Year ending on the thirty-first day of December One thousand eight hundred and ninety-seven and to amend the 'Income Tax Act 1895,'*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 16th December, 1896.

GRAHAM BERRY,  
Speaker.

15. INCOME TAX BILL.—The Honorable D. Coutts moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to declare the Rates of Duties of Income Tax for the Year ending on the thirty-first day of December One thousand eight hundred and ninety-seven and to amend the 'Income Tax Act 1895,'*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

16. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to further amend the 'Companies Act 1890,'*" and acquaint the Legislative Council that the Legislative Assembly have agreed to some of the amendments made in such Bill by the Legislative Council, have disagreed with others of the said amendments, and have agreed to some of the said amendments with amendments, with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 16th December, 1896.

GRAHAM BERRY,  
Speaker.

Ordered—That the foregoing Message be taken into consideration to-morrow.

17. PAPERS.—The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—

Melbourne and Metropolitan Board of Works.—Balance-sheet and Statements of Accounts and Contracts of the Board for the year ended 30th June, 1896.

Public Service Acts.—Travelling Allowances.

18. LOCAL GOVERNMENT ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable W. Pitt moved, That this Bill be now read a second time.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable W. Pitt moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable W. Pitt, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable W. Pitt the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable W. Pitt, the Bill was read a third time and passed.

The Honorable W. Pitt moved, That the following be the title of the Bill :—

"*An Act to further amend the 'Local Government Act 1890.'*"

Question—put and resolved in the affirmative.

Ordered—That the Bill be transmitted to the Legislative Assembly with a Message desiring their concurrence therein.

19. CUSTOMS ACT 1890 AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again.

Resolved—That the Council will, on Friday next, again resolve itself into the said Committee.

20. CONSTITUTION ACT AMENDMENT ACT 1890 AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read, the Honorable the President said :—

Before the second reading of the Constitution Act Amendment Act 1890 Amendment Bill is called on, it is my duty to inform honorable Members that this Bill has not been introduced into this House in the manner prescribed by section 60 of *The Constitution Act*, or by Standing Order No. 264 of the Legislative Assembly, and I therefore rule that it is not properly before the Council and cannot be considered.

The proposal to abolish the class of electors provided by *The Constitution Act*, namely, men, and to create an altogether different body, namely, persons—to include both men and women—is a radical and fundamental departure from the provisions of that Act, and should be considered and dealt with as provided for by that Statute.

The Honorable H. Cuthbert moved, That this House disagrees with the ruling of the Honorable the President on the Constitution Act Amendment Act 1890 Amendment Bill.

Debate ensued.

Question—put and negatived.

21. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “*An Act to authorize the Raising of Money for the Redemption of Victorian Government Stock and other purposes*,” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 16th December, 1896.

GRAHAM BERRY,  
Speaker.

22. GOVERNMENT STOCK REDEMPTION BILL.—The Honorable W. McCulloch moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to authorize the Raising of Money for the Redemption of Victorian Government Stock and other purposes*,” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

23. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled “*An Act to amend the ‘Beet Sugar Works Act 1896,’*” with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 16th December, 1896.

GRAHAM BERRY,  
Speaker.

24. BEET SUGAR WORKS ACT 1896 AMENDMENT BILL.—The Honorable W. McCulloch moved, That the Bill transmitted by the foregoing Message, intituled “*An Act to amend the ‘Beet Sugar Works Act 1896,’*” be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Friday next.

25. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow :—

*Crimes Act 1890 Amendment Bill—Second reading.*

*Legislative Council Reduction of Members Bill—Second reading.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at thirty-one minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 45.

THURSDAY, 17TH DECEMBER, 1896.

*Question.*

1. The Hon. J. A. WALLACE: To ask the Honorable the Solicitor-General if it is correct that the Government propose hampering the mining industry by charging the woodcutters at Chiltern and Rutherglen an increase of the royalty on mining timber 50 per cent.

*Government Business.*

ORDERS OF THE DAY:—

1. FEDERAL COUNCIL REFERRING BILL—Second reading.
2. WATER SUPPLY LOANS APPLICATION BILL—Second reading.
3. POISONS ACT 1890 AMENDMENT BILL—Second reading.
4. EMPLOYERS AND EMPLOYÉS ACT 1890 (PART III.) CONTINUATION BILL—Second reading.
5. INCOME TAX BILL—Second reading.
6. CRIMES ACT 1890 AMENDMENT BILL—Second reading.
7. GOVERNMENT STOCK REDEMPTION BILL—Second reading.
8. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—To be taken into consideration.
9. MINES ACTS AMENDMENT BILL—Second reading.
10. LEGISLATIVE COUNCIL REDUCTION OF MEMBERS BILL—Second reading.
11. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

FRIDAY, 18TH DECEMBER.

*Government Business.*

ORDERS OF THE DAY:—

1. CUSTOMS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
2. BEET SUGAR WORKS ACT 1896 AMENDMENT BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

### PARLIAMENTARY PAPERS ISSUED 16TH DECEMBER, 1896.

Notices of Motion and Orders of the Day. No. 45.

- Income Tax Bill—[15]. (To Members of Council only.)  
 Beet Sugar Works Amendment Bill—[49]. (To Members of Council only.)  
 Victorian Government Stock Bill—[57]. (To Members of Council only.)  
 Water Supply Loans Application Bill—[67]. (To Members of Council only.)  
 Federal Council Referring Bill—[92]. (To Members of Council only.)  
 Poisons Bill—[103]. (To Members of Council only.)  
 Employers and Employés Bill—[104]. (To Members of Council only.)  
 Companies Act 1890 further Amendment Bill.—Amendments made by the Legislative Council—How dealt with by the Legislative Assembly. (To Members of Council only.)

Notices of Motion and Orders of the Day. No. 75.

- Local Government Act 1890 further Amendment Bill—[105]. (To Members only.)  
 Northcote Loan Bill—[107].  
 Savings Banks Act 1890 Amendment Bill.—Amendments of the Legislative Council. (To Members only.)

By Authority: ROBT. S. BRAIN, Government Printer, Melbourne.

(120 copies.)

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## VICTORIA.

No. 46.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

THURSDAY, 17<sup>TH</sup> DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. FEDERAL COUNCIL REFERRING BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time. Debate ensued.  
Question—put and resolved in the affirmative.—Bill read a second time.  
The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
On the motion of the Honorable H. Cuthbert the Council, after debate, adopted the Report from the Committee of the whole on this Bill.  
And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
*“An Act to refer certain matters to the Federal Council of Australasia for the exercise of Legislative Authority thereon.”*  
Question—put and resolved in the affirmative.  
Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.
5. WATER SUPPLY LOANS APPLICATION BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time. Debate ensued.  
Question—put and resolved in the affirmative.—Bill read a second time.  
The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
Question—put and resolved in the affirmative.  
And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
*“An Act to sanction the issue and application of certain sums of money as Loans for Water Supply and Irrigation Works in the Country Districts and for other purposes.”*  
Question—put and resolved in the affirmative.  
Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

6. **POISONS ACT 1890 AMENDMENT BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time. Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.  
 The Honorable H. Cuthbert moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.  
 Question—put and resolved in the affirmative.  
 On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
 The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
*“An Act to amend the ‘Poisons Act 1890.’”*  
 Question—put and resolved in the affirmative.  
 Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.
7. **EMPLOYERS AND EMPLOYÉS ACT 1890 (PART III.) CONTINUATION BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
 On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
 The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
*“An Act to further continue in force Part III. of the ‘Employers and Employés Act 1890.’”*  
 Question—put and resolved in the affirmative.  
 Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.
8. **INCOME TAX BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable D. Coutts moved, That this Bill be now read a second time. Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable D. Coutts moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable D. Coutts, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
 On the motion of the Honorable D. Coutts the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable D. Coutts, the Bill was read a third time and passed.  
 The Honorable D. Coutts moved, That the following be the title of the Bill :—  
*“An Act to declare the Rates of Duties of Income Tax for the Year ending on the thirty-first day of December One thousand eight hundred and ninety-seven and to amend the ‘Income Tax Act 1895.’”*  
 Question—put and resolved in the affirmative.  
 Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.
9. **CRIMES ACT 1890 AMENDMENT BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time. Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.  
 Ordered—That the Bill, as amended, be printed, and taken into consideration to-morrow.

10. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to authorize the Town of Northcote to construct certain permanent Works and Undertakings in lieu of certain other permanent Works and Undertakings,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 17th December, 1896.

GRAHAM BERRY,  
Speaker.

11. NORTHCOTE LOAN BILL.—The Honorable D. Melville moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to authorize the Town of Northcote to construct certain permanent Works and Undertakings in lieu of certain other permanent Works and Undertakings,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

12. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to sanction the Expenditure of Moneys available under Loan Acts for Railways,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 17th December, 1896.

GRAHAM BERRY,  
Speaker.

13. RAILWAY LOAN APPLICATION BILL.—The Honorable W. McCulloch moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to sanction the Expenditure of Moneys available under Loan Acts for Railways,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

14. GOVERNMENT STOCK REDEMPTION BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable S. Williamson moved, That this Bill be now read a second time. Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable S. Williamson moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable S. Williamson, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable S. Williamson the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable S. Williamson, the Bill was read a third time and passed.

The Honorable S. Williamson moved, That the following be the title of the Bill :—

"*An Act to authorize the Raising of Money for the Redemption of Victorian Government Stock and other purposes.*"

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

15. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the consideration of the amendments made in this Bill by the Legislative Council disagreed with by the Legislative Assembly, or agreed to with amendments, having been read, the said amendments were read and are as follow :—

Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

1. Clause 2 (page 2), lines 7–10, omit "Director' includes member of a board, and in the case of any company incorporated outside Victoria shall also include persons being or acting as directors of or in relation to the business of the company in Victoria" and insert "Director' means member of a board, and in the case of any company incorporated outside Victoria shall also mean persons being or acting in Victoria as directors of or in relation to the business of the company but shall not in the case of any company incorporated outside Victoria mean or include persons who act only as advisers to the manager of a company and have and exercise no executive power in the management of such company."

Agreed to with the following amendments :—Line 7, omit "means" and insert "includes"; line 16, after "executive" insert "or controlling."

## Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

2. Clause 2 (page 2), after line 20 insert "Proprietary company" means a company under Part I. of the Principal Act which fulfils all the following requirements, namely:—
- (a) has not more than twenty-five members or shareholders;
  - (b) does not receive deposits, except from its members or shareholders, for fixed periods or payable at call, whether bearing or not bearing interest;
  - (c) does not use its title without the addition thereto, immediately before the word 'limited,' of the word 'proprietary';
  - (d) has filed with the Registrar-General a written notice of the fact of such addition to its name;
  - (e) has received from the Registrar-General a certificate that in his opinion the company has duly complied with the foregoing requirements; and
  - (f) has published a copy of such certificate in the *Government Gazette*."
3. Clause 6, line 5, omit "one-fourth" and insert "one-half."
4. Clause 21, line 22, after "money" insert "or value received."
5. " line 28, after "share" add "in money or value received."
6. " line 33, after "up" add "in money or value received."
7. Clause 24, omit this clause.
8. Clause 25 (page 9), line 42, after "affairs" add "and such balance-sheet shall be in one of the forms in the Third Schedule to this Act or to the like effect, and shall be accompanied by a certificate of not less than two directors that in their opinion the statement is correct."
9. " (page 10), line 7, omit "and the return hereinafter provided for are" and insert "is."
10. " " lines 8-12, omit "and if the manager of the company files with the Registrar-General with such copy of the latest general balance-sheet a return signed by such manager and showing all the information required by sub-section two of this section unless such information is shown in the balance-sheet."
11. Clause 26, omit paragraph (b).
12. " omit paragraph (c) and insert "(cc) the said representation shall be accompanied by a statement showing whether or not such reserve fund is used in the business, and if any portion thereof is otherwise invested showing the manner in which and the securities upon which the same is invested."
13. " omit sub-clause (2).
14. Clause 32, omit "(2) Each of the following persons shall if the Board is satisfied with his general conduct and character be qualified to receive from the Board a licence to act as an auditor for companies (that is to say):—
- (a) any person who holds a certificate of competency granted by the Municipal Auditors' Board pursuant to the Local Government Acts;

Agreed to with the following amendments:—Paragraph (a) after "shareholders" insert "and (in the case of a company limited by shares and formed after the commencement of this Act) has and continues to have its capital divided into not more than two hundred and fifty shares."

Paragraph (e) after "requirements" insert "up to the date of the certificate."

Disagreed with.

Agreed to with the following amendments:—Omit "or value received" in both cases.

Disagreed with.

## Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

- (b) any person who is a member of the Incorporated Institute of Accountants, Victoria, or of the Federal Institute of Accountants, Victoria, or of the Australian Institute of Incorporated Accountants, or of the Institute of Chartered Accountants in England and Wales, or of the Society of Accountants and Auditors (incorporated 1885), or of any institute society or association approved of by the Governor in Council and notified in the *Government Gazette*;
- (c) any person who proves to the satisfaction of the Board that within five years before the commencement of this Act he practised in Victoria for at least three years as an auditor or accountant; and."
15. Clause 32, line 35, omit "(d)" and insert "(2)."
16. " line 37, after "Acts" add "shall be qualified to receive from the Board a licence to act as an auditor for companies."
17. " (page 13), line 3, omit "the Governor in Council" and insert "a Judge of a County Court."
18. " " line 4, omit "Governor in Council" and insert "said Judge."
19. Clause 34, line 29, omit "affairs and" and insert "financial and trading."
20. Clause 37, line 14, after "members" insert "not indebted to the company."
21. " lines 14-15, omit "one-twentieth part" and insert "one-tenth part in number and value."
22. Clause 44, lines 2-7, omit "Except as provided in the Companies Acts in regard to forfeited shares no company shall either directly or indirectly purchase or deal in or lend money or make advances or allow discounts upon the security or pledge of its own shares or lend money or make advances or allow discounts upon the security or pledge of its own debentures or debenture stock" and insert "Except as provided in the Companies Acts in regard to forfeited shares a banking company shall not either directly or indirectly purchase or deal in or lend money or make advances upon the security or pledge of any share of its own capital stock."
23. Clause 45, line 34, omit "director."
24. " line 36, omit "director."
25. Clause 46, line 5, omit "and discounts whether."
26. " line 6, omit "or elsewhere due" and insert "owing."
27. " line 7, omit "manager officers or auditors."
28. " line 9, omit "manager officers or auditors."
29. " line 11, omit "and discounts."
30. " line 13, omit "and discounts whether."
31. " line 14, omit "or elsewhere due" and insert "owing."
32. " line 16, omit "manager officers or auditors."
33. " line 18, omit "manager officers or auditors."
34. " line 20, omit "and discounts."
35. " line 22, omit "and discounts whether."
36. " line 23, omit "or elsewhere due" and insert "owing."
37. " lines 24-5, omit "manager officers or auditors."
38. " lines 25-6, omit "manager officers or auditors."
39. " line 27, omit "and discounts."
40. Clause 53 (page 21), line 14, after "directors" insert "or manager."
41. After clause 80 insert new clause—  
A. The court may at the time of or at any time after sanctioning any arrangement or compromise under the *Companies Act Amendment Act 1892* make such alteration in the memorandum or articles of association or deed of settlement of the company making such arrangement or compromise as the court may think necessary or desirable in order to carry out or give effect to such arrangement or compromise, and in such event the provisions of the four next preceding sections of this Act shall not apply.

Disagreed with.

Agreed to with the following amendment:—Omit "and value."

Disagreed with.

Agreed to with the following amendment:—Omit "or" and insert "and."

Disagreed with.

42. Clause 97, line 1, before "The" insert "(1)."
43. " at end of clause add—  
 (a) Where shares in any company have been lawfully forfeited or surrendered in pursuance of any power in that behalf contained in the articles of association of such company or in the Companies Acts, the amount paid up on such forfeited or surrendered shares may be passed to the credit of a reserve fund or used to write down the book values of any assets of the company, or so much of the said amount as may be required for the purpose may be used to write off losses previously made, but in no case shall any portion of such amount be treated as profit available for dividends or bonus.
44. After clause 99 insert new clause—  
 B. The court may at the time of or at any time after sanctioning any arrangement or compromise under the *Companies Act Amendment Act 1892* sanction the reduction of the capital of the company making such arrangement or compromise as the court may think necessary or desirable to carry out or give effect to such arrangement or compromise, and in such event sections *eighty-seven to ninety* inclusive *ninety-three and ninety-five and ninety-six* of this Act shall not apply, and the order of the court containing such sanction shall have the same effect as an order of the court confirming the reduction of the capital of a company under this Act.
45. Clause 102, lines 35-41, omit "together with such particulars of the nature and effect of such contract and also every material fact known to any director promoter or trustee who is a party to the issue of the prospectus as are material to be made known to a person invited to take shares in order to enable him to form a judgment as to the expediency of so doing"
46. Clause 115, line 1, before "creates" insert "fraudulently."
47. " " after "the" insert "fraudulent."
48. Clause 119, omit this clause.
49. Clause 127, line 37, after "company" insert "unless so determined by a resolution carried by a majority of the creditors in number and value at a meeting convened by the manager of the company of which seven days' notice has been given to every creditor stating the object of the meeting."
50. Clause 146, lines 27-9, omit "and is about to be dissolved all such documents shall be deposited with the Registrar-General" and insert "the liquidator or person to whom the custody of the documents of the company or of the liquidator has been committed shall so soon as he shall not require their further use deposit the same with the Registrar-General who after retaining the same for five years from the date of the dissolution of the company may destroy the same."
51. After clause 159 insert new clause—  
 E. Where the liquidators of a company which is being wound up voluntarily have convened a general meeting of the company for the purposes of and in accordance with section one hundred and twenty-eight of the Principal Act and such meeting shall not have been attended by the number of members necessary to constitute a meeting, the liquidators may file with the Registrar-General a statutory declaration showing that the meeting was duly convened but was not attended as aforesaid, and on the expiration of three months from the date of filing such statutory declaration the company shall be deemed to be dissolved; the Registrar-General shall indorse upon the said statutory declaration such direction with reference to the disposal of the books accounts and documents of the company as he may think fit, and such direction shall have the same effect as the extraordinary resolution mentioned in section one hundred and forty of the Principal Act.

Disagreed with.

Agreed to with the following amendments:—Lines 6-7, omit "he shall not require their further use" and insert "the company is dissolved"; omit all the words after "Registrar-General" in line 7 and insert "unless a judge otherwise orders."

Agreed to with the following amendments:—Line 7, omit "may" and insert "shall"; omit all the words after "dissolved" in line 13.

Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

52. Clause 160 (page 63), line 30, omit "unless they or he prove that they or he had no" and insert "if it be proved that they or he had."

53. After clause 160 insert the following new headline and clauses :—

DIVISION X.—BUILDING SOCIETIES.

BB. In section 20 of the *Building Societies Act* 1890 for the words "three times" there shall be substituted the word "twice"; and for the words "three years" there shall be substituted the words "two years."

CC. (1) Every society which receives deposits or loans at interest pursuant to the provisions of section twenty of the *Building Societies Act* 1890 shall retain absolutely free from any mortgage charge or encumbrance made given or granted by such society Government or municipal debentures or stock Treasury bonds or bills or the title deeds of real property to the value of not less than One hundred and twenty pounds for each One hundred pounds so received on deposit or loan by such society.

(2) This section shall not be deemed to affect any mortgage charge or encumbrance actually entered into before the commencement of this Act.

DD. Notwithstanding anything contained in the *Building Societies Act* 1890 no society shall purchase or take on lease any land or build upon the same except for the purpose of holding the meetings and transacting the business of the society therein.

54. Page 64, line 20, omit "Division X." and insert "Division XI."

55. Clause 161, omit this clause.

56. After clause 164 insert new clause—

EE. (1) On being requested in writing so to do by the transferrer of a share in a company the company shall by writing require the person having the possession custody or control of any such share scrip and transfer to bring the same into the office of the company within a period named in such requisition, not less than seven days from the date thereof, to be cancelled rectified or the transfer thereof registered or otherwise dealt with as the case may require.

(2) If any person refuses or neglects to comply with any such requisition as aforesaid the said transferrer may apply to a judge to issue a summons for such person to appear before the court and show cause why the documents mentioned in such requisition should not be delivered up or produced for the purpose mentioned in such requisition; and upon appearance before the court of any person so summoned it shall be lawful for the court to examine such person upon oath and to receive other evidence, or if he do not appear after being duly served with such summons then to receive evidence in his absence and (in case the same shall seem proper) to order such person to deliver up such documents to the company upon such terms or conditions as to such court shall seem fit, and the cost of the summons and proceedings thereon shall be in the discretion of the court.

(3) Lists of share scrip called in as aforesaid and not brought in shall be exhibited in the company's office and shall be advertised in the *Government Gazette* and in such newspapers and at such time or times as the company shall think fit.

Disagreed with.

Agreed to with the following amendment:—After "and" in line 13 of sub-section (2) insert "whether such person do or do not appear."

57. Clause 166, omit this clause ... .. Disagreed with.

## 58. After clause 167 insert new clause—

C. For Rule No. 22 of the Seventh Schedule to the Principal Act there shall be substituted the following rule which shall apply to every company which is being wound up whether the winding up began before or after the commencement of this Act, namely:—

22. Interest on such debts and claims as shall be allowed shall be computed as to such of them as carry interest after the rate they respectively carry, any creditor whose debt or claim so allowed does not carry interest shall be entitled to interest at such rate of interest not exceeding Four pounds per centum per annum from the date of the order to wind up the company as the judge may direct out of any assets which may remain after satisfying the costs of the winding up and the debts and claims established.

Agreed to with the following amendments:—Line 1, omit "For" and insert "(1)"; line 2, omit "there"; same line, after "shall be" insert "repealed"; omit all the words from "substituted," in line 2, to "established," in line 17 inclusive, and insert—

"(2) After the passing of this Act no interest in respect of any period subsequent to the commencement of the winding up of any company shall be computed charged or payable on any debt or claim due from the company and allowed in the winding up.

"(3) This section shall apply to every company which is being wound up whether the winding up commenced before or after the commencement of this Act."

And new clause C to be transposed to follow clause 151.

## 59. Clause 169, line 39, omit "One hundred" and insert "Twenty-five."

## 60. After clause 173 insert new clauses—

I. The Governor in Council may from time to time by proclamation under his hand and published in the *Government Gazette* declare that the provisions of the *Reconstructed Companies Act 1893* shall apply to any reconstructed company or corporation named in such proclamation from a date to be therein specified.

KK. The court may on the application of any member shareholder or creditor of any company certified by the Registrar-General as a proprietary company determine whether such company is a proprietary company within the meaning of this Act and if the court determine that it is not a proprietary company then the company shall be a limited company under this and the Principal Act and subject to all the provisions and conditions therein contained except those relating to proprietary companies.

## 61. Third Schedule, omit "Monday" and "March" wherever they occur.

Disagreed with.

Agreed to with the following amendment:—Line 1, after "application of" insert "the Attorney-General or Solicitor-General or of."

Disagreed with.

Amendments of the Legislative Assembly in amendment 1 agreed to.

Amendment of the Legislative Assembly in paragraph (a) of amendment 2, after debate, disagreed with.

Amendment of the Legislative Assembly in paragraph (e) of amendment 2, agreed to.

Amendment 3 not insisted on.

Ordered—That the further consideration of the amendments be postponed until Tuesday next.

## 16. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow:—

*Mines Acts Amendment Bill—Second reading.*

*Legislative Council Reduction of Members Bill—Second reading.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

And then the Council, at twenty-eight minutes past ten o'clock, adjourned until to-morrow.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*



# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 46.

FRIDAY, 18TH DECEMBER, 1896.

*Government Business.*

ORDERS OF THE DAY :—

1. RAILWAY LOAN APPLICATION BILL—Second reading.
2. CUSTOMS ACT 1890 AMENDMENT BILL—To be further considered in Committee.
3. BEET SUGAR WORKS ACT 1896 AMENDMENT BILL—Second reading.
4. CRIMES ACT 1890 AMENDMENT BILL—Consideration of Report.
5. MINES ACTS AMENDMENT BILL—Second reading.
6. LEGISLATIVE COUNCIL REDUCTION OF MEMBERS BILL—Second reading.
7. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

*General Business.*

ORDER OF THE DAY :—

1. NORTHCOTE LOAN BILL—Second reading.

TUESDAY, 22ND DECEMBER.

*Question.*

1. The Hon. J. A. WALLACE : To call the attention of the Honorable the Solicitor-General to the statement that the Government propose hampering the mining industry by charging the woodcutters at Chiltern and Rutherglen an increase of the royalty on mining timber 50 per cent.; and to ask if such statement is correct.

*Government Business.*

ORDER OF THE DAY :—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—  
To be further considered.

*General Business.*

NOTICE OF MOTION :—

1. The Hon. Lieut.-Col. Sir F. T. SARGOOD : To move, That in the opinion of this House—
  1. No person shall vote more than twice in any one day at any election for the Legislative Assembly.
  2. Every person duly qualified shall be entitled to one vote for manhood suffrage, and in addition to such vote for manhood every such person who has
    - (a) Freehold property of the clear value of £100; or
    - (b) Of the clear yearly value of £5; or
    - (c) Leasehold property of the clear yearly value of £10; or
    - (d) Has paid Income Tax upon his own income during the year in which the poll is taken or during the previous year
 shall be entitled to a second vote.
  3. The two votes may be given in the district in which the elector resides, or one vote may be given in each of any two districts for which such elector has the qualifications.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

PARLIAMENTARY PAPERS ISSUED 17<sup>TH</sup> DECEMBER, 1896.

Minutes of the Proceedings of the Legislative Council. No. 44.

Notices of Motion and Orders of the Day. No. 46.

Railway Loan Application Bill (No. 2)—[99]. (To Members of Council only.)

Crimes Act 1890 Amendment Bill—[106]. (To Members of Council only.)

Northcote Loan Bill—[107]. (To Members of Council only.)

Customs Act 1890 Amendment Bill.—Amendments to be proposed by the Hon. S. W. Cooke. (To Members of Council only.)

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Notices of Motion and Orders of the Day. No. 76.

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## VICTORIA

No. 47.

## MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

FRIDAY, 18TH DECEMBER, 1896.

1. The Council met in accordance with adjournment.

2. The President took the Chair.

3. The President read the Prayer.

4. PAPER.—The Honorable H. Cuthbert presented—

Insolvent Estates.—Return to an Order of the Legislative Council, dated 24th November, 1896, for a Return showing the number of Estates in Insolvency for the last three years, and giving—

1. Total number of Estates for each year passing through the Insolvency Court of Victoria.
2. Total number of Estates realized in the Insolvency Court which have produced net assets under the value of £2.

5. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to amend the 'Poisons Act 1890,'*" and acquaint the Legislative Council that the Legislative Assembly have agreed to one of the amendments made in such Bill by the Legislative Council, and have agreed to another of the said amendments with an amendment, with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 18th December, 1896.

GRAHAM BERRY,  
Speaker.

And the said amendment was read and is as follows:—

*Amendment of the Legislative Council to insert new clause—A.* The power to make regulations conferred on the Governor in Council by section 13 of the Principal Act shall be deemed to include power to make regulations—

- (a) Prescribing the shape size and materials of the jar bottle box can or package in which alone any poisonous mixture commonly used for the destruction of vermin as aforesaid may be sold; and
- (b) Requiring such jar bottle box can or package to be permanently stamped or marked with the word "Poison" and the name of such poison.

*Agreed to by the Legislative Assembly with the following amendment:—*Omit the last word "poison," and insert "poisonous mixture."

On the motion of the Honorable H. Cuthbert the Council agreed to the amendment made by the Legislative Assembly in new clause A, and ordered a Message to be transmitted to the Legislative Assembly acquainting them therewith.

6. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to authorize the construction by the State of a Line of Railway from Rupanyup to Banyena,*" with which they desire the concurrence of the Legislative Council.

GRAHAM BERRY,  
Speaker.

Legislative Assembly,  
Melbourne, 18th December, 1896.

7. RUPANYUP TO BANYENA RAILWAY CONSTRUCTION BILL.—The Honorable W. McCulloch moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to authorize the construction by the State of a Line of Railway from Rupanyup to Banyena,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.

8. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to authorize the granting of a Loan to the First Mildura Irrigation Trust and for other purposes,*" with which they desire the concurrence of the Legislative Council.

GRAHAM BERRY,  
Speaker.

Legislative Assembly,  
Melbourne, 18th December, 1896.

9. MILDURA IRRIGATION TRUST LOAN BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to authorize the granting of a Loan to the First Mildura Irrigation Trust and for other purposes,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time on Tuesday next.

10. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to amend the Law relating to Insolvency,*" and acquaint the Legislative Council that the Legislative Assembly have agreed to some of the amendments made in such Bill by the Legislative Council, have disagreed with others of the said amendments, and have agreed to some of the said amendments with amendments, with which they desire the concurrence of the Legislative Council. The Legislative Assembly also acquaint the Legislative Council that they have disagreed with the amendment of the Legislative Council to omit clause 120 of the said Bill, for the following reason, viz. :—Because this clause imposes a rate, tax, or impost, and, because its omission will interfere with the public revenue. The amendment is, therefore, an infraction of the privileges of the Legislative Assembly. And the Assembly do not deem it necessary to offer any further reason, hoping that this one will be deemed sufficient.

GRAHAM BERRY,  
Speaker.

Legislative Assembly,  
Melbourne, 18th December, 1896.

Ordered—That the foregoing Message be taken into consideration on Tuesday next.

11. RAILWAY LOAN APPLICATION BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable W. McCulloch moved, That this Bill be now read a second time.

Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable W. McCulloch moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable W. McCulloch, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable W. McCulloch the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable W. McCulloch, the Bill was read a third time and passed. The Honorable W. McCulloch moved, That the following be the title of the Bill :—

"*An Act to sanction the Expenditure of Moneys available under Loan Acts for Railways.*"

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

12. CUSTOMS ACT 1890 AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.

The Honorable W. McCulloch moved, That this Bill be recommitted to a Committee of the whole for the reconsideration of clauses 5, 9, and 21.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable W. McCulloch, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had reconsidered clauses 5, 9, and 21, and agreed to the same with amendments.

The Honorable W. Culloch moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.

Question—put and resolved in the affirmative.

On the motion of the Honorable W. McCulloch the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable W. McCulloch, the Bill was read a third time and passed.

The Honorable W. McCulloch moved, That the following be the title of the Bill :—

“ *An Act to amend the ‘ Customs Act 1890 ’ and for other purposes.* ”

Question—put and resolved in the affirmative.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.

13. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until Tuesday next :—

*Beet Sugar Works Act 1896 Amendment Bill—Second reading.*

*Crimes Act 1890 Amendment Bill—Consideration of Report.*

*Mines Acts Amendment Bill—Second reading.*

*Legislative Council Reduction of Members Bill—Second reading.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

*Northcote Loan Bill—Second reading.*

And then the Council, at thirty-nine minutes past six o'clock, adjourned until Tuesday next.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.



# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 47.

TUESDAY, 22ND DECEMBER, 1896.

### *Questions.*

1. The Hon. J. A. WALLACE : To call the attention of the Honorable the Solicitor-General to the statement that the Government propose hampering the mining industry by charging the woodcutters at Chiltern and Rutherglen an increase of the royalty on mining timber 50 per cent.; and to ask if such statement is correct.
2. The Hon. D. MELVILLE : To ask the Honorable the Solicitor-General if the Government have considered the various reports of the Railways Standing Committee on narrow-gauge railways, and is it their intention to order the construction of any of these lines ; and, if so, when.
3. The Hon. T. BRUNTON : To call the attention of the Honorable the Solicitor-General to a Return laid upon the Table of another place, whereby it appears that certain oatmeal millers are allowed the privilege of manufacturing in bond under section 19 of the *Customs Act 1890*, which section gives the Governor in Council power to grant the concession should it "further the interests of trade and manufacture;" and to ask if the Solicitor-General will inform this House why the same privilege is denied to the Victorian flour millers, who have expended upwards of £500,000 in plant, machinery, and buildings, and whose manufactures amount to over the yearly value of £2,000,000, and who pay in wages at least £70,000 per annum.
4. The Hon. N. FITZGERALD : To call the attention of the Honorable the Solicitor-General to the circular letter, dated 29th November, issued by the Lands Department, withdrawing after 31st inst. the subsidy now paid to municipal bodies for the destruction of foxes; and to ask whether the Government will reconsider its decision in view of the injury to farmers and settlers through the increase in the number of foxes that will follow the withdrawal of the subsidy.

### *Government Business.*

#### ORDERS OF THE DAY :—

1. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—  
To be further considered.
2. RUPANYUP TO BANYENA RAILWAY CONSTRUCTION BILL—Second reading.
3. MILDURA IRRIGATION TRUST LOAN BILL—Second reading.
4. BEET SUGAR WORKS ACT 1896 AMENDMENT BILL—Second reading.
5. CRIMES ACT 1890 AMENDMENT BILL—Consideration of Report.
6. MINES ACTS AMENDMENT BILL—Second reading.
7. INSOLVENCY LAW AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—To be taken into consideration.
8. LEGISLATIVE COUNCIL REDUCTION OF MEMBERS BILL—Second reading.
9. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

### *General Business.*

#### NOTICE OF MOTION :—

1. The Hon. Lieut.-Col. Sir F. T. SARGOOD : To move, That in the opinion of this House—
  1. No person shall vote more than twice in any one day at any election for the Legislative Assembly.
  2. Every person duly qualified shall be entitled to one vote for manhood suffrage, and in addition to such vote for manhood every such person who has—
    - (a) Freehold property of the clear value of £100; or
    - (b) Of the clear yearly value of £5; or
    - (c) Leasehold property of the clear yearly value of £10; or
    - (d) Has paid Income Tax upon his own income during the year in which the poll is taken or during the previous year
 shall be entitled to a second vote.
  3. The two votes may be given in the district in which the elector resides, or one vote may be given in each of any two districts for which such elector has the qualifications.

#### ORDER OF THE DAY :—

1. NORTHCOTE LOAN BILL—Second reading.

GEORGE H. JENKINS,  
*Clerk of the Legislative Council.*

# MEETING OF SELECT COMMITTEE.

*Wednesday, 23rd December.*

REFRESHMENT ROOMS (JOINT)—at half-past three o'clock.

## PARLIAMENTARY PAPERS ISSUED 18TH DECEMBER, 1896.

Notices of Motion and Orders of the Day. No. 47.

Rupanyup and Banyena Railway Construction Bill—[52]. (To Members of Council only.)

Mildura Trust Loan Bill—[95]. (To Members of Council only.)

Insolvency Law Amendment Bill.—Amendments made by the Legislative Council—How dealt with by Legislative Assembly. (To Members of Council only.)

Notices of Motion and Orders of the Day. No. 77.



## VICTORIA.

No. 48.

# MINUTES OF THE PROCEEDINGS

OF THE

## LEGISLATIVE COUNCIL.

TUESDAY, 22ND DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Statistical Register of the Colony of Victoria for the year 1895.—Part VII.—Law, Crime, &c.  
Ordered to lie on the Table.

The following Papers, pursuant to the directions of several Acts of Parliament, were laid upon the Table by the Clerk :—

Land Act 1890.—Part I.—Additional Regulations (Chapters XI. and XIII.)

Marine Acts 1890 and 1896.—Regulations for the Licensing of Boats and Boatmen and the  
Equipment of Boats plying for hire for the carriage of passengers.

Water Act 1890—

The Shire of Borung and the Western Wimmera Irrigation and Water Supply Trust.—  
Application of Municipal Funds.

The Shire of Dimboola and the Western Wimmera Irrigation and Water Supply Trust.  
—Application of Municipal Funds.

The Shire of Wimmera and the Western Wimmera Irrigation and Water Supply Trust.  
—Application of Municipal Funds.

The Western Wimmera Irrigation and Water Supply Trust.—Regulation No. 21.

5. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following  
Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to amend the 'Factories and Shops Act 1896,'*" with which they desire the concurrence of the Legislative Council.

GRAHAM BERRY,  
Speaker.

Legislative Assembly,  
Melbourne, 22nd December, 1896.

6. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL (No. 2).—The Honorable H. Cuthbert moved,  
That the Bill transmitted by the foregoing Message, intituled "*An Act to amend the 'Factories and Shops Act 1896,'*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time this day.

7. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of the amendments made in this Bill by the Legislative Council disagreed with by the Legislative Assembly, or agreed to with amendments, having been read, the said amendments were read and are as follow :—

Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

- |   |   |  |
|---|---|--|
| 4. Clause 21, line 22, after "money" insert "or value received" ... | } | Disagreed with.<br>Agreed to with the following amendments :—Omit "or value received" in both cases. |
| 5. " line 28, [after "share" add "in money or value received."      |   |  |
| 6. " line 33, after "up" add "in money or value received."          |   |  |

7. Clause 24, omit this clause.
8. Clause 25 (page 9), line 42, after "affairs" add "and such balance-sheet shall be in one of the forms in the Third Schedule to this Act or to the like effect, and shall be accompanied by a certificate of not less than two directors that in their opinion the statement is correct."
9. " (page 10), line 7, omit "and the return hereinafter provided for are" and insert "is."
10. " " lines 8-12, omit "and if the manager of the company files with the Registrar-General with such copy of the latest general balance-sheet a return signed by such manager and showing all the information required by sub-section two of this section unless such information is shown in the balance-sheet."
11. Clause 26, omit paragraph (b).
12. " omit paragraph (c) and insert "(cc) the said representation shall be accompanied by a statement showing whether or not such reserve fund is used in the business, and if any portion thereof is otherwise invested showing the manner in which and the securities upon which the same is invested."
13. " omit sub-clause (2).
14. Clause 32, omit "(2) Each of the following persons shall if the Board is satisfied with his general conduct and character be qualified to receive from the Board a licence to act as an auditor for companies (that is to say):—
- (a) any person who holds a certificate of competency granted by the Municipal Auditors' Board pursuant to the Local Government Acts;
- (b) any person who is a member of the Incorporated Institute of Accountants, Victoria, or of the Federal Institute of Accountants, Victoria, or of the Australian Institute of Incorporated Accountants, or of the Institute of Chartered Accountants in England and Wales, or of the Society of Accountants and Auditors (incorporated 1885), or of any institute society or association approved of by the Governor in Council and notified in the *Government Gazette*;
- (c) any person who proves to the satisfaction of the Board that within five years before the commencement of this Act he practised in Victoria for at least three years as an auditor or accountant; and."
15. " line 35, omit "(d)" and insert "(2)."
16. " line 37, after "Acts" add "shall be qualified to receive from the Board a licence to act as an auditor for companies."
17. " (page 13), line 3, omit "the Governor in Council" and insert "a Judge of a County Court."
18. " " line 4, omit "Governor in Council" and insert "said Judge."
19. Clause 34, line 29, omit "affairs and" and insert "financial and trading."
20. Clause 37, line 14, after "members" insert "not indebted to the company."
21. " lines 14-15, omit "one-twentieth part" and insert "one-tenth part in number and value."

Disagreed with;

Agreed to with the following amendment:—Omit "and value."

## Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

22. Clause 44, lines 2-7, omit "Except as provided in the Companies Acts in regard to forfeited shares no company shall either directly or indirectly purchase or deal in or lend money or make advances or allow discounts upon the security or pledge of its own shares or lend money or make advances or allow discounts upon the security or pledge of its own debentures or debenture stock" and insert "Except as provided in the Companies Acts in regard to forfeited shares a banking company shall not either directly or indirectly purchase or deal in or lend money or make advances upon the security or pledge of any share of its own capital stock."
23. Clause 45, line 34, omit "director."
24. " line 36, omit "director."
25. Clause 46, line 5, omit "and discounts whether."
26. " line 6, omit "or elsewhere due" and insert "owing."
27. " line 7, omit "manager officers or auditors."
28. " line 9, omit "manager officers or auditors."
29. " line 11, omit "and discounts."
30. " line 13, omit "and discounts whether."
31. " line 14, omit "or elsewhere due" and insert "owing."
32. " line 16, omit "manager officers or auditors."
33. " line 18, omit "manager officers or auditors."
34. " line 20, omit "and discounts."
35. " line 22, omit "and discounts whether."
36. " line 23, omit "or elsewhere due" and insert "owing."
37. " lines 24-5, omit "manager officers or auditors."
38. " lines 25-6, omit "manager officers or auditors."
39. " line 27, omit "and discounts."

Disagreed with.

40. Clause 53 (page 21), line 14, after "directors" insert "or manager."

Agreed to with the following amendment:—Omit "or" and insert "and."

41. After clause 80 insert new clause—

A. The court may at the time of or at any time after sanctioning any arrangement or compromise under the *Companies Act Amendment Act 1892* make such alteration in the memorandum or articles of association or deed of settlement of the company making such arrangement or compromise as the court may think necessary or desirable in order to carry out or give effect to such arrangement or compromise, and in such event the provisions of the four next preceding sections of this Act shall not apply.

42. Clause 97, line 1, before "The" insert "(1)."

43. " at end of clause add—

(a) Where shares in any company have been lawfully forfeited or surrendered in pursuance of any power in that behalf contained in the articles of association of such company or in the Companies Acts, the amount paid up on such forfeited or surrendered shares may be passed to the credit of a reserve fund or used to write down the book values of any assets of the company, or so much of the said amount as may be required for the purpose may be used to write off losses previously made, but in no case shall any portion of such amount be treated as profit available for dividends or bonus.

Disagreed with.

44. After clause 99 insert new clause—

B. The court may at the time of or at any time after sanctioning any arrangement or compromise under the *Companies Act Amendment Act 1892* sanction the reduction of the capital of the company making such arrangement or compromise as the court may think necessary or desirable to carry out or give effect to such arrangement or compromise, and in such event sections *eighty-seven to ninety* inclusive *ninety-three and ninety-five and ninety-six* of this Act shall not apply, and the order of the court containing such sanction shall have the same effect as an order of the court confirming the reduction of the capital of a company under this Act.

45. Clause 102, lines 35-41, omit "together with such particulars of the nature and effect of such contract and also every material fact known to any director promoter or trustee who is a party to the issue of the prospectus as are material to be made known to a person invited to take shares in order to enable him to form a judgment as to the expediency of so doing."
46. Clause 115, line 1, before "creates" insert "fraudulently."
47. " " after "the" insert "fraudulent."
48. Clause 119, omit this clause.
49. Clause 127, line 37, after "company" insert "unless so determined by a resolution carried by a majority of the creditors in number and value at a meeting convened by the manager of the company of which seven days' notice has been given to every creditor stating the object of the meeting."
50. Clause 146, lines 27-9, omit "and is about to be dissolved all such documents shall be deposited with the Registrar-General" and insert "the liquidator or person to whom the custody of the documents of the company or of the liquidator has been committed shall so soon as he shall not require their further use deposit the same with the Registrar-General who after retaining the same for five years from the date of the dissolution of the company may destroy the same."
51. After clause 159 insert new clause—  
E. Where the liquidators of a company which is being wound up voluntarily have convened a general meeting of the company for the purposes of and in accordance with section one hundred and twenty-eight of the Principal Act and such meeting shall not have been attended by the number of members necessary to constitute a meeting, the liquidators may file with the Registrar-General a statutory declaration showing that the meeting was duly convened but was not attended as aforesaid, and on the expiration of three months from the date of filing such statutory declaration the company shall be deemed to be dissolved; the Registrar-General shall indorse upon the said statutory declaration such direction with reference to the disposal of the books accounts and documents of the company as he may think fit, and such direction shall have the same effect as the extraordinary resolution mentioned in section one hundred and forty of the Principal Act.
52. Clause 160 (page 63), line 30, omit "unless they or he prove that they or he had no" and insert "if it be proved that they or he had."
53. After clause 160 insert the following new headline and clauses :—  
**DIVISION X.—BUILDING SOCIETIES.**  
BB. In section 20 of the *Building Societies Act* 1890 for the words "three times" there shall be substituted the word "twice"; and for the words "three years" there shall be substituted the words "two years'."  
CC. (1) Every society which receives deposits or loans at interest pursuant to the provisions of section twenty of the *Building Societies Act* 1890 shall retain absolutely free from any mortgage charge or encumbrance made given or granted by such society Government or municipal debentures or stock Treasury bonds or bills or the title deeds of real property to the value of not less than One hundred and twenty pounds for each One hundred pounds so received on deposit or loan by such society.  
(2) This section shall not be deemed to affect any mortgage charge or encumbrance actually entered into before the commencement of this Act.

Disagreed with.

Agreed to with the following amendments :—Lines 6-7, omit "he shall not require their further use" and insert "the company is dissolved"; omit all the words after "Registrar-General" in line 7 and insert "unless a judge otherwise orders."

Agreed to with the following amendments : — Line 7, omit "may" and insert "shall"; omit all the words after "dissolved" in line 13.

Disagreed with.

Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

DD. Notwithstanding anything contained in the *Building Societies Act* 1890 no society shall purchase or take on lease any land or build upon the same except for the purpose of holding the meetings and transacting the business of the society therein.

Disagreed with.

54. Page 64, line 20, omit "Division X." and insert "Division XI."

55. Clause 161, omit this clause.

56. After clause 164 insert new clause—

EE. (1) On being requested in writing so to do by the transferror of a share in a company the company shall by writing require the person having the possession custody or control of any such share scrip and transfer to bring the same into the office of the company within a period named in such requisition, not less than seven days from the date thereof, to be cancelled rectified or the transfer thereof registered or otherwise dealt with as the case may require.

(2) If any person refuses or neglects to comply with any such requisition as aforesaid the said transferror may apply to a judge; to issue a summons for such person to appear before the court and show cause why the documents mentioned in such requisition should not be delivered up or produced for the purpose mentioned in such requisition; and upon appearance before the court of any person so summoned it shall be lawful for the court to examine such person upon oath and to receive other evidence, or if he do not appear after being duly served with such summons then to receive evidence in his absence and (in case the same shall seem proper) to order such person to deliver up such documents to the company upon such terms or conditions as to such court shall seem fit, and the cost of the summons and proceedings thereon shall be in the discretion of the court.

Agreed to with the following amendment:—After "and" in line 13 of sub-section (2) insert "whether such person do or do not appear."

(3) Lists of share scrip called in as aforesaid and not brought in shall be exhibited in the company's office and shall be advertised in the *Government Gazette* and in such newspapers and at such time or times as the company shall think fit.

57. Clause 166, omit this clause ... ..

Disagreed with.

Agreed to with the following amendments:—Line 1, omit "For" and insert "(1)"; line 2, omit "there"; same line, after "shall be," insert "repealed"; omit all the words from "substituted," in line 2, to "established," in line 17 inclusive, and insert—

58. After clause 167 insert new clause—

C. For Rule No. 22 of the Seventh Schedule to the Principal Act there shall be substituted the following rule which shall apply to every company which is being wound up whether the winding up began before or after the commencement of this Act, namely:—

22. Interest on such debts and claims as shall be allowed shall be computed as to such of them as carry interest after the rate they respectively carry, any creditor whose debt or claim so allowed does not carry interest shall be entitled to interest at such rate of interest not exceeding Four pounds per centum per annum from the date of the order to wind up the company as the judge may direct out of any assets which may remain after satisfying the costs of the winding up and the debts and claims established.

"(2) After the passing of this Act no interest in respect of any period subsequent to the commencement of the winding up of any company shall be computed charged or payable on any debt or claim due from the company and allowed in the winding up.

"(3) This section shall apply to every company which is being wound up whether the winding up commenced before or after the commencement of this Act."

And new clause C to be transposed to follow clause 151.

## Amendments made by the Legislative Council,

How dealt with by the Legislative Assembly.

59. Clause 169, line 39, omit "One hundred" and insert "Twenty-five."
60. After clause 173 insert new clauses—
- I. The Governor in Council may from time to time by proclamation under his hand and published in the *Government Gazette* declare that the provisions of the *Reconstructed Companies Act 1893* shall apply to any reconstructed company or corporation named in such proclamation from a date to be therein specified.
- KK. The court may on the application of any member shareholder or creditor of any company certified by the Registrar-General as a proprietary company determine whether such company is a proprietary company within the meaning of this Act and if the court determine that it is not a proprietary company then the company shall be a limited company under this and the Principal Act and subject to all the provisions and conditions therein contained except those relating to proprietary companies.
61. Third Schedule, omit "Monday" and "March" wherever they occur.

Disagreed with.

Agreed to with the following amendment:—Line 1, after "application of" insert "the Attorney-General or Solicitor-General or of."

Disagreed with.

Amendment 4, after debate, insisted on.

Amendments of the Legislative Assembly in amendments 5 and 6 disagreed with.

Amendments 7 to 13 inclusive, after debate, insisted on.

Amendments 14, 15, and 16, after debate, not insisted on.

Amendments 17 and 18, after debate, insisted on.

Amendment 19, after debate, not insisted on.

Amendment 20, after debate, insisted on.

Amendment of the Legislative Assembly in amendment 21, after debate, disagreed with.

Amendment 22, after debate, not insisted on.

The Honorable H. Cuthbert moved, That the Council do not insist on their amendments 23 and 24.

Debate ensued.

Question—put.

The Council divided.

Ayes, 18.

The Hon. T. Brunton  
D. Coutts  
E. J. Croke  
H. Cuthbert  
Dr. W. H. Embling  
G. Godfrey  
D. Ham  
W. McCulloch  
E. Morey  
G. Simmie  
J. A. Wallace.

Tellers,

J. H. Abbott  
W. Pitt.

Noes, 25.

The Hon. S. Austin  
J. Balfour  
J. Bell  
F. Brown  
J. H. Connor  
S. W. Cooke  
T. Dowling  
N. FitzGerald  
S. Fraser  
F. S. Grimwade  
C. J. Ham  
D. Melville  
E. Miller  
W. H. S. Osmand  
W. Pearson  
J. M. Pratt  
R. Reid  
A. O. Sachse  
C. Sargeant  
Lieut.-Col. Sir F. T. Sargood  
Sir A. Snowden  
W. I. Winter-Irving  
Sir H. J. Wrixon.

Tellers,

N. Levi  
J. Sternberg.

And so it passed in the negative.

Amendments 25 and 26, after debate, insisted on.

Amendments 27 and 28, after debate, not insisted on.

Amendments 29, 30, and 31, after debate, insisted on.

Amendments 32 and 33 not insisted on.

Amendments 34, 35, and 36 insisted on.

Amendments 37 and 38 not insisted on.

Amendment 39 insisted on.

Amendment of the Legislative Assembly in amendment 40 agreed to.

The Honorable H. Cuthbert moved, That the Council do not insist on their amendment 41.

Debate ensued.

Question—put.

The Council divided.

Ayes, 12.

The Hon. T. Brunton  
D. Coutts  
E. J. Crooke  
H. Cuthbert  
G. Godfrey  
D. Ham  
W. McCulloch  
E. Morey  
W. H. S. Osmand  
G. Simmie.

*Tellers.*

S. Fraser  
A. Wynne.

Noes, 24.

The Hon. J. H. Abbott  
S. Austin  
J. Balfour  
J. Bell  
F. Brown  
J. H. Connor  
S. W. Cooke  
T. Dowling  
Dr. W. H. Embling  
N. FitzGerald  
F. S. Grimwade  
C. J. Ham  
E. Miller  
W. Pearson  
W. Pitt  
C. Sargeant  
Lieut.-Col. Sir F. T. Sargood  
Sir A. Snowden  
J. Sternberg  
J. A. Wallace  
W. I. Winter-Irving  
Sir H. J. Wrixon.

*Tellers.*

D. Melville  
J. M. Pratt.

And so it passed in the negative.

Amendment 42 insisted on.

The Honorable H. Cuthbert moved, That the Council do not insist on their amendment 43.

Debate ensued.

Question—put.

The Council divided.

Ayes, 15.

The Hon. J. Bell  
T. Brunton  
D. Coutts  
H. Cuthbert  
Dr. W. H. Embling  
S. Fraser  
G. Godfrey  
D. Ham  
W. McCulloch  
W. H. S. Osmand  
W. Pearson  
G. Simmie  
A. Wynne.

*Tellers.*

S. W. Cooke  
F. S. Grimwade.

Noes, 19.

The Hon. J. H. Abbott  
F. Brown  
J. H. Connor  
E. J. Crooke  
N. FitzGerald  
C. J. Ham  
N. Levi  
E. Miller  
W. Pitt  
J. M. Pratt  
C. Sargeant  
Lieut.-Col. Sir F. T. Sargood  
Sir A. Snowden  
J. Sternberg  
J. A. Wallace  
W. I. Winter-Irving  
Sir H. J. Wrixon.

*Tellers.*

S. Austin  
J. Balfour.

And so it passed in the negative.

Amendment 44 insisted on.

Amendments 45 to 49 inclusive, after debate, insisted on.

The Honorable H. Cuthbert moved, That the Council agree to the amendments of the Legislative Assembly in amendment 50.

Question—put.

The Council divided.

Ayes, 19.

The Hon. T. Brunton  
 S. W. Cooke  
 D. Coutts  
 E. J. Crooke  
 H. Cuthbert  
 Dr. W. H. Embling  
 S. Fraser  
 D. Ham  
 E. Morey  
 W. H. S. Osmand  
 W. Pitt  
 G. Simmie  
 Sir A. Snowden  
 J. A. Wallace  
 S. Williamson  
 Sir H. J. Wrixon  
 A. Wynne.

Tellers.

G. Godfrey  
 W. McCulloch.

Noes, 20.

The Hon. J. H. Abbott  
 S. Austin  
 J. Balfour  
 F. Brown  
 J. H. Connor  
 T. Dowling  
 N. FitzGerald  
 F. S. Grimwade  
 C. J. Ham  
 N. Levi  
 D. Melville  
 E. Miller  
 W. Pearson  
 J. M. Pratt  
 A. O. Sachse  
 C. Sargeant  
 Lieut.-Col. Sir F. T. Sargood  
 W. I. Winter-Irving.

Tellers.

J. Bell  
 J. Sternberg.

And so it passed in the negative.

Amendments of the Legislative Assembly in amendment 51 agreed to.

Amendment 52, after debate, insisted on.

Amendment 53, after debate, not insisted on.

Amendment 54 not insisted on.

Amendment 55 insisted on.

Amendment of the Legislative Assembly in amendment 56 agreed to.

Amendment 57 insisted on.

Amendments of the Legislative Assembly in amendment 58, after debate, agreed to.

Amendment 59 insisted on.

Amendment 60, new clause I, not insisted on.

Amendment 60, amendment of the Legislative Assembly in new clause KK agreed to.

Amendment 61 insisted on.

The Honorable Lieut.-Col. Sir F. T. Sargood moved, by leave, That the resolution of the Council of the 17th December instant to agree to the amendments of the Legislative Assembly in amendment 1 be read and rescinded.

Debate ensued.

Question—put and resolved in the affirmative.

The Honorable H. Cuthbert moved, That the Council agree to the amendments of the Legislative Assembly in amendment 1.

Question—put.

The Council divided.

Ayes, 9.

The Hon. D. Coutts  
 E. J. Crooke  
 H. Cuthbert  
 S. Fraser  
 G. Godfrey  
 W. McCulloch  
 S. Williamson.

Tellers.

G. Simmie  
 A. Wynne.

Noes, 30.

The Hon. J. H. Abbott  
 S. Austin  
 J. Balfour  
 F. Brown  
 T. Brunton  
 J. H. Connor  
 S. W. Cooke  
 T. Dowling  
 Dr. W. H. Embling  
 N. FitzGerald  
 F. S. Grimwade  
 D. Ham  
 N. Levi  
 D. Melville  
 E. Miller  
 E. Morey  
 W. H. S. Osmand  
 W. Pearson  
 W. Pitt  
 J. M. Pratt  
 R. Reid  
 A. O. Sachse  
 C. Sargeant  
 Lieut.-Col. Sir F. T. Sargood  
 Sir A. Snowden  
 J. A. Wallace  
 W. I. Winter-Irving  
 Sir H. J. Wrixon.

Tellers.

J. Bell  
 J. Sternberg.

And so it passed in the negative.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council do not insist on some of their amendments disagreed with by the Legislative Assembly, that they insist on others, that they have agreed to some of the amendments of the Legislative Assembly on amendments of the Legislative Council, and have disagreed with other of the said amendments.



8. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to amend the 'Railways Commissioners' Superannuation Act 1895,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 22nd December, 1896.

GRAHAM BERRY,  
Speaker.

9. RAILWAYS COMMISSIONERS' SUPERANNUATION ACT 1895 AMENDMENT BILL.—The Honorable S. Williamson moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to amend the 'Railways Commissioners' Superannuation Act 1895,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time this day.

10. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act providing for the continuance in force for certain limited times of the Rates of Reductions of Salaries provided for in the 'Special and other Appropriations Retrenchment Act 1893,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 22nd December, 1896.

GRAHAM BERRY,  
Speaker.

11. SPECIAL AND OTHER APPROPRIATIONS RETRENCHMENT ACT 1893 CONTINUATION BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act providing for the continuance in force for certain limited times of the Rates of Reductions of Salaries provided for in the 'Special and other Appropriations Retrenchment Act 1893,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

12. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act providing for the continuance in force for certain limited times of the Rates of Reductions of Salaries provided for in the 'Public Service Retrenchment Act 1893,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 22nd December, 1896.

GRAHAM BERRY,  
Speaker.

13. PUBLIC SERVICE RETRENCHMENT ACT 1893 CONTINUATION BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act providing for the continuance in force for certain limited times of the Rates of Reductions of Salaries provided for in the 'Public Service Retrenchment Act 1893,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time to-morrow.

14. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly :—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to amalgamate the Post Office Savings Bank and the Commissioners' Savings Banks, to amend the 'Savings Banks Act 1890,*" to enable advances to be made and for other purposes," and acquaint the Legislative Council that the Legislative Assembly have disagreed with the amendments made in such Bill by the Legislative Council for the following reason, viz.:—Because the Bill is a Bill for appropriating part of the revenue of Victoria, and the amendments made by the Council are an infraction of the provisions of section 56 of *The Constitution Act*, which prohibits the Council from altering Bills "for appropriating any part of the revenue of Victoria," and the Assembly do not deem it necessary to offer any further reason, hoping the above may be sufficient.

Legislative Assembly,  
Melbourne, 22nd December, 1896.

GRAHAM BERRY,  
Speaker.

Ordered—That the foregoing Message be taken into consideration to-morrow.

15. RUPANYUP TO BANYENA RAILWAY CONSTRUCTION BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable W. McCulloch moved, That this Bill be now read a second time.

Debate ensued.

Question—put.

The Council divided.

Ayes, 12.

The Hon. J. Bell  
E. J. Crooke  
H. Cuthbert  
W. McCulloch  
E. Morey  
W. H. S. Osmand  
W. Pearson  
J. M. Pratt  
C. Sargeant  
G. Simmie.

Tellers.

D. Coutts  
S. Williamson.

Noes, 24.

The Hon. J. H. Abbott  
S. Austin  
J. Balfour  
F. Brown  
T. Brunton  
J. H. Connor  
S. W. Cooke  
Dr. W. H. Embling  
S. Fraser  
G. Godfrey  
F. S. Grimwade  
D. Ham  
N. Levi  
D. Melville  
W. Pitt  
R. Reid  
Lieut.-Col. Sir F. T. Sargood  
Sir A. Snowden  
J. Sternberg  
J. A. Wallace  
W. I. Winter-Irving  
Sir H. J. Wrixon.

Tellers.

E. Miller  
A. O. Sachse.

And so it passed in the negative.

16. MILDURA IRRIGATION TRUST LOAN BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable D. Coutts moved, That this Bill be now read a second time.

Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable D. Coutts moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable D. Coutts, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown reported that the Committee had made progress in the Bill, and that he was directed to move, That the Committee may have leave to sit again. Resolved—That the Council will, to-morrow, again resolve itself into the said Committee.

17. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled “*An Act to amend the ‘Customs Act 1890’ and for other purposes,*” and acquaint the Legislative Council that the Legislative Assembly have agreed to the amendments made in such Bill by the Legislative Council.

Legislative Assembly,  
Melbourne, 22nd December, 1896.

F. C. MASON,  
Deputy Speaker.

18. POSTPONEMENT OF ORDERS OF THE DAY.—Ordered, That the consideration of the following Orders of the Day be postponed until to-morrow:—

*Factories and Shops Act 1896 Amendment Bill (No. 2)—Second reading.*

*Railways Commissioners’ Superannuation Act 1895 Amendment Bill—Second reading.*

*Beet Sugar Works Act 1896 Amendment Bill—Second reading.*

*Crimes Act 1890 Amendment Bill—Consideration of Report.*

*Mines Acts Amendment Bill—Second reading.*

*Insolvency Law Amendment Bill—Message from Legislative Assembly—To be taken into consideration.*

*Legislative Council Reduction of Members Bill—Second reading.*

*Life Assurance Companies Amendment Bill—Consideration of Report.*

*Northcote Loan Bill—Second reading.*

19. SESSIONAL ORDER SUSPENDED.—The Honorable H. Cuthbert moved, by leave, That the Sessional Order appointing half-past Four o’clock as the hour of meeting for Wednesday be suspended, and that the Council do meet to-morrow at Two o’clock.

Question—put and resolved in the affirmative.

And then the Council, at forty minutes past eleven o’clock, adjourned until to-morrow.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

# LEGISLATIVE COUNCIL.

## *Notices of Motion and Orders of the Day.*

No. 48.

WEDNESDAY, 23RD DECEMBER, 1896.

*Question.*

1. The Hon. G. GODFREY : To ask whether the Insolvency Law Amendment Bill now before this House was, before it was originated in the Legislative Assembly, first recommended by a Message of the Governor in terms of the 57th section of the Constitution Act.

*General Business.*

NOTICE OF MOTION :—

1. The Hon. Lieut.-Col. Sir F. T. SARGOOD : To move, That in the opinion of this House—
  1. No person shall vote more than twice in any one day at any election for the Legislative Assembly.
  2. Every person duly qualified shall be entitled to one vote for manhood suffrage, and in addition to such vote for manhood every such person who has—
    - (a) Freehold property of the clear value of £100; or
    - (b) Of the clear yearly value of £5; or
    - (c) Leasehold property of the clear yearly value of £10; or
    - (d) Has paid Income Tax upon his own income during the year in which the poll is taken or during the previous year
 shall be entitled to a second vote.
  3. The two votes may be given in the district in which the elector resides, or one vote may be given in each of any two districts for which such elector has the qualifications.

ORDER OF THE DAY :—

1. NORTHCOTE LOAN BILL—Second reading.

*Government Business.*

ORDERS OF THE DAY :—

1. MILDURA IRRIGATION TRUST LOAN BILL—To be further considered in Committee.
2. BEET SUGAR WORKS ACT 1896 AMENDMENT BILL—Second reading.
3. CRIMES ACT 1890 AMENDMENT BILL—Consideration of Report.
4. SPECIAL AND OTHER APPROPRIATIONS RETRENCHMENT ACT 1893 CONTINUATION BILL—Second reading.
5. PUBLIC SERVICE RETRENCHMENT ACT 1893 CONTINUATION BILL—Second reading.
6. RAILWAYS COMMISSIONERS' SUPERANNUATION ACT 1895 AMENDMENT BILL—Second reading.
7. FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL (No. 2)—Second reading.
8. INSOLVENCY LAW AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—To be taken into consideration.
9. SAVINGS BANKS ACT 1890 AMENDMENT BILL—MESSAGE FROM LEGISLATIVE ASSEMBLY—To be taken into consideration.
10. MINES ACTS AMENDMENT BILL—Second reading.
11. LEGISLATIVE COUNCIL REDUCTION OF MEMBERS BILL—Second reading.
12. LIFE ASSURANCE COMPANIES AMENDMENT BILL—Consideration of Report.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*

## MEETING OF SELECT COMMITTEE.

*Wednesday, 23rd December.*

REFRESHMENT ROOMS (JOINT)—at half-past three o'clock.

(120 copies.)

PARLIAMENTARY PAPERS ISSUED SINCE 18<sup>TH</sup> DECEMBER, 1896.

Minutes of the Proceedings of the Legislative Council. Nos. 45, 46, and 47.  
 Notices of Motion and Orders of the Day. No. 48.  
 Railways Commissioners' Superannuation Act 1895 Amendment Bill—[80]. (To Members of Council only.)  
 Public Service Retrenchment Limitation Bill—[89]. (To Members of Council only.)  
 Special and other Appropriations Limitation Bill—[97]. (To Members of Council only.)  
 Factories and Shops Act Amendment Bill—[108]. (To Members of Council only.)  
 Factories and Shops Act 1890 Amendment Bill.—New clause to be proposed by the Hon. J. H. Connor. (To Members of Council only.)  
 Crimes Act 1890 Amendment Bill.—Amendments to be proposed by the Hon. Henry Cuthbert. (To Members of Council only.)

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Votes and Proceedings of the Legislative Assembly. Nos. 74, 75, 76, and 77.  
 Notices of Motion and Orders of the Day. No. 78.  
 Weekly Report of Divisions. No. 18.  
 Factories and Shops Act Amendment Bill—[108].  
 Local Government Act 1890 Amendment Bill (No. 6).—Amendments to be proposed by Mr. Kennedy. (To Members only.)  
 Life Assurance Inquiry Board.—Report of the Board appointed by His Excellency the Governor in Council to inquire into and report upon the affairs of the Mutual Benefit Society of Australasia, &c. No. 34.  
 Statistical Register of the Colony of Victoria for the year 1895.—Part VII.—Law, Crime, &c. No. 54.

## VICTORIA.

No. 49.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

WEDNESDAY, 23RD DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. DECLARATION OF MEMBER.—The Honorable J. Buchanan delivered to the Clerk the Declaration required by the thirty-seventh section of the Act No. 1075, as hereunder set forth :—

“In compliance with the provisions of the Act 54 Victoria, No. 1075, I, JAMES BUCHANAN, do declare and testify that I am legally or equitably seised of or entitled to an estate of freehold for my own use and benefit in lands or tenements in the colony of Victoria of the yearly value of One hundred pounds above all charges and incumbrances affecting the same, other than any public or parliamentary tax or municipal or other rate or assessment; and further, that such lands or tenements are situated in the municipal district of Berwick, and are known as ‘Burr Hill,’ Berwick, in my own occupation.

“And I further declare that such of the said lands or tenements as are situate in the municipal district of Berwick are rated in the rate-book of such district upon a yearly value of One hundred pounds.

“And I further declare that I have not collusively or colorably obtained a title to or become possessed of the said lands or tenements, or any part thereof, for the purpose of enabling me to be returned a Member of the Legislative Council.

“JAMES BUCHANAN.”

5. PAPERS.—The Honorable H. Cuthbert presented, by command of His Excellency the Governor—  
Report of Proceedings taken under the provisions of the Land Acts and the *Wattles Act* 1890 during the year ending 31st December, 1895.

Ordered to lie on the Table.

The following Papers, pursuant to the directions of an Act of Parliament, were laid upon the Table by the Clerk :—

- Defences and Discipline Act 1890—
- Victorian Naval and Military Forces.—Additions to Financial and Store Regulations.—Parts II. and VII.
- Victorian Military Forces—
- Alteration of Dress Regulations.—Part XI.
- Addition to Regulations.—Part III.

6. **NORTHCOTE LOAN BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable D. Melville moved, That this Bill be now read a second time.  
 Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable D. Melville moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable D. Melville, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
 On the motion of the Honorable D. Melville the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable D. Melville, the Bill was read a third time and passed.  
 The Honorable D. Melville moved, That the following be the title of the Bill :—  
*“An Act to authorize the Town of Northcote to construct certain permanent Works and Undertakings in lieu of certain other permanent Works and Undertakings.”*  
 Question—put and resolved in the affirmative.  
 Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.
7. **MILDURA IRRIGATION TRUST LOAN BILL.**—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
 On the motion of the Honorable D. Coutts the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable D. Coutts, the Bill was read a third time and passed.  
 The Honorable D. Coutts moved, That the following be the title of the Bill :—  
*“An Act to authorize the granting of a Loan to the First Mildura Irrigation Trust and for other purposes.”*  
 Question—put and resolved in the affirmative.  
 Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.
8. **MESSAGE FROM THE LEGISLATIVE ASSEMBLY.**—The President announced the receipt of the following Message from the Legislative Assembly :—  
 MR. PRESIDENT—  
 The Legislative Assembly transmit to the Legislative Council a Bill intituled *“An Act to ratify the method of distributing the Endowment to Municipalities and for other purposes,”* with which they desire the concurrence of the Legislative Council.  
 GRAHAM BERRY,  
 Speaker.  
 Legislative Assembly,  
 Melbourne, 23rd December, 1896.
9. **MUNICIPAL ENDOWMENT RATIFICATION BILL.**—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled *“An Act to ratify the method of distributing the Endowment to Municipalities and for other purposes,”* be now read a first time.  
 Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed, and read a second time this day.
10. **DISCHARGE OF ORDER OF THE DAY.**—On the motion of the Honorable H. Cuthbert the following Order of the Day was read and discharged :—  
*Crimes Act 1890 Amendment Bill—Consideration of Report.*
11. **CRIMES ACT 1890 AMENDMENT BILL.**—The Honorable H. Cuthbert moved, That this Bill be recommitted to a Committee of the whole for reconsideration.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.  
 The Honorable H. Cuthbert moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.  
 Question—put and resolved in the affirmative.  
 On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
 The Honorable H. Cuthbert moved, That the following be the title of the Bill :—  
*“An Act to amend the ‘Crimes Act 1890.’”*  
 Question—put and resolved in the affirmative.  
 Ordered—That the Bill be transmitted to the Legislative Assembly with a Message desiring their concurrence therein.

12. **SPECIAL AND OTHER APPROPRIATIONS RETRENCHMENT ACT 1893 CONTINUATION BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
 Question—put and resolved in the affirmative.—Bill read a second time with the concurrence of an absolute majority of the whole number of the Members of the Legislative Council.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
 On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time with the concurrence of an absolute majority of the whole number of the Members of the Legislative Council, and passed.  
 The Honorable H. Cuthbert moved, That the following be the title of the Bill:—  
*“An Act providing for the continuance in force for certain limited times of the Rates of Reductions of Salaries provided for in the ‘Special and other Appropriations Retrenchment Act 1893.’”*  
 Question—put and resolved in the affirmative.  
 Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.
13. **PUBLIC SERVICE RETRENCHMENT ACT 1893 CONTINUATION BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
 On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.  
 The Honorable H. Cuthbert moved, That the following be the title of the Bill:—  
*“An Act providing for the continuance in force for certain limited times of the Rates of Reductions of Salaries provided for in the ‘Public Service Retrenchment Act 1893.’”*  
 Question—put and resolved in the affirmative.  
 Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.
14. **RAILWAYS COMMISSIONERS’ SUPERANNUATION ACT 1895 AMENDMENT BILL.**—The Order of the Day for the second reading of this Bill having been read—the Honorable S. Williamson moved, That this Bill be now read a second time.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable S. Williamson moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable S. Williamson, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.  
 On the motion of the Honorable S. Williamson the Council adopted the Report from the Committee of the whole on this Bill.  
 And, on the further motion of the Honorable S. Williamson, the Bill was read a third time and passed.  
 The Honorable S. Williamson moved, That the following be the title of the Bill:—  
*“An Act to amend the ‘Railways Commissioners’ Superannuation Act 1895.’”*  
 Question—put and resolved in the affirmative.  
 Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.
15. **FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL (No. 2).**—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.  
 Debate ensued.  
 Question—put and resolved in the affirmative.—Bill read a second time.  
 The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.  
 Question—put and resolved in the affirmative.  
 And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.  
 The President resumed the Chair; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.

The Honorable H. Cuthbert moved, by leave, That the Report from the Committee of the whole be taken into consideration this day.

Question—put and resolved in the affirmative.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.

The Honorable H. Cuthbert moved, That the following be the title of the Bill :—

“ *An Act to amend the ‘ Factories and Shops Act 1896.’* ”

Question—put and resolved in the affirmative.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council have agreed to the same with amendments, and requesting their concurrence therein.

16. BEET SUGAR WORKS ACT 1896 AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable W. McCulloch moved, That this Bill be now read a second time.

Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable W. McCulloch moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable W. McCulloch, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair ; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable W. McCulloch the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable W. McCulloch, the Bill was read a third time and passed.

The Honorable W. McCulloch moved, That the following be the title of the Bill :—

“ *An Act to amend the ‘ Beet Sugar Works Act 1896.’* ”

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

17. INSOLVENCY LAW AMENDMENT BILL.—The Order of the Day for the consideration of the amendments made in this Bill by the Legislative Council, disagreed with by the Legislative Assembly, or agreed to with amendments, having been read—the said amendments were read, and are as follow :—

Amendments made by the Legislative Council.

How dealt with by the Legislative Assembly.

1. Clause 1, line 17, omit “ Liquidation by Arrangement and.”

2. Clause 6, line 8, omit “ or which the court thinks ought to be tried by a jury.”

} Disagreed with.

3. After clause 16 insert new clause—

AA Notwithstanding anything contained in this Part or Part VI. of this Act it shall be lawful for the creditors of any insolvent to appoint any person whether a creditor or not of such insolvent to be the trustee of the estate of such insolvent, and if the person so appointed within seven days after such appointment informs the court that he has been so appointed then the court may order that such person on giving such security as the court may fix shall be registered as qualified to be appointed to the office of trustee under the Insolvency Acts in respect only of such estate and thereupon he shall be registered accordingly by the Chief Clerk in a book to be kept for the purpose, and on such registration and until the cancellation of such registration he shall be capable of acting as trustee under the said Acts for such estate. The court may at any time if it thinks fit order that such registration be cancelled.

} Agreed to with the following amendment:—Line 7, after “ court ” insert “ in writing.”

4. Clause 18, lines 4–8, omit “ of which one part shall be payable on the amount realized and received by the trustee after deducting any sums paid to secured creditors out of the proceeds of their securities and the other part on the amount distributed in dividend ” and insert “ on the net amount realized and available for distribution.”

} Disagreed with.

5. Clause 19, omit this clause.

6. Clause 27, omit this clause.



## Amendments made by the Legislative Council.

How dealt with by the  
Legislative Assembly.

7. After clause 48 insert new clause—  
CC. So soon as the trustee has declared and distributed a dividend or dividends amongst the creditors amounting to Twenty-five per centum of their debts he shall unless otherwise ordered by the court pay out of the estate to the insolvent a bonus of Sixpence for every pound so declared and distributed; and so soon as he has so declared and distributed a further dividend or dividends amounting to a second Twenty-five per centum he shall unless otherwise ordered by the court pay out of the estate to the insolvent a bonus of One shilling for every pound of such further dividend or dividends so declared and distributed; and so soon as he has so declared and distributed a further dividend or dividends amounting to a third Twenty-five per centum he shall unless otherwise ordered by the court pay out of the estate to the insolvent a bonus of Two shillings for every pound of such dividend or dividends so last declared and distributed.
8. Clause 50, line 21, after "be" insert "deemed."
9. Clause 51, line 24, after "court" insert "or of three-fourths in number and value of the creditors."
10. Clause 64, line 7, after "estate" insert "other than such amount as may be voted by the meeting of creditors at the date of their appointment."
11. Page 20, line 32, in the head-line, omit "Liquidations by Arrangement and."
12. Clause 72, lines 34-5, omit "for liquidation by arrangement under section one hundred and fifty-three and."
13. " lines 38-40, omit "No extraordinary resolution declaring that the affairs of a debtor are to be liquidated by arrangement and not in insolvency and."
14. " (page 21), lines 12-13, omit "or arrangement."
15. " " line 19, omit "or arrangement."
16. " " line 23, omit "or arrangement."
17. " " line 29, omit "or arrangement."
18. " " line 31, omit "or arrangement."
19. " " lines 32-3, omit "or arrangement."
20. " " line 34, omit "or arrangement."
21. " " line 36, omit "or arrangement."
22. " " line 39, omit "or arrangement."
23. " " line 44, omit "or arrangement."
24. " " line 45, omit "or arrangement."
25. " (page 22), line 2, omit "or arrangement."
26. " " lines 6-7, omit "sections one hundred and fifty-three and" and insert "section."
27. " " line 22, omit "or arrangement."
28. " " line 23, omit "and liquidations by arrangement."
29. " " line 26, omit "or arrangement."
30. " " lines 30-1, omit "or arrangement."
31. Clause 73, line 44, omit "any of."
32. " same line, omit "instruments" and insert "instrument."
33. " (page 23), lines 4-21, omit paragraph (b) and all following words to end of clause.
34. Clause 75, at end of clause add "A deed of arrangement registered as required by the provisions of this and the preceding section shall be deemed to be registered or filed in accordance with the provisions of Part VI. of the *Instruments Act* 1890 and of the *Book Debts Act* 1896."
35. Clause 82, at end of clause add new sub-clause—  
(2a) Where a person not registered as aforesaid is appointed a trustee pursuant to this section he shall not act as trustee until a copy of such resolution has been filed by the Chief Clerk and has given security as aforesaid.
36. After clause 82 insert new clause—  
CC. At any time after a debtor has made a deed of arrangement the court or the trustee (if any) of the deed may by notice in writing at any time require such debtor to make a statement verified by affidavit giving particulars of all his assets and liabilities and property whatsoever, and if he without reasonable cause fails to do so he shall be guilty of a contempt of court.

Disagreed with.

Agreed to with the following amendment:—Line 4, after "and" insert "such person."

Agreed to with the following amendments:—Line 1, after "time" insert "within three years"; lines 2 and 3, omit "or the trustee (if any) of the deed"; line 3, omit "by notice in writing at any time."

Amendments made by the Legislative Council.

How dealt with by the  
Legislative Assembly.

37. Clause 90, lines 36-7, omit "notwithstanding any provision in any Act."
38. " (page 28), line 2, after "fix" insert "but not exceeding Seven shillings in the pound."
39. " " same line, after "or" insert "until security for the payment of such dividend has been given to the satisfaction of the court. If the sureties for such security have to pay the amount of dividend or any part thereof, and the debtor again becomes insolvent, then the sureties shall not be entitled to any dividend until the debts incurred by the insolvent since he obtained his certificate shall have been paid."
40. " " omit paragraph (d).
41. Clause 92, omit this clause.
42. Clause 95, line 25, after "party" insert "or."
43. " " omit paragraph (c).
44. Clause 97, line 42, after "trustee" insert "upon payment of reasonable expenses."
45. Clause 99, omit this clause.
46. Clause 100, lines 28-9, omit "subject to the condition that judgment shall be entered against him or."
47. " lines 33-4, omit "judgment or."
48. Clause 120, omit this clause.
49. Clause 125, line 33, after "proxy" insert "or his barrister and solicitor or clerk."

Disagreed with.

Agreed to with the following amendment:—After "payment" insert "or tender."

Disagreed with.

Agreed to with the following amendment:—Before "clerk" insert "such barrister and solicitor's."

Amendment 1, after debate, insisted on.

Amendment 2 not insisted on.

Amendment of the Legislative Assembly in amendment 3 agreed to.

Amendment 4, after debate, insisted on.

Amendments 5 and 6 insisted on.

Amendment 7, after debate, not insisted on.

Amendments 8 and 9 not insisted on.

Amendment 10, after debate, insisted on.

Amendments 11 to 30 inclusive insisted on.

Amendment 31, after debate, insisted on.

Amendments 32, 33, and 34 insisted on.

Amendment of the Legislative Assembly in amendment 35 agreed to.

Amendments of the Legislative Assembly in amendment 36, after debate, agreed to.

Amendment 37, after debate, insisted on.

Amendments 38 to 43 inclusive insisted on.

Amendment of the Legislative Assembly in amendment 44 agreed to.

Amendments 45, 46, and 47 insisted on.

Amendment 48, after debate, insisted on.

Amendment of the Legislative Assembly in amendment 49 agreed to.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council do not insist on some of their amendments disagreed with by the Legislative Assembly, that they insist on others, and that they have agreed to the amendments of the Legislative Assembly on amendments of the Legislative Council.

18. MINES ACTS AMENDMENT BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time.

Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

19. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to further amend the 'Companies Act 1890,'*" and acquaint the Legislative Council that the Legislative Assembly do not insist on disagreeing with the amendments made and insisted on in such Bill by the Legislative Council, and do not insist on their amendments on amendments of the Legislative Council with which the Legislative Council have disagreed.

Legislative Assembly,

Melbourne, 23rd December, 1896,

GRAHAM BERRY,  
Speaker.

20. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to amend the 'Factories and Shops Act 1896,'*" and acquaint the Legislative Council that the Legislative Assembly have agreed to the amendments made in such Bill by the Legislative Council.

Legislative Assembly,  
Melbourne, 23rd December, 1896.

GRAHAM BERRY,  
Speaker.

21. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Message from His Excellency the Governor recommending an amendment in the Bill intituled "*An Act to authorize the granting of a Loan to the First Mildura Irrigation Trust and for other purposes,*" and acquaint the Legislative Council that the Legislative Assembly have agreed to the said amendment recommended by His Excellency the Governor in this Bill, with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 23rd December, 1896.

GRAHAM BERRY,  
Speaker.

BRASSEY,  
Governor.

Pursuant to the provisions of section 36 of *The Constitution Act*, the Governor transmits to the Legislative Assembly, for their consideration, the following amendment which he desires to be made in the Bill intituled "*An Act to authorize the granting of a Loan to the First Mildura Irrigation Trust and for other purposes*":—

In clause 7, sub-clause (1), after the word "District" insert the words "and not being a township allotment."

Government Offices,  
Melbourne, 23rd December, 1896.

On the motion of the Honorable H. Cuthbert the Council agreed to the amendment recommended by His Excellency the Governor, and ordered a Message to be transmitted to the Legislative Assembly acquainting them therewith.

22. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled "*An Act to amend the Law relating to Insolvency,*" and acquaint the Legislative Council that the Legislative Assembly insist on disagreeing with the amendment of the Legislative Council to omit clause 120 of this Bill, and do not insist on disagreeing with the other amendments made and insisted on by the Legislative Council in such Bill.

Legislative Assembly,  
Melbourne, 23rd December, 1896.

GRAHAM BERRY,  
Speaker.

And the said amendment was read and is as follows:—

Amendment insisted on by the Legislative Council to omit clause 120—Disagreed with and disagreement insisted on by the Legislative Assembly.

The Honorable H. Cuthbert moved, That the Council do not now insist on their amendment to omit clause 120.

Debate ensued.

Question—put and negatived.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council still insist on their amendment to omit clause 120, disagreed with by the Legislative Assembly.

23. SAVINGS BANKS ACT 1890 AMENDMENT BILL.—The Order of the Day for the consideration of the amendments made in this Bill by the Legislative Council and disagreed with by the Legislative Assembly having been read, the said amendments were read and are as follow:—

1. Clause 15, lines 18–19, omit "the form mode and conditions in and under which the accounts of Friendly Societies may be drawn upon by cheques."
2. Clause 26, line 41, before "officer" insert "auditor or valuer or."
3. " line 45, before "officer" insert "auditor or valuer or."
4. " line 46, before "officer" insert "auditor or valuer or."
5. " (page 17), line 1, before "officer" insert "auditor or valuer or."
6. Clause 29, omit this clause.
7. Clause 32, line 23, after "Supreme" insert "or County."
8. Clause 39, at end of clause add new sub-clause—

(a) Rates or moneys which by any Act are declared to be or to remain a charge or a first charge on any land or to be recoverable by the taking possession of or leasing of such land by order of the Supreme Court or otherwise shall not be deemed "prior charges and encumbrances" thereon within the meaning of section thirty-two of the Principal Act, but the liability to pay such rates or moneys as they become due shall be taken into consideration in ascertaining and determining the value of such land.

9. Clause 46 (page 27), after line 25 insert "whether clear of rabbits."

The Honorable W. McCulloch moved, That the Council do not insist on their amendments.  
Debate ensued.

The Honorable Lieut.-Col. Sir F. T. Sargood moved, as an amendment, That the following words be added to the motion, viz.:—"but the Legislative Council maintain that this is not a Bill which comes within the operation of the 56th section of *The Constitution Act*, and therefore they have the undoubted right to amend the same; but in view of the importance of the Bill, and the great desire of the Legislative Council to meet what they believe to be the wishes of the country, they have decided not to insist on their amendments, but they do so under protest.

Question—That the words proposed to be added be so added—put and resolved in the affirmative.

Question—That the Council do not insist on their amendments, but the Legislative Council maintain that this is not a Bill which comes within the operation of the 56th section of *The Constitution Act*, and therefore they have the undoubted right to amend the same; but in view of the importance of the Bill, and the great desire of the Legislative Council to meet what they believe to be the wishes of the country, they have decided not to insist on their amendments, but they do so under protest—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council do not insist on their amendments in this Bill disagreed with by the Legislative Assembly, but the Legislative Council maintain that this is not a Bill which comes within the operation of the 56th section of *The Constitution Act*, and therefore they have the undoubted right to amend the same; but in view of the importance of the Bill, and the great desire of the Legislative Council to meet what they believe to be the wishes of the country, they have decided not to insist on their amendments, but they do so under protest.

24. MUNICIPAL ENDOWMENT RATIFICATION BILL.—The Order of the Day for the second reading of this Bill having been read—the Honorable H. Cuthbert moved, That this Bill be now read a second time. Debate ensued.

Question—put and resolved in the affirmative.—Bill read a second time.

25. DISCHARGE OF ORDER OF THE DAY.—On the motion of the Honorable H. Cuthbert the following Order of the Day was read and discharged:—

*Legislative Council Reduction of Members Bill—Second reading.*

Ordered—That the said Bill be withdrawn.

And the Council having continued to sit till after Twelve of the clock,

THURSDAY, 24TH DECEMBER, 1896.

26. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Bill intituled "*An Act to apply a sum out of the Consolidated Revenue to the service of the year ending on the thirtieth day of June One thousand eight hundred and ninety-seven and to appropriate the Supplies granted in this Session of Parliament,*" with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 24th December, 1896.

GRAHAM BERRY,  
Speaker.

27. APPROPRIATION BILL.—The Honorable H. Cuthbert moved, That the Bill transmitted by the foregoing Message, intituled "*An Act to apply a sum out of the Consolidated Revenue to the service of the year ending on the thirtieth day of June One thousand eight hundred and ninety-seven and to appropriate the Supplies granted in this Session of Parliament,*" be now read a first time.

Question—put and resolved in the affirmative.—Bill read a first time, ordered to be printed and, by leave, to be read a second time this day.

The Honorable H. Cuthbert moved, That this Bill be now read a second time.

Question—put and resolved in the affirmative.—Bill read a second time.

The Honorable H. Cuthbert moved, That this Bill be now committed to a Committee of the whole.

Question—put and resolved in the affirmative.

And, on the further motion of the Honorable H. Cuthbert, the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair; and the Honorable F. Brown having reported that the Committee had gone through the Bill and agreed to the same without amendment, the Council ordered the Report to be taken into consideration this day.

On the motion of the Honorable H. Cuthbert the Council adopted the Report from the Committee of the whole on this Bill.

And, on the further motion of the Honorable H. Cuthbert, the Bill was read a third time and passed.

The Honorable H. Cuthbert moved, That the following be the title of the Bill:—

*"An Act to apply a sum out of the Consolidated Revenue to the service of the year ending on the thirtieth day of June One thousand eight hundred and ninety-seven and to appropriate the Supplies granted in this Session of Parliament."*

Question—put and resolved in the affirmative.

Ordered—That a Message be transmitted to the Legislative Assembly acquainting them that the Legislative Council have agreed to the Bill without amendment.

And then the Council, at forty-eight minutes past twelve o'clock in the morning, adjourned until this day.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

## VICTORIA.

No. 50.

MINUTES OF THE PROCEEDINGS  
OF THE  
LEGISLATIVE COUNCIL.

THURSDAY, 24<sup>TH</sup> DECEMBER, 1896.

1. The Council met in accordance with adjournment.
2. The President took the Chair.
3. The President read the Prayer.
4. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert:—

BRASSEY,  
Governor.

Message No. 12.

The Governor informs the Legislative Council that he has, on this day, at the Government Offices, given the Royal Assent to the undermentioned Acts of the present Session, presented to him by the Clerk of the Parliaments, viz.:—

- “An Act to amend the ‘Aliens Act 1890.’”
- “An Act to amend the ‘Game Act 1890.’”
- “An Act to authorize the Raising of Money for the Redemption of Victorian Government Stock and for other purposes.”
- “An Act to refer certain matters to the Federal Council of Australasia for the exercise of Legislative authority thereon.”
- “An Act to sanction the issue and application of certain sums of money as Loans for Water Supply and Irrigation Works in the Country Districts and for other purposes.”
- “An Act to further continue in force Part III. of the ‘Employers and Employés Act 1890.’”
- “An Act to declare the Rates of Duties of Income Tax for the year ending on the thirty-first day of December One thousand eight hundred and ninety-seven and to amend the ‘Income Tax Act 1895.’”
- “An Act to amend the ‘Poisons Act 1890.’”
- “An Act to sanction the Expenditure of Moneys available under Loan Acts for Railways.”

Government Offices,  
Melbourne, 24th December, 1896.

5. MESSAGE FROM HIS EXCELLENCY THE GOVERNOR.—The following Message from His Excellency the Governor was presented by the Honorable H. Cuthbert:—

BRASSEY,  
Governor.

Message No. 13.

The Governor informs the Legislative Council that he has, on this day, at the Parliament Houses, given the Royal Assent to the undermentioned Acts of the present Session, presented to him by the Clerk of the Parliaments, viz.:—

- “The Customs Act 1896.”
- “The Mildura Trust Loan Act 1896.”
- “The Railways Commissioners’ Superannuation Act 1895 Amendment Act.”
- “The Public Service Retrenchment Limitation Act 1896.”
- “The Beet Sugar Works Amendment Act 1896.”
- “The Northcote Loan Act.”
- “The Local Government Act 1896.”
- “The Crimes Act 1890 Amendment Act 1896.”
- “The Factories and Shops Amendment Act 1896.”

Parliament Houses,  
Melbourne, 24th December, 1896.

6. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly transmit to the Legislative Council a Message from His Excellency the Governor recommending amendments in the Bill intituled “*An Act to further amend the ‘Companies Act 1890’ and for other purposes,*” and acquaint the Legislative Council that the Legislative Assembly have agreed to the said amendments recommended by His Excellency the Governor in this Bill, with which they desire the concurrence of the Legislative Council.

Legislative Assembly,  
Melbourne, 24th December, 1896.

GRAHAM BERRY,  
Speaker.

BRASSEY,  
Governor.

Pursuant to the provisions of section 36 of *The Constitution Act*, the Governor transmits to the Legislative Assembly, for their consideration, the following amendments which he desires to be made in the Bill intituled “*An Act to further amend the ‘Companies Act 1890’ and for other purposes,*” namely:—

In clause 35, omit the word “thirty-four,” substitute “thirty-five,” and

In clause 101, omit the words “eighty-seven to ninety inclusive, ninety-three and ninety-five and ninety-six” and substitute “eighty-eight to ninety-one inclusive, ninety-four, ninety-six, and ninety-seven.”

Government Offices,  
Melbourne, 24th December, 1896.

On the motion of the Honorable H. Cuthbert the Council agreed to the several amendments recommended by His Excellency the Governor, and ordered a Message to be transmitted to the Legislative Assembly acquainting them therewith.

7. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled “*An Act to amend the ‘Crimes Act 1890,’*” and acquaint the Legislative Council that the Legislative Assembly have agreed to the same without amendment.

Legislative Assembly,  
Melbourne, 24th December, 1896.

GRAHAM BERRY,  
Speaker.

8. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled “*An Act to further amend the ‘Local Government Act 1890,’*” and acquaint the Legislative Council that the Legislative Assembly have agreed to the same without amendment.

Legislative Assembly,  
Melbourne, 24th December, 1896.

GRAHAM BERRY,  
Speaker.

9. MESSAGE FROM THE LEGISLATIVE ASSEMBLY.—The President announced the receipt of the following Message from the Legislative Assembly:—

MR. PRESIDENT—

The Legislative Assembly return to the Legislative Council the Bill intituled “*An Act to amend the Law relating to Insolvency,*” and acquaint the Legislative Council that the Legislative Assembly still insist on disagreeing with the amendment of the Legislative Council to omit clause 120 of this Bill.

Legislative Assembly,  
Melbourne, 24th December, 1896.

GRAHAM BERRY,  
Speaker.

The Honorable H. Cuthbert moved, That the Council do not now insist on their amendment to omit clause 120.

Question—put and negatived.

Ordered—That the Bill be returned to the Legislative Assembly with a Message acquainting them that the Legislative Council still insist on their amendment to omit clause 120 disagreed with by the Legislative Assembly.

10. APPROACH OF HIS EXCELLENCY THE GOVERNOR.—The approach of His Excellency the Governor was announced by the Usher.

11. ROYAL ASSENT TO BILLS.—His Excellency the Governor came into the Council Chamber, and commanded the Usher to desire the attendance of the Legislative Assembly, who, being come with their Speaker, he, after a short speech to His Excellency, delivered the Appropriation Bill to the Clerk of the Parliaments, who brought it to the Table.

His Excellency was then pleased to assent to the following Bills:—

“*An Act to apply a sum out of the Consolidated Revenue to the service of the year ending on the thirtieth day of June One thousand eight hundred and ninety-seven and to appropriate the Supplies granted in this Session of Parliament.*”

“*An Act to amalgamate the Post Office Savings Bank and the Commissioners’ Savings Banks, to amend the ‘Savings Banks Act 1890,’ to enable advances to be made and for other purposes.*”

“*An Act to further amend the ‘Companies Act 1890’ and for other purposes.*”

To these Bills the Royal Assent was pronounced severally by the Clerk of the Parliaments in these words:—

“In the name and on behalf of Her Majesty I assent to this Act.”

12. RESERVATION OF BILL FOR SIGNIFICATION OF HER MAJESTY'S PLEASURE.—His Excellency was pleased to reserve for the signification of Her Majesty's pleasure the following Bill, viz.:—  
*"An Act providing for the continuance in force for certain limited times of the Rates of Reductions of Salaries provided for in the 'Special and other Appropriations Retrenchment Act 1893.'"*

13. His Excellency was then pleased to speak as follows:—

MR. PRESIDENT AND HONORABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL :

MR. SPEAKER AND GENTLEMEN OF THE LEGISLATIVE ASSEMBLY :

After the long and arduous Session which has extended over a period of six months, I am pleased to be able to release you from your labours before the close of the year.

The Parliaments of Tasmania and Australia, with the exception of that of Queensland, having now passed Enabling Bills for the election of members of a Convention to frame a Federal Constitution, the elections will be held in the various colonies on the same day in March next. I trust that the result of the deliberations of the Convention will be a Constitution which will ultimately find acceptance from the people to whom it is to be submitted, and achieve the object that all have in view.

I congratulate you upon the fact that the Bill for the Regulation of Factories and Shops has at last been placed upon the Statute Book. It is hoped the measure will ameliorate the condition of the workers and appreciably mitigate the evil of "sweating."

The interests of the agriculturists have received your sympathetic consideration, and the Bill which you have passed to enable them to receive advances of money at a low rate of interest will do much to assist the class of cultivators which the policy of the country has settled on the land.

The Bill which has been passed to amend the Company Law, whilst guarding against negligence or fraud on the part of promoters, directors, managers, or auditors, and whilst offering greater security to the public than has been possible in the past, will, it is believed, encourage and facilitate legitimate commercial enterprise.

MR. SPEAKER AND GENTLEMEN OF THE LEGISLATIVE ASSEMBLY :

I thank you, in the name of Her Majesty, for the provision that you have made for the service of the State. It is gratifying to find that the steady decline in the Revenue, which has taken place for several years past, has been checked. An improvement may be expected for the future.

MR. PRESIDENT AND HONORABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL :

MR. SPEAKER AND GENTLEMEN OF THE LEGISLATIVE ASSEMBLY :

It is to be regretted that the Bills for the Reform of the Constitution and for the amendment of the Insolvency Law laid before you have not been passed into law.

The exigencies of public business unfortunately prevented the Bill for the Amendment and Consolidation of the Mining Law, which had been eagerly expected by the mining community, from being placed on the Statute Book, although it had passed the House of Assembly. Next Session advantage will be taken of the Standing Order recently passed by the Council to reinstate this measure at the stage which it had reached, when it is to be hoped it will speedily become law.

Time did not permit the introduction of the Bill for the Regulation of Public Charities which had been promised, but my Advisers intend to carefully consider during the recess the complicated questions involved, with a view of submitting a measure for your consideration early next Session.

The Commission appointed to inquire into the condition of the irrigation settlement of Mildura having furnished a very able and exhaustive Report, my Advisers embodied the recommendations in a measure which has been passed into law, and which will, it is to be hoped, preserve that settlement from the ruin with which it was threatened.

Other valuable measures have been passed. The Loan Conversion Bill will give substantial relief to the taxpayers in the amount of interest payable. Doubtless this will be followed by a consolidation of all Victorian Loans, thus reducing on terms fair to the holders of Government stock the interest thereon to three per cent. Powers have been obtained to foster and encourage the Mining and Agricultural industries by advances to companies for the development of mining, and to miners for prospecting; the cutting of tracks and the establishment of batteries in auriferous districts; and for the providing of bonuses for exportation of produce, the constitution of wineries, and the growing of plants to be used for fibre and oil. The legislation of the Session includes a measure for referring various matters of intercolonial concern to the Federal Council, which has been summoned to meet at Hobart in January next; a Bill rectifying anomalies in the Income Tax Act; a Bill for the widening, deepening, and improving of the River Yarra, which will not only minimise the danger of floods, but has also found employment for many workers during several months past; a Bill simplifying the Law relating to Aliens; a Bill to prevent the adulteration of agricultural seeds; a Bill to amend the Crimes Act, whereby frauds by agents which have hitherto been perpetrated with impunity will be prevented; a Bill for the regulation of the carriage of explosives; a long looked-for measure to secure the safety of the metropolis by removing the Powder Magazine to a suitable site at a sufficient distance from the city; a measure amending the Coroners Act; a Bill to amend the Customs Law; and a Bill for the better Preservation of Game. In addition to these measures, Bills dealing with various other matters, including Exported Products and Usury, were also introduced, but time did not permit of your dealing therewith.

In discharging you from your attendance in Parliament, I thank you for the valuable work you have done, which I trust will be beneficial to the people of Victoria.

I now, in the name of Her Majesty, declare this Parliament to be prorogued to the 4th day of February, 1897.

GEORGE H. JENKINS,

*Clerk of the Legislative Council.*





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SELECT COMMITTEES.

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SECRET

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PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS  
(JOINT).

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APPOINTED (UNDER ACT No. 1350) 31ST OCTOBER, 1894.

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The Hon. J. Buchanan  
D. Melville

The Hon. E. Morey.\*

\* Re-appointed, after re-election, 10th September, 1895.

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APPOINTED DURING THE SESSION 1896.

No. 1.—ADDRESS IN REPLY TO THE OPENING SPEECH OF HIS EXCELLENCY  
THE GOVERNOR.

Appointed 23rd June, 1896.

The Hon. J. Bell  
C. J. Ham  
E. Miller

The Hon. E. Morey  
J. A. Wallace  
J. Balfour.

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No. 2.—STANDING ORDERS.

Appointed 24th June, 1896.

The Hon. The President  
S. Austin  
J. Balfour\*  
S. W. Cooke  
N. FitzGerald\*

The Hon. Lieut.-Col. Sir F. T. Sargood\*  
J. Service  
Sir A. Snowden  
N. Thornley  
H. Cuthbert.\*

\* Re-appointed, after re-election, 29th September, 1896.

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No. 3.—PARLIAMENT BUILDINGS (JOINT).

Appointed 24th June, 1896.

The Hon. The President  
J. H. Abbott\*  
J. Bell  
G. Davis

The Hon. D. E. McBryde  
W. Pitt†  
N. Thornley.\*

\* The Hons. J. H. Abbott and N. Thornley appointed in the places of the Hons. G. Davis (deceased) and D. E. McBryde, 29th September, 1896.

† Re-appointed, after re-election, 29th September, 1896.

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No. 4.—LIBRARY (JOINT).

Appointed 24th June, 1896.

The Hon. The President  
E. J. Crooke  
F. S. Grimwade

The Hon. C. J. Ham  
D. Melville.

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No. 5.—REFRESHMENT ROOMS (JOINT).

Appointed 24th June, 1896.

The Hon. Dr. W. H. Embling  
E. Morey  
A. O. Sachse

The Hon. J. A. Wallace\*  
W. I. Winter-Irving.\*

\* Re-appointed, after re-election, 29th September, 1896.

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No. 6.—PRINTING.

Appointed 24th June, 1896.

The Hon. The President  
J. H. Abbott  
T. Brunton\*  
J. H. Connor\*  
S. Fraser

The Hon. D. Ham  
N. Levi  
J. M. Pratt  
C. Sargeant  
J. Sternberg.

\* Re-appointed, after re-election, 29th September, 1896.

## No. 7.—ELECTIONS AND QUALIFICATIONS.

Appointed (by President's Warrant) 7th July, 1896.

The Hon. S. Austin

Sir W. J. Clarke, Bart.

S. W. Cooke

D. Coutts

The Hon. H. Cuthbert\*

G. Davis

F. S. Grimwade

J. Service.

\* Appointed in place of the Hon. G. Davis (deceased) 20th October, 1896.

## No. 8.—COMPANIES ACT 1890 FURTHER AMENDMENT BILL.

Appointed 8th September, 1896.

The Hon. J. H. Abbott

S. W. Cooke

E. J. Crooke

H. Cuthbert

N. FitzGerald

S. Fraser

F. S. Grimwade

The Hon. C. J. Ham

D. Melville

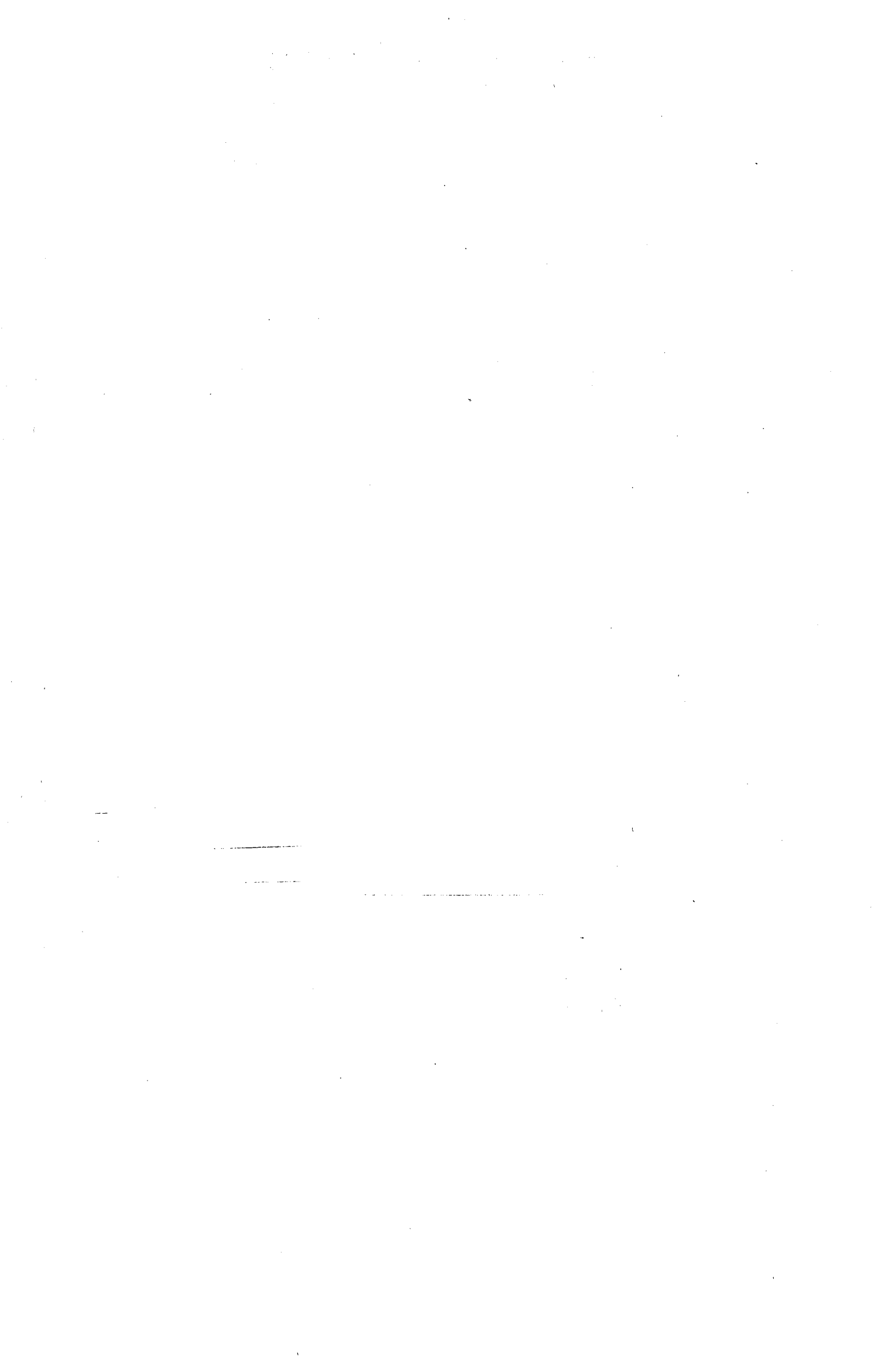
A. O. Sachse\*

Sir H. J. Wrixon

A. Wynne

Lieut.-Col. Sir F. T. Sargood.

\* Appointed in place of the Hon. E. J. Crooke, discharged from attendance, 15th September, 1896.



VICTORIA.

## LEGISLATIVE COUNCIL.

SESSION 1896.

WEEKLY REPORT OF DIVISIONS  
IN  
COMMITTEE OF THE WHOLE COUNCIL.

No. 1.

Extracted from the Minutes.

WEDNESDAY, 29TH JULY, 1896.

No. 1.—SEEDS ADULTERATION AND SALE BILL—Clause 3 (as amended):—

Every person who with intent to defraud or to enable another person to defraud does any of the following things (that is to say):—

- (a) Kills or causes to be killed any seeds ; or
- (b) Dyes or causes to be dyed any seeds ; or
- (c) Sells or causes to be sold any killed or dyed seeds ; or
- (d) Sells or causes to be sold any seeds trees shrubs or vines which are not of the nature description kind or species ordered by the purchaser—

shall be punished as follows (that is to say):—For the first offence he shall be liable to a penalty not exceeding Five pounds. For the second and any subsequent offence he shall be liable to a penalty not exceeding Fifty pounds. “Moreover in every case of a second or any subsequent offence against this Act it shall be lawful for the justices besides inflicting upon the person guilty of such offence the punishment directed by this Act to order the offender’s name occupation place of abode and place of business and particulars of his punishment under this Act to be published at the expense of such offender in such newspaper or newspapers or in such other manner as the court may think fit to prescribe. Payment of the expense of such publication may be recovered from the offender as if the same were a penalty incurred by him.”—(*Hon. N. Thornley.*)

Amendment proposed—That all the words after “pounds,” in line 10, to the end of the clause be omitted.—(*Hon. Sir A. Snowden.*)

Question—That the words proposed to be omitted stand part of the clause—put.

Committee divided.

Ayes, 14.

The Hon. J. Balfour  
J. H. Connor  
S. W. Cooke  
E. J. Crooke  
Dr. W. H. Embling  
G. Godfrey  
W. McCulloch  
E. Miller  
A. O. Sachse  
Lieut.-Col. Sir F. T. Sargood  
G. Simmie  
W. I. Winter-Irving.

Tellers.

D. Coutts  
N. Thornley.

Noes, 6.

The Hon. C. J. Ham  
D. Melville  
Sir A. Snowden  
J. A. Wallace.

Tellers.

N. Levi  
W. Pitt.

And so it was resolved in the affirmative.





VICTORIA.

## LEGISLATIVE COUNCIL.

SESSION 1896.

WEEKLY REPORT OF DIVISIONS

IN

COMMITTEE OF THE WHOLE COUNCIL.

No. 2.

Extracted from the Minutes.

TUESDAY, 4TH AUGUST, 1896.

No. 1.—LIFE ASSURANCE COMPANIES AMENDMENT BILL—Clause 6 (as amended):—

In the case of any policy of assurance on the life of any person issued or granted by any company after the commencement of this Act the age of the person whose life is assured shall if the company is satisfied that such age is correctly stated be indorsed by the company on the back of the policy within one year from the issue or grant thereof, but if reasonable proof of such age is not forthcoming the company instead of so indorsing the policy may within such year by notice in writing to the assured declare the policy to be at an end and retain as forfeited to the company all premiums paid on such policy. Subject to this section at the expiration of one year from the issue or grant of a policy the age of the person assured shall be deemed and taken to be indisputable and unchallengeable by or on behalf of such company; and the statement of the age of the assured in the policy or, if not stated in the policy in any proposal made for the assurance of such person, shall be conclusive evidence that such age as so stated of the person whose life is assured is indisputable and unchallengeable by or on behalf of such company after such twelve months.—(*Hon. H. Cuthbert.*)

Question—That clause 6 as amended stand part of the Bill—put.  
Committee divided.

Ayes, 17.

The Hon. J. H. Abbott  
J. H. Connor  
E. J. Crooke  
H. Cuthbert  
T. Dowling  
Dr. W. H. Embling  
N. FitzGerald  
G. Godfrey  
C. J. Ham  
D. Melville  
E. Morey  
W. Pitt  
N. Thornley  
S. Williamson  
W. I. Winter-Irving.

*Tellers.*

F. S. Grimwade  
W. McCulloch.

Noes, 11.

The Hon. J. Balfour  
S. W. Cooke  
S. Fraser  
J. M. Pratt  
A. O. Sachse  
Lieut.-Col. Sir F. T. Sargood  
Sir A. Snowden  
J. Sternberg  
J. A. Wallace.

*Tellers.*

J. C. Campbell  
N. Levi.

And so it was resolved in the affirmative.



VICTORIA.

## LEGISLATIVE COUNCIL.

SESSION 1896.

WEEKLY REPORT OF DIVISIONS

IN

COMMITTEE OF THE WHOLE COUNCIL.

No. 3.

Extracted from the Minutes.

WEDNESDAY, 28<sup>TH</sup> OCTOBER, 1896.

No. 1.—MINING DEVELOPMENT BILL—Clause 8 :—

Every such application shall be referred by the Minister to the Government Geologist or other professional officer for a report thereon. Such report shall be made after a personal examination of the land in which such company proposes to carry on mining operations and shall—

- (a) fully describe the character of such land and of the deep lead or lode or reef or other auriferous formation contained therein ;
- (b) state whether the proposed mining operations would or would not be of a pioneer character ;
- (c) state whether in the opinion of the Government Geologist or officer making such report there is a reasonable probability of such mining operations proving to be of a remunerative character, and shall give the reasons and grounds for such opinion ;
- (d) state whether the machinery working plant and appliances are of a character and description properly adapted to the proposed mining operations ; and
- (e) give any further or other information which the Minister may require.—(*Hon. H. Cuthbert.*)

Amendment proposed—That after sub-clause (c) the following new sub-clause be inserted :—

“(f) state whether the estimate is reliable.”—(*Hon. Lieut.-Col. Sir F. T. Sargood.*)

Question—That the sub-clause proposed to be inserted be so inserted—put.  
Committee divided.

Ayes, 11.

The Hon. J. H. Abbott  
J. Balfour  
J. H. Connor  
T. Dowling  
D. Ham  
D. Melville  
Lieut.-Col. Sir F. T. Sargood  
Sir A. Snowden  
J. Sternberg.

*Tellers.*

S. W. Cooke  
A. O. Sachse.

Noes, 14.

The Hon. J. Bell  
D. Coutts  
H. Cuthbert  
S. Fraser  
G. Godfrey  
F. S. Grimwade  
N. Levi  
W. McCulloch  
E. Morey  
J. M. Pratt  
J. A. Wallace  
W. I. Winter-Irving.

*Tellers.*

E. J. Crooke  
W. Pitt.

And so it passed in the negative.

THURSDAY, 29TH OCTOBER, 1896.

No. 2.—MINING DEVELOPMENT BILL—Clause 25 :—

The formation of such road shall be carried out by the "Minister" in accordance with the plans sections and specifications approved of by the Governor and shall be subject to the supervision of any professional officer appointed in that behalf by the Minister; and it shall be the duty of the council of the shire in which such road is formed to keep the same open for public use and free from obstruction and provide for the future maintenance and repair thereof.—(*Hon. H. Cuthbert.*)

Amendment proposed—That the word "Minister," in line 1, be omitted with a view to insert in place thereof the words "shire council."—(*Hon. J. H. Connor.*)

Question—That the word proposed to be omitted stand part of the clause—put.  
Committee divided.

Ayes, 13.

The Hon. D. Coutts  
H. Cuthbert  
T. Dowling  
S. Fraser  
F. S. Grimwade  
C. J. Ham  
N. Levi  
P. Phillips  
A. O. Sachse  
Sir A. Snowden  
A. Wynne.

*Tellers.*

G. Godfrey  
W. McCulloch.

Noes, 14.

The Hon. J. H. Abbott  
J. Balfour  
J. C. Campbell  
J. H. Connor  
S. W. Cooke  
D. Melville  
J. M. Pratt  
Lieut.-Col. Sir F. T. Sargood  
N. Thornley  
J. A. Wallace  
W. I. Winter-Irving  
Sir H. J. Wrixon.

*Tellers.*

Dr. W. H. Embling  
W. Pitt.

And so it passed in the negative.

VICTORIA.

## LEGISLATIVE COUNCIL.

SESSION 1896.

WEEKLY REPORT OF DIVISIONS

IN

## COMMITTEE OF THE WHOLE COUNCIL.

No. 4.

Extracted from the Minutes.

TUESDAY, 10TH NOVEMBER, 1896.

No. 1.—FACTORIES AND SHOPS ACT 1896 AMENDMENT BILL—Proposed new clause F:—

For section thirty-four of the Amending Act there shall be deemed to have been substituted from the passing of the said Act the following section:—

34. The following sub-section shall be deemed to be the last sub-section of section forty-seven of the Principal Act:—

For closing for one afternoon in each week from the hour of one o'clock—

(a) all shops other than those specified in the Fourth Schedule;

(b) all shops of any particular class whatsoever.

Provided that before any such by-law be made a petition certified to by the municipal clerks as signed by a "majority of" all the shopkeepers whose shops it is desired to close shall be presented to the municipal council.

\* \* \* \* \*

—(Hon. H. Cuthbert.)

Amendment proposed—That the words "two-thirds of" be inserted after "majority of."—(Hon. Sir H. J. Wrixon.)

Further amendment proposed—That the words "three-fourths of" be inserted after "majority of."—(Hon. N. Levi.)

Question—That the words "three-fourths of" proposed to be inserted be so inserted—put.  
Committee divided.

Ayes, 13.

The Hon. J. H. Abbott  
J. C. Campbell  
J. H. Connor  
Dr. W. H. Embling  
S. Fraser  
D. Melville  
W. Pitt  
J. M. Pratt  
A. O. Sachse  
J. A. Wallace  
W. I. Winter-Irving.

Tellers.

F. S. Grimwade  
N. Levi.

Noes, 16.

The Hon. J. Balfour  
S. W. Cooke  
D. Coutts  
H. Cuthbert  
N. FitzGerald  
G. Godfrey  
C. J. Ham  
W. McCulloch  
E. Miller  
E. Morey  
Lieut.-Col. Sir F. T. Sargood  
Sir A. Snowden  
S. Williamson  
Sir H. J. Wrixon.

Tellers.

E. J. Crooke  
A. Wynne.

And so it passed in the negative.

No. 2.—

Question—That the words “two-thirds of” proposed to be inserted be so inserted—put.  
Committee divided.

Ayes, 25.

The Hon. J. H. Abbott  
J. Balfour  
J. C. Campbell  
J. H. Connor  
S. W. Cooke  
E. J. Crooke  
Dr. W. H. Embling  
N. FitzGerald  
S. Fraser  
G. Godfrey  
F. S. Grimwade  
C. J. Ham  
N. Levi  
D. Melville  
E. Miller  
E. Morey  
W. Pitt  
Lieut.-Col. Sir F. T. Sargood  
Sir A. Snowden  
J. A. Wallace  
W. I. Winter-Irving  
Sir H. J. Wrixon  
A. Wynne.

*Tellers.*

J. M. Pratt  
A. O. Sachse.

Noes, 4.

The Hon. D. Coutts  
S. Williamson.

*Tellers.*

H. Cuthbert  
W. McCulloch.

And so it was resolved in the affirmative.

VICTORIA.

## LEGISLATIVE COUNCIL.

SESSION 1896.

WEEKLY REPORT OF DIVISIONS  
IN  
COMMITTEE OF THE WHOLE COUNCIL.

No. 5.

Extracted from the Minutes.

WEDNESDAY, 18TH NOVEMBER, 1896.

## No. 1.—INSOLVENCY LAW AMENDMENT BILL—Clause 6:—

(1) If in any proceeding in the court there arises any question of fact which the parties desire to be tried by a jury instead of by the court itself "or which the court thinks ought to be tried by a jury," the court may direct such trial by a jury to be had before itself or some other competent court accordingly, and shall settle the form in which such question of fact shall be stated for trial and give all necessary directions for the purpose of such trial.

\* \* \* \* \* —(Hon. H. Cuthbert.)

Amendment proposed—That the words "or which the court thinks ought to be tried by a jury" be omitted.—(Hon. A. Wynne.)

Question—That the words proposed to be omitted stand part of the clause—put.

Committee divided.

Ayes, 12.

The Hon. J. Bell  
D. Coutts  
H. Cuthbert  
C. J. Ham  
D. Ham  
W. McCulloch  
E. Morey  
G. Simmie  
Sir A. Snowden  
Sir H. J. Wrixon.

*Tellers.*

S. W. Cooke  
A. O. Sachse.

Noes, 15.

The Hon. J. H. Abbott  
J. Balfour  
J. C. Campbell  
S. Fraser  
G. Godfrey  
N. Levi  
D. Melville  
E. Miller  
P. Phillips  
J. M. Pratt  
N. Thornley  
J. A. Wallace  
W. I. Winter-Irving.

*Tellers.*

F. S. Grimwade  
A. Wynne.

And so it passed in the negative.

THURSDAY, 19TH NOVEMBER, 1896.

No. 2.—INSOLVENCY LAW AMENDMENT BILL—Clause 26 :—

\* \* \* \* \*

(3) All bills and charges of barristers and solicitors accountants auctioneers brokers and other persons not being trustees shall be taxed by the Chief Clerk, and no payment in respect thereof shall be allowed in the trustee's accounts without proof of such taxation having been made. The Chief Clerk shall satisfy himself before passing such bills and charges that the employment of such barristers and solicitors accountants auctioneers brokers and other persons in respect of the particular matters out of which such charges arise "has been duly sanctioned by the Chief Clerk."

\* \* \* \* \*

—(*Hon. H. Cuthbert.*)

Amendment proposed—That the words "has been duly sanctioned by the Chief Clerk" be omitted with a view to insert in place thereof the words "was reasonable and necessary."—(*Hon. J. Bell.*)  
 Question—That the words proposed to be omitted stand part of the clause—put.  
 Committee divided.

Ayes, 7.

The Hon. T. Brunton  
 H. Cuthbert  
 W. McCulloch  
 P. Phillips'  
 Sir H. J. Wrixon.

*Tellers.*

S. W. Cooke  
 G. Godfrey.

Noes, 16.

The Hon. J. H. Abbott  
 J. Balfour  
 J. H. Connor  
 S. Fraser  
 F. S. Grimwade  
 C. J. Ham  
 D. Melville  
 J. M. Pratt  
 R. Reid  
 Lieut.-Col. Sir F. T. Sargood  
 Sir A. Snowden  
 J. Sternberg  
 J. A. Wallace  
 W. I. Winter-Irving.

*Tellers.*

J. Bell  
 N. Levi.

And so it passed in the negative.



VICTORIA.

## LEGISLATIVE COUNCIL.

SESSION 1896.

WEEKLY REPORT OF DIVISIONS  
IN  
COMMITTEE OF THE WHOLE COUNCIL.

No. 6.

Extracted from the Minutes.

TUESDAY, 24TH NOVEMBER, 1896.

No. 1.—COMPANIES ACT 1890 FURTHER AMENDMENT BILL—Clause 37 (on recommitment) :—

The court may at any time if it think fit upon the application on notice to the company of "members" holding not less than one-twentieth part of the whole shares of the company for the time being issued, or of one-twentieth of the creditors of the company in number or value, and upon proof that an application in writing by such members or creditors to the directors for a special audit by an auditor or auditors to be appointed by the court has either been consented to in writing by the directors or has not been granted within fourteen days from the date of such application, and either with or without any conditions as to the deposit of money or otherwise as security for costs and expenses as it may think just, by order appoint for any company one or more auditors who shall be called "special auditors." No order of the court granting or refusing any such application shall be subject to appeal.—(*Hon. H. Cuthbert.*)

Amendment proposed—That the words "not indebted to the company" be inserted after "members," in line 2.—(*Hon. J. Balfour.*)

Further amendment proposed—That the words "for calls" be added to the proposed amendment.—(*Hon. J. M. Pratt.*)

Question—That the words proposed to be added to the proposed amendment be so added—put.  
Committee divided.

Ayes, 12.

The Hon. J. H. Abbott  
E. J. Crooke  
H. Cuthbert  
T. Dowling  
C. J. Ham  
W. McCulloch  
P. Phillips  
R. Reid  
G. Simmie  
A. Wynne.

*Tellers.*

G. Godfrey  
J. M. Pratt.

Noes, 16.

The Hon. J. Balfour  
J. C. Campbell  
S. W. Cooke  
Dr. W. H. Embling  
N. FitzGerald  
F. S. Grimwade  
D. Ham  
D. Melville  
E. Miller  
E. Morey  
Lieut.-Col. Sir F. T. Sargood  
Sir A. Snowden  
J. A. Wallace  
Sir H. J. Wrixon.

*Tellers.*

A. O. Sachse,  
J. Sternberg.

And so it passed in the negative.

THURSDAY, 26TH NOVEMBER, 1896.

No. 2.—COMPANIES ACT 1890 FURTHER AMENDMENT BILL—Clause 32 (on recommittal, as amended)—

(1) After the expiration of six months from the commencement of this Act no person shall be appointed or act as an auditor for any company unless he holds from a Board of three persons, one at least of whom shall have been a public accountant practising in Victoria for five years immediately preceding his appointment, to be appointed by the Governor in Council a licence authorizing such person to act as an auditor for companies. Such Board shall be called the Companies Auditors' Board, and hereinafter in this section is referred to as "the Board."

(2) Each of the following persons shall if the Board is satisfied with his general conduct and character be qualified to receive from the Board a licence to act as an auditor for companies (that is to say):—

(b) "any person who" at the commencement of this Act is a member of the Incorporated Institute of Accountants, Victoria, or of the Federal Institute of Accountants, Victoria, or of the Australian Institute of Incorporated Accountants, or of the Institute of Chartered Accountants in England and Wales, or of the Society of Accountants and Auditors (incorporated 1885), or of any institute society or association approved of by the Governor in Council and notified in the *Government Gazette*.

\* \* \* \* \*

—(Hon. H. Cuthbert.)

Amendment proposed—That the words "any person who" be omitted.—(Hon. F. S. Grimwade.)

Question—That the words "any person who" stand part of the sub-clause—put.

Committee divided.

Ayes, 8.

The Hon. J. H. Abbott  
J. H. Connor  
Dr. W. H. Embling,  
N. FitzGerald  
W. McCulloch  
J. M. Pratt.

*Tellers.*

C. J. Ham  
S. Williamson.

Noes, 14.

The Hon. J. Balfour  
S. W. Cooke  
G. Godfrey  
F. S. Grimwade  
D. Melville  
E. Miller  
Lieut.-Col. Sir F. T. Sargood  
Sir A. Snowden  
N. Thornley  
J. A. Wallace  
Sir H. J. Wrixon  
A. Wynne.

*Tellers.*

N. Levi.  
R. Reid.

And so it passed in the negative.

VICTORIA.

## LEGISLATIVE COUNCIL.

SESSION 1896.

WEEKLY REPORT OF DIVISIONS

IN

COMMITTEE OF THE WHOLE COUNCIL.

No. 7.

Extracted from the Minutes.

TUESDAY, 1ST DECEMBER, 1896.

## No. 1.—INSOLVENCY LAW AMENDMENT BILL—Clause 64 :—

No member of a committee of inspection of an estate shall except under and with the sanction of the court directly or indirectly by himself or his wife or any employer partner clerk agent or servant be entitled to derive any profit or advantage from any transaction arising out of any insolvency while he is member of such committee or to receive out of the estate any payment for services rendered in connexion with the administration of the "estate." If it appears that any profit or payment has been made contrary to the provisions of this section the court may disallow such payment or direct the person contravening the provisions hereof to pay into court such profit (as the case may be) on the audit of the trustee's account.—(*Hon. H. Cuthbert.*)

Amendment proposed—That the words "other than such amount as may be voted by the meeting of creditors at the date of their appointment" be inserted after "estate," in line 5.—(*Hon. J. M. Pratt.*)

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

Committee divided.

Ayes, 26.

The Hon. J. H. Abbott  
S. Austin  
J. Balfour  
J. Bell  
J. C. Campbell  
Sir W. J. Clarke, Bart.  
J. H. Connor  
S. W. Cooke  
E. J. Crooke  
N. FitzGerald  
S. Fraser  
D. Ham  
N. Levi  
E. Morey  
P. Phillips  
W. Pitt  
J. M. Pratt  
R. Reid  
Lieut.-Col. Sir F. T. Sargood  
J. Service  
Sir A. Snowden  
N. Thornley  
J. A. Wallace  
Sir H. J. Wrixon.

Tellers.

Dr. W. H. Embling  
F. S. Grimwade.

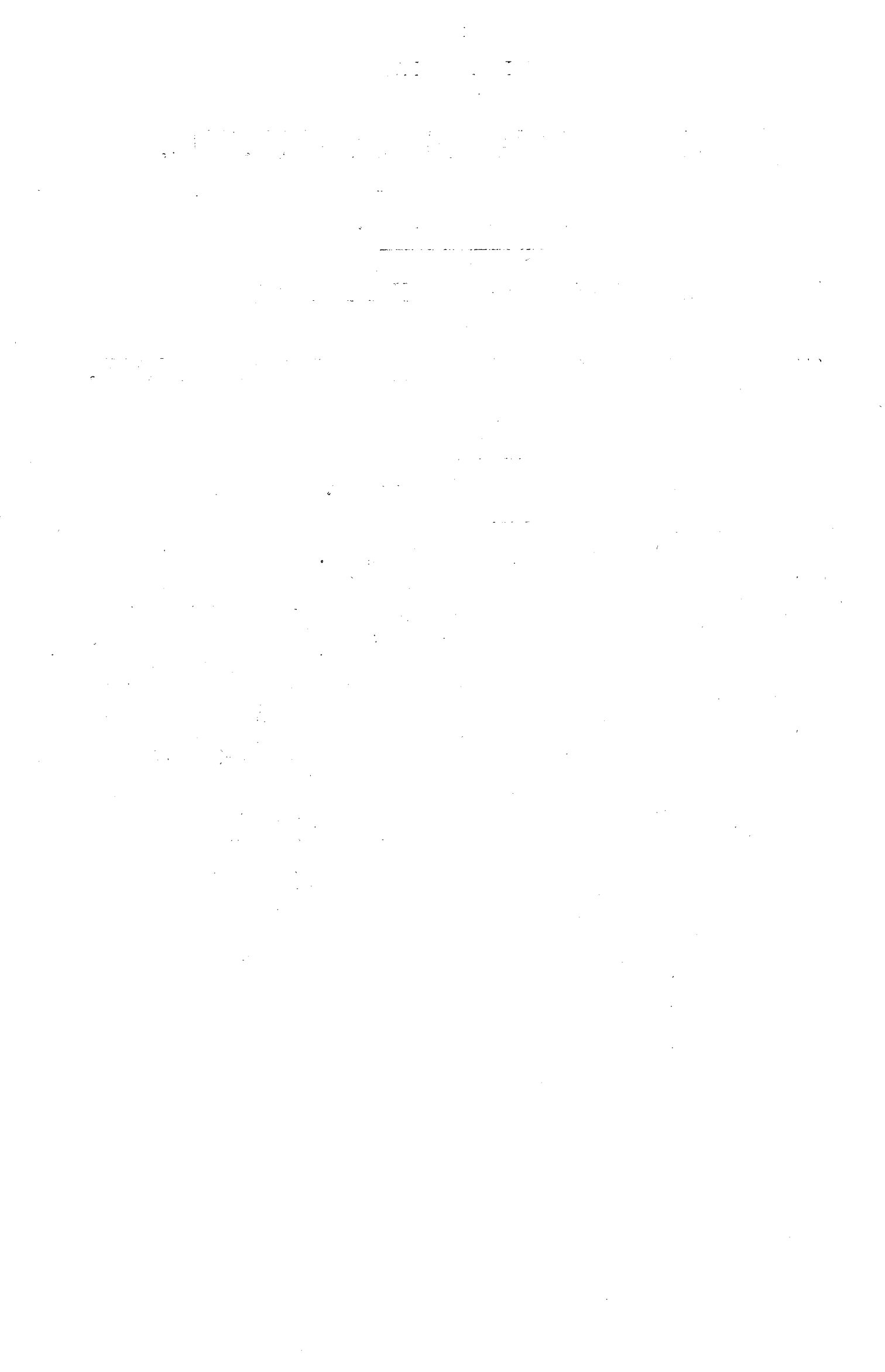
Noes, 7.

The Hon. H. Cuthbert  
T. Dowling  
W. McCulloch  
W. Pearson  
A. Wynne.

Tellers.

G. Godfrey  
S. Williamson.

And so it was resolved in the affirmative.



VICTORIA.

## LEGISLATIVE COUNCIL.

SESSION 1896.

WEEKLY REPORT OF DIVISIONS

IN

COMMITTEE OF THE WHOLE COUNCIL.

No. 8.

Extracted from the Minutes.

WEDNESDAY, 9TH DECEMBER, 1896.

No. 1.—INSOLVENCY LAW AMENDMENT BILL—Clause 98 (as amended):—

Where an uncertificated insolvent whose estate has been sequestrated under the Insolvency Acts obtains credit to the extent of Fifty pounds or upwards from any person and without informing such person that he is an uncertificated insolvent, and if any loss occurs thereby to such person he shall be guilty of a misdemeanour unless he proves that he had no intent to defraud.—(*Hon. H. Cuthbert.*)

Question—That the clause as amended stand part of the Bill—put.  
Committee divided.

Ayes, 13.

The Hon. T. Brunton  
S. W. Cooke  
D. Coutts  
H. Cuthbert  
N. FitzGerald  
S. Fraser  
W. McCulloch  
W. H. S. Osmand  
Lieut.-Col. Sir F. T. Sargood  
G. Simmie  
Sir H. J. Wrixon.

*Tellers.*

F. S. Grimwade  
J. M. Pratt.

Noes, 15.

The Hon. J. H. Abbott  
J. Balfour  
J. Bell  
E. J. Crooke  
Dr. W. H. Embling  
G. Godfrey  
C. J. Ham  
D. Ham  
N. Levi  
D. Melville  
E. Miller  
Sir A. Snowden  
A. Wynne.

*Tellers.*

W. Pitt  
A. O. Sachse.

And so it passed in the negative.

THURSDAY, 10TH DECEMBER, 1896.

## No. 2.—INSOLVENCY LAW AMENDMENT BILL—Clause 73:—

(1) This Part shall apply to every deed of arrangement as defined in this section made after the commencement of this Act.

(2) A deed of arrangement to which this Part applies shall include any of the following instruments whether under seal or not made by for or in respect of the affairs of a debtor for the benefit of his creditors generally (that is to say):—

(a) An assignment of property :

(b) A deed of agreement for a composition.

\* \* \* \* \*

—(Hon. H. Cuthbert.)

Amendment proposed—That paragraph (b) be omitted.—(Hon. Lieut.-Col. Sir F. T. Sargood.)

Question—That the paragraph proposed to be omitted stand part of the clause—put.

Committee divided.

Ayes, 10.

The Hon. D. Coutts  
H. Cuthbert  
T. Dowling  
G. Godfrey  
C. J. Ham  
N. Levi  
W. McCulloch  
Sir A. Snowden.

*Tellers.*

S. Austin  
S. Fraser.

Noes, 13.

The Hon. J. H. Abbott  
J. Balfour  
S. W. Cooke  
N. FitzGerald  
F. S. Grimwade  
D. Melville  
E. Miller  
W. Pitt  
R. Reid  
Lieut.-Col. Sir F. T. Sargood  
N. Thornley.

*Tellers.*

J. M. Pratt  
J. Sternberg.

And so it passed in the negative.

VICTORIA.

## LEGISLATIVE COUNCIL.

SESSION 1896.

WEEKLY REPORT OF DIVISIONS

IN

COMMITTEE OF THE WHOLE COUNCIL.

No. 9.

Extracted from the Minutes.

TUESDAY, 15TH DECEMBER, 1896.

No. 1.—SAVINGS BANKS ACT 1890 AMENDMENT BILL—Clause 7 :—

(1) No person being an uncertificated insolvent shall be capable of being appointed a Commissioner, and no Commissioner who is declared insolvent or who liquidates his estate under Part IX. or compounds with his creditors under Part X. of the *Insolvency Act* 1890 or who is convicted of felony or any infamous offence shall be capable of continuing a Commissioner, and the office of such Commissioner shall in any such event thereupon become and be vacant.

(2) No person shall be appointed to be and no "person" shall after the expiration of twelve months from the commencement of this Act be eligible to sit or act as a Commissioner if he is a director or member of the managing body or committee of any banking company or of any company one of whose objects is to lend money on the security of freehold or leasehold property in Victoria or of any building society, or who is a manager officer or servant of any such company or society.

\* \* \* \* \*

—(*Hon. W. McCulloch.*)

Amendment proposed—That the words "other than the present Commissioners" be inserted after the word "person," where it occurs the second time, in line 6.—(*Hon. C. J. Ham.*)

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

Committee divided.

Ayes, 13.

The Hon. J. Bell  
S. W. Cooke  
F. S. Grimwade  
C. J. Ham  
D. Melville  
E. Miller  
W. Pitt  
J. M. Pratt  
Lieut.-Col. Sir F. T. Sargood  
N. Thornley  
W. I. Winter-Irving.

Tellers.

R. Reid  
Sir A. Snowden.

Noes, 16.

The Hon. J. H. Abbott  
D. Coutts  
E. J. Crooke  
H. Cuthbert  
T. Dowling  
Dr. W. H. Embling  
G. Godfrey  
N. Levi  
W. McCulloch  
E. Morey  
W. Pearson  
G. Simmie  
J. Sternberg  
A. Wynne.

Tellers.

S. Austin  
T. Brunton.

And so it passed in the negative.

MEMORANDUM

DATE: 10/10/54

TO: SAC, NEW YORK

FROM: SAC, NEW YORK

SUBJECT: [Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]



1896.

VICTORIA.

---

BILLS, HOW DEALT WITH BY BOTH HOUSES,  
1881 TO 1895-6.

---

RETURN to an Order of the *Legislative Council*,

Dated 5th August, 1896, for—

A RETURN showing the following particulars as recently compiled by the Honorable Lieut.-Col. Sir F. T. Sargood, in regard to Bills which have been dealt with by both Houses of Parliament, for each Session from 1881 to 1895-6, both inclusive, viz.:—

1. The number of Bills sent by the Legislative Assembly to the Legislative Council.
2. The number of such Bills passed.
3. The number and titles of such Bills—
  - (a) rejected, and
  - (b) lapsed or withdrawn.
4. Similar particulars of Bills sent by the Legislative Council to the Legislative Assembly.

⋮

(*The Honorable J. H. Abbott.*)

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*Ordered by the Legislative Council to be printed, 29th September, 1896.*

---

By Authority:

ROBT. S. BRAIN, GOVERNMENT PRINTER, MELBOURNE.

BILLS SENT BY THE LEGISLATIVE ASSEMBLY TO THE LEGISLATIVE COUNCIL, HOW DEALT WITH.

Session.	No. of Bills Sent to Council.	No. of Bills Passed.	Bills Rejected.					Bills Lapsed or Withdrawn.			
			No.	Title.				No.	Title.		Remarks.
1881 ...	25	24	1	Sludge Drainage <sup>1</sup> ... ..				Nil.			
1882-3 ...	21	19	Nil	... ..				2	Trades Unions ... ..		Lapsed (dissolution).
1883 ...	10	10	Nil	... ..				Nil.	Railways Construction ... ..		Do. do.
„ 2nd ...	32	28	1	Homesteads Protection ... ..				3	Trades Unions ... ..		Amendments disagreed with not finally dealt with by Council before prorogation.
									Employers' Liability ... ..		“Count out” on second reading.
									Attorneys and Solicitors Remuneration		Lapsed at prorogation.
1884 ...	41	36	1	Legal Profession Practice <sup>1</sup> ... ..				4	Railways Construction ... ..		Amendments insisted on; Bill not returned from Assembly.
									Railways Construction (Morningson and Penshurst)		Withdrawn. A third Bill was passed providing for Council's amendments.
									Employers' Liability ... ..		Withdrawn.
									Bills of Lading ... ..		Lapsed at prorogation.
1885 ...	38	35	3	Legal Profession Practice ... ..				Nil.			
				Eight Hours Legalization							
				Electoral Acts Amendment							
1886 ...	32	30	2	Legal Profession Practice ... ..				Nil.			
				Police Regulation Statute Amendment							
1887 ...	47	45	1	Police Regulation Statute Amendment				1	Fire Brigades ... ..		Withdrawn.
1888 ...	45	41	2	Pleuro-Pneumonia Extermination <sup>1</sup> ... ..				2	Mercantile Finance Trustees and Agency Company of Australia		Do.
				Port Melbourne Lagoon <sup>1</sup>					Mining Accidents Inquests ... ..		Amendments insisted on; Bill not returned from Assembly.
1889 ...	47	42	Nil	... ..				5	Education Endowment Commissioners		Amendment insisted on; Bill not returned from Assembly.
									Pleuro-Pneumonia Extermination		Motion for second reading withdrawn.
									Licensing Act 1885 further Amendment		Do.
									Contractors' Lien ... ..		Do.
									Mining on Private Property Act 1884 Amendment		Do.
1890 ...	147	144	Nil	... ..				3	Debentures Conversion ... ..		Order for further consideration in Committee discharged; Bill withdrawn.
									Councils of Conciliation ... ..		Lapsed at prorogation.
									Contractors' Lien ... ..		Do.

1891	...	46	40	3	Juries Act 1890 Amendment Opium <sup>1</sup> Miners' Right Titles <sup>1</sup>	...	3	Constitution Act Amendment Act 1890 Amendment Contractors' Protection ... Licensing Act 1890 Amendment ...	Amendments disagreed with; Bill lapsed in Council. Withdrawn. Order for further consideration of amendments discharged by Assembly.
1892-3	...	59	51	5	Carriers and Innkeepers Act 1890 Amendment Juries Act 1890 Amendment Railway Construction (Allansford to Nirranda) Railway Construction (Traralgon to Gormandale) Totalizator Governor's Salary Reduction...	...	3	Absentee Income Tax ... Mallee Lands ... Village Settlements ...	Withdrawn. Amendments disagreed with; Bill withdrawn in Council. Amendments disagreed with; Bill lapsed in Council.
1893	...	57	53	1	Governor's Salary Reduction...	...	3	Opium ... Unclaimed Funds ... Water Act 1890 Amendment ...	Lapsed at prorogation. Do. Do.
1894	...	6	2	Nil	...	...	4	Barristers and Solicitors Law Amend- ment Hawkers Law Amendment ... Landlord and Tenant Act 1890 Amendment Savings Banks Act 1890 Amendment	Lapsed (dissolution.) Do. do. Do. do. Do. do.
1894-5	...	35	29	6	Agent-General's Salary Reduction ... Aliens Act 1890 Amendment Land and Income Tax Lapsed Bills Continuance Melbourne and Metropolitan Board of Works Act 1890 Amendment Primage Duties Repeal Lapsed Bills Restoration ... Plural Voting Abolition and Women's Suffrage	...	Nil.		
1895-6	...	46	37	2	Plural Voting Abolition and Women's Suffrage	...	7	Companies Act 1890 further Amend- ment (No. 2) Factories and Shops Act 1890 Amendment Federation of Australasia Enabling ... Federation of Australasia Representa- tives Local Government (Municipal Elec- tions) Post Office Act 1890 Amendment ... Treasury Deposits Interest ...	Amendments insisted on; Bill not returned from Assembly. Do. do. Do. do. (new Bill introduced.) Withdrawn. Do. Amendments not dealt with by Assembly. Withdrawn.
Totals	...	734	666 <sup>2</sup>	28			40		

NOTES.—<sup>1</sup> Motion carried that Chairman leave the Chair.

<sup>2</sup> This total includes only Bills passed into law; in addition, 12 Assembly Bills were passed by the Council, but lapsed owing to disagreement on amendments, as shown under the heading "Remarks."

BILLS SENT BY THE LEGISLATIVE COUNCIL TO THE LEGISLATIVE ASSEMBLY,  
HOW DEALT WITH.

Session.	No. of Bills Sent to Assembly.	No. of Bills Passed.	Bills Lapsed or Withdrawn.		
			No.	Title.	Remarks.
1881 ...	7	3	4	Police Offences ... ..	Lapsed, progress being reported but no order made.
				Controverted Elections (Council) ...	Withdrawn.
				Game Protection ... ..	Do.
1882-3 ...	8	2	6	Library, Museums, &c., Amendment ...	Do.
				Bankers' Books Evidence Law Amendment	Lapsed (dissolution).
				Judges of County Courts Tenure of Office	Do. do.
				Supreme Court ... ..	Do. do.
				Tramways ... ..	Do. do.
				University of Melbourne Law further Amendment	Do. do.
				Statute of Trusts Amendment ... ..	Do. do.
1883 ...	1	Nil	1	Statute of Trusts Amendment ... ..	Withdrawn.
„ 2nd	9	4	5	Dog ... ..	Do. (ruled out of order).
				Inebriates Act Amendment ... ..	Do.
				Custody of Infants ... ..	Do.
				Passengers, Harbours, and Navigation Statute Amendment	Do.
				Criminal Law Amendment ... ..	Do.
1884 ...	10	8	2	Inebriates Act Amendment ... ..	Do.
				Substantive General Law Consolidation ...	Do.
1885 ...	11	9	2	Discipline Act Amendment ... ..	Do.
				Protection of Women ... ..	Do.
1886 ...	14	10	4	Justices of the Peace Law Consolidation and Amendment	Do.
				Newspaper Proprietors Registration ...	Do.
				Trading Companies ... ..	Do.
				Statute of Evidence further Amendment	Do.
1887 ...	4	4	Nil.		
1888 ...	6	6	Nil.		
1889 ...	4	3	1	Law of Evidence Amendment ... ..	Do.
1890 ...	6	4	2	Criminal Law Amendment ... ..	Lapsed at prorogation.
				Official Secrets ... ..	Withdrawn.
1891 ...	14	8	6	Agricultural Colleges Lands Mining	Do.
				Companies Act 1890 Amendment (No. 2)	Do.
				Directors' Liability ... ..	Do.
				Marriage Act 1890 Amendment ... ..	Do.
				Medical Practitioners ... ..	Do.
				Public Service Act 1890 Amendment ...	Do.
1892-3 ...	7	3	4	Companies Act 1890 Amendment ... ..	Do.
				Defences and Discipline Act 1890 further Amendment	Do.
				Licensing Act 1890 Amendment ... ..	Do.
				Mines Act 1890 Amendment ... ..	Do.
1893 ...	4	1	3	Companies Act 1890 further Amendment	Lapsed at prorogation.
				Libraries Act 1890 Amendment ... ..	Amendments not dealt with by Council.
				Patents Law Amendment and Consolidation	Lapsed at prorogation.
1894 ...	1	Nil	1	Gaols Act 1890 Amendment ... ..	Do. (dissolution).
1894-5 ...	3	1	2	Sale of Goods ... ..	Withdrawn.
				Trusts Act 1890 Amendment ... ..	Do.
1895-6 ...	18	14	4	Companies Act 1890 further Amendment	Do.
				Echuca Agricultural Show Grounds Sale	Do.
				Evidence ... ..	Do.
				Licensing Act 1890 Amendment ... ..	Lapsed at prorogation.
Totals	127	80 <sup>1</sup>	47		

NOTES.—<sup>1</sup> This total includes only Bills passed into law; in addition, the Assembly passed the Libraries Act 1890 Amendment Bill of 1893 with amendments, but the Bill lapsed in the Council, as shown under the heading "Remarks." No Council Bills were rejected in the Assembly.

GEORGE H. JENKINS,  
Clerk of the Legislative Council.

1896.  
VICTORIA.

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# REPORT

OF THE

SELECT COMMITTEE OF THE LEGISLATIVE COUNCIL

ON THE

COMPANIES ACT 1890 FURTHER AMENDMENT  
BILL;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE, MINUTES OF EVIDENCE,  
AND APPENDICES.

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*Ordered to be printed, 29th October, 1896.*

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ROBT. S. BRAIN, GOVERNMENT PRINTER, MELBOURNE.

EXTRACTED FROM THE MINUTES OF THE PROCEEDINGS OF THE  
LEGISLATIVE COUNCIL.

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TUESDAY, 8TH SEPTEMBER, 1896.

10. COMPANIES ACT 1890 FURTHER AMENDMENT BILL.—The Order of the Day for the further consideration of this Bill in Committee of the whole having been read—the President left the Chair, and the Council resolved itself into Committee.

The President resumed the Chair ; and the Honorable F. Brown reported that the Committee had gone through the Bill and agreed to the same with amendments.

The Honorable Lieut.-Col. Sir F. T. Sargood moved, That this Bill be recommitted to a Select Committee for the reconsideration of clauses 2, 18, 20, 21, 23 to 28 inclusive, 31, 32, 35 to 46 inclusive, 48, 49, 51, 55, 56, 70, 97, 100, 102, 104, 106, 108, 110, 111, 112, 114, 115, 119, 123, 126, 127, 129, 130, 146, 160, 161, 165, 166, 167, new clauses A, B, E, D, and the Schedules.

Question—put and resolved in the affirmative.

The Honorable Lieut.-Col. Sir F. T. Sargood moved, by leave, That Standing Order No. 183 be suspended, so as to allow the Committee to consist of twelve Members.

Question—put and resolved in the affirmative.

The Honorable Lieut.-Col. Sir F. T. Sargood moved, by leave, That the Select Committee consist of the Honorables J. H. Abbott, S. W. Cooke, E. J. Crooke, H. Cuthbert, N. FitzGerald, S. Fraser, F. S. Grimwade, C. J. Ham, D. Melville, Sir H. J. Wrixon, A. Wynne, and the Mover ; such Committee to have power to send for persons, papers, and records, and to move from place to place ; five to be the quorum.

Question—put and resolved in the affirmative.

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TUESDAY, 15TH SEPTEMBER, 1896.

6. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—MEMBER DISCHARGED.—The Honorable Lieut.-Col. Sir F. T. Sargood moved, by leave, That the Honorable E. J. Crooke be discharged from attendance on the Select Committee on the Companies Act 1890 further Amendment Bill.

Question—put and resolved in the affirmative.

7. COMPANIES ACT 1890 FURTHER AMENDMENT BILL—MEMBER APPOINTED.—The Honorable Lieut.-Col. Sir F. T. Sargood moved, by leave, That the Honorable A. O. Sachse be a Member of the Select Committee on the Companies Act 1890 further Amendment Bill.

Question—put and resolved in the affirmative.

## REPORT.

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THE SELECT COMMITTEE appointed by your Honorable House on the 8th September, 1896, and to which were referred several clauses of the Bill to further amend the Companies Act 1890, have the honour to report as follows:—

Your Committee have held 15 sittings and have examined 32 witnesses whose vocations and interests are variously affected by the provisions of the Bill, and whose evidence as to its probable effect on the banking and trading companies of the colony, from their practical knowledge and experience, has been of considerable service to your Committee.

Your Committee were impressed with the necessity of relieving companies formed out of private partnerships for the convenience of limiting the liability and defining partnership interests from some of the provisions of the Bill, and have suggested amendments which they think will accomplish that purpose without in any way interfering with the objects of the Bill.

As regards building societies, your Committee are of opinion that it will not be wise to prohibit them from receiving deposits as proposed in the new clause D inserted in the Bill, but they have suggested an amendment which reduces the proportion such deposits bear to the paid-up capital.

Your Committee have given considerable attention to the clauses regarding the provisions for special audit, and have decided to recommend an amendment whereby the power shall be limited to one-tenth part in number and value of the shareholders; and that the provision giving creditors a similar power should be expunged.

With regard to clause 24, requiring companies and societies to make up statements of assets and liabilities on the last Monday in March in each year, it appears to your Committee that it would be detrimental to many companies to comply with its provisions, or if complied with the statement would not give the information desired, and your Committee therefore suggest its omission.

Your Committee have suggested amendments in clause 26, relating to the reserve fund, by which it is thought that the objects for which such a fund is created may be better secured.

The provisions of the Bill affecting foreign companies, or companies having their head offices outside Victoria, have been modified in some particulars in regard to auditing.

Your Committee have considered the provisions relating to advances to and liability of directors, and have suggested amendments which, in their opinion, will improve the Bill.

Your Committee have given careful consideration to the clauses submitted to them, and to the evidence of the various witnesses examined, and without further entering into details have the honour to submit certain amendments they recommend should be made, which will relieve companies from some of the restrictions imposed by the Bill, and will, it is hoped, at the same time, protect the investing public from the evils which, in the past, have wrought so much disaster in this community.

The amendments are as follow :—

- Clause 2 (page 1), line 12, after “context” insert “‘Articles of association’ in reference to companies incorporated outside Victoria means the rules or regulations of such company by whatever designation they are usually known.”
- „ (page 2), line 10, after “Victoria” insert “but shall not in the case of any company incorporated outside Victoria include persons who act only as advisers to the manager of a company and have and exercise no executive power in the management of such company.”
- „ line 20, after “thereunder” insert “‘Proprietary company’ means a company under Part I. of the Principal Act which fulfils all the following requirements, namely :—
- (a) has not more than twenty-five members or shareholders;
  - (b) does not receive, except from its members or shareholders, deposits or loans for fixed periods or payable at call, whether bearing or not bearing interest ;
  - (c) has in its articles of association an article prohibiting the sale or transfer of any share in such company to any person not already a member or shareholder thereof until the directors thereof have previously offered such share for sale to each and every member or shareholder of the company whether resident in Victoria or elsewhere ;
  - (d) does not use its title without the addition thereto, immediately before the word ‘limited,’ of the word ‘proprietary’ ;
  - (e) has filed with the Registrar-General a written notice of the fact of such addition to its name ;
  - (f) has received from the Registrar-General a certificate that in his opinion the company has duly complied with the foregoing requirements; and
  - (g) has published a copy of such certificate in the *Government Gazette*.

No company shall be deemed to be a proprietary company if at any time it fails to comply with any of the foregoing requirements, and the question whether or not a company has so failed may on the application of any member shareholder or creditor of such company be determined by the court.”

- Clause 21 (page 6), line 22, after “money” insert “or value received.”
- „ „ line 28, after “share” insert “in money or value received.”
- „ „ line 33, after “up” insert “in money or value received.”
- „ (page 7), line 19, after “Acts” insert “or (c) to any proprietary company.”

Clause 23, lines 37–8, omit “any company which carries on insurance business only,” substitute “the life assurance business of any company which is subject to Part III. of the Principal Act or to any proprietary company.”

Clause 24, omit this clause.

- Clause 25 (page 9), line 9, omit “or place.”
- „ „ line 29, omit “of,” substitute “or.”
- „ „ line 33, after “is” insert “used or.”
- „ „ line 35, after “increased” insert “since the last balance-sheet.”
- „ „ lines 40–41, omit “contains the particulars required by this Act and.”



- Clause 25, (page 9), line 42, after "affairs" insert "and such balance-sheet shall be in one of the forms in the Third Schedule to this Act or to the like effect, and shall be accompanied by a certificate of not less than two directors that in their opinion the statement is correct." Third Schedule.
- " (page 10), lines 8-12, omit the words "and if the manager" in line 8 and all following words to end of clause.
- Clause 26, lines 18-23, omit paragraph (b).
- " lines 24-30, omit paragraph (c), substitute "(b) the said representation shall be accompanied by a statement showing whether or not such reserve fund is used in the business, and if any portion thereof is otherwise invested showing the manner in which and the securities upon which the same is invested."
- " lines 31-5, omit sub-clause (2).
- " lines 36-7, omit "knowingly or with gross negligence," substitute "wilfully."
- " line 40, omit "an offence against this Act," substitute "a misdemeanour and in addition to any civil responsibility shall on conviction be liable to be imprisoned for any term not exceeding two years; and any director or manager who shall through culpable negligence alone or in conjunction with any other person sign publish issue or circulate or cause to be signed published issued or circulated any balance-sheet summary advertisement statement of assets and liabilities or other document in contravention of this sub-section shall in addition to any civil responsibility be guilty of an offence and shall on conviction be liable to a penalty not exceeding Two hundred and fifty pounds."
- " line 43, omit "passing," substitute "commencement."
- Clause 28, line 2, after "only" insert "nor to any company incorporated outside Victoria and not having its head or principal office within Victoria."
- Clause 29, line 8, omit "found it correct," substitute "have certified to the correctness or otherwise of the said balance-sheet."
- Clause 32 (page 12), line 19, after "who" insert "at the commencement of this Act."
- " " line 22, after "who" insert "at the commencement of this Act."
- " " line 31, after "who" insert "within twelve months after the commencement of this Act."
- " (page 13), line 3, omit "the Governor in Council," substitute "a Judge of County Courts."
- " " line 4, omit "Governor in Council," substitute "said Judge."
- Clause 34 (page 13), line 29, omit "affairs and," substitute "financial and trading."
- " (page 14), line 12, omit "or through culpable negligence."
- " " line 14, after first word "shall" insert "in addition to any civil responsibility."
- " " line 15, at end of sub-clause add "and any auditor who through culpable negligence certifies that any false or fraudulent balance-sheet or account is correct shall in addition to any civil responsibility be guilty of an offence, and shall on conviction be liable to a penalty not exceeding Two hundred and fifty pounds."

Subdivision 5, line 12, before clause 37 insert new clause—

Non-application to  
proprietary  
company.

AA. This subdivision shall not apply to a proprietary company.

Clause 37, lines 14–15, omit “one-twentieth part,” substitute “one-tenth part in number and value.”

„ lines 15–16, omit “or of one-twentieth of the creditors of the company in number or value.”

„ line 17, omit “or creditors.”

Clause 44, omit sub-section (1), and substitute new sub-section—

Banking company  
not to lend money  
on its own shares  
&c.

See Canada Bank  
Act 1890, cap. 31  
s. 64.

(1) Except as provided in the Companies Acts in regard to forfeited shares a banking company shall not either directly or indirectly purchase or deal in or lend money or make advances upon the security or pledge of any share of its own capital stock.

Clause 44, line 26, after “stock” insert “or paying off or purchasing or redeeming any of its debentures or debenture stock.”

„ line 29, after “discount” insert “or the right to pay off or purchase or redeem any of its debentures or debenture stock as the case may be.”

Clause 46, omit this clause.

Clause 51, line 7, after “pounds” insert “provided that any company registered before the commencement of this Act may continue to retain and use any of the aforesaid titles if within twelve months from such commencement it has a subscribed capital of not less than Two hundred thousand pounds and a paid-up capital of not less than Seventy-five thousand pounds.”

„ line 12, after sub-clause (2) insert new sub-sections—

( ) No company shall assume or use the word “proprietary” as part of its title until and unless it shall have complied with all the requirements required by this Act to be fulfilled by a proprietary company.

( ) No company shall use the word “proprietary” as part of its title if at any time after having become a proprietary company it shall have failed to fulfil any of the requirements required by this Act to be fulfilled by any proprietary company.

Clause 53 (page 21), lines 43–8, sub-clause (8) to be omitted.

Clause 55 (page 24), line 14, omit “one month,” substitute “two months.”

„ (page 25), line 27, after “up” insert “provided that no such extraordinary resolution shall be proposed unless at least seven days’ notice of the intention to move the same shall have been given by the chairman of the meeting in writing to every member of the company.”

„ „ line 32, omit “and,” substitute “or in the event of there being no directors.”

New clauses to follow clause 61—

Amendment of  
section 20 of  
No. 1098.

BB. In section twenty of the *Building Societies Act* 1890 for the words “three times” there shall be substituted the word “twice”; and for the words “three years” there shall be substituted the words “two years’.”

CC. (1) Every society which receives deposits or loans at interest pursuant to the provisions of section twenty of the *Building Societies Act* 1890 shall retain absolutely free from any mortgage charge or encumbrance made given or granted by such society Government or municipal debentures or stock Treasury bonds or bills or the title deeds of real property to the value of not less than One hundred and twenty pounds for each One hundred pounds so received on deposit or loan by such society.

Proportion of unencumbered securities to be retained by building societies which receive deposits.

(2) This section shall not be deemed to affect any mortgage charge or encumbrance actually entered into before the commencement of this Act.

DD. Notwithstanding anything contained in the *Building Societies Act* 1890 no society shall purchase or take on lease any land or build upon the same except for the purpose of holding the meetings and transacting the business of the society therein.

Building societies not to buy or lease land except for purposes of transacting business of society.

No. 1068 s. 17.

EE. (1) On being requested in writing so to do by the transferror of a share in a company the company shall by writing require the person having the possession custody or control of any such share scrip to bring the same into the office of the company within a period named in such requisition, not less than seven days from the date thereof, to be cancelled rectified or the transfer thereof registered or otherwise dealt with as the case may require.

Compare No. 1094 s. 16 (2).

Holder of scrip may be required to bring in scrip to company.

Compare No. 1149 ss. 85-7.

(2) If any person refuses or neglects to comply with any such requisition as aforesaid, the said transferror may apply to a judge to issue a summons for such person to appear before the court and show cause why the document mentioned in such requisition should not be delivered up or produced for the purpose mentioned in such requisition; and upon appearance before the court of any person so summoned it shall be lawful for the court to examine such person upon oath and to receive other evidence, or if he do not appear after being duly served with such summons then to receive evidence in his absence and (in case the same shall seem proper) to order such person to deliver up such document to the company upon such terms or conditions as to such court shall seem fit, and the cost of the summons and proceedings thereon shall be in the discretion of the court.

Person refusing to bring in scrip may be brought before court or judge.

(3) Lists of share scrip called in as aforesaid and not brought in shall be exhibited in the company's office and shall be advertised in the *Government Gazette* and in such newspapers and at such time or times as the company shall think fit.

List of scrip called in for cancellation to be exhibited.

Clause 97, at the end of clause add—

(2) Where shares in any company have been lawfully forfeited or surrendered in pursuance of any power in that behalf contained in the articles of association of such company or in the Companies Acts, the amount paid up on such forfeited or surrendered shares may be passed to the credit of a reserve fund or used to write down the book values of any assets of the company, or so much of the said amount as may be required for the purpose may be used to write off losses previously made, but in no case shall any portion of such amount be treated as profit available for dividends or bonus.

Clause 102 (pages 37-8), omit "together with such particulars of the nature and effect of such contract and also every material fact known to any director promoter or trustee who is a party to the issue of the prospectus as are material to be made known to a person invited to take shares in order to enable him to form a judgment as to the expediency of so doing."

- Clause 115, line 1, before "creates" insert "fraudulently," and after "the" insert "fraudulent."
- „ line 9, before "party" insert "knowingly a."
- Clause 119, omit this clause.
- Clause 123, before "of" insert "or section one hundred and seventy-seven."
- Clause 127, line 37, after "company" insert "unless so determined by a resolution carried by a majority of the creditors in number and value at a meeting convened by the manager of the company of which seven days' notice has been given to every creditor stating the object of the meeting."
- Clause 129, line 14, after "company" insert "or if any vacancy occurs in the office of liquidator of a company."
- Clause 130 (page 52), line 5, after "verified" insert "to the best of their belief and knowledge."
- Clause 146, line 23, after "Registrar-General" insert "who after retaining the same for five years may destroy the same."
- Clause 160 (page 63), line 30, omit "unless they or he prove that they or he had no," substitute "if it be proved that they or he had."
- „ (page 64), line 8, omit "company," substitute "proposed transferror."
- Clause 161, omit this clause.
- Clause 165, omit this clause, and substitute following new clause—
- FF. (1) The transfer after the commencement of this Act of a share in any company or society to an infant for the purpose of avoiding or evading liability with regard to such share shall not relieve the transferror of any such liability.
- (2) No transfer after the commencement of this Act of a share in any company or society made for the purpose of avoiding or evading liability with regard to such share shall relieve the transferror of any such liability if the transfer is made to any person for a nominal consideration or for no consideration or for valuable consideration expressed but not paid to the transferror or for a consideration paid to the transferee or with a trust or reservation expressed or implied for the benefit of the transferror or to a person known to the transferror to be unable to pay the liability on such share unless such transfer shall have been made and registered two years before the company or society shall be wound up.
- Clause 166, omit this clause.
- Clause D, omit this clause.
- First Schedule, 3rd column, after "forty" omit "and," after "fifty-two" insert "and section three hundred and eighty-seven."
- Third Schedule (page 69), Form B, under (2) "Statement of assets and liabilities," &c. insert "10. Stock-in-trade, goods, chattels, and effects—value £ ."
- In title of Bill, after "1890" add "and for other purposes."

Transfers to infants to avoid liability.

Transfers to avoid liability ineffectual for such purpose in certain cases.

## PROCEEDINGS OF THE COMMITTEE.

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WEDNESDAY, 9TH SEPTEMBER, 1896.

*Members present:*

The Hon. Lieut.-Col. Sir F. T. Sargood Sir H. J. Wrixon J. H. Abbott D. Melville H. Cuthbert		The Hon. S. W. Cooke F. S. Grimwade N. FitzGerald A. Wynne.
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The Hon. H. Cuthbert was called to the Chair.  
 The Committee deliberated.  
 Charles Morell Holmes examined by the Committee.  
 The Hon. N. FitzGerald here entered the room and took his seat.  
 Examination of witness continued.  
 The Hon. A. Wynne here entered the room and took his seat.  
 Examination of witness continued.  
 Thomas Brentnall examined by the Committee.  
 Arthur W. Cleveland examined by the Committee.  
 The Committee adjourned until to-morrow, at Four o'clock.

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THURSDAY, 10TH SEPTEMBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. Lieut.-Col. Sir F. T. Sargood S. W. Cooke J. H. Abbott D. Melville		The Hon. S. Fraser A. Wynne C. J. Ham N. FitzGerald.
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Ernest J. Parker examined by the Committee.  
 The Hons. A. Wynne and C. J. Ham here entered the room and took their seats.  
 Examination of witness continued.  
 Frank K. Terry examined by the Committee.  
 The Hon. N. FitzGerald here entered the room and took his seat.  
 Examination of witness continued.  
 Randal J. Alcock examined by the Committee.  
 The Committee adjourned until Tuesday next, at Three o'clock.

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TUESDAY, 15TH SEPTEMBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. Lieut.-Col. Sir F. T. Sargood J. H. Abbott N. FitzGerald C. J. Ham A. O. Sachse Sir H. J. Wrixon		The Hon. F. S. Grimwade S. Fraser D. Melville S. W. Cooke A. Wynne.
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John Sawers examined by the Committee.  
 Roderick Murchison examined by the Committee.  
 The Committee adjourned until to-morrow, at Three o'clock.

WEDNESDAY, 16TH SEPTEMBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair ;

The Hon. J. H. Abbott		The Hon. C. J. Ham
Sir H. J. Wrixon		F. S. Grimwade
S. W. Cooke		A. O. Sachse
D. Melville		N. FitzGerald
Lieut.-Col. Sir F. T. Sargood		S. Fraser.

Roderick Murchison further examined by the Committee.  
 The Hons. C. J. Ham and F. S. Grimwade here entered the room and took their seats.  
 Examination of witness continued.  
 The Hon. A. O. Sachse here entered the room and took his seat.  
 Examination of witness continued.  
 The Hon. N. FitzGerald here entered the room and took his seat.  
 Examination of witness continued.  
 The Hon. S. Fraser here entered the room and took his seat.  
 Henry Gyles Turner examined by the Committee.  
 F. Grey Smith examined by the Committee.  
 Edward William Knox examined by the Committee.  
 J. F. Richardson examined by the Committee.  
 The Hon. Edward Langton examined by the Committee.  
 The Committee adjourned until to-morrow, at Four o'clock.

THURSDAY, 17TH SEPTEMBER, 1896.

*Members present :*

The Hon. Lieut.-Col. Sir F. T. Sargood		The Hon. J. H. Abbott
C. J. Ham		N. FitzGerald
Sir H. J. Wrixon		H. Cuthbert
D. Melville		S. Fraser.
F. S. Grimwade		

In the absence of the Chairman at the commencement of the proceedings the Hon. Lieut.-Col. Sir F. T. Sargood was called to the Chair.  
 The Hon. Edward Langton further examined by the Committee.  
 The Hon. N. FitzGerald here entered the room and took his seat.  
 Examination of witness continued.  
 The Hon. H. Cuthbert here entered the room and took the Chair.  
 Examination of witness continued.  
 The Hon. S. Fraser here entered the room and took his seat.  
 Examination of witness continued.  
 John James Falconer examined by the Committee.  
 Robert Mathieson examined by the Committee.  
 The Committee adjourned until Tuesday next, at Three o'clock.

TUESDAY, 22ND SEPTEMBER, 1896.

*Members present :*

The Hon. H. CUTHBERT, in the Chair ;

The Hon. Lieut.-Col. Sir F. T. Sargood		The Hon. A. O. Sachse
J. H. Abbott		C. J. Ham
S. W. Cooke		A. Wynne
D. Melville		N. FitzGerald
Sir H. J. Wrixon		S. Fraser.
F. S. Grimwade		

Colonel John M. Templeton examined by the Committee.  
 The Hon. A. O. Sachse here entered the room and took his seat.  
 Examination of witness continued.  
 The Hon. C. J. Ham here entered the room and took his seat.  
 Examination of witness continued.  
 The Hon. A. Wynne here entered the room and took his seat.  
 Examination of witness continued.  
 George T. Langridge examined by the Committee.  
 William Charles Vahland examined by the Committee.  
 The Hon. N. FitzGerald here entered the room and took his seat.  
 Examination of witness continued.  
 The Hon. S. Fraser here entered the room and took his seat.  
 Examination of witness continued.  
 Henry Y. North examined by the Committee.

The Hon. the Chairman and the Hon. C. J. Ham produced balance-sheets of certain building societies.

The Committee deliberated.

*Ordered*—That, in place of calling witnesses in connexion with certain building societies which have forwarded their balance-sheets, the amounts of their capital and deposits should appear in an Appendix. (See Appendix "A.")

James Aitken examined by the Committee.

H. W. Sinclair examined by the Committee.

T. A. Hills examined by the Committee.

Clement H. Davis examined by the Committee.

George A. Kay examined by the Committee.

The Committee adjourned until to-morrow, at Three o'clock.

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WEDNESDAY, 23RD SEPTEMBER, 1896.

*Members present :*

The Hon. H. CUTHBERT, in the Chair ;

The Hon. J. H. Abbott

S. W. Cooke

N. FitzGerald

F. S. Grimwade

C. J. Ham

The Hon. D. Melville

A. O. Sachse

Lieut.-Col. Sir F. T. Sargood

Sir H. J. Wrixon

A. Wynne.

A letter from W. Hopkins was laid before the Committee and read.

The Committee deliberated.

*Resolved*—That the Committee do not think it necessary to call Mr. Hopkins.

A letter from H. W. Hackett was laid before the Committee and read.

*Resolved*—That Mr. Hackett be summoned for Tuesday next.

The Hon. C. J. Ham here entered the room and took his seat.

The Committee deliberated.

*Resolved*—That D. Elder, G. F. Bell, D. Mills, and W. Siddeley be summoned as witnesses for Tuesday next.

Certain reports and balance-sheets of the following building societies were handed in to the Committee from

The Commercial Permanent and

The Third Beechworth.

*Ordered*—That the amounts of their capital and deposits be printed as an Appendix. (See Appendix "A.")

The Hon. F. S. Grimwade here entered the room and took his seat.

A letter from D. Godden, secretary of the Federal Institute of Accountants, was laid before the Committee and read.

*Resolved*—That the Committee think it unnecessary to call for further evidence from accountants.

D. Finlayson examined by the Committee.

The Hon. A. O. Sachse here entered the room and took his seat.

Examination of witness continued.

The Hon. N. FitzGerald here entered the room and took his seat.

Examination of witness continued.

The Hon. A. Wynne here entered the room and took his seat.

A. McD. Cooper examined by the Committee.

The Committee adjourned until Tuesday next, at Three o'clock.

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TUESDAY, 29TH SEPTEMBER, 1896.

*Members present :*

The Hon. H. CUTHBERT, in the Chair ;

The Hon. J. H. Abbott

S. W. Cooke

Lieut.-Col. Sir F. T. Sargood

Sir H. J. Wrixon

F. S. Grimwade

A. O. Sachse

The Hon. N. FitzGerald

S. Fraser

A. Wynne

C. J. Ham

D. Melville.

David Mills examined by the Committee.

The Hon. A. O. Sachse here entered the room and took his seat.

Examination of witness continued.

The Hon. N. FitzGerald here entered the room and took his seat.

Examination of witness continued.

W. Siddeley examined by the Committee.

The Hon. S. Fraser here entered the room and took his seat.

Examination of witness continued.

G. F. Bell examined by the Committee.  
 The Hon. A. Wynne here entered the room and took his seat.  
 Examination of witness continued.  
 The Hon. C. J. Ham here entered the room and took his seat.  
 Examination of witness continued.  
 The Hon. D. Melville here entered the room and took his seat.  
 David Elder examined by the Committee.  
 H. W. Hackett examined by the Committee.  
 The Committee adjourned until to-morrow, at Four o'clock.

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WEDNESDAY, 30TH SEPTEMBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. J. H. Abbott	The Hon. D. Melville
Lieut.-Col. Sir F. T. Sargood	F. S. Grimwade
Sir H. J. Wrixon	A. O. Sachse
S. W. Cooke	N. FitzGerald

Robert Harper, Esq., a Member of the Legislative Assembly, examined by the Committee.  
 The Hons. A. O. Sachse and N. FitzGerald here entered the room and took their seats.  
 Examination of witness continued.  
 The Committee adjourned until Tuesday next, at Three o'clock.

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TUESDAY, 6TH OCTOBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. D. Melville	The Hon. C. J. Ham
J. H. Abbott	F. S. Grimwade
Lieut.-Col. Sir F. T. Sargood	S. Fraser
S. W. Cooke	N. FitzGerald
Sir H. J. Wrixon	A. O. Sachse.

A letter from F. Grey Smith was laid before the Committee and read.

*Ordered*—That the suggestion made therein be added to Mr. Smith's evidence.

The Hon. C. J. Ham here entered the room and took his seat.

A letter from the Hon. E. Langton was laid before the Committee and read.

*Ordered*—That the statement contained therein be added to Mr. Langton's evidence.

A letter from M. McEacharn was laid before the Committee and read.

*Ordered*—That the letter be printed as an Appendix. (See Appendix "B.")

Letters were read from Messrs. Madden and Butler, solicitors, and C. M. Holmes.

The Committee deliberated.

The Hons. S. Fraser, N. FitzGerald, and A. O. Sachse here entered the room and took their seats.

*Resolved*—

1. To exempt from the Bill private companies, which shall be called Proprietary Companies.
2. With reference to the number of shareholders, that there be a minimum of five and a maximum of 25.
3. That such companies are not to receive deposits except from shareholders.
4. That such companies may issue debentures if the security be registered.
5. That such companies be called on to file a balance-sheet similar to that required under the present Act.

The Committee adjourned until to-morrow, at Three o'clock.

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WEDNESDAY, 7TH OCTOBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. Sir H. J. Wrixon	The Hon. D. Melville
J. H. Abbott	N. FitzGerald
Lieut.-Col. Sir F. T. Sargood	C. J. Ham
S. W. Cooke	A. Wynne
F. S. Grimwade	S. Fraser.

The Committee deliberated.

*Resolved*—That private companies shall be exempt from the operation of the clauses of the Bill relative to the publication of balance-sheets and auditing.



Building Societies—*Resolved*—

1. That building societies be restricted in their borrowing to 30s. for every 20s. of paid-up capital.
2. That building societies are to keep their securities unpledged to the extent of 20 per cent. in excess of the amount of money borrowed on securities.
3. That building societies are not to purchase freehold or leasehold land except for the purpose of erecting offices for their own business.

The Hon. N. FitzGerald here entered the room and took his seat.

Special Audit—*Resolved*—That the proportion of members of a company who shall claim a special audit shall be one-tenth in number and value. Creditors not to have any rights in this connexion.

The Hon. A. Wynne here entered the room and took his seat.

Reserve Fund, clause 26.

The Committee deliberated.

The Hon. C. J. Ham here entered the room and took his seat.

*Resolved*—That sub-clause (a) of clause 26 be agreed to.

Sub-clause (b) of clause 26—Question—That this sub-clause be omitted—put.

The Committee divided.

Ayes, 8.

The Hon. J. H. Abbott  
S. W. Cooke  
N. FitzGerald  
F. S. Grimwade  
C. J. Ham  
D. Melville  
Lieut.-Col. Sir F. T. Sargood  
A. Wynne.

No, 1.

The Hon. Sir H. J. Wrixon.

And so it was resolved in the affirmative.

Sub-clause (c) of clause 26—Question—That a company shall state whether the reserve fund is used in the business, and, if so, how it is invested; also that in line 28 the words "and present actual value" be omitted, and that all the words after "securities" in line 28 to the end of sub-clause be omitted—put.

The Committee divided.

Ayes, 8.

The Hon. J. H. Abbott  
S. W. Cooke  
N. FitzGerald  
F. S. Grimwade  
C. J. Ham  
D. Melville  
Lieut.-Col. Sir F. T. Sargood  
Sir H. J. Wrixon.

No, 1.

The Hon. A. Wynne.

And so it was resolved in the affirmative.

Clause 45—Question—That the provisions of the clause shall apply only to advances to managers, officers, and auditors—put.

The Committee divided.

Ayes, 8.

The Hon. J. H. Abbott  
S. W. Cooke  
S. Fraser  
F. S. Grimwade  
C. J. Ham  
D. Melville  
Lieut.-Col. Sir F. T. Sargood  
Sir H. J. Wrixon.

No, 1.

The Hon. A. Wynne.

And so it was resolved in the affirmative.

Clause 46—Advances to Directors.

The Committee deliberated.

Further consideration of clause postponed.

The Committee adjourned until Tuesday next, at Three o'clock.

TUESDAY, 13TH OCTOBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. J. H. Abbott  
Lieut.-Col. Sir F. T. Sargood  
S. W. Cooke  
Sir H. J. Wrixon  
S. Fraser

The Hon. N. FitzGerald  
D. Melville  
C. J. Ham  
A. O. Sachse  
A. Wynne.

A letter from David Elder was laid before the Committee and read.

*Ordered*—That the supplementary evidence given therein be added to Mr. Elder's evidence.

The Committee deliberated.

Clause 102 of the Bill, sub-clause (1) (b)—*Ordered*—That the following words be omitted:—“together with such particulars of the nature and effect of such contract, and also every material fact known to any director, promoter, or trustee who is a party to the issue of the prospectus as are material to be made known to a person invited to take shares, in order to enable him to form a judgment as to the expediency of so doing.”

The Hon. S. Fraser here entered the room and took his seat.

Clause 102, as amended, agreed to.

The Hons. N. FitzGerald and D. Melville here entered the room and took their seats.

Clauses 104 and 110 agreed to.

Clause 108, sub-clause 3, line 20—*Ordered*—That all the words after the word “statement” be omitted.

Clause 111, line 33—*Ordered*—That the following words be omitted:—“Provided however that no liability shall hereby attach to any person who has acted only in a professional capacity for the company or for any persons engaged in procuring the formation thereof.”

Clauses 112, and 114, sub-clause 1, agreed to.

The Hons. A. O. Sachse and A. Wynne here entered the room and took their seats.

Clause 114, sub-clause 2, agreed to.

Clause 115, sub-clause 1, line 1—*Ordered*—That after the word “company” the word “fraudulently” be inserted, and after “the” the word “fraudulent” be inserted.

Clause 115, sub-clause 2, line 9—*Ordered*—That after the word “is” the words “knowingly a” be inserted.

Clauses 116, 117, and 118, agreed to.

Clause 119—*Ordered*—That this clause be omitted.

Clause 127, line 37—*Ordered*—That after the word “company” the following words be inserted:—“unless with the approval of a majority of the creditors in number and value.”

Clause 130, sub-clause 2, line 42—*Ordered*—That after the word “verified” the following words be inserted:—“to the best of their knowledge and belief.”

Clause 146, sub-clause 2—*Ordered*—That at the end of clause the following words be added:—“who shall retain the same for a period of five years and such documents may then be destroyed.”

Clause 160, sub-clause 10, line 30—*Ordered*—That the words “they or he prove” be omitted, and the following words be inserted:—“it be proved.”

Clause 160, sub-clause 14, line 11—*Ordered*—That the word “company” be omitted, and the following words be inserted:—“proposed transferrer.”

Clause 161—*Ordered*—That this clause be omitted.

Clause 165, line 7—*Ordered*—That after the word “made” the following words be inserted:—“after the passing of this Act.”

Clause 165, lines 11 and 12—*Ordered*—That the following words be omitted:—“the wife, husband, or relative by blood or connexion by marriage of the transferrer or to,” and that after the word “any,” in line 11, the word “other” be inserted.

The Parliamentary Draftsman was asked to further re-model the clause.

Clause 165—*Ordered*—That this clause be omitted.

The Committee adjourned until to-morrow, at Three o'clock.

WEDNESDAY, 14TH OCTOBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. Sir H. J. Wrixon

D. Melville

Lieut.-Col. Sir F. T. Sargood

S. W. Cooke

The Hon. C. J. Ham

F. S. Grimwade

A. Wynne

N. FitzGerald.

The Committee deliberated.

Clause 34, sub-clause (4)—*Ordered*—That the sub-clause be divided and the penalty for wilful negligence be made two years, and negligence be made a misfeasance with a penalty of £100.

Clause 34, sub-clause (a)—*Ordered*—That the word “affairs” be omitted, and “financial and trading” be inserted.

The Hons. C. J. Ham and F. S. Grimwade here entered the room and took their seats.

Clause 35 agreed to.

Clause 44, sub-clause 1—*Ordered*—That the sub-clause be re-drafted on the lines of the Canadian Act, but to exempt shares of any other bank.

Clause 44, sub-clause 5, line 29—The Hon. C. J. Ham moved, That after the word “discount” the following words be inserted:—“or the right to pay off or to purchase or redeem any of its debentures or debenture stock.”—Carried.

The Hons. A. Wynne and N. FitzGerald here entered the room and took their seats.

New clause 46, sub-clause (a)—The Hon. F. S. Grimwade moved, That the words “whether” in the first line and “or elsewhere” in the second line, be omitted.

The Committee divided.

Ayes, 7.

The Hon. S. W. Cooke

N. FitzGerald

F. S. Grimwade

C. J. Ham

D. Melville

Lieut.-Col. Sir F. T. Sargood

Sir H. J. Wrixon.

No, 1.

The Hon. A. Wynne.

And so it was resolved in the affirmative.

New clause 46—*Ordered*—That the word “owing” be substituted for “due,” and the word “Victorian” be placed before “director” in sub-clauses (a), (b), and (c).

Clauses 48 and 49 agreed to.

Clause 51, line 1—The Hon. A. Wynne moved, That the words “whether” and “before or” be omitted—Carried.

Clause 53, sub-clause 8—*Ordered*—That this sub-clause be omitted.

Clause 55, line 14—*Ordered*—That the words “one month” be omitted, and “two months” be inserted.

Clause 55, sub-clause 7—*Ordered*—That all the words after “time” to the end of the sub-clause be omitted.

Clauses 56, 70, and 97, agreed to.

New sub-clause 2, to follow clause 97, agreed to.

Clause 2, line 10—*Ordered*—That at the end of the paragraph the following words be added:—“but not to include persons acting as advisers to the local manager of the company and having no executive power.”

*Ordered*—That memorandum of association be defined.

In the absence of the Chairman the Hon. Lieut.-Col. Sir F. T. Sargood was called to the Chair.

Clause 21, line 22—*Ordered*—That the words “in money” be omitted.

Clause 21, sub-clause 5—*Ordered*—That a new sub-clause (c) be added, exempting private companies.

Clause 24—The Hon. F. S. Grimwade moved, That the clause be omitted—Carried.

Clause 25, sub-clause (c), agreed to.

Clause 25, sub-clause (d), line 9—*Ordered*—That the words “or place” be omitted.

Clause 25, sub-clause (2) (a), agreed to for the time being.

Clause 25, sub-clause (2) (b), (c), and (d), agreed to.

Clause 25, sub-clause (e), line 33—*Ordered*—That after the word “is” the words “used or” be inserted.

Clause 25, sub-clause (f), line 35—*Ordered*—That after the word “increased” the words “since the last balance-sheet,” be inserted.

Clause 25, sub-clause (3), line 40—*Ordered*—That the words “contains the particulars required by this Act and,” be omitted.

Clause 25, sub-clause (4), line 8—The Hon. F. S. Grimwade moved, That all the words after “provided” to the end of the clause be omitted.

The Committee divided.

Ayes, 3.

The Hon. S. W. Cooke  
N. FitzGerald  
F. S. Grimwade.

Noes, 2.

The Hon. Sir H. J. Wrixon  
A. Wynne.

And so it was resolved in the affirmative.

Clauses 26 and 27 agreed to.

Clause 28—*Ordered*—That the following words be added at the end of the clause:—“nor to companies incorporated outside Victoria and not having their head office or principal office within Victoria.”

Clause 29, sub-clause (1)—*Ordered*—That the words “found it correct” at the end of the clause be omitted, and the following words added:—“have certified to the correctness or otherwise of such balance-sheet.”

Clause 31 agreed to.

Clause 32, sub-clause (2) (a), line 19—*Ordered*—That after the word “who” the words “at the passing of this Act” be inserted.

Clause 32, sub-clause (b), line 22—*Ordered*—That after the word “who” the words “at the passing of this Act” be inserted.

Clause 32, sub-clause (c), line 29—*Ordered*—That after the word “who” the following words be inserted:—“within twelve months of the commencement of this Act.”

Clause 32, sub-clause (6), line 3—*Ordered*—That the words “Governor in Council” be omitted and the words “a Judge of County Courts” be substituted.

Schedules—Forms A and B—*Ordered*—That these Schedules in as nearly as possible the same form be placed under clause 25, sub-clause (2), in place of under clause 24 omitted.

The Committee adjourned.

WEDNESDAY, 21st OCTOBER, 1896.

Members present :

The Hon. H. CUTHBERT, in the Chair ;

The Hon. S. W. Cooke  
J. H. Abbott  
Sir H. J. Wrixon  
Lieut.-Col. Sir F. T. Sargood  
F. S. Grimwade  
C. J. Ham

The Hon. A. O. Sachse  
A. Wynne  
D. Melville  
S. Fraser  
N. FitzGerald.

The draft of the amendments passed by the Committee was submitted by the Hon. the Chairman.

Clause 2 (page 1), line 12, after “context” insert “‘Articles of association’ in reference to companies incorporated outside Victoria means the rules or regulations of such company by whatever designation they are usually known.”

Agreed to.

Clause 2 (page 2), line 10, after "Victoria" insert "but shall not include persons who act only as advisers to the manager of a company and have no executive power in the management of such company."

*Ordered*—That this amendment be made to apply to foreign companies only.

The Hon. A. O. Sachse here entered the room and took his seat.

Clause 2, line 20, after "thereunder" insert "'Proprietary company' means a company under Part I. of the Principal Act which fulfils all the following requirements, namely:—

- (a) has not more than twenty-five members or shareholders;
- (b) does not receive from its members or shareholders or the public deposits or loans for fixed periods or payable at call, and whether bearing or not bearing interest;
- (c) has in its articles of association an article prohibiting the sale or transfer of any share in such company to any person not already a member or shareholder thereof until the directors thereof have previously offered such share for sale to each and every member or shareholder of the company resident for the time being in Victoria;
- (d) does not use its title without the addition thereto of the word 'proprietary'; and
- (e) has filed with the Registrar-General a written notice of the fact of such addition to its name.

No company shall be deemed to be a proprietary company if at any time it fails to comply with any of the foregoing requirements, and the question whether or not a company has so failed may on the application of any member, shareholder, or creditor of such company be determined by the Court."

*Ordered*—That in sub-clause (b), line 1, after "receive" the word "except" be inserted, and after "shareholders" the words "or the public" be omitted.

Sub-clause (c), add "or not" at the end of sub-clause.

Sub-clause (d), after "thereto" add "before the word 'limited,'"

Sub-clause (e)—*Ordered*—That the clause be so drawn as to make it necessary for the Registrar-General to satisfy himself that the registration has been complied with.

The Hons. A. Wynne and D. Melville here entered the room and took their seats.

Clause 21 (page 6), line 22, omit "in money."

Clause 21 (page 7), line 19, after "Acts" insert "or (c) to any proprietary company."

Agreed to.

Clause 23, line 38, after "only" insert "or to any proprietary company."

*Ordered*—That after the word "any" in line 37 the words "life assurance company under Part III. of the Principal Act or to any proprietary company" be added at the end of clause, and that the words "company which carries on insurance business only" be omitted.

Clause 24, omit this clause.

Agreed to.

Clause 25 (page 9), line 9, omit "or place."

Clause 25 (page 9), line 29, omit "of," substitute "or."

Clause 25 (page 9), line 33, after "is" insert "used or."

Clause 25 (page 9), line 35, after "increased" insert "since the last balance-sheet."

Clause 25 (page 9), lines 40-41, omit "contains the particulars required by this Act and."

Agreed to.

Clause 25 (page 9), line 42, after "affairs" insert "and such balance-sheet shall also be accompanied by a statement from the manager verified by his statutory declaration showing the assets and liabilities of the company on the last Monday in March, and such statement and declaration shall be in one of the forms in the Third Schedule to this Act, and shall be accompanied by a certificate of not less than two directors that in their opinion the statement is correct."

*Ordered*—That all the words after "shall," inclusive of the word "shall," in lines 3 and 4, be omitted; also that after the word "Act" in line 4 the words "or to the like effect" be inserted.

Clause 25 (page 10), lines 8-12, omit the words "and if the manager," in line 8, and all following words to end of clause.

Agreed to.

The Hons. S. Fraser and N. FitzGerald here entered the room and took their seats.

Clause 26, lines 18-23, omit paragraph (b).

Agreed to.

Clause 26, lines 27-30, omit "several nature and present actual value of such securities and a statement of the specific purpose or purposes for which the reserve fund is specially appropriated," substitute "nature of such securities."

*Ordered*—That sub-clause (c) of clause 26 of the Bill be amended to read as follows:—" (c) The said representation shall be accompanied by a statement showing whether or not such reserve fund is used in the business, and if any portion thereof is otherwise invested, showing the manner in which and the securities upon which the same is invested."

Clause 26, lines 31-5, omit sub-clause (2).

Agreed to.

Clause 26—Penalty for gross or culpable negligence.

The Hon. A. Wynne moved, That persons guilty of gross or culpable negligence be liable to a penalty not exceeding £500.

The Committee divided.

Ayes, 4.

The Hon. S. W. Cooke  
S. Fraser  
Lieut.-Col. Sir F. T. Sargood  
A. Wynne.

Noes, 6.

The Hon. N. FitzGerald  
F. S. Grimwade  
C. J. Ham  
D. Melville  
A. O. Sachse  
Sir H. J. Wrixon.

And so it passed in the negative.

The Hon. S. W. Cooke moved, That the penalty be not exceeding £250.  
The Committee divided.

Ayes, 6.

The Hon. J. H. Abbott  
S. W. Cooke  
S. Fraser  
F. S. Grimwade  
Lieut.-Col. Sir F. T. Sargood  
A. Wynne.

Noes, 5.

The Hon. N. FitzGerald  
C. J. Ham  
D. Melville  
A. O. Sachse  
Sir H. J. Wrixon.

And so it was resolved in the affirmative.

Clause 28, line 2, after "only" insert "nor to any company incorporated outside Victoria and not having its head or principal office within Victoria."  
Agreed to.

Clause 29, line 8, omit "found it correct," substitute "have certified to the correctness or otherwise of the said balance-sheet."  
Agreed to.

Clause 32 (page 12), line 19, after "who" insert "at the commencement of this Act."

Clause 32 (page 12), line 22, after "who" insert "at the commencement of this Act."

Clause 32 (page 12), line 31, after "who" insert "within twelve months after the commencement of this Act."

Clause 32 (page 13), line 3, omit "the Governor in Council," substitute "a Judge of the County Court."

Clause 32 (page 13), line 4, omit "Governor in Council," substitute "said Judge."  
Agreed to.

Clause 34 (page 13), line 29, omit "affairs and," substitute "financial and trading."

Clause 34 (page 14), line 12, omit "or through culpable negligence."  
Agreed to.

Clause 34, line 15, at end of sub-clause add "and any auditor who through culpable negligence certifies that any false or fraudulent balance-sheet or account is correct shall be guilty of an offence and shall on conviction be liable to a penalty not exceeding One hundred pounds."

*Ordered*—That the words "One hundred" be omitted, and "Two hundred and fifty" be inserted.

Subdivision 5, line 12, before clause 37 insert new clause—

AA. This subdivision shall not apply to a proprietary company.

Clause 37, lines 14-15, omit "one-twentieth part," substitute "one-tenth part in number and value."

Clause 37, lines 15-16, omit "or of one-twentieth of the creditors of the company in number or value."

Clause 37, line 17, omit "or creditors."

Agreed to, the Hon. A. Wynne dissenting.

Clause 44, omit sub-section (1), and substitute new sub-section—

(1) Except as provided in the Companies Acts in regard to forfeited shares a banking company shall not either directly or indirectly purchase or deal in or lend money or make advances upon the security or pledge of any share of its own capital stock or of the capital stock of any bank, and it shall not either directly or indirectly lend money or make advances upon the security mortgage or hypothecation of any land tenements or immovable property or of any ships or other vessels or upon the security of any goods wares and merchandise.

*Ordered*—That all the words after "stock," where it first occurs in line 3, to the end of sub-clause be omitted.

Clause 44, line 25, after "discounts" insert "or paying off or purchasing or redeeming any of its debentures or debenture stock."

*Ordered*—That the amendment be made in line 26, after "stock."

Clause 44, line 29, after "discount" insert "or the right to pay off or purchase or redeem any of its debentures or debenture stock as the case may be."

Agreed to.

Clause 45, line 32, omit "banking."

Question—That the amendment be agreed to—put.

The Committee divided.

Ayes, 9.

The Hon. S. W. Cooke  
N. FitzGerald  
S. Fraser  
F. S. Grimwade  
C. J. Ham  
D. Melville  
A. O. Sachse  
Lieut.-Col. Sir F. T. Sargood  
Sir H. J. Wrixon.

Noes, 2.

The Hon. J. H. Abbott  
A. Wynne.

And so it was resolved in the affirmative.

Clause 45, line 34, omit "director."

Clause 45, line 36, omit "director," and omit "banking."

Agreed to.

Clause 46, omit this clause, and substitute the following new clause :—

BB. (1) Every company and the directors and the manager thereof shall once in every six months cause to be made out and filed with the Registrar-General a return truly and correctly showing—

- (a) the aggregate amount of advances and discounts made in Victoria owing at the date of such return by the Victorian directors of the company or any of them or by firms of which such directors or any of them are members or partners, and the maximum amount of such advances and discounts made during the period of six months prior to the date of such return ;
- (b) the aggregate amount of advances and discounts made in Victoria owing at the date of such return by any person or company and guaranteed by the Victorian directors of the company or any of them or any firms of which such directors or any of them are members or partners, and the maximum amount of such advances and discounts made and so guaranteed during the period of six months prior to the date of such return ; and
- (c) the aggregate amount of advances and discounts made in Victoria owing at the date of such return by any company of which the Victorian directors or any of them are directors manager officers or auditors and the maximum amount of such advances and discounts made during the period of six months prior to the date of such return.

(2) Every company and every director and every manager of any company which or who without reasonable excuse the proof of which shall be on it or him contravenes the provisions of this section shall be liable to a penalty not exceeding Ten pounds for every day until the required returns are filed.

Agreed to.

(3) No information set out in any return filed in pursuance of this section shall be published or publicly notified or advertised except by the authority of an order of the Court, and any person who publishes notifies or advertises any such information or part thereof in contravention of this section shall for every such offence be liable on conviction to a penalty not exceeding pounds.

*Ordered*—That the blank be filled up by the insertion of the word “Fifty.”

Clause 51, line 1, omit “whether registered before or,” substitute “registered.”

*Ordered*—That all the words after “line 1” be omitted, and that an amendment be drawn to the following effect :—“That so far as a company registered before the commencement of this Act is concerned it shall have the right to retain the title of ‘banking company’ for twelve months if within twelve months after the passing of this Act it possesses a paid-up capital of not less than Seventy-five thousand pounds and a subscribed capital of not less than Two hundred thousand pounds.

Clause 51, line 12, after sub-clause (2) insert new sub-sections—

( ) No company shall assume or use the word “proprietary” as part of its title until and unless it shall have complied with all the requirements required by this Act to be fulfilled by a proprietary company.

Agreed to.

( ) No company shall assume or use the word “proprietary” as part of its title if at any time after having become a proprietary it shall have failed to fulfil any of the requirements required by this Act to be fulfilled by any proprietary company.

*Ordered*—That the words “assume or” in line 1 be omitted, and after the word “proprietary” in line 3 “company” be inserted.

Clause 53 (page 21), lines 43–8, sub-clause (8) to be omitted.

Clause 55 (page 24), line 14, omit “one month,” substitute “two months.”

Agreed to.

Clause 55 (page 25), lines 25–7, omit “and at any such adjourned meeting an extraordinary resolution may be passed that the company be wound up.”

*Ordered*—That in place of the proposed amendment the following amendments be made :—At the end of clause 55 add—“provided that no such extraordinary resolution shall be proposed unless at least seven days’ notice of the intention to move the same shall have been given by the chairman of the meeting in writing to every member of the company.”

Clause 55 (page 25), line 32, omit “and,” substitute “or in the event of there being no directors.”

Agreed to.

New clauses to follow clause 61—

CC. In section twenty of the *Building Societies Act* 1890 for the words “three times” there shall be substituted the words “one and a half times” ; and for the words “three years” there shall be substituted the words “one and a half years’.”

The Hon. C. J. Ham moved, That the word “twice” be substituted for “one and a half times” and “two” for “one and a half.”

The Committee divided.

Ayes, 8.

The Hon. J. H. Abbott  
S. W. Cooke  
N. FitzGerald  
S. Fraser  
C. J. Ham  
A. O. Sachse  
Sir H. J. Wrixon  
A. Wynne.

Noes, 2.

The Hon. F. S. Grimwade  
Lieut.-Col. Sir F. T. Sargood.

And so it was resolved in the affirmative.

DD. (1) Every society which receives deposits or loans at interest pursuant to the provisions of section twenty of the *Building Societies Act 1890* shall retain absolutely free from any mortgage charge or encumbrance made given or granted by such society Government or municipal debentures or stock Treasury bonds or bills or the title deeds of real property to the value of not less than One hundred and twenty pounds for each One hundred pounds so received on deposit or loan by such society.

(2) This section shall not be deemed to affect any mortgage charge or encumbrance actually entered into before the commencement of this Act.

EE. Notwithstanding anything contained in the *Building Societies Act 1890* no society shall purchase or take on lease any land or build upon the same except for the purpose of holding the meetings and transacting the business of the society therein.

Agreed to.

FF. (1) On being requested in writing so to do by the transferee of a share in a company the company shall by writing require the person having the possession custody or control of any such share scrip to bring the same into the office of the company within a period named in such requisition, not less than seven days from the date thereof, to be cancelled rectified or otherwise dealt with as the case may require.

*Ordered*—That in line 1 “transferor” be substituted for “transferee” and after the word “rectified” in line 4 “or the transfer thereof registered” be inserted.

(2) If any person refuses or neglects to comply with any such requisition as aforesaid, the said transferee may apply to a judge to issue a summons for such person to appear before the Court and show cause why the document mentioned in such requisition should not be delivered up or produced for the purpose mentioned in such requisition; and upon appearance before the Court of any person so summoned it shall be lawful for the Court to examine such person upon oath and to receive other evidence, or if he do not appear after being duly served with such summons then to receive evidence in his absence and (in case the same shall seem proper) to order such person to deliver up such document to the company upon such terms or conditions as to such Court shall seem fit, and the cost of the summons and proceedings thereon shall be in the discretion of the Court.

*Ordered*—That in line 2 “transferor” be substituted for “transferee.”

(3) Lists of share scrip called in for cancellation or rectification and not brought in shall be exhibited in the company’s office and shall be advertised in the *Government Gazette* and in such newspapers and at such time or times as the company shall think fit.

*Ordered*—That the words “for cancellation or rectification” be omitted, and “as aforesaid” be inserted.

Clause 97, at the end of clause add—

(2) Where shares in any company have been lawfully forfeited or surrendered in pursuance of any power in that behalf contained in the articles of association of such company or in the Companies Acts, the amount paid up on such forfeited or surrendered shares may be passed to the credit of a reserve fund or used to write down the book values of any assets of the company, or so much of the said amount as may be required for the purpose may be used to write off losses previously made, but in no case shall any portion of such amount be treated as profit available for dividends or bonus.

Agreed to.

New sub-clause (3) as notified to be proposed by the Hon. Lieut.-Col. Sir F. T. Sargood, viz.:—

(3) Where at the date of the commencement of this Act any company holds a mortgage or lien on shares of such company belonging to a debtor to the company and obtains judgment against such debtor and such judgment after the expiration of thirty days remains unsatisfied or such debtor becomes insolvent it shall be lawful for such company to declare such shares to be forfeited, and upon such forfeiture such debt shall be reduced by such amount as shall be determined by the Registrar-General as being the then market value of such shares.

*Ordered*—That this proposed new clause be not inserted.

Clause 102 (pages 37–8), omit “together with such particulars of the nature and effect of such contract and also every material fact known to any director promoter or trustee who is a party to the issue of the prospectus as are material to be made known to a person invited to take shares in order to enable him to form a judgment as to the expediency of so doing.”

Agreed to.

Clause 108 (page 43), lines 20–22, omit “but shall not include any person by reason only of his acting in a professional capacity for persons engaged in procuring the formation of the company.”

The Hon. A. O. Sachse moved, That clause 108 of the Bill be not amended.

The Committee divided.

Ayes, 5.

The Hon. J. H. Abbott  
S. W. Cooke  
C. J. Ham  
A. O. Sachse  
A. Wynne.

Noes, 3.

The Hon. N. FitzGerald  
F. S. Grimwade  
Lieut.-Col. Sir F. T. Sargood.

And so it was resolved in the affirmative.

Clause 111, lines 33–5, omit the proviso.

*Ordered*—That the proposed amendment be not made.

Clause 115, line 1, before “creates” insert “fraudulently.”

Agreed to with the addition in line 2 of the word “fraudulent” before “creation.”

Clause 115, line 9, before “party” insert “knowingly a.”

Agreed to.

Clause 119, omit this clause.

Agreed to.

Clause 123, before "of" insert "or section one hundred and seventy-seven."

Agreed to.

Clause 127, line 37, after "company" insert "unless with the approval of a majority of the creditors in number and value."

Agreed to.

Clause 130 (page 52), line 5, after "verified" insert "to the best of their belief and knowledge."

Agreed to.

Clause 146, line 23, after "Registrar-General" insert "who after retaining the same for five years may destroy the same."

Agreed to.

Clause 147, omit this clause and substitute—

GG. In section three hundred and eighty-seven of the Principal Act for the words "one month" there shall be substituted the words "four months," and for the word "twenty-five" there shall be substituted the word "fifty."

Agreed to.

Clause 160 (page 63), line 30, omit "unless they or he prove that they or he had no," substitute "it be proved that they or he had."

Clause 160 (page 64), line 8, omit "company," substitute "proposed transferrer."

Agreed to.

Clause 161, omit this clause.

Agreed to.

Clause 165, omit this clause, and substitute following new clause—

HH. (1) The transfer after the commencement of this Act of a share in any company or society to an infant for the purpose of avoiding or evading liability with regard to such share shall not relieve the transferrer of any such liability during the infancy of the transferee.

(2) No transfer after the commencement of this Act of a share in any company or society made for the purpose of avoiding or evading liability with regard to such share shall relieve the transferrer of any such liability if the transfer is made to any person for a nominal consideration or for no consideration or for valuable consideration expressed but not paid to the transferrer or for a consideration paid to the transferee or with a trust or reservation expressed or implied for the benefit of the transferrer or to a person known to the transferrer to be unable to pay the liability on such share unless such transfer shall have been made and registered five years before the company or society shall be wound up.

*Ordered*—That the following words at the end of sub-clause (1) be omitted "during the infancy of the transferee" and that "five" be inserted for "two" in the last line of sub-clause (2).

Clause 166, omit this clause.

Agreed to.

*Ordered*—That new clause D be omitted.

*Ordered*—That the title of the Bill be amended by the addition of the words "and for other purposes."

The Committee adjourned until Tuesday next, at Three o'clock.

TUESDAY, 27TH OCTOBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. S. W. Cooke

Lieut.-Col. Sir F. T. Sargood

A. O. Sachse

C. J. Ham

Sir H. J. Wrixon

The Hon. A. Wynne

F. S. Grimwade

J. H. Abbott

D. Melville

S. Fraser.

A letter from George Adam Kay was laid before the Committee and read, submitting certain proposed amendments in the Bill.

The Hon. F. S. Grimwade here entered the room and took his seat.

The Draft Report was submitted by the Hon. the Chairman and amended.

The draft of the amendments passed by the Committee was submitted and reconsidered.

The Committee deliberated.

Clause 2 (page 2), line 10, after "Victoria" insert "but shall not in the case of any company incorporated outside Victoria include persons who act only as advisers to the manager of a company and have no executive power in the management of such company."

*Ordered*—That after "have" in line 4 the words "and exercise" be inserted.

Clause 21 (page 6), line 22, omit "in money."

*Ordered*—That these words be not omitted, and the words "or value received" be inserted after "money."

Clause 23, lines 37-8, omit "which carries on insurance business only," substitute "subject to Part III. of the Principal Act so far only as regards the life assurance business of such company or to any proprietary company."

*Ordered*—That clause 23 be altered to read as follows:—"This subdivision shall not apply to the life assurance business of any company which is subject to Part III. of the Principal Act or to any proprietary company."



Clause 34, line 15, at end of sub-clause add "and any auditor who through culpable negligence certifies that any false or fraudulent balance-sheet or account is correct shall be guilty of an offence and shall on conviction be liable to a penalty not exceeding Two hundred and fifty pounds."

*Ordered*—That in line 2 after "shall" the words "in addition to any civil responsibility" be inserted; also that similar words be inserted in the amendment to clause 26.

Clause 45, line 32, omit "banking."

Clause 45, line 34, omit "director."

Clause 45, line 36, omit "director" and omit "banking."

The Hon. Sir H. J. Wrixon moved, That clause 45 be restored to its original state.

The Committee divided.

Ayes, 6.

The Hon. S. W. Cooke  
S. Fraser  
C. J. Ham  
A. O. Sachse  
Sir H. J. Wrixon  
A. Wynne.

Noes, 2.

The Hon. F. S. Grimwade  
Lieut.-Col. Sir F. T. Sargood.

And so it was resolved in the affirmative.

*Ordered*—That clause 46 and new clause BB, proposed to be substituted for it, be omitted.

The Hons. J. H. Abbott, D. Melville, and S. Fraser here entered the room and took their seats.

Clause 127, line 37, after "company" insert "unless with the approval of a majority of the creditors in number and value."

*Ordered*—That in line 1 the words "by resolution" be inserted after "approval," and that a clause be drafted making it necessary for the manager to call the meeting.

Clause 147, omit this clause and substitute—

G.G. In section three hundred and eighty-seven of the Principal Act for the words "one month" there shall be substituted the words "four months," and for the word "twenty-five" there shall be substituted the word "fifty."

*Ordered*—That this new clause be omitted, clause 147 restored, and section 387 of Act No. 1074 be repealed by the First Schedule.

*Ordered*—That in Form B of the Third Schedule (page 69), under (2), after the words "items £" the following words be inserted:—"10. Stock-in-trade, goods, chattels, and effects—value £ ."

*Ordered*—That new clauses or amendments submitted by G. G. Butler be not inserted.

*Ordered*—That new clauses or amendments submitted by G. A. Kay be not inserted, with the exception of a suggested amendment to clause 129, which was referred to the Parliamentary Draftsman for consideration.

*Ordered*—That the Chairman report to the Council.

The Committee adjourned.



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MINUTES OF EVIDENCE.

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# MINUTES OF EVIDENCE.

WEDNESDAY, 9TH SEPTEMBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. J. H. Abbott  
N. FitzGerald  
F. S. Grimwade  
D. Melville

The Hon. Lieut.-Col. Sir F. T. Sargood  
S. W. Cooke  
Sir H. J. Wrixon  
A. Wynne.

Charles Morell Holmes examined.

1. *By the Hon. the Chairman.*—What are you?—An accountant, and president of the Incorporated Institute of Accountants of Victoria.

2. How long has that institution been incorporated?—About twelve years.

3. How many members are there?—About 200.

4. I believe you have carefully considered the Bill now before the Legislative Council to amend the Companies Act of 1890?—Yes.

5. What is the first clause of the Bill upon which you desire to give evidence?—It seems to me that the general scope of the Bill is such as almost to make it necessary that a new order of company should be instituted, in the shape of what may be called private companies, as there must be many concerns that will object to the exposure of their internal affairs which this Bill will require, so they will probably revert to private partnerships, unless some statutory provision is made for them. I would suggest to the Committee that, perhaps, a style of company to be called a limited proprietary company would meet the necessities of the cases which I have before me.

6. What particular class of cases do you refer to?—There are limited companies at present which have been evolved out of private partnerships for the convenience of limiting the liability and defining partnership interests, and I should imagine that, when those companies are required to give all the details to the public that this Bill proposes to make them give, they will go out of existence as companies and become private firms again. I do not see anything else for it, unless they choose to accept the inevitable and disclose to their rivals, who are still private firms, details which they would not disclose voluntarily, and which I cannot think the public advantage requires them to disclose. The question was discussed very largely before the Departmental Committee of the Board of Trade at home, and it took this form—“Shall we provide for private companies in this Bill, or shall there be a fresh law created dealing with limited partnerships?” The matter was shelved, but as far as I can gather from the Report of the Committee the feeling was that there was a necessity for some such legislation as I have suggested.

7. What are the inconveniences that would be caused to private companies if this Bill were passed?—The publicity that would be given to what are really private concerns—publicity as to their liabilities, for instance. When their liabilities are really only the ordinary liabilities of trading institutions it is known to those who give them credit that the liability is limited, and there is an opportunity for all persons who wish to give them credit to inquire as to the shareholding of each member, and the amount which that represents, and if the public do not choose to trade with such companies they can refrain from doing so.

8. Those companies now have the advantage of a limited liability?—Yes, but for that they have the corresponding obligation to disclose certain things under section 27 of the Principal Act, which will be enlarged by clause 22 of this Bill.

9. You do not object to the present provisions of section 27?—No.

10. But, as amended by the Bill now before us, what are the inconveniences to which you would wish to call the special attention of the Committee?—The balance-sheet is made public for one thing. Under clause 30 it has to be filed with the Registrar-General and posted up in the office of the company.

11. What inconvenience would that be to the public?—I do not refer to the public—it seems to me to be a wrong to the company that it should have to expose its affairs to the extent to which this Bill makes it necessary. I do not know that the public are concerned; the public know they are dealing with an institution whose liability is limited, and they need not give the institution credit unless they choose.

12. Would it not be an advantage to parties having transactions with a company that they should know the state of that company's affairs at least once a year?—I think they will know sufficiently by section 27 of the Act. As enlarged by clause 22 of the Bill it is really the position of the capital account and its obligation in regard to mortgage indebtedness, and I do not think the public have any right to require more.

13. You do not object to clause 22?—No; I think that is right, and also clauses 53 and 54, which require the registration of mortgage of uncalled capital. All those provisions seem to me to be quite proper.

14. Your objection is not a general objection to the new Bill as it relates to all companies, but only as it applies to those smaller companies such as are created by a man who has made a business and has then subdivided it among his friends or his sons?—Or where a firm is changed into a company for the better dividing of partnership interests, and the transmission of those interests at death.

15. Suppose that a company only consists of ten shareholders, and in the course of time the number of shareholders becomes much larger, your objection would not apply?—No, I would limit it as to number, and I think the limit as to number is found by analogy in section 4 of Act No. 1074, where twenty persons is indicated as the maximum number that shall be allowed to form a private partnership.

16. Do you see any other objection in this Bill so far as those smaller companies are concerned?—Nothing beyond the general objection that I have mentioned, that there is undue publicity required from them, which, seeing that they have to compete with rivals in business who are not required to disclose their affairs by the publication of their balance-sheet, would operate prejudicially against such companies. For that reason I have thought the law should create a distinct class of companies called private or proprietary companies, placing them under some restrictions which might be in excess of those which the Act of 1890 imposes—the limitation as to liability to be by shares as at present, and the violation by the company of any provisions of the Act to render it liable to the extent involved in that violation; that is, really, to restore a measure of unlimited liability where the company breaks the law. I think the shares should not be quoted on the Stock Exchange, and should not be, in the usual sense, negotiable. Probably registration of a transfer should only take place after all the members of the company had approved of the person to whom it was proposed to transfer the shares. I think transmission should be allowed as under the Principal Act, so that the wishes of a deceased shareholder should be operative; but, if those transmissions should result in there being more than twenty shareholders, I would remove the company from the list of private or proprietary companies, and subject it to all the provisions of an ordinary trading company. I do not think such companies should be allowed to take deposits—they should be restricted or debarred altogether from taking them, and they should not be allowed to issue a prospectus inviting the public to subscribe to their shares. Provision should be made for the change of a limited company into a limited proprietary company; also for the transformation of a firm into a limited proprietary company, such as is proposed in Division 9 of this Bill, for the “acquisition of a business,” due publicity being given in every case so that creditors may not be injured, and may have the opportunity of caveating, and preventing the transfer of the assets of a going concern to a limited company, by which the interests of the creditors might be affected injuriously. Such a company should be subject to all the provisions of the Principal Act and to some of the provisions of this Bill, but the whole of Division 1 should not apply. In Division 2 the following clauses might be excepted:—Nos. 20, 23 to 46, 48 and 49 (I do not think the public is interested), 55 and 56, and 58 to 60. They should be subject to Divisions Nos. 3, 4, 5, 7, 8, and 9 in their entirety, but Division 6 should not apply at all, and probably there are a few clauses in Division 10 that might also be excepted.

17. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You do not think the general public are much interested in the mode in which these private companies do their business—who would do business with them?—I should say those who do business with such companies as we have here, that is business firms. The ordinary public does business with them and I think would continue to do so. Practically there would be very little difference between a limited family company or private firm, as we know it to-day, and the limited proprietary company suggested.

18. The ordinary mercantile firms who would give such a company credit would not be in the same position as ordinary depositors or current account holders in a bank?—No.

19. They would be able to look after their own interests?—Yes.

20. You think there should be a maximum of twenty shareholders in such a company—how do you propose to prevent the unloading of the shares on the public?—By making a provision that if the shares are held by more than twenty persons the company shall come under the operation of the whole of the Companies Acts at once, and these special provisions shall be removed.

21. Would your idea be to place the liability on the directors, in the event of their allowing, either directly or indirectly, any of the shares to be transferred so as to make the total number of shareholders exceed twenty?—I would provide that transfers should not be made except with the concurrence of the members of the company; I would not allow the directors to deal with transfers, so that the shareholders in the company would know perfectly well that if they transferred some of their shares and made the number of holders, say, 25, they were losing the advantage of the limited liability, and they would not do it.

22. Supposing the shareholders felt they were in a shaky concern they might be willing to do it?—Then they would come under the full scope of the Principal Act.

23. How would that affect them if they had got rid of some indifferent shares. This matter was dealt with before the Committee of the House of Lords, and the Registrar-General pointed out that mischief might be done long before it came under his notice?—I had forgotten that point. The question was raised before the Departmental Committee, and the natural objection was taken that this might be abused by permitting a one-man company with limited liability, but the opinion of the Departmental Committee seemed to be that the case of Aron Salomon disposed of that objection.

24. Even if you take the precaution of requiring the transfer of shares to be agreed to by the shareholders, how are you going to prevent the whole of the shareholders agreeing to transfer their shares to people outside the twenty, if it answered their purpose to do so?—Then I would say, forbid the transfer of shares except with registration by the Registrar-General, or give notice to the public that it is the intention to transfer shares—make it as difficult for a man to become a member of a limited proprietary company as for an outsider to become a member of a firm to-day—I think that might be done.

25. I do not see what penalties you could enforce or how you would enforce them?—If you practically forbid the transfer of shares, and so forbid the transfer of liabilities on the part of members of the company, I think that is all that is required in the interests of the public.

26. But how can you prevent the unloading of the shares?—If you make it illegal, and provide that the liability continues on the original holder, I think that would be sufficient.

27. *By the Hon. S. W. Cooke.*—Assuming that a private firm turns itself into a limited company with a few shareholders, you wish it to come under a special Act?—I would not have said so unless it were proposed under this Bill to enlarge the measure of publicity.

28. Why should they be excepted because their numbers are limited—if a private firm becomes a limited company with six members you would not have it subject to such publicity as if it had 60 members—why would you have the difference?—I imagine that private firms availing themselves of any measure of limited liability would take good care that they remained limited proprietary companies.

29. Still, as they avail themselves of the limited liability, why should they be protected more than the larger companies which avail themselves of the limited liability?—If a company is larger it will

have issued its shares on prospectus, and will have appealed to the public to take up those shares, and is prepared generally for the measure of publicity that obtains to-day. Our large trading companies have become so by the issue of a prospectus; the promoters, the directors, and the shareholders are aware of what they are doing, and they do not object to this publicity, but I am thinking of firms which will naturally wish to place themselves in the position of having limited liability, and I think their case might be met very fairly, provided they are subject to certain restrictions, because they have to trade in competition with those who are not under any obligation to make their affairs known to the public. They should be subject to some restriction, but not to the wholesale restriction that this Bill contemplates.

30. *By the Hon. Sir H. J. Wrixon.*—Would you be in favour of dealing with these limited liability proprietary companies in a separate Bill, excluding them from this Bill, or do you think the whole matter should be dealt with in the one measure?—I fear if it is not dealt with now the mischief will be done, so far as it is mischief—the proprietary companies now in existence will be exposed to the wholesale publication of their affairs. I do not think it would be such a lengthy job—it could be done in a comparatively few clauses. If those companies are to be dealt with at all I think they should be dealt with now.

31. *By the Hon. the Chairman.*—What is the next point you wish to speak upon?—I disapprove of clause 21, requiring a statutory proportion of the capital to be subscribed and paid up. I think if the public is advised in the prospectus as to the proportion of the capital it is proposed to call up, and upon which allotment is to be made, as is provided in clause 102, sub-section 1 (f) of the Bill, the public knows what it is subscribing to, and if it thinks the capital insufficient it need not subscribe. I do not see any reason why the law should intervene and say—“You must not go into business unless you have got so much money,” provided due notice is given as to what it is proposed to call up.

32. Might not the amount prescribed in this clause, one-fourth, be very small on which to commence business—take a company with a capital of 1,000 shares of £1 each, of which 500 are subscribed?—In that case judicious investors would not look at it; they would say—“You cannot carry on with that capital, we will not take shares.” It seems to me to be an attempt to make a cast-iron rule for circumstances that may vary considerably. I do not think there is such a provision in the English Bill, and it does not seem to myself, and those for whom I speak, that it is necessary.

33. The same provision is to be found in clause 6, where it says—“(a) It shall be necessary that one-fourth of the shares shall be subscribed for, and one-half of the subscribed capital shall be actually paid up.” It was thought in the case of a limited company it would be quite sufficient to have one-third of the capital subscribed for?—I think it might be a right provision in the case of no-liability companies, because this is experimental legislation as far as they are concerned.

34. You would be disposed to omit that provision in clause 21?—Yes, I think clause 102 provides all that is necessary. The report of the Departmental Committee contains a reply from the Southampton Chamber of Commerce pointing out that the delay which these provisions, copied from the English Bill, would impose upon the constitution and incorporation of a company, would have rendered the registration of Baring's Bank as a limited company impossible, and would therefore have worked great injury to public interests. I think that is a case in point. In the main, perhaps, it is wise to cause delay, but delay has its dangers as well as undue haste. The next clause I wish to notice is No. 24. That seems to be very objectionable and impracticable, in so far as it requires all limited companies to make up a statement of assets and liabilities on a particular day in the year, irrespective altogether of the circumstances of their business. I should think from sub-section 1 that it is aimed at the banks, and as each bank balances every week, and the statement of assets and liabilities is to be found in the abstract-book in the head office of every bank in Victoria, that is a thing that banks can carry out, but I am perfectly sure there are many trading companies that could not possibly comply with this provision. The crux of the balance-sheet of any trading concern is its stock-taking. There are businesses which are season businesses—the milling companies generally balance on the 30th of November. I have audited for four milling companies and, with one exception, they balanced on the 30th November, and in the other case the directors found they had made a mistake in balancing on the 30th September. November is just before the harvest and their stocks are running low; otherwise it is very difficult to take stock of flour and grain in bulk. There are also other businesses that are affected by the seasons, and if a statement of assets and liabilities has to be made up at a certain arbitrary date, such as the last Monday in March, it will be worth very little. If it is confined to banks and financial companies (if there are any left) that is all that would be necessary, but to require this from every common company, in addition to the rendering of the annual balance-sheet which later clauses require, seems to be loading obligations upon companies without any purpose whatever.

35. *By the Hon. F. S. Grimwade.*—Would it be possible for all the banks to get their accounts audited at the one time?—Every bank in the colony could easily comply with this clause, but I do not know any other institution that could.

36. *By the Hon. the Chairman.*—You see no objection to the clause—on the contrary, it would be beneficial so far as banks are concerned?—It might be beneficial if banks were in the habit of helping each other with sovereigns at balancing-time; I do not know that they have done so, though I have heard it said.

37. Are you not aware that in the past, when balancing-day came round, customers have been in the habit of wiping off their overdraft, and a few days after balancing-day a fresh overdraft has been granted?—Yes, I know that has been done; such cases have come out in the Courts.

38. *By the Hon. F. S. Grimwade.*—Would this clause stop that?—I do not think so.

39. *By the Hon. the Chairman.*—Would it not have the effect of preventing one banking institution from lending to another?—I think it would stop that if that practice has been general—I do not know that it has, my experience has not been sufficient to say; I do not audit for any bank.

40. You have heard of the case of the Mercantile Bank?—Yes.

41. Was not that a case in point?—Yes, I suppose it was. I think in that case the amount involved was £100,000.

42. So far as companies outside financial institutions are concerned you think this clause would be inconvenient?—I am sure of it.

43. In the case of milling companies it would interfere with their taking stock if the date mentioned in the Bill were adhered to?—Yes; it says—"or as near thereto as circumstances will admit;" circumstances would not admit of the stock-taking that is spoken of, and the publication of any statement of assets and liabilities which did not disclose the stocks of a trading company would not be worth anything, I think.

44. What statement do you think should be required from companies other than financial institutions?—I think the lodging of the annual balance-sheet required by a later clause of the Bill is all that is necessary—that is provided for in clause 30.

45. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You think the last Monday in March would suit all the banks?—Any Monday you like to name in the year would suit all the banks, because they have such a statement of assets and liabilities prepared, and they could supply it in five minutes at any time you liked.

46. This clause applies to foreign banks as well?—They could do it also as far as their local concerns are affected.

47. How would you make this clause apply to English banks who balance at other dates, and enforce it against them?—I would only enforce it against them to the extent of their local business. The Melbourne books of any foreign bank would only show the assets and liabilities of the Melbourne branch, except at the balancing-time. I do not see how it could be enforced as to their business outside the colony. It would require, in any case, that the Victorian banks should make an abstract of their branch statements of assets and liabilities (a summary of them really) for the purposes of this section; but as to foreign banks, including the transactions of the other colonies, England, and other parts of the world, I should think it was utterly impracticable and improper to require it of them.

48. *By the Hon. F. S. Grimwade.*—Is it intended to apply to a bank like the Bank of New South Wales, whose head-quarters are outside the colony?—I think so, by sub-section 4. I should like to say generally as to clauses 25 to 36, it seems to me a great pity that the English order has been interfered with. I can justify that remark by referring to four different sections relating to the auditors' certificate; in the English Bill that is dealt with in one or two sections. Here we have references to it in Nos. 25, 29, 33, and 34. The sequence is not nearly as complete as in the English Bill. In clause 25, line 45, the Institute of Accountants and the Chamber of Commerce have jointly recommended that the words "and of subdivision 4 of Division 2" be inserted after the word "section." That is, that so far as companies outside Victoria are concerned they shall be exempt from the operation of subdivision 4, dealing with audit, and be allowed to make their own regulations in regard to the audit of their accounts. That will relieve companies that are not Victorian companies of these provisions as to auditors. I doubt whether it is our affair to legislate in regard to companies registered in other countries.

49. *By the Hon. the Chairman.*—They are carrying on business here; should they not be under some supervision as far as auditing is concerned?—They do not issue a balance-sheet here. If the public deals with foreigners, it does so with the knowledge that it is dealing with concerns that are only partially domiciled here. The Bill provides they shall be registered here, and may sue and be sued, but I think we are placing an unnecessary difficulty in the way of foreign companies localising themselves here if we put them under restrictions which may reasonably be placed upon Victorian companies.

50. *By the Hon. A. Wynne.*—Would not that exemption induce companies to register in the other colonies and carry on business here, instead of being registered under our laws?—I do not know the New South Wales Act very well, but the South Australian Act is a very stringent one, I think, and I fancy the New South Wales Act is very similar.

51. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Where are these foreign companies audited now?—I cannot say. I presume where they are domiciled. The English banks are not audited here. I know one company having its head office in Sydney, and carrying on a large business here, which is not audited here. It is represented that the audit of their accounts in Sydney is all that their shareholders desire, and all that the public interests require.

52. *By the Hon. Sir H. J. Wrixon.*—In that case, are not the Victorian accounts audited?—Yes, I suppose, as with the concerns of Victorian branches of English banks, the returns are submitted to the head office, and come under the review of the auditors, but not the books.

53. *By the Hon. the Chairman.*—Take the case of the Bank of New South Wales carrying on business in Victoria; who audits the accounts for Victoria?—I do not suppose any one does.

54. Do they send over the auditors from the head office?—I do not know, but I should not think so. I apprehend there is no Victorian auditor of the affairs of the Bank of New South Wales.

55. It would be done chiefly by the inspector?—Yes.

56. *By the Hon. F. S. Grimwade.*—That would apply to the English banks also?—It would apply to the Victorian banks too. Practically, the audit of the branch banks is conducted by the inspectors, and not by the auditors appointed by the shareholders. It would be a physical impossibility for the auditors appointed by the shareholders to do more than they do; they simply work in the head office.

57. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—It is provided in this Bill that reports from the branches shall be sufficient if submitted to the auditors?—Yes. I should not like to say whether the audit of the banks is satisfactory; I am not a bank auditor. I think banks stand on a distinctly different footing to any other concern on account of the magnitude of their transactions. I do not think banks have provided for an audit of their affairs on anything like the same scale as most limited companies have done, but that is a very large question.

58. *By the Hon. the Chairman.*—Looking at sub-section 4 of clause 25, do you really think it would put those companies who are carrying on business in Victoria at any disadvantage if they were compelled to comply with it—what difficulty would there be in carrying that provision into effect?—It could be done; it is more a question of policy than anything else. A manager in Victoria might be unable to comply with the provision as to furnishing a balance-sheet if the information is not given to him—he could not control his directors in another colony. The directors in Sydney or London might say—"We do not choose to comply with this; we do not live in Victoria, and we will not give you this balance-sheet."

59. That is very unlikely?—No doubt, but it is a possibility.



60. *By the Hon. F. S. Grimwade.*—Does the head office supply the manager of a branch with the balance-sheet?—It is usually done. Passing on to clause 26, which deals with the reserve fund, I think it would be sufficient to require that it should be stated in the balance-sheet whether the reserve fund is invested—that is all that is necessary. The balance-sheet really discloses it at present—if there are specific investments of the sort that reserve funds are invested in, it is noted already; if the reserve fund is invested in Government debentures the balance-sheet would naturally disclose that fact, but I see no objection to stating—“Reserve fund—specially invested in such and such investments.”

61. *By the Hon. the Chairman.*—I suppose in some of the balance-sheets that you have seen there has been the statement made that there is a reserve fund, and when people came to inquire where it was it had vanished into thin air?—I think a good deal of difficulty arises through the lack of definiteness in the phraseology. People suppose that the term “reserve fund” really implies the investment of that fund in certain specific assets. I fancy that that idea is underlying the thought that is expressed in sub-section 1 (a) of clause 26, whereas the reserve fund consists of undivided profits. If the term had been “reserve account” people would never have been deceived; accountants are never deceived by the term. The whole reserve and the balance of profit and loss depend upon the valuation of the assets. I think it would be well to add words stating that the reserve fund is specially invested, or not specially invested; if it is desired to show what such investments are, the opposite side of the balance-sheet should give the information.

62. You have heard of the internal reserve that the shareholders are never acquainted with?—They are not injured by that—that is a precautionary measure.

63. Is it a full, explicit statement of the affairs of a company when the important fact that there is an internal reserve is kept back?—If the statement is not full it is not unfair; I think it is wise rather than otherwise. Every concern of any magnitude must have some provision for losses—if the losses have accrued they should be written off to profit and loss; if they are accruing, and have not yet been realized or determined accurately, then there should be built up an internal reserve in anticipation of the ultimate realization of those losses.

64. Should not the balance-sheet show that?—It has not been the practice in the past to do so, and I do not think the public or the shareholders are injured by the withholding of the information; it is really an internal affair.

65. Still they are deceived to some extent?—I do not think so.

66. They are not taken into the confidence of the directors?—No, why should they be?

67. Because a portion of their capital is concerned?—It is not as if this reserve fund were a doubtful asset; it is really a writing off. It is an entry that is in course of being made; it is not complete—a loss is expected to be made, and provision is made for it. I think the way in which the internal reserve accounts of some institutions ultimately get into the balance-sheet is not wise. There are two ways—one is by the deduction from the asset of the amount reserved, and the other is by allowing the asset to appear in the balance-sheet at its gross value, and the reserve to appear in some form or another on the liability side. Personally I prefer the first way, but it is not so often adopted as I think it might be. It is to be argued in favour of that plan that it prevents inflation of the figures of the balance-sheet.

68. You generally approve of the retention of clause 26?—Yes; I do not object to it if it is altered as I have indicated so as only to require that where a balance-sheet shows a reserve fund it shall also state whether it is or is not specially invested.

69. How is that reserve fund to be operated upon?—The articles of association generally prescribe that, and I think wisely so. The reserve fund exists for the purpose of the equalisation of dividends, or for meeting unforeseen losses. Those are the two usual objects of the reserve fund, and those should be within the control of the management. A reserve fund would be of very little use if the shareholders had to be consulted, and a meeting specially called for the purpose. In the event of a banking crisis, if a bank had a reserve fund specially invested, it could not derive any benefit from the existence of that fund if all the formalities of this clause had to be observed.

70. The reserve fund spoken of here can be operated on by a special resolution of the shareholders?—That is quite new ground.

71. Suppose in the case of a bank the shareholders are taken into the confidence of the directors and are asked, when everything is looking well and prosperous, to pass a resolution that at any time when this reserve is required it can be used at the will of the directors, would that meet the case?—The articles of association do that now.

72. In all cases?—That is the ordinary practice.

73. You know that many companies are called into existence by a few men signing the articles or memorandum of association, and the shareholders, as a body, do not know what is in the memorandum of association?—They are liable to the provisions of the articles whether they know them or not—they have an opportunity of knowing them.

74. Is it not wise that the fact that there is a reserve fund should be brought under the notice of the shareholders, and that they should have an opportunity of saying how it is to be dealt with—can it do any harm?—I think it can, I think it is mischievous altogether. The balance-sheet discloses the reserve fund at present if it exists, and you can provide that there shall be no hidden or internal reserve fund—that is another question.

75. I am following what you have said as to the necessity of sometimes acting promptly, and looking to the reserve fund to meet unforeseen claims, but suppose the shareholders pass a special resolution beforehand, giving the directors that power, where would be the objection to conferring that power on the shareholders?—I look upon this clause 26 as useless.

76. *By the Hon. N. FitzGerald.*—Are we to understand that you think it would do no harm if the Bill contained a clause preventing any hidden reserve—in other words that the whole of the reserve should be stated in the balance-sheet?—I would not like to say that—I think it is a matter of prudence that there should be internal reserves.

77. Would it not follow that if the whole reserve was stated the shareholders would naturally demand larger dividends?—Yes. These internal reserves are very often practically appropriated, although they remain in the books. I would object to the practice being continued of showing those reserves among the liabilities; I believe sometimes they are lumped with deposits, and I think that is very objectionable; the reserve is a liability in the books undoubtedly against certain assets.

78. Should not the hidden reserve be included among the liabilities?—It must appear as a liability or a deduction from the assets. I think the only proper way is to make it a deduction from the assets to which it refers.

79. You take in your assets at a lower value than you need to, in order that you should have something by-and-by to set against large expected losses?—If an asset worth £10,000 is over-valued by £1,000, and you have an internal reserve of that amount, you can leave the asset in your books at £11,000, because they also show that reserve, or you can write the £1,000 off, and bring the asset down to its normal value of £10,000.

80. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—The internal reserve is really what commercial men would call provision for doubtful accounts?—Yes, it is a liability against an asset. I doubt the necessity for clause 27, seeing that the manager of a company is already subject to considerable pains and penalties if he signs a false balance-sheet; he is already subject to the provisions of the Crimes Act, so I do not know why he should swear to a false balance-sheet; the law makes his signature to a balance-sheet an attestation of its accuracy.

81. It is implied by his signing that he is speaking to the best of his knowledge and belief?—It is more than implied, I think the Crimes Act settles it.

82. *By the Hon. Sir H. J. Wrixon.*—Under the Crimes Act he must know that it is false?—It seems to be a pity to load the Bill with declarations where they are not wanted.

83. *By the Hon. A. Wynne.*—Have not managers of mining companies to verify their balance-sheets by statutory declarations?—Not that I know of—there are returns to be made which have to be sworn to.

84. *By the Hon. N. FitzGerald.*—Is it not the general practice to have a statutory declaration by the manager as to the correctness of the annual balance-sheets?—No, my experience is quite the other way—I have never had to do with a company that required those declarations by their articles. Some companies I know have required it, but I think they are very much the exception. Clause 29, I would suggest, should appear partly under clause 25, and partly under clause 34. It is required that the auditor shall certify that he has found the balance-sheet correct—there is no provision for an auditor giving a qualified certificate if he cannot certify that the accounts are correct, but wishes to qualify his certificate in some way. Under this clause the balance-sheet shall not be “deemed to be filed, posted up, published, supplied, sent, or deposited in accordance with any of the provisions of any Act, unless the same shall have subscribed thereto or indorsed thereon a certificate signed by the duly appointed auditors that such auditors have audited the same and found it correct”—therefore, the manager and directors might be subject to a fine perhaps through the auditor (possibly through some fad) refusing to certify that the accounts are correct—it might be simply a difference of opinion between the directors and the auditors, and the directors and manager are helpless in that case; that is under sub-section 1 of clause 29. It should be sufficient, I think, that the auditors have certified to the balance-sheet, never mind in what form. If they certify that the balance-sheet is not correct on the face of it, directors and managers are not likely to circulate that balance-sheet with such a certificate; they will probably make it correct.

85. *By the Hon. the Chairman.*—Is not that provided for in the next sub-clause—“In such certificate, such auditors, or any of them, shall state whether they or he have observed or become acquainted during the audit with any breach of the Companies Acts”?—I do not think that covers it; that makes the auditor the informer, that is all—I should stop at the word “same” in the last line of the first sub-section. The next clause is No. 31, sub-section 5. I do not know the reason for the words “or for twelve months afterwards;” there might be no really good reason why an ex-director should not become an auditor after he has left the board; personally I do not care to have directors becoming auditors, but I think the restriction seems unnecessary as far as I can judge. As to clause 32, the Institute of Accountants and the Chamber of Commerce say—“The conference desire to point out that no provision is contained in the English Bill defining the qualification of an auditor of companies. If, however, it is considered desirable, in order to safeguard the interests of the public, that auditors of companies in Victoria be licensed, the conference wish to record their conviction that such an end will not be secured by the adoption of a provision which would invest with official recognition every person who has had the minimum of three years’ experience as an auditor. In the opinion of the conference it would be wiser to delete the clause than to pass it as it stands. As an alternative the following is suggested:—(1) After the expiration of six months from the commencement of this Act no person shall be appointed or act as an auditor for any company unless he hold a licence authorizing him to act as an auditor for companies. Such licence shall be obtainable from the Companies Auditors’ Board (hereinafter in this section referred to as ‘the Board’) which shall consist of three competent persons (of whom not less than one shall be a practising public accountant), such Board to be appointed by the Governor in Council. (2) Any person who may apply to be licensed as an auditor for companies shall be entitled to receive a licence upon satisfying the Board, in such manner as may be prescribed, that he possesses the requisite knowledge of accounts and of the provisions of the Companies Acts.” I think we should prefer that that clause should be deleted altogether, as opening the door too wide. Our Institute has been twelve years in existence, it was the first Institute of the kind registered in Victoria, and we have gradually been seeking to raise the standard, as far as our examinations can secure that end. It is generally acknowledged that we have done so, but all our work will be undone by paragraph (c) of sub-section 2, which provides that any one who has conducted, say, a mining audit during the last three years can become an auditor.

86. If this clause were struck out, would you like to see the clause that the conference recommended inserted?—No; personally I should prefer that there should be no such clause at all. I think the public should be allowed to select for themselves—our Institute is doing the educational work which the community demands. I would point out that there is no such provision in England.

87. *By the Hon. Sir H. J. Wrixon.*—This clause would do no harm?—I think it would, it would provide that any one holding a certificate of competency from the Municipal Auditors’ Board should be licensed to audit companies. A man may have a sufficient knowledge of the Local Government Act to be able to audit the accounts of a shire, but that is very different to auditing the affairs of a large trading company, an insurance company, or a bank.

88. If you leave the choice to the public this clause will do no harm?—I think it will, I think the public will be misled by it.

89. *By the Hon. S. W. Cooke.*—Do you object to the clause that your Institute suggests?—That is the joint recommendation of the Chamber of Commerce and ourselves. We are not very much enamoured of it, we would rather that the clause were deleted altogether.

90. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you think it advisable that under sub-clause 6 the Governor in Council should have the power of revising, and, if necessary, reversing the decision of the Board?—No, I do not think so.

91. *By the Hon. the Chairman.*—Should there not be an appeal from that Board?—I might say that there is a Bill now before the Imperial Parliament to legalise the profession of accountancy, and it seems to me that if this matter is to be dealt with at all here, it should be dealt with on similar lines—that settles the auditors' qualifications.

92. If the party who comes before the Board is dissatisfied, ought there not to be some appeal?—Yes, and in the Bill I have referred to I think it is provided. There is a council provided of the different Institutes throughout England, Scotland, and Ireland, and the appeal would be to such a body. There would be an examining body, and there would be a larger council appointed, partly by the members of the Institutes and partly by the Government, to which an appeal would lie. Such a body could deal with an appeal with knowledge which, perhaps, the Governor in Council could not have.

93. You approve generally of giving the right of appeal?—Yes, certainly, if the clause is passed; the only question is to whom the appeal shall be made. In clause 33, sub-section 1, I think the words "and also with a copy of the shareholders' balance-sheet as soon as the same is prepared," should be in clause 25. Then in clause 34 there are the words "the affairs and transactions of the company;" in the English Bill the words are "the financial and trading transactions," which seem to me to be very much safer and more discriminating. I do not know what "affairs" means; the word "affairs" has not an accounting meaning, and it is desirable that words should be used in a clause dealing with accounting that accountants can understand. It seems to me that clauses 34 and 36 ought to be amalgamated; they both provide penalties for auditors, and as there are so many penalties it is as well, where they concern the same class of persons, that they should be together.

94. *By the Hon. Sir H. J. Wrixon.*—Have you any objection to the principle of that sub-section?—I think it is the law now. If it is left to a jury to say what is culpable negligence I should object to it. I think the words "or through culpable negligence" ought to come out. In clause 35, relating to the private balance-sheet, I think there is some misconception by the words which are added, and which do not appear in the English Bill; it says—"before making a report pursuant to the last preceding section;" and then again—"without unnecessary delay." The fact of the matter is that the shareholders' balance-sheet is built up on the private balance-sheet, and, unless the auditor is supplied with the private balance-sheet which exists in almost every institution, he could not possibly get the length of the shareholders' balance-sheet. It shows that in drafting the Bill there was no knowledge of how the work of auditing is conducted.

95. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—It is in the English Bill?—Those words are not. The auditors must have the private balance-sheet or they have not the materials to work upon; it looks silly, that is all; it cannot do any harm. Clause 35 of the English Bill is omitted from this subdivision altogether. I do not object to its omission; it exempts banking companies from these provisions, and here it is intended to make them subject to them. Subdivision 5, dealing with special audits, I think is a mischievous subdivision altogether; as a matter of public policy I think it is bad, though as a matter of business it may be to my advantage.

96. *By the Hon. J. H. Abbott.*—Why is it mischievous?—It is a hint of insolvency at once if it is applied for; it might create a crisis very readily. There is always a minority of dissatisfied and impracticable people in every company, and if you give them an opportunity of investigating when circumstances do not require it you may wreck the concern; credit is a very delicate thing.

97. *By the Hon. the Chairman.*—Would you not allow a special audit under any circumstances?—We have made this suggestion:—

Clause 37. The conference consider that in a proper case, and under proper conditions, it may be advisable that the Court should have power to direct a special audit of the affairs of a company *which solicits money from the public*; but they consider that the power to direct such an audit to be made should only be exercised at the instance of shareholders holding not less than one-tenth of the whole shares of the company for the time being issued, and after the reasons for the application have been submitted to the company, and the company has failed to give a satisfactory answer thereto. All such applications to the Court should be by way of summons to show cause why a special audit should not be had; and each such application should be heard by a Judge in private, who should have the power to direct that the future proceedings shall be in public or in private.

It might be made the means of blackmailing an institution, or of wrecking it.

98. Is that recommendation confined merely to the shareholders of a company?—Yes.

99. Would you not extend the same power to the creditors?—No.

100. You would not give the creditors of a company the power of applying to the Court for a special audit?—No, I do not think so.

101. What is your reason for that?—It is a new provision altogether—we have no experience as to how it would operate. Credit is such a very delicate matter to deal with that it would be a suggestion of insolvency if such an application were made by a creditor. A creditor might make this application for the express purpose of being bought off, regardless altogether of the mischief he might do. Besides, as a rule, a man need not be a creditor unless he chooses. In the case of a bank, if a man has money in his current account, he can withdraw it at once, or if he has it on deposit he can withdraw it when it falls due. I do not see the necessity for it; I think it is an innovation which is dangerous. The next clause is No. 48—dividends and premiums. I may point out that this clause imposes a very severe penalty for what may be simply a difference of opinion as to valuations. There is a civil liability now, and there is also a criminal liability if a declaration of profits is made by means of a false balance-sheet. I do not quite know why a third penalty is needed, especially as it may arise from an honest difference of opinion. The reference in the margin is to section 236 of the Principal Act, but that refers to mining companies, and the practice in regard to mining companies is admittedly different to that of other concerns in regard to the division of profits. There is an implied obligation to maintain the valuation of capital assets in an ordinary company, but, practically, that obligation does not exist in a mining company, though I am afraid we have all of us been misled in regard to this section 236. I take it that a "limited" mining company declaring dividends,

and not keeping up the capital value of the assets, is breaking the law. I think the statutory law here should have followed the English common law decisions; but to apply that section, which I fancy is bad on the face of it, to all limited companies would be very dangerous. If you can define what profits are there is no objection to it.

102. Should not a man who wilfully pays a dividend out of capital be punished?—The question is whether he does pay it out of capital.

103. I am assuming that he does do so, and he knows it, would you not have a punishment for that?—If you can prove it I would, but I think the present law is equal to that. There are two penalties now, a civil liability and a criminal one. No one would presume to divide profits which the balance-sheet did not show.

104. *By the Hon. N. FitzGerald.*—The objectors to this clause base their objections upon the fact that a man ought not to be subjected to the indignity of a prosecution for what really might be no offence at all—that is, a mistaken valuation?—Yes.

105. You think the present law is sufficient to provide for all that this clause contemplates?—Yes, quite sufficient. In clause 49 we offered the-suggestion that sub-section 2 should be altered, and I think that has been carried out.

106. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—It has been suggested that it would not be advisable to go on *ad infinitum* carrying these premiums to the reserve fund, but that some limit should be put to it that when the reserve fund equals 50 per cent. of the paid-up capital any future premiums might be paid out in the way of profit if the shareholders so decided?—In some concerns there might be a necessity for a very large reserve fund.

107-8. I do not see how you could discriminate in an Act of Parliament?—I do not quite see what the effect of that might be. Coming now to clause 70, sub-section 2, there is the same objection that I mentioned in regard to a preceding section—making the individual styled a public officer liable to discharge duties which it may not be in his power to discharge; he is the officer of a foreign company, and if those to whom he is responsible do not choose to place the information within his reach he may not be able to comply with certain of the provisions of this Act.

109. *By the Hon. the Chairman.*—He can excuse himself under the latter portion of the clause; it says, unless he can prove some reasonable excuse?—Perhaps that is a saving clause. Section 97, as proposed to be amended by Sir F. T. Sargood, is really identical with the recommendations we have already offered. I think the amendments should be added to the Bill; I know they meet the necessities of a number of companies.

110. The amendment says the amount “paid up on such forfeited or surrendered shares may be passed to the credit of a reserve fund or used to write down the book value of any assets of the company”—when shares are forfeited or surrendered they have no value?—No, but they have a value in the books, they exist as a liability in the capital account.

111. Could they not be carried forward to a special account for forfeited shares?—If you forfeit them you want to get rid of them; this is the machinery for effecting what you have previously decided on—it is to allow accountants to do what you have said shall be done, and you have prescribed the purposes to which those moneys standing in the capital account shall be applied.

112. Say out of 10,000 shares half the number are forfeited, at the present time they go to the company and the company can sell them if they like?—The articles generally provide that the company can do what it likes; this clause provides for the case of a company that wishes to cancel the capital represented by the forfeited shares.

113. If a company forfeits 5,000 shares what would it do with them?—Presuming the company consists of 50,000 £1 shares, of which 5,000 are forfeited, the capital of the company is nominally £50,000, but practically it stands at £45,000, because the £5,000 representing 5,000 forfeited shares cannot be regarded—the liability to the past holders has been extinguished by forfeiture. This would allow for the writing down of good-will on the other side of the balance-sheet, making special provision for doubtful debts, and writing off ascertained losses. I regard it as a machinery clause for giving effect to what you have decided.

114. In such a case as I have mentioned could you under this clause reduce the number of shares from 50,000 to 45,000?—Yes, that is the object of this clause; it would put the balance-sheet on a more satisfactory footing altogether. Assets are in many cases now over-valued simply because there is no way in which assets can be written down.

115. What seems strange is that the amount of the share might be £3, but the value of the share might only be 6d.?—That is an anomaly, but we cannot help that—we are trying to rectify it—as a matter of accountancy I cannot see any objection to it; it seems the only way in which what is desirable to be done can be done—it is a matter of book entry.

116. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—It is placing the share list on an accurate basis?—Yes. Coming now to Division 6, generally it seems to me that this is a combination of the English Liability of Directors Act of 1890 with some other provisions in the English Bill from which one very thorny subject is removed altogether—that is section 38 of the Companies Act of 1867. This section requires that all contracts entered into by a company shall be disclosed in the prospectus, non-disclosure being a fraudulent act, but the English practice has been to evade the section by the introduction of a waiver clause in the prospectus. The English Bill provides that any waiver in a prospectus shall be void; that is copied here, but section 38 is practically proposed to be enacted in section 102, and the ground of fraud is very much enlarged; not only must every contract be disclosed, but the very large extent of detail required under clause 102 must be exact to the very letter, or it is fraudulent; the prospectus will be deemed to be fraudulent for a very much larger variety of reasons than the English Act of 1867 proposed. The Departmental Committee, in advising the repeal of section 38, say—“In the opinion of English Judges the effect of this clause was to confuse the broad distinction between crime and negligence or mistake.” In my opinion it is a wrong thing that we should have that failure to distinguish between crime and negligence enacted here for the first time in regard to prospectuses; it seems to me a very serious mistake. I doubt whether any new companies would be formed by prudent men with these severe disabilities imposed upon them.

117. What would you recommend?—I would go back to the English Act of 1890, which is considered to be quite strict enough, and I would add to the provisions of that Act the provisions of the English

Bill even though those are challenged very sharply before the Committee of the House of Lords. What I like about the English Bill is that there is no suggestion that the innocent omission of any detail from a prospectus is a fraudulent thing. We have now under the existing law a penalty for the issue of any written statement (which would include a prospectus) which is knowingly false. This Bill goes further still, and makes it a matter of fraud to omit to give some small detail in connexion with the company which it is proposed to float, which really may not be material. I think it will hinge very much upon the question of what is material, and for a mere matter of opinion like that I do not think crime should be fastened on a man.

118. *By the Hon. the Chairman.*—Ought not a prospectus to be full, and give a fair account to those who are invited to come into the concern of the nature of the property, how it was acquired, what the promoters were getting for it, and the nature of the contracts entered into?—Yes, certainly, that is the English Act and the English Bill, but they do not go beyond that, and I think that is quite as far as we ought to go.

119. You go as far as they go under the English Act and the English Bill?—Yes, with some little uncertainty as to the English Bill, whether there is not too much detail required. The reason I do not object to it is that a crime is not created by it; you do not create a crime by a mere act of negligence, or the failure to form a correct opinion as to what it is essential to disclose when you are forming a company. There is an immense amount of detail which may or may not be given, and the question is, what is material or necessary. If, simply through stumbling over that, a man may be made guilty of a misdemeanour, the consequence will be that companies will not be started, and we shall be hindering the development of commercial enterprise. In clause 114, sub-section 2, the word "prudence" is used; I have seen that criticised in the report of the evidence given before the Committee of the House of Lords; I think "diligence" would be a better word. In clause 115 I think it is questionable whether the liability there created should not be limited—I do not suggest to what extent, or how. I think it would meet the case if Sir F. T. Sargood's suggestion to insert the word "fraudulently" before the word "creates" in line 1 were adopted. Clause 119 might with advantage be contrasted with the 8th clause of the English Bill. If it were brought more into harmony with that clause it would be better. In clause 108, sub-section 2, there is a reference to 53 & 54 Victoria, chapter 64. I cannot see that in the English Act, and I do not fancy it is right in principle. If a man is liable in his lifetime to restore moneys, I think his estate ought to be liable after his death. In clause 110 the marginal reference is—"Compare with English Bill, c. 43." I do not think it does compare with it; the penalties are a contrast—the penalty here is seven years' imprisonment or a fine of £500—in the English Bill the penalty is four months on summary conviction, or two years in the higher courts, or a fine of £100. It is introducing here a clause from the Crimes Act, referring to a false balance-sheet or written statement. So long as it only copies the existing law it had better stop there, but I do not think it is quite correct in the transcript.

120. Under the Crimes Act the punishment is seven years?—There is not a fine of £500.

121. *By the Hon. Sir H. J. Wrixon.*—It is more specific here?—It should be more specific, seeing that the penalty is so much higher. I think clauses 104 and 111, which deal with the same matter, should be consolidated. In clause 104 it is necessary to disclose to the company in the prospectus certain things, but the company does not exist; it is requiring an impossibility. In clause 106 the words "in case of an existing company" do not occur in the English Bill; they are not applicable in a clause which deals with a proposed company. Coming now to clause 146, I would leave the existing law as it stands, and let the shareholders deal with the matter. If they wish the books to be destroyed, let them say so. I do not know why the State should burden itself with a lot of old books; if the company is out of existence, and all the formalities of the existing Act have been complied with, there is no use in keeping them.

122. You do not see any harm in keeping them?—As a liquidator I have books that I should very much like to get rid of; the companies are dead and gone, but the books are there still. If a company in voluntary liquidation decides that the books shall be destroyed, I do not see why they should not be—that is the existing law, and I do not see why it should be interfered with. The next clause is 161—"Friendly Societies' bank deposits." I do not see any reason for that provision; it seems to me that it would be awkward in practice to have so many first charges created.

123. This would be a third charge—the Government come first, then bank notes, and then friendly societies?—There are about half-a-dozen things called first charges, and I do not know what right friendly societies have to have their money regarded as specially sacred.

124. *By the Hon. A. Wynne.*—What is the objection to it?—Why should they be placed in any better position than other people? I think the charities and churches, and private people, might just as well claim to have their money made a first charge. There are so many claims that might be made that if you admit them in one case you must admit them in others.

125. Do you think banks would open an account with a friendly society if it were made a first charge?—No, I am sure they would not; friendly societies' accounts are not worth much now—I think they would refuse them. The next clause is 167—"Company to transfer shares in register on application"—it occurred to me that the difficulties that were apprehended in the debate in the House the other night might be met by providing for transfer in duplicate, one to be held by the transferrer and the other by the transferee, and either could be used. In the case of the use of the duplicate by the transferrer who had parted with his scrip it might be published that the transfer had already been made on the application of the transferee, and that the scrip in the transferrer's name was no longer valid.

126. How would you do where the transfer was indorsed on the back of the scrip?—I do not know.

127. *By the Hon. N. FitzGerald.*—Your idea would be that either party to the contract would have the right of registering the transfer?—Yes; in the event of the seller lodging his transfer there should be some notification to the public that though the scrip was outstanding it had not any value.

128. *By the Hon. A. Wynne.*—Then you want some power to compel them to bring in the scrip, because it might be pawned or dealt with?—Yes. As to Form B of the Third Schedule, if my previous suggestion is approved of I think that would disappear—that is, if the returns are to be required from banks only and not from trading companies.

129. *By the Hon. Sir H. J. Wrixon.*—Do you see any difficulty in the previous part of the Schedule as to the value of the real estate?—I do. I have not given careful attention to it, but there are several values to be regarded; there is the nominal value, the value in the books, the market value, and so on; it is a question as to which value is required. I think those who make the return should be protected in some way, so that it might be known what value they were required to state.

130. *By the Hon. A. Wynne.*—Do you think it would be any protection to the public if the banks were limited in proportion to their capital as to the amount of deposits they should take?—If that were made retrospective I do not know what the effect would be, and I am afraid it would be impracticable for the future, at any rate it would be some time before it would come into effect; it will be some years before the current deposits have run out.

131. Not dealing now with the reconstructed banks, would the public have been in a better position than they are now if the deposits had been restricted in proportion to the capital of the banks?—That is undoubted—there would have been huge losses averted if deposits had not been taken at all, and the banks had had to trade with their own capital. It would revolutionize banking altogether. We have a provision now about the proportion of deposits that building societies shall receive, but that has not averted the danger of loss in building societies. Banking loans may be for a very short period, whereas building society loans are for an extended term.

132. Would it not be a measure of protection if a bank with a capital of £1,000,000 could only borrow £4,000,000 or £5,000,000 instead of being able to borrow £10,000,000?—Yes, I should think a restriction as to the borrowing powers of a bank might be judicious, but I have not considered it; it is a matter of economics, and more a banking matter than an accountant's.

133. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—An amendment has been given notice of, the object of which is to prevent the director of a company being also its solicitor, what is your opinion of that?—I have not seen any danger or evil resulting from the solicitor to a company being also one of the directors, because I do not know that I have had to do with a company where it has existed, but I think it is desirable that any one acting in a professional capacity for a company should not be a director of that company. I do not quite know what the proposed clause is aimed at, except as a general principle. I do not know of any mischief having arisen in the past.

*The witness withdrew.*

Thomas Brentnall examined.

134. *By the Hon. the Chairman.*—What are you?—An accountant.

135. You have heard the evidence of the last witness?—Yes.

136. Do you differ from it in any way?—Not in any essential particular; we have really gone through this together, and Mr. Holmes's views are practically the expression of the views of the laws committee of the Institute of Accountants, therefore the evidence he has given is also the expression of the views of the whole of the members of that committee.

137. Is there any new matter which Mr. Holmes has not touched on that you would like to present to the Committee?—I should like to emphasize one or two points with regard to private companies about which he spoke at the beginning of his evidence, and the hardship which I think this Bill will inflict on private companies. We know there are a great many private companies in Melbourne who actually owe no money outside their business. They pay their accounts once a month and, therefore, they ought to be under no obligation to disclose to their rivals the position of the establishment. They are really partnerships that have simply been made into private companies for the purpose of defining their interest, and mainly with the view of preventing the whole business being brought to a deadlock in the event of the death of one of the partners. Our contention is, that if those companies do not owe money outside their business, it is a wrong to them that they should be compelled to post up in their office a statement of their affairs, not only including their assets and liabilities, but also their profit and loss account, and to disclose what their business is doing, so long as they do not take deposits from the public, and have no liability outside of themselves. I think it would be a great hardship to those companies to have to disclose their private affairs.

138. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Are there many companies who have no liabilities?—I can give two or three who practically have no liabilities. At the end of each month they discharge their liabilities; they have the month's current liabilities, but it would be very improper that on that account they should be asked to disclose their private affairs to their rivals.

139. *By the Hon. S. W. Cooke.*—How would you exempt them?—I think the suggestion of Mr. Holmes is a practicable one, that so far as those companies are concerned they should be exempted from the provisions with regard to the publication of accounts, at any rate, which obtain with regard to all other companies; they ought not to be asked to publish their accounts.

140. Would there not be a greater number of companies then formed with shareholders not exceeding twenty?—I do not think so. All the companies that exist at present, that are known to most of you, are simply private family partnerships to all intents and purposes, but for the purpose of defining their interests they have put their shares into a private company; it enables the members of the firm to dispose of their interests in the event of a death without capital having to be paid out and perhaps putting the company into severe straits.

141. *By the Hon. the Chairman.*—You have seen the report of the Select Committee appointed by the Board of Trade?—Yes.

142. Your attention has been called to some of those limited companies consisting of a few shareholders, and how they have worked to the disadvantage of their creditors?—Very few of those companies have been formed in which anything wrong has been imputed. In the case Mr. Holmes cited, the Salomon case, it was proved to be fraudulent and the whole thing was upset on appeal.

143. Here is one case, Cook, Limited, Stourbridge, capital £1,000, in £1 shares, to carry on business as patent-medicine vendors, &c. C. Eveson holds 979 shares, and the other shareholders have from one

to five shares each. Do you not think such family arrangements as this might be converted into an engine of dishonesty?—Of course it is quite possible. The safeguard is that people outside would not be likely to give credit to such a company.

144. They would not know much about it, except that it was Cook, Limited?—They can go to the Registrar-General's office and find out all about it. The public have their remedy if they like to use it, and it is hardly fair to penalise well-conducted companies because people foolishly, and without proper care, give credit to a company about which they can know everything if they like to take the trouble.

145. You think the general provisions as to accounts should be applicable to a large company, but not to a small one?—Yes, but I think they are burdened with unnecessary forms and accounts to be filed. There are four different statements to be made out at different times. There is a statement of assets and liabilities, there is another statement which has to be audited, a private balance-sheet which has to be audited, and in clause 55 there is another statement which has to be lodged.

146. *By the Hon. Sir H. J. Wrixon.*—Would you be in favour of a separate Bill for private companies?—It is rather difficult to say. I think it could be met fairly by saying that all the Bill should apply except such and such clauses. I think, as a matter of general principle, it is unwise to separate legislation bearing upon any one particular class or interest of any kind. If you have to go to one Act to see the enactment with regard to a private company, and to another to see the law with regard to another kind of company, it is not wise.

147. You do not contemplate a number of clauses to meet the case of those private companies?—I do not think it would be necessary.

148. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Are you of opinion that the mining companies should be included in this Bill?—No, I think mining companies are absolutely distinct from trading companies. I think it was a great mistake that the late Chief Justice ever brought the mining companies into this Companies Act; it has led to a great deal of confusion. You have to go to two or three sources even now to get the law relating to mines. With regard to the internal reserves, it is my unqualified opinion, as a bank officer and bank auditor for some years, that it would be a great mistake to be compelled to disclose the internal reserve in their balance-sheet. I quite agree with Mr. Holmes that simply to set forth in the balance-sheet that the reserve fund is satisfactorily invested would be quite sufficient. To carry out this clause, I think, would be extremely inconvenient, and the case he quoted of Baring's bank is extremely apposite, as showing that if you have to go to your shareholders to get permission to deal with this fund in case of an emergency it would minimise altogether the value of the fund. Speaking more particularly as to the internal reserve, the question was asked whether that internal reserve should not be disclosed. Personally, I am very firmly convinced that it would be a great mistake. The internal reserve is not necessarily the profits actually earned; that is a distinction that must be drawn in your minds when dealing with the reserve fund and the internal reserve fund in a bank. The internal reserve is created by simply crediting to this account interest on current accounts which, in the opinion of the management, may or may not be warranted in the future; that is to say, the difference between the advance and the value of the security is so narrow that they say—"We should not be justified in charging the interest on this account, and carrying it into profit and loss," and they take it into the internal reserve, so it is not, in the strict sense, profits actually earned, but provision made, so that in the event of these particular securities not afterwards meeting the amount of the advance they can write it back again, and so deal with it.

149. *By the Hon. N. FitzGerald.*—Without infringing upon the profits of the year?—Not a bit. It is not profits, but an amount which may come into profits afterwards. If a bank had £100,000 to the credit of its internal reserve fund, and that was made public, the shareholders would say—"Why do you not divide this in dividends?" It would entail too much explanation for the bank to say—"We do not think it wise to divide it in dividends"—it may not be justifiable to divide it.

150. It might lead to an inflation of shares that would not be justifiable?—No question of it.

151. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In other words it is a provision for almost certain bad debts?—That is it. On clause 32 I quite indorse Mr. Holmes's views that we would rather the whole of the clause were deleted, and, if not, that, the clause that we recommend should be substituted. The effect of this clause as it stands would be that the work which our Institute has been doing for the past twelve years would be rendered abortive—we shall be driven back to where we were twelve years ago. The status of the profession, as a whole, will be lowered; it practically opens the door to any man. All his qualification may be that he has been an auditor for a mining company for three years, and he can go to the Board and say—"I want a certificate," and if he is a man of good character there is no reason why he should not get his licence, and be put, in the eyes of the public, exactly on the same footing as men who have been doing professional work probably all their lives.

152. *By the Hon. J. H. Abbott.*—Do you think it is necessary to define the duties of the auditors?—I think this Bill sufficiently defines the duties of auditors. We are very pleased to see that our duties are defined with more exactness than they ever have been, and that we can now do fearlessly what we have done in the past, with the knowledge that if we are set on one side because we have done it the next man must do it also, because otherwise he renders himself liable to special pains and penalties.

153. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In connexion with that there was a petition presented last night from the trustees of the Bankers' Institute, do you see any objection to inserting "or associate of the Bankers' Institute of Australasia"?—I have a very strong objection personally, for the simple reason that the fact of being an associate of the Bankers' Institute, or receiving a certificate of competency from the Municipal Auditors' Board, does not disclose in any measure the competency of a man to do the auditing of a trading company. We have on more than one occasion had men who have submitted themselves for examination in connexion with our Institute and who have failed very signally, and who have then gone to the Municipal Auditors' Board, and, seeing that the examination was simply confined to an examination in accountancy and auditing and a knowledge of the Local Government Act, have got through there, and have got their certificates, but they were a very long way below the standard which we exact from associates who come up to the examination in connexion with our Institute. The examination in connexion with the Bankers' Institute, for the purposes for which it was instituted, that is, as a step towards the candidates' employment as bankers, is an excellent one, no doubt as good as could be devised, but it does not at all follow that it covers anything like the ground which we consider a public auditor should cover.

154. It is more for the study of banking?—Altogether—it is very much restricted in its scope.

155. *By the Hon. S. W. Cooke.*—Have all your members been qualified by examination?—They are all now; all new members are. For years past, since 1890, we have admitted nobody without examination.

156. *By the Hon. J. H. Abbott.*—Is your standard as high as the Chartered Accountants of England?—So far as the professional work is concerned it is, but the chartered accountants in England and the cognate societies in Scotland cover more ground than we do—they go in more for general qualifications outside their profession—they require to have a knowledge of Greek and Latin and modern languages—it is really a severe examination, almost an M.A. examination that they pass. Here we ask them to pass an examination in bookkeeping, auditing, insolvency, executorship, companies law, and mercantile law. We object to this wide-open door provided by section 32. We think it must tend to lower the standard of professional work in Melbourne for many years to come.

157. *By the Hon. D. Melville.*—How many members are in this association?—About 200.

158. Is that for the entire colony?—We have members not only in Victoria, but a few in Queensland, New South Wales, and South Australia.

159. Are those included in that 200?—Yes.

160. Have the whole 200 passed the examination?—No. Since 1890 no members have been admitted to the Institute who have not passed the examination.

161. How many members existed before who did not pass?—I suppose during the last six years we must have admitted at least 100.

162. What kind of examination had the other 100?—None, except that the council of the Institute has had to admit members, and they have only been admitted if they disclosed sufficient practical knowledge to warrant their admission.

163. Are the council a competent body to judge?—We think so.

164. There is no University examination required by the Institute; you yourselves are the parties who admit?—As far as students are concerned they must either have passed the matriculation examination or we put them through an examination.

165. Do you accept the matriculation examination as being sufficient?—For the first stage, to show that they are well educated, not to show that they know anything about auditing or accountancy. On the question of special audits, clause 37, I quite indorse Mr. Holmes's view that it would be an exceedingly dangerous provision and will put into the hands of either recalcitrant shareholders or creditors a very dangerous power.

166. *By the Hon. the Chairman.*—You are aware that in the Principal Act, section 57, the Governor has power to grant a special inspection?—Yes, but that is safeguarded much more than the provisions of this subdivision 5, which puts it in the hands of one-twentieth of the creditors or shareholders of the company to demand this special audit, the effect of which, I feel sure, would be very disastrous if it were set in force, unless it were hedged round with such restrictions as we suggest in our recommendations—viz., that such an application should be made only after the company had been asked to furnish information which it had not satisfactorily answered. The proportion of shares should certainly be not less than one-tenth, and the company should first of all have been asked to supply the information asked for by the dissatisfied shareholders. I do not regard the creditors as having any *locus standi* in the matter, any more than a man who has given a bill has the right to demand payment for it until it becomes due. A man who holds a deposit receipt in a bank has no right to demand payment of it until it falls due and payment is demanded—then he has his remedy. In the case of shareholders it ought to be imperative that they ask from the company a satisfactory answer to their inquiries, and if that be not given by way of summons they should be asked to show cause why a special audit should not be entered upon; that should be done first of all before a Judge in Chambers, so that the general public does not hear of it and take fright, and the whole object which a shareholder may legitimately have in view be defeated without any possibility of remedy.

167. You object to creditors having a similar right?—Altogether. I cannot see any reason why a creditor should have any right to demand it. A creditor has his rights at common law—if he wants his money he goes and asks for it—if he does not get it he has his remedy if it is due.

168. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Is it not a fact that a somewhat similar power to this is made use of in the United States to ruin railway companies—a few large shareholders will move the Court to appoint a receiver; that frightens the weak shareholders and they sell out—the shares are bought up and they get into the hands of a few?—There is no doubt of it, and the possibility of the same thing happening here is very grave.

169. *By the Hon. A. Wynne.*—Are you speaking of your own knowledge about the American system?—It is a matter of public notoriety. At any rate, there is no question of shareholders holding a twentieth interest in a company having the power to combine to ruin a company, or bear the shares in a company to such an extent that the company is absolutely powerless to resist it.

170. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would it not also place in the hands of a creditor the power of demanding the payment of his debt, though it was not due, by the threat of taking round a petition for this special audit?—The practical effect of it would, no doubt, be that it would resolve itself into a question of blackmail.

171. If there were some dispute between the bank and a creditor as to the amount due, might not the same lever be used?—Undoubtedly. I cannot see any justification at all for it. I do not think the circumstances, even under the worst aspect of affairs here during the last five or six years, would justify such an extreme power being put in the hands of either shareholders or creditors.

172. *By the Hon. Sir H. J. Wrixon.*—You would see no objection if it were confined to one-tenth of the shareholders?—If it be safeguarded in the way we recommend—that it should not be a public application in the first instance until the company had been asked to give the information; failing that the applicants should have to make an application to a Judge in Chambers and then they would have to give reasons that would justify the Judge in granting the petition. One-twentieth is much too small a proportion—I can give an instance of one of the largest companies in Melbourne in which one shareholder holds more than one-third of the whole interest of the company. That is an enormous power to put into the hands of one man—if he were at variance with the board of directors he has the power to wreck the company.

173. *By the Hon. A. Wynne.*—Does he not control it now?—No, he has confidence in the board of directors, but I am assuming the possibility of such a man becoming antagonistic to the company.



174. If so, he could easily put all the board off?—The voting is not per share.

175. *By the Hon. the Chairman.*—What is the next clause to which you desire to call attention?—In regard to the disability which attaches to either a director or an auditor or any officer of a company becoming indebted to the company, it might operate rather fummily. As soon as a man buys a box of matches, and has it put down to his account, he is no longer auditor, *ipso facto*. That is section 31, sub-section 6—“No person shall be competent to be appointed or act as an auditor who is or becomes indebted to the company. If any person, after being appointed an auditor, shall become indebted to the company, his office shall thereupon become vacant;” it is absolute. As a matter of principle no doubt it is very wise to prevent such a thing, but in many companies it will operate prejudicially, because it will remove a great deal of business from the companies. To some of the pastoral companies, for instance, it will be a great disability. The next clause is 48, as to the question of profits. As an auditor I know how difficult it is, and will always be, to define what shall be profits under this section, and what a serious position it puts both directors and auditors in, when the whole question probably hinges upon the question of values.

176. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Might not the difficulty be partly overcome by referring a case of the sort to a Judge and skilled assessors?—I think that principle might very properly be applied to more than that particular question. In many cases it would be an immense advantage if a Judge could call in and avail himself of the advice of skilled men in regard to points about which he can hardly be expected to know practically very much. Going back to section 29, in sub-section 2—“In such certificate such auditors or any of them shall state whether they or he have observed or become acquainted during the audit with any breach of the Companies Acts committed by the company or any director, manager, employé, auditor, or shareholder thereof, and such breach (if any) shall be specified in such certificate”—that is a very large order for auditors to have to fulfil; it is so indefinite, and yet so full.

177. That presupposes that the auditor is a lawyer as well as an auditor?—He is a factotum in its widest sense.

178. *By the Hon. J. H. Abbott.*—If he finds any difficulty about it he will not observe it?—That is probably what will happen.

179. *By the Hon. the Chairman.*—If it comes under his notice can he not bring it under the notice of the shareholders?—I do not think it ought to be brought under the notice of the shareholders. If it is anything wrong done by the employés why should it be necessary to publish that fact to the whole world? What the auditor would naturally do would be to report it to the directors and have it put right, but here the obligation is to embody it in a certificate which must be published with the balance-sheet, deposited with the Registrar-General, and supplied to every shareholder. There may be fifty things that an auditor may disapprove of in the course of his audit; the whole of those things under this clause must be noted and specifically referred to in this report, which is to form part of the printed report to be attached to the balance-sheet and posted.

180. *By the Hon. Sir H. J. Wrixon.*—It is only a breach of the Companies Act which he has to report?—Yes, but suppose one of the employés of a company should be guilty of embezzlement of postage stamps, it would come under that definition.

181. *By the Hon. the Chairman.*—Would it do any harm to have such a fact published; it is already made known to the public by the prosecution?—The directors may not deem it wise to institute a prosecution. Probably if he were made to pay up and be dismissed the punishment would be severe enough, but the publication of it in the report seems to be unnecessary. With regard to the composition of the Auditors' Board under section 32, I think if it be finally determined to have it it is of the most vital importance that the constitution of the Board should be of such a character that they would be able practically to assess the value of the qualifications of the men who seek to be licensed. Coming now to clause 97 with regard to unsold shares, and the reduction of capital by writing down, if the words “or surrendered” be added to that it covers pretty nearly all the ground. I am very much afraid that the severe restrictions of Division 6 will operate in this way, that men who have reputations or money to lose will be found very difficult to persuade to join the boards of companies, and, instead of improving the status of directors, the effect will be that men who have nothing to lose, either in one way or the other, will be the men most likely to join boards in future.

182. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You think it would deter good men from going on boards?—I am sure of it. I should hesitate a long time before I joined a board with all those penalties attaching to what might be most innocent mistakes.

183. *By the Hon. the Chairman.*—What are the principal clauses that you object to in Division 6 as being too stringent?—It is rather difficult to point particularly to any one, but it is the whole question of what is to be disclosed in the prospectus. What at the time they might honestly regard as being a full and explicit statement of the facts as known to them then, might, in the light of future events, not be quite as full as some people might have thought desirable, and under this Division they are open to being charged with a criminal offence.

184. Take the first sub-clause (a) of section 102, names, addresses, and occupations of the promoters and directors, and the number of shares held, you would have no objection to that?—No.

185. “The date of, and the names of the parties to, any contract,” should not that be set out?—Yes, but the latter part of the clause says—“together with such particulars of the nature and effect of such contract and also every material fact known to any director, promoter, or trustee, who is a party to the issue of the prospectus, as are material to be made known to a person invited to take shares.”

186. It goes on—“in order to enable him to form a judgment as to the expediency of so doing”?—Yes, but you can easily conceive the possibility that some facts which at the time they might not think would assist a shareholder in forming a judgment, might afterwards prove so far material as to warrant action being taken against the directors for omitting to state them.

187. How would you propose to qualify that?—I should take out those words. If they disclose any contracts that exist it would be quite sufficient without having also to disclose every material fact known to any director, promoter, or trustee.

188. Suppose some of those contracts did not set out the real consideration that was passing between the promoters and the vendors, and that was known to the promoters, would that not be a material factor?—Undoubtedly. I quite agree with the general spirit that everything should be disclosed as far as possible, but what I object to is the extremely sweeping nature of a clause which afterwards might bear an entirely different construction to what it had at the time.

189. What are the particular clauses that you think ought to be omitted from the Bill?—That is the principal one—it seems to me to cover the whole ground.

190. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In sub-clause 4, page 39, you see, in the event of non-compliance, it shall be deemed fraudulent “unless such last-mentioned person proves that (a) as regards any matter not disclosed, he was not cognizant thereof, and could not with reasonable diligence have discovered it,” how would you interpret that about “reasonable diligence”?—It would be very difficult.

191. In the evidence before the Lords' Committee I think the Lord Chancellor suggested, instead of those words, inserting “that he was not wilfully ignorant of”?—It would be impossible to define what reasonable diligence was. In the case of wilful ignorance the difficulty would be to prove what was wilful ignorance—except in the case of illness his absence from a meeting would not absolve him. As to the Third Schedule and the question of “other real estate,” speaking as an expert on that particular point, from a bank point of view that would mean that all securities which the bank had had to foreclose upon would have to be set out in a separate line in the balance-sheet, although the foreclosure might only have been effected to enable the bank to realize with greater readiness when the occasion arose. Here you have to set out bank premises in one line, and in another real estate owned by the bank, which would consist of securities upon which they had had to foreclose. It would be a very damaging thing indeed to most banks to have to set that out.

192. *By the Hon. the Chairman.*—Have the banks not to set out any information about the real estate that they hold at the present time?—No other than their bank premises, which is always set out in one line. They do not set out in their balance-sheets that they hold, say, £100,000 worth of real estate which is in their name simply for the purpose of ready realization when the opportunity occurs; practically the indebtedness is really the indebtedness of the customer, but in order to put the bank in a position to act promptly they say—“We will take this property and put it in our own name,” and very often it is surrendered to them.

193. Suppose they have advanced £100,000 upon an estate, they have endeavoured to sell it and cannot realize more than half, in estimating the asset do they estimate it at the amount of the advance, or the value of the property on the day they endeavoured to realize on it?—That opens up rather a large question. It would all depend on what amount they had set aside in connexion with this internal reserve to meet the contingency of this loss when it had actually been made. The internal reserve and the reserve fund are specifically, in all probability, set aside for that particular purpose and it remains there until the property is sold and the loss ascertained. That same property if it were held for two or three years might go back again to its original value, and no loss would be made at all.

194. In such a case they may not write down any portion of their assets?—As a matter of fact they do. Suppose a security is depreciating year by year the bank will take from its internal reserve, or its profit and loss if it is known actually to be a loss, the amount to meet those depreciations, and write them off from the account, and they would be shown in the account at so much less, but so long as there is a possibility of the security recovering and realizing the amount of the advance they do not deal with it in that way, it is dealt with by a deduction from the total amount of the advances of the amount of their internal reserve. There I agree with Mr. Holmes that instead of, as I know is the practice of some of the banks, adding this reserve fund to the amount on the liability side of the balance-sheet—the deposits and other moneys, which is a general phrase which embraces everything that can be thought of under that head—it is a much more proper plan to deduct that from the asset. Therefore, if a bank had £200,000 at the credit of its internal reserve fund, instead of adding that to the amount of deposits on the liability side it should be deducted from the amount of advances on the assets side, and that is done by some banks. Form B of the Third Schedule I think would be a very dangerous Schedule for most companies to have to make up, setting out for the information of the public “money lent on mortgage, money lent on other securities (specifying the nature of the securities)”—it is a practical impossibility to make out this Schedule. It would in some cases involve a balance-sheet of pages. There might be 50 advances on varying securities, all of which would have to be set out specifically. Then the 7th heading, “Money lent without security,” might be an entirely misleading item. The general public might regard that as a serious matter, whereas it might be the safest advance which the company has upon its books.

195. How would you propose to amend that Schedule?—I would make it under the general heading of advances.

196. You would leave No. 5 in—“Money lent on mortgage”?—Yes.

197. Then suppose you had “money lent on other securities” leaving out the words “specifying the nature of the securities”?—Yes, that is a practicable thing to carry out. Then I would not specify “Money lent without security.” The next line, “Debts due to the company other than as above mentioned,” would cover that.

198. As a fact this would be very easy to evade by putting it under No. 9, “Bills of exchange and promissory notes.” All a man has to do is to give a bill, and then it comes under No. 9?—Yes. It seems a pity to put in things which have to be evaded.

199. What would come under “Money lent without security”?—The pastoral companies and banks make advances on an open account.

200. Is not there some security given for an overdraft?—Not necessarily. In a company which I have been going through lately it would be a most improper thing if it had to set out in its balance-sheet that it had made advances without security, and yet I know, and the directors know, that those advances are the very best on their books.

*The witness withdrew.*

Arthur William Cleveland examined.

201. *By the Hon. the Chairman.*—What are you?—An accountant, and vice-president of the Accountants' Institute.

202. You have carefully gone through this Bill?—Yes, I am one of the committee that have been considering this and various Bills that have been presented to the House.

203. You have heard the evidence of the two previous witnesses?—Yes.

204. Do you wish to supplement that evidence in any way?—There are one or two matters that I would like to mention. First, with regard to private companies. It appears to us there is a great difference between private companies and public companies, and the great reason why they should be specially dealt with in the Bill is that they do not concern the public. This Bill is a Bill in the interests of the general public; private proprietary companies in nearly every case have nothing to do with the public as creditors—they do not appeal to the public for shares—they do not take deposits from the public, and their only contact with the public is as debtors. In most cases a private proprietary company is a firm who have been in the habit of selling goods or running a line of ships, and when they, for purposes of their own, limit their liability, their relations with the public are the same; the public owe them money—the shares are all taken up privately; the former partners take certain specified portions of the capital of the new company, and they go on dealing with the public as they did before; therefore we say there is no reason why one firm that calls itself a limited company should be compelled to show its hand at all to the public, and another firm that has not gone through that process can keep its affairs to itself. What few creditors there may be are not prejudiced in any way, because people who deal with a private proprietary company must do the same as in the case of firms, namely, satisfy themselves by inquiries whether it is safe to trust them—it is altogether a different position from that of a company that applies to the public for shares in the first instance and then solicits deposits. In that case a large number of people, who can know nothing of the working or the position of a company, invest their money, and it may lead to very serious losses to innocent investors, who are ruined if it fails. A public company may have several hundred shareholders who may be women or people not in business, and it is their interests that have to be safeguarded in a Bill of this sort, but that does not occur in a private company.

205. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do not some private companies issue debentures to the public?—Yes, but that is different from appealing for deposits—if they do appeal to the public it is more a matter of private negotiation.

206. While, as a rule, the debentures may be taken up in the first instance by a financial institution, it is not infrequent that they are ultimately filtered through to the public?—Mr. Holmes gave certain sections which he thought should apply to those private proprietary companies.

207. You would debar a private company from issuing debentures or borrowing from the public?—In a case of that sort I think they should give notice of their intention; the registration of the mortgage would apply then. In every case that I know of, the debenture-holders have a charge over the whole of the assets of the company. In a case like that it would be necessary to provide that any such mortgage should be published under clause 53, and has to be registered.

208. *By the Hon. S. W. Cooke.*—How do you propose to meet those companies?—I indorse the views of Mr. Holmes. The matter has been discussed by our committee, and we entirely agree with him.

209. *By the Hon. Sir H. J. Wrixon.*—How do you define a private company?—In the main I agree with Mr. Holmes, and it seems to me that before such a company is registered, the registrar should satisfy himself that it is a private business being formed into a company for the limitation of liability only, but these are more matters of machinery than principle.

210. Do you think twenty shareholders should be a private company?—It would be quite possible for a company primarily to be six or seven, but when the original holders died they might like to leave certain shares to their family, and there should be liberty to increase the number of shares, but not beyond twenty. That is what the law allows to a partnership now.

211. *By the Hon. the Chairman.*—You would not allow the number of shareholders to be increased beyond twenty?—No. That probably could be easily evaded; there could be joint ownerships if the number of those interested exceeded twenty, but there must be some limitation, and I would make it not less than five and not more than twenty. Then with regard to the transfer of shares in private companies, every possible restriction should be placed upon the transfer of shares to ensure that it was *bond fide*. Then the twelve months' liability of transferees would remain in the event of the company becoming insolvent.

212. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Might not that with advantage be extended beyond the twelve months?—It might. I think all reasonable restrictions should be placed upon any evasion of liability in the case of private companies where certain concessions are made to them as compared with public companies. Coming to clause 24, "Annual statement of accounts"—if this statement of assets and liabilities is to be a true one, and it has to be accompanied by a certificate by two directors that in their opinion the statement is correct, it would mean at least three balance-sheets for every company in the year. In the case of a bank or financial institution, you could not arrive at the assets and liabilities without working up the accrued interest. In the case of trading companies, stock must be taken, or you cannot tell what the value of the assets is—the books will not show you. To some extent I differ from Mr. Holmes; he said the books of a bank every Monday show a statement of assets and liabilities, but I do not think it is one that two directors would be inclined to certify to as correct, under penalties. It is only a statement of assets and liabilities as shown by the books of the bank at that date, without any correction bringing it down to date, and it would be still worse with regard to any trading company that has a stock. The essence of their balance-sheet is the taking of the stock.

213. *By the Hon. the Chairman.*—I understood Mr. Holmes to say that so far as banks were concerned, he did not see that there would be any real difficulty in complying with the provision that the annual statement is to be made on the first Monday in March?—There would not be any difficulty in getting the figures; they could be got out in ten minutes, but the two directors would not certify to them. As a matter of fact they would not be correct; the advances would not have interest charged on them up to date, and so on, and that is what a true balance-sheet would require.

214. Would not the statement be to the effect that this statement was, in the opinion of the two directors, correct, but it did not include the interest from such a date to such a date?—Yes, but I do not think this clause would allow that. In the case of trading companies, there are very often great surprises when the stock is taken.

215. This is principally legislation as far as the banks are concerned. It affects all companies, but the principal object is to prevent a recurrence of the custom of financial institutions assisting one another at the time of the balance?—I fail to see how it can. A statement of the assets and liabilities will not stop it—you cannot put in a detailed statement of every single account.

216. In the case of the Mercantile Bank, when they were deficient to the extent of £100,000 odd, immediately before the balance-day they got a loan of the £100,000 for a fortnight; would that not make a wonderful difference in their position, as the balance-sheet would show that they were £100,000 richer than they really were?—No. Deposit receipts were held by the Commercial Bank for that £100,000, and it appeared among the deposits—the actual deposit receipts were issued.

217. The Mercantile Bank endeavoured to get that money for a particular purpose?—The money was at their disposal for a short time, and they issued ten deposit receipts for £10,000 each. They were perfectly entitled in their balance-sheet to put down on the liability side £100,000 among the deposits, and on the other side—“Cash at bankers, £100,000.”

218. *By the Hon. A. Wynne.*—The Commercial Bank would be 100,000 sovereigns short?—The Commercial Bank balance-sheet would simply show that they held deposit receipts of other banks to that amount—the money was in the Commercial Bank.

219. They both took credit for the same 100,000 sovereigns?—No, the Commercial Bank's asset was the deposit receipts.

220. Do not the banks make a return of the quantity of coin they hold?—Yes.

221. The Mercantile Bank returned so many thousand sovereigns?—Yes, cash at bankers, so much. That included the £100,000 from the Commercial Bank.

222. Did the Commercial Bank include that £100,000 among their coin as well?—You can hardly put it that way. Supposing the Mercantile Bank had reduced that amount very much, as I believe they did, it would not necessarily go out as coin—no coin passed.

223. Does not each bank say they have so much coin?—Yes, coin and bullion.

224. Did both the banks take credit for that £100,000 in their balance-sheets?—The transfer of coin in a bank is only the net result of all its transactions, and if the Mercantile Bank had drawn a cheque for £100,000, it does not follow that the £100,000 would have gone out in cash.

225. In the return do they not say—“Coin, so much”?—Yes.

226. If the Commercial Bank advanced £100,000 to the Mercantile Bank, would not the Mercantile Bank count that £100,000 as coin, gold, and silver?—No, “cash at bankers.”

227. The Commercial Bank only would take credit for the coin?—Yes, but that £100,000 did not consist of coin.

228. *By the Hon. the Chairman.*—It might have been coin, because the Mercantile Bank was entitled to the credit of £100,000; was not the bank entitled to say—“We will take that in gold”?—Yes, and if they had done so the current coin in the Commercial would have been reduced by that amount.

229. *By the Hon. Sir H. J. Wrixon.*—They showed the £100,000 in deposit receipts?—Yes.

230. *By the Hon. A. Wynne.*—Both banks showed the £100,000, whereas only one had it?—Not in coin.

231. One had it as coin, the other as cash at bankers?—No, not coin, as deposit receipts.

232. If they all balance on the same day the public will know the exact amount of coin held by all the banks?—Yes, but that will not show whether there have been any transactions between themselves.

233. It will show the number of sovereigns in the colony?—So the quarterly returns do now.

234. Can you suggest any way by which we can stop such a transaction as that?—I do not know how you can compel the banks to disclose any such transactions; it must be left to the banks themselves to stop it.

235. *By the Hon. the Chairman.*—When all the banks have to send in this statement on a particular day, will not that prevent one bank lending assistance to another in such a manner as was done in the Mercantile case?—Not if it were done in the same way, if deposit receipts were resorted to.

236. Suppose the Mercantile Bank were not a customer of the Commercial Bank and wanted for its own purposes the £100,000 and actually drew that amount, would that not have reduced the coin in the Commercial Bank?—Yes, but if the Commercial Bank had such a large amount of coin that they could afford to do without that £100,000, I do not know that any one would be any the wiser; they would show the £100,000 in the advances.

237. *By the Hon. Sir H. J. Wrixon.*—It might be a check on the amount of coin?—I do not think so; how could any one outside the banks know what transactions had taken place by any quantity of returns that they might have to make?

238. *By the Hon. the Chairman.*—Would it not prevent a recurrence of this if the banks had all to make the best appearance they possibly could on the first Monday in March, to show as much coin and bullion as they possibly could, to show the public what a large reserve they had—they would not like to diminish it?—In the present day they would be very glad to diminish their reserve of coin. A bank lends its money according to the amount it has to lend, and at any time if the coin were accumulating too fast they would be only too glad to lend it out, provided they had the security, and this would not stop it.

239. *By the Hon. Sir H. J. Wrixon.*—This is only to show the assets and liabilities. I understand in the case of the Commercial Bank it would not have thrown the slightest light on it?—Not the slightest.

240. Can you suggest any way of doing it?—I do not see how you can possibly get at it unless you have a complete copy of the accounts of every institution made public. In the case of the Mercantile Bank it would not be shown as due to the other bank, because it would be entered as a deposit receipt and that would be resorted to to conceal the transaction.

241. Would it be shown if the line ran—“Advances, directly or indirectly to or from other banks”?—That might do it.

242. *By the Hon. A. Wynne.*—Would it not be well to divide the line into two—“cash in hand” and “at bankers”?—It is very rarely that a bank banks at another bank; even then it could be evaded in the way it has been.

243. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—That money was a debt due to the Commercial Bank, and, therefore, it would have to appear in the total amount due to other banks?—No, because the deposit receipts were issued, and, therefore, they were perfectly justified in doing what they did. They put that to the deposit account in the ledger, and it appeared there with the other deposit accounts.

244. The deposit receipts were issued to another bank?—Yes, you would have to prohibit them issuing deposit receipts or including such a transaction in the balance-sheets.

245. *By the Hon. D. Melville.*—Is not the balance business done in England all the time at the clearing house on balancing-days?—The same thing is done here. There is a clearing house here.

246. I mean the transfer of sums of money in the way mentioned; is not that practised constantly in England?—I could not say from my own knowledge. I have no doubt if a man has an overdraft he likes to make it look as well as he can on balancing-day, but I cannot say of my own knowledge that it is done.

247. Is it not set forth in every account what is paid for those sums of money?—I cannot say.

248. Supposing they had brought in a discount, could it not be evaded in that way?—Yes.

249. Would it not have been legitimate enough for one bank to have discounted to the other that large sum of money for a week?—That is a banking question.

250. Suppose the two banks chose to do it, would there be anything illegal in it?—If the bank lending the money felt perfectly secure I do not see anything illegal in it.

251. *By the Hon. the Chairman.*—How do you suggest we should put an end to the practice of one institution assisting another on balancing-days?—The only way possible, and I do not know that it would be practicable, would be that it should be compulsory on every institution (no matter what the nature of the transaction was) to show it as a transaction with another bank. Then it would possibly attract the attention of shareholders or creditors, and inquiries might be made. The ordinary balances due to and from other banks are comparatively small amounts. If a large transaction of this sort took place and had to be recorded in that line it might give rise to suspicion and inquiry. That is the only possible way to do it, and I do not know that you could compel a bank to do it. If they issue a deposit receipt or a bill you would compel them to put it down in another way. In the case of the Mercantile Bank, if they had been obliged to put it down as sums due to another bank the swelling of that sum by £100,000 would have attracted attention, no doubt. I do not see how any directors of a trading company could possibly certify to a statement of assets and liabilities without taking stock, and correcting the various items of assets and liabilities, as they would at ordinary balancing-time. Clause 26 deals with the reserve fund. I think it is the intention of the Bill to bring out the internal reserve and have it shown in the balance-sheet. In addition to banks there are other classes of companies where it is highly expedient there should be some internal reserve out of which losses can be met by the board without making it public. There are some companies where the confidence of the public means business or no business—those that are of the nature of trustee companies. It is better that any little loss by embezzlement should be made up out of this fund than that it should be paraded in the papers. In almost every company the internal reserve is one that I feel should always be retained.

252. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—It does not in any way injure the shareholders or the public?—If the balance-sheet is incorrect in any way it is simply that the whole of the assets are not disclosed.

253. It must appear somewhere?—In the draft balance-sheet it appears in the liabilities; you simply strike it out of the liabilities and strike an equivalent amount out of the assets, so it does not appear at all; that is the proper way.

254. *By the Hon. the Chairman.*—The shareholders do not know anything about the nature of that?—No; but it is not to their detriment—it is the other way, and in most cases, if the reserve or undivided profits is too large, the shareholders clamour for the distribution of it in dividends, so the internal reserve is sometimes kept as a safeguard against unforeseen losses which the shareholders, if they had knowledge of, would not allow to be made. Looking at it from an exceedingly correct point of view, perhaps an internal reserve is an improper thing, but it is always kept as a matter of practice. All banks have their internal reserve, and, probably, other companies too.

255. What kind of other companies besides banks have internal reserves?—I know that there are companies in Melbourne that have them.

256. *By the Hon. Sir H. J. Wrixon.*—Clause 26 would interfere with this internal reserve?—It does not say that all reserves are to be shown.

257. How would clause 26 prevent an internal reserve?—I referred to it only to give additional evidence to what has been said by the previous witnesses.

258. *By the Hon. the Chairman.*—Clause 26 merely applies to those companies that publish to the world that they have a reserve?—Yes.

259. *By the Hon. D. Melville.*—Does such an account exist by that name in any bank you have ever audited?—One institution that calls itself a bank was reconstructed, and during the course of reconstruction the internal reserve came out and was published, so every one knows of it.

260. *By the Hon. Sir H. J. Wrixon.*—How would that appear in the balance-sheet?—It does not appear at all.

261. *By the Hon. D. Melville.*—How is it closed?—It is not closed; it remains in the books.

262. Do you change the name?—No; you keep it just where it was before. The net result of the balance-sheet is the same if you take off or add to both sides.

263. How do you name it?—You do not name it; it is not there.

264. *By the Hon. the Chairman.*—How does it come to your knowledge that there is such a thing as an internal reserve fund in connection with any institution?—It is in the books; it is called by that or some equivalent name.

265. *By the Hon. S. W. Cooke.*—Is it kept out of the balance-sheet?—Yes, and the exact equivalent in amount is kept out of the other side. An amount of the investments equal to the reserve funds is left out.

266. *By the Hon. D. Melville.*—That is a deception?—That may be one point of view, but it is not a suppression of liabilities or anything of that sort. It means that there are assets there which are not disclosed to the shareholders, because the management of the institution hold them for certain specified purposes.

267. *By the Hon. the Chairman.*—Would it not be fairer to allow the shareholders to know there was such a reserve?—No, I do not think shareholders are fit to be trusted with too much information. They should elect proper directors, and rely upon them to carry out the business.

268. *By the Hon. S. W. Cooke.*—You, as an auditor, certify that a certain balance-sheet is correct?—The result is correct.

269. Certain items are excluded, therefore it cannot be correct?—The auditor says that in his opinion the balance-sheet exhibits the true position of the affairs of a company. He need not necessarily say it is correct—it does exhibit the true position, because the net result would be exactly the same if he put in the internal reserve and the corresponding investment. It does not mislead—the true position of the company is just the same whether it is in or out. After all, the certificate of the auditors applies to the net result of the balance-sheet, how it stands with regard to the world—whether it has a surplus available for division or not. I do not think it implies that every item they see in the books must necessarily appear. In some institutions there are ledger accounts that are really only memoranda—they appear on both sides, but they are not included in the balance-sheet. I think clause 29 should stop at the word “auditors” in the eighth line, that is quite sufficient. I think the auditors should be at liberty to amplify the certificate, and give it with qualifications if necessary.

270. It has been suggested that we add there—“and shall certify to the correctness or otherwise”?—The certificate of the auditors is referred to in 34 (b), and there they are allowed a licence as to what they shall say in their report, but in clause 29, sub-section 1, unless they can say they found the thing correct the balance-sheet cannot be accepted.

271. *By the Hon. A. Wynne.*—We propose after the word “same” to insert “and shall certify as to the correctness or otherwise,” then you can make your own comments upon it?—That will do. Clause 31, sub-section 6, it appears is aimed more against auditors obtaining overdrafts from a bank. Any ordinary debt that may be due by an auditor to a trading company cannot possibly affect his position as auditor. Clause 32, we, as the committee of the Institute, object to. We say it will take away the whole of the value of the certificates and diplomas we have issued to the various people who have passed our examination in the last six years. It will put everybody on an equal footing. The object of the clause is to have none but duly qualified persons able to act as auditors. We think it will have exactly the reverse effect, but if there is to be anything with regard to the definition of an auditor we make some suggestions on page 3 of our report, which have already been read. With regard to the Companies Auditors’ Board, we, as auditors of considerable experience, would like to know what precaution is to be taken as to the competency of the Auditors’ Board to examine. We understood that this Board was to be appointed from individuals in the public service, and we know as a matter of fact, there is no individual in the public service who is in a position to examine. It is only a person who has been an auditor himself who knows how to examine as to the duties of an auditor.

272. *By the Hon. D. Melville.*—Is there any duty put upon you as auditors by this Bill anywhere that you feel you cannot undertake; it has been said in the House that there are duties in connexion with auditing in banks as to securities that you cannot certify to?—Not to value them.

273. Do you see anything in the Bill that should not be put upon auditors?—Clause 48, as to dividends not to be paid out of profits, that is one thing where we say we are unfairly exposed to liability.

274. Taking securities held by banks—on seeing a bundle of securities what do you do as to those—do you examine them?—Not necessarily. The great difficulty is this—a bank whose head office is in Melbourne may have gone in for branches extensively throughout Victoria and the colonies. No matter what care may be taken by auditors in examining the advances and securities in Melbourne, they cannot possibly deal with those outside Melbourne, and they may constitute nine-tenths of the whole advances.

275. Do you take any account at all as to those securities, as to their value compared with the advances; are you valuer of the securities?—No. In some cases, in banks, they are allowed to and do make advances without any security whatever.

276. It is a mistake to suppose you are any check as far as looking at securities goes?—Yes, that applies also to institutions that lend on broad acres.

277. The broad acres will have a title?—That does not give you the value.

278. It has been said you are having new duties put upon you, and you are to look at securities and certify as to the values; do you understand that is part of the Bill?—No, I have not seen that in the Bill, and the latest decision dealing with auditors distinctly takes that obligation away from them in England. If a valuation by a trusted officer of the company is produced to them, and they have no reason to suspect anything wrong with it, they are perfectly justified in taking that as correct.

279. You personally know nothing of the values of those securities?—No; no auditor ever did or ever could.

280. If that duty were put on you by this Bill you could not do it?—No. Clause 34, sub-section 4, concerns auditors particularly. It is made a criminal offence for an auditor to either wilfully or through culpable negligence certify to a false balance-sheet. It appears to us it is not fair on auditors to make both of these criminal offences. If a man does anything wilfully, let him be imprisoned for two years, or any term you like, but culpable negligence is a term that has to be defined after the event, by people who cannot possibly know what an auditor can or cannot do. We say the least that should be done there is to make it a civil liability, not a criminal liability.

281. *By the Hon. J. H. Abbott.*—What do you understand by culpable negligence?—That is very difficult to say. We say the people who determine it are the judge and jury who come in after the event and are liable to interpret this clause by the light of those after events. If we were to be tried by our peers we should not mind it, but we think for culpable negligence there should only be a civil liability. On clause 37, sub-section 5, I agree with Messrs. Holmes and Brentnall in their evidence. We have endeavoured to show in what circumstances a special audit should be allowed, and it should only be allowed after the company has had every opportunity of explaining any misconception that has arisen—the Court should be the body to determine what is to be done. The preliminary proceedings should be carried on in private, so as not to destroy the credit of the institution—that is the only way to stop any blackmailing.

282. *By the Hon. the Chairman.*—You object to creditors having the right?—Yes, certainly. Referring to subdivision 7, clause 46, as to the aggregate amount of advances made, whether in Victoria or elsewhere, how is the manager here, whose head-quarters are in London, and his branches all over the world, to compel his directors to furnish this information? That applies to sub-sections (a), (b), and (c). Why should the obligation be cast upon them, and of what value is the information when it is given? You do not say the nature of the advances, whether they are secured or not secured, for a long term or a short term, and unless you give the fullest particulars about them it would be of no value whatever. Clause 48 is as to dividends out of profits; the question is, is the profit referred to there simply a profit arising from the

transactions of any given period, or is it the profit shown by the surplus of the assets over the liabilities after they have both been valued at that particular date? There are several cases at home where, although the assets have wasted and have to some extent disappeared, yet because the company has made a profit during the six months they were entitled to pay a dividend. No auditor of any standing and reputation here would ignore that; if it were within his knowledge that the assets were wasting or were depreciating in value he would not sign any balance-sheet that did not provide for such depreciation, or he would, as is done in many cases now, show clearly how the assets were valued. The next clause is 146. I fail to see why the books and accounts should be preserved. I also object very strongly to any preferential claim being accorded to deposits of friendly societies, as provided in clause 161. I cannot see that anything has been shown to justify that claim. 167 is the obligation to transfer shares. I am afraid that this will be very difficult to work out in practice. The duplicate transfers will be much objected to as hampering business on the Stock Exchange in companies where there is much business; the idea is good.

283. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Will it be any great loss if the transfers are not quite so numerous as they are now?—Sometimes it would not be. The Third Schedule, Form B, does not contain one of the most important assets of a trading company—that is, stock. Then it is not desirable, if a company hold shares or Government or municipal securities, that it should give a schedule of them in the balance-sheet. It appears to me that the framers of the Bill have aimed at giving too much detailed information, and why a company should be required to have fuller information than in an ordinary balance-sheet I do not know.

284. *By the Hon. S. W. Cooke.*—What are the details you object to?—It is impossible to specify all the securities, and the item stock is not in it at all.

*The witness withdrew.*

*Adjourned to to-morrow, at Three o'clock.*

THURSDAY, 10TH SEPTEMBER, 1896.

*Members present :*

The Hon. H. CUTHBERT, in the Chair ;

The Hon. J. H. Abbott  
S. Fraser  
C. J. Ham  
D. Melville

The Hon. N. FitzGerald  
Lieut.-Col. Sir F. T. Sargood  
S. W. Cooke  
A. Wynne.

Ernest James Parker examined.

285. *By the Hon. the Chairman.*—Are you a member of the firm of Huddart, Parker, and Co.?—Yes; I am managing director.

286. What sort of company is yours?—It is limited under the Companies Act. It consists of ten shareholders, I think. There are the original members of Huddart, Parker, and Co., and their families, no outside shareholders whatever.

287. Do the ten shareholders hold a pretty equal interest or do some hold a larger interest than others?—The members of the old company hold the larger portion of the shares, the members of the family holding smaller proportions.

288. How many years has that been incorporated?—About five years, I think.

289. You have seen this Bill to amend the Companies Act of 1890?—I have read it.

290. Do you generally approve of the objects of the Bill?—Not as applying to companies such as mine.

291. Leaving your company out of consideration?—No; I think it is too drastic. I think the measure was brought into existence more for the purpose of applying to banks and institutions which invited public money on deposit.

292. So far as those institutions are concerned is there any necessity for legislating in the direction of preventing fraud?—I think so, in some cases.

293. I believe your object in coming before us to-day is to give the Committee some information in regard to what might be called private proprietary companies such as your own?—Yes.

294. How would you suggest an improvement on this Bill, so far as that class of company is concerned?—I have had the advantage of reading Mr. Holmes' evidence given yesterday, in the papers, and I quite agree with what he said, that a company consisting of not more than twenty members, not inviting deposits from the public or putting their shares on the market, should not come under this Act. That, I think, would suit such companies as ours, which are purely domestic private companies. Our putting up a balance-sheet in the office is of no public interest whatever. We do not owe any money to the public, and I think it would be a very great hardship upon us if we were asked to publish our balance-sheet so that on the payment of 6d. any one of our creditors could obtain a copy of it, and have a public auditor come in; it would take away what has been our strength in the past. I do not know that it would affect the community very much, but I think the private companies would have no resource but to go into liquidation and resume the partnership system.

295. What is there in the Bill that you principally object to so far as your company is concerned?—Paragraph (d) of sub-section 1 of clause 25 provides that I must put in a conspicuous place in my head office and in all branches a copy of my last balance-sheet; and also that any creditor, including the butcher who supplies meat to my ships, may come in, and on the payment of 6d. obtain a copy of that balance-sheet which discloses the whole of my business, the secrecy of which has been my strength in managing the company.

296. You have to give some return at the present time to the Registrar-General?—Simply a list of shareholders—no statement of assets and liabilities.

297. You and other companies cannot carry on business without having creditors?—No, we have to have creditors. We buy coal and ship stores, and so on; but any creditor is in no worse position dealing with me as a limited company than he is in dealing with a partnership. It is his business to find out the position of the people with whom he is trading, which he naturally does.

298. The colliery owner, from whom you get your coal, would be a creditor?—Yes.

299. Would it not be to his interest to know the position in which a limited company stood?—No more than if it was simply Huddart, Parker, and Co. James Paterson and Co. are my competitors. That is a simple partnership. They buy coal at Newcastle the same as I do, and the people there have no more knowledge of how James Paterson stands than I have. That is their business to find out.

300. James Paterson and Co. are unlimited in their liability?—Yes, if the partners have unlimited means.

301. As far as their means will go, they are responsible for the payment of their debts, and, therefore, any partnership is unlimited, except it be limited under a particular Act. You say they are in the same business as yourself—by forming your company into a limited company and coming under the operation of the Act are you not placing yourselves in a more advantageous position than your rivals in business?—No. The liability of myself and my partners is limited, I admit. The liability of Mr. James Paterson as a member of the firm of James Paterson and Co. is unlimited, but he may not have any more money than I have.

302. Granting that, there is still a difference; James Paterson and Co. being unlimited, all the shareholders in that would be responsible to the last farthing they possess to meet the engagements of the firm. Would they not be liable to be made insolvents if they did not meet their engagements?—Yes.

303. In the case of your company, would the members of the company be liable to be made insolvent?—No, because our capital is fully paid up.

304. Even assuming it was not paid up, being members of a limited company, would you be liable to the operation of the Insolvency Act?—As far as the liability went in respect to the shares; if I had a certain number of shares in a limited company, and there was £5,000 on those shares unpaid, and you were a creditor of this company, you could make me insolvent to pay this £5,000, but you could not make me responsible for the liability of my co-partners as you could in a partnership. That is the only difference.

305. As a limited company, would not the company have to be wound up?—Yes.

306. Therefore, the proceedings would be essentially different in the case as against James Paterson and Co. The proceedings there would be insolvency proceedings; in the case of the company it would be against the company, not against the man; is not that a great advantage?—Yes, I should think it is.

307. Then if companies such as yours have such a privilege extended to them as that, why should a distinction be drawn between one class of companies and another?—I do not admit it is a very great advantage.

308. If it be an advantage why should the particular company that you have described be in a better position than any of the other companies incorporated under the Act?—I do not admit there is any very great advantage. It is simply a more convenient way of dealing with a business, where the seniors are getting up in years, and they wish to give an interest to their families. That is the only advantage that I can see.

309. If an exception is made in favour of one class of companies other classes may also come in and claim the exemption?—You spoke of the colliery people as being creditors. A colliery proprietor will not supply coal to us except he knows that we are financial, that we have assets in the shape of ships that he can seize. By paying 1s. he can find out whether our ships are mortgaged or do not belong to us. He has ample means of finding out sufficient of our position for his wants, and to force a trading company such as ours to produce those papers and be subject to public audit would be a very great hardship.

310. Have you seen the Report of the Departmental Committee appointed by the Board of Trade in England?—No.

311. This very subject upon which you are speaking has been touched upon in that and the Committee report—"Some companies of this class are formed in good faith. But in other cases, individuals or firms, it may be on the eve of bankruptcy, form a company consisting of themselves and the requisite number of clerks or dummies, and then purport to sell their business to the company so formed, usually at an inflated valuation, and purport to receive payment in cash, which is satisfied by cross entries, or set off against the calls on shares subscribed for by them. By this means the company is enabled to assume a fictitious appearance of having a large capital paid up in cash and having purchased a valuable business. In some cases the owners of the business procure debentures constituting a floating charge on the assets to be issued to them as part of the nominal purchase-money, thus giving themselves a priority over the creditors of the business, who are in substance their own creditors. A further object or effect of the transaction is that such persons are thus enabled to escape the operation of the bankruptcy law." Has it occurred to your mind that if companies such as yours were exempted from the operation of this Bill it might lead to the formation of such companies as are referred to by the Committee of the English Board of Trade?—To my mind such a thing would be a moral impossibility; any man who was asked to invest in a company would, as a business man, see what were the assets, see that the ships belonged to me, and make such inquiries as would lead him to say whether he would join in the venture or not. I think that is probably more for mining companies. I do not see how it could affect a trading concern where there were stocks and book debts.

312. Instances have been given to the Committee where it has been done, not in one but several cases in England?—In what class of business?

313. Starting as druggists and vendors of patent medicines, companies consisting of a capital of £10,000 have been divided into 1,000,000 shares with a penny to be called up on each share?—If you get people inclined to go into such a thing as that I do not think you could legislate for them.

314. Should we not legislate against that?—No; I think it would be too big an order. I think it would be a very great hardship in a private company like ours—composed simply of the original members of Huddart, Parker, and Co., who for purposes of convenience went under the Act, who have not any public shareholders, who do not offer their shares to the public, who do not take money from the public, but simply act as a trading concern whose greatest strength is the secrecy of their operations—to ask



them to comply with the clause which provides for the posting up in a conspicuous place of the balance-sheet and for a public auditor. The knowledge of a company's business should be confined to the shareholders. I own shares in other companies simply for the purpose of getting information.

315. Are there any other portions of this Bill that you object to?—Not as affecting my company.

316. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You say the private companies should not consist of more than twenty shareholders, and that they should not be allowed to take deposits from the public?—Yes.

317. What about debentures—would not debentures be practically another name for deposits?—Hardly. If you go on the market for debentures they have the first lien over all your assets. They are different to an ordinary deposit. If I go on the market for debentures to-morrow my property has to be free; I have to appoint trustees, and give them the first lien over the whole of my property. That has to be registered, and a board of trustees formed in London, or wherever the debentures may be raised.

318. Any member of the public who thinks of giving credit to your company would know perfectly well that you had a number of debentures out, and that your property was secured?—Quite so.

319. Is there any possibility of those twenty shareholders being really trustees for 1,000 outside?—Then you would be taking outside shareholders.

320. The only shareholders recognised would be those whose names were on the register. That is a question that was raised by Lord Davey before the Committee of the House of Lords?—I should think it would be possible.

321. The answer by Mr. Wallis, one of the directors of the Bank of England, was in the affirmative?—Yes.

322. *By the Hon. the Chairman.*—Those debentures so issued would get into the hands of the public?—Yes.

323. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—As a matter of fact, assuming that a private firm gets credit, it does so, not from the public generally, but from parties who are prepared to supply it with goods of some sort?—Yes.

324. Those parties, creditors, would naturally try to ascertain the position of the firm before giving credit. Assuming that that private firm is turned into a private company, would there be any difference in the class of creditors; would not the same parties still supply them?—There would be no difference whatever. The creditor has the same facilities for finding out the position of a company going under the Act as in the case of a private firm.

325. Neither as a private company nor as a private firm would there be public creditors in the ordinary acceptance of the term, such as depositors in a bank?—No.

326. Can you see any means by which this limit of twenty shall be absolutely retained. How are you to prevent those twenty dividing their shares among twenty others, and so unloading on the public?—I see that is the difficulty. I do not quite see for the moment how that could be got over, the difficulty being to define a shareholder. In my company I am trustee for shares for my sisters, and there is nothing to prevent me being trustee for shares for John Brown in the street. I should think it could be got over.

327. If the difficulty is really a fact, the so-called limitation of shareholders to twenty would be a myth?—We might get over it, perhaps, by having twenty *bonâ fide* shareholders, and no trustees whatever.

328. What is to prevent those twenty selling half their shares to me to-morrow?—That would apply if you had the number five. If a man wants to evade the Act and be dishonest I do not see how you are going to prevent him. To get over the trustee business you could have them all shareholders and have no trustees. That is, that those persons for whom I am trustee must have their shares registered in their name, and count as individual shareholders.

329. Even if you start with twenty what is to prevent those twenty selling next day to outsiders?—We do not recognise a shareholder as one until the transfer is registered in our books. If I gave half my shares to somebody else, until that name is registered in the books, and the transfer duly confirmed by the board of directors, the original shareholder stands. If you made a very heavy penalty on the directors for infringing the Act I think that would meet it.

330. *By the Hon. the Chairman.*—You would say that if they went beyond the number of twenty shareholders, they should come under the provisions of the Act?—Most decidedly.

331. *By the Hon. S. W. Cooke.*—You formed this company for the purposes of convenience?—Yes.

332. No other object?—No other object whatever.

333. You are not protected in a way that a partnership could not be?—Yes. When I come under the Act my liability is limited, whereas if I am working under a partnership as long as I have any money I have to pay the debts of the firm.

334. The position of the public towards you is altered by that?—Yes, but the public know whom they are dealing with. The law provides that, and I have to put over my door in a conspicuous place the word "Limited," warning the public they are dealing with a limited company. The public can find out all the information they want, and find out whether my property is mortgaged, but they cannot at present see my balance-sheet. They do not know what profits I am making, and that is my strength.

335. *By the Hon. J. H. Abbott.*—They do not know what your assets are?—They can see the ships.

336. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You say that under this limited private company the partners' risk is limited to the amount of their shares, and that under a private firm the partners have an unlimited liability. Are you not aware that under the Partnership Act there is such a thing as limited partnership, which is exactly the same thing?—Yes. I am advised by my solicitors that I could go back to the partnership system, having all the advantages that I want, that I have now under this Companies Act of 1864. A partnership deed could be drawn up with a limited liability.

337. In that case, even assuming this Bill to pass, you can ignore it and go back to a limited partnership?—Yes. There would be no other course open to me. We are determined we shall not disclose our business to our competitors.

338. What objection do you have to the doing that?—We do not want to be disorganised and go into liquidation; it might be misinterpreted.

339. *By the Hon. the Chairman.*—Suppose a clause was inserted in the Bill to enable you to go into liquidation, to carry out such a scheme as that mentioned by you, and have the liability of members limited under the Act, would that meet your view. If there was an exception made that after the passing of the Bill if any company such as yours desired to come under the operation of the Partnership Act it could do so, would that meet the case?—Not so well as if you put an amendment to this Bill that a company consisting of not more than twenty members should not come under the operation of this Act in so far as that amends the original Act. We are quite content with the original Act, but we do not want this amendment, especially clause (d) of sub-section 5, section 25.

340. *By the Hon. S. Fraser.*—Supposing one of Paterson's ships, or any other private owner's, ran one of your ships down, and did you damage to the extent of £20,000, you would get the money; do you not think it would be rather hard if one of your ships ran one of Paterson's ships down and, through your being a limited liability company and your ships all mortgaged, Paterson had no redress?—We do not run our ships uninsured. The question of a collision, or sinking another man's ship, is a matter of insurance. It is a general principle with all shipowners to insure their vessels partially or wholly.

341. Some owners insure their own vessels?—Only the very big lines such as the P. and O.

342. Do you not think in a case like that, a ship-owner whose ship was run down by the ship of a limited liability company, whose ships were all pledged, might be done out of his damages?—It would be a hardship, but put it the other way—supposing I ran down Paterson's ship, and he has mortgaged his ship right up to the hilt, it is very hard upon me.

343. You might escape through your being a company, limited?—No, because every mortgage has to be registered, and I could go down to the Customs House to-morrow, and by paying 1s. I can see how every ship stands. If a ship is mortgaged I know it.

344. Would you be able to get the money?—That affects a partnership just the same as a limited company. It does not make any difference. It is no disadvantage to the partners as against the company.

345. A shareholder can only be called upon to pay a certain amount. He may be a wealthy man outside of that liability and yet escape such contingencies as I have alluded to?—I have never known of such a case. The same thing could occur with a partnership. I might find that under the partnership system a ship-owner might be exactly in the same position, that apart from his ships and stocks he had nothing more. That might occur any day.

346. *By the Hon. the Chairman.*—In the case of a limited partnership all his property is liable, but in the other case a shareholder is only responsible to the extent of the unpaid calls?—The only difference is that in the one case the liability is known, and in the other it is an unknown quantity.

347. *By the Hon. D. Melville.*—Has anything occurred in the whole history of the colony among shipping people that should cause this Bill to be necessary?—I do not know of anything.

348. How long have you known the shipping trade of Melbourne?—I have been intimately connected with it for about eleven years.

349. Have any shipping houses had fraudulent transactions?—Not that I know of.

350. Have there been any insolvencies among you?—Not one.

351. How many private companies exist in the particular way in which you exist?—I think there are three shipping companies, McIlwraith, McEacharn, and Co., Howard Smith and Co., and ourselves.

352. Your transactions are very extensive?—Yes.

353. They run into hundreds of thousands of pounds?—Yes.

354. It was to encourage this kind of thing that we passed this Limited Liability Act?—I should think so.

355. Had it that effect?—I think so, most decidedly.

356. *By the Hon. A. Wynne.*—If this legislation is made too stringent, is there any danger of your moving your head-quarters to Sydney or Adelaide?—I should take very good measures to get out of it, if I could, by doing anything possible, whether moving my quarters or going into partnership or anything else. I should be very sorry to leave Melbourne, but if we are driven out it means a lot of money going out of this port. We spend a good lot of money every year.

*The witness withdrew.*

Frank King Terry examined.

357. *By the Hon. the Chairman.*—Are you a member of the firm of McIlwraith, McEacharn, and Co. Limited?—I am.

358. You wish to give some reasons to the Committee why a company such as yours should be exempted from certain portions of this Bill?—I have read Mr. Holmes' evidence given yesterday, and heard Mr. Parker's evidence, and they have completely traversed the whole of the ground between them. In the case of my own firm we went under the Act for the convenience it afforded to us. It is quite a usual thing with private companies for senior partners, or the men who have the most money invested in the concern, to make a sort of joint-stock life assurance, so that in the event of the death of one the business will not be hampered, and the concern will go on in the usual way. That I think is one great convenience that the Act affords to us, because each man's position is defined, and his liability ends at the point. I do not know that I can add anything at all to the reasons given, beyond saying that I consider the clause objected to is one that could not possibly be tolerated—that is about posting up the balance-sheet.

359. Suppose that were omitted from the Bill, have you any objection?—I have not studied the Bill very thoroughly, but I think that one clause stands out prominently as being most obnoxious and damaging. That is my principal objection.

360. How many members are there in your company?—Most of the partners have large families. I should think about 20 or 25 altogether. That I think could be easily overcome by means of a trust deed. Take the case of Andrew or John McIlwraith; they have families of five up to seven or eight children. All their children are in the company, but those children could easily have the whole thing vested in their father's name, and so reduce the number of shareholders. That is dealing with concerns which like our own are purely proprietary. There is a clause in our articles of association stating—"It not being intended that the company shall be conducted as a public company with an unlimited power

of transfer it is hereby declared that any person claiming under a transfer shall not, save as hereinafter mentioned, be entitled to be registered as a member of the company except such person shall be approved of in that behalf by the company acting in general meeting or through the board of directors. The directors may, moreover, refuse to register the transfer of any share if in the exercise of their discretion they think fit, and shall not be required or bound to give any reason for their refusal." In another clause it states that any member desirous of disposing of his shares must first of all offer his shares to the other members of the company, and if none of the other partners or directors care to buy the shares then he is at liberty to sell outside, but the transfer will only be passed subject to the approval of the board, the intention being to keep this a proprietary concern; if any outsider is introduced the directors will simply refuse to register the transfer.

361. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Suppose the concern got into difficulties, the directors might be very glad to get rid of their shares?—Our shares are paid up. I do not see any point in that.

362. You might by that means exceed the twenty shareholders in order to relieve yourselves of losses that you anticipated would arise?—There can be no further liability on the individual.

363. Assuming the shares are at par to-day but you have good reason to think there is danger of loss ahead, so you elect to sell your shares at par, there is the end of it as far as you are concerned, but the number of shareholders will be increased?—That is assuming that all the board want to scramble out of their shares. In that case I think they would not stand long at par. I think when shares are fully paid up it is a safe guarantee.

364. *By the Hon. the Chairman.*—Do you in those articles provide for a reserve fund?—Yes, we have a reserve fund. The articles say—"The profits of the company shall belong to the members in proportion to the amount paid up on the shares held by them respectively," and so on. Then it goes on—"The directors shall be at liberty from time to time, if they shall see fit so to do, to appropriate out of the profits of the company in any year such an amount as in their discretion shall be proper for or towards the formation of a reserve fund for equalising dividends, effecting repairs, or meeting extraordinary expenses, and, at the discretion of the directors, for any purposes of the company. The reserve fund, and any other funds of the company available for investment, shall be invested in such investments as the directors may consider expedient." I have here a circular that was issued on the 13th November, 1891, where we state the whole of the share capital issued has been subscribed for by the present partners, and the business will be carried on as heretofore. That was when we came under the Act. I think one way of getting over the difficulty in connexion with this objectionable clause would be that companies like our own should be exempted by having stated at their place of business, say, "McIlwraith, McEacharn, Proprietary Limited," to draw the attention of people who are going to trust us with their goods to the fact that we are a proprietary company, and if they want to deal with us they must find out all about us. The whole of this Bill is really legislating on past experience of banks and kindred institutions, not at all as affecting ordinary commercial businesses such as ours but simply going back on the sad past experience of banks.

365. *By the Hon. N. FitzGerald.*—You mean that the "Proprietary Company" would act as a warning note to the people who were inclined to trust them?—I would put it as a sort of distinguishing feature of the company. It simply causes a man who reads it on the door-plate to say—"That is a proprietary concern. I must make inquiries about them," if he thinks it necessary to do so.

366. *By the Hon. A. Wynne.*—In dealing with companies or firms, if you are going to give them credit you have no great difficulty in finding out their standing, or whether it is advisable to give them credit?—Not the slightest; especially in a small community like this; it is more difficult in a big centre like London.

367. And the same applies to your company, people have an opportunity of finding out your position before they give you credit?—Yes.

368. Is there any danger of the company removing their head-quarters to another colony if this provision affects them so strongly, in order to evade it?—When the primage duty was passed we heard a good deal about people intending to go to Sydney, and I really believe had that not been rescinded numbers of firms would have left here and gone to New South Wales. I really think this would tend in the direction of driving trade away from here. We are rather over-legislated.

369. *By the Hon. N. FitzGerald.*—It would be a heavy handicap on private companies if they were obliged to show their profits?—Of course. We hold shares in other companies simply to find out their position.

370. *By the Hon. S. Fraser.*—Do you think proprietary companies working under the present Act have an advantage over purely public companies who advertise their balance-sheets?—Only in this way, that we ensure privacy in our affairs, nothing beyond that.

371. Is that an advantage?—Most distinctly.

372. *By the Hon. the Chairman.*—All companies are alike under the present Companies Act; the same statements have to be sent in to the Registrar-General every year, so there is no distinction between your company and other companies under the Companies Act except the banking companies?—Yes.

373. If you were not a shareholder in the other companies that you have referred to could you get the information by going to the Registrar-General's office?—No.

*The witness withdrew.*

Randal J. Alcock examined.

374. *By the Hon. the Chairman.*—You are president of the Chamber of Commerce?—Yes.

375. You have gone through this Bill now before the Committee?—Yes.

376. Is there any portion of it that you would like to see altered?—A good many. The legislative committee of the Chamber of Commerce have gone through this Bill and, in conjunction with the Accountants' Association, have made certain suggestions. I am voicing their opinion when I say as to clause 21, that no benefit would arise from requiring one-fourth of the subscribed capital to be paid up prior to the registration of the company.

377. Do you approve of insisting upon any portion of the capital being called up?—We do not think it necessary for it to be cash, it might be given in kind. A business may be formed into a company without any money passing at all—the value may be all taken out in shares, and the value given in stock or book debts.

378. How would you propose to amend that?—“The conference think that the safety of the public will be sufficiently secured by requiring that before a company is registered the amount paid up in cash on each share subscribed shall appear in the statutory declarations referred to in sub-section 1, which should not only be filed with the Registrar-General, but be published in the daily newspapers for a week in Melbourne, and in the place where the principal office or place of business of the company in the colony is situated, and also be posted up in some conspicuous place in the registered office of the company.” Our conclusion is that as long as you let the public know how much cash is paid up, that is all the public have got to do with. Make it as public as you can, how much cash is paid up.

379. *By the Hon. S. W. Cooke.*—Supposing there is no cash paid up?—Then there is no cash paid up on the shares. This clause would mean evasion. It could be easily got over. If I were forming my business into a company, I would simply get a cheque from the company, and hand it over. It would lead to evasions.

380. *By the Hon. the Chairman.*—Do you not think in the inception of a company it ought to be fully stated in the prospectus the amount of capital intended to be called up?—Certainly.

381. But in those particular clauses you would not make it a condition that any portion of the capital was to be paid up in cash?—No, so long as you let the public know what does it matter?

382. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In other words your business might be turned into a company, and really, although there might be £200,000 worth of assets, there might not be a couple of thousand pounds of cash on the whole proceeding?—Exactly.

383. So long as the money value is there, that is all that is necessary?—Yes, that is the whole point. In clause (f) of section 102, in the prospectus you have to state the minimum amount at which the allotment will proceed, which is a safe precaution; as long as the public know the real position of a company you should not put any hindrances in the way of the formation of it. Clause 24 we think it would be impracticable to many trading companies to comply with. We would like to see it confined to banks, and the statutory declaration to contain an extract from the books, and the certificate of the manager should be sufficient that that is a true extract from the books. No doubt this clause was drafted with the idea of stopping financial institutions lending one another money on balancing-day, but I do not think that it would stop it.

384. *By the Hon. the Chairman.*—You approve of sub-clause 1 of clause 24 so far as banks are concerned?—Not a complete statement of their assets and liabilities. They could not do it very well, I think. It would mean, on the last Monday of March in every year making up a real balance-sheet, and probably, by their articles of association, their balance-sheets are at different times of the year.

385. *By the Hon. A. Wynne.*—It would be possible to alter the date of the balance-day?—You surely do not want to ask all the banks to alter their days of balancing to bring them in accord with this Act.

386. *By the Hon. the Chairman.*—That is done with the object of preventing a recurrence of what took place between the Mercantile Bank and another bank?—Yes, but I do not think it would have the effect of preventing it in any way.

387. *By the Hon. C. J. Ham.*—Would it not be very inconvenient for the traders to have to make their balance on a particular day?—The traders could not do it.

388. Some trades are dull at one season, and others at another. Is it not usual to take stock at different times?—Yes. With the softgoods trade it would be impossible to take their balances on the last Monday in March. That is the busiest time of the year, and the same with millers.

389. *By the Hon. the Chairman.*—I suppose, in some businesses, the accounts are taken at the end of the year?—Yes, the end of December and the end of June, generally. Some banks take them in March and September.

390. So far as the banks are concerned, you do not see any impracticable difficulty in the way of giving effect to this clause?—I do not see any, but I am not qualified to say. It certainly would be impracticable from a trader's point of view.

391. *By the Hon. J. H. Abbott.*—Is there any other way of accomplishing the same object, that is, preventing the institutions lending each other money on balancing-day?—I cannot say as to that; I do not think this will do it. I do not think it is done very often. I know it was done in the Mercantile and Commercial Bank case, but that might be the only case on record. There is a slight alteration in the wording in clause 25, subdivision 4; we suggest that after the word “section” the words “and of subdivision 4 of Division 2” be added, to meet the case of companies like the Colonial Sugar Company. Clause 26 we do not see the necessity of.

392. *By the Hon. the Chairman.*—The object is, if a company declares it has a reserve fund, that reserve fund is to be specially set apart and have a real existence, not to be operated on by the directors except by a special resolution of the shareholders. What is your objection to that?—There is no better use to put the reserve fund of a business to than to use it in the business. It is so much capital with no interest for it.

393. If the business is a failure then the reserve fund goes?—Yes.

394. If the reserve fund were invested otherwise, say on good security, such as Government debentures, would not that be a greater security to the shareholders?—The chances are if the business was a failure there would never be a reserve fund to invest. It would have been used up before the company could be a failure. The reserve fund would have been used up by resolution of shareholders. I think that is a popular delusion about the reserve fund having to be invested in a particular way. In trading companies you could not possibly put it to a better use than to use it in your business.

395. *By the Hon. C. J. Ham.*—Is it not desirable, when the reserve fund is stated, to say how that fund is invested—if it is invested in the business, say it is invested in the business?—Yes, certainly. I think that is not a bad idea, to say—“Reserve fund, used in the business,” if it is used in the business.

396. *By the Hon. the Chairman.*—There is nothing in this clause to prevent that. It may be invested in any way the shareholders wish?—Yes.

397. It is set apart for a particular purpose to meet the debts of the company, surely there can be no objection to set it forth?—There is really not much objection to it, but we do not see the necessity for it.

398. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Supposing by resolution it was decided to invest half the reserve fund in debentures and the other half in the business, then a time of panic arrives and the directors feel, in order to save the company they must use, and use promptly, the reserve fund invested in debentures, what would be the effect of the directors calling the shareholders together to get an extraordinary resolution passed to turn those debentures into cash?—In all probability it would mean ruination to the company.

399. *By the Hon. the Chairman.*—Do you understand that there is any danger of such a difficulty as that arising under this clause?—In paragraph (b) of clause 26 it says—“such reserve fund has been and is still specially appropriated by a resolution of the company as a reserve fund for a specific purpose or purposes.” It would hamper the management of a company considerably for the reserve fund to be used only for a specific purpose.

400. Suppose a meeting of shareholders is called when the company is in a good position, and the shareholders by special resolution give the power to the directors to deal with that reserve fund—having given that power to the directors would there be any apprehension then of the reserve fund not being used in a time of difficulty?—No, but could the meeting give the directors power to deal with it as they think best? It says—“for a special purpose.” If they can give the directors power to deal with it as they think best that answers the purpose. In that case I think it is unnecessary.

401. Reading this clause in the way it is capable of being read, the shareholders, at any time by special resolution, may tell the directors to deal with the reserve fund in any way they think best?—I see no objection to that, but I say I do not think it is necessary. Subdivision 4, clause 32, is the next point. “We think if it is considered desirable in order to safeguard the interests of the public that auditors of companies in Victoria be licensed, the conference wish to record their conviction that such an end will not be secured by the adoption of a provision which would invest with official recognition every person who has had the minimum of three years’ experience as an auditor. In the opinion of the conference it would be wiser to delete the clause than to pass it as it stands. As an alternative the following is suggested :— ‘(1) After the expiration of six months from the commencement of this Act no person shall be appointed or act as an auditor for any company unless he hold a licence authorizing him to act as an auditor for companies. Such licence shall be obtainable from the Companies Auditors’ Board (hereinafter in this section referred to as ‘the Board’) which shall consist of three competent persons (of whom not less than one shall be a practising public accountant), such Board to be appointed by the Governor in Council. (2) Any person who may apply to be licensed as an auditor for companies shall be entitled to receive a licence upon satisfying the Board, in such manner as may be prescribed, that he possesses the requisite knowledge of accounts and of the provisions of the Companies Acts.’” It was pointed out that there is no provision in the English Bill defining the qualifications of an auditor of companies, and they are left to select their own auditors. I think that is the proper way. I think the companies will take good care to get the best men, but if it is considered necessary in view of the revelations of the past to take it outside the companies to select their own men, there should be a proper Board to license auditors. In the Accountants’ Association there may be a good many admitted who are not competent, and if that obtains with them how much more will it obtain among other men? This Bill proposes to make all sorts of persons competent auditors—people who probably hold no status whatever at the present time.

402. *By the Hon. C. J. Ham.*—You think that three years’ practice as an accountant is a very light qualification?—Yes, decidedly. My office manager can be an auditor under this Act, because he has practised as an accountant for three years. The thing is ridiculous. Any bookkeeper in any commercial house can be an auditor of companies under this clause.

403. *By the Hon. S. Fraser.*—Do you not think that in the past a good deal of trouble has arisen through auditors being at the mercy of boards of directors, and that it would be advisable, if possible, to make auditors somewhat independent of directors in their appointment?—I certainly think there have been evils through auditors being under the thumb of directors to a large extent, and, if they could be made independent, it would be a good thing for the community; but I have not given consideration as to how that could be done. I question if it is possible. The next clause is subdivision 5—special audit. We suggest that the number demanding the audit should not be less than one-tenth, and there should only be a special audit in the case of companies which solicit money from the public, and no other.

404. *By the Hon. the Chairman.*—You think it advisable that the application to the Court should be made *in camera*?—Yes, distinctly, and that the Judge should decide whether the future proceedings should be in private or not. Personally I differ from most of the gentlemen who have discussed this. The Chamber’s views are that the shareholders only should have the right; but personally I think that creditors should have the right to demand a special audit also, under special circumstances, where they have placed money on deposit in an institution for a lengthened time. Everything is fair sailing and in perfect order when they place the money there, and because they have done that they are debarred from taking any action until their deposit is due. I do not think that is fair. If I put a deposit in the bank for three years, and after a certain time I hear rumours that make me suspect something is going wrong, I ought to have power, if I can get a sufficient number of creditors to agree with me, to move the Court to get a special audit. I think a special audit is a very dangerous thing; but, if you give the power to shareholders, I personally think the creditors, under certain conditions, should have the same power.

405. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would you apply that to private firms?—Certainly not. Before I would take your bill I would inquire into your position.

406. Is not that the case in a public company?—Yes; but a public company takes the benefit of the Act in so many ways that I would apply a different rule to it from that which I would apply to a private firm. When you are taking it from a private firm you know you are taking the risk, and that you have no redress; but when you trust a company you have the right to expect more consideration, because they are getting advantages, and so you should have some also. I know I am singular in that opinion among the members of the Chamber of Commerce. I would give it to future creditors, that is, creditors who deposit their money after a certain time. If I trusted a company with a deposit for six months, I would not consider I had any right to the audit. I ought to have taken every means to find out all about it; but when it comes to one, three, or five years, things alter so much, that I ought to have that privilege.

407. *By the Hon. J. H. Abbott.*—Could not a company go wrong in six months?—It could, but I ought to be able to find out about it.

408. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would not that place an immense power in the hands of a creditor who had placed his money in a company for five years and desired to get it out; could he not go to the manager and say—"I want my money, otherwise I will get up a petition"?—Yes, if he could do it by himself.

409. He could go round to the other creditors?—It will be very hard to get one-tenth of the creditors of an institution to move unless they honestly believe there is something wrong.

410. It is not difficult to get a busybody to go round and try and do it?—No. Perhaps there would be some damage done in that way.

411. *By the Hon. C. J. Ham.*—You would apply the one-tenth limit to creditors as well as shareholders?—Decidedly. I do not think a special audit is necessary at all, but if you pass this special audit clause at all the power should be given to creditors equally with shareholders, under certain conditions. The creditors are very strongly interested in the success or otherwise of an institution.

412. Say an institution has £600,000 worth of deposits and a rival institution that may or may not be sound desires to injure it, if it could get creditors to the extent of £60,000 to call for that special audit it would not be wise to grant it?—Not if one institution could do it—I would not give the power to one man—I said under certain conditions.

413. You raise an important condition, that it shall not be the amount but the number?—The number and value is the term we usually apply in dealing with creditors. I would not give it to any one man or any small number.

414. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would not the effect of the creditors taking such a course be to knock down the shares in the market?—I do not suppose it would any more than the shareholders applying for it. A shareholder goes into a concern and gets the profits if there are any, large or small. A creditor goes in and lends his money and only takes a small interest, and he has a right to be considered.

415. He gets all the profit he asks for?—Yes; but he prefers rather than run the risk of getting better profits to take the smaller rate they offer him, and surely if he thinks things are going wrong, and finds a sufficient number of others who think so, he ought to have the same right as the shareholders.

416. *By the Hon. S. Fraser.*—You think in the case of shareholders they may realize that their interest has gone; therefore in that emergency it devolves upon the creditors, should they know of anything damaging to the institution, to step in and be entitled to an audit?—Yes, that is my own private opinion.

417. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You are against a special audit altogether?—Yes.

418. *By the Hon. the Chairman.*—You are aware that under the Companies Act there is the power now vested in the Court to order an inspection?—Yes, I believe that is so.

419. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—What is your opinion of clause 45—"No banking company and no director or manager thereof on behalf of such company shall directly or indirectly make or grant any advance or discount to or for the benefit of any director, manager, officer, or auditor of such company"?—At one time it was considered a qualification for a director if he could bring discounts and business to a bank, now it seems to be the other way. Personally I am opposed to a director having advances from a bank he is connected with.

420. *By the Hon. S. W. Cooke.*—Then you approve of this clause?—I thoroughly disagree with directors getting advances from their own bank.

421. *By the Hon. S. Fraser.*—Would you object to a bank giving advances against produce, or wool, or wheat, or wine?—I think, considering the way it has been abused in the past, that it is just as well to have a clause forbidding a director having any dealings with a bank of which he is a director, either with security or without.

422. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Clause 46 provides that in other companies than banks directors may obtain advances conditional upon its being published?—I would not object to banks giving them if they published it—I see no objection to that clause. The next clause is 48; until profits have been defined we deprecate most strongly the addition of further penalties, considering that the existing provisions are quite adequate.

423. *By the Hon. the Chairman.*—How do you propose to define profits?—It will take a cleverer man than I am to do that. Where there are so many differences of opinion among the Judges of the old world, and here too, it seems extremely harsh to fix further penalties for doing something that you have not an infallible tribunal to decide. If you can define exactly what profits are, and lay down certain lines upon which directors are to act, it will be all right, but if that clause is passed I do not think any man who has anything to lose will take a position as director. If I am a director I object to have the obloquy of being brought before the Criminal Court and having to answer a charge of which I am perfectly innocent. The stain may remain upon me all my life, and my children after me.

424. If a director is paying a dividend out of what he knows are not profits, ought he not to be subject to some penalty?—Yes.

425. Sub-section 2 says—"If any director or manager of a company wilfully pays or permits to be paid any dividend out of what he knows is not such profits"?—But it has never been decided what are profits. It would be a matter of impossibility to prove that he knew they were not profits; already under the Act if a man pays a dividend from what he knows are not profits he is liable to refund, but this is making it a misdemeanour. Where will you get any man who has any respect for himself to take the office of director with the liability of being thrown into prison by the *ipse dixit* of some fallible jury? If you could get an infallible tribunal no man will object to coming before it. As to clause 97, the conference make the following recommendations:—"Clause 97. In line 7, after 'forfeited' add 'or surrendered.'" The conference also recommend the addition at the end of this clause of a sub-section providing that—"Where any shares in a company have been forfeited or surrendered in pursuance of any power in that behalf contained in the articles of association of such company, or in the Companies Acts, the amount paid up on such forfeited or surrendered shares may be passed to the credit of a reserve account, or used to write down the book values of any assets of the company; or so much of the said amount as may be required for

the purpose may be used to write off losses previously made; but in no case shall any portion of such amount be treated as profit available for payment of dividend or bonus." The conference also recommend the addition of a further sub-section as follows:—"Where at the date of the commencement of this Act any company holds a mortgage or lien on shares of such company belonging to a debtor, and such judgment after the expiration of twelve days remains unsatisfied, or such debtor becomes insolvent, it shall be lawful for such company to declare such shares to be forfeited, and upon such forfeiture such debt shall be extinguished."

426. Did this emanate from the Chamber of Commerce?—Yes.

427. Having got a judgment against a debtor why could not it be put in force and the shares attached?—Supposing they are attached, the shares are of no value—take Stevenson's case, the shares are not saleable at all—that is the only case I know of. I am voicing the opinion of one of our legal representatives who went into the thing very thoroughly, and we thought it a very fair and reasonable thing.

428. Do you remember the particulars of Stevenson's case?—No. I know they owed a big debt to the firm, £60,000, and that they held shares for it. Those shares are valueless—they cannot extinguish them and they cannot do anything with them—they want to forfeit the shares and wipe off the liability.

429. *By the Hon. A. Wynne.*—Are they paid up?—I think so.

430. *By the Hon. C. J. Ham.*—The effect of that will be to make the balance-sheet a more true and correct one?—Yes, that was the idea. On Division 6 we say—"The conference observe with regret that in clause 106, which is taken from the English Bill, an important proviso has been omitted which, if not embodied in the Bill now before Parliament, will effectually prevent the formation of *private* companies, as distinguished from *public* companies that invite subscriptions from outside investors by prospectus or advertisement. It must be manifest that, by placing difficulties in the way of those desiring to bring private enterprises under the Act, serious wrong may be done to the commercial community without any justification. It is suggested that the following words, which are an adaptation of a proviso in clause 2 of the English Bill, be inserted as a proviso to clause 100 of this Bill, which will then govern the whole of this Division:—"Provided that the provisions of this Division shall not apply to a company which does not issue any invitation to the public to subscribe to its shares." In clause 102 you put in in sub-section (b) a lot of things that are being repealed now in England—they are simply a trap as they are put in—in England they are taking out the waiving clause. As a matter of fact I understand it is nearly always waived in the formation of companies; they are striking it out, and making the waiving impossible. I think any company that takes the benefit of the Act should have to give certain information. At present they register under the Act; they abolish Table A and give no information. I think it inadvisable that companies should be asked to publish their balance-sheets, but I think there ought to be some disabilities imposed upon them.

431. *By the Hon. the Chairman.*—The information they give now is very full?—It is of no possible use. I consider the firms whose whole fortunes are between their creditors and loss are deserving of some consideration as against public companies, if the Committee can see any way of doing it without giving private information to rivals in trade, which would be very objectionable and would drive the companies out of the place.

432. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—The suggestion that assets and liabilities should be published or filed would give that information?—I am afraid it would be subject to the same objection. In sub-clause 2 it says—"A prospectus which does not comply with this section shall be deemed to be fraudulent;" we do not object to penalties, but we object to such things as that being called fraudulent. A man may forget a very simple matter, and be quite unconscious he has forgotten it, but he renders himself liable to a prosecution for fraud. In section 114, sub-section 2, it says—"Every director shall be under an obligation to the company to use reasonable care and prudence;" it is another case of the definition of the word "prudence." In clause 160, Division 10, we recommend that instead of the words "unless they or he prove that they or he had no" it should be "if it be proved to the satisfaction of the Court that they or he had"—it is very difficult to prove want of knowledge. A man should be considered innocent until he is proved guilty, and ought not to be considered a rogue from the start. Under this clause a director is asked to prove a negative, which is a very difficult thing to do. If you can prove a man to have committed fraud punish him as much as you like, but do not make him a criminal from the start. My own opinion is that, if this Bill passes as it stands, very few people will be willing to accept the position of director.

433. *By the Hon. the Chairman.*—If the amendment is made would it not be very difficult to get a conviction?—Are you going to bring a director up on the chance of getting a conviction against him, and tell him he has to prove he had no knowledge, a thing it is almost impossible to do? Surely if you bring a man to Court you should prove what you allege he is guilty of; that is how it presents itself to our minds. In Division 10, section 161, as to friendly societies, we cannot for the life of us see why the deposits of friendly societies should have any preference over anything else.

434. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—On Form B there is a statement of assets and liabilities, which applies to a company not being a banking company, and one of the most important items in connexion with a company, stock, is omitted altogether?—Yes, I see that. If you commence to analyse the Schedule you see "Real estate, value so-and-so," and it should be "estimated value."

*The witness withdrew.*

*Adjourned to Tuesday next, at Three o'clock.*

TUESDAY, 15<sup>TH</sup> SEPTEMBER, 1896.*Members present :*

The Hon. H. CUTHBERT, in the Chair ;

The Hon. J. H. Abbott  
 N. FitzGerald  
 S. Fraser  
 F. S. Grimwade  
 C. J. Ham  
 D. Melville

The Hon. A. O. Sachse  
 Lieut.-Col. Sir F. T. Sargood  
 S. W. Cooke  
 Sir H. J. Wrixon  
 A. Wynne.

John Sawers examined.

435. *By the Hon. the Chairman.*—What are you?—Superintendent of the Bank of Australasia.

436. Does that bank confine its business to Victoria?—No, it has got business all over the Australasian colonies.

437. You desire on behalf of that bank to point out to the Committee certain clauses in the Bill in which you think amendments might be made, or which you think ought not to be applicable to a bank?—Yes, as the present chairman of the banks of Victoria I have been deputed by the other banks to represent their views.

438. There has been a meeting of the banks, and the Bill has been under the consideration of the meeting?—Yes, it has been carefully considered.

439. Which is the first clause to which you would like to direct the attention of the Committee?—With your permission I should like to say first that the banks interviewed the Premier and Attorney-General in regard to this Bill. They were very courteously received, and both the Attorney-General and the Premier took a great deal of trouble with us; but there were certain points on which we could not agree, and regarding those points we have asked to be heard here to-night. The first general point is that all the banks are of opinion that it would be much better if any regulations in regard to banks should be brought under the Banks and Currency Act 1890. The Government could not see their way to fall in with our suggestions, but we have a strong opinion on the subject. The first special point to which we are anxious to call the attention of the Committee is really the point on which we feel strongest, that is, the special audit, clause 37, subdivision 5.

440. Do you object generally to that?—Yes, we object generally to a special audit very strongly. We think, in any time of uneasiness in the colony, the very fact of a petition for a special audit being hawked about for signature might be enough to bring down a bank. We can hardly put in too strong words our objection to a special audit. Banks are institutions that depend very much upon their credit, and the very fact of any one getting up a petition to request a special audit would be very detrimental to them, and in a time of uneasiness might be very dangerous. We do not object to the clause in the present Act in regard to shareholders; it is in regard to creditors presenting a petition for a special audit. The present Act allows shareholders to do that, and we have no objection to one-tenth of the shareholders presenting a petition for a special audit, but we do object that creditors should do so.

441. *By the Hon. N. FitzGerald.*—Do you think that one-twentieth of the shareholders should have that power?—No, we would like to have it one-tenth; we object to one-twentieth.

442. *By the Hon. the Chairman.*—You object altogether to creditors having such a right?—Yes, we think that as long as we meet our obligations when they are due the creditors have no business to interfere.

443. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Creditors would include current account holders?—Yes, but if their cheques are met when presented, and their fixed deposits are met when due, what complaint can any one have? What right can a creditor have to take a petition round asking for a special audit?

444. *By the Hon. F. S. Grimwade.*—A fixed depositor could not do that under this clause?—We take it he is a creditor, as we read the Bill.

445. *By the Hon. the Chairman.*—Is there any particular clause to which you can call the attention of the Committee that would make a gentleman in such circumstances think he was a creditor under section 37. Can a fixed depositor for twelve months be regarded under this clause as a creditor until his deposit arrives at maturity?—It is a legal point; we believe that he could. A current account holder, I presume, would be considered a creditor. If his cheques are paid when presented, what right could he have to petition that the bank should have a special audit?

446. He has a current account, and if he wished to get payment of his money can he not draw a cheque for the amount, and if it is cashed he is no longer a creditor?—That is what we contend.

447. *By the Hon. S. W. Cooke.*—You would not object to clause 37 if creditors are omitted, and the number of shareholders be limited to one-tenth?—No, with that alteration we do not object to it. I cannot speak too strongly about the objection we have to it in its present form.

448. *By the Hon. the Chairman.*—That is as far as creditors are concerned?—Yes, and as far as one-twentieth is concerned; we think it ought to be one-tenth.

449. *By the Hon. A. O. Sachse.*—In that case, and an application being made, would you agree that the application should be made *in camera*?—Yes, certainly. There is a resolution by the Chamber of Commerce on the subject, with which the banks quite agree.

450. *By the Hon. N. FitzGerald.*—From your experience of business generally, do you think the objection you have just made on the part of the banks would be equally forcible in the case of companies of other descriptions?—Yes, I think so. So long as any company pays its debts when due there is no reason why any creditor should be permitted to ask for a special audit.

451. Would you think the limitation to one-tenth should apply to other companies as strongly as to banks?—Yes, I think so. There are the ordinary means of law when a company does not pay its debts, in addition to this altogether.

452. *By the Hon. the Chairman.*—If ordinary companies were unable to meet their engagements, why should not the creditors in that case have an equal right with the shareholders?—I quite agree that they



should if the company is unable to meet its engagements. I would point out that a company, if it does not meet its engagements, could be wound up, and therefore there would be no necessity for a special audit.

453. Still, the creditors, in place of winding up, might prefer to have a special audit to ascertain whether it would be better for them to forgo their rights or to wind up?—If engagements are not met when due, I should have no objections to it, if an engagement is dishonoured when it ought to be paid.

454. *By the Hon. Sir H. J. Wrixon.*—Until then there is no creditor?—I maintain so, and we have hitherto thought that the Bill does not say so explicitly.

455. *By the Hon. S. Fraser.*—In the event of creditors or depositors wishing to know the truth of the matter, how are they to arrive at that unless by an audit?—Has a creditor any right to know the truth so long as he gets paid when his engagement becomes due?

456. Suppose he has not been paid?—Then liquidate the concern.

457. The liquidation is not quite in his hands; he may wish to know the real state of matters before he consents to certain things?—I have no objection to it in that case.

458. *By the Hon. F. S. Grimwade.*—This clause would apply to companies who meet their engagements as well as those who do not?—Quite so. The next point is in regard to the reserve fund, clause 26. We do not object in any way to reveal to the public in what way our reserves are invested, but we object to the unnecessary machinery of the Bill. We object to have to call our shareholders together to pass resolutions as to how the reserve fund is to be invested. The colony of Victoria may pass an Act of this sort, and there may be one provision in the Victorian Act about it; there may be another in the New Zealand Act about it, and another in the New South Wales Act—they may be contradictory, and we cannot ask our shareholders to pass contradictory resolutions. We contend that if we place opposite “reserve fund,” in any advertisement, the purpose for which the reserve fund is used, we will have carried out the wishes of the Legislature in the matter, but we object to having to pass resolutions about it which may afterwards be found inconvenient if another colony passes another Bill of this sort somewhat contradictory, and asks for a similar resolution to be passed. We understand that what the Government object to is that the public of this colony have got to understand the words “reserve fund” as meaning a certain thing, and they want the public to thoroughly understand that the reserve fund is not ear-marked, or if it is ear-marked it should be stated so. We have no objection to stating that, but we object to passing resolutions that may afterwards be embarrassing if other colonies in which we do business should pass similar Acts.

459. *By the Hon. the Chairman.*—You have no objection to state that the reserve fund is invested?—None at all, but we think a resolution is unnecessary. We would propose that in every advertisement or balance-sheet we should state opposite the reserve fund the purpose for which it is used. So far as our bank is concerned we should state that it is used for the general purposes of the business—the public would clearly understand then what the reserve fund meant.

460. At the present time the reserve fund is created under the memorandum of association, or a charter, or special Act, as the case may be?—Different banks have got different provisions about it in their different articles of association.

461. All the authority vested in the directors is given to them under the articles of association?—Yes.

462. With companies other than banks, do you see any objection to the shareholders being consulted as to how the reserve fund should be disposed of?—No, but if the other companies were also represented in other colonies, and subject to the laws of other colonies, they might equally find it embarrassing.

463. If the other companies confined their operations to Victoria alone would it work in any way inconveniently or oppressively to those companies?—No, I have no objection to it in that way.

464. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would there not be a similar objection to the shareholders being called together to decide in what way that reserve fund should be dealt with in the case of a crisis?—I do not think that that would be objectionable, even in the case of a crisis. The only objection we have to it is that it may be practically inconvenient in the event of different legislation in other colonies, but we would carry out the wish of the Legislature in another way by shortly stating in the advertisements how the reserve fund is used.

465. Might not the reserve fund, if invested separately, be required to be used suddenly in any sudden emergency?—Companies in that case would have to arrange for it being used for the general purposes of the business.

466. I am assuming that a certain portion of it is separately invested?—I should suggest that in that case the company should have the forethought to arrange beforehand that it should be at the disposal of the directors.

467. In that case clause 26 would be useless. If the shareholders took the precaution to authorize the directors to use the reserve fund in the general business, what is the necessity for this clause?—We do not see the necessity for the clause—we are suggesting the clause should be eliminated.

468. If the reserve fund were separately invested and a crisis arose, might it not have a serious effect if the shareholders had to be called together to pass an extraordinary resolution dealing with the fund?—It would, no doubt.

469. *By the Hon. F. S. Grimwade.*—Would it not practically do away with the object of the reserve fund—is it not intended to be used in times of emergency?—That is my idea; it is no use unless it is at the disposal of the directors in an emergency.

470. If they had to call their shareholders together it would give the public the information that they were in such a position that they would have to use the reserve fund?—Yes.

471. *By the Hon. the Chairman.*—Would not the difficulty be got rid of in the case of companies by, at the inception of the reserve, passing a resolution that the directors could operate on this reserve fund at their pleasure?—Undoubtedly.

472. *By the Hon. J. H. Abbott.*—Do the banks you represent agree with this clause in every other particular?—I have jotted down here what we would propose. We suggest the omission of paragraphs (a), (b), (c), of sub-clause 1, and sub-clause 2, and the substitution of the following—“Unless the representation is accompanied by a statement showing the amount of such reserve fund; how much thereof is employed in the general business of the company and how much, if any, is invested on security (specifying the same) authorized by the articles of association, charter, deed of settlement, or special Act of incorporation of the company.”

473. *By the Hon. N. FitzGerald.*—Referring to other companies than banks, do you think it would be to the advantage of the company to state not only the securities in which this reserve fund is invested but the present actual value of such securities?—I think it would be much better not to give details. It says—“distinguishing the several nature and present actual value of such securities.” I think it would be better to give a general idea of such securities. The shareholders must have confidence in the directors, and if the directors state that the reserve fund amounted to so-and-so, giving a general idea, saying it was in Government consols or anything else, that ought to be sufficient.

474. Your objections to the clause are as strong as applying to the companies as to banks?—Not quite. Our objection as bankers is, that we are dealing in different colonies, and may have different legislations to comply with; if the alteration that we suggest is not made we would object to giving particulars; we would think it sufficient to give totals.

475. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would not your objection hold good if you were a purely Victorian bank, that is, as to the reserve?—I think a purely Victorian bank would certainly object to its being necessary to call the shareholders together. They would prefer the simpler plan of stating in their advertisements what the reserve fund was used for. I do not think it desirable to call shareholders together and pass resolutions, and then to have to call them together after a lapse of time and pass other resolutions, when it can be avoided by a simple statement in any advertisement. I understand the sole objection of the Government to the use of the words “reserve fund” has been that the public look upon it in a certain way. They consider the reserve fund means an ear-marked amount that cannot be used in the general purposes of the business, and the Government are anxious the public should know clearly what the reserve fund is used for. We propose they should know clearly by stating it in an advertisement. We are specially anxious that the public should know everything in regard to things of that sort. We have no wish they should be deceived.

476. As a matter of fact, either a bank or a company, if they have a large amount invested in consols, would take every care to show it in the balance-sheet?—No doubt they would.

477. *By the Hon. F. S. Grimwade.*—If they had invested a certain amount in buildings would they be willing to show it?—They probably would not show it. They would show what was to their advantage and not what was to their disadvantage.

478. *By the Hon. J. H. Abbott.*—Is that the usual way the statement is made out?—I should consider in a case like this, if the balance-sheet was made out, they would not be anxious to show what was to their disadvantage.

479. You said they showed a true statement?—The statement would be perfectly true, but it would not be detailed.

480. *By the Hon. the Chairman.*—In speaking of this reserve fund, do you include in the words “reserve fund” what is known as the inner reserve?—No.

481. How does that inner reserve appear in the balance-sheet?—It does not appear outwardly in the balance-sheet at all.

482. To be a true statement of the affairs of a company, do you not think the fact should be revealed that the directors had such an inner reserve?—No, it appears among the assets against a corresponding liability. I think it is very desirable that directors should be trusted with a fund like that to equalise dividends, and to meet extraordinary losses that may occur to the best of companies.

483. I know it has been the practice for many years with companies to have this inner reserve fund, but so far as the shareholders are concerned they know nothing about the amount of that inner reserve?—They do not.

484. Would it not be advisable that they should know?—No, I do not think so.

485. That inner reserve is formed for the purpose of meeting losses incurred during the current half-year?—Yes, in the ordinary course of business it is prudent to have a reserve fund set aside to meet contingencies.

486. Does it appear among the assets or the liabilities in the balance-sheet?—Among the assets against a corresponding liability. Your wish as to that would be met by the means provided by this Bill, that the private balance-sheet shall be handed by every bank or company to its auditor, which must contain particulars of this private reserve.

487. The books of the bank would show the nature of that private reserve?—Certainly.

488. *By the Hon. A. O. Sachse.*—When you state in your balance-sheet—“after providing for bad and doubtful debts,” you refer to that reserve?—No doubt that would be taken into consideration. It is an asset for that purpose against a liability on the other side. The next point that the banks are anxious to draw the attention of the Committee to is “Advances to directors,” clause 45. The banks generally consider that there is no reason why they should not make advances to the directors. We all believe in free-trade in banking, and we do not see why we should not make advances to one of our directors any more than to any other individual in the community.

489. *By the Hon. J. H. Abbott.*—That is supposing it is properly secured?—We suppose all our advances are properly secured.

490. *By the Hon. A. Wynne.*—Is there not a danger, where you have a weak board and an advance is made to one director, of No. 2 saying—“I want an advance, too.” No. 1 having had his hand in the till may have conscientious scruples about refusing it to No. 2?—I see that danger, but that is presuming the board is so weak that I hope such boards do not exist.

491. They have existed in the past?—Unfortunately they have in isolated cases, but why punish the whole community on that account?

492. In every case that has come before the public has it not happened?—There have been advances to directors, but there have also been advances to other people. I do not know that the advances to the directors have been so much worse than those to other people. Of course, more attention has naturally been called to advances to directors.

493. *By the Hon. the Chairman.*—Is it usual in England to make advances to directors?—There is no rule in England against it. There is no rule anywhere that I know of, except in New Zealand, against advances to directors. In Canada you have to show the advances.

494. Are there not some of the banks in England that forbid any of their officers getting an advance from the bank?—Most banks forbid their own officers getting advances, but directors are not considered as officers.

495. Do I understand that it is usual in England for bank directors to obtain advances from an institution with which they are connected?—I have never been employed in banking in England, so I cannot speak positively, but I feel sure there is no rule against it.

496. *By the Hon. N. FitzGerald.*—Is it not usual for directors of banks in England to keep their accounts in the banks of which they are directors?—I think it is quite within their own option to do it or not, as they like. Some directors, I dare say, would prefer not to bank with their own banks.

497. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would it not be sufficient if clause 46, which is to a certain extent a copy of the New Zealand Act, were passed, compelling the publication, not of the individual advances to directors, but of the aggregate advances?—Before passing on from clause 45 I would like to show how unequal such a clause as this would make it among the different banks. You pass clause 45 prohibiting all advances to directors. Banks having only offices in Victoria would be absolutely excluded from making advances to the directors, whereas a bank having branches elsewhere in other colonies could make their advances to the directors there. You have no power over banks in New South Wales or the other colonies, consequently you penalise institutions having their head offices in Victoria. That consideration does not affect me personally, but I bring it forward on behalf of the banks generally. A Bill of this sort would be very well if you were legislating as a Federal Parliament, it would be just the thing from the point of view of the framers of this Bill, but in legislating for one colony you cannot legislate for another, and the practical effect would be to penalise Victorian institutions.

498. *By the Hon. S. W. Cooke.*—Do you know of any bank in the colonies that prohibits advances to directors?—Yes, the present Act of the Bank of New Zealand does so. That is the only one I know of.

499. *By the Hon. Sir H. J. Wrixon.*—Your opinion is not modified by what has taken place during the “boom,” by the disgraceful way in which advances have been made to directors?—No. I think if people wish to do things of that sort they will find means of doing them whatever laws you may pass, and it is hard to penalise good, well-managed institutions simply because one or two institutions are badly managed.

500. Do you know whether one element of the distrust with which Victorian monetary institutions are regarded in London is the fact of their making advances to the directors?—No doubt that fact brought prominently forward would cause distrust.

501. They have telegraphed out to know whether different institutions have made advances to directors?—Yes, I believe that is a fact.

502. Would that not point to the need for some restriction?—I do not think if a board is inclined to be dishonest you can pass laws that will keep it in order, whereas, on the other hand, you divert the ordinary course of business and penalise well-managed institutions.

503. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—May not the directors, without being dishonest, be weak?—They may be.

504. And assist one another?—They may.

505. Honestly believing at the time that the security is good?—Yes, but I would point out that if they do that to a director they would do the same equally for the same man if he were an influential constituent of theirs and not a director.

506. Do you think a man sitting at the board table is quite as free to act in relation to an advance required by a co-director as in the case of an ordinary customer?—No, I think not, but, on the other hand, a director would be chary about bringing an advance before the board for himself unless he thought it was undoubtedly good. It would cut both ways.

507. *By the Hon. S. Fraser.*—Do you not think that, if in the past directors had not been permitted by law to get advances from their own banks, that would have prevented a good deal of loss and trouble to the shareholders and depositors?—My own impression is that the advances would have been made to men who were not directors. Those men who wanted advances would have got them whether they were directors or not. I think it was a good deal a matter of accident their being directors.

508. Do you think the directors who have had large advances without cover would have gone to other institutions and got equally large advances from them?—I cannot speak about all cases, but I think generally they might have got advances elsewhere. There may be, and doubtless are, exceptional cases.

509. *By the Hon. A. O. Sachse.*—It would be simple enough for a board of directors, if dishonestly inclined, to make advances to outsiders and participate in them?—If directors are resolved to be dishonest no doubt they would do things of that sort; but the argument is that they might be weak, and my argument against that is, that because you have one weak board in Melbourne why should you penalise the other banks in Melbourne who may have strong boards, and forbid their making advances which it may be very suitable for their institutions to make?

510. *By the Hon. S. Fraser.*—Is it not much more difficult for managers of purely colonial banks to deal with their own directors than it is for managers of branches of English banks who are not so circumstanced?—No doubt it is easier for a man who is not on the spot to give a calm and unbiassed decision than for a man who is on the spot.

511. I am referring to a manager who is really the servant of the directors. Might it not be very difficult for him to refuse advances even though he could not agree with it in his better judgment?—It might, but he has the other directors behind him to help him. The banks admit the abuses, but they say that the abuses are exceptional, and it is hard to penalise the banking community generally to provide for exceptional cases.

512. *By the Hon. A. O. Sachse.*—Do you know, as a fact, that any considerable quantity of valuable business is brought to the banks by their own directors?—I have no doubt of it.

513. *By the Hon. S. W. Cooke.*—You have not a board of directors here?—No; I have a board of directors in London. Having pointed out that this clause, if left standing, forbidding all advances to directors, would penalise local institutions, I will pass on to clause 46, as to the aggregate amount of advances.

514. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would that clause be objected to by the banks?—The objection is, that if we are asked to state the aggregate amount of advances to directors, some banks may perhaps state a large sum. They are not allowed to state the particulars of that sum because they cannot reveal the secrets of their customers' accounts, but the amount appears large. Say a bank has a

capital of £1,000,000, and it shows advances to directors of £200,000; if that bank were able to reveal what those advances were, everybody who knew anything about business in Melbourne would know that nothing could be safer than those advances, but they could not do so, they can only state the total amount. That total amount is taken hold of by some financial paper which says—"Here is a bank with a capital of £1,000,000 has made advances to its own directors of £200,000." A statement like that might do a great deal of unnecessary and unjustifiable harm to the bank.

515. Are you aware whether that has been the result in Canada?—No, I know it is the law there, but my impression from what I saw in Canada is that it is a much quieter community than this, and not subject to the same influences that we are subject to. It seemed much slower. I do not think any paper would seize hold of such things there. They seem to proceed very quietly.

516. *By the Hon. C. J. Ham.*—May not that be met by providing that the publication of such information shall be punished by a fine?—That is what we suggest. We propose that some provision like the following should be added to clause 46—"The information given by the returns filed in pursuance of this section shall not be published except by direction of the Court, and any person publishing such information or any part thereof, contrary to this section, shall be liable to a penalty not exceeding pounds." That would go some way towards meeting the objection. We say there should be filing with the Registrar-General, but not publication; if any one wants information about the advances to directors he can go to the Registrar-General, and by paying a small fee can get the information. But it is another thing to publish it and enlarge upon it, probably unjustly, in the public newspapers.

517. *By the Hon. the Chairman.*—You do not make any provision in this amendment as to how the direction of the Court is to be obtained?—No; we presume that the Court would give its own order. We would file the information, and our contention is that it would remain there for the information of any one who chose to call, but that person should not be entitled to publish it, because the publication might really lead to the bank being damaged. Perhaps its best advances would be there, but people would only see the total and say—"Those are advances to directors; they are all bad."

518. *By the Hon. F. S. Grimwade.*—If this 46th clause were carried out, and this information had to be filed, it is possible there might be an advance of a few thousands, and security for three or four times the amount might be held. Would you show the advance and not the security?—The Bill does not provide for showing the security.

519. It might be possible that a director might have an advance of £5,000 which might be covered by £20,000 security?—Yes, of course. You can easily understand that the amount might be unsecured and yet it might be perhaps the best advance of the whole lot, so if you present it in that way it might make an unsecured advance look as if it were dangerous when it was not.

520. *By the Hon. C. J. Ham.*—Is it not a fact that some of the banks object to sub-section (a), providing that the aggregate amount of advances and discounts whether made in Victoria or elsewhere shall be stated?—Yes, the banks are of opinion that the words "or elsewhere," in 46 (a), (b), and (c), should be eliminated. We do not see why the Victorian Parliament should ask for information as to advances made to directors elsewhere.

521. *By the Hon. the Chairman.*—How is the public to know the state of affairs of a bank if the information is confined merely to the branch in Victoria?—We contend that it does not give them any reliable information, merely knowing the aggregate amount of advances to directors; in fact, it is deceptive. Different people would draw different conclusions. If they saw—"Advances to directors, £200,000," some people would think—"This bank is making dangerous advances to that extent," whereas if the bank could only show what they were, any one knowing anything about business might know they were the safest advances the bank could make.

522. *By the Hon. F. S. Grimwade.*—You would not publish the names?—You could not publish the names, or give particulars, therefore you are damaged. It is the aggregate that is required, and the very fact of its being the aggregate would damage us.

523. *By the Hon. the Chairman.*—If you confine that to Victoria it would give no information as to what is being done in the other Australian colonies or outside?—No.

524. Therefore the people who deposit with an institution that is established here can have very little opportunity of judging of its stability?—We argue that it is no test of stability.

525. *By the Hon. S. Fraser.*—Does not it indicate that they are making large advances to directors, and the shareholders would have an opportunity of inquiring into the matter?—Yes, shareholders could have an opportunity.

526. If they have no means of knowing that advances are made to directors, how are they to be on their guard?—They must trust to the published balance-sheet, what they know about the directors of the company, and whether they are men they can depend upon.

527. Do you know much about the Canadian Act?—I have read it carefully.

528. Are there English banks doing business in Canada?—Yes, banks in the same position as ourselves—the Bank of British Columbia and other banks.

529. There have been no bank failures in Canada for a long time?—No.

530. Are you aware that, three years ago, when banks were coming down in the United States like ninepins, not a single bank failed in Canada?—Yes, Canada seems a quiet, contented place.

531. *By the Hon. A. O. Sachse.*—From what you know of the business of Canada, is it less speculative than in Victoria?—Much less speculative; it is much quieter and more solid.

532. That would account for the difference?—Yes.

533. You do not attribute it to the peculiarity of the laws there?—Not at all.

534. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In each of those sub-clauses there is a reference to discounts "due"—what does that mean?—I should say it ought to be "current" or "outstanding." I think "due" is a mistake. Another point to which I would direct your attention is, that in the event of the banks with branches in other colonies having to make advances to directors elsewhere because they are forbidden to do so here, Victoria certainly loses a great deal of business. It is forcing business away from the colony, which is a very undesirable thing to do. For instance, I have got among my constituents here firms in which some of my directors are partners. I could not purchase a wool bill from them here, and the colony would lose the stamp; I would have to purchase it elsewhere. It seems very shortsighted to force away business from the colony in that way, business of the most legitimate character.

535. They would have to take their business to some other bank?—Yes, or some other colony. My argument is you are forcing the business away from the colony unnecessarily. Hitherto Melbourne has aspired to be the great financial centre of Australasia, and this is one of the things that tend not to make it so. It is not desirable to do anything to fetter the commerce of Melbourne and force the business away. Under this clause I might be obliged with the directors' accounts to make advances elsewhere, for instance, to purchase wool bills against shipping dockets in Adelaide and Sydney, and those other colonies reap the large stamp duties upon those bills. Is it desirable that you should lose that revenue merely because you want to catch hold of some institution that may happen to be weak in its management?

536. It will have the same effect as an amendment of the Stamp Act a Session or two ago has had in connexion with exchange?—That forced business away from Victoria to a large amount. It went to South Australia.

537. *By the Hon. the Chairman.*—Did you point out that view to the Premier?—I do not think I did. It did not occur to me at the time.

538. I think at the time you saw the Premier this clause had been passed by the Assembly?—No, I think we discussed all those various points with the Premier and the Attorney-General, and, as I have said, they met us very fairly on the other points. We had every reason to be grateful to them. I think I may here ask the Committee to decide that an advisory board here, or what are called local boards, are not directors. I fancy I understood the Attorney-General to say he did not think they were directors, but there is one clause (the interpretation clause) that makes it doubtful. We suggest that an alteration should be made to make it certain. Under the word "Director" it says—"Director" includes member of a board, and in the case of any company incorporated outside Victoria shall also include persons being or acting as directors of or in relation to the business of the company in Victoria; " we would propose to add—"but shall not include persons who act only as advisers to the local manager of a company."

539. What class of banks would that apply to?—To banks having head offices elsewhere, some of whom have local directors. We have none, but some of the banks have, and they only advise with the manager, they do not direct. The distinction drawn by the Attorney-General when I discussed it with him was that he did not think they could be included, because they had no power of direction. They could not order the manager; they advised him as to discounts; they advised him as to whether the acceptor of a bill was good or not, but they could not say to the manager—"You shall not discount that bill." We do not think the Government would have any objection to that from our discussions with the Attorney-General. The next is clause 25, sub-section 4, as to the double audit required from banks having head offices outside Victoria. It says—"In the case of any company incorporated outside Victoria, and not having its head or principal office within Victoria, the provisions of this section—"; we suggest—"and of subdivision 4 of this Division" should be added. Our reason for bringing this forward is that there is a doubt as to whether a bank, like the Bank of Australasia, would have to make an audit here and also an audit in London. We, and other banks in that position, contend that if we have an audit in London, and we have an auditor who goes through our books exactly in the same way as he would do if he were seated in Melbourne, it ought not to be necessary for us to have a fresh audit in Melbourne. We quite see we should have just as thorough an audit as we could have here, but we say it would be hard on us to have it done twice.

540. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Under the Bill have the branches of the purely Victorian banks to be audited?—Under the Bill the branches of the Victorian banks have to be audited, but it is provided that the auditor can be contented with statements sent in from branches, such as Ballarat or Sandhurst. He need not visit those places. In the same way our returns go home from Melbourne. The only difference is that our Melbourne branch is added to the Ballarat and Sandhurst and other branches in Victoria. We contend it would be a hardship if we had to have a double audit. We are willing to have just as stringent an audit, but, having made that audit in London, it would be very hard to have to make it under the Act here. You would think it hard if companies, having head offices in Victoria, had to submit to a double audit in London.

541. Would there be any advantage in auditing the branch figures; would it give the public, or any one here, the slightest idea of the position of the bank?—No, except that the man would be a local man, and not a man in London. We contend that probably the man in London, from having greater practice, would be fully as expert in his work as the man here.

542. *By the Hon. the Chairman.*—How do you propose to amend this sub-clause 4?—To clause 28 we would add that the subdivision shall not apply to any company which carries on insurance business only, nor to companies incorporated outside Victoria, and not having their head office or principal office within Victoria.

543. So far as Victoria is concerned, there would be no audit of the accounts of the Victorian business?—Yes, it would be done thoroughly in London, under the English Companies Act of 1879.

544. Then the Victorian banks would be bound under the Act to have their audit in Melbourne?—Yes, and we, whose head office is in London, would have the audit in London, but it would be done in the same way in both places. It would be done under the English Act, which is equally stringent, or if the Government require anything more stringent our auditors would comply with that.

545. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—How could you compel them to comply with it?—The Government might refuse to take the audit unless it was complied with.

546. *By the Hon. S. Fraser.*—If they did not comply the bank could not do business here?—We could do business here, because we are incorporated under Royal charter, but the Government appoint a public officer in the person of myself whom they could go on fining. We only contend that we should not be asked to do more than the banks in Victoria, though we are perfectly willing to do all that they do now, only we will do it in London.

547. *By the Hon. the Chairman.*—You send all the material for that audit to London?—Yes, just in the same way as the branches of a Victorian bank send it to Melbourne.

548. Then it would put you to very little additional trouble to comply with the requirements of the Act?—Except that we have to do it in London, because we have to do the audit as a whole. We have branches in all the other colonies.

549. You have the accounts made up here for the auditor in London, therefore it seems you would be put to very little additional trouble by having that audit of the Victorian business here?—Except that it is not worth doing to have a partial audit. The audit of our Victorian business would be very little use; you want the audit as a whole.

550. You would have that audit with your last balance-sheet?—We would have the auditor's certificate put in with our balance-sheet. We do not want to evade anything.

551. *By the Hon. N. FitzGerald.*—What extra security would the Victorian audit of your Victorian business be to the community?—None at all. It would only be an additional expense and additional trouble.

552. *By the Hon. S. Fraser.*—Your contention is that it is only an imperfect and partial audit and of no advantage?—Yes. You want an audit as a whole; a partial audit is of very little use to any one.

553. *By the Hon. C. J. Ham.*—Might not an audit of that kind convey a wrong impression altogether, and show a prosperous condition of affairs in this colony, whereas it might be unprosperous in another colony?—Yes, it might easily do so.

554. *By the Hon. F. S. Grimwade.*—All the colonies are shown as a whole in the audit in London?—Yes.

555. Therefore it would be much more valuable than this?—Yes. The next point is as to friendly societies, clause 161. We have a very strong objection to giving a preference to them. We do not see why they should have the preference; in fact, if we did give them the preference, it would seem to us to be a duty to state in our balance-sheet that we had preferential depositors. It would be a preferential claim that we ought to show.

556. *By the Hon. the Chairman.*—You do not do it at present?—The only preferential claim that we have at present is the Government, and notes are a first charge on the assets. We do not show that because it is the generally known law, but no one supposes that we are going to give a preference to friendly societies, therefore we ought to state it. Why should we do it to friendly societies more than to charities or religious bodies?

557. *By the Hon. N. FitzGerald.*—If it were the law the remedy would be that you would not take those accounts?—It would rest with ourselves whether we would or not, but we would prefer there should not be a law that they should have a preference. As to clause 44, I would bring forward a point on behalf of the English, Scottish, and Australian bank, who are interested. They are prevented from lending against their debentures, which are converted from fixed deposits under their reconstruction scheme. Had they remained fixed deposits they could have lent money against them, but now they cannot do so; it is rather a hardship that they cannot accommodate their own creditors, and they wish to have that rectified.

558. *By the Hon. the Chairman.*—Does not sub-clause 5 provide for that?—No. This is what the banks say—"Clause 44 forbids advances to the holders of debentures of a bank—not to holders of fixed deposit receipts—but sub-clause 5 allows such advances against debentures where the scheme of any reconstructed bank expressly so authorizes. The English, Scottish, and Australian Bank's scheme admits of the bank paying off or purchasing or redeeming the debentures and debenture stock which it has issued, but there is no express authority to make advances against same. As all such advances are for the benefit of the holder of the debenture, it is only reasonable that the bank should not be debarred from accommodating its own creditors; therefore after the word 'discount' in line 29, add 'or the right to pay off or to purchase or redeem any of its debentures or debenture stock.'" The Government seemed to have no objection to putting that right. It is only a technical question.

559. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you wish to make any reference to the liability of directors under this Bill?—No. I was not directed to say anything upon the subject.

560. What is your own opinion upon those clauses?—My own opinion about the liability of directors is that nothing should be done that would unduly prevent high-class men taking position as directors.

561. Do you think this Bill will have the effect of discouraging good men from taking the position?—I think that may be the effect if it is not altered, and I think it would be a very unfortunate effect, because upon the directors of companies, and the standing of such directors and their reliability, depends the future of companies in Victoria.

562. Have you any objection to the powers given to auditors under the Bill?—I do not quite understand what you mean by that.

563. To make full inquiry into the exact position; and the power given, if they take exception to anything, to attach a certificate to that effect. Look at section 29, sub-clause 2. If they come across any breach of the Companies Act they must state that in the certificate, and that has to be posted up and published?—I have only given a general attention to that matter.

564. Clause 48 refers to dividends being paid out of profits; what do you understand by that?—It is a very difficult question, and I think it would be desirable if it could be defined what profits are. The Royal Commission in England defined profits as follows, at page 17, clause 56:—"Where a tradesman's business consists in turning over his capital by purchasing and selling his stock-in-trade, a fall in the value of that stock or a loss on a customer's debt necessarily means reduction of profit; but where the capital, or a portion of it is invested in a fixed form—as in the purchase of the business, or in a tramway, railway, or buildings—the rise or fall in the value of the fixed capital does not necessarily enter into the question of profit." From the principle laid down there, it would be probably easy to deduce what profit really is. However, they say at the end—"On the whole the task of proposing clauses which will be sound in principle and easy of application, at the same time sufficiently elastic to meet every case, seems to your Committee too complex and delicate a matter for them to undertake as part of their general inquiry, and they recommend that, if it be thought desirable to formulate the law on this subject, the question be referred to a small body of experts specially appointed for the purpose." They try to define what you could take profit out of. I do not know that I can venture to define profit in any better way than they have done. As to the private balance sheet, I do not object to that, but it seems unnecessary that there should be filing with the Registrar-General. That is not required by the English Bill; it merely requires the directors to carefully lay it aside; here it is provided that it shall be left in a sealed envelope with the Registrar-General, only to be opened on the order of the Court. I think that companies might be trusted, as in England, to retain them themselves.

565. *By the Hon. S. W. Cooke.*—What is your objection to this proposal?—There is no very great objection. It is, perhaps, more sentimental than anything else. I think we could be trusted to retain our own private balance-sheets and produce them when wanted, instead of having to hand them to the Registrar-General. I am speaking of the English Bill, which, I understand, has since been withdrawn. In that Bill they do not ask it to be filed with the Registrar-General. It is to be kept among the records of the company; but even that is now abandoned. The Bill is practically shelved for the present. The only other point I have jotted down is—"Balance-sheets at the end of March." It seems to me to be practically inconvenient to do it. It can be done, of course, by banks, especially with the Schedule as agreed to by the Attorney-General; the Government have altered the Schedule. I cannot say what trading companies could do, I do not think it will achieve the object the Government have in view. It will give a great deal of general trouble and will have no special effect, I think.

566. *By the Hon. the Chairman.*—I believe it was introduced with a special object?—So I understand.

567. What is the object as far as you know?—I understood from the Attorney-General that the object was to prevent any one getting an advance from another institution on balancing-day to cover advances from the institution he banked with, through banks balancing at different dates.

568. It would so far be beneficial as it accomplished that object?—Banks do not do that sort of thing. It may have been done, and possibly was done; but in my experience banks do not do it.

569. You have heard of cases in which it has been done?—Yes, we have all heard of there being such cases spoken of.

570. It is a matter of public notoriety that such things have been done?—Only in one case I think, and I very much question if it would not have been done even if the banks had all balanced on the same day.

571. In the case of a bank with a small capital does not it give a very untrue picture of the real state of the bank when it goes and borrows, say, £100,000, having only £50,000 at its disposal, and publishes to the world that it has £150,000 on that day?—No doubt, but suppose they all balanced on the same day would it have made much difference?

572. Would it not have reduced the amount of coin that the other institution had on that day by £100,000?—I do not know. The institution which lent the money would simply have to show it as an advance on that balancing-day.

573. And the coin would be reduced by £100,000?—They would have to part with the coin, of course.

574. *By the Hon. A. Wynne.*—If they were the bankers of the institution that borrowed the coin it would simply be an entry in the books. In the case referred to it was simply a credit; the sovereigns never passed out of the Commercial Bank?—In that case would it have been obviated by the balance being on the same day? The mere fact of having the balancing of banks all on one day would not obviate those cases: it could not entirely do it at all events.

575. *By the Hon. J. H. Abbott.*—What would obviate it?—I do not think anything would obviate anything like that. If a bank is willing to lend money to another institution and that institution is willing to borrow it, you cannot prevent it. My contention is that in most cases this would not effect the object the Government have in view. I cannot say it would not in all cases. I have not thought it out sufficiently to say that, but I think it would give all companies a great deal of trouble balancing on a particular day that is not their balancing-day. It is not done anywhere else that I know of, and unless it is shown that it is going to effect the object the Legislature have in view it is not desirable to give the banks in Victoria a great deal of unnecessary trouble.

576. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—When does your bank balance?—In October and April.

577. Would your head office be prepared to alter to March?—We would have to have our own balancing-day as well. All banks in this Bill have to balance in March with certain returns, but that is irrespective of their regular balance altogether.

578. *By the Hon. F. S. Grimvade.*—That would not be much trouble with the banks?—It can be done, especially as the Government have altered the Schedule to suit our views, to enable us to get it done. I am speaking generally in saying that, unless it is to effect some good, it will give a great deal of unnecessary trouble.

579. *By the Hon. the Chairman.*—Has it not been the custom for customers of banks who have had overdrafts to get from their friends money, so as to be in credit at the time of balancing?—I have heard of it in old days in these colonies, but it is my experience that we are anxious that accounts on balancing-days shall be exactly as they are on ordinary days, in order that we may see the exact state of affairs in going through them, not that they shall be in an exceptionally strong position. I believe in old days there was an idea that it was a good thing to pay in all the money customers could in order to make the accounts look as well as possible, but that is a relic of the past. Banks want to see the accounts as they are.

580. Is that within the last few years?—For several years in my experience. People used to do it because they thought they would stand well with their bankers.

581. *By the Hon. C. J. Ham.*—Would it not be somewhat of an advantage to the bankers, and reveal to them weak points in some of their customers, when they found they could not borrow on balancing-day?—We like to know when customers are weak. We are always glad when a man does not borrow from his friends for such a purpose. We always discourage it.

582. *By the Hon. the Chairman.*—It would be more difficult for him to go to his friends to borrow on such an occasion, if this clause were passed, because the friend would probably say—"I want the money. I have also to balance on the same day"?—That would be so if the auditors audited the books as on the last Monday in March, but the auditing does not take place then; it takes place on the balancing-day.

583. Does not it give a very fair idea of the position of the bank on that day?—I do not think it gives any better estimate than it would on the ordinary balancing-day. I do not think there would be much difference. The only object that I can see in doing it is to endeavour to prevent people from financing on that day. If it could be prevented it would be a good thing, but I do not think it will achieve the object, and it will entail a very great deal of trouble upon the community generally for an infinitesimal amount of benefit.

*The witness withdrew.*

## Roderick Murchison examined.

584. *By the Hon. the Chairman.*—What are you?—Manager of the Bank of New South Wales in Melbourne, and I have charge of the business of the bank in Victoria and in portion of Riverina.

585. You have heard the evidence of the last witness, do you generally concur in his views?—Yes, but I would like to say with reference to his opening statement that he was expressing the views of all the banks. I was not present, by an accident, at the meeting at which the final conclusions were arrived at, and I think I am a little stronger on some points of objection than he is. In regard to a special audit, clause 37, I cannot see on what principle a creditor can claim a special audit. The answer to it might be given in a sentence—he is just in the same position as a trader; in trading transactions the seller exercises his choice, and he can do the same in dealing with a bank. If he suspects the bank he can cease the connexion, and there is an end of it. I cannot see on what grounds he can claim that he has the right to know the position of a bank. He can test the position of the bank by drawing a cheque and getting his money at current account. The depositor is under a contract; if he wants to claim special conditions he can ask for them when he enters into the contract; if he feels he may want to ask the bank during the currency of his contract for a special audit he should ask the bank to put it in the contract.

586. *By the Hon. J. H. Abbott.*—The position of the bank may alter in the meantime?—When a man makes a contract for a year or two years, if the conditions change during the currency of the contract he is bound by his contract—he has no right to claim a special audit.

587. *By the Hon. N. FitzGerald.*—He is not a creditor until his deposit receipt becomes due?—Except under the contract; he must exercise his discretion when he makes the contract. I consider it is asking too much from a bank, because we may recognise that this provision is intended to apply to banks mainly. If it were admitted that the principle is one that might be adopted, I think the provisions in the Bill for applying it would be giving altogether too much power to a small portion of the creditors of a company, that is one-twentieth. Another feature about it which intensifies that objection is that it may be one-twentieth in number—it says number or value. This would put in the hands of a creditor for 1d. the same amount of power numerically as it would put in the hands of a man with a claim of £50,000. The result might be that it might be possible for somebody to organize the inoperative account ledger creditors of the bank to come together to apply to the Court for an audit of the bank. Of course that is reducing the whole thing to an absurdity, but I should think this clause of the Bill would allow it.

588. *By the Hon. the Chairman.*—If you strike out the word “or” and insert “and” that would remove that absurdity?—It would.

589. *By the Hon. C. J. Ham.*—Do you object to a creditor having anything whatever to do with it?—No, I have no great objection in the matter, but you are giving the creditors something that no creditor can reasonably expect or ask for. The thing is so simple to my mind; the best right of the creditor is to cease the connexion if he is not satisfied.

590. *By the Hon. the Chairman.*—Would you not allow him to rank as a creditor with all the rights intended to be conferred on a creditor as soon as the time for the payment of his deposit arrived if it were not met?—No, I do not think so. When the maturity of the deposit arrives he has the choice of coming to the bank and saying—“I am dissatisfied with you, I am rather suspicious of your bank,” or failing that, he asks for his money and gets it.

591. I am assuming he does not get it; suppose the bank does not meet its engagement?—Then you have your insolvency laws and remedies of all kinds.

592. He may not wish to avail himself of the rights that he has; he might wish to ascertain the real position of the bank first of all; would you not give him that right under such circumstances?—He can get all his rights by the Court of Insolvency now.

593. You say the law is quite sufficient as it is; if the bank is not able to meet his claim he can proceed and take such remedies as the law provides, but he wants an additional power, that is, with other creditors who may be in the same position, to demand a special audit; would you refuse him that special audit under such circumstances?—I have not considered the question in that aspect at all, but that is not what this clause means at all. I take it that this clause means, that any one who has a credit balance at the bank has the right to agitate or take such steps as may be necessary to bring together the proportion of the creditors provided for in the clause, and say to the bank—“You may offer me my money, I will not take it. I will have nothing to do with it. I am going to have you audited.” That is not a reasonable power to put in the hands of people who are dealing with you. I may not be able to cease the connexion because the man will not take his money.

594. *By the Hon. N. FitzGerald.*—What effect would a special audit have upon a banking institution as to public confidence, assuming there was the power to ask for it?—I am perfectly certain that with any bank it would be very damaging indeed—it would be most damaging with the people who do not reason about what they read in the papers.

595. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would it lay a bank open to a species of blackmail?—I think that is highly probable.

596. Supposing a man had a deposit receipt current for twelve months, and he wanted the money, but you are not prepared to give it to him because it is not due; could he not coerce you into it by threatening—“I will go round and get one-tenth of the creditors to demand a special audit”?—He would have that power, but that is not an objection that would have much weight with me in considering the matter. I have read a good deal on these subjects, and have seen a good deal in connexion with them in various parts of the world, but I have never seen anything like this clause.

597. *By the Hon. S. Fraser.*—Would it be possible for a man of considerable means, or a small syndicate, to multiply a number of small accounts to effect a vicious purpose against a bank?—Certainly.

598. Would a bank be able to refuse accounts like that?—I believe the banks have the right to refuse accounts. I think they have the right to return money, but those are not matters that we have closely considered out here. Then as to an audit at the desire of the shareholders, I do not think that is an answer to any demand by the shareholders. As far as my information and observation go I do not think it is necessary to give people protection that they do not ask for themselves.

599. *By the Hon. the Chairman.*—They have the right to inspection now?—Yes, but the articles of association in nearly all banks provide for a special audit—if the shareholders are dissatisfied they have



the matter in their own hands. Every institution is so constituted, that if there is a general demand for any particular course to be taken, the shareholders have the power to take it.

600. *By the Hon. N. FitzGerald.*—Is that by the majority present?—It would be settled in various ways.

601. *By the Hon. the Chairman.*—Have you the power under the Act of incorporation?—Yes, a meeting of our shareholders has the right to order a further audit if it is deemed desirable.

602. *By the Hon. F. S. Grimwade.*—How many shareholders are required?—I take it to be a majority of the meeting.

603. *By the Hon. N. FitzGerald.*—Proxies would be counted in that majority?—Yes.

604. *By the Hon. the Chairman.*—In section 57 of the Companies Act, it says that in the case of a banking company, the Governor in Council may appoint one or more competent inspectors to make an inspection upon the application of members holding not less than one-third of the whole shares of the company?—Yes, that applies only to institutions under the Companies Act, we are under an Act of incorporation.

605. *By the Hon. N. FitzGerald.*—Would your objections to that part of the clause, referring to shareholders, disappear if “one-twentieth” were to read “one-tenth”?—No, the objection to the principle would stand.

606. *By the Hon. the Chairman.*—You would object, no matter what the number is?—I do not think this clause is an answer to any general demand by the people to whom you propose to give this power. The only effect of it would be to give certain people the power of bringing the matter into Court, instead of settling it in their own room.

607. That is so far as your company is concerned?—Or any company.

608. A company incorporated under the Companies Act would be guided by that Act?—Yes, I have not studied that. Unless the amendments suggested by Mr. Sawers are adopted, and banks like my own institution are exempted from certain clauses of the Bill as having our head offices outside the colony, I would object on the ground that we have an audit in Sydney under provisions as to auditors, which I think are very sufficient as to their appointment and qualifications. They must be shareholders to begin with, and they have very full powers of examining all the accounts and books and affairs of the company, and they have the power of examining the officers, clerks, and servants of the company, or any other person competent to give information as to the company's affairs. It is not limited to the administrative officers of the bank. There is another feature about our auditors, viz., that they are ineligible for more than two years at a time—a man must go out for one year. Then it is provided that if it shall appear to any half-yearly general meeting of the company that there should be a fuller audit, the general meeting may direct the existing auditors to make a further audit, or they may appoint any two or more proprietors as special auditors for the purpose, provided that the special auditors shall also be shareholders qualified in the same way as the other auditors. They must hold £600 worth of stock—I do not think that provision has ever been acted on.

609. I suppose it would be very difficult to get a majority at a general meeting to go in for a special audit?—It is impossible to form an opinion on a subject of that kind, unless at some time or other the matter has been under consideration.

610. I suppose the directors would hold most of the proxies, and would really be the ruling power at a general meeting?—I do not think so. The only use made of proxies in a bank like ours is to be certain that you have the statutory number present to do the business that may come before the meeting. I have made these remarks in order to emphasize my objections to a local audit. It will be seen that the provision of safeguards of all kinds in connexion with our auditing is quite as efficient as anything proposed here; in fact, I think it is more so. I think the provision that an auditor shall be a shareholder and shall go out at intervals is an excellent provision, better than the provisions in this Bill. If a bank, with its head office outside Victoria, were subject to a local audit, then would arise the question whether our auditors, from whom we exact such severe qualifications, would be eligible to act in Victoria under the provisions of this Bill—I think it is very doubtful. I say also with regard to a local audit that it would be of very little use indeed to have an audit of the Victorian business, which represents only a portion of the general business. It would be a good audit of what came before the auditor, but it would be no audit at all of the whole business of the bank. As a matter of fact, the position would be this—you would be putting us under an obligation to audit the Victorian portion of our business, whilst, under this Bill, you would be exempting Victorian banks from the obligation to audit their business in the other colonies. There is no provision in this Bill for sending the Victorian auditors of a bank doing business in New South Wales to audit the business in New South Wales, but there is a provision for making us audit the Victorian portion of our business. I think that when that point is looked into it will be seen that to audit a portion of any company's business is of no use.

611. *By the Hon. A. O. Sachse.*—Have you many shareholders in this colony?—In proportion to our general body of shareholders we have not a very large number.

612. You might have a difficulty in getting auditors here; you might have a poor selection of auditors from them?—I assume, if this Bill became law as it is now, our Sydney auditors would come here and audit the business.

613. *By the Hon. F. S. Grimwade.*—Then they would have a difficulty through not being chartered accountants here?—Yes; I think there is the power of appointment.

614. *By the Hon. S. W. Cooke.*—You are in an exceptional position as to auditors, in providing for a change?—Yes, it provides for one auditor going out each year. It is not an unusual provision. I think it will be found there are a good many exceptional provisions in our articles of association.

615. You find that work well?—Yes.

616. Would you recommend a clause of that kind being put into the Bill?—Yes, certainly. Then there is a provision in the clause of our deed which says—“And at the expiration of such term of office as aforesaid one of such auditors, to be determined by lot in the case of auditors elected contemporaneously, shall be ineligible for re-election for the one year then next ensuing, and in the other case the auditor then longest in office shall be ineligible for re-election.”

617. *By the Hon. C. J. Ham.*—Does not your bank provide for the amount, and the mode in which directors may have advances from the bank?—Yes, but that is a provision that has come down from the

time when the bank was very young—it is getting old now. I think if the provisions in the deed of settlement as to those advances came up for revision they would be greatly altered. That clause was framed a great many years ago, when the bank was small, and the proportion of advances that might be made to the directors, though if read now would seem very large, at that time was only a small sum.

618. *By the Hon. S. W. Cooke.*—Is a director allowed to be in debt to your bank?—Yes. I think there is no regulation affecting the borrowing of money from the Bank of New South Wales by any of its directors.

*The witness withdrew.*

*Adjourned to to-morrow, at Three o'clock.*

WEDNESDAY, 16TH SEPTEMBER, 1896.

*Members present :*

The Hon. H. CUTHBERT, in the Chair;

The Hon. J. H. Abbott

S. W. Cooke

D. Melville

Lieut.-Col. Sir F. T. Sargood

Sir H. J. Wrixon

The Hon. C. J. Ham

F. S. Grimwade

N. FitzGerald

S. Fraser

A. O. Sachse.

Roderick Murchison further examined.

619. *By the Hon. the Chairman.*—Have you concluded your remarks in reference to the auditing clauses?—I would like to say that in the Canadian revision of 1890 the Minister in charge of the Bill proposed and strongly advocated compulsory audit, but finally withdrew the proposal, and there is no audit provided for in the Canadian Act.

620. Did he give any reasons for withdrawing it?—The reference to the matter which I read did not go into that question. As to clause 26, dealing with the reserve fund, I agree with Mr. Sawers' evidence.

621. When a reserve fund has been formed for a particular purpose, say for the purpose of paying off debentures, do you not think it would be wise to have that reserve specially invested in first-class securities?—Yes, I do. It is not a banking question, as far as my experience goes, but I should say that would be a prudent course to take.

622. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would not the conditions under which the reserve fund or sinking fund was to be invested be generally specified at the time of issuing debentures?—Yes, the same as under the Local Government Act.

623. *By the Hon. the Chairman.*—It might be provided generally that those debentures were to be paid out of the sinking fund without stating in what securities the sinking fund was to be invested. It has not been the usual practice to say how the fund is to be invested. Under the Local Government Act it is pointed out how the sinking fund is to be invested and the class of security; would it not be wise under this Bill that we should provide how the sinking fund was to be invested?—Yes, the sinking fund, but a sinking fund and a reserve fund are totally different things.

624. In the case of a reserve fund formed for a particular purpose, such as paying off debentures, would it not be advisable to have that invested in first-class securities?—I do not think a fund formed in that way would be called a reserve fund; it would be called a sinking fund.

625. *By the Hon. Sir H. J. Wrixon.*—Mr. Sawers stated he had no objection whatever to being required to state how the reserve fund was invested, but he objected to the unnecessary machinery, and the different colonies might have different laws in regard to the procedure?—That is not exactly my feeling about the matter. I say the directors of a bank should be permitted to deal with the reserve fund in any way they are directed by the shareholders.

626. Have you any objection to its being stated how it is done?—I have no objection to that. In the balance-sheet I should state—"It is invested in the general business." Most reserve funds have that upon the face of the balance-sheet. They are included in the general liabilities on the credit side of the balance-sheet, and it follows, unless it is specified that they are invested in some special way, that the funds are lying in the general business.

627. *By the Hon. the Chairman.*—I suppose you consider it would be undesirable that valuable assets should be omitted from the balance-sheet. Where there are valuable assets they should be shown in the balance-sheets?—Yes.

628. If there is a secret reserve or inner reserve do you not think it desirable that the shareholders should be made acquainted with the fact that there is such an inner reserve?—They do not ask for it.

629. Is it not desirable that they should know it?—I should not deny them the information if they asked for it. It is a question entirely for the shareholder. If he wants information that the balance-sheet does not disclose he should make a request at the general meeting or at any other favourable opportunity for that information.

630. As a matter of fact that inner reserve fund never appears in the balance-sheet in a prominent way so as to attract the attention of the shareholders?—It does not appear in the balance-sheet as a separate item.

631. How does it appear?—It is included among other liabilities. It was stated last night it was an asset, but that is a mistake; it is a technical liability. It is not a liability that would rank with people entitled to a division of the assets in the event of liquidation.

632. One of the witnesses that we have examined was questioned in regard to that. He is asked in question 77—"Would it not follow that if the whole reserve was stated the shareholders would naturally demand larger dividends?—Yes. These internal reserves are very often practically appropriated, although they remain in the books. I would object to the practice being continued of showing those reserves among the liabilities; I believe sometimes they are lumped with deposits, and I think that is very

objectionable ; the reserve is a liability in the books undoubtedly against certain assets." "Should not the hidden reserve be included among the liabilities?—It must appear as a liability or a deduction from the assets. I think the only proper way is to make it a deduction from the assets to which it refers"?—I do not agree with him.

633. How do you differ from him?—I do not think you would have a true balance-sheet if you made your assets less in some invisible way.

634. At the present time is it not very likely that the auditor omits to take any notice of this inner reserve in making out the balance-sheet?—That is a question I am not in a position to answer. My duties for many years past have been outpost duties, and all those reserves against doubtful debts in the institution I represent are managed at the head office of the bank in Sydney. I have no practical experience in dealing with those reserves and contingent funds and what are called internal reserves. Of course I know what they are ; I know how they would be treated from a general bookkeeping point of view.

635. Take the case of one company, I think it is the Carlton Brewery ; Mr. Terry had also a brewery company, and the Carlton Brewery absorbed his business, giving him so many paid-up shares in the company. The balance-sheet was made out showing a reserve of £40,000, and showing assets in excess of liabilities of something over £400,000, and within six months after the appearance of that balance-sheet the company declared that they were insolvent and unable to pay 20s. in the pound—do you remember that case?—I do not remember the actual facts.

636. Do you remember on that occasion that the reserve fund of £40,000 completely vanished away and was no security whatever to the shareholders or creditors?—I do not know the actual facts, but I can appreciate them as well as if I knew them.

637. Such a case having occurred, do you not think it would be advisable in companies outside banking institutions, where they declare to the public that they have a reserve fund, to show how that reserve fund is invested, and for what purpose it was formed?—I think in a case of that kind I should be more disposed to endeavour to discover how it was created, where it came from. In such cases as that I have very little doubt that the reserve fund was to a great extent a pen creation, that it never represented an asset anywhere. It was the result of writing up or over-valuation ; it was not a reserve fund in the sense that you put it, by building up a reserve fund from surplus funds.

638. Do not the public entertain a different opinion as to the nature of a reserve fund to that which you have expressed?—I am not able to say.

639. Directors have been in the habit in the past of dealing with reserve funds?—Within my experience, I can only speak of my own institution. The only way in which our reserve fund has been dealt with for 25 years past has been by half-yearly additions of surplus profits.

640. In the case of the institution you represent there is a reserve fund from profits ; is that a reality or a fiction?—Certainly a reality.

641. You have the profits?—Most certainly we have. The profits have been earned from time to time. The reserve fund was sovereigns. The credit to the reserve fund is like the credit to any other account. It ought to be either money or the equivalent of money.

642. Do you see any objection to the shareholders having a voice in the disposal of the reserve fund?—No. The administration of the company or bank ought to be, and I should imagine, is, entirely subject to whatever the shareholders may direct.

643. In many cases the shareholders are not consulted in any way as to the disposal of the reserve fund. The directors under the deed of association have full power to deal with it without consulting the shareholders. If that is so, would it not be advisable to give the shareholders larger powers than they have hitherto possessed?—I should think in a well-regulated institution the directors have only the power of dealing with the reserve fund in one way—that is to use it for the purpose for which it is held, to write off bad debts.

644. Would you not allow shareholders at any time during the continuance of the company to have a voice in dealing with the reserve fund?—I should think in an institution which has articles of association or a deed of settlement, a full provision is made there for the way in which the reserve fund shall be dealt with. If at any time the shareholders wish to make a change in that respect I take it that they can meet together in accordance with the articles of association and propose it, and carry it if they can.

645. Taking the institution that you represent, if there was a desire on the part of the shareholders to have a voice in the disposal of the reserve fund could it be effected without amending your Act of incorporation?—No, I do not think it could.

646. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Assuming you had been the buyer of that company where the £40,000 was lost, if the ordinary assets were put down as £100,000, and there was a reserve fund of £40,000, you as the buyer would take good care to see that you got assets representing £140,000?—I think a prudent investor would find some means of satisfying himself upon that point.

647. In that case the £40,000 could not disappear in the way indicated by the Chairman?—No. You mean that if one man bought the concern he would thoroughly satisfy himself ; if 500 men bought it the bulk of them might be depending upon other people.

648. I am referring to the simple purchase. I, as the seller, say—"I have an asset of £100,000 and a reserve of £40,000," you would take care before buying the business that you had £140,000 of assets?—Certainly.

649. *By the Hon. F. S. Grimwade.*—You said you thought the shareholders should have the disposal of the internal reserve?—No, I said I thought the answer to the Chairman's question was that if a shareholder wanted information, or to have control or the power of interfering in any way with what are called the internal reserves, he would naturally go to the bank and make inquiries, ask questions at meetings, and endeavour to get the information as to the position of the internal reserves.

650. The directors and the manager would probably know whether it would be wiser to keep the internal reserve with a view of equalising dividends, and the shareholders might want to pay it all away in dividends at once if they knew of it?—It is very likely. I think if shareholders see a surplus fund they are generally rather anxious to get it.

651. So that it might be a disadvantage if this internal reserve were made known and appeared among the profits of the company?—There is no question at all that every well-regulated bank, at any rate, should have a contingent fund.

652. That would mean an internal reserve?—Yes.

653. *By the Hon. S. W. Cooke.*—Do you think section 26 should appear in the Bill at all?—I do not think it is necessary.

654. Do you suggest any other section in place of it, or do you propose to amend it?—We have a suggestion that it shall not apply. I endorse Mr. Sawers' evidence on that point.

655. *By the Hon. Sir H. J. Wrixon.*—You are quite willing there shall be a full statement of your reserve fund. You consider a special resolution of the shareholders would be embarrassing, but it has been suggested there should be a general resolution to begin with authorizing the disposal of this reserve fund, so I cannot see what substantial objection you have to the clause?—Not if we had that addition that we propose—"Unless the representation is accompanied by a statement showing the amount of such reserve fund, how much thereof is employed in the general business of the company, and how much (if any) is invested on security (specifying the same) authorized by the articles of association, charter, deed of settlement, or special Act of incorporation of the company."

656. *By the Hon. the Chairman.*—You propose to substitute that for (a), (b), (c), of sub-clause 2?—Yes.

657. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You say that the internal reserve fund should be shown as a liability and would appear among the assets?—The equivalent of it would.

658. But it would not be right to follow Mr. Holmes' plan of simply deducting it from the assets?—The heading in our balance-sheet is—"Bills payable and other liabilities, which include reserves held for doubtful debts and amount to credit of officers' fidelity and guarantee and provident fund."

659. And the assets are increased by a corresponding amount?—The equivalent assets are among the general assets.

660. What difference would it make in the balance-sheet if you deducted from the assets the amount of the internal reserve?—My conception of an internal reserve is that you could not at any particular date reduce those reserves represented by various items of interest held in suspense, and amounts held in suspense in various ways—that you could not on a particular date with sufficient exactness fix the amount to deduct. For instance, there are matters of interest held in suspense; it may be you doubt whether the interest on an advance account is likely to be ultimately recovered. As soon as any doubt arises in our mind as to whether that interest will be recovered, we no longer appropriate the interest to profit, we hold it in suspense, put it to the suspense interest account.

661. *By the Hon. the Chairman.*—Does that form part of the inner reserve?—That would form part of the strength of the inner reserve when the amount was ultimately recovered.

662. *By the Hon. N. FitzGerald.*—Touching the other part of this clause—you disapprove of sub-clause (b), that is, that a resolution should be obtained from the shareholders as to the special application of that reserve fund; do you consider that at any time in the existence of a company any such special resolution should be obtained?—The main objection that I see to this resolution is, that if we were obliged under this Bill to pass a resolution, I suppose our shareholders in Sydney would have to meet together and pass a resolution to comply with the Victorian law. Hereafter some other colony introducing banking legislation or company legislation would deal with this reserve question in a different way altogether, requiring possibly a resolution from us that would conflict with the Victorian law.

663. Do you see any reason why directors entrusted with the management and control of the general assets and funds of a company should be tied up specially with regard to the reserve?—No, I do not.

664. You think that the directors who have the confidence of the shareholders for the management of a company may be safely trusted with the management and application of the reserve?—Certainly.

665. There is no necessity for this clause on that ground alone?—I think not. Our deed of settlement has a clause regulating to some extent the reserve fund. It provides that if at any time it shall be reduced, by writing off bad debts, to less than one-half of the capital, it shall be restored by a deduction of 5 per cent. from the net profits of the business thereafter every half-year, until it reaches half the capital again. The next clause is No. 45—"Company not to grant advances or discounts to directors." I think Mr. Sawers went into that matter very fully. I entirely agree with him. I think it would be a great mistake.

666. *By the Hon. the Chairman.*—What are the principal objections to that?—My first objection to it is the selfish one that it would deprive us of some of the best connexions we have got, the safest, and soundest, and most satisfactory business we can have.

667. You are speaking now of Sydney more than Victoria?—The question of Victoria comes in unless we get what we are asking for in another amendment as to local directors.

668. You have only an advisory board here?—Yes, that is all.

669. If the advisory board did not come under the definition of directors it would not affect the business in Melbourne so far as your institution is concerned?—If you will promise me that I will not say another word about it.

670. Assuming that the views expressed last night by Mr. Sawers meet with the approval of this Committee would it affect your business in Victoria?—No, it will not affect me individually.

671. Dealing now with the question generally, what would be the objections that would occur to you?—I have already stated the main objection, that from my point of view it would be a great hardship to banks that they should be prohibited from doing business with gentlemen who happen to be directors of the bank.

672. Do not you think that by allowing directors to borrow from the bank it often brings their duty and their interest into conflict?—I do not think it does in such a way as to be detrimental to the institution, if the men are the class of men they ought to be.

673. Are you aware whether, with your bank, losses have been made in consequence of directors obtaining advances from the bank?—I do not think so. As far as my knowledge goes, and it goes a long way back, that has never occurred; on the contrary, the connexion of the directors of the institution that I represent, I have no doubt whatever, has been of the greatest advantage to the bank from its establishment.

674. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Assuming that your bank had this privilege of advancing to directors, and a purely Victorian bank had not, would that not place the Victorian bank at a disadvantage?—I do not see how it could; if this law is passed, and the directors have to bank somewhere else, it does not matter to the particular bank where they bank.

675. But supposing you are exempted from the operation of this clause and the other banks are not exempted, would that not place you in a better position than the other banks?—I do not think so. If the local banks are prevented from advancing to directors, and I am at liberty to advance to directors, I am not going to attract all their business unless I make every man a director.

676. If the Bank of Victoria could not advance to directors, that good business would have to go partly to you and partly to some other bank?—It has all Collins-street.

677. Still, as far as the Bank of Victoria is concerned, it would be at a disadvantage as compared with you. You would retain your best business and get some of the best business of the other bank?—To that limited extent it would be an advantage, no doubt.

678. *By the Hon. F. S. Grimwade.*—Taking a broad view, you do not advocate that principle in reference to any of the banks?—No, I think it is unnecessary, and I do not see that it can have much effect.

679. *By the Hon. S. Fraser.*—Do you not think that a good many of the losses that have accrued to shareholders and depositors might have been avoided had there been some stringent clause in the Banking or Companies Act preventing advances to directors in the past?—I do not know, possibly in some special cases it would, but as to having a general effect at the time I do not think it would. The losses by directors we have in our minds look worse, because they were directors, than some of the losses made by people dealing with the same bank, who were not directors, but who got a good deal of the bank's money.

680. When directors get heavy advances, making it absolutely hopeless for them ever to retrieve themselves, does not that greatly tend to the demoralization of the management generally?—Certainly it does.

681. Should not something like the Canadian system, either to prevent it by statute law or to have it made known to the innocent shareholders, be in force?—The two things are vastly different. In the one case you ask directors to show you the aggregate of what they are doing, in the other case you say—“We will not allow you to do anything.” The Canadian returns and this clause are entirely different things.

682. The Canadian law would have the same effect if it were known that directors had advances—they would not get them; the public and the shareholders would not allow it?—I do not think it is necessary. My idea of all those matters is that the fault has been in want of care in selecting the directors.

683. Do you think there is such an abundance of choice that you are always going to ensure having good directors?—It is a difficult thing to get men with sufficient experience to manage large and important banks, no doubt.

684. *By the Hon. Sir H. J. Wrixon.*—What is the practice in England in regard to directors getting advances from their own banks?—I am not able to say, but I do not think there is any limitation within ordinary prudent business lines.

685. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have you any limitation in your own bank?—Yes, our directors under one of the clauses of our Act of Parliament are authorized to get advances to the extent of one-third of the whole advances of the bank, but, as I explained last night, that provision was made a great many years ago when the bank was a very small institution. The capital of the bank when that provision was made was probably very little over £100,000. It is one of the things that has been laid down which is not wanted. If there was any revision of the law that would be altered at once.

686. *By the Hon. F. S. Grimwade.*—It is not made use of now?—No, certainly not.

687. *By the Hon. S. W. Cooke.*—Do you know anything of the Bank of Ireland. In that bank the governor and the directors are not allowed to borrow at all?—I do not know as to that. I have not studied the Irish banking system at all. I would like to impress upon this Committee that it is very undesirable that the provisions of this Bill should be made to extend beyond the borders of the colony. For instance, as to this return in regard to advances to directors.

688. *By the Hon. F. S. Grimwade.*—If that was passed it would not apply to directors in Sydney?—I understand so. It says “elsewhere.” I am reminded that I myself incur a very heavy penalty unless I supply the information required, and I am not allowed any excuse under sections 168 and 169.

689. *By the Hon. the Chairman.*—Referring to clause 46, our attention has been called to the fact that it would be desirable to strike out “or elsewhere” in sub-clauses (a), (b), and (c), and that a better word would be “outstanding” or “current” instead of “due.” Have you anything to add to Mr. Sawers' evidence on that clause?—With that amendment I think the clause would be unobjectionable.

690. As to clause 161, do you concur with Mr. Sawers?—Yes. It is not a matter of much importance, but on general grounds it is undesirable to multiply preferential claims. In clause 25, subsection 1, it says—“Every company and the directors and manager thereof (a) shall cause to be kept proper books of account, in which shall be kept full, true, and complete accounts of the affairs and transactions of the company, and (b) shall once at least in each year, and at intervals of not more than fifteen months, cause the accounts of the company to be balanced, and a balance-sheet (in this Act referred to as the shareholders' balance-sheet) to be prepared, which balance-sheet after being duly audited shall be laid before the members of the company in general meeting, and (c) shall cause a copy of such shareholders' balance-sheet so audited to be sent to the registered address of every member of the company at least seven days before the meeting at which it is to be laid before the members of the company.” The practice of the Bank of New South Wales is not to produce the balance-sheet until the half-yearly meeting is actually held.

691. Would it not be desirable that that should be in the hands of shareholders at least seven days before the day of meeting?—The shareholders made their own regulations. They do not ask us for earlier information; they are satisfied. This would make a tremendous alteration in our routine.

692. Your Act of incorporation goes back many years when your bank had a small capital, and great changes have taken place in the Companies law since the incorporation of your bank. This has been considered an improvement as giving more information to shareholders. Do you not think it advisable that shareholders, in place of the balance-sheet being put in their hands as soon as the meeting is convened, should have an opportunity of going fully into it and revisiting it and considering it?—If this notice is insisted upon in Victoria it will affect us all over the world.

693. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you know another bank on all fours with yours. Is it not the rule with other banks to send it out before the meeting?—The preparation of our half-yearly balance-statement is a most laborious work, in consequence of the great number of branches we have; it takes the principal officers at the head office weeks to prepare, and seven days would be a matter of the greatest importance to us.

694. *By the Hon. the Chairman.*—Is there any other objection you see to clause 25?—We thrashed that matter out with the Attorney-General, I think. The next point is with reference to the Third Schedule, on page 67. This requires from us a classification of advances. This Schedule was thoroughly thrashed out between the committee of the banks and the Attorney-General and the Premier, and we are quite satisfied with it as it is; but the point I wish to make about it is that the Bank of New South Wales would have to classify its whole business in other colonies for this statement; that is, in the assets we would have to make a classification for the whole bank, except London, in order to comply with this Schedule, which is to be posted up and published.

695. All that material is furnished to the auditors is it not?—It is not a balance-sheet, it is a classification of our assets for the information of the public.

696. Would not the auditors have this information before them in preparing their balance-sheet?—It is at a different date. The object of this is to show the public how our money is lent or invested. We have to show how much we have on bills discounted, how much on general advances, how much in Government stocks, how much in gold, and so on. I want to limit that to Victoria.

697. *By the Hon. F. S. Grimwade.*—You do not object to it except in so far as it goes outside Victoria?—I do not want to put our branches in New Zealand, Western Australia, and the other colonies, to the great labour of classifying their advances for Victoria. This does not affect some of the banks, but it does affect us. Clause 24, sub-section 4 says—“In the case of a company, the head or principal office of which is not within Australia, New Zealand, or Tasmania, the provisions of this section shall be deemed to be sufficiently complied with if the statement is signed by the manager, and is certified as aforesaid by not less than two of the directors, if any, residing in Victoria, or if there be only one director residing in Victoria, then by such director, and shows the assets and liabilities of such company in Australia, New Zealand, and Tasmania only.” Under that, English banks would not be obliged to classify outside, but we would be obliged to classify our business everywhere, which would be a great labour. I would like to say that the object of this clause being to show the people we are dealing with in Victoria how we are conducting our business of lending our money, the idea is a very good one if you limit it to Victorian business, so that the people among whom we are dealing here will be able to criticise it and form a judgment upon it, but if you bring in the other colonies, where the conditions are entirely different the value of this return would be lost to Victoria.

698. *By the Hon. S. W. Cooke.*—The Victorian return would not be of much use if your business in the other colonies was not on a sound footing?—The local business would be a very good guide as to the general conduct of the business.

699. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—That would only show the public, after all, the amount of money received from the public, and the amount of money you lent out to the public?—That would be about as good a guide as to the sound management of the business as you could have in Victoria.

700. *By the Hon. S. W. Cooke.*—The business might be sound in Victoria and unsound in the other colonies?—Yes, but you will not make the return a better guide by bringing in all the business; in fact, it would not be so good a guide.

701. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In connexion with the clauses of the Bill relating to the liability of directors, do you wish to offer any opinion as to the effect of the Bill, if passed in its present form?—I think it would be likely to have the effect of deterring the best class of directors from accepting the responsibility; certainly, unless local directors or advisory boards are exempt, I have no doubt gentlemen would hesitate to accept an office where they are not required to take any part in the administration, and yet will be saddled with very onerous responsibilities, and be liable to very severe penalties if there are defaults in the administration.

702. Do you think the duties imposed upon directors are reasonable duties to impose upon directors?—I do not think they are.

703. Could any director carry out the duty thrown upon him here with regard to returns and so on?—I think there is too much put upon directors in that respect. They are made responsible for too much of the administrative work of the bank.

704. *By the Hon. the Chairman.*—Are you aware that this Bill is founded upon the law as laid down by our Judges from time to time. Take, for instance, clause 114, sub-section 2, which says—“Every director shall be under an obligation to the company to use reasonable care and prudence in the exercise of his powers and duties.” Some learned Judges suggest that the word “prudence” shall be struck out and the word “diligence” inserted. If a director does not use reasonable care and diligence, and a loss is incurred in consequence of that, is it not right that that director shall be liable to some penalty?—If his neglect is of such a gross nature as to amount to indifference as to what was being done I should say he ought to be liable to a penalty.

705. Are there any clauses in the Bill to which you can call the attention of the Committee especially, as pressing too harshly upon the directors?—Not at this moment. We have given our attention to the more important points that we have been examined in.

706. *By the Hon. Sir H. J. Wrixon.*—Will you look at clause 34, sub-clause 4, and say if you approve of it. It says—“Any auditor who shall wilfully or through culpable negligence certify that any false or fraudulent balance-sheet or account is correct, shall be guilty of a misdemeanour, and shall, on conviction, be liable to be imprisoned for a term not exceeding two years.” Do you approve of putting on the same level the criminal conduct of agreeing to a false balance-sheet, and the mistake of doing it negligently?—I should say that is too severe as to the culpable negligence.

Henry Gyles Turner examined.

707. *By the Hon. the Chairman.*—What are you?—General manager of the Commercial Bank of Australia, Limited.

708. It is under the Companies Act?—Yes.

709. You have heard the evidence of Mr. Murchison and Mr. Sawers; do you generally approve of their views?—Yes. There are some points on which I go a little further than they do. The first thing is clause 37, as to special audits. I am entirely in accord with them on that point. I cannot conceive the possibility of a special audit being conducted in the case of the soundest bank in the colony without seriously and permanently prejudicing its business, even though the result in the end were satisfactory; because the mere fact that the audit had been demanded would be sure to cause a number of people to get uneasy and they would say to themselves—“There is nothing in it, but we will draw our balance in the meantime.” The consequence would be that the coin of that bank would run down, and however sound it might be, it might have, under those conditions, to call in advances pending the progress of this audit. Then it would take years to recover that injury to its business. Further, I think it is placing in the hands of a comparatively moderate number of creditors a power that might be used most detrimentally, even for blackmailing purposes.

710. *By the Hon. C. J. Ham.*—Does that apply equally to shareholders?—The shareholders I would put upon an entirely different platform. They have certain rights which the creditors of an ordinary bank have not got until their applications are denied.

711. It has been suggested that one-tenth should be the number instead of one-twentieth?—I quite agree with Mr. Sawers that one-tenth of the shareholders should have rights of that kind, because they would be the main sufferers, and therefore it must rest with them to demand it.

712. *By the Hon. the Chairman.*—So far as creditors are concerned, would you give any number of creditors the right of calling a special audit?—Not until the bank was in default, and then it would not be necessary, they would have other remedies.

713. *By the Hon. S. W. Cooke.*—There is a special audit under the present law?—That is available to shareholders.

714. Is it necessary to go further than that?—I see no objection to one-tenth in number of the whole of the shareholders having that power in place of one-third as it is under the present Act. Coming now to clause 26, as to the reserve fund, the wording of this clause is that the resolution of the company must devote the reserve fund to the specific purpose or purposes set forth in such resolution. That is, the shareholders meet and declare the purpose for which the reserve fund should be used. There are only two purposes for which a reserve fund can be legitimately used, provision for bad or doubtful debts, or for the equalisation of dividends. If you refer it to the shareholders doubtless they would say—“Give us a bonus.” The Bill appears to me to desire to put in the hands of the shareholders a power which certainly should be exercised by the managing board of directors, because the tendency of shareholders is not to want a reserve fund at all. They always want the money divided, and if you say—“What shall be done with this reserve fund,” nine times out of ten they would say—“Add it to the dividend.”

715. You think the shareholders should be protected from themselves?—Yes.

716. *By the Hon. C. J. Ham.*—In doing so, the public are protected?—Certainly. It is giving the shareholders power without responsibility, in asking them what they will do with the reserve.

717. *By the Hon. F. S. Grimwade.*—And without knowledge?—Without knowledge to some extent.

718. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—The generality of shareholders would be anxious to declare a high dividend?—Yes.

719. *By the Hon. J. H. Abbott.*—This money belongs to the shareholders?—It does, but it is held for their protection against themselves.

720. *By the Hon. the Chairman.*—Is it advisable to advertise the fact that a reserve fund is created?—Yes. A bank that has a reserve fund naturally advertises it. It is a good advertisement for them, and it ought to be a great satisfaction to the shareholders as protecting them, because anticipated or prospective losses are provided for, and it ought to be a satisfaction to the creditors of the bank to know that there is that between them and loss. As to the method of investing the reserve fund, that is a matter altogether apart from the rights of the shareholders in dictating what shall be done with it eventually; but I think there is no doubt that the most profitable method of using a reserve fund is to use it in the business. Ear-marking it as an investment in stock or in any other form is only a matter of bookkeeping. If a bank goes into liquidation it does not matter whether you point to 50,000 sovereigns in the safe and say—“That is my reserve fund,” or to £50,000 of good bills in the safe and say—“That is my reserve fund.”

721. *By the Hon. C. J. Ham.*—The balance-sheet should show whether that reserve fund is in debentures or coin, or used in the business?—There is no objection to saying how it is used. There is a public fallacy that the reserve fund is something that is taken out of the business and put aside in a corner to be used on a specific occasion. Perhaps it is better to dispel that idea by disclosing in the balance-sheet what the reserve fund really consists of. In some published balance-sheets in this country a portion of the reserve fund is represented by the bank premises; in others a portion, especially in the Anglo-Australian banks, is in English Government securities. They must maintain that portion, but it has been disadvantageous to them in the loss of interest.

722. *By the Hon. F. S. Grimwade.*—If the reserve fund is invested in premises, that is not so available as if it is in sovereigns or good bills?—No.

723. *By the Hon. C. J. Ham.*—If the reserve fund was not in those premises the capital of the bank would be in them; the money must come from somewhere?—Yes, as long as it is honestly and properly represented. In 1892, at the time just preceding the great banking crisis, a portion of our reserve fund was invested in Victorian stock, and to meet heavy withdrawals leading up to the crisis we had to realize on this and we lost £30,000 in doing so. If the reserve had been in trade bills that ran off as they were paid we should have been saved that loss.

724. *By the Hon. S. Fraser.*—Did not the City of Melbourne Bank lose heavily in the same way?—They did. As an indication that it is the proper thing to do, the Bank of England uses it in its business. There they do not call it the reserve fund, but there are three and a half millions of undivided profits used in discounting bills and other ways. They do not set it aside in any special way.

725. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Could you make it clear what the internal reserves are, and whether they do or do not appear on the balance-sheet?—Every prudently conducted bank ought to have internal reserves. They are generally kept under two headings; there is interest in suspense and a contingency account. Interest in suspense will arise when you are discounting freely for a customer who has, perhaps, got too much on one name, or you think so, and you say—“We will set aside the interest on these bills until the obligation on one name has run down to a certain point.” That is held as interest in suspense. On the other hand you may have a customer who is fairly good but you have your doubts about him, and you say—“We will charge him 6 per cent., but we will carry 1 per cent. to suspense and only bring 5 per cent. to profits.” That builds up a small fund, which is interest in suspense. Then, at the end of the half-year, when you go over your advances and estimate your losses, every loss that you can be certain about you write off as a first charge upon the profits, but there are some losses that you cannot determine. You still hope that the man will pay, but the security has diminished and it does not cover you. You say—“I must put £300, or £400, or £500 against that. It may not be necessary, but I will put it on one side.” You put that to the contingency account. Those should not be shown in the balance-sheet, because if they were they would be shown as reserves, and the public when they are estimating the value of your shares in the market say—“This bank has got such and such reserves.” Those are really not reserves in that sense; they are tentative only. As soon as the bills have run down below the required limit, or you have sold the security, you either pay out of that account the loss, or if you get the amount in full you bring it back to profit. It is a fluctuating sum that is continually going either to profit or being written off as a loss, and if you publish it as you publish your reserve fund you mislead the shareholders, because they believe that is an absolute reserve like the reserve fund which sooner or later they will get, but they may never get this, therefore it is wrong to mislead them. As to the other reason urged by Mr. Holmes why those amounts should be deducted from the advances, the difficulty would be that you would have to disclose to your customers that you were holding back some of the interest. You must take a customer's balance at so much. He has been charged with interest at 6 per cent. On the other hand you do not credit the interest account with the whole 6 per cent. You charge it with 5 per cent., and the other 1 per cent. is put to a suspense account. If you deduct it from his advance he says—“You have only charged me 5 per cent.; that is all I am going to pay.”

726. He does not know anything about that arrangement; he knows he is charged 6 per cent.?—Yes; but the figures shown in your balance-sheet must be the figures shown in your ledger. You cannot charge him 6 per cent., take 1 per cent. from it, and put the lesser amount in the balance-sheet, because the books would not balance. The auditor would not pass it.

727. How does it appear in the account that you have reserved 1 per cent.?—It stands to the credit of an account called interest suspense account. In the case of the Commercial Bank we include it in the current accounts.

728. Would it not appear in the customer's account that he was charged 6 per cent.?—He would be charged 6 per cent., and that would be the legitimate rate if he could stand it. It is merely as a protection for ourselves that we put aside 1 per cent. Those internal reserves are shown in our case. We say—“Current accounts and other balances,” that includes the interest suspense and contingent accounts. In some other banks they have it under “Bills payable and other liabilities including provision for bad and doubtful debts.” Perhaps that is the more proper way of stating it. At least two banks in Melbourne do it in that way. Coming now to clauses 45 and 46 as to advances to directors, I feel very strongly that because there has been wrong-doing in one or two quarters, or at the most three banks out of eleven or twelve, the Legislature should not brand the directors of other banks as likely to participate in such doings. I feel that to lose the custom of directors (and I speak perfectly disinterestedly in this matter, because my directors will not give me their business), would be a very serious blow to some of our best banks, and when you consider the class of men who are suited for bank directors by their financial position and by their business training, you can see that they are the best class of men that a bank can get its customers from.

729. *By the Hon. the Chairman.*—Do you know what the practice is in England about directors borrowing from the banks with which they are connected?—I have never seen any discussion on the subject in any of the English financial organs. It certainly was the practice when I was a youngster in the London Joint Stock Bank. It was a recognised thing then that a director's business was some of the best we could get. I have never heard of any alteration in the practice. I do not think the question has ever been raised in England. The unhappy experience of this colony, which was made very much of in England, may have caused them to speak about it, but I am sure it has never taken any strong hold upon them. I do not think there is anything about it in the Board of Trade Report in the way of prohibiting it.

730. *By the Hon. F. S. Grimwade.*—Is it not a fact that in many English banks the directors are considered eligible because of their power of bringing business to the bank, their own included?—It used to be so, and I suppose it is so still.

731. *By the Hon. C. J. Ham.*—I suppose you would approve of prohibiting the manager, officers, or officials having advances from the bank?—Certainly. It seems hardly necessary to prohibit it by law, because it is not the practice, but there is no harm done in making it the law. In connexion with that there seems to be a conflict in two clauses, whether auditors are prohibited, among others, from having advances. It says—“directors, manager, officers, or auditor,” and yet in another clause relating to the appointment, clause 31, sub-section 6, it says, if an auditor becomes indebted to a bank he must resign. That is, you are prohibited from giving him money, but if you do give him money he must go out. It seems a contradiction. He ought not to become indebted to the company if it is illegal, as it would be if this clause is passed.

732. Might it not occur that an auditor may be appointed who is one of several endorsers of a bill and the first parties failing to meet their engagement, in this round-about way he becomes a debtor to the bank. In that case he would cease to be an auditor?—He would be indirectly a debtor of the bank, and clause 46 says he shall not be directly or indirectly indebted. He would be indirectly indebted if he were one of many.

733. Is that not merely a further precaution?—Somebody would surely be to blame if an auditor was allowed to become indebted, if it is prohibited under this Bill



734. *By the Hon. Sir H. J. Wrixon.*—He may become indebted through becoming a trustee under a will?—That is possible, of course.

735. *By the Hon. the Chairman.*—Do you see any objection to the retention of clause 46 as it is in the Bill?—I should be very glad if it could be confined to the colony. If we had to embrace the business of our London office and all the other colonies it is quite possible that, with the greatest care, there may be an oversight in connexion with companies. It is not such a difficult matter to provide for clause (a), because that concerns individuals, but with (b) and (c) it is almost impossible to follow the ramifications of those all over the world.

736. *By the Hon. Sir H. J. Wrixon.*—Do you agree that the objection would be met by striking out “or elsewhere”?—Yes, in Victoria we could easily do it.

737. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you see any objection to doing it?—No, but there is nothing gained by it; it is only shown in an aggregate amount. The public will not be able to judge what it means, and probably will put the most unfavorable construction upon it if the amount is large. It is quite possible that even in Victoria a bank might have a large number of public companies banking with it, on the boards of which there might be some of its own directors, and the total might be very large. The construction probably put upon it by the public would be, “This is another way of advancing to a director.” The difficulty I have is to see what is gained by it.

738. *By the Hon. the Chairman.*—It seems to have worked very well in Canada?—In the return they have there they give the total amount of advances to directors only. They do not have all the ramifications in regard to companies or firms with which they are connected.

739. *By the Hon. J. H. Abbott.*—Do you see any difficulty in reconciling clauses 45 and 46. One says no director shall have any advance, and the other says there shall be a return of what the advances are?—They do conflict.

740. *By the Hon. C. J. Ham.*—Does not clause (c) go further than you apprehend. It would appear that you could not make advances to a company if you were auditor, director, or shareholder?—You could make them, but you have to file a return with the Registrar-General every six months, in which people could see, on payment of a small fee, the aggregate amount of the advances.

741. Would that not be an objectionable feature that an auditor cannot buy a few shares in a company?—Yes, and probably the most unfavourable construction would be put upon it.

742. *By the Hon. N. FitzGerald.*—The advances made to the directors personally would be merged in the other to such an extent as to mystify the public?—Very likely.

743. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Mr. Murchison stated that, provided his bank and foreign banks were exempted from clause 45, he had nothing more to say; what effect would that have upon the purely colonial banks who are not exempted?—It would have the effect of throwing upon the discount market advances to a large number of first-class firms, throwing them out of their present banks, and there would be a scramble for them. I do not know that the exemption in the case of the Bank of New South Wales would help particularly if they have no directors here.

744. I refer to the case of foreign banks who have local directors?—They would have this advantage, that they would probably get a considerable share of the good business that would have to be thrown off by the local banks.

745. *By the Hon. C. J. Ham.*—Do you concur with the other witnesses that, if this information has to be given, it should not be made public without the direction of the Court, under a penalty?—I do.

746. *By the Hon. the Chairman.*—Is there any objection, in your opinion, to clause 44?—No, I have nothing to urge against it. I would support the application of the English and Scottish Bank to be allowed to deal in their own debentures.

747. *By the Hon. C. J. Ham.*—Do you not think a limited amount might be advanced upon preference shares of reconstructed banks; those preference shares are very much in the same position as the English and Scottish Bank’s debentures; they are part of the original deposits?—Yes, but it is opposed to all banking traditions, and it is an unsound principle to advance upon shares in your own bank. It is advancing against your capital.

748. *By the Hon. the Chairman.*—There has been a new clause introduced in the Legislative Council to this Bill, dealing with building societies, and that question has been referred to this Committee. Building societies have the power of taking deposits to a limited extent—it is to an amount equal to three times the paid-up capital. Some of the Members of the Legislative Council think that that power is too excessive. The amendment reads as follows:—“D. Notwithstanding anything contained in section 20 of the ‘Building Societies Act 1890,’ no society shall receive deposits at interest from the members thereof or other persons, or from any corporate bodies, companies, or societies whatever”?—The receiving of deposits by building societies is entirely contrary to the original principles upon which they were founded; there is no doubt of that. What we call terminating societies were the original societies. It was not until they introduced the permanent plan that they took deposits, and no doubt the result has been most disastrous for the country.

749. *By the Hon. C. J. Ham.*—Do you think if building societies were limited to borrowing money to the extent of their paid-up capital that would be a wise alteration to make in the existing law?—They have certainly proved in the past that they were not able to go to the three times. I should think it would be safe enough to the extent of the equivalent of their paid-up capital; but I am not sure, as a banker, that I would not recommend that they should refrain from taking deposits altogether.

750. *By the Hon. F. S. Grimwade.*—Do building societies in England take deposits?—I think so. The Birkbeck Society has a very large amount, and they pay a very much higher rate than the banks do.

751. *By the Hon. C. J. Ham.*—Did it not contribute to the late crisis that the building societies competed for deposits and gave greater rates of interest than they could afford to give, and so forced the rate of interest up?—It was not without its influence, certainly.

752. *By the Hon. the Chairman.*—If the power of borrowing was reduced, do you think it would injuriously affect any of the societies now in existence?—Not unless it was made retrospective.

753. Take it that the companies that are now in existence would be prevented for the future from borrowing, would it injuriously affect them?—No; I do not think so. I think they would mostly proceed to wind up, and they would probably wind up more satisfactorily.

754. Taking building societies in the metropolis and round the metropolis, and in country districts, are you aware that those in the country districts stand financially much better than those in the metropolis?—Yes, that is so. In Ballarat and Bendigo I know it is the case.

755. *By Hon. J. H. Abbott.*—Would you suggest that they be all brought under the same law of not taking deposits?—I would not venture to suggest that without thinking the matter carefully out, but, upon the first impression, it is my belief that it would be better for themselves if they were to revert to the original principle of members subscribing, and then borrowing that money among themselves. They would be far more prosperous than by taking money from the outside public, and lending it at the difference between what they paid for it and what the borrower paid them.

756. *By the Hon. C. J. Ham.*—It would be quite safe as far as the depositors were concerned if it was limited to the amount of the paid-up capital?—I think it would be safe to that extent.

757. *By the Hon. S. Fraser.*—Was not the great loss to the building societies caused by the “boom”?—Yes, but they largely helped to bring it about.

758. *By the Hon. J. H. Abbott.*—Would it have been avoided if there had been no building societies?—No. I would ask as to subdivisions 3 and 4, clauses 23 to 36, that banks might be exempted from them. The recommendation of the proposed English Act exempts banks from the conditions of those subdivisions. It relieves them from all those questions about accounts and audits. If we were exempted from all matters relating to administration, the Banks and Currency Statute might be made sufficient to control the banks. At the present time there is a slight conflict. We have to make returns under both Acts. Necessarily this involves a good deal of duplication of work, and by the addition of a few clauses to the Banks and Currency Statute I think we might be exempted from the whole of the administrative clauses of this Bill.

759. *By the Hon. the Chairman.*—Why did the Committee in England recommend that the banks should be exempted?—They are covered by another Act. I would ask your attention to clause 22, dealing with the annual summary that has to be furnished. It “shall be so framed as to distinguish between the shares issued for money and the shares issued otherwise than for money, or only partly for money.” Section 25 repeats those words—“The shareholders’ balance-sheet shall be in such form as is directed either by the articles of association or by a resolution of the company, and shall show in every case (a) the amount of share capital issued and the amount paid up thereon, distinguishing the amount of share capital paid up in money and the amount paid otherwise than in money.” That also is repeated in the Schedule. The Third Schedule, Form A, says—“Capital, so much actually paid up in money.” It is quite impossible for a bank to distinguish what portion of its shares is paid up in money and what is paid up in anything else, and, as a matter of fact, none of the shares of the Commercial Bank are paid up in money; they are all paid up by a transfer from the old Commercial Bank to the new bank, by an Act of Parliament, and if you go behind that and say—“We will take the old Commercial Bank shares and see what they are paid up in,” you would find that the first series were paid up in money, probably 25 or 30 years ago, but since then they have been added to by taking over the business of the Australian and European Bank, the Town and Country Bank of Adelaide, and the Mercantile Bank of Sydney. It states that those are to be distinguished. The effect of that would be, if it were possible to do it, that the Stock Exchange would have to quote shares paid up in money and shares paid up by transfer of business. It would be quite unworkable, and it was strongly objected to by the Institute of Bankers in London at a meeting held a little time ago to consider this matter. It was pointed out there that in the amalgamation which is going on rapidly in England, in all the cases the capital has been increased by the taking over of businesses.

760. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—That would apply equally to a private firm being turned into a company, the assets being handed over *in globo*?—It would.

761. *By the Hon. the Chairman.*—Did you bring this matter under the notice of the Premier and the Attorney-General?—No. I was not present at that interview.

762. How would you propose to amend this clause 22 to deal with that difficulty?—If it is necessary for companies generally, then it would be met by the exemption of banks. It is pointed out that section 22 deals with the first formation of a company, and therefore it would not matter.

763. Do you not think it would be well to show in the commencement that the shares were issued for money, and if they were not issued for money what they were issued for?—That is on the formation of the company, but in section 25, sub-clause 2 (a), it requires that the shareholders’ balance-sheet shall contain this information all through.

764. *By the Hon. S. Fraser.*—Would that be a great difficulty in the balance-sheet?—Yes, it would be extremely difficult. We should have to put all the shares in the Commercial Bank down as not paid for in money.

765. *By the Hon. the Chairman.*—If that referred merely to companies that were formed after the passing of this Bill, would you see any objection to giving that information?—Not so long as we are exempt from the obligation to comply with this in our published balance-sheet.

766. You think there is really great difficulty in the case of your bank in complying with this?—There would be very great difficulty.

767. *By the Hon. J. H. Abbott.*—You say they would all come under the one heading?—It would seriously impair a bank’s credit if it had to announce—“Capital so much, none of which is paid up in money.”

768. *By the Hon. F. S. Grimwade.*—Might that not be a great difficulty with trading companies that have been formed some years ago?—Yes. At the discussion that took place in the Bankers’ Institute last year it was very strongly condemned. It did not find a supporter, the idea being that once capital is issued it is capital. If it has not been paid for in money it has been paid for in the equivalent of money.

769. *By the Hon. the Chairman.*—You are aware that this is a copy of the English Bill?—Yes, I am aware of that.

770. *By the Hon. J. H. Abbott.*—Have you any objection to the arrangement for a general balance-sheet to be made on the last Monday in March; will it create any inconvenience to banks?—I do not understand that it means that the banks are all to fix their balance-day on the last Monday in March. That would be almost impossible. It would involve the alteration of the articles of association and various other difficulties. It simply is an extra balance-sheet of assets and liabilities of the banks on the last Monday in March.

771. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would it not be really a balance-sheet?—Yes; everything would have to be made up in the same way as for a balance.

772. The interest would have to be calculated and the rebate calculated?—Yes.

773. It would really be a balance-sheet?—Yes. It would involve a great deal of additional labour, and I confess I am unable to see any object in it. The reason assigned is that if all the banks are made to give a return of this kind on the last Monday in March simultaneously it will prevent them assisting one another. I do not think they ever do that.

774. Take the case of your own bank?—I am sorry there is so wide a misconstruction of the facts; at the same time, this clause would not meet a transaction of that kind which was a strictly legitimate and properly defensible business transaction. It was said that that was a case in which the Commercial Bank assisted the Mercantile Bank to show a false balance-sheet. That was not the case. A certain advance was authorized by my board on the 11th of January. On the 3rd of March, I had good and sufficient reasons for calling it up, and I did so, and because I called it up and insisted upon its repayment immediately, the statement was put abroad that I had lent it for balancing purposes, which was not true. I lent them the money for specific purposes. £40,000 was cabled to London to meet certain pressing liabilities. They had the use of the money for nearly two months, and I required to take it back when I found the bank was not in the position it was represented to be in. Had this clause been in force then, that all banks had to balance on the last Monday in March, if the security that the Mercantile Bank was prepared to give me had been sufficient for my directors, and the Commercial Bank could have spared the £100,000, there would have been no difficulty in doing it. It would have made no difference unless the Commercial Bank desired to show more coin than it need to have had; so if all the banks balanced on the last Monday in March, if it were necessary for one bank to get money from another and the borrower was able to give good and sufficient security for it, there would be no doubt some banks that would spare the money for good interest. A bank would not refuse to give it because it was on the eve of its own balance. If a bank did so it would be sailing too close to the wind.

775. *By the Hon. J. H. Abbott.*—It could not be necessary for the sake of the balance-sheet if the security was ample; they could show the security instead of getting an advance, so the clause seems not to be necessary?—I think it will not effect the purpose which appears to have been the cause of its insertion, and it certainly will give a very large amount of additional trouble.

776. *By the Hon. C. J. Ham.*—Would not the passing of the clause check individuals using their credit to assist other persons at balancing-time?—I fancy it would check that to some extent.

777. *By the Hon. F. S. Grimwade.*—The statement under clause 24 is not in any sense a balance-sheet, but only a statement of assets and liabilities; that is no more than an ordinary abstract of balances that is made up in a bank every week?—If you are to insert the whole of your assets and liabilities you must bring your profit to a point; it is one of your liabilities.

778. A previous witness said that inasmuch as this was merely a statement of assets and liabilities, as far as banks were concerned there would be no difficulty in their doing it every Monday, because it was the habit of banks to do that; but it would not suit trading companies, because they could not take stock, the item of their stock being their principal asset?—I take it this will require to include the London office and Port Darwin, and other outlying stations.

779. They would have to be taken up at the last date you had on this Monday?—Then it would not be an absolute statement of the position on the last Monday in March. If it is to be filed with the Registrar-General within fourteen days of that date, we should have to get the result by cable from London and the outlying branches of the bank.

780. *By the Hon. C. J. Ham.*—If those assets and liabilities are only made up in the colony of Victoria, you would not have much difficulty?—It says the whole of the bank.

781. If words were put in to restrict it to the colony of Victoria the objection would disappear?—We could always make it up for the colony of Victoria.

782. *By the Hon. S. Fraser.*—What advantage or use would there be in a partial statement like that, only applicable to one colony?—None whatever. Clause 44 in the original Act prescribes a return to be furnished twice a year very much in the same form as this, but this will be an extra return. It seems to be a repetition, because clause 44 prescribes that the return shall be made in February and August.

783. *By the Hon. the Chairman.*—One of the witnesses says—"What statement do you think should be required from companies other than financial institutions?—I think the lodging of the annual balance-sheet required by a later clause of the Bill is all that is necessary—that is provided for in clause 30." "You think the last Monday in March would suit all the banks?—Any Monday you like to name in the year would suit all the banks, because they have such a statement of assets and liabilities prepared, and they could supply it in five minutes at any time you liked." "This clause applies to foreign banks as well?—They could do it also as far as their local concerns are affected." Do you agree with that?—We could give an approximate return on any Monday night, but it would not be exact as to setting forth the assets and liabilities.

784. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—How long does it take you to make the returns that you have to send in now?—There is a list of shareholders under the Banks and Currency Statute and under the Companies Act; we have to send in altogether six of them, and they take one man continuously at work doing nothing else all the year. It amounts to 600 folios for the list of shareholders which we have to send in under the Companies Act, and also under the Banks and Currency Act. The return under this clause could be done in a few minutes if we had the material. One point has been mentioned in regard to the increased liabilities that are thrown upon directors in this new Bill, and after carefully considering all the cases in which the directors are required to sign, make declarations, and verify various returns which are made, I have come to the conclusion that it would be almost a physical impossibility for the directors to thoroughly verify those things for themselves. They must take them upon the trust of the officers very largely indeed. I would go further than that—I would say that if the directors were to determine to investigate and verify everything for themselves it would be a serious block to the business. We could not get through the work, and yet responsibilities are thrown upon them in connexion with those returns that seem to me to be new.

785. *By the Hon. the Chairman.*—What particular duties are imposed upon them to which you now refer?—There are a number of cases in which they are required to sign certain things. The directors are

required to furnish the auditors in writing with anything they may want in the way of further information. Hitherto it has never been the practice, as far as the Commercial Bank was concerned, for the directors to have anything to say to the auditors; when the auditors come into the bank they are masters of the situation. Everything is placed before them and all the information that can be given by any official is at their disposal, but under this Bill, in section 35, they may call upon any director to supply them in writing with further information.

786. Sub-section 2 of section 33 says—"the directors, manager, and officers of every company shall give such information and produce to the auditors and the auditors shall have access to all such books, accounts, securities, vouchers, papers, writings, and documents in their custody or power as the auditors or any one of them may require." Is not that a reasonable duty. The general manager or some officer deputed by him would give to the auditors all the books, but if the auditors found that any books were kept back that they thought they ought to have access to, if refused by the bank, they should have the right to go to the directors and ask for them?—I entirely agree that there are no books in a bank that should be kept back from the auditors. There are no private records of any kind in a bank that the auditors are not entitled to see and inquire into.

787. Your objection was that it was imposing on the directors a new duty that ought to devolve properly on the officers?—I do not think the directors could entirely verify all the statements. A private balance-sheet must be signed by the manager and by each of the directors of the company when there are less than three. Then, again, the auditors "may require the directors to supply in writing signed as hereinbefore provided any further details or information;" that is sub-section 3 of clause 35.

788. That is taken from the English Bill, recommended by the English Committee?—It is quite possible that it is a different class of director that the drawer of this Bill had in his mind; that is a company director. I am only thinking of an ordinary bank director who devotes a reasonable portion of his time to advisory duties, and who is there on particular occasions to be referred to, but it would be unreasonable to suppose that he could be fully informed of all the details of all the specific accounts that are required under this Bill.

789. This refers to a private balance-sheet. Do you not think that it is advisable that there should be such a thing prepared for the auditors as a private balance-sheet?—If the auditors want a private balance-sheet I do not see why they should not prepare it for themselves. They have the whole of the information before them. There is nothing kept back from the auditors. The only difference in reading this Act that I can distinguish between what is called a private balance-sheet, referred to here, and the balance-sheet that is sent to the customers is, that the reserves for bad and doubtful debts are deducted from the private balance-sheet, and are not disclosed to the shareholders, but everything else in that balance-sheet is.

790. I thought the private balance-sheet under section 35 would go more fully into details of the transactions of the company than the balance-sheet of the shareholders, and it was to be prepared as much for the protection of the directors as for any other purpose, so that hereafter, if anything went wrong the directors could say—"Well, we put a fair statement before the auditors, and it will be found in the private balance-sheet." Have you regarded it at all as a safeguard for the directors?—No, I have not quite made up my mind what the private balance-sheet would be. A balance-sheet of a bank is taken from the books of the bank. The auditors have the books of the bank to verify that balance-sheet from. The shareholders' balance-sheet is sent out with this distinction, that before stating the profit the amount reserved for bad and doubtful debts is taken out, and it says—"Gross amount of profits after providing for bad and doubtful debts." There is no private transaction to be put away. Unless you think a private balance-sheet ought to embrace a valuation of all the bank's assets, which would be a very serious undertaking, the only difference is that a shareholder does not know how much the bank has lost by bad debts in the half-year, and the auditor does know, but he has that in the books. There is no necessity to make out a balance-sheet especially for that.

791. You think there is no necessity for the preparation of a private balance-sheet?—I think not. The balance-sheet which is issued to the shareholders, and which is assumed to be always available, can be compared with the books of that date if it is challenged. The bank does not destroy those books; they are always kept.

792. *By the Hon. S. Fraser.*—You are getting the balance-sheet as issued to the shareholders into smaller space at various movements. You do not get it into that small space when you make it up first?—The balance-sheet, as issued to shareholders, with the exception of that one item, is the same from the beginning. The books are totalised separately, and the totals are put in.

793. *By the Hon. D. Melville.*—There cannot be two balance-sheets?—There is only one.

794. This private balance-sheet is a new idea altogether?—To me it is; we never had a private balance-sheet in the Commercial Bank.

795. There can be only the correct balance-sheet?—Yes, that is all.

796. *By the Hon. the Chairman.*—In sub-section 3 of clause 35 it says—"The auditors may require the directors and manager of the company to supply in writing, signed as hereinbefore provided, any further details or information affecting the balance-sheet, or any particular item comprised therein, and shall sign a certificate at the foot of the private balance-sheet, stating whether or not all their requisitions as auditors have been complied with." Does that not give larger power to the auditors than they ever possessed before?—No. The auditors have a perfect right under our articles of association to call for any books in the bank or any information, and they always get it. They sign a certificate almost equivalent to this, almost in the same words, that they have received every assistance from the officers of the bank, that everything has been shown to them that they required to see.

797. Have they power to disallow any accounts as provided in sub-section 2 of section 34?—Yes, they have that power now.

798. *By the Hon. Sir H. J. Wrixon.*—Your objection to the clause is that it places on the directors a duty that you think properly belongs to the manager; you do not object to the power given to the auditors?—Not at all. I would not seek to restrain the powers of the auditors at any point, but it is not fair to impose upon the directors the obligation of signing documents of this kind that they cannot possibly examine in detail unless they are continuously at the bank.

799. If "directors" were struck out of the clause, you would have no objection to it?—No. The manager has to take the responsibility, and he is paid for it, which the directors are not.

800. *By the Hon. F. S. Grimwade.*—In the English Bill it does not say the information is to be supplied in writing?—No. The directors, I assume, would sign it relying upon the confidence they have in the officials who have examined it for them; therefore their signatures are simply *pro forma*.

801. *By the Hon. S. Fraser.*—The actual signing of the balance-sheet is founded on the past inquiry of the directors as to the assets of the bank and the indebtedness of the bank. If the directors are satisfied that the assets of the bank are what has been arrived at by the bank officials, would they not be perfectly justified in signing a statement prepared by those officials, which is merely a mass of figures?—I do not see why they should be now called upon to do it, when they have not been in the previous Act, unless it is intended to saddle some further responsibility upon them for the correctness of the figures.

802. Should not the directors be made to feel the responsibility?—I say it is a physical impossibility for a director, or a board of directors, to investigate and follow up all the transactions of a large bank. They must rely upon the executive, and their chief duty is to see that they select a proper executive.

803. Do you think it is impossible for the directors to know whether the overdrafts and indebtedness are generally safe or not?—I would not say that; but when they put their signatures to a document it seems to me they are certifying to the accuracy of the figures.

804. Are not those documents founded upon the fact that the advances are safe?—Yes, they assume that.

805. If the directors are doing their duty, is it not part of their duty to see that the advances that are in question, which they would probably have returns of, are safe; is it not their duty to go pretty closely into those advances, and see to the securities, and arrive at a judgment upon the management of the bank?—No doubt in all cases where doubt is expressed they will make specific investigation, but that only covers an infinitesimal amount of the total of the advances. A bank may have £7,000,000 or £8,000,000 lent out, and there may be £500,000 lent out that may cause some anxiety; they may know more about those than the rest of the advances, but there may be wrapped up in the other £7,000,000 dangerous advances that may bring on disaster.

806. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would not this throw upon the directors the responsibility of ascertaining personally the coin the bank had in hand at the time of balancing?—Yes, I think it would.

807. They would have to count the coin?—Yes, I think so.

808. *By the Hon. S. Fraser.*—Is it not part of the duty of directors to count the coin at some time or another?—It is not the practice, as far as I know.

809. *By the A. O. Sachse.*—Is there any reason to suppose there has been any deficiency in the coin in any balance-sheets that have been issued?—The frauds that may occur in the manipulation of the coin of a bank are infinitesimal, and are nothing to the losses that are made in other ways.

810. Would the weighing of the coin by the directors be a sufficient check?—There are certain specific assets in connection with the coin.

811. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Are there any other clauses affecting the responsibility of directors to which you object?—No.

812. Take clause 114—"Every director shall be under an obligation to the company to use reasonable care and prudence;" can you define what that means?—I should think that reasonable care and prudence on the part of a director meant his not giving his consent to anything that was outside the objects of the institution that he was director of—that is, he should be bound by its memorandum of association—and if within that limit he exercised ordinary care and was absolutely free from the possibility of any self-interest in the matter, then I say there should be no blame attached to him even though his judgment might have been erroneous.

813. This case might not arise until years after the event. Would it not be very difficult to carry the mind back to the circumstances under which an advance was made?—Yes, but if the transaction was altogether *ultra vires* no doubt it would be difficult to screen him.

814. The Committee appointed by the Lords has recommended the word "diligence" should be put in instead of "prudence"?—It is a very good word.

815. In clause 49, sub-section 2, it reads—"Where shares are issued at a premium, such premium when actually received by the company in money shall, if the shareholders by extraordinary resolution so declare, be deemed to be profits arising from the business of the company." That has been altered to read that they shall be carried to the credit of the reserve fund. Is it advisable that it should go to the reserve fund or that the shareholders should have an opportunity of doing what they like with it?—I think the proper destination of premiums on a new issue of shares is the reserve fund.

816. Is that irrespective of the amount of the reserve fund?—Yes, because it is a fund by which profits are earned for all concerned, and even though the reserve fund should be in excess of the capital it is to the benefit of the shareholders, and on the stock and share market they take all those things into account. In support of what Mr. Holmes said about private companies, I am strongly of opinion that private companies should not be required to publish their balance-sheets. I think they should have some distinguishing word, either "proprietary" or something of that sort, attached to their ordinary title, so that people may know that companies registered under that name do not publish a balance-sheet, and a characteristic of the company should be that its shares should not be quotable on the Exchange. Subject to those conditions, I think they should not be required to publish a balance-sheet.

817. How would you limit the number of shareholders?—I do not know that it would be of much importance if the shares were not quotable on the Exchange. The numbers would limit themselves, but I would say twenty would be a fair limit.

818. How would you prevent those shares being sold to the general public?—The public would not buy anything that is not quoted on the Exchange.

819. *By the Hon. S. Fraser.*—Is the limit to twenty significant at all?—It is only to prevent the shares changing hands.

820. Do you consider that 40 would be more dangerous than twenty or ten, provided the shares were not quotable on the Exchange?—Twenty was an arbitrary number. As long as the shares are not

quoted or saleable on the Exchange, and as long as they are distinguished by some such additional word indicating that they do not publish their balance-sheet, I do not think they should be asked to publish it.

821. *By the Hon. the Chairman.*—If you did not put such companies as those under a disability, would not all the companies then formed under this Act assume the same name, and call themselves proprietary companies in order to avoid compliance with the Act?—I do not think so. You must remember that those proprietary companies would be formed, as a rule, out of substantial capital already existing. A new company forming on those lines would not be able to acquire that capital. They could not go to the public and get capital in that way.

822. In some of those family companies their shares are fully paid up at present?—Yes.

823. Would you allow those companies to incur debts?—That is a matter for their creditors entirely. A company that did not publish a balance-sheet would not be allowed to issue debentures to the public or to take deposits or anything of that kind.

824. Should not such companies be surrounded by great restrictions so as to draw a distinction between them and a company under the Act?—I do not think so. I should not discourage the practice of well-established firms converting their business into proprietary companies.

825. *By the Hon. N. Fitzgerald.*—Would not the addition of the word you have suggested be a warning to the public?—Yes.

826. If people gave them credit after the insertion of that word in the title, it would be in their own knowledge that they were trusting a private company?—They would have no difficulty in finding out whether they were entitled to credit, because if a company wants credit the creditor is entitled to demand to see its position.

827. *By the Hon. the Chairman.*—You would not allow those companies to take deposits or issue debentures to the general public?—No. The general public would not take them if they did not issue a balance-sheet.

828. If they did exceed twenty shareholders, or issue debentures, or take deposits, they would have to come under the Companies Act?—Yes.

829. *By the Hon. S. W. Cooke.*—Take a small factory like a butter factory, the shares of which are not put on the Stock Exchange?—They would not be entitled to the use of the title, they would be a butter factory, limited, unless there were less than twenty shareholders.

830. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Directly those twenty attempted to sell outside themselves they would have to come under the Act?—Yes.

831. Suppose they held them in trust?—I do not know how you could meet that. No doubt the lawyers could find means of preventing their doing that.

832. *By the Hon. S. Fraser.*—Would you see any objection to one of the family lending money to the company at his own risk. Supposing there were twenty in the company, with a proprietary heading to it, would you by statute forbid one of the members of that company from lending his own money to that company?—Certainly not. I was referring to their taking deposits from the public.

833. Would that be construed into the disability of a member of the company to lend to the company?—No, they would be entitled to do what they liked among themselves. Lending money in the ordinary way would be the same as supplying them with goods.

834. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You said they should not be open to take deposits?—I meant in the ordinary public sense, by advertising for them.

835. *By the Hon. S. Fraser.*—You draw a wide distinction between companies who encourage deposits, and deposits that are voluntarily made by persons who probably know more about the company than any outsider could?—I would draw a distinction in that case between a deposit and a loan.

836. *By the Hon. A. O. Sachse.*—Have you given any particular attention to the definition of the word "profits" in clause 48?—No. The English Judges have wrestled with that question for a long time past and have not been able to agree upon it.

837. I am referring particularly to sub-clause 2, where the directors or manager are penalised for declaring dividends not out of profits?—The way in which this is expressed—paying them out of something he knows is not profit—is very strong. He wilfully does something that he knows is wrong. I do not know upon whom the onus of proof that he knew it would lie.

838. Would it effect the purpose when put in that form?—Yes.

839. "If any director or manager of a company wilfully pays, or permits to be paid, any dividend out of what he knows is not such profits," does not that render it nugatory?—It leaves us where we are now.

*The witness withdrew.*

Francis Grey Smith examined.

840. *By the Hon. the Chairman.*—What are you?—Chief manager of the National Bank of Australasia, Limited.

841. You have heard the evidence of Messrs. Murchison and Turner?—Yes, and I concur in the views they have expressed. I concur in what Mr. Turner has said with regard to the increased responsibilities intended to be imposed upon directors, which I think it would be impossible for them physically to fulfil as required by the Bill. There is one point upon which I might be of some assistance to the Committee—that is as to the term "private balance-sheet"—all banking institutions have what they call a full profit and loss account, of which only a synopsis is published. The full profit and loss account would show the actual expenditure for salaries, rents, and deductions of that kind on the one side, and the gross profits on the other, where those profits were earned, and where the expenses were defrayed; these profit and loss accounts show the deductions made in respect to provisions for losses, the amount of interest earned on accounts which was not considered applicable to profit, and all those particulars which, as we know, the published profit and loss account does not show; so the private balance-sheet, as distinct from the profit and loss account, I should take to mean the detailed component parts which eventuate in the aggregate balance-sheet. That would be the different assets of the bank in their different localities, the bills discounted in Victoria, South Australia, Western Australia, Tasmania, or New Zealand, in detail, but in the balance-sheet those are

aggregated together—that is my definition of a private balance-sheet, which is now, I am sure, compiled by all the banks, is open to the auditors, and is no new thing for us to comply with.

842. Generally it meets with your approval?—I see no difficulty whatever in complying with that clause.

843. *By the Hon. C. J. Ham.*—Would you call upon the directors to sign that balance-sheet?—The directors of the National Bank always sign the private profit and loss sheet, and present it to the auditors themselves; the balance-sheet they do not sign—I sign that.

844. *By the Hon. the Chairman.*—I believe that in England the directors are called upon under the Act of 1879 to sign the different accounts that are submitted?—I have no knowledge of the English practice, but I apprehend the head offices of banks are conducted pretty much upon the same footing whether they are in England or Australia.

845. *By the Hon. F. S. Grimwade.*—Do you see any advantage in a duplicate of this private balance-sheet being deposited with the Registrar-General in a sealed envelope?—I do not see any disadvantage in it. I concur in the objection to the clauses prohibiting advances being made to directors, not that it affects the institution that I am connected with, because none of the directors of the National Bank during the time I have been connected with it—now something like 24 years—have ever been debtors to the institution, but I see the disadvantage that banks as a body are liable to suffer from if an invidious prohibition of this kind is made an Act of legislation. Then as to publishing the aggregate amount of such advances, there would not be so much objection to that if an explanation or the names of the accounts or securities could accompany it, but to merely state the bald sum of £100,000, £200,000, or £300,000, in compliance with the clause in this statute which makes those advances suspicious advances, I think would be very misleading to the public, therefore I think the publication of them would not only be useless, but mischievous. It would not be the publication of the real state of matters, unless it was accompanied by some qualification as to the nature of the securities.

846. *By the Hon. the Chairman.*—Might it not be said that those advances were secured?—That might be done.

847. *By the Hon. S. Fraser.*—Should not advances to directors be regarded with distrust?—I have had very little experience of them. Referring now to clause 45, as to the prohibition of all advances to directors, the clause is very comprehensive, and would deprive certain banking institutions of business which could hardly be considered advance business, that is, exchange business arising out of the negotiations of produce bills, and subsidiary business of that character that I should hardly think it was contemplated to prohibit when this Bill was framed. I believe that has already been mentioned to the Committee, and I concur in the representations of my predecessors on the subject.

848. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—How would you propose to meet the difficulty with regard to the exchange operations?—I would omit the clause altogether; but, if that is not acceptable, I think an addition could be made to the clause, excepting such transactions as I have alluded to.

849. *By the Hon. C. J. Ham.*—Would your views as to clause 46 be modified if the provision mentioned by other witnesses were made, that the information as to advances to directors of companies they are interested in should not be divulged except by direction of the Court, and that parties should be liable to a fine for making it known or publishing it?—My views would be modified if the information was kept secret; but I apprehend that is not contemplated by the Bill. As I feel that the banking view has been very forcibly put before the Committee, I will address myself to clearing away any points that may not have been properly apprehended. Referring to the Third Schedule of clause 24, I think there is no objection to it; the term "assets and liabilities," as used there, does not mean the assets and liabilities up to date in respect of profit; it means the assets and liabilities as we use them in preparing the returns for the quarterly average statement for the Government. We do not bring our interest accounts or rebates up to date in compiling these, and I apprehend this return will be compiled on the same principle, so I do not concur in the apprehensions that have been expressed as to the difficulty that will be experienced in making those returns.

850. *By the Hon. F. S. Grimwade.*—You think the clause means the assets and liabilities up to that particular Monday?—Yes, without taking in the question of profit.

851. While that clause remains as it is you have no objection to it?—No, except that it would be entirely misleading; the object being to show the actual position of all the institutions, it does not take into account the vast amount *in transitu* on that particular night. It would astonish the Committee if they were told the amount of money afloat, and the bills drawn against the same, and other transactions *in transitu* between branch and branch. I should not be far short if I said that this statement would be some millions out in the object of the compilers.

852. *By the Hon. the Chairman.*—Would not the same remarks apply to these quarterly returns?—The quarterly returns are confined to the particular colony. I was speaking of the position of the whole of the institutions when I referred to millions. I did not refer to one particular institution, but to all of them, and I say that the amount involved not accounted for would amount to that sum. The question of the reserve fund has been fully discussed, and great importance is attached to ear-marking the funds thus put aside, the object, no doubt, being that the funds, having once been put aside for the purposes of a reserve to meet losses, should remain in that form, and never be disturbed except with that object. I would point out that that would be liable to interfere very much with the course of the bank's ordinary business. A bank might invest its reserve fund, say, of half-a-million of money in securities which would be returned as representing that fund; but the time might arrive when the bank required to raise money on those securities for the purposes of its ordinary daily business, and under the provisions of this Bill they would be prohibited from doing so. I think that would be causing a very much greater evil than would be involved if there were no reserve fund at all. I think the reserve fund of a bank should be available in whatever form it is for exigencies in business; other securities taking the place of those in which it is represented.

853. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—And available promptly?—Yes, without the necessity of appealing to shareholders; there is sometimes not time to do so.

854. *By the Hon. F. S. Grimwade.*—The mere fact of having to appeal to the shareholders might cause a panic?—Yes, it might have that effect.

855. *By the Hon. the Chairman.*—Is there anything in this clause to prevent the shareholders by special resolution giving power to the directors to use that fund in any way they please—in other words, are not the shareholders masters of the position by passing a special resolution. Assuming that a reserve fund is formed by a new company, should not the shareholders have the right to say to what purposes that fund is to be devoted, and how the directors are to deal with it. Only a few men are engaged in the formation of a company, and they have the memorandum of association prepared according to their own direction, giving very large power to the directors in connexion with the reserve fund; but, after a while, the number of shareholders is increased very considerably, and the reserve fund goes on increasing. Many of the shareholders have not seen the provisions in the articles of association, and, when they become aware of the fact that the directors have full power over the reserve fund under the articles, would you not give them power by special resolution to alter that as they might think fit?—I do not understand that it is claimed that the directors have any power to diminish this reserve fund, although they may alter its character.

856. They get their power from the articles of association or deed of incorporation—the large body of shareholders who come in at a subsequent period know nothing about that; would it not be well to give them the power to deal with that reserve fund as they might think fit?—The accumulation of reserves in banks always proceeds from the shareholders by resolution at the general meeting—they sanction the appropriation by resolution. The directors recommend, and the shareholders adopt. The directors cannot diminish that reserve fund—although they may alter its character—without the same shareholders' permission and knowledge. That is my experience in institutions such as the one I represent.

857. If there is a sudden demand on the funds of the bank the directors can apply the reserve fund to meet that demand?—Yes, and that is compensated for by other assets that are available for the purpose, though not available for the sudden demand. If you tie the directors' hands and prevent them from using the securities (which may be the most available form of securities) in which the reserve fund was represented, you may bring a great injury upon the institution, which may be avoided if the directors have leave to use those securities, but to substitute others in their place—such as bills, and so on.

858. *By the Hon. S. Fraser.*—Are reserve funds invested in any particular securities?—Yes, it is done in some cases now.

859. Is it done in your bank?—No, it was never done in the bank I represent, though we have had reserve funds to a large amount.

860. Do you know any bank in this colony in which it is done?—I think I have noticed in one of the Anglo-Australian banks the statement that the reserve fund was represented in such and such a way.

861. *By the Hon. F. S. Grimwade.*—Is there any advantage in saying how the reserve fund is invested?—Not as long as things remain as they are.

862. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Though you say that in some institutions a portion of the reserve fund is invested in a certain way, do you wish the Committee to understand that the directors have not the power of dealing with that investment in an emergency?—It is desirable that the directors should have the power to use the reserve fund for the ordinary requirements of the business, but they should not have the power to diminish it or add to it without the sanction of the shareholders—the shareholders create it, and the shareholders must agree to its diminution.

863. *By the Hon. S. Fraser.*—May not the reserve fund be diminished in spite of them; if the securities are reduced in value by 30 per cent. or 40 per cent. would that not affect the reserve fund equally with the other advances?—That is an argument in favour of not ear-marking particular securities to represent the reserve fund.

864. You see a difficulty and no advantage in ear-marking particular securities for the reserve fund?—Yes.

865. *By the Hon. N. FitzGerald.*—There can be no diminution of that reserve fund without the consent of the shareholders, in other words without the adoption of the report in which that reduction is specially mentioned by the directors?—Yes. With regard to the particulars of the investment the Third Schedule of section 24 says—“Reserve fund and accumulated profits (specifying the actual amounts and particulars of the items of the investments thereof).”

866. *By the Hon. the Chairman.*—That goes further than section 26?—Yes.

867. When it says “particulars of the items of the investments thereof” I suppose they would be very general—for instance, they would say “invested in freehold securities or debentures”?—If it was sufficient to say “invested in the bank's business” that would meet every objection.

868. *By the Hon. S. Fraser.*—To comply with this Schedule, it could not be invested in the general business of the bank?—If that could be accepted as a sufficient description it could, and we hope it will be. The question of special audit I need not enlarge upon, except to add my decided testimony as to the inadvisability of allowing creditors any such power, because they have no claim to it. They become creditors by their own action, and they remain creditors voluntarily—that is, as far as regards banks. If a man has money on current account he can draw it out at pleasure; if he chooses to fix it at interest for a period of time, he has entered into a contract, and that contract ought to be respected, so the creditors have no claim whatever to anything that is proposed to be given to them here. With regard to the shareholders, it is provided in most constitutions of banks that shareholders can call for a special audit at any general meeting, by a certain proportion—in my bank two-thirds of the shareholders present at a meeting can call for a special audit.

869. *By the Hon. N. FitzGerald.*—In person or by proxy?—All those who are represented.

870. *By the Hon. F. S. Grimwade.*—What is the quorum of a meeting of shareholders?—Twenty-four, I think. It says—“131. The company may at any ordinary general meeting, by a resolution for which two-thirds of the votes of the members there present, either in person or by proxy or attorney, shall be recorded, direct the auditors to make such further inquiry into the affairs of the company and report thereon as may be thought fit, or may appoint any two members eligible as auditors to be special auditors for the purpose of making any such inquiry or report.”

871. *By the Hon. C. J. Ham.*—You would not object if this clause were altered to read that one-tenth of the shareholders in number and amount should have power to call for a special audit?—The present law is one-third, and I think that is a very fair number.



872. *By the Hon. the Chairman.*—The other witnesses who gave evidence on this point said they would be satisfied if the number were changed from one-twentieth to one-tenth?—So would I be.

873. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have you any views you wish to put before the Committee in connexion with private companies?—No.

874. Do you see any objection to private companies being formed?—No, not in the abstract.

875. Do you see any objection to such companies as Howard Smith and Co. continuing as private companies, and not coming under the operation of this Bill as to the disclosure of their balance-sheet?—I do not think it would be advisable that they should disclose their balance-sheet.

876. Would you limit it to any number of shareholders?—I understand the minimum is five—I might raise the minimum, I would not make a maximum.

877. You would let a private company consist of 1,000 shareholders?—Yes.

878. *By the Hon. F. S. Grimwade.*—Where would you differentiate between that and a company that should come under the Act?—I was asked as to companies that are now formed—as long as they are on their present footing, I do not see the necessity for their publishing their balance-sheet.

879. *By the Hon. the Chairman.*—They come under the Companies Act for their own benefit, and they take advantage of all the provisions relating to limited companies—why should an exception be made in favour of one company as against others, all being trading companies?—Because these are called private companies.

880. At the present time there is no distinction between them and any other companies incorporated under the Companies Act, and what it is proposed to do is to draw a distinction between companies consisting of not more than twenty shareholders and companies consisting of a larger number—do you not think our law ought to be uniform?—No doubt the principle is right that all laws ought to be uniform, if the objects are uniform.

881. You are aware that there is a great difference between a private firm and a limited company—that the advantages are altogether in favour of the limited company?—Every one admits that, I suppose.

882. If there is no objection to a company consisting of more than twenty shareholders having to furnish a balance-sheet once a year, where is the objection to a company having twenty shareholders doing the same?—I gave my opinion in reference to particular companies that I had in my mind consisting of very few shareholders, but as you pursue the discussion, I can see that that opinion of mine is not logical, and to that extent I wish to qualify it.

883. *By the Hon. N. FitzGerald.*—If the word “proprietary” is added to the title of the company would it not be a warning to the public?—Now they have to add the word “limited” to their name.

884. So has every other company, but where there is a family united in a limited company for family reasons, and they add the word “proprietary” to their title as a warning to the public, would the public in any way be prevented from giving credit to that company any more than to a private firm?—I think that really the title “limited” ought to be sufficient for all purposes.

885. The publication of their balance-sheets giving information to their rivals in trade might do considerable damage to them?—I think that applies generally.

*The witness withdrew.*

[*The witness subsequently handed in the following suggested amendment*]:—Add to sub-section 1 of section 45—“but nothing herein contained shall apply to the purchase by any banking company from any director of such company or any firm of which he is a member of bills or drafts drawn by him or his firm upon any person outside Victoria provided that the sale and purchase of such bills or drafts is made in good faith and that the bills or drafts are remitted for collection by the first mail after the purchase thereof and that such director has no reason to believe that such bills or drafts will not be paid in due course.”

Edward William Knox examined.

886. *By the Hon. the Chairman.*—What are you?—General manager of the Colonial Sugar Refining Company, Limited, of Sydney. [*The witness read the following paper*]:—

The company's head office is in Sydney, and it has branches in Victoria and in New Zealand, Queensland, South Australia, and Fiji. The paid-up capital is £1,701,850, all the shares now issued except fifteen being fully paid up. All the shares are on the Sydney register—we have no branch register—and so are liable to probate duty in New South Wales. All the books of the company are kept in Sydney, and we do not borrow money on deposit nor issue debentures in the other colonies or in England, and have not any debts in Victoria except for current wages and salaries and for the purchase of supplies other than sugar.

Our assets in Victoria amount on the average to between £400,000 and £500,000; our liabilities are always, I believe, under £5,000.

We contend that the Companies Bill now before the Council should be amended by exempting from its provisions trading companies like ours which do not borrow nor have branch registers in Victoria. The Bill appears to have been drawn with the idea of protecting Victorian shareholders and creditors of companies doing business in Victoria, but if there are no creditors, nor—in law—shareholders, surely an attempt to make the Bill apply to companies that are compelled to obey the laws of other colonies can only cause friction and loss. In our case this point is of much importance because of our carrying on business in five other colonies in just the same way as in Victoria. If each colony sought to enforce regulations as regards the management at the head office in the manner set forth in this Bill the result would be farcical, as it would be quite impossible to comply with the varying conditions. Primarily, we must, of course, conform to the New South Wales laws as those of our domicile, and surely it is, to say the least, unfair and unwise to attempt to enforce restrictions on us which our law does not place on Victorian companies, and which may hereafter be actually in contravention of the provisions of our own statutes.

Should the Council be willing to remove corporations such as the sugar company from the scope of the Bill, this can best be done by amending clause 20 by the addition after the words “carrying on business” of the following:—“And having a share-register or accepting deposits or borrowing money on debentures in Victoria.” If such an alteration be not made in this Bill, I ask the attention of the Committee to the following points:—

Clause 24, sub-section 1.—With trading companies the adoption of a movable date for balancing can do no good, and will be a great inconvenience. Financing to frame a balance-sheet is impossible for such companies, and their accounts should be made up to the ordinary date, 31st December or 31st March, as the case may be. There would be no difficulty in amending the sub-section so as to suit such companies as follows:—At the end of this section add the words—“in the case of trading companies the assets and liabilities shall be given as on the last balancing-day during the year preceding the date of such declaration.”

Sub-section 2.—As this provision stands, the company's reports are to be posted in every branch in every colony; this is a useless regulation, which can hardly be enforced. The words “in Victoria” should be added after the word “place” in the twelfth line.

Sub-section 4.—Why should English companies be put on a footing differing from that proposed for Australian companies? If it be necessary that a company with a head office in Adelaide should furnish certain information, even if it has no shareholders or creditors in Victoria, why should an English company with shareholders and creditors here be exempt from such provision? I propose that this sub-section be omitted.

Clause 25, section 1, sub-section (c).—It is impossible in our case to circulate our reports seven days before our meetings; these must by our deed be held in April and October, and as the statements cannot be prepared till figures are obtained from New Zealand the accounts cannot be finished by the 23rd of the month. Surely shareholders can be left to decide for themselves whether they will have the reports before or at the meetings. More attention is always given to the chairman's speech than to the reports.

Clause 25, section 2, sub-section (c).—I ask that in this sub-section the words "and the amount paid otherwise than in money" should be omitted altogether, or should be made to apply only to companies formed after the passing of this Bill. There is not, I think, any doubt as to profits capitalized being taken as capital paid up in money and such additions to capital would not thus appear, but a purchase of properties by an existing company for shares—surely a more favorable mode of purchase than for money—is apparently to be stated separately here, and I contend that no such transaction can be fairly shown in a balance-sheet without a long statement giving particulars, for the novelty of the provision would tend to throw discredit on the company unless such particulars were given. In the case of the Sugar Company, which is an amalgamation of four distinct companies, I do not see how the statement about the capital demanded in this clause could be set forth.

Section 2, sub-section (d).—It would be impossible to give in the scope of an ordinary balance-sheet the information about our assets that is here prescribed. All that is wanted is a provision that if any of the assets are set down at more than their cost, this should be stated. Neither shareholders nor creditors can suffer through their standing at less than cost. As to depreciation also the particulars would be simply misleading; the company that allowed its plant to run down, and set aside a quite inadequate appropriation for depreciation would make a better show than the other that maintained its plant at the highest pitch of efficiency by renewals and repairs and did not deduct any percentage for depreciation. I can speak with some authority about depreciation of plant, and am convinced that it would be a grievous blunder to allow this provision to stand.

Either sub-section (d) should be omitted and the following substituted:—Whether any assets are valued at more "than the cost thereof," or all the words after "stated" in line 28 should be struck out.

Section 4.—The word "section" is used here instead of "clause" in line 45.

We keep no books in Victoria except the accounts with the customers. This section demands that the Victorian public who have no interest in the matter are to be supplied with information which has never been asked for by any of our shareholders, and would certainly not be given to them except it were demanded by a majority at a special meeting, for it would be, to say the least, misleading.

Unless section 2 be amended as suggested above I ask that all the words after "provided" in line 8 be struck out, because the information demanded would be both useless and misleading.

Clause 26, section 1, sub-section (b).—Supposing we have a reserve for general purposes—and it is for general purposes that reserves are wanted—such reserve must be abolished if this sub-section be passed unless the shareholders tie the sum up for some special purpose. I am unable to see what possible good could be achieved by the passing of this clause, and nearly the whole of it could with advantage be struck out, leaving only the provision that information be given as to the reserve fund being employed in the business or otherwise invested.

*Auditors.*—Subdivision 4, clause 28.—This Division must have been drawn by some one who had not any knowledge of mercantile affairs. The Bill gives the auditor great power, and it is sought to put him in a position above the director who is appointed by the shareholders to take charge of their property. He may or may not be a shareholder in the company the accounts of which he has to examine, but he can traffic in the shares to any extent, and the temptation to do this is always before him inasmuch as he is to be placed in possession of information that is withheld from all the other shareholders. It will be noticed too, that although he is to be trusted fully there is no penalty for breach of trust, he may sell the knowledge he gets of the position of the company for stock-jobbing purposes, and yet the only risk he runs, if found out, is that he may be prevented from acting as auditor again, and from this punishment he may escape if he can, by means of political influence, prevent the cancellation of the licence. It would, I think, be an unusual occurrence for confidence placed in an auditor to be thus betrayed, but such cases are at least possible, and it is quite clear that there is not any provision for the punishment of such malpractice, however grievous the injury to the company, or however large the profit of the auditor who committed the breach of faith. On the other hand, there are some very objectionable provisions about directors, who are supposed to be dishonest, while the auditors are assumed to be beyond suspicion. Why should not the provision of the Income Tax Act about disclosure of information obtained by the officials be made applicable to auditors?

This part of the Bill appears to me to be a huge mistake; it takes for granted, first, that shareholders are not to decide for themselves whether they will trust men who have been, perhaps, a generation in charge of the business or in their service, in preference to strangers who have no interest in the welfare of their company, and then it provides for useless checks on those whose interest it must be to make the business a success—viz., the directors, who must be trusted—and should be trusted implicitly—or changed. On their judgment depends the welfare of the institution, not on the certificate of an auditor that the securities for advances—which may be worthless—are in admirable order, and that the accounts relating to investments—possibly utterly bad—are neatly and carefully kept. The auditor always necessarily makes his appearance in a business after the directors have achieved success or failure, and in the affairs of properly conducted companies he is practically of no use; in fraudulent concerns he never prevents, but only at the best discloses, fraud. Under this Bill he would be a sham, because the elaborate provisions for his appointment and for the supply of information to him are intended to make ignorant shareholders believe that he can be of real service in protecting their interests when the directors and officials are conspiring to defraud them. I use the word "sham" here because the Bill provides that no employé of a company can be an auditor, and the only possible efficient audit is the close and continuous supervision by the officers of all the expenditure at the various branches of the business.

It is to be noted in connexion with this subdivision that clauses 31 and 46 conflict. The former provides that an auditor shall not be indebted to a company, and indeed that he ceases to hold office on becoming indebted; the latter says that particulars of advances to and for the auditors are to be lodged with the Registrar.

I would also point out that were this Bill accepted in the other colonies as the last word on company law, and were adopted as it stands, auditors would have to prove their competency in half-a-dozen colonies, for even if the other provisions were passed by the respective Parliaments it is hardly likely that they would leave in the hands of a Victorian Board solely the approval of auditors for companies' accounts. It may be said that it is not intended that subdivision 4 should apply to companies registered outside Victoria, but I submit that this is not clear, and that the following words should be added to clause 28—"Nor to companies incorporated outside Victoria and not having their head or principal office in Victoria."

Clause 70.—Surely it is a mistake to copy the action of the Queensland Parliament in applying a term intended to be offensive to companies registered in Great Britain or the other Australian colonies which carry on business in Victoria. There can be no difficulty in calling such companies British or Australasian, and in leaving the term "foreign" to be applied to those having head offices in other countries. In connexion with this point it is worth noticing that the Bank of New South Wales was an Australian company before Victoria was a colony, and that the Sugar Company has more claim than any other to be called an Australian company, because for some time transfers of its shares to persons residing outside Australasia have not been passed by the Board. Yet these companies are to be called "foreign."

Clause 75.—Is this intended to exempt trading companies? We only invest our funds in Victoria, and carry on business consequent on such investment. Are we not then free from the restrictions of the Bill?

Clause 44.—I am unable to see any possible advantage to be gained by altering the law in regard to companies having a charge on shares held by a creditor of the company when such shares are fully paid up. Surely it would be better to omit this provision, which certainly cannot affect any company having a head office outside Victoria when there is not a branch register of shares in Victoria.

#### Schedules.

No. 3.—Form B should be amended by omitting from section 1 the words "is actually paid up in money;" section 2, the words "Monday, the day of March." And in the list of assets the following items should be inserted:—"Buildings and Plant, Trade Stocks." From the "Liabilities" column the words "amounts due on simple contracts" should be omitted. Such contracts will probably be for the purchase of goods not included in the list of assets, and to be paid for only when delivered.

In the case of a trading company, similar contracts can only be contracts for the purchase of goods.

887. Was this statement prepared by yourself?—Yes, I wrote every word of it.

888. *By the Hon. J. H. Abbott.*—Does it include all your objections to the Bill?—Some of them. There are portions of the Bill which I, as the manager of a company domiciled outside of Victoria, have no right to express an opinion about, and I have only dealt with those clauses which affect the branch of our business in Victoria.

889. *By the Hon. S. W. Cooke.*—What are the shares in your company?—£20 shares.

890. *By the Hon. the Chairman.*—What are your assets in Victoria?—Landed property, buildings, plant, stocks, sugar, and book debts.

891. Your liabilities amount to about £5,000?—They are practically nothing but wages, salaries, and the small quantities of supplies purchased locally—the wages are paid weekly, the salaries monthly, and accounts weekly.

892. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—If you wished you could get larger credit than that?—Yes.

893. *By the Hon. A. O. Sachse.*—Have you any local board here?—No, the board is in Sydney.

894. Have you business relations with members of the board in Sydney, or would the clause affecting discounts with the members of the board interfere with your business?—Not at all.

895. *By the Hon. S. W. Cooke.*—Do you think it is a good thing for banks to make advances to their directors?—I think it is very bad to prohibit them from dealing with their directors—a director is in a position to bring extremely valuable business to the bank, but under this Bill a man worth £1,000,000 could not guarantee a church account for £100.

896. It seems to be the custom in England to prohibit it?—The mistake is to suppose that the English practice should in any respect govern ours. If the English banks did business in France, Germany, Holland, and Spain, as well as in England, and you copied their practice you might have some reason for your action, but the companies here carry on business in practically five or six separate countries, all under different laws.

897. *By the Hon. N. FitzGerald.*—In other words, if we had federation it might be considered analagous to the condition of England?—Yes.

898. *By the Hon. the Chairman.*—Your company is domiciled in New South Wales?—Yes.

899. You are doing business in Victoria, and you admit that we have power in Victoria to make laws relating to those companies who do business in Victoria?—Yes, but whether these laws can be enforced I cannot say. I think this is the first occasion on which I ever heard of an Act being passed which proposed to fine a resident in the country where the Act was passed for the acts or omissions of people in another country, whose actions he could not control.

900. Supposing a company had its head office in Melbourne and was transacting a large business through its branch in Sydney, would you not admit the power of the Legislature of New South Wales to regulate the business of that company which was carried on in New South Wales?—Yes, but I would not think it possible that the Parliament of New South Wales would attempt to enforce any restrictions on the head office in Victoria. There is no such restriction now; the Victorian companies can carry on business in New South Wales without any of these restrictions which you seek to impose on us.

901. There is no attempt on the part of the Legislature of Victoria to interfere in any way with the laws of New South Wales. There is nothing in this Bill that interferes in the slightest degree with the Companies Statute of New South Wales?—You propose to retain the power of appointing a special auditor to inquire into the working of the company in New South Wales.

902. We take no power over the head office; we take power over the officer who may represent the company in Victoria?—New South Wales does not say that to any Victorian company, so why should you say it to her?

903. New South Wales may follow in our footsteps at any moment?—It would be better to wait until she does.

904. *By the Hon. N. FitzGerald.*—There are clauses in this Bill which render your manager here amenable to penal consequences if he does not do certain things which his board may not give him power to do?—Yes, nearly all the penalties upon the manager are penalties for not doing things which are not in his power to do. No branch manager, as a rule, has information to enable him to fulfil the requirements of the Bill.

905. *By the Hon. A. O. Sachse.*—I gather that you have a reserve fund established?—Yes, there are three reserve funds—there is the ordinary reserve fund, the reserve for the equalisation of dividends, and there is a further guarantee and insurance fund.

906. Do you specially earmark them?—No, they are employed in the business.

907. Have you formed any opinion as to companies investing their reserve funds?—I think the owners of a business should be left absolutely free to employ their reserve fund or their capital in any way they may think fit.

908. *By the Hon. S. Fraser.*—Do you think that auditors are an advantage to institutions?—Not to any large company that is properly managed, because it must have a thoroughly skilled accountant in charge of its accounts.

909. Would you say that auditors are of no use at all?—They are no use at all in a company properly managed, I am quite convinced of that; I never heard a mercantile man say anything else.

910. *By the Hon. the Chairman.*—Would you do away with auditors altogether?—I would leave the matter free—I would strike that clause out.

911. Have you no auditors in your company?—No, and never have had.

912. Is not that an exception to the general rule?—I do not think so in Australian companies.

913. *By the Hon. S. Fraser.*—Do your shareholders receive your balance-sheets from year to year without the slightest hesitation?—Yes.

914. Can you not conceive of a case where auditors might be of great advantage to shareholders, provided they did their duty determinedly in preventing incipient wrong-doing?—Not unless the directors and managers are doing great wrong, in which case they ought to be dismissed.

915. Suppose the directors are doing wrong, would not an independent auditor have a tendency to check that wrong-doing?—I do not think so, I do not think they have any control at all over the actions of the directors and manager.

916. In banking institutions, do you not think that if the auditors are determined to do their duty, and expose any wrong-doing, that would have a tendency to stop its increase?—I have been in business for 32 years, and I have never yet heard of a case where an auditor attempted to expose what he thought was wrong-doing, except in the case of a moribund company.

917. Have you not heard of auditors refusing to certify to accounts?—I have heard of their refusing to certify in one special form—in other words, I have heard of auditors requiring the certificate to agree with what they had done, but there was no suspicion of anything wrong. The fact was that it was impossible for the auditor to audit the accounts thoroughly for the remuneration he received, and he said he was prepared to give a certificate in a certain form, but not a general certificate.

918. *By the Hon. J. H. Abbott.*—Are not the auditors any check at all upon the correctness of the balance-sheet?—None whatever. If you have to call in an accountant to get the balance-sheet correct, you had better put up the shutters at once. The value of a business is in the value of the securities, not in the correctness of the accounts, it is whether the assets of the business are worth the amount at which they stand in the balance-sheet. The auditor is not a valuer.

919. *By the Hon. N. FitzGerald.*—How much do you pay per month here in your company?—About £3,000 in wages and salaries.

920. Would you go so far as to say that if your assets here were not so large as you have mentioned, and this Bill became law without change, your company would cease transactions with Victoria?—No. I am not prepared to say that.

921. *By the Hon. S. W. Cooke.*—You suggest the addition of certain words to clause 24, sub-section 1, would you have difficulty in complying with it as it is?—It would be quite impossible to comply with it as it is in our case. The preparation of our year's accounts occupies from December to the end of April, and it would be quite impossible for us to make up our accounts by the third Monday in March, seeing that on the 31st of March we have just about succeeded in making up our accounts to the preceding 31st of December.

922. It says as near as circumstances will permit?—It would depend upon how that is interpreted. We have to wait for our Fiji and New Zealand accounts.

923. *By the Hon. N. FitzGerald.*—The sum you have mentioned as being expended in Victoria is chiefly spent in wages?—Yes.

924. *By the Hon. the Chairman.*—As to sub-section 2, you say the words "in Victoria," should be added after the word "place" in the twelfth line, is not that a matter of drafting?—I do not think so; if it is not made clear, the Bank of New South Wales is liable to a fine of £5 per day for not posting that report at each office, or £500 a day as it has 100 offices. If the operation of the Act is to be confined to Victoria I have nothing to say; if so, there would be no objection to inserting the amendment. I suggest that it shall not apply to companies registered outside Victoria.

925. What is required to be done here is by the companies carrying on business in Victoria, and if the Legislature enact that it shall become law here, those companies must become amenable to the law?—Yes, but I would impress upon the Committee the extreme importance of this point—whether this Bill is to apply to the other colonies or not, and I think I am justified in asking that this point shall be made perfectly clear. If it is the intention of the Ministry and Parliament that it shall not apply to the other colonies there cannot be the smallest objection to say so.

926. *By the Hon. N. FitzGerald.*—If it does not apply to companies domiciled outside Victoria would not the companies domiciled here move their head offices?—No, there is no objection to the audit as far as regards any company in Victoria, but there is an objection to have an audit of companies in New South Wales carried out under the control of auditors appointed in Victoria.

927. *By the Hon. the Chairman.*—Is there any clause in this Bill that would justify an auditor in Victoria going over to your head office in Sydney and auditing the accounts there?—As the Bill is drawn it seems to me perfectly clear that the auditors of the Bank of New South Wales, and of my company, may be required to qualify in Victoria before they audit the accounts of those institutions in Sydney. I would like to draw the attention of the Committee particularly to clause 25; sub-section (b) says that the balance-sheet, after being duly audited, shall be laid before the members of the company, and then clause 28 and the subsequent clauses provide most distinctly that the audit shall be conducted by men who are not only qualified, but who are approved by the Board appointed in Victoria—that applies not only to every Australian company, but to every English company as well, and I think it is only reasonable to say that if that is not the intention of Parliament it should be made perfectly clear.

928. Let me call your attention to sub-section 4 of clause 24, referring to companies whose head office is not in Australia, Tasmania, or New Zealand; it says—"The provisions of this section shall be deemed to be sufficiently complied with if the statement is signed by the manager, and is certified, as aforesaid, by not less than two of the directors, if any, residing in Victoria, or if there be only one director residing in Victoria then by such director, and shows the assets and liabilities of such company in Australia, New Zealand, and Tasmania only, and if, together with such statement, the manager of the company files with the Registrar-General a true copy of the latest general balance-sheet of the company prepared prior to such filing, and if such statement and general balance-sheet are posted up and kept posted up in the manner provided in sub-section 2 of this section." That provides for offices in England, and all that it requires there is an audit of the business in Victoria, with the last balance-sheet that has been prepared, no auditor being sent to England for the purpose?—You will find, on referring to clause 25, sub-section (b), it says that the balance-sheet shall be posted and shall be duly audited, while clause 28 and subsequent clauses specify what is the meaning of duly auditing.

929. Duly audited by whom?—By the auditors appointed in accordance with the provisions of subdivision 4, which says that such auditors shall obtain the authority of the Victorian Board to perform the audit. Clause 32 gives the qualifications for the auditors, therefore all the companies trading here, whether domiciled in England or Australia, must, according to this Bill, have their auditors passed by the Victorian Board.

930. That is an audit of the business done in Victoria—the auditors here do not audit the accounts in England, they take the balance-sheet as correct?—I do not see where it says that—it says the balance-sheet must be duly audited, and the balance-sheet must be audited where it is made out, you cannot audit Dalgety and Co.'s balance-sheet in Melbourne.

931. Your objection is that you fear that under this Bill the accounts of companies who have their head offices outside Victoria should be audited by Victorian auditors?—I say that the Bill provides that that shall be done, as clear as words can make it. If it is not the intention of Parliament I shall be only too glad to hear of it.

932. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You say it is impossible in your case to circulate the report seven days before the meeting—would not that depend upon the date of the meeting?—By our deed the meetings are to be held in April and October.

933. That could be altered?—Of course it could be by a general meeting, if they wished.

934. Is it not fair to shareholders that they should have the balance-sheet seven days before they are called upon to deal with it?—I think they are quite competent to ask for the balance-sheet if they want it seven days before.

935. Is it not fair and reasonable that the shareholders should have the balance-sheet in their hands seven days before the meeting, so that they can read it over and come prepared to ask sensible questions?—The shareholders have it in their power to do that, because all they have to do when they come to the meeting is to adjourn it for a week.

936. If you were a large shareholder, would you not like to have the balance-sheet in your hand a week before the meeting?—No.

937. *By the Hon. S. Fraser.*—If the shareholders wanted the balance-sheet a week previous to the meeting they would pass a resolution to the effect that in future the balance-sheet should be so presented, and the directors would comply with their request?—Yes; the only difference would be that they would receive their dividends a week later. The shareholders are the only ones it would make any difference to. The directors could not help themselves; they are the servants of the shareholders in every company.

938. *By the Hon. N. FitzGerald.*—The only reason it is not done in your company is that time will not allow it?—So far as I know, there is only one company in New South Wales that does it, that is Tooth and Co. It is quite an unusual thing in Australia for it to be done. This is another instance of what I allege, that the Victorian Parliament is seeking to impose restrictions upon New South Wales in regard to the management of companies there. Not one of our shareholders holds his shares on a Victorian register, and yet the Victorian Government says to us—“You must hold your meetings seven days later,” though there is no one in Victoria who is in law concerned in the business.

*The witness withdrew.*

Joseph Frederic Richardson examined.

939. *By the Hon. the Chairman.*—What are you?—I am manager, in Victoria, of the Colonial Sugar Refining Company.

940. You have heard Mr. Knox's evidence?—Yes.

941. Do you concur in it?—Yes, in every word of it.

942. Is there anything further you wish to add to his evidence?—No, I have nothing to add.

*The witness withdrew.*

The Honorable Edward Langton examined.

943. *By the Hon. the Chairman.*—What are you?—An accountant.

944. Have you read the Bill now before the Committee?—I have made myself acquainted with a good deal of it, and I have read the evidence given by Mr. Sawers, Mr. Murchison, and the president and other members of the Institute of Accountants.

945. Will you point out the particular clauses in the Bill to which you think reasonable objection can be taken?—The first is clause 24, which requires an annual statement of the assets and liabilities to be made in March of each year, that would be a very inconvenient arrangement so far as some companies are concerned, with the business of which I am familiar. There are some companies whose business is guided by the seasons, and one set of companies in particular, by common consent, have their accounts made up in February, because that is the division between the seasons, and again at the end of July. Those are trading companies, and it would be a most inconvenient thing, if, in addition to the balance-sheet which, under the articles, has to be prepared in the stock-taking, and the balance in February, a statement such as is provided for in sub-section 1 of clause 24 were required to be made in March. In connexion with this I would point out that a clause has been introduced into the English Bill by the Board of Trade, which, taken with this, would require two balance-sheets to be made out in one year—one in February, in the case of those companies I have referred to, and another in March. Sub-section (b) of clause 25 provides that once at least in each year, and at intervals of not more than fifteen months, a balance-sheet for shareholders shall be prepared. That sub-section was taken from the English Bill, and to that no exception can be taken, but this other clause requires a full statement of all the affairs of the company made out on the last Monday in March as well, quite irrespective of this clause imported from the English Bill. That would entail a vast amount of trouble, stock would have to be taken in the case of a trading company at any time it might be necessary to prepare the shareholders' balance-sheet, and absolutely in March, whether it was convenient or not. It would entail a vast amount of expense on every company in that position, and I cannot see the slightest gain in it; one balance-sheet in the year for any company appears to be quite sufficient. The fixing of an arbitrary date at which a trading company should balance its accounts, whether that date is adapted to that particular trading company's business or not, appears to be an interference with the liberty of trading for which there is not the slightest warrant.

946. The statement that has to be sent in on the last Monday in March is merely an approximate statement of assets and liabilities?—If that is the case, I submit it is worthless—if it is not the result of stock-taking and a valuation of all the assets of the company it is absolutely worthless and delusive, in my judgment. This first sub-section of clause 24 was drawn for the purpose of compelling a full statement to be made absolutely on the last Monday in March, quite irrespective of when the articles of association

require a general balance-sheet to be submitted to the shareholders, therefore, if my contention is correct, and if these two clauses stand as they are, there must be two stock-takings and two balance-sheets.

947. *By the Hon. F. S. Grimwade.*—If this clause only referred to banks you would not object to it?—I do not know that even in the case of banks it is desirable to have two balance-sheets in the year. It appears to be an unwarrantable interference on the part of the State with the business of the company, and I am sure it would be of no use.

948. *By the Hon. the Chairman.*—You are speaking of trading companies?—And of banks too. I say it would be of no use to any one, and would entail a large amount of extra work upon all the clerks concerned, there is no doubt about that.

949. *By the Hon. J. H. Abbott.*—In the case of banks, would it not prevent them from lending each other money to meet balancing-day?—I do not think there is anything in that. I believe there was one case in which it was suggested that something of the sort was done to help a moribund banking company over the stile, but as to general companies I do not think there is anything in it, and I speak as having been both auditor and shareholder in a bank. I do not think it is worth the time of the Legislature to trouble about it.

950. Suppose there was anything in that assertion, would this clause be any check upon it?—I do not think so. I do not think one single scrap of benefit would result to the company from anything of the kind. I never heard of one case in all my experience where it was alleged to have been done.

951. *By the Hon. the Chairman.*—As between the customers and the bank, do you not think a custom has sprung up, and still continues, of making their accounts look as well as possible as balancing-day comes round?—I think they do.

952. Would this provision not have the effect of reducing that?—I do not think so. A customer who was overdrawn and was under obligations to his bank would naturally try at balancing-time to make his account look as well as possible, and whether you pass this clause or not would not have the smallest effect on that.

953. He would have to go to a friend to raise the funds, and that friend might be looking forward to keeping his own balance right?—That might be the case, but I do not think there is anything in it worth five minutes' consideration.

954. *By the Hon. A. O. Sachse.*—Given a ready compliance on the part of the bank and it could be easily managed?—That is a case that has not come under my notice.

955. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—As a matter of fact those tradesmen who wanted their accounts to look healthy would go to their merchants and get an advance?—Yes. Although at the beginning of clause 25 there is a marginal note—"Compare English Act, c. 28," sub-section (d) is not in the English Bill at all. Any one would infer from the marginal note at the beginning that this had been taken from the English Act, but I cannot find it there at all, or anything resembling it. That clause requires that in every branch office or place where the business of the company is carried on there is to be posted up a balance-sheet. I suppose that would apply to an agent in a country town in Victoria, and I do not think that would be of any use to any one. I should describe that sub-section (d) as vexatious and useless. I cannot see the smallest good that could possibly result from it.

956. *By the Hon. the Chairman.*—Would you have it posted up in any of the offices?—No, I do not think that it is necessary. Under the existing Act banks and insurance companies are compelled to put up a certain statement—which they do. If you go into any bank or insurance office you will see it there, and this provision appears to be utterly unnecessary.

957. Would it not be the means of giving information to those people doing business with the company?—I do not think there are many people in the remote country towns who would care to look at anything of the kind, and a great many of them who are customers of the institution would not understand what is meant. The obligation at the existing time to post certain notices up is complied with, and I do not think it is much use—while, to extend it in this way, appears utterly useless.

958. It is a matter that could be very easily complied with?—Yes, I do not know that it would do any harm. My objection to sub-section 4 of clause 25 has been pretty well stated by Mr. Knox, that provision also is not in the English Bill, and there is nothing resembling it to be found there, nor can I see the smallest advantage to be gained by it. Clause 26 relates to the reserve fund. I regard that clause as perfectly useless; it would be the easiest thing in the world for any company which found it inconvenient to avoid it altogether, without any appearance of evasion. In one company, of which I am a director, the greater part of the unappropriated moneys stand as a balance to the credit of the revenue and expenditure account, and is carried forward from year to year. We have a reserve fund as well, but nothing would be easier than for the directors (and I believe we have the power to do so without consulting the shareholders) to put the whole of the reserve fund and unappropriated balance to the credit of the revenue and expenditure account, and let the whole amount stand. In the case of one company with which I am connected, we have a reserve fund of £50,000, and £30,000 to the credit of the revenue and expenditure account, which is carried on from year to year—the whole amount could be put to the revenue and expenditure account, and submitted as such in the balance-sheet, and it could be applied to any purpose whatever, without this clause interfering with it in any way. There is the further objection, as it appears to me, that this idea of a reserve fund is based upon a complete misapprehension; the ordinary balance-sheet of a company shows clearly, to any one who understands it, that the reserve fund is provided for by the assets on the other side, it is a liability which is invested in some of the assets on the other side. If you required the reserve fund to be specifically invested in Victorian Government stock, which might have to be bought at a premium of £10, that might be a positive disadvantage to all the customers and shareholders, because if the reserve fund is invested in the other way, as at present, it will yield a much larger return. In the case of the P. and O. Company the reserve fund is invested in new ships, there is the reserve fund of so much on the one side and the new ships on the other side. It does not matter which of the items among the assets the reserve fund is invested in, if the items of the assets are sound and honest there is the security for the reserve fund. If there were any suspicion of trickery or dishonesty it would be different, but no one suggests such a thing. If the assets are honest it does not matter which of the assets the reserve fund is invested in, and as a rule a company can invest its reserve fund in its own business to far greater advantage than in any other way. It is a positive disadvantage for a company to invest its reserve fund in Government stock.

959. *By the Hon. C. J. Ham.*—You would not disapprove of the various companies stating in their balance-sheets whether the reserve fund is invested in the business or in any other way?—The balance-sheets show that part of the assets, on the assets side of the account, belong to the reserve fund, it does not matter what they are if they are all honestly stated.

960. Would there be any objection to stating in the balance-sheet in what the reserve fund is invested?—Supposing you were to make a general statement that the reserve fund is provided for in the assets on the opposite side of the account, or invested in the general business of the company, I do not think it matters at all, but that clause proceeds upon the assumption that the great body of shareholders and creditors in this country are quite unable to appreciate the ordinary principles of business—I think that is wrong, especially in a democratic country, where every elector, whatever his education or position may be, is supposed to be able to give an opinion upon profound questions of public policy. I believe the bulk of the shareholders in this colony are quite competent to look after their own business, and they do so, though they have been deceived and cheated in the past. If these provisions are intended to apply to companies which already have reserve funds, I think they would be still more mischievous. In the case of one company, of which I am a director, the reserve fund has been established for many years, and to make any change would be an interference with the company, which the shareholders do not desire. They have no creditors at all, and I think it is a wanton interference if it is intended to apply to companies that have already created a reserve fund.

961. *By the Hon. the Chairman.*—You would not allow this clause to be retrospective?—I should not support it at all, but if it is retrospective it appears to me to be more mischievous and more wanton interference than if it is only to apply in the future. Under clause 29, sub-section 2, the auditors are to report any breach of the Companies Acts committed by the company or any director, manager, employé, auditor, or shareholder thereof, and it is to be specified in their certificate. I would submit that that is a very serious task to impose upon any auditor.

962. He must have observed or become acquainted with it during the audit?—Yes; but is he qualified to judge? Should a municipal auditor, appointed under one of these clauses, a man who has obtained a certificate from this Auditors' Board that he is qualified to audit the rate-book and check the receipts of a municipal body, be allowed to damage a company by saying that some breaches of the statute have been committed?

963. He would have to be very well satisfied in his own mind?—He might not have the qualifications to be satisfied; a company might be seriously damaged by having some man forced upon it to audit the accounts who is not qualified. It does not follow that because a man is qualified to audit the accounts of a municipality he is qualified to audit the accounts of a bank.

964. Are not the shareholders the best judges of that?—The shareholders might be misled by the certificate of the Board; it is not the function of an auditor to say whether a man has committed a breach of an Act of Parliament. He has to see that the accounts are correct, that is his business.

965. If he sees there has been a serious breach of the Act, is he to close his eyes and not report it to the shareholders?—I should say as a rule he is not qualified to determine such a question; that is for a Court of law.

966. Assuming he is qualified, ought he to close his eyes?—He ought not to close his eyes to anything wrong in the accounts, he ought to state frankly to the shareholders what he has discovered, but if he has to express an opinion whether the directors or manager have been guilty of a criminal offence under this Act, you are asking what you ought not to require from an auditor, and what they ought not to be compelled to undertake. As to clause 32, sub-section 1 (a), I have been an auditor off and on for 35 years, and I would protest as strongly as I can against allowing the Government to interfere at all with auditors. I do not know what the constitution of this Board would be, but I think it would be perfectly safe to say that not one of the Board appointed to fulfil these important functions would be able to pass the examination required at the present time by the Institute of Accountants. There is no regular system of training in the Government service for an accountant, there is nothing approaching the examination by the Institute of Accountants, which is very severe, and to allow the Government to say whether a man shall be allowed to earn his living as an accountant or auditor, is like compelling one man to beg another to give him leave to toil.

967. *By the Hon. F. S. Grimwade.*—It does not say that the members of the Board shall be employés of the Government?—No, but you cannot tell who they may be.

968. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Who are the members of the Municipal Auditors' Board?—I do not know; but I protest against the general principle that underlies the whole of this clause. The Government undertakes to license auditors, and I say that the Government is not qualified to do so.

969. *By the Hon. F. S. Grimwade.*—The Board has to license those who have not got certificates already?—It has to license them all—it says—"each of the following persons shall be qualified to receive from the Board a licence." I am a member of the Institute of Accountants, and I have been president of it, and if I go before them they may give me a certificate if they are satisfied with my general conduct. Why should I be examined by anybody in that respect? I am only pursuing a lawful business. I recommend that clause 32 be struck out altogether; but if any part of it is retained, there is one feature that appears to me to be particularly objectionable, viz., that a person who is refused a licence by this Board may appeal to the Governor in Council. A man is to be deprived of the means of earning his livelihood and he has to go to the Governor in Council, which means the Ministry of the day—in most instances it means the Minister in charge of the Department—who shall determine whether that man shall earn his living or not, that is a monstrous thing in a free community.

970. You would give an appeal to somebody, surely?—Yes, to a Court of law, where a man can be heard and tried on his merits, but not to a political tribunal. A man might be an elector in the very constituency represented by the very Minister to whom he had to appeal and to whom he might be opposed. What chance would he have?

971. *By the Hon. J. H. Abbott.*—Have you any belief in the efficacy of auditors at all?—I will say that the importance of auditors has been greatly exaggerated. Auditors, if they do their duty, can check the accounts and can see that the securities are there, but they cannot value those securities. Auditors are not valuers, and the valuation is the most important thing in the balance-sheet. Auditors are no check upon organized dishonesty, if it prevails among the people in the lower ranks.

972. *By the Hon. S. Fraser.*—Have not auditors frequently traced frauds and been of great assistance to boards who wished to do their duty honestly?—I do not know of many instances, but I do know of one where we refused to certify to the balance-sheet of an institution that was called a bank, and the manager and directors got their auditors, who certified that it was correct. We asked the directors if they would furnish the shareholders with a copy of our objections; they sent no reply to our request, and at our own expense we furnished every shareholder with a copy of the letters that had passed between us. That company was dishonestly conducted beyond all doubt, and all the principal actors in it have since been in gaol. That is the only instance in my experience in which downright dishonesty has been discovered and exposed.

973. Would you be surprised if I told you of several companies where the directors have desired the auditors to be most particular in looking after accounts, and where frauds have been detected by the auditors coming in at any time—not necessarily on one particular day in the month?—I dare say that is so, but in my experience the greater part of the frauds that have been perpetrated in banks and trading institutions have been discovered by the inspectors of the companies themselves. As to clause 34, under sub-section 4 the auditor is liable to imprisonment if he certifies to anything false through culpable negligence. I do not know how culpable negligence is to be defined. I do not know whether an ordinary jury in a time of excitement would be likely to look with an impartial eye upon the evidence that was submitted of culpable negligence in an auditor who may simply have made a mistake.

974. *By the Hon. J. H. Abbott.*—Would not the Court decide that?—No, it would be left to the jury to decide on the facts. I have made mistakes in my time, but I do not think I should be liable to be imprisoned.

975. *By the Hon. F. S. Grimwade.*—No jury would convict a man for a mere mistake?—I do not know that.

976. *By the Hon. N. FitzGerald.*—Even to be subjected to the indignity of a trial would be quite sufficient?—Yes. Clause 37, providing for a special audit, I look upon as a clause for the purpose of bursting up public companies and putting an end to the limited liability principle. According to this clause, one-twentieth of the shareholders or creditors may go to the Court, and without depositing any money get a special audit appointed. It appears to me that the wrecker would have a fine time of it if any clauses of that sort are passed. One of the most curious things about it is, that in another clause further on, when a special meeting is to be called, one-tenth of the shareholders must demand it, but the more serious business of demanding a special audit may be done by one-twentieth.

977. *By the Hon. the Chairman.*—You would not object to it if it were changed to one-tenth instead of one-twentieth?—Yes, I would object to it altogether, no matter what the proportion is.

978. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—There is a special inspection under the law now?—Yes, under circumstances not disclosed in this clause at all—this appears to permit any one who wants to go on the rampage to attack a company whenever he pleases.

979. *By the Hon. N. FitzGerald.*—Suppose the creditors were omitted, what proportion of the shareholders would you consider necessary?—I do not think the clause is necessary at all. I have never known an instance where it was required—under the law, as it stands, a certain proportion of the shareholders can call upon the directors to call a special meeting of the company, and if they refuse to do so, the shareholders can do it themselves, and if they have any grievance of this sort they can then bring it forward.

980. *By the Hon. the Chairman.*—Under the Principal Act one-third of the shareholders in a banking company can apply to the Governor in Council to have a special inspection?—There is a difference between one-third and one-twentieth, and I do not see the necessity for altering the present law. There must be something really serious the matter when one-third of the shareholders will deliberately take such a step as that, but there are plenty of companies where a small body of men would be quite willing to take the step to bring distinction on themselves, no matter what the consequences to the company might be. The necessity for the intervention of the Court, if you reduce the number to one-twentieth, is obvious.

981. *By the Hon. S. W. Cooke.*—The alteration from the Governor in Council to the Court is an improvement?—Yes, certainly. In clause 44, down to the words “debentures or debenture stock” I do not see anything to take exception to, but it goes on—“nor shall any company have a charge on any share in the company belonging to a shareholder other than a charge for a call or calls due on any share in such company belonging to him.” That virtually repeals the articles of association under which the majority of the companies in this colony have been constituted. In the Mutual Store the shares are held by an immense number of people in very small quantities, and if a shareholder gets indebted to the company and does not pay his account, his account is a first charge upon the shares.

982. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Suppose in the meantime he parts with his shares?—Whoever takes them takes them at his own peril. I do not see that it concerns the Legislature.

983. Without that provision being in there is nothing to prevent the company making an advance upon the shares?—I have no objection to that, but where a shareholder becomes indebted to the company in the ordinary way of business, why he should be prevented from entering into a contract with his brother shareholders that his debt shall be a first charge upon his shares I cannot see. There are a large number of companies at the present time the shareholders of which have contracted with each other that if they get into debt with their company their debt shall be a first charge upon the shares. Under those circumstances can you pass such a provision as this and cancel all those contracts?

984. *By the Hon. the Chairman.*—In such a case cannot the company say to the shareholder—“You are now indebted to us, you must either pay the debt or deposit the scrip of your shares with us,” otherwise the shareholder having got the scrip might go and raise money on it from a person who lent money in a *bonâ fide* manner?—The old legal maxim *caveat emptor* applies there.

985. Supposing a man gets an advance on his scrip, and when the man who makes the advance wants to get the scrip transferred the directors will not recognise the transfer, because they say they have a lien upon the shares—is that not very hard?—No, I think not. If I lend £1,000 upon a title which I do not take the trouble to investigate, I take the consequences; and if a money-lender chooses to lend money on scrip without investigating whether that scrip is free, that is his look-out, and the Legislature ought not to protect him.

986. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You acknowledge that it is not advisable that banks or companies should advance upon their own shares, but they should have a lien upon the shares for anything owing to them?—Yes.



987. You are against their advancing upon the shares themselves?—I do not think it is a prudent thing to do; but it is not a matter for legislation.

988. But by allowing the company to have a lien upon the shares you practically sanction an advance upon the shares?—I do not approve of banks advancing upon their shares; but I do not think it is necessary for the Legislature to interfere.

*The witness withdrew.*

*Adjourned to to-morrow, at Four o'clock.*

THURSDAY, 17TH SEPTEMBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. J. H. Abbott

N. FitzGerald

S. Fraser

F. S. Grimwade

The Hon. C. J. Ham

D. Melville

Lieut.-Col. Sir F. T. Sargood

Sir H. J. Wrixon.

The Honorable Edward Langton further examined.

989. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Are you in favour of clause 45?—It is scarcely within my province to deal with that clause. I have no doubt whatever that it is a great advantage to many banking companies to have the custom of their own directors where there is nothing wrong about it, as I believe is the case in most instances, but the witnesses you have had already are far more qualified to express an opinion on that point than I am. Clause 46 provides that every company, once in six months, shall cause to be made and filed a balance-sheet, while, in another part of the Bill, the balance-sheet has to be made once a year. Why should any return be demanded in respect of all those details mentioned in that clause?

990. In the Canadian Act it is made monthly?—I should think it is a great inconvenience, and could not be of any great advantage to the public. The next clause is No. 48, as to the payment of dividends, except out of profits—there is no objection to that, and under the existing law directors, auditors, and managers are similarly liable. I remember the case of a building society in Yorkshire where the whole of them were sued civilly for dividends paid, which were not out of profits, though the articles said that dividends should only be paid out of profits, and except one of the auditors, who escaped on a technicality, the whole of them were held liable for the dividends that had been paid. I should have thought that was quite sufficient. The clause runs—“If any director or manager of a company wilfully pays or permits to be paid any dividends out of what he knows is not such profits.” The profits of a large trading concern are a matter of opinion, and depend upon the value put upon the stock, the bills under discount, and the securities held by the institution, and without any definition as to what sort of evidence is required it seems to me that this is rather an excessive penalty. The penalty in default of paying the amount is imprisonment, and this might affect small companies like building societies where the directors or managers are not men of large means, and to them it would mean imprisonment to a certainty, because they could not pay the £500. Whether this applies to friendly societies I do not know, but if so, it appears as if it were making one law for the rich and another for the poor—the man who could pay the £500 would escape imprisonment, while the poor man would not.

991. The words have been inserted—“out of what he knows is not such profits”?—That is what it would be difficult to prove; different views might be taken as to the value of securities and the stock on hand, and for a common jury to determine a question of that sort might involve great injustice.

992. You acknowledge that dividends should only be paid out of profits?—Yes, and the present penalty is a very severe one.

993. You do not think there is any necessity to impose an additional penalty?—I do not think so.

994. *By the Hon. F. S. Grimwade.*—It is very difficult to prove that it is wilful?—Of course it is very difficult.

995. *By the Hon. J. H. Abbott.*—Is it possible to lay down a rule as to what are profits?—I do not think it is possible. There is no greater difficulty at the present moment than determining what accounts shall be charged with interest that may be credited as profit for the half-year; that depends upon the opinion the directors and manager have as to the nature of the profit and the nature of the security. A man might easily make a mistake in regard to that.

996. *By the Hon. F. S. Grimwade.*—They do not put him in prison for that?—They would under this clause.

997. Not if he made a mistake?—The security might be deemed valid at the time, and the interest be carried to profit and loss, but if that security was not realized afterwards it would be very difficult to satisfy a jury that he did not know it at the time, when it was notorious some months or years afterwards that the properties or other securities were not worth the money—that appears to me to be a danger. There are very many of us who are wise now as to what was the value of properties during the “boom” time, but a great many of us erred considerably then, and we were not disposed to give up our opinion until we saw what was the course of events. I cannot see that that should be a criminal offence. The civil remedy appears to be quite sufficient to meet the case. The next clause is No. 49—“(1) The directors of any company shall not make a first or any issue of shares in such company at a premium until the company shall have been established at least twelve months.” I can scarcely see any reason for a provision of that sort. The premium depends upon the estimation in which a venture is held by the public, and if the public like to pay a premium for the shares I see no reason why they should not.

998. Will it not tend to lessen the number of wild-cat schemes?—I do not think there will be so many of them now. If there has been any gain to the community through the “boom,” I should describe it

as being that the people are more cautious and prudent in the investment of their money than they have ever been before, and I should not be surprised if, in the ultimate result, that will be found to more than counterbalance any disadvantage that the community has suffered from. People are exceedingly cautious as to the ventures in which they put their money now; they think about a great many things about which they never thought before, and I am inclined to think no such arbitrary provision as this is necessary.

999. They may be cautious now, but they will not be a few years hence?—I think the effects of the lesson will remain for a long time.

1000. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Will there be so many of these promoters' schemes floated if they cannot quit the shares for twelve months?—Those cases are almost entirely cases to which this clause does not apply, that is mining companies—I do not think it would be possible for any financial or trading concern starting now to issue its shares at a premium, no matter what the objects were, or what names were on the directory.

1001. What is your opinion upon sub-clause 2?—I would not allow that at all.

1002. It is now required that all premiums shall be paid into the reserve fund?—I think that is a very proper provision.

1003. Would you make that hold good until the reserve fund reached 50 per cent. of the capital, or would you enact that all the premiums should be paid into the reserve fund?—I think we might safely say that all the premiums should be paid into the reserve fund. The cases in which it would exceed 50 per cent. of the capital would be very few.

1004. *By the Hon. F. S. Grimwade.*—In such a case the reserve fund might be bigger than the capital?—That would be a very excellent thing if it happened. The next clause is No. 51, on the use of the title "banking company." The privilege of using the word "bank," "banking-house," or "banking company" is restricted to companies who have a subscribed capital of not less than £200,000 and a paid-up capital of not less than £75,000. I believe there are no Penny Banks in Victoria at the present time, but, on referring to some statistics, I find there were 200 such banks in England in 1861, and by 1878 they had increased in number considerably. The Legislature then interposed, and authorized them to invest their funds in certain ways. It would absolutely prohibit the establishment of small banks for the poorer classes of this colony if this clause were passed.

1005. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—There has been no demand for them here?—No, but as we get more thrifty and more moderate in our views the same desire may exist here as in England, where they have been a great success. This clause appears to confine the establishment of banks to people of large means.

1006. Is it not to prevent those people who know very little of banks being misled by an establishment putting up the word "bank" on its doors?—That may be, but this limitation certainly confines it to people of considerable means. I do not suppose any Penny Bank was ever started in England with a capital of £75,000 paid up.

1007. *By the Hon. F. S. Grimwade.*—The aggregate capital of these Penny Banks is a very large sum now?—Yes; but there are a very large number now. I believe there are about 400 of them in England.

1008. *By the Hon. J. H. Abbott.*—Is not the use of the word "bank," in connexion with institutions which are not absolutely banks, misleading to people?—I believe the English legislation in regard to it confines the restriction to using the words "savings bank," with which I entirely agree. I do not think any bank, except a recognised savings bank, under certain statutes, should be allowed to use that phrase; but as to the word "bank" I very much doubt if it is a prudent thing to interfere. Sub-section 8 of clause 53 provides that before debentures can be issued a mortgage must be registered, and the Registrar-General has to give a certificate of the registration of the mortgage, and after the registration of the company "shall cause a copy of the certificate so given to be indorsed on every debenture or certificate of debenture stock"—that would work very awkwardly in the case of some companies. For instance: a company has been for some time indebted to a bank, but it finds that under the altered circumstances it can issue debentures on advantageous terms, under this clause the debentures could not be issued at all. It absolutely precludes such a transaction, because the bank would have to surrender its securities before the debentures could be issued, as the mortgage would have to be registered, and then the debenture has to have indorsed upon it the certificate of the Registrar-General that the mortgage has been registered. I have a company in my mind at present, with the details of which I am acquainted, where some such transaction as this may possibly take place. If this Bill passes, however, it would absolutely preclude that company from doing that; it must remain in debt to the bank, though it might raise the money outside on much more advantageous conditions.

1009. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—The bank would have to give up its security before it received the money?—Yes, and before it could receive even the debentures. If the debentures could be handed over simultaneously the bank would still be secured, but as it stands here the bank would have to part with its security and trust to the honour of the directors that they would pay the proceeds of the sale of the debentures into the bank, and I do not think any bank would do that.

1010. The bank would have to transfer its mortgage to a third party absolutely, and that mortgage would have to be registered before the debentures could be issued?—Yes. The bank would have to release the company, because it must not be a transfer of the mortgage to the bank but a direct mortgage from the company to the trustees for the debenture holders.

1011. *By the Hon. F. S. Grimwade.*—Could not that be done by an escrow?—There is no provision for that here; and even in that case there is an interference with the security of the bank, while, under the present law, there is no interference with the security of the bank at all.

1012. *By the Hon. the Chairman.*—I do not see any real difficulty under this clause; it only affects mortgages created by a company after the commencement of this Act?—It would be after the commencement of this Act if they wished to issue debentures. If it could be done before this Bill passes it would be all right, because it would be under the existing law, but if it is delayed until this provision is passed that could not be done, and the difficulty that I have pointed out arises.

1013. The commencement of section 53 is—"Every mortgage created by a company after the commencement of this Act"?—That is the case to which I refer, where a mortgage exists at the present

moment to a bank to secure an overdraft and the bank is quite willing to take the money and acquiesce in the issue of debentures, but if it is delayed until after the passing of this Bill the mortgage to the trustees of the debenture holders would be a mortgage after the commencement of the Act.

1014. Could it not be done simultaneously?—I do not see how it could; there must be the absolute registration of the mortgage. The bank in the case I put must have parted with its right to enable the mortgage by the company to the trustees of the debenture holders to be effected, and in the interval the bank is absolutely at the mercy of the company—no bank would do it.

1015. What remedy do you suggest?—It is quite unnecessary to have this provision at all. I do not think the clause is wanted. I do not think any real trouble has ever arisen over anything which this clause has been drawn for the purpose of providing against.

1016. It is similar to the clause in the English Bill, and to the clause which we passed in 1893?—I do not know that the whole of it is.

1017. The only new clause in it is sub-clause 5—"Register to be kept and to be open to inspection"?—Sub-sections 2, 3, 4, and 5 are not marked as being in the English Bill. I have not compared the particular sub-section that I have taken objection to with the English Bill, but I think it is a very important matter.

1018. Without striking out the whole of the clause, which seems a very useful one to retain, could you not suggest any means by which the difficulty you have raised could be overcome?—I do not see how it can if this particular sub-section remains there. I have not had time to consider the effect of the whole clause, but I saw this difficulty at once, and I thought it would be very injurious. Clause 56 says—"Notwithstanding anything in any regulations of a company, the directors of a company shall, on the requisition of the holders of not less than one-tenth of the issued capital of the company, forthwith proceed to convene an extraordinary general meeting of the company." In several companies with which I am familiar that would lessen the power of the shareholders. In one company fifteen shareholders, quite irrespective of their holdings, can call upon the directors to call an extraordinary general meeting by the articles of association, so that the regulations of the company give larger power than this clause does, and this is a positive hindrance to them. In another company I think twenty shareholders holding less than one-twentieth of the total issue of shares can at the present time under the regulations require the directors to convene a meeting, and if they will not do so the shareholders can convene it themselves.

1019. That clause might be amended to read that where the regulations provide for a less number than one-tenth the deed of association should rule?—That would meet the objection. Sub-clause 3 of clause 1 provides for the exemption of mining companies from the operation of this Bill. As far as the evils concerned in the promotion of companies are involved, from my experience I should say that for every single trading company in respect to which objection has been taken as to the prospectuses being misleading, there have been a dozen mining companies against which that exception could be taken. Indeed, it seems to me that all these provisions in regard to prospectuses, if they are confined to trading companies, will be practically useless, because there is scarcely an instance that has come under my notice during my experience here in which a trading company has been started and it has been proved that the prospectus was false, but in mining companies we have had all sorts of cases. We have had claims salted, and all sorts of misrepresentations.

1020. The House has decided that the Bill shall not apply to mining companies except mining companies created under this particular Act?—The next point is as to the liabilities of directors under clauses 106 and 107. Clause 106 requires a man, before he accepts the position of director of a company and allows his name to appear on the prospectus, to fill up a certain form, to be signed and filed with the Registrar-General. I should think that is an excess of legislation.

1021. Is not that the same as the English Bill?—The marginal note is—"English Bill c. 2." I have not examined it to see whether it is there, but it seems to me a fanciful sort of thing to introduce.

1022. *By the Hon. C. J. Ham.*—Has not your experience been that individuals' names have been put in the prospectus without their authority, and some difficulty has been experienced before the names were struck off?—I have heard of one or two such cases, but they are very few, and where a man's name has been used without his consent it has at once been publicly repudiated. As to the penalties upon directors which this Bill imposes, I would make very much the same remarks as I made last night in regard to auditors. They seem to me to be excessive penalties, a man may make a mistake and may take too sanguine a view of matters, it may depend upon his temperament—he may think the securities will come round if they are properly nursed, and he may be a party to a public balance-sheet which may land him in a criminal prosecution and send him to gaol. I do not think any law of that sort should be enacted. Honest mistakes will always occur, and the law under our Companies Statute is very severe at the present time. A very prominent member of the Institute of Chartered Accountants in England was included in the prosecutions arising out of the Liberator Building Society case, and though the general opinion of accountants was that he did nothing intentionally wrong, but it was an error of judgment, he was sentenced to four months' imprisonment. That is under the law as it stands and surely that is enough. I do not know that clause 110 is wrong, if the proof is conclusive, but it is a very difficult thing to prove.

1023. *By the Hon. Sir H. J. Wrixon.*—Under the present Act a man may be liable to severe penalties for many of these acts—wherein does this Bill exceed the present law?—It appears to me that, for an offence of a precisely similar character on the part of a director to that to which I have referred just now, he can be prosecuted for a misdemeanour and receive two years' imprisonment under the present law.

1024. Clause 114, sub-section 2, says—"Every director shall be under an obligation to the company to use reasonable care and prudence"?—That would be a very difficult thing to define.

1025. Does that exceed the present law?—In my experience an overwhelming majority of the directors in this country are plain-dealing honest men—there have been exceptions, and several of them have got their deserts, but that is no reason why any sweeping law like this should drag in honest men who have made a mistake. In a time of excitement a jury, consisting of men who by themselves or their friends have lost money by the actions of the companies, would scarcely be disposed to take a dispassionate view of the case—they would find a man guilty and send him to gaol for what was nothing more than a mistake.

1026. *By the Hon. the Chairman.*—If this is founded on the law as it now is, is there any harm in bringing it prominently under the notice of the parties interested?—No. I think the law as it stands is very stringent. The chairman and managing director of the Liberator Building Society was sentenced to fourteen years' imprisonment, so there is power under the law at the present time to punish an offender in a flagrant case.

1027. *By the Hon. Sir H. J. Wrixon.*—The argument is that we are only declaring the law—putting it in black and white so that every one will know?—Yes, but that phrase “culpable negligence,” which is used in one of the clauses, I very much disapprove of.

1028. It has been suggested that the word “diligence” should be inserted instead of “prudence”?—A man may get less diligent as he gets older, I do not think phrases of this sort should be used in connexion with the criminal law. Clause 116 deals with the liability of “experts.” This appears to have been borrowed from the New Zealand Act, but it seems to me that it is intended to apply to mining companies. It says an expert who “knowingly and wilfully makes, signs, or gives, or causes to be made, signed, or given any false certificate, report, valuation, plan, statement, or other document.” I think that that clause must have been introduced into the New Zealand Act for the purpose of applying to mining companies. I do not know any case in my experience in connexion with the floating and management of other companies to which that clause would apply at all.

1029. *By the Hon. F. S. Grimwade.*—Sub-section 2 defines experts, it does not mean merely mining experts?—No, but the certificates of experts are almost entirely confined to mining. I have never known the case of a trading company which would bring any one mentioned in this clause into the matter. You send a geologist to examine a piece of property, and his inference may be wrong. There is such a great difference of opinion. Sir Roderick Murchison said there would be no gold found below 500 feet at Bendigo, and it is found now at 2,000 feet.

1030. You could not convict him in that case of knowingly or wilfully making a misstatement?—A jury might convict him. A case came under my notice in which a shareholder in a company became indebted to the company, and under the articles they had power to make his debt a first charge upon his shares. He became insolvent, and the company's shares became worth nothing, but the company is compelled to carry on the debt of the insolvent shareholder on the one side, and the amount of capital as an incurred liability on the other, though there is no representative of that liability at all. It appears to me that a clause could be inserted which would give power to forfeit and cancel the shares of an insolvent shareholder indebted to the company. If the shares were worth money there would be no trouble; they could be sold under the law as it stands, but here the shares are worth nothing.

1031. Are they paid up?—No; the company is going on, but the shares are worth nothing.

1032. *By the Hon. C. J. Ham.*—The result is you have to make the uncalled capital appear more than it really is?—Yes, and the paid-up capital too, and on the other side we have the debt. I think, in the case of a shareholder becoming insolvent who is indebted to the company, the shares not being of sufficient value to pay his debt, the company should have power to forfeit the shares and cancel the debt—write down the man's debt absolutely.

1033. *By the Hon. the Chairman.*—Do you only know of one case of that sort?—I believe there have been others, but only one has come under my personal knowledge.

1034. Did the insolvent hold many shares?—Yes, it is a large holding, representing, possibly, one-third of the whole. The course I suggest is the only one by which you could set the balance-sheet right.

1035. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Practically, now, you have to continue that debt as a good asset?—Yes, because it is against the paid-up capital on the other side, but for the uncalled part of that capital there is no person liable. The man is insolvent, and the trustee in his insolvent estate would have nothing to do with them, because it was a liability, and the company is stuck with this bad debt on the one side and a liability on the other for which no one is answerable.

1036. *By the Hon. the Chairman.*—In place of writing down the whole of the capital as provided in this Bill, in that instance the directors would wish to have the power to write down the amount of capital represented by those shares?—Write out the whole of his shares because they have no market value at present.

1037. *By the Hon. S. Fraser.*—Have not the directors power to cancel the shares now for non-payment of calls?—This is not for non-payment of calls; it is for the debt of the shareholder. There is capital against it which does not exist.

1038. *By the Hon. J. H. Abbott.*—They certify to a false balance-sheet?—No, capital has been paid up and the debt exists against it, but what is wanted is to wipe out both. There is a liability in regard to those shares, but there is no person who can be come upon for this liability, so the uncalled capital of the company is represented as being considerably more than it is, yet there is no person answerable for the uncalled capital as far as those shares are concerned.

1039. *By the Hon. F. S. Grimwade.*—And the debts of the company appear to be more than they are?—Yes, nothing but the writing out of the debt on the one side and the capital on the other would meet the case.

1040. *By the Hon. S. Fraser.*—What great harm would accrue to the company on account of this excrescence?—The statements on both sides are incorrect. A person looks at the balance-sheet and supposes there is this number of shares with a liability on them of a certain amount, and yet there is one large holding with no one answerable for the liability.

1041. Could not there be a memo. that so many shares had been issued and cancelled?—We cannot cancel them; that is what we want power to do.

1042. They cancel themselves by not having an owner?—They are practically so, but we cannot write them out.

1043. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You really want authority under the law to make a book entry?—Yes. It affects no person's rights.

1044. Have you studied clause 167, giving the transferrer the power to require that the shares shall be transferred out of his name into the name of the transferee. Shares are frequently sold, and some time afterwards the transferrer finds they are still standing in his name?—I thought there was some provision in the existing law for compelling the company to do that.

1045. How can you do that, seeing the transferrer parts with his scrip and his transfer form to the transferee. If the transferee does not choose to take that scrip to the company how is the transfer to be made?—I do not know.

1046. *By the Hon. the Chairman.*—It can be done now either by an action in the Supreme Court or County Court to compel them to transfer?—Yes.

1047. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would it do to have the transfer form in duplicate?—If the transfer was signed in duplicate that would be evidence that the transfer had been effected, and would be a justification, I should think.

1048. *By the Hon. N. FitzGerald.*—The transferrer could carry his transfer to the office and get it registered?—Yes. I should think a duplicate transfer would meet the case. If the transferrer finds the transferee has not presented his transfer at the office he can go there himself, and say—"I want it registered." It would not affect the right of the transferrer whatever the transferee had done with the scrip afterwards.

1049. *By the Hon. S. Fraser.*—If the transferrer got a receipt for the scrip from the transferee witnessed and presented that at the office, that should be sufficient?—Yes.

1050. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Scrip is made out with the name of the transferrer; the company then would be authorized to transfer it to the name of the transferee; the transferee would still have in his hands the original scrip and could do what he liked with it?—Yes; it would be valueless, of course.

1051. It would open the door to fraud?—I do not think there would be much danger of that.

1052. When shares are purchased, you do not search the register to see that the seller is the owner of those shares?—This clause appears to me to be drawn up to dispense with the production of the scrip. It does not say anything about the production of the scrip; it says—"on the application of the transferrer."

*The witness withdrew.*

[*The witness subsequently handed in the following written statement*]:—

1. I am more than ever persuaded that clause 24 is mischievous as well as annoying and impracticable. I think it should be struck out. Of course if this is done the Third Schedule goes with it. This answers Sir F. Sargood's question as to Form B of that Schedule.

2. I have consulted one of the oldest and most experienced company solicitors in Melbourne as to clause 53. He says for all public purposes it is worthless. The registration of mortgages required by the present law is, I submit, sufficient. I would here repeat the grave objection I took to section 8 of this clause. If it were passed it would render it impossible for a company to substitute a loan on debentures for an overdraft.

3. The clause I would suggest to meet the case where an insolvent debtor is the holder of shares and the shares either have no value or their value is less than the debt, is as follows:—

"Where, at the date of the commencement of this Act, any company has by its articles a lien on shares of such company belonging to a debtor, and has obtained a judgment against such debtor, and such judgment after the expiration of twelve days remains unsatisfied or such debtor becomes insolvent, it shall be lawful for such company to declare such shares to be forfeited and to cancel the same and upon such cancellation such debt shall be extinguished and the paid-up capital shall be reduced by the amount paid up on such shares."

John James Falconer examined.

1053. *By the Hon. the Chairman.*—What are you?—Secretary to the Australian Mortgage Land and Finance Company, Limited.

1054. Is that company incorporated in Victoria?—No.—[*The witness read the following statement*]:—

The head office of the company is in London. Its borrowings are all done there on debentures; it has no share register in Victoria, and there are no shareholders or debenture holders resident in Victoria. It does not borrow money on deposit. The only obligations it incurs in Victoria are of a temporary or casual nature. The Victorian investing public, for the protection of whom this Bill has been framed, have therefore no interest in the company. It was not intended—so I gathered from the Chairman's remarks to Mr. Knox—that the Bill should apply to companies of this kind, yet it is so framed that, if passed in its present form, it will seriously embarrass the method under which we have for 33 years successfully conducted our business.

I may here mention that, although our head colonial office is in Victoria, our investments are chiefly in the other colonies, and in illustration of this it may be stated that last season we brought into this colony from New South Wales alone nearly three times the quantity of Victorian-grown wools which we handled. The railways and the shipping trade of Melbourne are greatly benefited by the introduction of these New South Wales wools into the colony. The bulk of them could be sold or shipped at Sydney without incurring extra cost, and there they will certainly go, for I firmly believe that if this Bill be passed, without the reasonable amendment we ask for, Sydney will become the colonial head-quarters of the company.

As Mr. Knox has dealt fully with the clauses of the Bill adversely affecting so-called foreign companies, and as I agree, generally, with the most important recommendations in his written, as distinct from his verbal statement, it is not necessary I should occupy the time of the Committee by going over the same ground. I cannot, however, concur in his request that sub-section 4 of clause 24, should be struck out.

I think Mr. Knox overlooked the requirements of the other sub-sections of that clause—we could not possibly provide the statements within the requisite time if we had to include in them the assets and liabilities outside Australia; we should be fined.

1055. *By the Hon. F. S. Grimwade.*—You do not object to that sub-clause?—It must be retained in that form, otherwise we could not help being fined.

1056. *By the Hon. N. FitzGerald.*—We do not understand by that that you approve of the whole clause as it stands?—No; I would like to see it removed altogether; but if the clause is to stand, sub-section 4 must stand or some clause to the same purpose, or we could not help being penalised.

It is obvious that if the statement of assets and liabilities to be made up on the last Monday in March must be filed with the Registrar-General not later than the 30th day of April following, some such provision as that of sub-section 4 must be retained.

In the case of the company I represent this statement would be practically a statement of assets; therefore, as a guide to persons dealing with the company, would be entirely misleading.

1057. *By the Hon. the Chairman.*—Why should it be practically a statement of assets alone?—We have practically no obligations in the colonies. We borrow in England and lend in Australia. We have no obligations except current obligations that might be paid off at any moment; they only amount to a few thousand pounds.

I emphasize Mr. Knox's objection to division (d) of sub-section 2 of clause 25, which should, I think, be struck out as being unworkable, and the effect of it might be mischievous.

1058. Why do you object to that?—I think it would reveal at least a part of the inner reserve fund, and I do not think that would be desirable. The public have no interest in that fund, and it is desirable that the executive officers of a company should have every inducement to write down accounts that are tending to become bad, without showing their hand to the public. If every time accounts are written down they have to disclose the writing down they would not do it so effectively.

1059. Then it is the latter part of the clause you object to—"and, if so, what amount of percentage has been written off, and what other provision (if any) has been made for depreciation"?—That is the part I consider might become mischievous. I do not see how the other part could be carried out in such a company as mine. We sometimes become possessed of a station property, and the value of that property is constantly varying. We might acquire it for a debt of £20,000, and might improve it to be worth £30,000. In such a case as that I do not see how we could write off a percentage of depreciation. What might be written off at one time might be altogether wrong as to another period.

1060. *By the Hon. F. S. Grimwade.*—If the clause ended at the word "stated," would that meet the case?—That would remedy it to some extent.

1061. *By the Hon. the Chairman.*—Taking the illustration of the property that cost £20,000, if that fell into the hands of the company would they value that property at anything more than the amount that they had lent on it?—We have never done so; I do not think it is the practice with companies generally.

1062. In that case, if it were worth the £20,000, you would have no difficulty in seeing that it was taken in at the debt due on it?—No.

1063. But suppose it was only worth £15,000; how would you value the property then?—We should write £5,000 off.

1064. *By the Hon. N. FitzGerald.*—You might charge £5,000 to the inner reserve?—That is what I mean; we would have to write it off this particular valuation in some way.

1065. *By the Hon. D. Melville.*—Would this clause be of any interest to the people of Victoria?—It might.

1066. Would it not be mischievous if you had to value the estates that you take in or that you are piloting. Suppose you take in an estate of £20,000 and you pilot it for a year or two for your own protection?—Suppose on the other hand we improve that estate and it becomes much more valuable than the amount we take it in at?

1067. If you write it down what is the result?—Then it is all right, but it might become much more valuable by the expenditure of money, and we have no right to show it according to this; and if we did show it it might produce a wrong impression.

In connexion with the business of my company I do not see how it is possible to ear-mark the reserve fund for a specific purpose. If we could foresee all the occasions upon which it would be necessary to use the fund it seems to me that the need for a reserve fund would be removed.

I see no objection to a provision that the reserve fund, when not actually required for such business of a company as the directors might consider special, be kept invested in a liquid form. This is the course my company has with great advantage consistently pursued.

The Chairman has expressed the opinion that it was not intended that auditors outside Victoria should require to hold a licence from the Companies Auditors' Board. The clauses relating to audit and auditors in sub-division 4 of Division 2 will, I think, require some amendment to give effect to this opinion. I refer especially to clauses 29 and 32.

1068. *By the Hon. the Chairman.*—Where do you think the amendment should come in, in 29?—Possibly the better plan would be to insert a special clause stating that the conditions relating to audit and auditors do not refer to auditors outside of Victoria.

1069. *By the Hon. N. FitzGerald.*—With the balance-sheet of a company outside Victoria there is no security unless we know the auditors signing it?—Precisely so. It places the auditors outside Victoria in a worse position than the auditors here who have the qualification required.

1070. *By the Hon. the Chairman.*—If the auditors appointed in Victoria are not expected to go to the head office in London and audit the accounts there, but we have to take the balance-sheet from the London head office, would not your objections be removed?—I think not; the balance-sheet cannot be properly posted up, published, or dealt with, unless it is signed by the auditors duly appointed. The auditors duly appointed require, according to clause 32, the certificate of the Auditors' Board. Our balance-sheet is made up in London, and we could not post it up here unless it was signed by an auditor who held that certificate, and I do not see how he could sign unless he went through the accounts at the head office.

1071. Could not the general manager here sign the certificate relating to the business in Victoria, and also refer to the last balance-sheet—incorporate the last balance-sheet with the business done in Victoria?—That would meet the case.

1072. *By the Hon. N. FitzGerald.*—Your balance-sheet made up in London includes your business in Victoria?—Yes.

1073. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Your Victorian balance-sheet would only represent assets?—Yes, so it would not be a balance-sheet at all. I understood the Chairman to mean that side by side with the London balance-sheet, which would not require to be certified in the way the Act stated, we should publish the Victorian balance-sheet, signed by the Victorian auditor.

1074. *By the Hon. the Chairman.*—Having the balance-sheet from London, with that balance-sheet there would be the audit of your business in Victoria, and those two would be read together, and although the balance-sheet might contain all the information that is conveyed separately by the audit in Victoria, still it would be a compliance with the Act if those two were read together, the general balance-sheet and the statement of assets in Victoria?—I think the Act would require to be amended, because the statement of assets and liabilities in Victoria would not be a balance-sheet.

Should it be decided to retain clause 46 I would ask that the half-yearly statement to be filed of advances to directors should, in reference to foreign companies, embrace only advances made in Victoria, and to minimise the misapprehension that might arise from a bald statement of the total amount of such advances, the total value of the securities upon which they rest should also be shown.

1075. *By the Hon. N. FitzGerald.*—You have no directors in Victoria?—No.

1076. You could not make advances to directors in Victoria?—No, but we might make an advance to the directors upon Victorian security.

As the Victorian investing public have no interest in the balance-sheets and accounts of a company that does not borrow in Australia, but practically merely invests its funds here, I consider that all the Bill can reasonably require us to

do is to register the name and agent of the company in terms of subdivision 2 of Division 3, and in order to accomplish this I venture to submit for your consideration the following amendment of sub-section 3 of clause 70:—"A company or society formed and incorporated in any country or colony other than Victoria, not engaging its credit by receiving loans, deposits, or issuing debentures within Victoria, and any company not carrying on in Victoria by an agent any business other than selling goods, wares, or merchandise, shall not be required to do any of the acts, matters, and things prescribed in this Act, except such as are required by this subdivision.

1077. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You have said you borrow money in England and invest it here and nothing else?—We ship wool in connexion with that lending. We invest our money on pastoral properties, and in connexion with those investments we get consignments of wool which we ship.

1078. Will not clause 75 affect you?—It very nearly excludes us, but not quite. The amendment I propose would exclude us from the operation of the Bill, except as to registration. The words I introduce are—"not engaging its credit by receiving loans, deposits, or issuing debentures within Victoria." It is right we should be registered here. We work under power of attorney, and are quite prepared to register here in accordance with section 70. I think that clause 75 refers to such companies as Scotch insurance companies, that merely lend money here and do nothing else.

1079. What else do you do?—We receive and ship wool in connexion with our lendings.

1080. *By the Hon. F. S. Grimwade.*—You do agency business for your clients?—Yes; we do various services of that kind.

1081. *By the Hon. N. FitzGerald.*—Do you do any financial business here?—Yes, through our bankers.

1082. You pay stamp duty?—Yes, a very large sum.

1083. *By the Hon. F. S. Grimwade.*—In the early part of your paper you said, referring to the wool brought to this colony, that you brought three times the quantity of wool grown in other colonies that you do of wool grown in this colony, and you said—"The bulk of them could be sold or shipped at Sydney without incurring extra cost, for I firmly believe that, if this Bill be passed without the reasonable amendment we ask for, Sydney will become the colonial head-quarters of the company;" your company has been on the eve of making its head office in Sydney for some time?—We are very reluctant to leave Victoria. For sentimental reasons we remain here, our colonial business having commenced here, but if the Bill were passed I am sure the board would remove as much business as possible from here. We would still keep an office here, but the colonial head office of the company would be in Sydney.

1084. *By the Hon. the Chairman.*—That is contemplated at present, whether there is a change in the law or not?—No; we did consider it some time ago, just before the Income Bill of New South Wales passed, and we decided we would not do it when that was passed.

1085. If the Bill is passed, would it have the effect of inducing your company to have its head office in another colony?—It would.

1086. If the amendments suggested by you be adopted, what effect will it have on the company?—It would leave us practically as we are now.

1087. *By the Hon. N. FitzGerald.*—In other words, your company would be entirely removed from any vexatious conditions which other companies say harass them in this Bill?—Exactly.

1088. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You base your claim to that exemption on the fact that you borrow money elsewhere and lend it here?—Exactly.

*The witness withdrew.*

Robert Mathieson examined.

1089. *By the Hon. the Chairman.*—What are you?—Secretary of the Union Mortgage and Agency Company of Australia, Limited.

1090. Have you any objections to make as to this Bill?—They have been anticipated almost entirely by the evidence of Mr. Falconer and other witnesses. There is one clause to which I did not notice any reference having been made—that was section 119. I think the section is open to considerable objection on the ground that it prevents directors of companies conducting their ordinary business with the company, perhaps to the advantage of the company. I am thinking of stock and station agents. A stock and station agent might be a director of a company, and would be debarred from selling stock belonging to the company and receiving commission on it. That is a very ordinary matter and I think a very important one.

1091. Do you think it is desirable that such a power as that should be retained, that a director should act in a double capacity?—Yes, highly desirable. The director of a company who is, perhaps, a stock agent is in a very good position to effect sales of stock which the company either has a mortgage over or actually owns. A stock agent is, probably, in a better position than the company to effect sales and it is not reasonable that he should be debarred from doing it when it is in his line of business.

1092. *By the Hon. J. H. Abbott.*—Would not the two duties clash with one another?—Not in the slightest. The company is probably anxious to sell the stock, and he or his partner probably could effect the sale, but under this section he is debarred from doing it.

1093. *By the Hon. the Chairman.*—The company would be as well served by going outside and giving their business elsewhere?—Yes; but the stock agent might have influence over sales in the particular locality where the company wished to effect the sales.

1094. *By the Hon. Sir H. J. Wrixon.*—Would sub-section 4 of the same clause meet your objection?—The sales of stock must be effected almost without notice from time to time, whenever it is necessary.

1095. But there can be a general resolution that such a director shall be allowed to sell?—Such a resolution, in the case of a foreign company, would require to be obtained at the head office of the company, which is probably London, and it would be highly inconvenient to obtain that; it would necessitate an extraordinary meeting.

1096. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Does not that clause somewhat differ from sub-clause 2 of 112, which says—"Nothing in sub-section 1 of this section shall apply to the sale or the

disposition by any such person of any personal property (not being shares in any company or society) in the ordinary course of his trade or occupation." The ordinary course of the business of the director would be the selling of stations and stock?—That refers to selling to the company.

1097. In selling to the company, it is supposed he benefits; but there is an exception if that is done in the ordinary course of business. You would apply the same principle to selling for the company?—Yes, or acting in conjunction with the company to effect a sale.

1098. *By the Hon. N. FitzGerald.*—Your company has local directors here. Do you agree with that clause which prohibits advances under any circumstances being made to directors by the company?—No; I think it ought to be struck out. I believe it is beneficial to a company to be allowed to make advances to its directors.

1099. *By the Hon. the Chairman.*—How do you suggest that No. 119 should be amended to meet your views?—It might be amended in the direction in which Sir Frederick Sargood indicated, that is, bringing it into line with the section which allows an individual to sell to the company where it is in his particular line of business. I think that companies might be allowed to make advances to their directors.

1100. Without any security?—It altogether depends upon the circumstances. Advances might be made to directors without security, and yet be perfectly justifiable and among the best advances. The personal covenant of a director to repay would be ample security.

1101. You would put a director under no disability to borrow to any extent if he could obtain a loan from his company?—No.

1102. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would that not place the fellow-directors in the very awkward position of having to decide whether they will or will not lend to a fellow-director?—No, I think not. I think the directors of a company would have sufficient moral courage to judge for themselves whether an advance is justifiable or not, even though the applicant is one of themselves.

1103. Have any instances of the contrary come under your notice?—As far as our company are concerned, we do to a small extent—a very small extent—advance to directors, and the business is considered the best business that we have.

1104. How long have you been connected with the company?—I was in the office of the company before it was a company. I was in the office of William Sloane and Company.

1105. *By the Hon. F. S. Grimwade.*—I suppose in some wool companies like that directors are considered eligible because they have good business they can bring to the company?—Yes.

1106. *By the Hon. the Chairman.*—How many shares are there in the company?—The nominal amount of 375,000, and 320,000 have been issued. The nominal capital is £6 a share. Some of the shares are paid up to £6, some to the extent of £2, and others to the extent of £1. The paid-up capital is £933,000.

1107. *By the Hon. N. FitzGerald.*—Have you a share-register in Victoria?—Yes.

1108. How many directors have you?—Five in Melbourne at present.

1109. Have the greater portion of those directors obtained advances from the company?—No, it is only to the extent of a mere bagatelle. The directors have hardly any advances; I should think they would be covered by under £10,000 a year; it would be nearer £5,000 probably.

1110. In the past the public have been very much frightened in consequence of the losses they have sustained through the advances made to directors in other companies. Do you not think in the cases of advances to directors above all things they should be careful to obtain proper security?—Yes, decidedly, if security is necessary. The personal covenant of a director would be security, if it was considered sufficient.

1111. Is the Committee to understand that in all other respects except those to which you have referred, you indorse the evidence given by the previous witnesses?—Yes, more particularly with regard to the evidence of Mr. Falconer. The companies are on a par to a great extent.

1112. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In your case you have shareholders here and he has not?—Yes.

1113. *By the Hon. N. FitzGerald.*—You have deposits here, which he has not?—It would not be strictly accurate to say that we have not; but it is the next thing to it.

1114. It is a portion of your business to receive deposits if they are offered to you; you lay yourself open for that class of business?—No. I should say we do not. We take deposits where it is expedient to do so, but we would not lay ourselves open to take them, nor have we sought for deposits.

1115. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You would take a deposit from a client if he wished you to do so, and it answered your purpose?—The company is not willing to take deposits; they do so in certain cases.

1116. *By the Hon. F. S. Grimwade.*—You would not take a deposit from John Brown if he had no business with the company?—No.

1117. Are your shares quoted on the Exchange here?—No.

*The witness withdrew.*

*Adjourned to Tuesday next, at Three o'clock.*



TUESDAY, 22ND SEPTEMBER, 1896.

*Members present :*

The Hon. H. CUTHBERT, in the Chair ;

The Hon. J. H. Abbott

Lieut.-Col. Sir F. T. Sargood

S. W. Cooke

D. Melville

F. S. Grimwade

Sir H. J. Wrixon

The Hon. A. O. Sachse

C. J. Ham

N. FitzGerald

S. Fraser

A. Wynne.

Colonel John M. Templeton examined.

1118. *By the Hon. the Chairman.*—What are you?—I am president of the Fourth Victoria Permanent Building Society.

1119. Has that society been long established?—Yes, over twenty years.

1120. What is the paid-up capital?—About £93,000 at present.

1121. What position is that society in at the present time?—In a very satisfactory position, although we have not been able to declare any dividends for the last two years, and we wrote off one-fourth of the capital, but we believe that we are in a perfectly sound position. We have never asked our depositors to wait a single day for their money, or asked them to reduce the rate of interest agreed upon, and we have always met our engagements to the day. When the panic occurred in December, 1891, we were ready to pay all our depositors in gold, and the run upon us did not last three days.

1122. What amount of money had you on deposit in 1891?—I think the amount we had in 1891 would be under £160,000.

1123. What are the deposits now?—About £124,000.

1124. What is the average rate of interest that you have allowed on deposits—has it been uniform?—No, it depended on the current rates; we have, since 1891, given as high as 6 per cent., but at present we are only offering 4 per cent.

1125. Have you received many new deposits during the last year or two?—Not a very great number; most of them are renewals of old deposits, but we are always getting a few new ones.

1126. *By the Hon. F. S. Grimwade.*—Are they for a term of years?—Mostly for twelve months.

1127. *By the Hon. the Chairman.*—I suppose your society has been in the habit of lending out money for a period of years?—Yes, but we always had a considerable portion of our funds lent out for short periods. A good many loans are for four years, and some of the fixed loans are for two or three years.

1128. You are aware of the provision under section 20 of the Building Societies Act as to the amount that building societies can receive on deposit?—Yes.

1129. “Any society under this Act may receive deposits or loans at interest from the members or other persons, or from corporate bodies, joint stock companies, or from any other building or friendly society, to be applied to the purposes of the society, provided that the total amount received on deposit or loan, and not repaid by any society in the case of a permanent society, shall not at any time exceed three times the amount for the time being of the existing paid-up capital or subscriptions of the society and the accumulations thereon”?—There has been some misunderstanding in regard to that. That has been represented as being the first occasion on which power was given to building societies to take money on deposit, while, as a matter of fact, that provision was a restriction upon building societies, because they had been taking deposits for many years before that. I made an investigation of a permanent building society—the second oldest in the colony—in the year 1870, and on that occasion I called attention to the fact that the large profit made by that society was due, to a great extent, to the fixed deposits, which yielded the larger portion of the profits. They commenced taking deposits as early as 1865, and in 1875 they had over £100,000 on deposit; and the passing of this Building Societies Act in 1874 was for the purpose of restricting, not for the purpose of empowering.

1130. Before 1874 was the power of taking deposits unlimited?—I think so. I speak under correction, but I believe that is the case.

1131. The section goes on—“or in the case of a terminating society shall not exceed three years’ income on the shares for the time being in force.” There are very few terminating building societies at the present time?—Very few.

1132. Originally all societies were founded on the terminating principle?—Yes; but after the introduction of the permanent societies it was quite impossible for the terminating societies to live. A terminating society never could let its borrowers know exactly how they stood; no man ever knew how much he would have to pay back; but when the permanent societies were established every man who borrowed had a definite number of payments to make, and he knew exactly when his property would be redeemed. In a terminating society no man could have his property redeemed until the society was finally wound up and all the shareholders could get their £100 (presuming they were £100 shares), so it was quite uncertain as to the length of time he would have to pay before he could redeem his property.

1133. All the terminating societies were successful, as a rule?—I remember some very successful societies, but I could not say they all were; I know two that were very unsuccessful.

1134. Many of the permanent societies established in Melbourne, I believe, had to succumb to the financial pressure that was brought to bear upon them, and had almost to declare themselves insolvent?—Some of them had to stop payment and make an arrangement with the depositors.

1135. Could you tell me how many of those societies had to make an arrangement with their depositors?—I cannot say how many; I know some that had to. The first in order was the City of Melbourne—I think that went into liquidation. That was the beginning of the panic in 1891, and it has been in liquidation since then. The Premier Permanent Building Society went into liquidation the year before that, but I do not connect that with the panic at all; there were special circumstances connected with it that contributed to its stoppage.

1136. Did the Premier Building Society receive a large amount of deposits?—Yes.

1137. What has it paid its depositors?—They had been constantly receiving and paying deposits up to the 20th December, 1889.

1138. But since it went into liquidation?—They have not paid anything to the depositors.

1139. Are they likely to do so?—There is some probability, but we cannot tell when the properties will be sold. What was done in the Premier Building Society was, that in 1887 and 1888 they pledged their securities to get more money. I reported on that at the time as being exceedingly unfair to the depositors. They pledged nearly all their securities to the banks and certain trust companies to get further advances; at one time they had £110,000 from the bank, and £175,000 from the trust companies, and for that money they pledged nearly all their securities. In the liquidation of that society, therefore, the liquidator has not been able to get any free money for the depositors, because the deeds and securities are held by those secured creditors.

1140. What is the next society in order?—The City of Melbourne Building Society. I do not know the particulars of that liquidation, I think they have paid something to their depositors.

1141. Had they a large number of depositors?—I think they had.

1142. I suppose the depositors are not likely to receive more than 3s. or 4s. in the £?—I do not know; I have not looked up the particulars about the different building societies in that way, but I should think about 8s. or 10s. would be nearer it.

1143. What is the next society that failed?—I do not remember—the majority of them remained, I think, until after the banks failed. It was the failure of the banks that led to their having to call meetings of the depositors, but nearly all the large societies in Melbourne, in general terms, have made arrangements with their depositors for reducing the interest.

1144. Is there any reasonable prospect of those societies being able to pay back the full amount of the deposits?—I am not behind the scenes, but there is no justification for their going on if they cannot. I presume the directors or the managers of those societies think they will not only have sufficient for the depositors ultimately, but something for the shareholders too, or there would be no grounds for going on, but there are some societies like the Fourth Victoria that never asked for the slightest time from anybody. It was more in the interests of those live societies that I desired to give evidence here, because I thought it would be hard upon those who managed their business prudently, and never made default with anybody, that they should be hindered by legislation from carrying on what appears to them to be legitimate business.

1145. Are there many societies in as good a position as the one you represent?—Everybody, of course, thinks his own is the best. There are others, the managers of which, I have no doubt, would come here and say they considered they were the best. I do not compare them—I merely say I am perfectly satisfied of the soundness of the society I represent.

1146. It has occurred to some Members of the Legislative Council that it would be desirable to limit the borrowing powers of building societies to a greater extent than they are limited under the Act of 1890—do you see any necessity for an additional limitation?—It is altogether a question of security, and I have always, during the last twenty years, looked upon the security of the deposits in a building society as being superior to the deposits of a bank. I took out to-day, for the sake of illustration, from the *Banking Record* of 1888, which was the height of the “boom,” particulars in regard to three building societies and three banks. At that time three of the largest building societies in Melbourne had a paid-up capital (and I have included the reserve fund that they published) unitedly of £506,906—the total amount of money they had on deposit was £1,313,592, and the loans on mortgage, freehold property (that is office property), and cash in hand amounted to £1,840,941; so that against £1,313,592 of deposits they had what were considered to be real securities to the amount of £1,840,000; as, however, the loans on mortgage are repayable by instalments spread over a number of years, the actual value of the property in the securities mortgaged to the societies was very much greater than the amount which was lent out; so that first of all the society had the security of the margin in the value of the property, and the depositors had the additional margin between the amount of their deposits and the amounts due to the society on the mortgages. In the same year, taking three banks, the paid-up capital was £3,870,000, the deposits were £19,567,174, besides which they had notes and bills current amounting to £3,691,000 so that merely looking at it as a question of security, supposing I had had trust funds to invest in 1888, I would have preferred the security of a building society fixed deposit, because there was behind it a larger amount of real security. I am not depreciating the banks. I am merely making a comparison of the amount of security which investors would get from the building society as compared with a bank. In regard to the proposed restriction, I suppose the object of Parliament would be, if any alteration were made, to make it safer for the depositors, but the restriction proposed would not in any way prevent a society doing what the Premier Permanent Society did—that is, after having taken deposits they pledged the whole of their securities, and practically had nothing left for the security of the depositors.

1147. Is not that very objectionable?—I reported upon that at the time, and said I could not find language strong enough to condemn it. The protection I think that might be provided by legislation would be this, that any society taking deposits should keep on hand securities to the extent, say, of 20 per cent. more than the amount they have on deposit. If they have deposits of £100,000 they should be compelled to keep deeds of loans on mortgage perfectly free, which they could not pledge, up to the amount of £120,000.

1148. *By the Hon. F. S. Grimwade.*—Who shall fix the value of the deeds of mortgage?—That is regulated by the amount that is due upon them—you may presume that the majority of these societies do try to look after the interest of their shareholders and depositors, and that they do not lend money to a greater amount than the value of the property—that they do keep a margin. At one time the margin was not more than one-eighth, I do not think that any society professed to lend more than seven-eighths; the borrower then commenced to repay at once, and the amount due on those deeds should be 20 per cent. more than the deposits that they hold.

1149. *By the Hon. A. O. Sachse.*—Have you formed any idea of the proportion you might lend out?—I think that the 20 per cent. margin would be perfectly safe in a building society of any duration. You may presume that the properties they hold are worth twice as much as the amount lent, so that the £120,000 worth of security that they lay aside are represented by properties worth £240,000, and I think it would be perfectly safe for the depositors of £100,000 to have those securities set aside.

1150. Is not the fundamental principle of a depositor leaving his money with the society that he is to get his money back when he requires it at the due date?—Undoubtedly.

1151. If that money is tied up in mortgage and other unliquid securities, how is he to get it—the securities may not be realizable?—The same argument applies to deposits all round. If it is difficult for a society to find the money at the due date, how much more difficult is it for a bank?

1152. The bank would lend it on liquid security, discounting bills, and so on, and it is admitted that that money can be got in quicker?—I suppose so, if that is the case.

1153. Would it be possible to get it in as quickly in a building society?—Building societies can always help one another by taking over securities.

1154. *By the Hon. C. J. Ham.*—Do I understand that your idea is that the borrowing powers of a building society should be limited to 20 per cent. of its paid-up capital?—No, but that those securities should be laid aside for the depositors.

1155. You are aware that building societies have now the power to borrow to three times the amount of their paid-up capital. Do you think it would be safe and prudent for them to borrow as much as their paid-up capital, or to the extent of 30s. or £2 in the £1?—Practically I do not think any restriction was necessary if this provision had been made.

1156. But following the lines of the law now, what do you think?—With some management two to one would be unsafe, while with others five to one would be perfectly safe—it depends upon the management of the society.

1157. The Legislature has fixed three to one, and this Committee is considering the propriety of a further restriction?—Nothing has occurred to show that any society has failed by reason of the limit being too large.

1158. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Your plan would be that societies should earmark certain securities, so that if £1,000 is borrowed, securities to the value of £1,200 should be laid aside—in that case it does not matter what they borrow?—Exactly.

1159. *By the Hon. A. O. Sachse.*—Was it not the practice to pay out before the due date at one time?—That was a matter of arrangement between the depositor and the society—it has been done again and again, when people wanted their money before it was due.

1160. Was not that one of the causes that brought the building societies into trouble?—I do not think so.

1161. *By the Hon. C. J. Ham.*—Are you aware of any building society that followed the rule of only borrowing to the extent of its paid-up capital that has got into any difficulty at all?—I have not the information by me, but I know cases of societies that have got into difficulties, though they did not borrow nearly as much as their capital. It all depends upon the way a society is managed—if they are careful in lending money to people who will pay it back. I think the building societies have been blamed for the late collapse quite unjustly; it was not the building societies who speculated in land. I have seen it stated that the building societies generally speculated in land, but what was known as the “boom” was not caused by the building societies, although it affected building societies most seriously. The “boom” was caused by the facilities that were given to persons speculating in land to get their bills discounted, and sometimes as many as three or four sets of bills would be discounted against the same land. While those facilities were being given, and there were great chances of buying and selling, the effect was to create a market value that was real as long as it lasted, and it affected every institution. Building societies with money to lend could not lend without regard to the actual market value at the time, and this was going on for years—properties which years before would have been valued at £1,000 were valued at £3,000, and could have been readily sold for that with the facilities which were being given, and that is the way in which it affected those building societies. There were a great number of land companies formed for the purpose of speculating in land, and they got large advances from the banks; but the speculation in land by the building societies has been very small indeed. In the Premier Permanent Building Society, which I am now liquidating, there was no speculation in land. They made loans on vacant land, but not sufficient to have swamped them; what really swamped them was the improper lending out of money to speculative builders. In a report which I published two years ago, I put it very clearly that, so far as my opinion went, it occurred in that way. I said—“In some cases the directors and managers, by their personal speculations, had become heavily involved in financial engagements in connexion with the purchase of land, which they were unable to meet; the land had become unsaleable, and to save themselves they wickedly used the funds of the institution which they were in honour bound to protect. The *modus operandi* of these persons was exposed in the trial of the members of committee and officers of this association. When such practices had been followed on a large scale it was impossible to save these institutions, but it was of the utmost importance that as much as possible should be got out of their assets for the benefit of the innocent depositors and other creditors. The failure of this association had little or no effect upon the depositors of other building societies, and it was important to the successful liquidation of its affairs that other building societies should continue to enjoy the confidence of the public; but the passing of the Voluntary Liquidation Act, in my opinion, destroyed that confidence, and sowed the seeds of future greater disaster. My opinion on this question was formed at the time, and not after seeing the results.” That Voluntary Liquidation Act, which was pushed through both Houses of Parliament in one night, had more to do with the destruction of confidence than anything that occurred in any particular society.

1162. You are aware that until recent legislation building societies had not the power of buying property. In your opinion, as a liquidator of these institutions, is it desirable that that power should be taken from building societies, except for the purpose of building their own offices or offices in connexion with them?—I am thoroughly of that opinion; they should not be allowed to speculate in property. They should not buy or sell either freehold or leasehold. Their functions are to lend money on buildings.

1163. *By the Hon. F. S. Grimwade.*—They should not build themselves, except their own offices?—As a rule it has not turned out well when they have built themselves, but if it were honestly carried out it ought to be a good enough thing if there is a demand for buildings. The great profit that was made by these building societies led to so many of them being started in competition that there was more money available for building society loans than there were people requiring the loans. Then these speculative builders sprang up, and that caused the damage.

1164. *By the Hon. A. O. Sachse.*—Have you seen Mr. Levi's proposed amendment prohibiting deposits altogether?—I have.

1165. Do you think it would be possible to profitably carry on building societies without those deposits?—I think not.

1166. *By the Hon. S. W. Cooke.*—Your opinion is, that no restriction as to taking money on deposit is of any good unless there is also some provision that the securities are not to be pledged, or that at least the power of pledging securities should be limited?—Yes.

1167. Supposing the law remains as it is, a society like the Premier could still borrow money and pledge its securities?—Even if this proposed amendment were passed it could still do so.

1168. Your only suggestion is that they should set aside certain securities?—Yes.

1169. *By the Hon. the Chairman.*—That would be a great protection to the depositors?—Ample protection, always providing that the society has been prudently managed. If a society has been recklessly managed no provision in the world will make it safe.

1170. *By the Hon. F. S. Grimwade.*—When building societies were established 50 years ago, and were so successful, they worked on their own capital, simply lending out their own money. They had no idea then of taking money on deposit; that is quite a recent thing?—Money was taken on deposit from the very start of the permanent building societies. The first permanent society in Melbourne was started in 1864 (there may have been others in other places) and the second in 1865.

1171. *By the Hon. A. O. Sachse.*—Do you know of any failure of building societies up to the last five years?—I do not remember any, except some small things that languished away because they had not enough money to lend, or something of that sort. I have been president of the Fourth Victoria Building Society since 1888, but I have also calculated the present-value tables for a great many societies. I have been professionally connected with them since 1867.

1172. *By the Hon. C. J. Ham.*—The Fourth Victoria Society never had any financial difficulty at all, right through the crisis?—No.

1173. Am I right in assuming that in that society the deposits are about equal to the paid-up capital?—Yes, generally speaking they have been so; they are a little over just now, but we have never been 50 per cent. over.

1174. *By the Hon. J. H. Abbott.*—Is any alteration of the law necessary for the better working of building societies in the colony, now that the "boom" is over, and the banks and building societies are pretty well settled down?—I think it would be well, as it has occurred, to legislate in order to prevent such a thing being done again as was done in the case I have mentioned, that is pledging securities when they had deposits to meet.

1175. Do you think this proposed amendment would do that?—I do not know that—I am here to urge the Committee not to pass that clause; I wish the societies still to have power to take deposits.

1176. *By the Hon. F. S. Grimwade.*—Would you have a limit?—I do not mind a limit of three to one. As a matter of fact we do not go up to two to one, but I think the effectual protection would be putting away the securities.

1177. *By the Hon. the Chairman.*—As far as your society is concerned, if you had the power of borrowing up to 150 per cent. of the paid-up capital, would it not be amply sufficient for all purposes?—I think so; I would say double at all events—I think that would be quite sufficient.

1178. *By the Hon. D. Melville.*—What has been the average fall in securities in the last five years?—It varies in different places. I suppose in some places the value has been down to one-third of what it was at one time.

1179. Are there any of the suburbs of Melbourne where there has been a fall of three-fourths in the securities?—I dare say—the real trouble is that there are far more houses than there are people to occupy them.

1180. What has been the average fall in the securities in the last five years?—I think the fall in five years has not been on the average, taking fair class properties, more than 50 per cent.—I am speaking of suburban properties now, I have had more experience of them.

1181. *By the Hon. F. S. Grimwade.*—That does not apply to vacant land?—You cannot tell as to vacant land. There is so much land cut up for building purposes that is useless for anything at the present time; we cannot tell what it may ultimately be.

1182. *By the Hon. D. Melville.*—The fall has been in the value of land that is built on?—Yes.

1183. Have you anything that would give an idea of the value of the vacant land at all?—I do not think, so far as building societies are concerned, they ought to have any vacant land.

1184. What has been the value of the vacant land that you have realized on?—I have not been able to realize on any vacant land.

1185. Have you heard of any society that has?—I have not.

1186. Is it absolutely unsaleable?—The vacant land is; most of my vacant land consists of building allotments in the middle of a paddock 7 miles out of Melbourne. They have cut up land enough to build 500 houses, and there would not be population to occupy ten.

1187. What is that land worth—is it worth one-eighth of what was advanced on it?—I do not think it is.

1188. Consistently with that, do you think it is safe to give building societies power to play with deposits in that way?—Why should building societies be cut out from transacting business of that nature more than anybody else? If you say that no one is to take deposits I can understand it; but, in the case of a society whose ostensible object is to lend its money on freehold property and keep a margin for the profit of its shareholders, I do not see why they should be restricted from taking deposits.

1189. Is it possible to wind them up—you have been five years winding up one society?—I have explained that. In that five years I have received about £600,000.

1190. *By the Hon. J. H. Abbott.*—How about the properties that fall into a society's hands—should it be compelled to sell them at once?—No, I speak of buying and selling; every institution that lends money on mortgage must have properties falling into its hands, and it must be allowed to do the best it can with those under the circumstances.

1191. *By the Hon. D. Melville.*—Such a catastrophe as this would never enable you to meet your depositors' claims at all if it were repeated?—Taking this particular case, if those securities had not been

pledged by the Premier Permanent Building Society the depositors would have had more than 10s. in the pound before now, but all the money has had to go to the secured creditors. I have received from that estate altogether £752,000, of which £232,000 I had to borrow to meet engagements, so that out of the estate I have distributed £520,000.

1192. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would you absolutely prohibit the mortgaging of securities?—No, but I would put this restriction upon it, that if they have deposits they shall not mortgage away from those depositors securities which ought to be kept for them.

1193. Assuming they have set aside those special securities, would you then prevent their mortgaging any other properties they have?—No.

1194. Then you would not prevent such a catastrophe as you have referred to though it would not be on such a large scale?—That would be a matter for the shareholders. In the securities set aside all the depositors' money is represented, and a portion of the capital also, and if the shareholders choose to risk their property they are entitled to do it the same as a man in business.

1195. *By the Hon. F. S. Grimwade.*—A man in business always knows of it, while the shareholders do not always know of it?—They know of it through their directors.

1196. They only know of it when it is done?—Yes.

1197. *By the Hon. D. Melville.*—Have you shown us how they are to meet the claims of depositors in any contingency similar to this?—I think in normal times there never was any question. It has not affected building societies only, all financial institutions have been affected to a greater or less degree; but as the building societies and the minor banks were the first to stop payment, the brunt of it seems to have fallen upon them.

1198. Was it not the building societies that brought down the banks?—Certainly not.

1199. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you recollect 25 or 30 years ago large advances were made by the banks to the building societies—pressure then came upon the banks, and the banks were not able to obtain from the building societies the advances so made?—I do not think that was ever the case. So far as I know those building societies that I consider in the front rank were always independent of the banks.

1200. I am speaking of building societies as a whole—are you aware that such advances were made by banks, and that at a certain time when there was a lightness in the money market, they could not get the money in?—I am not aware of that. I know that as to certain building societies with which I was connected it did not occur to them.

1201. *By the Hon. C. J. Ham.*—Is it not a fact that during the last crisis, in spite of the enormous advances made to the building societies by banks, the loss to the banks from that class of security has been next to nothing?—I do not think the banks have lost anything. As far as the Premier Building Society is concerned, they have not been paid off fully, but they will get more than the money they advanced with all the interest up to the time of the liquidation.

1202. There has been no class of security so good as the advances to building societies, generally speaking?—I do not think there have been. I was very much struck with some parts of the proposed amendments of the present law setting out the particular duties of directors and auditors—in regard to auditors there appears to be an attempt to legislate in the direction of saying what the duties of auditors are. The main qualification of an auditor cannot be ascertained by any kind of examination. I see in one particular clause of the Bill certain persons only can be auditors—first of all they have to be licensed. I think, as a rule, the companies could be trusted to select their own auditors without any restriction of this kind. A man with an intricate knowledge of accounts, and able to follow everything in the books, has not necessarily the back-bone to stop things that he considers wrong. I will give two illustrations of that. On one occasion, many years ago, I was inspecting the accounts of a building society, and I discovered that a certain loan had been granted to the manager. There was nothing improper about it; there was no law to prevent the thing being done, but I thought, as an auditor, it was objectionable. When I mentioned it to the manager he thought it was a piece of impertinence on the part of the auditor to interfere. I said—“I do not want to discuss the matter with you, I merely tell you what I am going to do—I am going to report to the shareholders that this loan exists, unless it is paid up within a reasonable time—do not hurry about your decision. Take the night to think over it.” Next morning he said he saw it was not a wise thing to have a loan, and he would pay it off. I did not report it, and it was paid off. On another occasion I was auditor for a society, and I found they had shown the present value of the loans all in one sum, and I found that there were certain securities in one particular district of the colony that had been subject to depression; those loans were all in arrear, and had been in arrear for years. I requested the secretary to give me a list of those properties which were in arrear, so that I might judge whether the security was good enough for the amount, but he refused to let me have it. I said—“I do not proceed any further with this audit till I get it.” The president of that society afterwards insisted on my getting the document. I got it, and I came to the conclusion that it was not a fair balance-sheet, because it took credit for interest for two years on loans at the full table rates, which had evidently been so bad that the society had to take possession. I insisted that it must be shown in a separate line of the balance-sheet. The manager would not agree to it, and a conference between the auditor and the committee was asked for, and the president of the society took me to task (I was then a very young man), and said he thought it was very ill-advised for me to take upon myself a step that might result in disaster to the society. I said I would simply do my duty, and he was treading on very dangerous ground indeed in attempting to tamper with an auditor—that I was there as a check upon the directors and manager in the interests of the society. They would not alter their balance-sheet, and went to their shareholders without the balance-sheet being signed. The shareholders said all they wanted to know was, did the balance-sheet agree with the books. I said it did. They asked if I could certify that was so; I said yes, but that did not make it a correct balance-sheet. They said that was all they wanted, and I gave them that certificate. Afterwards they proposed to re-elect me as an auditor, but I said—“No; I will never audit for you again.” I give these illustrations to show that if a man will do his duty as an auditor he has ample power. The danger of beginning to define what an auditor should do is that then a man thinks that what is laid down in the Act is all he should do, whereas, in my opinion, there is no end to what he should do when he has the books before him. To legislate in detail as to what he should do is apt to deprive him of the spirit of inquiry, and he will simply do what the law requires. I think it is better to give auditors plenty of power,

but to leave their duties to be defined by themselves. Immediately you begin to say what a man shall do, when he has done that he will leave off. It makes him take a narrower view of his duties. In another society of which I was president, after the auditors had finished their audit and the balance-sheet was complete, I looked into it myself. I generally have a rough method of arriving at what ought to be the profit for the year, provided there is nothing extraordinary, and in this case the proper result did not come out at all. I then went into the details, and I found certain things which the auditors ought not to have passed over, but no law defining their duties would have covered such a thing as that. The result was I had to make a change in the manager of the society, because things were not satisfactory.

1203. *By the Hon. the Chairman.*—One witness who gave evidence before this Committee said he considered that there was little or no reliance to be placed on the auditing of accounts, that it was no safeguard to the shareholders, and very seldom prevented a fraud; in fact he attached no importance whatever to auditing, and in his company there was no such thing as auditors—do you think that is right?—It depends altogether upon how the work is done.

1204. Assuming the work is done by skilled and efficient auditors, and they take care to perform their work efficiently, is not that a protection to the shareholders?—Yes, I think so; I know in my experience it has been, again and again. On one occasion I was the auditor of a society, the manager of which had two other societies under his management. In the other two societies they lost money, in fact he embezzled the money, but in the society in which I was auditor there was no money embezzled, because I used to go in at uncertain times. An audit that simply consists in going over the figures to see that the postings are correct is not an audit at all. An auditor must look between the lines of the books, not only to observe what is in them, but what ought to be in them.

1205. *By the Hon. Sir H. J. Wrixon.*—It should be a continuous audit?—Yes, he should be able to see the books at any time. I notice in connexion with an alteration in the regulations of a very large institution they provide that the balance-sheet is to be prepared, and after it is prepared the auditors are to have notice of it, that they may verify it. My idea of an audit is that the auditor ought to be master of the situation, and go in at any time he likes.

1206. *By the Hon. J. H. Abbott.*—If he is to be above the directors and the manager ought he to be a man who simply audits municipal accounts?—The shareholders may be trusted to look after their own interests in matters of that kind, and if they do not it is their own damage. There is the case I mentioned where I would not allow myself to be nominated again as an auditor; the shareholders did not back me up, they did not thank me for pointing out the error, and they have suffered for it, and it serves them right. I observe that in regard to balance-sheets the directors are to be called upon to sign them. In most public companies the directors, so far as they have been conducting the business in times gone by, have known very little of the details of the accounts, and this alteration will necessitate a director, if he is going to sign a balance-sheet, going into all the details of it. I think the provision is not necessary. I will guarantee that a balance-sheet is correct, but I would not put my name to every detail of it. If I have to sign the balance-sheet it throws the onus on me of doing an amount of work which I think is unnecessary.

1207. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Is it possible for a director to do it?—I do not think it is possible to do it thoroughly—take a large institution where you have a large staff consisting of a manager, an accountant, and several bookkeepers, I would say at once that in an institution of that kind it is impossible for directors to follow all the details and be able to certify to the balance-sheet.

1208. Does the general manager know all the details?—No, there must necessarily be trust somewhere. Another thing is, that if you are going to make a business successful there must be one man at the head of affairs; if you divide the responsibility you will not succeed. The very best board of directors is a board that has the faculty of selecting a manager—I do not mean that they select a manager and then go and support him in everything he does—the general principles upon which a business is conducted should be under the directors, and the details of it should be under the hand of one man. If there is legislation in the direction of compelling directors individually to do certain things, the tendency will be that the men whose services would be valuable will not become directors, and you will get a class of men as directors who will run the risk of signing the balance-sheet, and who will not care very much one way or the other. I think the people who are responsible should sign the balance-sheet; primarily the accountant of the institution is responsible for the balance-sheet; the manager is also responsible, but it is not necessary that he should go into all the details of the accounts—he is justified, if he has an expert accountant, in taking a great deal on his report, and so are the directors.

1209. Have you paid attention to the clauses in subdivision 5, relating to a special audit?—With regard to creditors, I think that is wrong in principle. If a man is a creditor he is entitled to get his money when it is due, and if he cannot get it he has his remedy at law, but I believe it to be wrong to allow any one, who by his own will has become a creditor of the institution, to interfere in its management. If I choose to lend £1,000 to an institution, I am a creditor, and so long as it observes its covenant with me, and pays my interest regularly, I have no more concern with its business, and should not be allowed to hamper it.

1210. Apart from that, can you see any injury that would be likely to arise from it?—I do not think it would ever be used even if it existed, unless it were for the purpose of injuring a company.

1211. *By the Hon. C. J. Ham.*—A rival institution might start such an agitation?—I think it is a most dangerous power to give any one, I would rather have it enacted that the special audit of any institution might be ordered without any application by any one.

1212. Ordered by whom?—There is a provision now for a special audit by the Governor in Council.

1213. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—That is on the motion of the shareholders?—Yes. I would sooner introduce a clause giving the Governor in Council power to send an auditor all round.

1214. *By the Hon. A. O. Sachse.*—Unexpectedly?—Yes; an institution conducting its business properly does not care whether the audit is unexpected or not.

1215. *By the Hon. the Chairman.*—That should be on the application of some party—you would not put the onus of that upon the State?—There is no real reason why there should be an audit at all; the present system of audit is for the protection of shareholders—they appoint the directors to manage their

business, the directors appoint the manager and staff, and the shareholders have the right to elect the auditors independently of the directors and staff. If they do not elect men who can protect them that is their own fault. Creditors have no right to interfere in the management of the business so long as the institution carries out its contract with them; they can have no *locus standi* for making any complaint.

1216. Would you take away the power from any body of shareholders to have a special audit?—I think the present provision that the Governor in Council may order a special audit is a good one; it has never been used that I know of, but it is a good thing to have in the background. Sometimes such a power is the means of safety without having to call it into requisition.

1217. This is an extension of the same principle?—It is extended to creditors, and to a smaller proportion.

1218. It has been suggested by several witnesses that, in place of an application being granted on the request of one-twentieth of the shareholders, it might be on the application of one-tenth?—There might be a company that had only twenty shareholders, in that case one-twentieth would mean only one man.

1219. In the case of one-tenth you would have two men applying for it?—The shareholders have the power in their own hands; if there is anything wrong they can call a meeting. They have an election of directors periodically, and it is to be presumed that they elect men in whom they have confidence; but if they have a suspicion of something wrong they have power to call a special meeting and elect a fresh set of directors.

1220. The directors are usually the influential portion of the shareholders, and they generally have it their own way at those meetings?—There is always somebody who will lead the way.

1221. Is there not a difficulty in getting one-tenth of the shareholders to apply for a special audit?—As a rule the shareholders are perfectly indifferent and careless, so long as things are going right they do not interfere. It is difficult to get a quorum at the meetings, and any effort of legislation would not make them take any more interest; but if anything goes wrong they turn up pretty quickly. In phrasing this Bill the register of members has been considered as if it were all shares, whereas, of course, there are companies that are limited by guarantee, who have a register of members, and the registers contain the names of all the members; but there are no such things as shares. In this Bill it seems that the provision for a register only mentions shares.

1222. Are there many companies of that description?—Every mutual company must necessarily be of that description, they have no shares and no capital. Take the case of a mutual life association where there is no capital; the company is limited by guarantee, and there are no shares in it.

1223. Each shareholder puts down the amount of his liability?—In a mutual life association they generally put down that they are liable for £1 and nothing more. The provision for the register of members does not seem to provide that there may be registers without shares.

1224. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have you any opinion as to the propriety of making advances to directors?—In every institution I have been connected with I have set my face against it; I think it is unwise. I am not prepared to say I would legislate against it, but it has never taken place in any institution I was connected with, either as manager or director. I have had no experience of banks, but in many cases a bank director is a man who has a large amount of banking business to transact, and it is sometimes an advantage to the bank to have that business, and there is no risk in connexion with it at all; I would hesitate to express a decided opinion, but on general principles I object to directors borrowing from the institutions they are connected with.

1225. Do not directors of building societies borrow from their own companies?—I do not know of any instance, I would not allow it in any society I was connected with; it is like abstaining from the appearance of evil. I think if you were interested in a loan you would not be as particular about getting the money in.

1226. *By the Hon. C. J. Ham.*—The rules of the building societies anticipate directors borrowing. Most of them provide that directors shall not vote on any question in which they are personally interested?—Yes, and in the old terminating societies they must necessarily be borrowers, because under that system, when the money was not applied for, they balloted it, and a man was obliged to take a loan whether he wanted it or not, or else be fined. I would be very sorry to lay down a universal rule about it, but on general principles a director or manager or clerk should not borrow.

1227. *By the Hon. Sir H. J. Wrixon.*—You give forcible reasons against directors being required to sign the balance-sheet as this Bill provides; are you familiar with the Bill that has been drafted in London lately by the Committee appointed by the Board of Trade?—No.

1228. They make a similar provision there; the directors have to certify that in their opinion the balance-sheet contains the particulars required, and further, that it contains a correct view of the company's affairs?—Directors ought to have a good general idea of the whole of the business. A director who has been managing the business for some time ought to know the nature of the business, and if there is anything seriously wrong about the balance-sheet he ought to know it. At the same time I would not hold him responsible for all the details of it.

1229. *By the Hon. C. J. Ham.*—There is a great difference between his expressing his opinion that it is correct and his certifying that it is correct?—The mere fact of publishing the report with the balance-sheet attached, and bringing it before the shareholders, makes the directors responsible for that balance-sheet. I only object to the signature because it seems to make him responsible for the details. Then there is the proposal that in case of compulsory liquidation a meeting shall be called for the purpose of saying whether a liquidator other than the official liquidator shall be appointed. I think that is very objectionable; it would be better to have only one liquidator and a staff, and his remuneration ought not to depend upon its being a good estate or a poor estate. The law in regard to liquidation should be administered by officers who gave their time to it like the official receiver in London. There is an official receiver and a number of assistants, and the same principle is adopted there through all the cases of liquidation. I think the administration of insolvent estates and the liquidation of public companies should be done by public officers who cannot be accused of doing anything to their own personal advantage.

1230. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Is it not said in the old country that they do not take the same interest in an estate as the direct representative of the creditors would do?—I have had a small experience of that in the last three years. One of the companies, of which I am the liquidator,

was put into compulsory liquidation in London, and the official receiver was appointed. The main liquidation was in Melbourne, and so far as the inquiries made by the official receiver and the correspondence we have had with him go, I think they carry on the office very well indeed. The pertinent inquiries made as to the financial transactions showed that they did take an interest in it, and I think that such a department, properly managed, would take an interest in seeing that justice was done all round.

1231. That presupposes that the official liquidators are all good business men?—The best plan would be to select one man and make him responsible for the lot.

1232. How would he be appointed?—He would have to be a Government officer undoubtedly.

1233. *By the Hon. F. S. Grimwade.*—They know very little about business?—He ought to know about business. You will never get a thing well done unless you make one man responsible for it. I think there ought to be one system of management right through the whole lot, and a man's remuneration should not depend upon whether it is a good estate or a bad one.

*The witness withdrew.*

George T. Langridge examined.

1234. *By the Hon. the Chairman.*—What are you?—Manager of the Langridge Building Society.

1235. You have heard Mr. Templeton's evidence relating to building societies, do you generally concur in his views?—Generally I do. As regards the amount of fixed deposits, in my own society we have never had more than one to one, if fact we do not come up to it, so I think pound for pound of paid-up capital is quite enough. We have paid every depositor in our society the full interest; we had £118,000 of deposits in 1890, and we have £15,000 to-day. We paid £50,000 out in 1891 and 1892.

1236. *By the Hon. C. J. Ham.*—Was not that a great boon to people who were able to get it from you when they could not get it from other institutions?—No doubt.

1237. *By the Hon. J. H. Abbott.*—How long has your society been established?—Sixteen years.

1238. *By the Hon. the Chairman.*—Do you think it would be advisable to restrict the power of building societies as to purchasing freehold and leasehold lands?—I do; I think it is a very bad principle to allow them to speculate in properties at all with other people's money.

1239. Would you be in favour of allowing a building society to pledge its securities with its bankers?—No, I think it is a very bad plan; they ought to keep the securities for the benefit of their creditors and depositors.

1240. *By the Hon. C. J. Ham.*—Might a society not want to pledge its securities with its bankers for the purpose of paying off the depositors, would you object to that?—There would be a difficulty about fixing the limit, and ear-marking what they want, as to value, and so forth.

1241. If a society has £100,000 worth of securities and wants to pay out £25,000 of deposits, would you not be prepared to allow it to get an advance from its bankers on those securities to meet those deposits—a society is brought to a close if it does not meet its creditors?—I think there would be a difficulty in limiting it.

1242. *By the Hon. A. Wynne.*—Did you have to go to your bankers when there was a run on the society?—Yes. We did not get very much.

1243. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you approve of Mr. Templeton's suggestion that specified securities should be laid aside as security against deposits?—Yes, I think it would be a very wise principle.

1244. In that case would there be any need for a limit to the amount building societies could borrow?—Not if you carry out that principle.

1245. *By the Hon. the Chairman.*—Mr. Templeton said he saw no objection to restricting the borrowing power to twice the paid-up capital; your opinion is that it should be only equal to the paid-up capital?—That is my idea.

1246. *By the Hon. A. Wynne.*—Do you think it would be a protection to the public if the banks had the same restriction imposed upon them?—I would not like to say—I have had no experience of banking.

1247. *By the Hon. A. O. Sachse.*—Do you think the receiving of deposits is necessary for the carrying on of building societies?—I think so.

1248. They could not do without it?—Not permanent societies, as far as my experience goes.

1249. *By the Hon. the Chairman.*—What is the rate of interest that you pay on deposits?—Four per cent.

1250. What is your paid-up capital?—£90,000.

1251. *By the Hon. C. J. Ham.*—Would you make an exception as to building societies becoming the owners of property in the case of the offices in which they carry on their business?—Yes, I would allow them to do that.

*The witness withdrew.*

William Charles Vahland examined.

1252. *By the Hon. the Chairman.*—What are you?—I have been a director in building societies since 1858; by profession I am an architect. I can speak of permanent societies as well as terminating societies.

1253. Which of the societies at Bendigo are you connected with?—The Bendigo Mutual Permanent Land and Building Society.

1254. Is that a large society?—It was started in 1865, and it is still running.

1255. What is its capital?—£57,000.

1256. In 1895 you had deposits amounting to £77,596, what are your deposits this year?—Pretty much the same—a little in excess; they are not diminishing.

1257. Your society has been very successful?—Yes; last year we paid 8 per cent., but with that exception we never paid less than 10 per cent. Our working expenses are reduced to a very low ebb, and one of the reasons, no doubt, why borrowed money is beneficial to the shareholders as well as to the borrowers themselves, is that it enables the society to work so much more economically in proportion to



its capital. You will see by the report that when we were a small society our working expenses came to 4, 6, and 8 per cent., whereas now we are doing it for  $1\frac{1}{8}$  per cent. The expenses of a society must come from somewhere; either the borrowers must pay them, or the shareholders get so much less.

1258. Do you see any reason for reducing the borrowing powers of societies?—I do not see that there is any necessity for it; as far as we are concerned we have never borrowed more than 25s. to the £1 of capital, but I cannot see why building societies should be restricted to less than three times their paid-up capital. As far as I can see the assets of a building society, if properly conducted, are far more liquid than a bank's assets can possibly be. Although we have about £80,000 of borrowed money, and only £57,000 of paid-up capital, in two and a quarter years we can pay off all our deposits, provided we are carrying on our business.

1259. Out of what fund?—The question has been asked how can a building society which takes deposits for twelve months pay off its depositors when it lends the money out for ten years or twelve years. We lend out our money for less than ten years on the average; some is borrowed for five years, some for six or eight years, and some for ten years; very little is lent for more than ten years. On the other hand, a building society when once established is a continuity—there is money coming due to-morrow, next year, and the year after, that has been lent out. It is not all commencing to-day with ten years to run, and only being paid off at the end of the ten years. We have now £150,000 lent out, by the last balance-sheet; our repayments of loans are £27,783 per annum; our subscriptions on investing shares are £13,016 per annum, or a total income of £40,799. Our deposits are about £78,000, consequently, in less than two years we can pay off all our deposits if we stop lending out money and accumulate our capital as it comes in. Our repayments are at the rate of 11s. 3d. for every £100 borrowed, which is a little higher than some of the Melbourne tables, but not much. On that scale the repayments on £150,000 of mortgages is equal to £843 per fortnight, or £21,900 per annum. Our books actually show £27,783 per annum, but according to that calculation it is only £21,900. Adding that to the subscriptions we have an income of £34,000 per annum, so that even according to that theoretical calculation we would be able to pay off our deposits in two and a quarter or two and a half years.

1260. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—That is if your debtors continued to pay up?—If they did not we would sell them off.

1261. *By the Hon. the Chairman.*—Have you had to realize on many of your securities?—We have had to realize on a good many, but not many in proportion to what we have got. During the time of the Melbourne "boom" our business dropped off and we had to go slow; we stopped making advances, but we never had any trouble about realizing.

1262. Did the society suffer any loss in realizing on those securities?—We have sometimes made a little loss on realizing a security, but there is a contingent fund of £17,673 as provision for bad and doubtful debts. No business could be carried on without something occurring in that way.

1263. Has that fund been sufficient to meet all your losses?—Quite sufficient.

1264. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Is that amount to your credit now?—No, the securities that are bad or doubtful are written down. At every balance, before any profits are declared, the directors go through these securities and say—"We had better take a certain proportion off this, in case we have to realize." That amount of £17,000 has been written down to properties. Sometimes when they are realized they actually bring in more than they stand at in the books.

1265. *By the Hon. the Chairman.*—It can do your society no harm to limit the borrowing power to one and a half times the capital?—No, it would do us no harm, but I am sure it would do us no harm if the law remained as it is.

1266. Do you invest any money in the purchase of land?—No, I think that is one of the things that should not be allowed. It is a great defect in the Act that any building society should be allowed to invest in land except for its own office purposes.

*The witness withdrew.*

Henry Y. North examined.

1267. *By the Hon. the Chairman.*—Which of the building societies are you connected with?—The Sandhurst Mutual Permanent Building and Investment Society.

1268. Is it a large society?—Fairly large; the last balance-sheet gave our capital at £16,708 paid up.

1269. What is the amount of your deposits?—At that time it was £18,077.

1270. What is it to-day?—Between £16,000 and £17,000—not quite £17,000.

1271. What rate of interest are you paying?—At present 4 per cent.

1272. You have heard the evidence of Mr. Templeton and Mr. Vahland?—Yes.

1273. Do you generally concur in their views?—Yes.

1274. Is there any particular information that you wish to lay before the Committee?—No. I think that out of the profits made by a society there should be a portion compulsorily put away as a contingency fund to meet losses on properties that the society has foreclosed upon.

1275. Have you a contingency fund in your society?—Yes.

1276. How do you form that fund?—By writing a portion of the profits off every year.

1277. What did it amount to last year?—Our foreclosed properties showed at £4,600, and there was a contingency fund of £1,519 against those particular properties. That is to say, the £4,600 represents the amount shown in the books with the interest added, and the £1,519 is the proportion written off as a contingency fund against loss; it might not amount to that.

1278. *By the Hon. C. J. Ham.*—Do you think building societies can safely borrow up to £2 for every £1 of paid-up capital?—I think they might go up to £3.

1279. You think the present law allowing £3 to be borrowed for every £1 of paid-up capital is not too liberal?—No, I do not think so.

1280. *By the Hon. J. H. Abbott.*—What effect would it have if building societies were prevented from taking deposits at all?—They could not carry on; at any rate borrowers would have to pay more money.

1281. *By the Hon. N. FitzGerald.*—What interest do you pay on deposits?—Four per cent.; it is the current rate. We have paid as high as 6 and  $6\frac{1}{2}$  per cent. in years gone by.
1282. *By the Hon. A. O. Sachse.*—What proportion should this compulsory contingency fund bear to the paid-up capital?—It would be according to the profit made in the year.
1283. Would you have that compulsory contingency fund to provide against losses on properties?—Yes, for depreciation on properties that have been foreclosed on but not realized on.
1284. Have you formed any idea what proportion that fund should bear to the capital?—You just take it from the value of the properties as shown by the books at that balance.
1285. *By the Hon. C. J. Ham.*—The amount of the contingency fund would depend upon the nature of the property that had fallen into your hands?—Yes, and the amount at which it stood in the books.
1286. *By the Hon. A. O. Sachse.*—In other words, it is a reserve fund?—Yes.
1287. Is not that already provided for?—It is not compulsory, but any society with judicious management would not declare the whole of its profits.

*The witness withdrew.*

James Aitken examined.

1288. *By the Hon. the Chairman.*—What are you?—Managing director of Dalgety and Co., Limited.

1289. Is that incorporated in Victoria?—No, it is incorporated in London.

1290. What is the first portion of the Bill upon which you wish to give evidence?—Clause 2, defining "director."

1291. It says—"Director" includes member of a board, and in the case of any company incorporated outside Victoria shall also include persons being or acting as directors of or in relation to the business of the company in Victoria." We have such things here as advisory boards—do you think they ought to come under the definition of "director"?—I do not think they do, because they do not act as directors. The definition of "director" is extended by the addition of words which point to the intention of including members of "advisory boards" in the responsibilities of directors. The words do not accomplish this, but the intention is, I think, plain. I submit this proposal is altogether unreasonable, as these advisers have, neither severally nor collectively as boards, any control over the business of the company. The board of directors of the company appoint the advisers, often called "local directors," and give them certain general instructions regarding the office, which usually consist merely in advising the general manager on such matters as may be brought up at the meetings. The general manager holds the power of attorney of the board, and has supreme control of the business, and need not follow the advice of his board of advice, nor consult them at all should he be so disposed; he can dismiss any member of the staff, even his local directors, if he thinks fit. In these circumstances it would be absurd to make local advisers liable in the same way as directors.

1292. What is the duty of those local advisers?—They are consulted by the manager; he brings before them such things as seem to him right, and asks their advice, and takes it or not, as he may be instructed from his ruling board at home. The board at home may overrule both the managing director and his advisers.

1293. *By the Hon. F. S. Grimwade.*—The managing director can overrule the advisory board?—He need not ask them at all unless he likes.

1294. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Has the general manager the power of dismissing the local advisory board?—Yes. Not long ago when the question of those judgments in the London Bank came up, Mr. Brett, who was the general manager, was put into the box of the Supreme Court, and he was asked what his powers were—he said his powers were that he could dismiss everybody, from the directors to the office boy.

1295. *By the Hon. C. J. Ham.*—Would you approve of the suggestion that has been made that these words should be inserted—"but shall not include persons who act as advisers to the local manager of the company"?—Yes, that would meet my objection. My objection is that there is an attempt here to make people liable for certain things which they have no power to do or undo, and that amendment would meet it. The next is clause 24. All companies are here obliged to render a balance on the last Monday in March. Such a balance-sheet can only refer to Victorian business, and in the case of foreign companies can only mislead. If other colonies take to legislating in this way, and appointing each their own day for balancing, a company doing business in all the colonies would be almost always balancing. This would be most inconvenient, and entail a great deal of trouble and useless expense. The statement of the affairs of any foreign company, or company doing business in all the colonies, if only that portion of its business carried on in Victoria be under treatment, cannot be complete, and may give an altogether erroneous view of the company's position. I submit the only reliable statement in the case of such companies that can be obtained is the statement submitted to the shareholders once or twice a year, as the case may be, and the filing of these statements should be sufficient for all purposes. There is no use in auditing and making a balance-sheet of the affairs in Victoria of a company like ours, because that is only a very small portion of our business.

1296. *By the Hon. N. FitzGerald.*—Do you not think that if this were insisted on, the foreign companies would move their offices, rather than supply an incomplete statement which might be very unjust to them?—They might do something of that kind. It would be absolutely impossible for us to comply with this requirement on a certain day, because the information would have to be collected from two branches in New South Wales, two in Queensland, three in New Zealand, and two in Western Australia, and two in Victoria—it could not be done.

1297. *By the Hon. the Chairman.*—The wool business is almost over in March?—Yes. I suppose it can be done if it must be done, but what purpose does it serve?

1298. The month of March would be as convenient as any other time?—The most convenient day for every company would be the day on which it is balancing at any rate.

1299. *By the Hon. F. S. Grimwade.*—Would not sub-section 4 of this clause 24 meet the case of your company. It says—"In the case of a company the head or principal office of which is not within Australia, New Zealand, or Tasmania, the provisions of this section shall be deemed to be sufficiently complied with if the statement is signed by the manager and is certified as aforesaid by not less than two of the directors, if any, residing in Victoria, or if there be only one director residing in Victoria then by such director, and shows the assets and liabilities of such company in Australia, New Zealand, and Tasmania only, and if, together with such statement, the manager of the company files with the Registrar-General a true copy of the latest general balance-sheet"—It would be totally misleading to get a balance-sheet of our company showing merely its transactions in Victoria.

1300. You have a general balance-sheet?—Yes, but that puts us to the trouble of making this return here, which would serve no useful purpose whatever, because it would not disclose the position of Dalgety and Co.

1301. *By the Hon. the Chairman.*—Still you would not have much trouble in making out that statement of assets and liabilities as far as Victoria is concerned?—We are always being loaded with more returns to make out. I would not object to this if it did any good, but it does not; it would not give any inkling at all as to the position of the company.

1302. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—It would compel you to deal with every one of your accounts at that particular date?—Yes.

1303. *By the Hon. the Chairman.*—Do you see any objection to this clause so far as banks are concerned?—I would not like to express a decided opinion as to that.

1304. Evidently it is intended to meet an undesirable practice that has sprung up when balancing-day comes round, of customers having either an inflated balance to their credit, or having their accounts balanced by borrowing from other banks?—So far as foreign companies, such as we, are concerned that does not come in; we have no temptation to do anything of the sort.

1305. Do you see any objection to banks giving that information once a year?—No, I do not think so.

1306. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would it not compel the banks to calculate all their accounts with interest up to that date, and duplicate the working?—No doubt they would have an extra balance, and every one knows that is a time of particular attention among all the officials.

1307. *By the Hon. the Chairman.*—I suppose you approve of the principle that you find in clause 45, that directors of a bank ought not to help themselves to their customers' money?—I do not think any good reason has been shown why advances to directors should be treated differently to advances to any one else, except, perhaps, that such advances should be better secured than advances to outsiders. As I know boards of directors, they have no hesitation in criticising securities, even if they belong to a co-director. If it be considered necessary that a list of advances to directors should be lodged, as provided in this Bill, then I think the list of the securities and their estimated value, held against these advances, should be lodged with them, for it might be prejudicial both to the director and the company if it got abroad in any way, as a large advance would be shown as unsecured. Should it be resolved that no advances should be made to directors, I might point out in the interests of the wool companies, that though the director had no advance from his company, yet if he sent his wool to it for realization or shipment, the company would necessarily pay carriage and charges and thus commit a technical breach of the law, which would be the case also if an advance were made on the wool in case of shipment. I apprehend it is not intended to forbid such transactions; if so, the Bill must be amended in that respect. It would affect the working of these wool companies greatly. An independent man is not going to send his cheque down to pay for his wool carriage.

1308. *By the Hon. N. FitzGerald.*—In the large wool companies the practice is for the directors to have their business done by the companies?—Yes, and if those advances are well secured what objection can be taken to them? they are as good as any other man's business.

1309. *By the Hon. F. S. Grimwade.*—A man might have £20,000 worth of wool on the way, and yet not find it convenient to pay a few hundred pounds for carriage?—Yes.

1310. *By the Hon. A. O. Sachse.*—Would a restriction of that sort have a tendency to send business away from Victoria?—No doubt it would. Now, as to clauses 70 to 119, the resident manager of a foreign company is made responsible for any infraction of the provisions of this Bill by his directors in regard to furnishing returns, and, inferentially, for disregard of other provisions, such as directors dealing with the company, and is subject to penalties in consequence. The manager here can have no knowledge of what the private business of each of his directors is, and how it re-acts on the business of the company he represents here, and, if he had, he is powerless to prevent breaches of the proposed law. I submit this proposal should be struck out, as no man can fairly be made responsible for what he can neither mend nor prevent. Clause 119 puts a great many disabilities on the directors, and the manager here is made responsible for what occurs in London.

1311. *By the Hon. the Chairman.*—What is your opinion as to the clause relating to auditors and the auditing of accounts?—The provisions of this Bill, so far as foreign companies are concerned, seem altogether out of place. The responsible auditors of these companies are those elected by the shareholders, and on them lies the obligation of certifying to the correctness of statements laid before the shareholders. Most companies have, as well, local auditors, who certify to the books and figures of the branch sent to the home office for incorporation in the general balance-sheet, but it is on the auditors elected by the shareholders that the responsibility lies of saying whether sufficient reserves, &c., have been set aside against doubtful accounts, and the profits shown are duly earned. No statement of the position of any company carrying on business elsewhere than in Victoria can be a fair one if not shown in the aggregate, and any partial audit is utterly useless so far as showing the position of the company goes, and, if that is not shown, the provisions in regard to it in this Bill should be struck out.

1312. *By the Hon. N. FitzGerald.*—What do you think of the provision for a special audit?—I do not approve of the principle at all. I think if you want to wreck a company this special audit clause will enable any cantankerous man to do it. When once the question of a special audit is mooted every one will rush to get his money out; that will bring about a panic, and no one knows where it will end.

1313. *By the Hon. the Chairman.*—That will not apply to a company not trading as a bank?—It is foreign companies that I have in my mind. In the meantime you could not shut up the branch of a foreign company here if the other branches were flourishing.

1314. *By the Hon. N. FitzGerald.*—If 5 per cent. of the creditors were allowed to have a special audit, what effect would it have upon a company?—It would never do at all. I do not see what right a creditor has to demand it at all. If he holds a bill of the company he cannot say anything until it matures, and if it is paid he has nothing to say then.

1315. Do you think one-twentieth of the shareholders should have power to order one?—That does not apply in the case of any foreign company, because there are so few shareholders here. The shareholders at any meeting can order any audit they like, and that is protection enough for them.

1316. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would not the demand for a special audit be as injurious to an ordinary company as to a bank—would it not have a serious effect upon it in immediately stopping its credit?—Yes, the banks might take alarm then, and make no more advances.

1317. *By the Hon. the Chairman.*—Have you any remarks to make about the liabilities of directors under this Bill?—By this Bill directors are made liable to prosecution for certain lapses—which may be right or may not—but I submit that, as directors will be compelled to defend themselves against any charge, however absurd, at considerable expense, those bringing these charges should be bound to find security for the directors' costs if the charge is not substantiated. Being open to such charges will have a great influence with men of means and standing, causing them to decline such positions, as they will not consider the usual £100 per annum good enough to stand and be shot at by every crank in the community. The office of director will then fall more than it does now into the hands of those to whom the fee is the chief consideration. No Act of Parliament will ever make men more honest or more capable, and I am strongly of opinion that this Bill will miss its aim altogether—this aim I take to be the more efficient administration of limited companies—if the position of director is made too risky for ordinary men to hold.

*The witness withdrew.*

Hugh William Sinclair examined.

1318. *By the Hon. the Chairman.*—What are you?—President of the Victorian division of the Society of Accountants and Auditors, Incorporated, England.

1319. How are members admitted out here as accountants?—Partly by examination. Any one who was in practice before 1885 and has been in continuous practice since is admitted if approved; but in all cases the applications have to be sent home to our London council. They are submitted to the committee here and with their remarks are passed on to the council in London.

1320. Are the examination papers sent to London?—The papers are compiled in London as far as accountancy and bookkeeping is concerned, and partially as far as the law papers are concerned; then a barrister here goes through the law papers, and makes such alterations as he thinks most suitable to the law in operation here. The examination is conducted here, and the same barrister goes through the answers to the examination papers, and sends in his report. The accountancy examiner goes through the accountancy papers, and sends in his report, and the result is sent home to London.

1321. I presume you have read the Bill now before the Committee?—I have.

1322. What is the first clause to which you wish to call the attention of the Committee?—Clause 21—as to the proportion of paid-up capital to subscribed or nominal capital. I may say that I speak more as an accountant than as an expert in company management. I think this section is outside the province of auditors; as an auditor I should have nothing to do but to see that the provisions of the Bill are carried out.

1323. So far as the principle is concerned of having a portion of the subscribed capital paid up, do you see any objection to it?—I have no objection to it in principle.

1324. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Under clause 29, sub-section 2, the auditor has to take a note of any breach of clause 21?—Yes.

1325. There would not be much difficulty in discovering that?—No, there would be no trouble whatever in ascertaining the fact; I do not object to it; I say as an accountant or auditor it does not affect my position at all.

1326. *By the Hon. S. Fraser.*—Do you see any advantage in having one-fourth of the capital paid up?—Only that the more capital there is paid up the more solid the society or company would be.

1327. Might you not have a company in your mind that would not require one-fourth of the capital paid up?—Yes, there are plenty.

1328. *By the Hon. N. FitzGerald.*—They might find difficulty in paying interest on that amount of capital?—Quite so. The next clause is No. 24, sub-section 1. I can only reiterate Mr. Templeton's remarks upon that clause. I do not see the slightest use in compelling all companies to balance on the one day. I can see the advantage intended to be secured by such a clause, but I believe myself that companies wishing to escape the clause would do so by some slight alteration, and it would entail a very heavy expense upon companies. It would necessitate practically a third audit, because there are generally two audits required in the year; of course, it might happen by chance that their balancing-day fell on the day fixed by the Bill. Another difficulty I see is that if all companies were compelled to balance on a certain day in March every company would have to have its own special staff of auditors. At the present time a professional accountant as auditor goes through the year, first auditing one company and then another, but he could not do so under this Bill.

1329. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—He would be very busy at one time and have nothing to do all the rest of the year?—Exactly so. I think as to preventing companies assisting one another by temporary or concealed advances, the whole of that difficulty could be got over by the insertion of a clause requiring companies to disclose on their balance-sheet if they have received temporary advances from other institutions.

1330. What do you mean by temporary advances?—Advances for a fortnight or a month to tide over balancing-time.

1331. Might it not be a perfectly legitimate advance?—Yes; and, if so, there would be no objection to putting it on the balance-sheet.

1332. *By the Hon. N. FitzGerald.*—The imputation here is that this money is only borrowed for 48 hours?—Whatever the time might be.

1333. *By the Hon. the Chairman.*—Would it remove your objection if this clause were confined to banks?—I cannot speak much as to banks; my experience has not extended to them, but I can see the

difficulty that would attend the companies known as limited liability companies. The next clause is No. 25, sub-section 2 (a)—there is a phrase here—"The amount of share capital issued"—I think that ought to be better defined, either say "subscribed" or "authorized." A company does not issue its capital; it receives its capital; I think it means the authorized capital of the company. Then it goes on to define what proportion of that is paid up, and in sub-section (d) it says—"Whether the assets other than debts due to the company are taken at cost price." That would be impossible in a case where a company had a diversity of assets—some of them may have been written down, others may have been written up to keep the company up level with the present value of its securities. It is all very well if a company possesses one simple asset, say land or anything of that sort, then they could say whether they were written up or down. I think statements showing what increase, if any, had been added to the assets, and what provision had been made for depreciation, would be all that would be necessary. The balance-sheet is a very circumscribed document; you cannot get very much into it outside the mere figures and the necessary explanation of those figures.

1334. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—What do you understand by sub-clause (f)?—That would be a writing up of assets commensurate with the supposed increase in the value of the real or personal property.

1335. Do you think it means that they have to show whether assets that were in hand on the previous balance-sheet have been increased in value?—It does not confine it to that. Supposing assets were acquired in the early portion of the half-year, and an increase in value had taken place during that half-year, that clause would cover the increase put on the value of those assets—frequently a company would purchase in January and balance in June, and show that the purchases in January had increased materially in value, and thus show a margin of profit derived from that computation.

1336. *By the Hon. Sir H. J. Wrixon.*—This was directed against the fictitious value of the "boom"?—Yes.

1337. Would it meet that?—Yes, the disclosure would have to be made as to how much they put down to the increase in value. The next point is clause 26, dealing with the reserve fund. I think the operation of that clause, taking it as a whole, would in the majority of cases be to practically abolish reserve funds. The difficulties attending compliance with this clause would cause companies to keep their undistributed profits in the profit and loss account, but that is a matter that I would not express an opinion upon. It might be generally advantageous. Unless they could put their profits away in some particular manner, so that they could be ear-marked as a reserve and distinguished from their assets, it might be as well that it should be kept in the profit and loss account as undistributed profits.

1338. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—If that were done, would not the shareholders want it?—I am pretty sure they would, that is why reserve funds were created—to prevent shareholders upsetting the reports, and saying—"You show 15 per cent. profits and only give us 10 per cent.," and I think the directors in putting away a reserve of that sort are preparing for a time when they may need it.

1339. *By the Hon. N. FitzGerald.*—If they did not do it in the nature of a reserve, open or hidden, there would soon be no reserve left?—Yes; the difficulty would be in requiring the reserve fund to be ear-marked, as provided by this Bill, unless they were able to take out in sovereigns that proportion of the profits and put it away in Government debentures or some such securities.

1340. *By the Hon. S. Fraser.*—In what way can reserve funds or spare moneys belonging to a company be best used?—The best way is in the general operations of the company, if the directors are wise. The next point is in clause 28, at the commencement of the subdivision dealing with auditors. This clause provides that it shall not apply to any company that carries on insurance business only; I think that ought to be extended so as to have reference to companies that have branches here but have no depositors and no register of shares—that have really only a small branch here—they should not be compelled to employ auditors. The next is clause 29. I agree with the evidence given by Mr. Holmes with reference to the qualified certificate; that clause, I think, requires amending, because if an auditor finds the balance-sheet correct there is no need for any comments whatever, and if he does not find it correct, and has to make comments, he cannot certify to its being correct.

1341. *By the Hon. Sir H. J. Wrixon.*—Do you object to sub-section 2, that if in the course of his inquiry he happens to incidentally find out anything wrong he must report it?—I think the breach, if any, should be defined; the breach may be a most trivial matter, it may be an instance where a wool company advanced to a director for a week or a fortnight the freight of the wool down until it could be placed in the sale-room and sold. That would be a breach of the Act, but the auditor should not be required to put a thing like that on the balance-sheet and report it. I do not pretend to be able to define how it could be legally done, but some such term as a "vital breach" or an "important breach" should be employed. Generally, I think the clause is too drastic. The next clause is No. 31, sub-section 3, as to the remuneration of auditors; auditors are placed in a very awkward position. When a company is formed, and before the directors or shareholders have any idea of the magnitude of the business, they appoint the auditors and fix their fees. Auditors are only human, and if a man has the fee fixed at three or four guineas he will not be inclined to give more than three or four guineas' worth of work for the money he receives. I have often made an audit for so small a sum, through engaging at a fixed fee, that some of my junior clerks are better remunerated for the time they give. I should say it would be well to follow the Local Government Act in some measure by fixing the fees that the auditor would be entitled to charge at so much per day or hour, and in any case where it was thought that the auditor was exorbitant the matter could be determined by the Board of Examiners, who could be made into a board of arbitration.

1342. *By the Hon. F. S. Grimwade.*—If a clause of that sort were put in, auditors might be tempted to put in too much time over the work?—They would soon be removed from their position in that case. An auditor has to depend upon his appointments and his professional reputation for his living, and if he was found to overcharge, the shareholders and directors would soon have him removed.

1343. *By the Hon. the Chairman.*—Ought it not to be left to the shareholders in general meeting?—I think not; they have not the knowledge to gauge the work of an auditor. Though it may often seem at first glance that the books are correct, and you may expect to get through an audit in two days, an unexpected difficulty may occur which will cause the audit to take a very much longer period. I have known a case where it has taken me a fortnight to find out some small error that has escaped the notice of the officials, and I have had to trace it down to the bed-rock.

1344. *By the Hon. S. Fraser.*—You would arbitrarily fix the value of an audit, independently of the directors and shareholders?—In every other professional pursuit a professional man has the opportunity of charging for the time he is employed in doing the work.

1345. But, in that case, the person employing him has the option of not employing him; in this case, you would fix the value independently of those concerned. A professional man need not be engaged if his terms are too high, but the auditors must be there?—If the provisions of the Bill require an auditor to do certain specific work, as laid out in the various clauses, he certainly ought to have some power of insisting upon a fair remuneration for the time he devotes to carrying out the wishes of the Legislature.

1346. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You say the shareholders have no knowledge of the amount of work required from the auditors—does that apply equally to the directors?—Yes, because the auditors are generally appointed six months before the work takes place, and their fees are fixed then.

1347. Taking an ordinary audit, surely the directors who are in close contact with the manager have a very fair idea of the work to be done?—Yes, and after the company has been in existence a little they would be able to average the amount of work required.

1348. As a matter of fact, do not the directors advise as to the amount of money to be paid by the shareholders?—Generally they do.

1349. Is it of much use for the auditors to come in once in six months?—It is of limited use, but I think the only thoroughly efficient audit is a continuous and unexpected audit.

1350. *By the Hon. the Chairman.*—If an auditor were to be paid by the day, what would you consider a fair recompense for his services?—I do not think he should have less than three guineas a day.

1351. *By the Hon. S. Fraser.*—In some simple audits with small companies, would not the shareholders be the best judges of what pay they could afford to give, and what would be a fair thing—for instance, in the case of a small creamery, do you think three guineas a day would be a fair remuneration?—I think however small the company might be, it could at least afford to pay three guineas; and in a case like that one auditor would be sufficient to do the whole of the work.

1352. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Seeing that the companies by this Bill will be compelled to have an audit, will not the auditors have the upper hand, because they can refuse to come and audit unless they get their own scale of remuneration?—No, because they do not know the amount of work until they come to it.

1353. An auditor can resign at any time?—Yes.

1354. *By the Hon. J. H. Abbott.*—Do you wish the fees fixed by an Act of Parliament?—I think it would be as well; it would make the auditors more independent of the directors.

1355. Would you fix the hours he should work?—No.

1356. *By the Hon. A. Wynne.*—If the audit only occupied an hour, what would you pay the auditor?—I do not think he should have less than two guineas; it practically breaks up the day.

1357. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Could not the various companies and societies arrange among themselves a scale of fees?—Yes.

1358. *By the Hon. S. Fraser.*—Would not that be a sufficient protection to them against being underpaid?—I think so.

1359. *By the Hon. the Chairman.*—You have no objection to clause 32?—No; I think sub-sections 2 (a) and (b) should be struck out. Any one appointed by the Board, except by examination, should show that he has been in full practice of his profession for at least five years. I agree with Mr. Templeton as to the duties of auditors. I think the examination is a test, to a certain extent, as to a man's knowledge and capability, but it should not be the sole test. Our profession requires, as much as any, practical experience in addition to theoretical knowledge derived from books or such sources as that. I think the clauses in which certain individuals and certain institutions have the preference over the rest of the profession might be struck out, and those who have been in continuous practice for five years, under the supervision of the Board as to their character and conduct, should receive permission to practise, and if it affects any one who perhaps has only been practising for four years, a temporary licence might be issued to such an individual subject to his passing the examination prescribed by the Board.

1360. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—How should that Board be constituted?—By Parliament in some way.

1361. *By the Hon. Sir H. J. Wrixon.*—This clause only requires three years' practice?—I think that is too short, I would make it five years at the least. A veterinary surgeon has to practise for seven years before he gets a certificate, and I think it would require quite five years for a man to become an accountant. The next clause is No. 34. I disagree with the opinions expressed by Messrs. Holmes and Brentnall; I think the sub-section 1 (c) which says that he shall report in writing to the members should be defined in some way as to the means by which that report in writing shall be made. If it means that the auditor shall individually communicate with every shareholder, it would be a very large task in some companies with 1,200 or 1,400 shareholders on the list. If his report is on the balance-sheet or attached to the balance-sheet, that ought to meet the requirements, the manager is compelled to send the balance-sheet to the shareholders. There is another item of a similar character in sub-section 2 as to his reporting his disapproval in writing on the accounts and balance-sheet, that would mean that he is to write across either the cash book or ledger, or whatever book it might be that the particular item occurred in, his disapprobation. I do not think that should be incumbent upon an auditor, it would put the books in a very peculiar state if he carried it out to any large extent.

1362. Would it not be sufficient to do it in writing on the balance-sheet?—I think so. In clause 37 as to a special audit, I think too much power altogether is given to both shareholders and creditors, more especially to creditors.

1363. You would not reduce the proportion?—There should be a much larger proportion of either shareholders or creditors; in fact, I cannot see why a creditor should interfere at all except when a company stops payment, in which case he would have his own remedy. I think the provisions of the present law have met all requirements. I have never heard of a case where a special audit was required and not obtained through the proportion being too large.

1364. *By the Hon. S. W. Cooke.*—Do you know of any case where a special audit has been made?—I do not. I recollect a case once where some indignant shareholders threatened to apply for a

special audit, and the directors and management said—"Well, we have nothing to fear from a special audit, we will not put the company to the expense, and ourselves to the opprobrium of your applying in the regular manner; you can appoint any auditor you like and have a special audit." The special audit was obtained and nothing was discovered. In the Third Schedule, Form B, there is a line—"Reserve fund and accumulated profits [*specifying the actual amounts, and particulars of the items of investments thereof*]." I think in many cases it would be impossible to carry that out.

1365. *By the Hon. the Chairman.*—How would you propose to amend that?—I would take out the words "and accumulated profits." If the reserve fund is a proper reserve fund it should be capable of being so specified; and the accumulated profits which would stand in the profit and loss account would be distributed over the whole of the assets.

1366. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—May not the whole of the reserve fund be invested in the company?—Yes, in that case you simply say—"Invested in the general business of the company," though it says—"particulars of the items," so I cannot say if it would not be compulsory in order to comply with that clause to give a specification of all the investments. As to building societies, I was connected with the first permanent building society established in the Australian colonies about 1860, and I have been more or less connected with them ever since. Most of the witnesses who have given evidence on the subject say that they disapprove of building societies investing in land; there are several very successful building companies in the old country which were formed for the purpose of acquiring a vacant piece of land, cutting it up in allotments and building houses on it for the use of its shareholders. They confined themselves to that particular block of land, and I do not think it is at all wrong for a company to be formed for that particular purpose.

1367. *By the Hon. the Chairman.*—Surely that would not apply to this country in the same way as it would do to England where land is scarce?—Not with the same force, but an occasion might occur where a number of people felt it desirable to buy a vacant paddock in the vicinity of Melbourne and say—"We will not sell it again but cut it up among ourselves and build our own houses upon it—we will form ourselves into a mutual company for the purpose of acquiring that particular property."

1368. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Are you aware that in a very considerable number of cases in the suburbs the land was originally sold by means of companies?—Yes.

1369. Then the building societies stepped in afterwards and assisted the people to build the houses?—Yes.

*The witness withdrew.*

Tom A. Hills examined.

1370. *By the Hon. the Chairman.*—What are you?—Vice-president of the Victorian division of the Society of Accountants and Auditors.

1371. Do you generally concur with Mr. Sinclair's evidence?—Generally. There are one or two things in which I go further than he does. In reference to clause 31, sub-sections 3 and 4, I think it most desirable that no auditor should be appointed by the directors under any circumstances, neither should the directors have it in their power to fix the remuneration of the auditors.

1372. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—What would you do in the event of a vacancy occurring?—Let the shareholders be called together to elect a fresh man.

1373. Even if the vacancy occurred only a month before the ordinary meeting?—Yes, I do not think the directors should have any voice in the election of auditors, and I think one auditor in large financial institutions should be a Government official.

1374. How should he be appointed?—I presume by the official Board that will select accountants who are competent to serve as auditors.

1375. Are you not afraid of political influence coming in there at all?—That would depend upon the formation of the Board.

1376. How will that Board be appointed?—I presume by the Governor in Council.

1377. Will not political influence come in there?—It might, but they could take men from outside the Government service and make them independent.

1378. *By the Hon. F. S. Grimwade.*—Why should the Government have anything to do with the auditing of a private company?—I refer more particularly to a financial institution that receives deposits from the public; I do not refer to private companies. Auditing, as at present conducted, is of comparatively little value to the public—it is more a checking of the figures—it is not telling you anything as to the position of the company at all. At home our profession is gradually instilling the idea that the audit shall be of use as enabling the balance-sheet to show the position of the company, and I think we ought to go in the same direction here.

1379. *By the Hon. S. W. Cooke.*—How would you propose to do that?—By providing that one auditor shall be an independent man appointed by the Crown.

1380. *By the Hon. F. S. Grimwade.*—Would he value the securities?—He could get valuations made if he considered it necessary in any special case.

1381. *By the Hon. Sir H. J. Wrixon.*—Do you think any of the periodical audits are of any use?—An audit should be continuous, irregular, and compulsory; it is useless unless it is so.

1382. *By the Hon. J. H. Abbott.*—Will it be thoroughly reliable in that case?—As far as human nature will go.

1383. *By the Hon. A. O. Sachse.*—When a difference of opinion occurs between an ordinary auditor and the Government auditor, what will happen?—I presume they will have to go to Court over it, and evidence will be called on both sides.

1384. Do auditors differ very much now?—Not in my experience.

1385. *By the Hon. J. H. Abbott.*—You are aware that in municipal matters the Government appoint one auditor?—Yes.

1386. Is that the system you wish to have carried out?—Something on the same basis—it is for the Bill to fix the details of how it should be done.

1387. *By the Hon. the Chairman.*—How would that official be paid?—I think the remuneration of auditors should be a fixed thing—there should be a fixed scale with a minimum and a maximum which the auditor should be allowed to charge.

1388. The official auditor should be paid by the company?—Yes.

1389. *By the Hon. A. O. Sachse.*—He need not necessarily be a Government servant?—No, I think it would be preferable that he should be an outside accountant.

1390. *By the Hon. the Chairman.*—Are not auditors generally appointed by the influence of the directors?—We all know that the directors' influence can control these elections—they can get in proxies, and can appoint whom they like as auditors. Mr. Templeton's objection was hardly a good one that the shareholders had the thing in their own hands, because that is very rarely the case in these companies—the directors can control the proxies—shareholders residing at a distance receive a polite note enclosing their proxies, and they forward them to the directors in blank.

1391. *By the Hon. D. Melville.*—What would this new system of auditing do for the public?—I presume it would give them greater safeguards in investing their money on deposit.

1392. How is that safeguard to be secured?—By a better system of audit than we have at present.

1393. How is that to be secured?—By getting men who have no personal interest in a company to audit it, and who are paid sufficiently well to make them above the suspicion of bribery.

1394. *By the Hon. A. O. Sachse.*—To carry that out in its entirety the Government auditor should be the paid servant of the Government?—Yes, or his fee should be fixed, there should be a certain scale of fees fixed—I think three guineas a day is not too much.

1395. *By the Hon. F. S. Grimwade.*—Who is to judge whether the maximum or minimum fee is to be charged?—The directors could give a very fair idea of the amount of work to be done, and they could say whether the fee was a fair one or not.

1396. *By the Hon. D. Melville.*—Does the payment of the auditors now affect the auditing of the banks?—I should say not; I think the bank auditors are the ones who get the best pay for the least work. The present bank audit is on a known date, and everything can be prepared for it if the authorities wish to do so, but a continuous, irregular, compulsory audit is quite a different thing.

1397. Is not this creating officials?—This Act seems to be framed for that very purpose—that is the tendency of the age, both at home and out here.

1398. *By the Hon. A. O. Sachse.*—Might not the system of having a Government auditor lead to a great deal of harm, inasmuch as the public might rely upon the fact of there being a Government auditor instead of taking other precautions?—What other precautions do they take now? I know of none.

1399. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You would have a list of official auditors appointed by the Governor in Council?—Yes, men approved by the Governor in Council.

1400. When a bank requires an auditor, what would take place?—One of those auditors would be nominated for the work, the directors would ask for an auditor, and the Government would appoint him; but that is a question of detail. The directors might select one on the list, there would be no objection to that.

1401. Does not that amount to the directors appointing him?—Yes; the Crown would have to make the appointment.

1402. Who is the Crown?—The Governor in Council.

1403. How can the Governor in Council act?—Through the responsible Minister of the day.

1404. How would the responsible Minister of the day act, would it not practically come down to the recommendation of the permanent head of the department?—I look at it from the point of view that the directors are interested in concealing anything if there is anything to conceal, while a Minister of the Crown is not.

1405. *By the Hon. D. Melville.*—Generally, are those Government officials better than the ordinary commercial officials?—No, I should say generally they are not as good; but in this case precautions would have to be taken to get good and competent men.

1406. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—There are auditors who pay particular attention to a particular branch of commerce; we have had before us auditors who say they know nothing about banking; with whom would you leave the selection of the right man for a particular work?—Special auditors should be chosen for special audits; a man who is well acquainted with banking should be chosen to do that work. I presume there would have to be a committee of men expert in auditing to choose.

1407. *By the Hon. the Chairman.*—I suppose it sometimes happens that if an auditor is too inquisitive and renders himself too officious, at the end of the half-year the directors take good care that he is not re-appointed?—As a rule he is not re-appointed.

1408. Then it would be very desirable to have at least one of the auditors free from the control of the directors?—That is the substance of what I am suggesting. As to a special audit, I think the power given by these clauses to a small number of creditors or shareholders would do great mischief. The application to the Court for a special audit would cause a public scandal, any deposits would be rushed out, and the institution would be wrecked, whether it was sound or otherwise. I think there might be a short clause inserted to the effect that if the directors positively refused to allow a special audit the shareholders might go to the Court, but I think there is power under the Act already to do that. In reference to clauses 101 and 102, relating to the issue of prospectuses, that should apply to mining companies as well as to other companies; such a provision is twice as necessary in mining as in anything else.

1409. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have you paid any attention to the subject of advances to directors?—On the whole, I do not approve of it. I think as long as human nature is what it is, if a big advance has been given to Brown in good times, when bad times come Jones would get one also; Brown would not like to refuse it.

1410. *By the Hon. C. J. Ham.*—Would that apply to wool companies?—No, I do not think it could apply to them.

1411. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—What is the difference between the director in a wool company taking an undoubted security, and getting an advance upon it from that wool company, and the same man taking the same security to a bank and getting an advance upon it?—I object to it in every case.

1412. *By the Hon. F. S. Grimwade.*—How would you get over it in reference to wool companies; would you drive the business to another colony?—You would not drive it to another colony; you would only drive it to another company—let the director do business with a company in which he is not interested. It may be perfectly safe, of course; I am not prepared to say it is not. I never had anything to do in either accountancy or auditing with wool companies, but it has not worked safely in other institutions.



1413. *By the Hon. Sir H. J. Wrixon.*—Are you acquainted with the practice of the banks at home as to advancing to their own directors?—It is not allowed under any consideration whatever in all the institutions that I have had the advantage of gaining information from, and Mr. Brodie Hoare and Sir John Lubbock were my chief informants. As far as I could gather, it was a practice that was not allowed at home.

1414. *By the Hon. N. FitzGerald.*—Do not directors do business with their own banks and get accommodation in the usual way?—I say it is discountenanced; I do not say it is not done. There is no question as to its being done.

1415. *By the Hon. Sir H. J. Wrixon.*—Is it generally done?—I could not say; but from the remarks of the leading men to whom I spoke it was certainly a thing to be discouraged after the experience of one bank in Lancashire, and the Glasgow Bank.

1416. *By the Hon. N. FitzGerald.*—Is it not really the practice to appoint as directors men who do bring large business to the banks?—I do not think that is so largely done at home as it is out here.

1417. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Clause 167 provides that the transferrer of shares may get the shares removed out of his name in the event of the transferee not doing it; have you looked into that matter at all?—That is that in the case of a man selling shares he can compel the purchaser to have them put in his own name?

1418. The idea is that he should be able to go to the company and get it done?—It seems a desirable thing—but I have not studied the clause, and would rather not express a decided opinion upon it.

*The witness withdrew.*

Clement Henry Davis examined.

1419. *By the Hon. the Chairman.*—Are you president of the Government Municipal Auditors' Association?—I am.

1420. I suppose you have read the evidence that has been given by several auditors examined before this Committee?—Yes, I have.

1421. And you have heard the evidence of some witnesses examined to-day, such as Mr. Templeton, Mr. Langridge, Mr. Sinclair, and Mr. Hills?—Yes.

1422. Do you generally approve of the evidence presented to the Committee by those gentlemen?—The lines I propose to take up are somewhat different from those gentlemen's. I do not mean to say they are antagonistic at all, but my evidence is on somewhat different lines.

1423. What is the first clause you wish to call the attention of the Committee to?—No. 32.

1424. How does that clause meet your views?—I was rather surprised to-day to hear the evidence of Mr. Hills, because that was very much the line on which I had intended to go. I heard your examination of him and the evidence he gave. After a considerable experience in auditing and in bank service, for I was some twenty years in the National Bank of Australasia, it seemed to me that there were two points I would take up, and the first would be the independence of auditors. I think every business man must have seen that, up to this time, auditors occupy a difficult position. They are, as a rule, appointed by the directors of companies, and, perhaps, properly so, as the directors have the largest stake in the company; but the result of the existing system is this, that an auditor cannot easily pronounce an adverse opinion on the actions of those who are, in a sense, his patrons by having appointed him to that position. I had drawn out, before I heard Mr. Hills' remarks to-day, some brief notes. It seemed to me after my experience as a Government auditor that Government auditors were able, without prejudicing their position, to give a more independent and fearless report than the auditors of companies. I am auditor for a bank, a building society, a brewery, and smaller institutions of various kinds, and I must say that my experience as a Government auditor shows me that you are encouraged to give a searching report of the accounts of municipalities, and you need not fear anybody if that report is adverse. It is true that, if your report of a municipality is adverse, you will find that the mayor and the councillors are all dead against you and they let you feel it when the time comes to pay you your cheque. In one case of a large municipality of Melbourne I had to wait six months for the payment of my cheque, and it was not until I had to threaten the municipality with a writ that I was paid.

1425. In that case had your report been adverse?—Yes, decidedly adverse. In cases like that you feel that you have the Government behind you, though I must say that the Government do not do much when it comes to leaning upon them.

1426. Some Governments, you mean, do not?—I should say the Department of Public Works do not. I think the Minister, very naturally, feels he does not want any more work thrust on his shoulders than he can help, and he knows if an auditor had a difference with a municipality he could proceed by mandamus to get his legal rights. That, I believe, is the last ruling.

1427. That is to compel the municipality to pay you?—Yes. I think that is a hard position for auditors. Many of our men have had to fight for their fees, and I know sometimes it has cost them a great deal of money. I was one of a deputation who waited on Mr. Taverner, the Minister of Public Works, and we suggested that he might be made an arbiter in such cases, to arbitrate between municipalities and auditors and his decision to be final, and the municipalities would agree to that.

1428. Do many cases of difference between auditors and municipalities arise?—They have in the last year. Our association has assisted some of our members to support their claims at law against municipalities. I do not know whether we were right, but we did think that the municipalities saw that we were left to our own devices to get our fees, and the Government would not say to them—"Well, we pay you a subsidy," or "Various moneys come to you through our hands, and we will stop the fees of those gentlemen." They did not say that, which they might say, but they said to us—"You must take the ordinary civil remedies and recover the money."

1429. Do you not think it is much better that when a civil remedy is applicable the aggrieved party should be left to his proper tribunal to obtain redress rather than put upon the Minister a great amount of work that probably requires a judicial mind to dispose of?—I may say I was invited by the Minister to attend a discussion between one municipality and the Minister, and he settled the whole matter in one-twentieth of the time it would have taken at Court with the assistance of counsel. He was a sort of beneficent autocrat, and said—"It must be done."

1430. *By the Hon. D. Melville.*—Is there not a Government official auditor in the municipalities? —Yes, all the men who have passed the Government Municipal Board's examination are, at this time of the year, allocated to various positions in the suburbs and country. We proceed to those places, and, with the assistance of the local auditors, audit the books.

1431. Have you not, of late years, added enormously to the cost of the municipalities through this work?—I cannot say that. I may say in my case my time has been shorter than that of any of my predecessors.

1432-3. Has not, of late years, the cost of auditing enormously increased?—I believe it has increased.

1434. What is the cause of that increase?—I would not like to go out of my way to disparage any body of men, but I think the abolition of local auditors would do away with it.

1435. What were your fees at the places you alluded to?—They would be about £50 each report, at £1 11s. 6d. per diem.

1436. Your work in that case is simply going through the municipal accounts for the twelve months? —Yes.

1437. That is in addition to the local ratepayers' auditors?—Yes.

1438. Do you think it is unreasonable that the municipalities should kick against that. This is all new to me; a few years back we had no such charges. Practically, we did all the work among ourselves with the assistance of the local auditors?—You will pardon me if I seem to contradict you.

1439. Of course, I am an old municipal man, and know what I am saying?—I dare say. In fact, I know there is some ground for the point you make, but I do not want to dwell on that. I say in my case the charges have not been increased; I have done the work for less than any of my predecessors; but I say, even in your recollection, the system has not been really changed. The only thing now is the local auditor has a "hall mark"; he has passed the examination we have all passed. In the time you speak of it was just the same system. You had, probably, old Mr. Cooke, and you had a local man.

1440. I speak of prior even to that?—That goes back to a score of years.

1441. Not quite?—Perhaps not.

1442. At any rate, now you admit there is an expense of £100 put on the municipalities for auditing?—Yes, and it is very well earned too. The first municipality I had before the examination system was brought into force, I discovered £60 which the rate-collector had put in his pocket (chiefly through errors in addition), which he had to put back; and, directly that was mentioned, the mayor and councillors who had been good friends previously would hardly speak to me. They said—"You know Jim So-and-So; he will make it all right;" but I said—"I want to see it right, and see his bank lodgment." I do not think there was any attempt at peculation in that case, but there were errors in addition, and so on; in fact, he knew nothing about accounts. The subject I am leading up to is this, that I do think, if auditors are to be independent, they will be required to be appointed in some different way from the present system, which is, if an auditor has a friend on a board of directors, and he asks the director to put him up as auditor, if the director has not otherwise pledged himself, he will perhaps oblige him. He is appointed by the directors, and not by the shareholders really. It was said to-day that the shareholders would not know what the fee was and the duties were. We know in the conduct of public meetings it does not do to leave things to the last moment. How are we going to censure the board of directors? It leads up to this, that one auditor, at any rate, should be a nominee of the Government, just as we are sent out by the Minister of Public Works, and let your second auditor, in the case of companies, be sent out by any department you choose. We have a precedent for that course. In Canada lately they endeavoured to get this very thing done, but, sticking to the English precedent, they did not do it, though in the United States of America the State assessor walks into the banks, and he very soon solves your problem of whether an auditor can audit assets. He looks at the assets, as most auditors do, and if he finds after a six months' rest, or twelve months' rest, that interest is added to principal there is *prima facie* evidence that the advance is not a good, liquid, sound one. There may be causes to account for it, but there is something to make the auditor look into it. If it is six months in arrear it is put on one side and looked on as doubtful.

1443. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Has the auditing in the United States prevented the wholesale failing of banks?—No; I cannot deny that they break in scores.

1444. *By the Hon. N. FitzGerald.*—If there were any importance to be attached to the State assessors in America the banks should be as strong there as the Rock of Gibraltar?—There are any number of derelicts, castaways, every year there.

1445. Whose accounts have been audited by the State assessors?—Yes. The fact of them being audited does not make them better. My belief is, the expected arrival of the State auditor or assessor would be a deterrent to fraud however.

1446. Is that the case in the United States?—I give it as my opinion. As Sir Frederick Sargood says, there are a remarkable number of failures in America, but then there are banks in every village there.

1447. *By the Hon. C. J. Ham.*—And they being so much smaller one would think it would be so much easier to go through their individual advances?—I think they only label them "bad" on the addition of the interest. I think what I spoke of would be a deterrent. In the Savings Bank, of which I am an auditor, they have a very excellent system of auditing; it is a continuous one; you go in at any time; we go in regularly, and thus have a better opportunity of seeing what is done.

1448. *By the Hon. S. W. Cooke.*—Do you think any audit is any good but a continuous one?—I maintain, and the Savings Bank Investigation in England in 1852 shows, that that is the best.

1449. Do you think any auditing is of much use except it is continuous?—I should not like to make such a sweeping remark as Mr. Knox did. I think he must have come across a very bad class of auditor, or did not know what he was talking about, to say the auditing of accounts was absurd and ridiculous. I think that you gentlemen will know from your own experience that an intelligent auditor (and I think, as the Chairman said, there are auditors and auditors) when he goes to audit the books of an institution does not seek to damn the institution in any sense by a bad report; that is not to be inferred, but what he seeks to do is to suggest a better means of keeping the books, if necessary. His general advice as an auditor and business man is as to how a company shall conduct their business. I audited lately a company in connexion with the railways and was able to suggest some improvements to them.

1450. *By the Hon. A. O. Sachse.*—Do you not think if Government auditors were appointed in the case of companies that the public would take less care in their investments and put more money into those places, relying on the Government to see that things were right?—I do not know. What you say would seem to imply it would be an additional assurance in the public mind and they might do additional business.

1451. Supposing a smash occurred when that system of audit was in vogue would not the public have some sort of call on the Government for the loss; would there not be another Mildura state of things?—I have not looked at it in that way.

1452. As a shrewd man of business, what would be the natural state of things if a bank were audited by a Government auditor and it failed?—Yes, there is something in it.

1453. What guarantee is there that the auditors are competent and would carry out their business to the fair letter of the law?—That is a fair question. The officers of the Public Works Department could only say they had knowledge of the antecedents of the men presenting themselves for examination and that they had passed. Some of us have been tried and kicked out.

1454. Do you not think a company would be as safe in employing a well-known public auditor whose reputation was at stake as with a Government one?—Certainly not. If I said it would I would stultify what I said before. I do not want to go into the way things are generally done, but, like a company in London mentioned here, most of the auditing is done by the clerks of the firms, and they reserve their judgment for the inspection of the balance-sheet, seeing what depreciation of machinery is written off and whether the balance-sheet in spirit is a true representation of the books. The ordinary work could be well done by clerks; and when the Government abolish the local auditors, as they say they will next year, we will take round our clerks who will call out the blocks and so on to us.

1455. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—What examination do the municipal auditors undergo?—There is an examination of this kind: they have for examiner one of the Audit Commissioners, another, a gentleman from the Water Department, and a third, Mr. Morkham, a gentleman skilled in Local Government law. Those men who present themselves for examination, if they are not practising accountants, have to prove their skill in figures, in the compilation of balance-sheets, and general accountancy, and, in the afternoon of the same day, they stand an examination in the Companies law and the Local Government Act, under the Act 1243 of 1891. If you have certain certificates, as enumerated in clause 32 of the Bill, you are not examined in accountancy, but in the Local Government law.

1456. You have spent some years in the National Bank?—Yes.

1457. And have had considerable knowledge of banking. Do you think the examination that the municipal auditors go through qualifies them for auditing and examining into the intricacies of bank and ordinary commercial business; try and forget your previous experience in the bank now?—You have just raised the difference between a mere ticker of figures and a man who does the work efficiently. A man who has not been in a bank does not understand bank auditing.

1458. A knowledge sufficient to pass a municipal examination would not necessarily fit a man for general auditing?—I admit that.

1459. And yet you suggest it?—Yes. We Government auditors have a clause to ourselves in this Bill, viz., sub-section (a) of clause 32.

1460. You say there is an examination by a Board consisting of certain gentlemen whom you mentioned; can you name any one of them who, from your knowledge of commercial matters, is an accountant?—Yes, they all are accountants. I do not say they have knowledge of banking business.

1461. Can you name any one of them who is an accountant?—Yes; one is an Audit Commissioner.

1462. Is he an accountant. I would not have mentioned him, but you mentioned the names?—I can vouch for two, Mr. Morkham and Mr. Percy Whitton. Mr. Morkham is an expert in Local Government law, but as to his accountancy, he has not time to be everything.

1463. An order to empower one of those municipal auditors to be told off to audit a bank or a commercial company might be a very dangerous affair, and yet his audit might be perfectly honest?—With this proviso, that the Minister who appointed the gentlemen would take their various qualifications into account.

1464. The Minister may be no more a man of business than the auditor?—Yes, I cannot rebut your objection.

1465. *By the Hon. S. Fraser.*—Your contention is that with banks and other important institutions the auditors should be more independent of those who appointed them than they are at present?—I think that should apply to any auditor.

1466. How would you carry that out. I think I understood you to say you would have a Government nominee, a man appointed and paid by the Government, would that be practicable?—The Government make the municipalities pay for their auditors.

1467. Would you apply the same rule to an institution, that the auditor should be the nominee of and be paid by the State?—He should be appointed by the Government, or an independent Board, or the Supreme Court.

1468. And be paid by the institution?—Yes.

1469. *By the Hon. A. O. Sachse.*—Do you not think the highest certificate a man can get is from an institute of his own profession?—Yes, certainly.

1470. Would you want to go past that for a qualification?—No. I am not in favour of deleting all the clauses from the Bill. I think sub-sections (a), (b), (c), and (d), of clause 32, might stand in their entirety, but I was going to ask that I be allowed to suggest that lines 27, 28, and 29, on page 12, sub-section (b), of Division 2, clause 32, might be deleted. That is the only thing I would delete from it—"or of any institute, society, or association approved of by the Governor in Council." I would excise that because it seems to make it too broad.

1471. *By the Hon. the Chairman.*—I think we might now take the next subject?—I do not go much beyond this clause. I would suggest the insertion of the following words, after the word "Victoria" in sub-section (c), "in his own name," because at present this may cover a clerk, or a manager who is in an office, when the spirit of the Act seems to be, and rightly I think, that a man must be practising on his own account.

1472. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you not think the chief accountant in my firm, for instance, would, in the last twenty years, have had as much experience as any ordinary accountant practising as such?—Yes; but I would use the words of Mr. Brentnall and say you must draw the line somewhere. I need not tell you that in the Act you must have something rigid, and it was pointed out that any boy in a small firm for one year might be included, as the clause now stands. In looking over this Bill our committee noticed one slight amendment that we thought might be added, that is, in clause (a), after the words—“Any person who holds a certificate of competency” the words “or qualification” might be added, because the words in (b) do not seem to have been taken exactly from the Local Government Act, section 40. The words “of qualification” are used in section 40. It says—“Provided that any member of the incorporated Institute of Accountants Victoria, or of the Institute of Chartered Accountants in England and Wales, or of the Society of Accountants and Auditors (incorporated 1885), who shall satisfy the Board that he has a fair knowledge of municipal government law, shall, without any further test of competency, be entitled to a certificate of qualification.” Those words should be in the Bill, or it might arise in our own interests that one man might say—“I have a certificate of competency, having passed the examination, while you came in through the lubber-hole through your F.S.A.A. degree.”

1473. I would like to ask you a question (I do not know whether it is quite a fair one, so you need not answer it unless you like)—suppose you were a pretty large shareholder in a bank, would you feel quite safe in entrusting your large interest to an auditor of the bank who was simply a municipal auditor. I will not press the question if you would rather not answer it. You see, according to your plan, any one of your members might be told off to do that work?—Auditors are accused of being mere machines, and it must be said to their credit they do their work in a machine-like way, that is, without partiality.

1474. Would not you, as a large shareholder, think your interest was to some extent jeopardized by the honest endeavours of, I will not say incompetent men, but such men as I speak of, though competent in their way?—I would rather not answer the question. There is one addition I would like to suggest in clause 32, sub-section (b). I would suggest the insertion after the words “Society of Accountants and Auditors (incorporated 1885)” (and that might as well have the word “England” added to it; it has it in the Local Government Act), “or the Bankers’ Institute of Australia.”

1475. What examination do they pass as auditors?—They pass a stiff examination. I will present to the Committee the syllabus of the examination, with a copy of the papers used [*producing the same*]. The examiner is Mr. Thomas Harlin, M.A.

1476. I see by this paper that for the rank of associate they pass in arithmetic and elementary algebra (that is not auditing), bookkeeping, political economy, practical banking, commercial law; there is nothing about auditing here?—It is a very intelligent examination.

1477. But it is not auditing?—No, but in the aggregate I think those subjects would make up what most auditors know. I do not think I could pass that examination now. Mr. H. G. Turner said it was equal to an examination for a B.A. degree. I think members of the Bankers’ Institute are well qualified to be Government auditors. In a country like this, where there are so many country branches, a man at about twenty-five becomes a manager, and those country managers have to remit to the head office the applications for advances of new customers; they have to submit a balance-sheet, go to the local store and value the stock, and, if there is a deed accompanying the premises, they set that out, and, all round, they get a good general knowledge. And then *qua* a bank clerk, who is nothing more than a bank clerk, has a very excellent training. There is not a better discipline than that of the banks here for a young fellow. He gets a knowledge of accounts, and that is a great part that leads up to the aggregate knowledge possessed by an auditor.

1478. *By the Hon. the Chairman.*—Is there anything else you would like to suggest?—Our association felt very much aggrieved at the evidence given by Mr. Thomas Brentnall, in which he said he did not think the associates of the Bankers’ Institute should be included as auditors any more than persons who were licensed auditors. I think it is a pity, if I may venture an opinion, for a gentleman to go out of his way to bother about other societies. When the Local Government Act was being brought in, and with this Bill too, I waited on the Minister and fought for our names to be put in. There are one or two young societies that I do not know much about, and we might say those men are not qualified, but we would not do that. I think it is unmanly to do so, and, if they are practising, I would not interfere with them for a moment. I would close the door at a reasonable time as I propose to close it by the excision of the words I suggest. Any society might be included in the future, but I think Mr. Brentnall passed a very undeserved slur on the Bankers’ Institute and municipal auditors, when he said they should not be allowed to practise as general auditors. I would ask the Committee to guide me to a clause in connexion with a matter. The manager of one of the banks, to-night, pointed out that there was a clause in regard to forfeiture of shares, and Mr. Brentnall gave evidence about this, but that evidence has not yet appeared in print. The gentleman I refer to said if the shares were forfeited, there was no use in perpetuating the amount in the balance-sheet, that it should be written off. That has not been brought out in evidence. I asked if the transaction would be brought out, and he said that it would, that it would be on one side of the balance-sheet, and he said it was no use perpetuating the item in the balance-sheet, but it should be wiped out. I agree to that, and would like that added to my evidence.

1479. I think there are not many companies affected in the same way as this particular company which you refer to. In that case there were a large number of shares formerly held by one individual. He was unable to pay on those shares, and I think they have come into the hands of the company now. He owes a large amount on the shares, and there is judgment recovered. Then a clause is proposed to say that where a judgment has not been satisfied within one month, an opportunity should be afforded to a company of extinguishing those shares by writing on one side the amount paid off, and on the other side showing an entry in connexion with those particular shares, so that they could become absolutely forfeited to the company and extinguished?—As long as the transaction is not disclosed there could be no objection. There is the nominal capital, and the reduction is shown. I think the suggestion is a very good one. The next clause I would refer to is No. 29, and in sub-section 2, I would add these words—“but if on the advice of the auditors the breach has been remedied this clause shall not apply.” The object is this: there might be some trifling laches, and if they are remedied there is no use in damning the company by putting an

adverse certificate on. I would suggest that the wording should be, in clause 31, sub-section 2—"The first auditors of the company shall be appointed by the shareholders at the statutory meeting, and shall hold office until the first annual general meeting." Then I made a note of this, before I heard the evidence to-day with regard to clause 34, sub-section (c).

1480. "Shall report in writing to the members?"—Yes. I underlined that before I heard the evidence on it. It seemed to me a great deal was made of that rather in the way of hair splitting. It is usual for us auditors to report to some one or other, and it is bound to be in writing, (it may be typed, but that is writing), so we do submit the report in writing; but to whom, after the judgment in the London General Bank case by Mr. Justice Williams at home? He ruled that the report must be to the shareholders, and not to the board of directors as has been the practice here. I am not referring to banks at all; I am not connected with any bank except the Savings Bank, which has a different system of its own. The usual custom I find from the articles of association, is this—if demanded, you put it in the hands of the directors, and you write to the directors and see that it is put before the shareholders; and if not, you write to the shareholders. This Bill was framed with the last decision in view, and Mr. Isaacs must have had that in view. It is not, as Mr. Hills thought, that you have to write a report to every member of the company; I think that would be an impossibility, for one thing. The idea is that you shall render your report in writing, and it shall go before your employers, who are the shareholders.

1481. *By the Hon. S. W. Cooke.*—How is it to get there; what would you do as an auditor?—I would attend the meeting first of all to see that I was re-elected as an auditor, and secondly to see how things went, and that my report got there.

1482. You are an auditor of a company, say, and have to send a report to the members of the company—to whom do you send it?—Addressed to the regular officer of the company, but you address to the members.

1483. You would not address the envelope to the members?—No, to the secretary or the general manager; but I should address the report to the shareholders, not to the secretary.

1484. That is inside, in the letter itself?—Yes; and when you attend the meeting you see that it goes to the shareholders.

1485. *By the Hon. the Chairman.*—Would you have it to be delivered to the chairman of the general meeting, though addressed to the shareholders?—Yes. I would not reserve it as a bombshell, to be presented to the chairman at the meeting, but it should be sent to the chairman beforehand so that he could consider it.

1486. To remove all doubt, you should say to whom it should be delivered?—I say if you address an auditors' report addressed to the members of a company, and send it to the secretary, or I would say the chief officer of the company, it would reach its destination.

1487. *By the Hon. S. Fraser.*—You think if it were addressed to the members of a company it would not be proper for the chairman to withhold it from the shareholders?—Yes, and the onus would rest with him of the shareholders getting it.

1488. I think we could remove all difficulty by putting it in that way?—Yes, I think that would be a very feasible way of removing doubt. Our society instructed me to raise another slight objection which I do not intend to raise, for this reason, that I do not think you invite us to tinker with this Bill if we can help it.

1489. *By the Hon. the Chairman.*—No?—I think it is a very good Act as it is; but, as three-fourths of it is from the English Acts, it does not give much credit to the framer.

1490. *By the Hon. C. J. Ham.*—Is it the Bill or the Act which you refer to?—I was corrected the other day about that; of course, this is not an Act, it is a Bill. The point is in clause 35, sub-section 5, they objected to the words on line 40, "by the auditors." That is to say, that so-and-so should be done by the auditors; they said it should be done by the manager. I, myself, do not see any reason for excising those words. I think it is a good thing to leave it, as it strengthens the auditors' hands. They audit the books of a company, and go down and hand the report to the Registrar-General; I think that should be left in.

1491. *By the Hon. the Chairman.*—Is there anything else you wish to draw attention to?—No; I have a lot of little things noted here, but I will not trouble you with them.

1492. *By the Hon. S. W. Cooke.*—I suppose you object to the special audit?—Yes. I agree in the main with the evidence given by Mr. Sawers and Mr. F. G. Smith. I do not see much harm in having a universal balance-day. The banks seemed to think it was aimed at them; but it was aimed not at the righteous, but at the unrighteous. I think the special audit clause is a very dangerous one for the reasons set out to-day.

1493. You think, in the interests of the shareholders, the Supreme Court is better than the Governor in Council. Under the present Act, the Governor in Council can bring about a special audit; now it is proposed to be the Supreme Court?—Both are slow-moving bodies, but I think it should be removed from the power of busybodies and others to wreck, perhaps, what may be the soundest institution in the country.

1494. *By the Hon. Sir H. J. Wrixon.*—Busybodies in the shape of creditors?—Yes; they have their remedy at present, have they not?

1495. *By the Hon. J. H. Abbott.*—Is it your opinion that banks could balance on the last Monday in March without much inconvenience?—Yes, because after all, the date is only a date. I know in the Anglo-Australian Banks they have to take the specified accounts up to a date. The object is to prevent putting into funds one account by drawing on another bank.

1496. Is that done now do you think?—Yes, very largely. I must say in my experience as a bank manager for nearly a score of years in the National Bank, that practice was not at all uncommon, of one man borrowing from another, and then repaying it after the balance. There was nothing inherently wrong in it; the managers tried to get their overdrafts in good order. In one bank I know, it was understood that the status of their overdrafts would be a test of the efficiency of the managers, and we very soon brought down the unsanctioned overdrafts when that was known.

1497. I speak rather of one bank lending to another?—I know the institutions that may be in our minds that were said to have transferred from one to the other; but Mr. Turner settled that point, and I am glad that he had an opportunity of doing so.

1498. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—How would this universal balance-day prevent it in the cases you speak of?—Unless a man operated on a suburban bank, I do not see how he could do it in Melbourne. If I bank with A bank, and I have to put my account in order on a certain day, I have to borrow from B, and repay him afterwards.

1499. Suppose one of my clients came and asked me for £1,000, how could you prevent my lending it?—You might be able to lend it out of your sanctioned overdraft; then I do not see how you could be prevented; but if you are drawn up to the hilt of your overdraft, what then?

1500. Then I should refuse it?—You might say then—“I am sorry I cannot do it to-day, but if it were to-morrow I could. It is the bank balancing-day, and I am very full.”

1501. You, as a banker, know perfectly well it can be done by discounting, apart from an overdraft?—Yes, but this is a step in the right direction, I think.

1502. In theory it may be?—Yes.

1503. *By the Hon. C. J. Ham.*—Would not a man who wanted to put his account right go to a friend who had his account in a right state?—I do not know a man I could go to, without I could go to a man who would say—“Here is my cheque on a country bank, and by the time this comes in your cheque will be in to meet it.” I do not think there is a great deal in it, but I think it would defeat a good deal of kite-flying and cross-firing that may be done at balancing-time.

1504. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—I agree it would be desirable to prevent that sort of thing, but I do not see how it could be done?—No, perhaps not.

1505. *By the Hon. C. J. Ham.*—The balancing on the 31st of March applies to banking?—Yes.

1506. Do you advocate its application to all companies?—No.

1507. The Bill applies to all companies?—No, I do not agree with that. I would not suggest any unimportant alterations. I think as far as banking institutions are concerned the spirit of that direction is that there shall not be cross-firing. It could not apply to trading firms. You cannot lodge a bundle of groceries, say, to your banking account; you could not fix that up with the merchant.

1508. *By the Hon. J. H. Abbott.*—They all have to take stock, and that would be inconvenient in some businesses?—I am not wedded to it. I do not see how they could get auditors to audit their accounts; every one would be working at two or three places at once.

1509. *By the Hon. Sir H. J. Wrixon.*—Still you think it would answer the purpose if it could be done?—Yes, to an extent, because the system is to let borrowers have a defined overdraft, more especially in the suburbs. There the managers are only bank agents. You cannot lend a £20-note without the head office's sanction. You have to send in what is known as a red form with all particulars of the customer, his character, the length of time he has been dealing with you, the stock he has, whether the premises are his own, and whether he is indebted.

1510. Say his overdraft is £500?—Yes, say that.

1511. And he is overdrawn to the extent of £700; that extra overdraft of £200 is now got over by a system of cross-firing, you say?—Yes; that is a system of crossing cheques.

1512. And that would be stopped by this clause?—Yes. If you had an account at the A bank in Melbourne, and I at the B bank in the country, an exchange of cheques is transacted. Usually the banks do not exchange late in the day. If you lodge a cheque at three o'clock you cannot expect it to be cleared at half-past three; but on balance-day they have an extra exchange, and every scrap of paper is taken up and settled by the banks. The National Bank balances in March and September, and on those dates they have a late exchange, and the other banks accommodate them by taking their cheques up to the last moment. If you gave a cheque on the 30th September and thought it would be out until the 1st of October, you would be wrong, because it would be taken up that same day. The idea is this: two men are both up to their overdraft limits, if it is not bank balancing-day a man who is not quite up to the limit can go a little over it, but on balancing-day they keep them to the limit; and every effort is made by small traders to keep their accounts in order at that time.

1513. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Is it not a fact that, as a rule, in anticipation of the present bank balancing-days, the retailers get advances if need be, if the bank are pressing them, from their merchant?—Yes, that is what they used to do up country. They would draw a sola draft on you, the wholesale merchant in Melbourne. They do it very often, and must do while their consignments, say, of dairy produce are going down to market.

1514. If there were not some arrangement of that sort you, the banker, would dishonour one of their bills, perhaps?—I do not know whether I catch the drift of your question quite.

1515. Assuming a man has got his overdraft close up to his limit, a day or two before a bill becomes due you say—“I am not going to pay this bill; you must get assistance from your merchant;” is that not done?—Yes.

1516. *By the Hon. D. Melville.*—Do you wish the Committee to understand that this is extensively done now?—I do not know, but I think that is what has inspired this universal balancing-day.

1517. Is it done to any such extent as to warrant all this discussion on the subject?—When I was in the National Bank it was done in other banks; I will not say in ours, but it was done pretty generally.

1518. Do you think it is done now?—I do not know.

1519. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you not think this clause was meant, not to operate in small matters such as you mention, but as between bank and bank?—Yes.

1520. These pettyfogging things amount to nothing, do they?—Yes, they are pettyfogging. I think a certain special case was aimed at in the provision, and, as I said before, I think that case was upset and proved to be untrue.

1521. *By the Hon. D. Melville.*—Then there is nothing in this after all; if the bank case you refer to is untrue, and the other matters are pettyfogging, the thing is at an end?—My argument is that the universal balance-day should stand though there is not much in it.

1522. *By the Hon. the Chairman.*—As I understand from you, during the last 20 years you can speak from experience, and it has been a practice that has prevailed to a large extent among the customers of the banks to lend to one another?—Yes, in the suburbs of Melbourne, and in the country districts.

1523. When you say the amount is pettyfogging, taking all those transactions throughout the country, of various persons who had to meet their engagements with the bankers, would it not amount in the aggregate to a considerable amount of money?—Yes, the exchange would.

1524. *By the Hon. N. FitzGerald.*—What opportunity had you of seeing all this?—In 1888 I was manager of four branches of the National Bank in the suburbs.

1525. You can only speak of the National Bank?—Yes.

1526. And it was in your bank that it occurred?—Yes, but the customers borrowed from other banks' customers.

1527. It was in your bank the customers swelled their accounts by borrowing from others?—Yes.

1528. And from what you saw in one bank can you say it was general in other banks?—No, our bank apparently knew nothing about it. When I told Mr. Frank Grey Smith of it he was surprised.

1529. You only know that in your bank certain customers inflated their balances by borrowing from some other bank's customers?—From some one having an account with a bank that did not balance on the same day as we did. I am not speaking of banks, but of customers.

1530. I want to pin you to what you actually know—is this a general practice with all banks?—With all banks' customers.

1531. It must be with the banks; it must be in particular banks, and those banks only can know whether their customers swell their particular accounts on the eve of the balance by borrowing from some one else. Have you had any opportunity, outside the National Bank, of which you were manager, of knowing what went on in the other banks?—I do not think you could have been a banker.

1532. I have been a banker?—I have not the honour of knowing your name, and must confess my ignorance thereof. In not knowing you I confess myself unknown. I said that the banker does not know anything about it. The bank teller does not know. Brown hands in a cheque with the name of Jones on it, and the manager does not know about it, except by examining the pay-in slip.

1533. You, as manager of that bank, know that certain customers of yours borrowed money from customers of other banks in order to set their balances right on the eve of balancing-day; but I want to know how you could know whether those customers borrowed again on the eve of their balance-day to put their balances right. How could that come within your knowledge?—I guessed that from seeing a cheque for some amount presented next day.

1534. *By the Hon. the Chairman.*—Had you not a pretty general knowledge of what was going on in the other banks?—No, except from the customers.

1535. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—The amounts that they had were pettyfogging you say; do you think they were in the aggregate more than infinitesimal as compared with the total affairs of the bank?—They would be such people as bootmakers, and small traders generally, who would have to get their balance square by borrowing cheques; and if every bank wanted the balances put right at the same time they would not be able to borrow.

1536. *By the Hon. S. W. Cooke.*—At the end of sub-section 1 of clause 24 it says—"and such statement shall be accompanied by a certificate of not less than two directors that in their opinion the statement is correct." You were in the National Bank, and it has many branches?—Yes.

1537. Suppose you were one of the directors of the National Bank, would you be prepared to certify to a certificate that the balance-sheet was correct?—If you had such a statement that the balance-sheet had been received at the head office, and with the certificates of the managers of the branches.

1538. Would you certify that it was correct?—You could not do otherwise.

1539. Are you not called upon to say in your opinion it is correct?—You can if there is a reservation of that sort. A man to audit a bank would have to be at it all the year round. He is going over the work of, perhaps, a couple of score of clerks, and if he did it right through without taking the certificate of some one he would never get through it. Then with 50 branches you must take the certificate of managers and accountants, and they are verified by the inspectors.

1540. Of what value is the certificate of an inspector?—The certificate of the auditors is that they have counted the coin, and inspected the securities, and so on. They back the certificate of the managers and others. That question has been raised often before; it is a qualified certificate that auditors and directors have to sign. They have to take on trust the accounts in London or of one of their branches in the East, the same as in Melbourne with the up-country branches here.

1541. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In other words, in all balance-sheets there must be a great deal taken on trust?—Yes.

1542. *By the Hon. D. Melville.*—And if it is wrong who is punished?—Unfortunately the only one under this Act is the auditor. Directors may have the option of a fine, but the auditors are imprisoned.

1543. Auditors may be fined as well?—Yes.

1544. And yet you say they have to take other men's words?—You must believe somebody, I do not see how you could do without taking the certificate of up-country managers and inspectors.

1545. *By the Hon. Sir H. J. Wrixon.*—You said the penalties were only against the auditors, but that is not the case?—It was for culpable negligence, and a deputation waited on Mr. Isaacs about it. He said if they were culpably negligent, they should be punished; but who is to prove that? A man might spend the whole of his fortune in proving his innocence, and succeed in doing so, but come out naked.

*The witness withdrew.*

George Adam Kay examined.

1546. *By the Hon. the Chairman.*—You have some views in connexion with forming an Assets Realization Company, which company you would wish to have formed under the Companies Act; would you be good enough to put your views in connexion with that matter as shortly as you can before the Committee?—If you will allow me, I should prefer to read my statement which I have had typewritten. I have some copies here, if you will accept them—[*producing the same, which were handed to the Members of the Committee*]—I say here:—

It is generally felt that if some method could be devised by which the banks and companies in liquidation now engaged in the task of realizing securities consisting of real property could be reconstituted as going concerns, with the control of the assets in the hands of the creditors, it would be advantageous, from a public point of view, to get rid of liquidations which will otherwise extend over several years, as well as be in the best interests of the parties more immediately concerned.

I believe this end could in a great measure be attained by the formation of one or more assets realization companies to acquire the securities from the various liquidators, and that the creditors both here and in Great Britain would be

favourable to such a course being adopted, and it is in order to offer one or two suggestions as to how this end might be assisted by the new Companies Act that I appear before the Committee. I may add that before doing so I have consulted and discussed the matter with Mr. Riggall, of Messrs. Blake and Riggall, who is acting on behalf of the official receiver in England for the British creditors in a number of these liquidating institutions.

*Formation of Assets Company.*—The formation of such companies can at present be proceeded with under the existing Companies Acts by way of schemes of arrangement or compromise, and sub-section 5 (b) of Division 2 of the new Bill specifically exempts such companies from the operation of section 21, and renders their formation possible without any capital being paid up in cash.

*Creditors to become Shareholders in Assets Company.*—*Profits, Section 48.*—It might be thought desirable, however, that the creditors (*i.e.* the debenture or deposit receipt holders) of companies in liquidation should become the shareholders in a company formed to acquire the assets, exchanging their debentures or receipts for shares in the assets company, and, if it should be proved to the satisfaction of the Court that the original shareholders of the company had no interest in such assets which were shown to be insufficient to satisfy the creditors, then I would suggest that power should be given to the assets company to distribute its capital *pro rata* or otherwise amongst the members, *i.e.*, the old creditors of the company, as the assets represented by the capital are realized. It could be provided that this should only be done where the Court was satisfied that the company had no other creditors, or where it had made an order for their being satisfied, or where all creditors consented, or if there were none.

That is that the creditors of the old company would become the shareholders of the new company, and it would require no money; under the present Companies Act we would not be able to distribute that capital until the company was wound up.

1547. *By the Hon. A. Wynne.*—What difference would that make?—We would either require to bring in the depositors as shareholders to constitute the new company, or give the shareholders of the old company shares in order to have a shareholding body.

1548. You could do it with five shareholders?—Yes.

1549. You must register?—I say it is possible to do what we want done under the present Companies Act; but in discussing the matter with Mr. Riggall we came to the conclusion it would be well to suggest a matter like this to you as it would be simpler to work.

1550. *By the Hon. the Chairman.*—Suppose you form such a company under the Companies Act, you could not divide any portion of the capital among the shareholders under the Companies Act?—Not as at present.

1551. So you want some assistance under the new Bill to enable the capital that came in to be divided among the shareholders?—That is so. This is merely suggested provided that we should think of forming a company, by making the old creditors shareholders; and we think it would be easier and simpler from the creditors' point of view than under the old Companies Act, but it would require an innovation of the present Companies law to permit of the capital being distributed.

*Assets Company to be permitted to purchase its own Shares, &c.*—I would also suggest that although such a company should be precluded from lending money on its own shares, it should have power to purchase them for cash, or to accept them in exchange for properties, or in payment of debts, same as if the shares were debentures or deposit receipts. I make these latter suggestions in order that local creditors who become shareholders would be able thus to obtain negotiable securities for their interests, which are now frequently quite unmarketable, and if the Committee is prepared to consider these proposals I shall be happy to have them put in proper legal form for them.

*Section 44 precludes Companies dealing in their own Debentures.*—By section 44 of the new Bill all companies are precluded from purchasing or lending money upon their debentures, excepting those reconstructed companies whose schemes of arrangement have already been sanctioned by the Court, and permission expressly given to do so.

In practice these provisions have been found so advantageous by the banks that I agree with Mr. Sawers they should be extended to any company, such as the English and Scottish Bank, not so situated, and, further, to any company's scheme of arrangement hereafter sanctioned by the Court. This amendment I consider extremely important, as these provisions would necessarily form an essential feature of any assets company's scheme framed to meet the requirements of local creditors of companies in liquidation, for the reasons already stated in regard to shares, if debentures or new deposit receipts of the assets company were issued to the old creditors. By simply inserting the word "purchasing" before "lending," and deleting the word "heretofore" before "sanctioned," in sub-section 5 of clause 44, I think these objects could be attained.

*Appointment of Liquidator in voluntary winding-up.*—Clause 127 prohibits the appointment of a director, manager, or promoter as liquidator in the voluntary winding-up of a company which cannot, "by reason of its liabilities, continue its business," and in the course of the debate in the Legislative Council it was suggested that the appointment of liquidator be left to the creditors.

I think this is a suggestion which would rectify a very grave anomaly, *viz.*, the practical control of an insolvent company by the nominee of the directors or their friends, whom it is no easy or inexpensive matter for the creditors subsequently to supersede by their own representative. In this Bill it is provided in compulsory windings-up that meetings of the creditors shall be held by the official liquidator, who, *ex officio*, becomes provisional liquidator, to determine whether or not he shall be retained in office—clearly showing that it is the intention of the Bill that creditors should have the control of this matter. I would strongly urge the Committee, therefore, to provide for the appointment of liquidator by the creditors in a voluntary winding-up, when a company is wound up by reason of its inability to pay its debts, and in this connexion would suggest that some word or words be used to make it clear that all the creditors, *i.e.*, wheresoever situated, have a voice in the matter. In view of the recent decision of the Supreme Court in the case of *Morrison v. The New Zealand Loan Company*, it is very necessary that no ambiguity should arise in this point—such a definition of "creditor" as would obviate any chance of this might be inserted in the interpretation clause of the Bill.

*Seventh Schedule.*—I would also draw the attention of the Committee to the fact that the Seventh Schedule of the Bill, providing for the calling of meetings of creditors and contributories within 21 days in compulsory windings-up, could never be complied with if the creditors in Great Britain are to be given an opportunity to vote; and in several of the largest liquidations now proceeding here the British creditors are in a majority to the extent of two-thirds, and even more. In the same way the existing rule requiring the affidavit in support of a petition for winding-up to be sworn by the petitioner within four days after the petition is lodged would, if adhered to by the Court, prevent a foreign creditor petitioning at all.

1552. Do you wish to add anything to those suggestions of yours?—If you would allow me to say so, if you consider the proposals too bare and vague as they are, I would be happy to have them put in such a form that you could put them in the Bill. I admit the distribution of capital is a novel idea, and providing for a question that may not arise. In dealing with the position hitherto, we have considered we could work under the existing Acts; but in talking it over with Mr. Riggall this suggestion came to our minds as one that might be possibly a better mode of dealing with companies likely to be formed.

1553. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Can you form any idea as to how many clauses would be required?—I can only inform you that after Mr. Riggall had spent an evening or two over this he said it was rather a big matter, and before he actually framed the clauses he would like to know whether you entertained the idea or not.

1554. *By the Hon. A. Wynne.*—The only thing you want to do to carry out your scheme and to distinguish from other companies is, they have distributed deposit receipts, and you want to distribute money; and you want a clause that the company may distribute capital, as realized, among creditors?—Yes.



1555. You would have to restrict it to this class of company, or you would have all classes of companies distributing their capital?—Yes. I would like to insert a clause for them to accept our shares the same as debentures.

1556. Put it in shares instead of deposit receipts or debentures?—Yes, a very few words would do.

1557. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you think it of sufficient importance to place upon the statute-book such an Act?—It is not by any means necessary in order to accomplish all I wish to accomplish. It is not a question of saving expense; it is a question of turning over how the matter could best be done. After trying various schemes under the old Act, it was suggested—"Would it not be better and easier to make the creditors the shareholders in a new company," and we came to the conclusion that it would be.

1558. You do not seem to be very strong on it?—It has never been tried before. It was in thinking it over, and it is a question I have talked over and discussed many times. I merely thought it was a way that would probably be easier than the method already adopted. I have already drafted schemes under the existing Acts.

1559. *By the Hon. C. J. Ham.*—When you say to make the creditors shareholders, you mean if they are willing; you do not mean the majority can compel the minority to become shareholders?—It means if the Court will sanction the scheme. Then the same rule would apply as if they took debentures.

1560. The creditors are voluntary shareholders?—Yes, in the first case.

1561. *By the Hon. A. Wynne.*—You would make a three-fourths majority bind the other fourth?—Yes.

1562. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—They would be fully paid-up shares?—Yes, of course. If I may proceed, I will next call your attention to a clause in the new Bill which would certainly interfere very materially with any company of that sort that would be reconstructed and also with any bank that may be reconstructed hereafter, by the omission of the word "hereafter"—that is section 44.

1563. *By the Hon. the Chairman.*—Is that sub-section 5?—That clause runs that "companies may not lend money on their own shares or make advances on their own debentures." There you except all companies whose schemes have been sanctioned by the Court heretofore. That means that no company hereafter reconstructed could do it.

1564. *By the Hon. A. O. Sachse.*—And you mean to leave out the word "heretofore"?—Yes. If you leave that out it would be sufficient to alter it. Then also, if you would insert it, I suggest the word "purchasing" before "lending" in regard to debentures. A company is not precluded from lending money, but it is from purchasing. Read in conjunction with clause 44, sub-section 1, I should say it meant they could not purchase. It says here in clause 44—"Except as provided in the Companies Acts in regard to forfeited shares no company shall either directly or indirectly purchase or deal in or lend money or make advances or allow discounts upon the security or pledge of its own shares or lend money or make advances or allow discounts upon the security or pledge of its own debentures or debenture stock."

1565. It does not say they shall not purchase them or pay them off?—No. I read it as being an understood construction. In the exception it runs as if it were so meant, because it says—"nothing herein contained shall affect any lien or charge existing before the commencement of this Act, or shall prevent any company from lending money or making advances or allowing discounts upon the security or pledge"—

1566. It looks as if the draftsman had left out the "purchase"?—Yes. I note that "purchase" should be put in. Passing to clause 127, I cannot recall who suggested in your House that the appointment of the liquidator should be left to the creditors; but it was suggested. I think that it is so intended under the compulsory winding-up clauses. I thought it well you should adopt that suggestion.

1567. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You approve of that?—Yes. I have looked through the Bill for a definition of "creditors," and cannot meet with anything that would meet it so well as the definition in the case of Morrison and the New Zealand Loan Company.

1568. *By the Hon. A. Wynne.*—We cannot legislate for home, you know?—It seemed there were no words sufficiently wide to apply to creditors everywhere. If there had been any word in the English Act sufficiently wide the Judge would have included colonial creditors. I merely make the suggestion if it is of value. If the appointment is to be made by the creditors, it would be awkward in the case of creditors elsewhere than here, unless the term "creditors" was made to include them.

1568A. *By the Hon. the Chairman.*—What do you suggest about the petition, as to the number of days within which it is to be presented?—I cannot say as to that; but I mention that as the Judges had not adhered to the letter of the law in regard to that they could not adhere to the rule for compulsory winding-up within 21 days.

*The witness withdrew.*

*Adjourned to to-morrow, at Three o'clock.*

WEDNESDAY, 23RD SEPTEMBER, 1896.

*Members present :*

The Hon. H. CUTHBERT, in the Chair ;

The Hon. J. H. Abbott  
N. FitzGerald  
F. S. Grimwade  
C. J. Ham  
D. Melville

The Hon. A. O. Sachse  
Lieut.-Col. Sir F. T. Sargood  
Sir H. J. Wrixon  
A. Wynne  
S. W. Cooke.

David Finlayson examined.

1569. *By the Hon. the Chairman.*—What are you?—General manager of the Union Bank of Australia, Limited.

1570. It is a company incorporated in England?—Yes.

1571. I believe it formerly had an Act of incorporation of its own for the various colonies?—Yes, but in 1880 the company deemed it desirable to come under the operation of the Companies Act.

1572. Do you generally concur in the views of the gentlemen who have given evidence on behalf of the banks before this Committee?—Yes, so far as I have seen them reported in the press. I have not read the detailed report.

1573. Are there any particular clauses in this Bill as to which you would like to emphasize any remarks that have been made by previous witnesses?—I need only refer to the same clauses that they have dealt with. The reserve fund comes first in order.

1574. Clause 26 does not prevent a company from having a reserve fund, but if it has one it has to declare for what purposes that fund has been formed. Do you see any real objection to that?—The objection that we saw to that was the necessity it entailed upon companies of requiring a special resolution of the shareholders, in order to say to what purpose the reserve fund should be applied. I may say that we ourselves have a reserve fund of half-a-million set aside, which is invested.

1575. Is it specially set apart or is it used in the general business of the bank?—It is specially set apart.

1576. Has it to be invested in any particular class of securities?—The balance-sheet gives the following particulars :—

## RESERVE FUND.

Consols, Local Loans, and other Imperial Government Stocks	...	£350,000
India Government Sterling Stock	... ..	50,000
British Municipal and Colonial Government Stocks and Debentures		100,000
		£500,000

1577. Those are considered first-class liquid securities?—Yes.

1578. How is that reserve fund to be operated on?—Clause 33 of the regulations says—"That so much and such part of the annual profits of the business of the said company as the board of directors shall determine shall from time to time be retained and carried to the credit of a fund to be called the 'Reserve Fund,' and the said reserve fund shall as to £500,000 part thereof (if, and so long as the said fund shall amount to or exceed that sum) be invested in British, Colonial, or Indian Government securities, or British Railway Debentures, or Debenture Guaranteed, or Preference Stocks in British Railway Companies, and the residue of such reserve fund shall be invested or employed as the board of directors in their discretion shall think fit."

1579. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—How is that reserve fund operated on?—It never has been operated on until just lately. I understand that a resolution of the shareholders is necessary to appropriate it.

1580. That is provided for in the articles?—Yes.

1581. *By the Hon. the Chairman.*—Would that be what is termed a special resolution of the company?—I do not quite know the effect of it, but I have always been under that impression.

1582. *By the Hon. F. S. Grimwade.*—Cannot the directors deal with that £500,000?—No; it is provided that if the reserve fund amount to or exceed £500,000 that sum shall be invested in the manner stated.

1583. *By the Hon. the Chairman.*—But, so far as the £500,000 is concerned, it is set apart especially for a reserve fund, to be operated on only by resolution of the shareholders?—I have always understood that as regards the £500,000 it was specially invested and required to be specially appropriated.

1584. *By the Hon. F. S. Grimwade.*—It was advertised the other day as being a certain amount?—Yes, we wrote off £250,000.

1585. Was that done by resolution of the shareholders?—Yes.

1586. *By the Hon. J. H. Abbott.*—That would be taken from the £500,000?—The reserve fund amounted to £1,000,000, and the directors were empowered by the shareholders to withdraw £250,000 of that as a special reserve against contingencies. This is the report of the meeting :—

The advertisement convening the meeting having been read by the manager, the Chairman moved the following resolution :—

"That the directors be empowered to withdraw from the reserve fund a sum of £250,000, to be carried to a contingent account, and to be applied in making provision for any deficiencies that have arisen or may arise in connexion with accounts of customers, or in any securities held by the bank for advances made in the ordinary course of its business, in such manner and to such an extent as from time to time may be required."

which was seconded by Sir Joseph Sebag Montefiore, and carried unanimously.

1587. *By the Hon. the Chairman.*—Your regulations seem to be based very much on the lines of clause 26 of this Bill?—To that extent they are.

1588. Have your directors found the system to work well?—So far as I know—I am not in the directors' confidence in a matter of that sort, but I have no reason to think they have objected to it.

1589. These regulations of yours were very carefully prepared?—No doubt.

1590. Under clause 26 of the Bill it is open to the shareholders at any time they like to pass a special resolution empowering the directors to deal with the reserve fund—it is not limited to a time of panic; that being the case do you think there is any real danger in retaining clause 26 as it is?—I think it is objectionable that the directors should have to go from time to time to the shareholders for specific directions how they are to appropriate the reserve fund under particular conditions as they arise. I think the shareholders should have sufficient confidence in the directors to let them use the fund in the business of the company or to set it aside as they think fit.

1591. That is not the course that has been pursued by your bank?—No.

1592. *By the Hon. Sir H. J. Wrixon.*—You have found no inconvenience result from having to consult the shareholders?—No, we have never had occasion to ask the shareholders until lately.

1593. *By the Hon. A. O. Sachse.*—It is always open to the shareholders to deal with that fund if they like?—They can divide it if they like and pay it away. The next matter I wish to refer to is the special audit under clause 37.

1594. *By the Hon. the Chairman.*—Do you approve of creditors having the power of applying to the Court for a special audit?—No, certainly not; a creditor has no interest in the company except that he is a creditor, and he can have his debt settled at any moment he likes if he has a current account, or, if he has entered into a contract, at the time the contract stipulates. It seems to me that he has not any interest whatever in the ultimate stability of the concern, so long as it serves his purpose, and he can make it do that in the case of a current account by drawing a cheque at any hour of the day, or, if it is a fixed deposit, he must abide by it the same as with any other contract he enters into.

1595. Suppose the portion of the clause conferring that power upon the creditors were omitted, and the number of shareholders increased from one-twentieth to one-tenth, would you then see any objection to it?—I do not see any great objection to the shareholders having the power to demand an inquiry into their affairs. I have not made my mind up as to what proportion of the shareholders should be empowered to do so, but I think they should only do it if they have failed to get satisfaction from the directors. I am not very much interested in this clause, as we have practically no shareholders here—we have not a sufficient number to bring us under it, even if the proportion were largely reduced.

1596. Taking a larger view than as connected with your own individual institution, as a commercial man, if the portion giving creditors the right to apply for a special audit was omitted and the proportion of shareholders increased from one-twentieth to one-tenth, do you see much objection to the retention of this clause?—I do not see any objection to the principle of the shareholders having the right to demand an investigation into their own affairs. Whether one-tenth is a large enough proportion to ask for it I am not prepared to give an opinion about; I have not considered it. I think, however, the power should only be given to them after they have failed to get the satisfaction they have required from their directors under the rules and regulations under which the company works.

1597. *By the Hon. C. J. Ham.*—The law as it at present stands allows one-third of the shareholders to demand a special audit. Does that meet with your approval?—I think one-third of the shareholders is much better than one-tenth.

1598. *By the Hon. the Chairman.*—Under the Principal Act, although there is the power to apply for an inspection, it has never been applied for, I believe, in Victoria. Do you not think that is owing, principally, to the large number of shareholders required?—I really could not give an opinion as to whether there has ever been a want felt by shareholders of a clause like this in the Bill, or whether they have ever felt that the present power was practically useless because of the number of shareholders required. I have never seen any question raised about it in regard to any of the companies.

1599. *By the Hon. A. O. Sachse.*—What do you think would be the result to the company of asking for this special audit?—It would be very serious indeed, I think.

1600. Would it bring on a panic in the institution?—Yes; but if there were a sufficient number of shareholders prepared to ask for it it would probably not have the same effect. Probably it would never be asked for, because the directors, if approached by such a large body of shareholders, would see fit to meet their requirements.

1601. While that discussion was going on would there not be a probability of some companies or other financial institutions being affected?—I think it would shatter their credit for the time being.

1602. *By the Hon. C. J. Ham.*—Has not the fact of the law being as it is, that one-third of the shareholders can demand a special audit, had the effect that the directors, knowing the law is so, have not thrown difficulties in the way, which they might otherwise have done; it does not follow that the law is ineffective because it is not used?—No; I have never heard it suggested that the law was inefficient as it now exists.

1603. The framing of this Bill assumes that a portion of it is?—I have never heard a complaint about it or seen any complaint publicly made.

1604. *By the Hon. A. O. Sachse.*—Sending round a circular for support to a special audit might have the effect of knocking down shares in the market?—Certainly.

1605. *By the Hon. the Chairman.*—Do you think, if the affairs of a company were in proper order, any board of directors would refuse an application by one-tenth of the shareholders for a special audit?—I think so. I think the directors would probably resent being asked by a small proportion of the shareholders for a special audit. It would be a direct vote of want of confidence in them, and they would resent it. I do not know what steps they might take; they would in all probability resign, and they would be all the more likely to do so if the company were in perfect order.

1606. The directors, conscious that everything was going on rightly, and finding that a requisition was sent in by one-tenth of the shareholders in the company for a special audit, you think would be reluctant to grant that request?—I think so, if a small body of the shareholders took advantage of an Act of this sort after having had, as they no doubt would have had, the directors' statement that everything was in order.

1607. *By the Hon. F. S. Grimwade.*—Do you think if this clause were qualified by making it one-tenth of the shareholders in number and amount that would help it. As it now stands it must be

one-twentieth of the shareholders, who might have one share each?—I think anything to qualify it would improve it, but I have not gone into the question carefully as to what proportion should be required. I think myself it is unnecessary, that the shareholders ought either to have sufficient confidence in their directors, or turn them out.

1608. *By the Hon. the Chairman.*—After all, is it not a question of degree, inasmuch as the Principal Act has provided for an inspection being allowed by the Governor in Council on the application of one-third of the shareholders. It is merely an extension of the principle so far as numbers are concerned?—Yes; but in the original Act some precautions are taken to safeguard a company before giving the power—to make certain that a sufficient proportion of the shareholders are dissatisfied. No doubt they would have to be dissatisfied before they set to work to wreck their own property.

1609. *By the Hon. S. W. Cooke.*—The point is what that proportion should be?—I say in naming one-third they have named such a number of shareholders as to insure that a sufficient number interested in the company are really concerned as to its condition before an investigation is allowed.

1610. You think the number mentioned in the Principal Act is about right?—I only say it is better than the present proposal.

1611. *By the Hon. the Chairman.*—If you were drafting a Bill you would do away with special audits altogether?—I think so.

1612. *By the Hon. C. J. Ham.*—Generally you would be opposed to a small minority being able to injure the property of the great majority?—That is the point I am trying to bring out. Without being able to fix the proportion, I say one-third is very much better than one-tenth, and one-tenth is better than one-twentieth.

1613. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you know of any other way in which one-tenth or one-twentieth of the shareholders can override the wishes of the other nine-tenths or nineteen-twentieths?—No, I do not.

1614. *By the Hon. the Chairman.*—If the application is to be made, say by one-tenth of the shareholders, do you think it should be made to a Judge *in camera*?—That is better than it was in the original Bill. It is a distinct improvement on that; but I think the clause itself is not called for, and I have not considered what would be the best means of working it. I suppose a Judge *in camera* would be the best authority to adjudicate upon a question of this sort; but I do not know what the procedure would be before the Judge—whether they would have to give evidence or not, or would make a mere *ex parte* statement. The next clause is No. 45—“Advances to directors.” I should omit that clause altogether. I fail to see myself why directors should not get advances on the same conditions as if they were not directors.

1615. This restriction is confined to banking institutions?—Yes.

1616. It does not refer to companies generally?—No. I think that directors have been in the past very often selected because of the business they could bring to the bank; and if the business is honestly conducted there is no reason why directors' business should be treated differently to what it would be if they were not directors.

1617. Have you a board of directors in Victoria?—No; we have an advisory board, of which there is only one member at present.

1618. *By the Hon. F. S. Grimwade.*—In your experience of banking in other parts of the world, is it held wrong, or a crime, to do business with directors?—I never had banking experience in the old country, and in India I was in the same position as I am here—my head office was in London, but we certainly should have considered it very hard if we had been shut out from purchasing the bills of our directors' firms against legitimate transactions in produce. There are companies here of which some of my directors in London are also directors. I do not know if I am debarred under this clause from buying a bill from one of those companies, but I should have to declare the amount of it under the next clause. I should be only too pleased if it were a very large amount, but to declare it would only mislead the public. To actually lay it down that we are debarred from giving credit to directors, who may be men of large affairs and honest men, is unnecessary. It is liable to abuse like many other things, but I do not think you could prevent a dishonest man from getting round the clause. There is nothing here about directors' friends getting advances, for instance. No doubt this power has been abused in a few cases, but to judge, even of some of the advances which have been pointed to, by conditions now prevailing might probably be hardly a fair way of looking at them. One has to think and say—“What would have been done by anybody else at the time the advance was made?” But if there have been a few abuses it is scarcely necessary to prevent legitimate business being done by people who work honestly.

1619. *By the Hon. Sir H. J. Wrixon.*—Do you know the practice in the London banks?—I was never in a London bank, and I would not like to commit myself.

1620. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You have been in the habit of purchasing the bills of companies in which your directors are interested?—Yes.

1621. That would be prohibited under this clause?—Yes.

1622. *By the Hon. F. S. Grimwade.*—That would stop some good business?—Yes.

1623. *By the Hon. the Chairman.*—In the case of companies located in Victoria, the board of directors have large powers. Do you not think that very frequently in the case of loans to directors their duty and their interest are brought into conflict—their duty to their shareholders and their interest to themselves?—They are only individuals; there is the rest of the board to consider. There is first of all the manager, who has to approve of it, and if he was a man who knew his business I do not think he would be debarred from expressing his opinion as freely as, or more so than, to an outsider, because he would feel pretty sure in the case of a director that he could keep his business; whereas he might have to speak with bated breath to an outsider. Then the matter would have to come before the director's colleagues. I do not suppose any director would vote in a question of making an advance to himself.

1624. Would he not leave his influence behind him in the board-room, though he went away himself?—I do not know how directors are constituted; but I think the sort of men we have in many institutions here would be more careful to scrutinise advances to their co-directors than to any one else, knowing the reflections that might be cast upon them should anything go wrong—that is assuming the business is honestly gone about. If, on the other hand, it is not honest, there would be found ways of evading the law or of disregarding it.

1625. *By the Hon. C. J. Ham.*—You would not object to the part of the clause which prohibits advances to managers, officers, or auditors?—Certainly not. Our bank is very particular about that. Our officers are not even allowed to keep a current account with the bank in case they might accidentally overdraw it.

1626. *By the Hon. F. S. Grimwade.*—That is the custom in nearly all the banks?—I think so. In any case, if the general principle of directors not having advances were to be adopted, there should be some provision whereby legitimate transactions such as I have referred to, in the carrying on the trade of a company, financing exports in the case of wool and so on, might be conducted. Some provision should be made for business of that sort being done, otherwise it means that some of us would simply have to tell some of our customers—“We cannot deal with you here, but you go to Sydney and draw a bill and we can negotiate it for you.”

1627. That means that this colony would lose the stamp duty?—Not only that, but it tends to get your business more and more centred in another place. If you have to go out of the colony for the purpose of evading an unnecessary hardship, you naturally feel rather kindly to the place where you are enabled to do your business with freedom.

1628. And other business goes with it?—Exactly.

1629. *By the Hon. the Chairman.*—Clause 46 refers to every company other than a banking company, I think?—I submitted that clause to my legal advisers, and they seemed to think it was part of the same provision. They did not specifically say that it applied to all companies, but they wrote as if it did.

1630. *By the Hon. C. J. Ham.*—Under any circumstances, if it does not apply to banking companies, it would be better to define that by saying—“Any company other than a banking company”?—Yes.

1631. *By the Hon. the Chairman.*—Do you see any objection to clause 46 as applied to other companies?—No. I should leave out the words “or elsewhere,” in the three sub-clauses. You are legislating for Victorian business, not for business outside the colony. Then in sub-section 2 it is suggested that, after the words “Every company and every director,” the words “knowing of such advances and discounts” should be inserted.

1632. *By the Hon. A. O. Sachse.*—The words “advances” and “discounts” suggest banking?—Yes, that is why I assumed it applied to us. At the end of sub-section 2 I should insert—“The information given above should not be published except in pursuance of an order of the Court, under a penalty.” I do not see why people should have the power to take out information of that sort and make it public with any sort of comment they please.

1633. *By the Hon. the Chairman.*—You would not allow the statements filed with the Registrar-General to be published?—Except by order of the Court.

1634. You would make that publication an offence?—I think so, a very serious offence.

1635. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—How are the shareholders to know?—You can get the information at the Registrar-General’s, but you must not publish it.

1636. Would there be an objection to the same information being furnished in the case of bank directors?—When I spoke about the general principle of bank directors, I believed that both clauses applied. The next clause calling for notice is No. 24. I do not know whether foreign companies, as we are called, come under this clause. I think if we have our accounts audited at our head office in London by competent auditors, men of the same class as you provide for here, it ought to be sufficient without our being asked to have a special audit made of the Victorian business, which would mean nothing, and be no indication whatever as to the state of the company; consequently we should be specifically made exempt from this.

1637. Would it give you much extra trouble?—Yes, a great deal.

1638. *By the Hon. N. FitzGerald.*—You would have to calculate the interest up to that date?—That brings in another question, about balancing on the same day. That would be extremely inconvenient. Our balance is made up on the 28th of February and 31st of August each year.

1639. *By the Hon. the Chairman.*—Without much trouble that clause 24 could be complied with as far as sending in a statement of assets and liabilities in Victoria is concerned?—Yes, but it does not say so.

1640. Some of the witnesses we have examined have stated that this could be furnished without putting the banks to much inconvenience. The object of putting in this clause was principally to put a stop to a practice that has existed in past years that when the day for balancing arrived customers were in the habit of getting assistance from their friends, making their accounts appear all right, and the banks of assisting one another?—I never knew of such a practice. I have heard of such a thing being done, but I do not think any such practice exists.

1641. If the manager of the bank does not know where the money comes from he knows the customer’s account on balancing-day is correct?—If I see a customer’s account lower on balancing-day than it is the day after, I immediately make inquiries as to the why and wherefore. It is condemned and discountenanced. If a manager is seen doing that sort of thing it is a very serious matter for him; he would be considered as attempting to mislead the directors.

1642. *By the Hon. F. S. Grimwade.*—If your country managers did that you would object to it?—Certainly. When we review their balance-book we are careful not to review from the balance-book only, but we have the report of a week or a fortnight afterwards alongside, and we compare them; so, if there is a discrepancy of that sort, it is at once seen, and he is called upon to account for it.

1643. *By the Hon. the Chairman.*—Are you aware that it has prevailed in the past?—Some cases have been referred to in the papers, but I would not like to say it was the practice even with regard to those cases unless I knew all the particulars.

1644. *By the Hon. N. FitzGerald.*—With regard to a private customer, do you think the banks are able to protect themselves without legislation?—Certainly. I think, so far as anything within my knowledge goes, there is absolutely no necessity for resorting to special legislation to prevent people indulging in that sort of thing. It has only been done exceptionally.

1645. *By the Hon. F. S. Grimwade.*—If it were done, the fact of its being done would call your attention to it, and cause you to overhaul that account more particularly?—Yes.

1646. *By the Hon. C. J. Ham.*—Would it not be an indication of weakness in a customer if you found him running in a lot of cheques the day before the balance, and withdrawing the money afterwards?—I cannot imagine a customer of any standing resorting to such a thing. It would only be men whose position was weak, and who were conscious of it, who would attempt it; and it would only be permitted by a manager who was equally conscious of it, and wished to conceal it.

1647. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—It has been suggested that this statement which is required of the assets and liabilities would merely be a copy of your weekly abstract?—It refers to the Third Schedule, which says a statement of assets and liabilities in Australia, Tasmania, and New Zealand; that would be very difficult to procure.

1648. *By the Hon. F. S. Grimwade.*—It would involve a great deal of extra work?—Yes, certainly, it would be a balance-sheet for those branches.

1649. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would it give the slightest idea of the position of a bank?—No; London is not provided for. If they did ask for the London position they could not have it as the Bill now is.

1650. *By the Hon. the Chairman.*—What would be the difficulty in furnishing that return for the different banks in Australia?—That could be done, of course, but it would be a great amount of trouble in getting the information and sending it in. If it were to serve any useful purpose it might be done, but it would tell you nothing when you got it.

1651. *By the Hon. N. FitzGerald.*—Your balance-day is only a month before?—Yes. Then there is this question of the audit of companies having head offices outside Victoria; that is sub-section 4 of the same clause. We consider, as our accounts are audited by the best men we can find in London, we should not be asked to have a separate audit of the Victorian business here, which could only be done exactly on the same lines as in London. I understand it is not proposed to send auditors round to all the branches, and the balance-books from which the auditor here would make his audit would be the same as are used in London. They are used there by the auditors, who go through the whole of the business of the bank, so that it would be only putting us to the extra expense and trouble of having a special audit for one branch of our business, which is only a small proportion of the whole, and the audit could convey no information to anybody.

1652. Are the books kept in duplicate?—The balance-books are made up half-yearly. They contain a complete balance-sheet of the branches' affairs, setting out the assets and liabilities, are sent to London and submitted to the auditors there. A duplicate is retained here.

1653. *By the Hon. S. W. Cooke.*—You could not comply with sub-section 4 at all, the statement has to be signed by two directors?—Yes, but I think there is some provision for that in another clause. It says—"two of the directors, if any, residing in Victoria." In the absence of directors it would be sufficient to have it signed by the manager. This is a copy of our last balance-sheet, to show how it was set out, with the appropriation of the reserve fund—[*producing the same*].

1654. *By the Hon. N. FitzGerald.*—Is there anything in your deed of settlement to prevent the shareholders, if they had so wished, from appropriating the £250,000?—No.

1655. *By the Hon. Sir H. J. Wrixon.*—If there is no power given to the directors to use the reserve fund, they would not have the power?—No. The rule says if the reserve fund amounts to £500,000, that amount shall be invested in a certain way.

1656. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In connexion with the sale of shares at a premium, what should be done with the premium?—I think it is always put to the reserve fund.

1657. You do not think it ought to be divided as profits?—No.

1658. *By the Hon. C. J. Ham.*—This Bill provides that it shall be put to the reserve fund; you approve of that?—Yes.

1659. *By the Hon. the Chairman.*—What is your objection to placing it to profits?—I think that shareholders should not be authorized to sell the goodwill of a business before they part with it altogether.

1660. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Clause 35 of the regulations says—"That a special general meeting called for that purpose shall have full power to limit the capital of the said company to any sum which shall have been subscribed for not less than the sum of £100,000, or to dispose of the reserve fund hereinbefore mentioned"?—Yes, the shareholders have power.

1661. *By the Hon. S. W. Cooke.*—Even in that case the residue of the reserve fund the directors can deal with?—Yes, subject to clause 35 of the regulations.

1662. That is not ear-marked in any way?—No, it is invested in the general business of the company.

1663. The directors do as they like with it?—Yes, subject to clause 35.

1664. *By the Hon. A. Wynne.*—What is the capital of your bank?—A million and a half paid up.

1665. *By the Hon. S. W. Cooke.*—Under this clause 26 you would have to declare how it was invested?—The objection is not to that, but to having to call the shareholders together to pass a resolution that it is to be so invested.

*The witness withdrew.*

Alexander McD. Cooper examined.

1666. *By the Hon. the Chairman.*—What are you?—General manager of Goldsbrough, Mort, and Company.

1667. You have considered this Companies Bill?—To the extent to which it applies to my own company, I have.—[*The witness read the following statement*]:—

Clause 24. Statement of Assets and Liabilities.—I fail to see the utility of the statement of assets and liabilities referred to herein, seeing that it would not disclose the true position of the company, unless, in the case of Goldsbrough, Mort, and Co., securities were valued and interest written up on accounts. The posting of such information in the office of the company would be absolutely misleading to the public. In this connexion I would also refer to the Third Schedule of the Bill, Form B, and respectfully submit that No. 7, under the heading "Assets," appears to me to be superfluous, as such advances might fairly be included with No. 8. It may reasonably be assumed that money lent without security is temporary and undoubtedly safe.

1668. *By the Hon. A. Wynne.*—Where would it give you more trouble?—We have an immense number of advances. All these have to be taken out under the different headings. We do not keep them separate in the books. There are subsidiary statements which give particulars of each advance, and whether it is secured or not; and, if secured, how secured.

1669. How much more trouble would this give you?—I cannot tell the amount of trouble. The preparation of the whole thing is a trouble; the less number of headings the less the trouble, and it seems to me to be unnecessary to give that information.

1670. What objection can the company have to giving that information?—They have no objection.

1671. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Might it not be very misleading?—Yes. The public look upon unsecured advances as the worst securities we have in our books, whereas it is the other way about.

Clause 26. Reserve Fund.—In my opinion it would be impracticable to consult shareholders as to the special appropriation of reserved profits—seeing that such has to be determined by the board prior to the closing of the accounts for the financial year—

Our reserve funds are not quite on the same footing as those of a bank. Our reserve funds are special reserves for contingent losses, and are duly appropriated as required before the end of each financial year by the board. On each separate account we write off so much as may prove necessary from the reserve fund before we get the balance-sheet out, and before the shareholders are called together.

1672. *By the Hon. A. Wynne.*—Have you never advertised “capital so much, reserve so much”?—In old days we have; the present company has not done so.

1673. If you said that you would have a further reserve for contingent losses—you would have a proper reserve fund?—Yes.

1674. Is there any objection to invest that in Government debentures?—I should prefer to invest it in the business.

1675. You make a larger profit, but you run the risk of loss?—Yes. On the other hand, if you invest your securities, and a loss is made, you must realize the securities.

1676. If you invest in Government bonds, is not that an item of safety to your creditors?—I do not look upon it as such; the outside public may, but if I put actual profits into the reserve fund I think they are quite as safe in the business, because they are protecting the capital of the company as well as if they were invested in outside securities.

1677. You run the risk of losing them, which you would not do if they were invested?—You mean that the shareholders would know if it was lost. If an auditor understands his business he examines the securities and sees that a proper valuation is made.

1678. *By the Hon. the Chairman.*—It is not the duty of the auditor to value the securities?—At the head office he should examine the securities, not value them. They are valued by expert officers and forwarded to the head office. It is the duty of the auditor to compare the valuations with the advances, make notes of any shrinkage, and find out what the true position of the company is.

1679. *By the Hon. F. S. Grimwade.*—He cannot find the shrinkage unless he values?—Yes, from the valuations of the company's experts. Every security in our books is valued yearly, and those valuations are handed to the auditor. He has a list of advances on one side, and the valuation on the other, so he can easily see if the advance is covered.

1680. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—All he has to see is that the margin is right?—Yes.

—whereas the shareholders are not called together till some time after, and I submit the present proposal would be an unwise interference with the functions of directors, who should be best able to decide the most desirable course in the interests of the company.

1681. *By the Hon. the Chairman.*—The Committee had some important information to-day from the general manager of the Union Bank. Do you approve, in the case of a bank, of a certain portion of the reserve fund being specially invested in good security?—Yes. I think it is desirable, in the case of banks, for the satisfaction of creditors—that is the only reason.

1682. *By the Hon. F. S. Grimwade.*—And that it should be put beyond the actual control of the directors?—I do not myself see the necessity for that. Seeing the directors are appointed by the shareholders to manage their affairs, why should they not be allowed to manage them in their entirety, instead of having to call the shareholders specially together to decide as to the reserve fund in time of emergency?

1683. *By the Hon. the Chairman.*—That is a well-managed institution, is it not?—Yes, one of the best.

1684. When a special meeting had to be convened for the purpose of taking from the reserve fund a quarter of a million, the directors had no difficulty in getting their recommendation carried out?—No. I take it the course they pursued was this, that the directors appropriated it tentatively, and got the consent of the shareholders afterwards.

1685. *By the Hon. A. O. Sachse.*—The only reason for their calling the shareholders together in an emergency meeting would be to realize to meet some loss, or pressure for cash?—Yes.

1686. How long would it take to call a meeting?—Fourteen days, probably.

1687. In the meantime, what is being done if this cash is required in an emergency?—In the meantime directors must accept the responsibility or undue publicity is given to the affairs of the bank. You cannot call an extraordinary meeting of the shareholders without the object being known.

1688. You may require the money in a day or so?—That is possible.

1689. *By the Hon. A. Wynne.*—Has the calling of that meeting injured the Union Bank in any way?—The opinion at the time the information was telegraphed out was that it would do a great deal of harm; whether it has done so or not I cannot say. I do not think that it has in their case, but, as a rule, I think the fact of calling a meeting would do harm.

1690. *By the Hon. the Chairman.*—If the special meeting had not been called, and the directors had to avail themselves of £250,000 from the reserve fund, should not that fact have been presented to the shareholders, and thus become public property. Suppose they could deal themselves with that £250,000, should not that circumstance appear in the balance-sheet?—Yes. The balance-sheet when it came out

would show that the £250,000 was carried to a special fund under the control of the directors. The reserve fund would be so much less. In that case a contingency fund was formed with which the directors could deal.

1691. That fact would become public property?—Yes.

1692. *By the Hon. A. Wynne.*—What is the difference in doing it before or after the meeting of shareholders?—The only difference is that it is drawing attention to the fact sooner than is necessary.

1693. Do not the financial journals draw attention to it quickly?—They do not know it unless a special meeting is called.

1694. If this bank had not called a special meeting, but the directors had done this without having had the consent of the shareholders, would they not have reported to the shareholders at their ordinary general meeting that they had taken £250,000 from the reserve fund?—Yes.

1695. Therefore the shareholders and the public would know?—Yes.

1696. And the financial journals would know?—A full explanation would be given at the same time.

1697. Is there not a full explanation in the report that has been read?—That is the annual report—yes.

1698. *By the Hon. C. J. Ham.*—Would not the difficulty suggested by Mr. Sachse be got over by any judicious management asking the shareholders to pass a resolution giving power to the directors to deal with the reserve fund in any way they thought fit, in anticipation of anything that might occur?—I think so.

Clauses 37-43. Special Audit.—I agree with the remarks made by Mr. Murchison, that this would be a most dangerous power to give to a small section of creditors, who, if not satisfied, have the remedy in their own hands of forcing the company to pay them out, and I am by no means satisfied that it is wise in the general interests to give the power to so small a section of shareholders as named in the Bill, as the very fact of such an audit being suggested could not be hidden and might have the effect of seriously injuring the interests of the majority.

1699. *By the Hon. the Chairman.*—Suppose the number was increased to one-tenth, instead of one-twentieth?—I still do not think that would be sufficient. I do not see why the number mentioned in the present Act should be altered; it has worked well so far. My own idea would be that nothing less than a majority of shareholders should have the right of calling for a special audit through the Court. I hold that no minority has the right to injure the rights of the majority, especially a small minority.

1700. *By the Hon. A. O. Sachse.*—You would not give power to any proportion of creditors?—No. I do not see that they have any rights in the matter.

1701. *By the Hon. the Chairman.*—Are you in favour of striking out those sections?—Yes, altogether.

1702. *By the Hon. A. Wynne.*—If a company makes default in payment and applies for a reconstruction scheme, should the creditors in that case have no right to an audit?—I take it that an audit would then be made that would satisfy them.

1703. It has not been done in many cases; was it done in your case?—No.

1704. In cases where a company applies for time from its creditors, a proportion of the creditors should be entitled to call for an audit?—I do not see what good it would do them.

1705. Should they not know the position of an insolvent company?—Do they not know that at the reconstruction?

1706. Where a company cannot pay its debts, and asks for time, is it not reasonable that one-tenth of the creditors should have the right to demand a special audit?—I think they might do a great deal of mischief by it. The directors work in the interests of all alike.

1707. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you think it advisable that one-tenth of the creditors, in case of a stoppage of payment, should be able to demand an audit when nine-tenths are of opinion that there should be no audit?—No, I do not.

1708. *By the Hon. A. Wynne.*—Do you consider one-tenth are entitled to demand an audit in a case of reconstruction?—I do not. I do not think any minority should have that right. The action of a party of creditors outside, who know nothing of the inner working, might have very serious results.

1709. A company wishing to reconstruct in England must go into liquidation. The official receiver has an opportunity of investigating the affairs of the company?—Yes.

1710. Therefore the creditors can know through the official liquidator the position of the company. Why should they not have the same power in this colony where a company applies to reconstruct without going through the Court?—Is it possible for a company to reconstruct without stopping payment first?

1711. Yes, without going into liquidation?—There may be reconstruction without stoppage. I would say that the directors, having all the affairs of the company before them, are in the best position to know, and their action might be very much hampered by the action of creditors if they had the power you suggest.

1712. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Might not the effect of the action of that tenth practically bring the business of the company to a standstill while the audit was going on?—It would cause a run then at once.

1713. In the case of a company might not the effect be that the creditors of the company would cease to come to it, and so bring about the collapse that it was sought to avert?—Yes, no doubt of that.

1714. *By the Hon. the Chairman.*—Has there not, in point of fact, to be something almost similar to a special audit laid before the creditors to get their consent to the reconstruction?—Yes; before you can get reconstruction you must satisfy the creditors.

1715. To obtain that consent, must they not be fully apprised of everything in connexion with the company?—Yes.

1716. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Why should there be a disclosure if the creditors themselves desire to give time without?—That is merely an extension of time? If there was no stoppage there would be no necessity to put the position before the public.

1717. Even in that case the creditors would want to know some particulars about the company before they gave an extension of time?—You would have to satisfy them, no doubt.



1718. That is very different to a compulsory audit at the instance of one-tenth of the creditors?—  
Yes.

1719. It amounts to this, if the creditors say—"We have confidence in the directors' truthfulness, and we are satisfied that the information the directors have placed before us is, so far as they know, truthful, and upon that we are prepared to act"?—Yes.

44. Advances on Debentures and Shares.—This clause should, in my opinion, be amended, if not too late, by deleting the words applying to advances on debentures or debenture stock, for which I submit Mr. Sawers has given good and sufficient reasons. Debentures, being security for money lent to the company, are practically in the same position as fixed deposits, and I do not suppose any objection could be urged to a company taking deposits from making temporary advances to the depositor on the security thereof. As regards the general lien that a company has on the shares of any shareholder, I do not think this should be nullified as proposed—unless notice has been received that such shares have been formally pledged, and such notice on presentation has not been at the time objected to by the company. Referring to Mr. Knox's suggestion that the law should not be altered in regard to companies having a charge on shares held by a creditor of the company when such shares are fully paid up, and pointing out that such provision could not affect any company having its head office outside Victoria and no branch register in the colony—this fact, I submit, is a good reason why companies with head offices in the colony should not be placed at a disadvantage. In the case of my own company, many of our preference shareholders (fully paid up) are also debtors for advances on the security of stock and wool, and I cannot see the justice of specially releasing such shareholders, or indeed any shareholder, in a company from liability in respect of his holding therein as a set-off against advances that he may have failed to repay—unless the company has received prior notice, as above referred to, of a pledge thereon given outside.

1720. *By the Hon. A. Wynne.*—Did not the banks and other institutions lose a lot of money in the past by lending money on their own shares?—I am not talking of lending money on shares. I disapprove of that. We have a general lien on shares for moneys owing to the company, which is different to advancing on them.

1721. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Is not that in effect making advances; you take into account the lien you have on those shares?—Not necessarily.

1722. As a fact it is so, otherwise it is of no value to you?—You make the advance on other security altogether; it may be a flock of sheep or wool that may never come in.

1723. *By the Hon. N. FitzGerald.*—You merely say that if there are shareholders who are customers of the company, and become indebted to the company, other securities being given for their debt which do not realize the full amount of the debt, you consider the company in that case ought to have a further lien upon their shares?—That is precisely what I mean.

1724. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Is it not a fact that a little while since one or two cases occurred in which a man obtained from another institution an advance on bank shares, and when it became necessary for that institution to exercise the power it was found that the bank, under a general lien, took possession of those shares?—The person who lent the money was wrong; he deserved to lose his money. It is well known that most companies have a general lien over their shares, and if you are advancing on shares you give notice to the company that you are doing so.

1725. *By the Hon. A. Wynne.*—Would it not injure your customer's credit if he came to you for a temporary advance against his clip, and you had to give notice that you had a lien on the shares. If I say—"I have so many shares in a company and I want an advance on the clip. I lodge with you 20,000 bank shares," would you give that bank notice at once?—Certainly I would, if I relied upon them as security; if I did not rely upon them I probably would not do so. It is a thing I have repeatedly done.

1726. In all cases?—I do not remember a case where I have not done so. If you rely upon the shares that he is pledging to you, you are bound to do it for the protection of your own institution.

1727. *By the Hon. the Chairman.*—Is it not usual to make advances upon shares without giving notice to the company?—I cannot say. I have not done it myself. I am speaking as a banker now, not as a wool broker.

1728. *By the Hon. A. Wynne.*—Is it not the rule in England with all companies registered under English rules that the company can have no lien whatever on paid-up shares?—I do not know that it is. I have no knowledge of the English law in that respect. In many banks—such as the Bank of Australasia—there are no shares issued; they merely issue a certificate that a man is entitled to so many shares. It states on that certificate that it has no value.

Clause 45. Advances to Directors.—This clause, as printed, is rather vague. Does the accepting of deposits, whether current or fixed, constitute a banking company? I may state that one of the objects of my company, as defined by its memorandum of association, is to carry on banking business, and to the extent named it does so for the convenience of its customers, many of whom borrow from us for one period of the year and lend to us the other—and if this is to bar our own directors from receiving temporary advances in anticipation of their wool clip or on other sound security, it would prove a very great hardship; the directors would be driven elsewhere to get their advances, and would thus be prevented from giving the company of which they are directors the sale of their wool clip, and thus good business would be driven to competitive institutions. There is no valid reason that I can see why such advances may not be made, and no law would prevent it if directors were inclined to evade it. Moreover, such legislation as proposed, I submit, casts a slur on the community. If, as assumed, members of advisory boards would not come under the definition of director, the clause would operate unfairly in the case of companies whose head office is in Victoria.

1729. *By the Hon. the Chairman.*—In what way?—That the directors in Victoria cannot be trusted to get advances from their companies.

1730. What do you recommend to be done with clause 45?—I think it ought to be modified in such a way that directors in wool companies, at any rate, should be allowed to receive advances at the discretion of the board. As Mr. Finlayson remarked, those advances do not emanate from the board itself. A director applies to the general manager, who has to satisfy himself that it is a desirable application to place before the board, and if it is placed before the board the director interested retires until the case has been considered.

1731. *By the Hon. A. O. Sachse.*—You consider you, practically, do banking business?—To the extent of receiving deposits and keeping current accounts and giving discounts. We have a right to do that under our articles of association.

1732. *By the Hon. F. S. Grimwade.*—Your customers draw cheques on you?—Yes; it is very desirable, in many cases, that it should be so.

1733. *By the Hon. A. O. Sachse.*—We are right in supposing that large companies like yours are in favour of directors bringing their business to you?—Yes.

1734. The most valuable director to you is the man who brings in the most business?—No, I will not put it in that way, but they are a most desirable class of directors to have. The next is—

Clause 46. The same arguments apply in this case, as the directors will not submit to having their business made public so long as they can obtain advances elsewhere, and the company of which they are shareholders and directors will thus be deprived of any benefits therefrom.

One great objection I see to these clauses is that their effect would be to drive honest men to seek how they can evade the law, and, moreover, they would have the effect of hampering and placing undue restrictions on legitimate trade.

Clause 119. Commission to Directors.—This clause is most objectionable from the point of view of companies generally, being too drastic, and imposing obligations that will discourage honest and capable men from accepting the position of directors, as in the most innocent manner a director may subject himself to a very grave charge.

It could never have been the intention of the framer to impose restrictions on, say, a firm of stock and station agents from accepting business from a company in which one of their partners is a director, and yet this would be the effect, as indirectly he would be receiving a commission on the business so obtained—

so that his company would be debarred from taking the business unless they did it for nothing. Section 112 allows a director in the ordinary way of his business to sell to his company, except shares and real estate. Section 119 prohibits sales for a company, and carries the disability to his partners, and should be amended to the extent of dealings in the ordinary way of his business or his firm's business.

1735. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have you looked at clause 53 in connexion with mortgages. The Registrar-General has to give a certificate of the mortgage, and that has to be indorsed upon the debentures. In other words, if a company obtain an advance from the bankers, and in lieu of that you wish to issue debentures, you would first of all have to get an absolute release from the bank before you could issue the debentures. Would the bank agree to that?—It would depend upon whether they wanted to be paid off or not, I think.

*The witness withdrew.*

*Adjourned to Tuesday next, at Three o'clock.*

TUESDAY, 29TH SEPTEMBER, 1896.

*Members present :*

The Hon. H. CUTHBERT, in the Chair ;

The Hon. J. H. Abbott  
N. FitzGerald  
S. Fraser  
F. S. Grimwade  
C. J. Ham  
D. Melville

The Hon. A. O. Sachse  
Lieut.-Col. Sir F. T. Sargood  
S. W. Cooke  
Sir H. J. Wrixon  
A. Wynne.

David Mills examined.

1736. *By the Hon. the Chairman.*—What are you?—Manager of the Melbourne branch of the Union Steamship Company of New Zealand, Limited.

1737. Have you read the reports in the press of the evidence given before this Committee?—I have, but I have more closely thought of the Bill in its application to our own particular business. Referring first to clause 70 in subdivision 2 of Division 3, my reading of that clause is that our company is not affected by this Bill, excepting in the application of this particular subdivision. It says—

(3) A company or society formed and incorporated in any country or colony other than Victoria, and not carrying on in Victoria by an agent any business other than selling goods, wares, or merchandise, shall not be required to do any of the acts, matters, and things prescribed in this Act, except such as are required by this subdivision.

Does not that bring a company such as ours specially under the protection of this subdivision ?

1738. What is your company?—It is simply a shipping company—we do not lend money or deal in other than legitimate shipping business—selling tickets and carrying cargo.

1739. Do you sell “goods, wares, or merchandise”?—Our tickets and our cargo spaces are our wares.

1740. Is your company registered in Victoria?—No, only in New Zealand.

1741. What is the particular business that you do in Victoria?—Simply bringing up by our vessels goods and passengers from New Zealand and Tasmania, and despatching them in the same way.

1742. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Entering into contracts for freight?—Yes.

1743. Do you buy materials here?—We buy the ordinary stores ; we sell nothing.

1744. *By the Hon. F. S. Grimwade.*—Do you ever buy produce in New Zealand to bring here and sell?—No.

1745. *By the Hon. the Chairman.*—Assuming that the Bill does apply to your company, what is your objection to it?—Clause 24 is the first one that I would call attention to as one that would be very irksome. It seems from the wording of the clause that it has been framed to apply especially to banks, because they could with less inconvenience accomplish what is required of them by reason of their having a regular balance on Mondays. In the case of my own company it would apply exceedingly harshly, because we have our half-yearly balance on the 31st March, and to ask us to produce what is essentially a balance on the fourth Monday in March would involve our having two complete balances within the one week. All the details and particulars required to complete the balance for our own purposes would require to be procured two or three days earlier for the purpose of complying with this clause.

1746. It seems to provide for such a case as yours ; it says—“or as near thereto as circumstances will admit”?—That is before the date I think. This is a provision for extending the time at which it should be posted.

1747. If there were power to extend the time to companies such as yours, would it not do away with the objection you have raised?—I do not see that there is anything to be gained by it; it can be of no interest to any one.

1748. Have you shareholders in this colony?—We have two, I think, three at the outside. If the work must be done, I would suggest that the date should be altered so as to provide for the nearest balance to the 31st March.

1749. Is there anything else in that clause that you object to?—There is a reference to the Third Schedule, in which Form B provides for a return of the assets and liabilities of the company, but here again there is no applicability to such a company as ours, or any commercial concern other than a bank or financial company. There is no statement of personal estate, no return of ships or stock which we possess or goods generally—it is all dealing with money.

1750. It is intended to insert the words “stock-in-trade”—would it not be very easy for you to comply with it then?—There is nothing much in the Schedule; if the thing has to be done it can be done. I merely show how it wants amending. Then in the Schedule showing the liabilities of the company, items 2 and 7 seem to me to conflict—“Money owing on open accounts,” and “Amount due on simple contracts.”

1751. It continues—“not included in any of the above-mentioned items”?—Why exclude them from No. 2 if they are the same item? These seem to be confusing to the ordinary lay mind at all events. We do not see why a particular date is required—why the ordinary balance is not sufficient. Companies do not support each other as a rule—the competition is so great that they do not complicate their own affairs by passing cheques from one to the other to show a good balance. The ordinary balance-sheet of the company would be quite sufficient for the purposes of the Bill I should think. In any case, what object will be served by requiring such a statement—it will be of no value to the general public; it does not show losses and bad debts necessarily.

1752. It shows the assets and liabilities—that is all that is required?—Coming now to sub-section 4 of the same clause, why cannot our obligations under the Bill be met in the same way as in the case of English and foreign companies, as provided for in this sub-section? We are, to all intents and purposes, a foreign company—we have not our assets here. It ought to be sufficient for the public to have our balance-sheet filed as it is in the case of foreign companies.

1753. In fact, so far as your company is concerned, you prefer it should not come under the operation of this measure?—Undoubtedly, but assuming the Bill does pass in some form, we think we are entitled, being really a foreign company as far as Victoria is concerned, to come under this provision that we shall merely file our balance-sheet.

1754. Might not that be an inducement for other companies to register in New Zealand?—As the Bill is now it might be an inducement for our company to register in London.

1755. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have you a board in London?—An advisory board of directors. The next point is sub-section 4 of clause 25; is it quite clear that foreign companies are not required to have a double audit; this clause seems to make a special provision for companies incorporated outside Victoria—would it not cover us as well? This particular section we would have no objection to if you accepted the balance-sheet prepared at the head office for the shareholders.

1756. Do you not think that is the intention of the clause?—I cannot say.

1757. *By the Hon. Sir H. J. Wrixon.*—Is there any amendment you would like to suggest in it?—If the view is taken that the company's balance-sheet is sufficient I would suggest the insertion of the words “to any foreign company” in clause 28. In sub-section 1 (c) of clause 25, it says—

Every company, and the directors and manager thereof, shall cause a copy of such shareholders' balance-sheet so audited to be sent to the registered address of every member of the company at least seven days before the meeting at which it is to be laid before the members of the company, and a copy to be deposited at the registered office of the company for the inspection of the members and creditors of the company during a period of at least seven days before that meeting.

It strikes me as being exceedingly arbitrary to impose such a condition on a company like ours, which has about three shareholders in this colony.

1758. *By the Hon. J. H. Abbott.*—How many shareholders are there altogether?—There are 59,692 shares—I cannot say how many shareholders there are. I believe there are several hundred. The preparation of a balance-sheet in such a business as ours, with a large number of agencies and branches from which returns have to come, occupies a long time. The date of our meeting is fixed by the articles of association, and as a rule it is immediately before that the balance-sheet is completed. The meeting has been fixed so as to allow the time necessary for the preparation of that balance-sheet.

1759. *By the Hon. the Chairman.*—Where do you hold the meeting of the company?—At the head office of the company in Dunedin.

1760. You do not send out the balance-sheet before the meeting is convened?—No; the meeting is convened, and the balance-sheet is presented then.

1761. Until it is read at the meeting the shareholders are not aware of its contents?—They may have it a day or two before, but we cannot fix ourselves to seven days before. Even if we could provide the shareholders in Victoria with the balance-sheet seven days before the meeting it would not be any good to them, because they could not get to Dunedin in time. There are some shareholders in England and a good many in Tasmania, but a large number of them are in New Zealand.

1762. Do you not think sub-section 4 governs the whole of clause 25—under that exemption sub-section 4 meets every objection you have raised?—Is it clear that foreign companies do not require to have a double audit?

1763. It says—

(4) In the case of any company incorporated outside Victoria, and not having its head or principal office within Victoria, the provisions of this section shall be deemed to be sufficiently complied with if the company, the directors, and manager thereof cause to be kept proper books of account of the company's Victorian affairs, transactions, business, and property—

whatever you do here you have to account for, and then as to what is done outside—

and if the manager of the company once at least in each year, and at intervals of not more than fifteen months, files with the Registrar-General a true copy signed by such manager of the latest general balance-sheet of the company prepared prior to such filing—

so that under this clause it is not for one moment attempted to dictate to the shareholders residing in New Zealand that they shall do certain things. It continues—

and if such balance-sheet and the return hereinafter provided for are posted up and kept posted up in like manner as hereinbefore provided, and if the manager of the company files with the Registrar-General with such copy of the latest general balance-sheet a return signed by such manager, and showing all the information required by sub-section 2 of this section unless such information is shown in the balance-sheet.

Sub-section 2 provides—

The shareholders' balance-sheet shall be in such form as is directed either by the articles of association or by a resolution of the company, and shall show in every case—

(d) Whether the assets other than debts due to the company are taken at cost price or by valuation or on what other basis they are stated, and whether any, and if so what amount of, percentage has been written off, and what other provision (if any) has been made for depreciation—

Do your balance-sheets show that?—I cannot say they show it exactly in this form; there is no great objection to that that I can see.

1764. *By the Hon. F. S. Grimwade.*—It would have to show what you write off each ship?—That is a thing we certainly would object to. Sub-section 1 (d) of this clause says the company—

shall cause to be forthwith posted up, and until the posting up of the next following balance-sheet, kept posted up a printed copy of the same in a conspicuous place in the registered office of the company and in every branch office or place where the business of the company is carried on.

I do not quite understand the meaning of the words "or place." We carry on our business on steamers, wharves, and other places—are we to post a copy of the balance-sheet on the wharves?

1765. Do you carry on your business on the wharves?—Yes, the bulk of our business is carried on there; we receive all our cargo there, and deliver it there, and have our ships moored there.

1766. *By the Hon. the Chairman.*—I take it that if you post it in the registered office of the company it will be a compliance with that clause—have you branches in the country?—No. Clause 26 deals with the reserve fund.

1767. Have you any objection to that clause?—It is very hard to say what one does not object to in this Bill. The reserve fund in all commercial businesses is employed in the business, as being the most profitable place to use it. It is supposed to be available for the purposes of the business, but if it has to be dealt with in the manner set out in this Bill the company might go to rack and ruin while they were getting this resolution passed. In my experience no reserve fund is dealt with until the shareholders have an opportunity of approving or disapproving of the directors' proposals with regard to it.

1768. In a case of emergency would there be time to consult the shareholders?—Under this Bill you make it certain that there would not be time in case of an emergency, because a special meeting has to be called to approve of the disposition of the fund in a certain way, and by the time that is done the necessity would be past in one way or the other.

1769. Has your company a reserve fund?—There has been, and before any appropriation of that can take place it has to be submitted to the shareholders in general meeting.

1770. Is that under your articles of association?—I think so; as a matter of fact it always is done. The directors do not say it shall be so—they merely propose, and it is for the shareholders to say if it shall be so.

1771. *By the Hon. N. FitzGerald.*—The directors recommend it in their report, and that report is adopted at the next meeting of the shareholders?—Yes.

1772. *By the Hon. A. O. Sachse.*—In your case was the reserve fund used in the business?—Yes.

1773. Was it all liquid so that you could get it out at once, or was it invested in the shipping?—All our money is in shipping, wharves, and business premises.

1774. *By the Hon. the Chairman.*—Under clause 26 a meeting of the shareholders may be called at any time to pass this resolution giving power to the directors to operate at their pleasure on this reserve fund?—I rather think that most deeds of settlement give power to the directors to deal with it. I think calling a special meeting is the way to bring about disaster.

1775. In the case of the Union Bank their reserve fund amounted to half-a-million, but could not be operated upon without calling a meeting of the shareholders?—That is specially provided for under their deed of association.

1776. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In your case it is really a book entry?—Yes. It is taken from the profits, and is our floating capital, so to speak.

1777. *By the Hon. F. S. Grimwade.*—You could not define whether it exists in ships or any other form?—No. Sub-section 3 of clause 26 refers to gross negligence. Is that word "gross" definable at all? It seems to me it is meant to apply to criminal negligence.

1778. *By the Hon. Sir H. J. Wrixon.*—The clause puts on the same footing the man who knowingly does a thing and the man who negligently does it?—A man may do a thing through gross negligence, and yet not do it criminally; they are two different things. In a clause further on the word "culpable" is used in relation to auditors in the same manner. As to the special audit provided for in clause 37, I look upon that as a most dangerous thing, and likely to bring about disaster to any company. It seems to me that the very fact of a special audit being ordered would be taken as implying that the business was in an unsafe condition. A creditor can always sue the company, he does not need to have power to demand a special audit. If he is uncertain about his money he can bring an action against the company for the recovery of his debt.

1779. *By the Hon. F. S. Grimwade.*—He could stop any of your ships from going to sea?—I do not know that he could do that, unless it was a debt by that particular steamer.

1780. You have no creditors in Victoria?—None at all.

1781. *By the Hon. the Chairman.*—In the case of the reconstruction of companies would you deprive creditors of the right of applying to the Court for a special audit?—I have not thought that out—I have been looking at this entirely from my own stand-point, as it affects my company.

1782. *By the Hon. S. W. Cooke.*—Would you object to a special audit in the case of both creditors and shareholders?—Shareholders have now the right to demand it by the voice of one-third of them, and there has been no demand on the part of shareholders for increased power. There has been no evidence, that I am aware of, that they want any change in the proportion.

1783. *By the Hon. the Chairman.*—Have you ever known of a special audit being demanded?—No. The next clause is No. 53, as to mortgages—does this apply to companies outside Victorian companies—is it intended that if a mortgage is given by a company at its head office outside Victoria, the same is to be void as regards Victorian assets unless it is registered here?

1784. *By the Hon. A. O. Sachse.*—Does that materially affect you?—If we were working on mortgages or debentures it certainly would.

1785. *By the Hon. F. S. Grimwade.*—You have no debentures in Victoria?—No. Subdivision 12 should be limited to Victorian companies, because clause 20 makes all these provisions applicable to all companies unless specially exempted. The same remark applies to clause 56. Clause 119 provides that if a director is appointed to perform any service for the company he shall not be paid for it unless the payment has been authorized by a special resolution of the company prior thereto. It is very often the case that it is not desirable to make a thing public until the *coup* has been effected, and if that information is published some one who is not in the company may step in and forestall the company.

1786. *By the Hon. the Chairman.*—Do you know any instance in connexion with your company in which this clause would have acted prejudicially to the interests of the company?—No, not in connexion with my own company; I was looking at it broadly.

1787. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Was there not such a case a few years ago when your brother was sent home?—Does this apply to the ordinary remuneration of a director?

1788. No, this applies to anything beyond the ordinary remuneration of a director, such as his being sent home for a specific purpose?—Then a director could not be sent away for any specific purpose without calling the shareholders together to authorize it—that is what I object to. Take, for instance, the recent visit of Mr. Harper to England on behalf of the Commercial Bank; under this clause that could not have been carried out.

*The witness withdrew.*

William Siddeley examined.

1789. *By the Hon. the Chairman.*—What are you?—A member of the firm of W. Siddeley and Co., agents for the Australasian United Steam Navigation Co., Limited, and the British-India Steam Navigation Co., Limited.

1790. Are those companies registered in Melbourne?—No, in London. There are very few shareholders in Melbourne. I do not know of any in the British-India Company; there are a few in the other.

1791. Do you generally approve of this Companies Bill?—I cannot say I do; I think there is a good deal that might with advantage be eliminated, but until yesterday I was not aware it was contemplated that the Bill would in any way interfere with the companies I represent, so I have not studied the Bill at all. I could not see how it could possibly be meant to apply to companies like those I represent, or like the P. and O. or the Orient, so I have not taken any special interest in it. Since my attention has been called to it the clause I noticed most was No. 24, calling upon us to make certain returns at the end of March. The Australasian Steam Navigation Company make their balance-sheet up in London up to the end of December, and it is five or six months after that that the meeting is held; they do not have the meeting in London until the 26th June. The British-India Company make their balance-sheets up in February, and they also have their meeting in June, so that to carry out what is required in this clause, if the companies came under the operation of this Bill, would be a complete impossibility. In the Schedules there is hardly an item on either side of the balance-sheet that has any connexion with these steamship companies, and I think the best way would be to treat them as mining companies are treated, and leave them out of the Bill. Steamship companies are peculiar properties, and I would exempt them altogether, especially steamship companies not registered in the colony.

1792. Do they receive any money on deposit?—No, we merely buy stores—we do not deal in goods in any way.

1793. *By the Hon. J. H. Abbott.*—Would you confine the exemption to steamship companies?—I am only speaking as to my own business. Steamship owning is a peculiar trade altogether; if some of these provisions about valuation are carried out you could not find an expert in the world who could value steamship companies every six months and say what they were worth. I agree generally with what Mr. Mills has said.

1794. *By the Hon. F. S. Grimwade.*—If steamship companies not registered here are exempted, might not the large steamship companies that are now registered here evade the Bill by registering in Sydney?—They might.

1795. Your companies are in the same position as the P. and O. and the Orient?—Precisely. The British-India is as large as the P. and O., perhaps larger.

1796. *By the Hon. the Chairman.*—You generally concur in the evidence of Mr. Mills?—Generally. The particulars required under clause 24 could not be given for months; we have agencies in different places that we would have to get returns from. The entire Schedule does not seem to apply to steamship companies at all.

*The witness withdrew.*

George Frederick Bell examined.

1797. *By the Hon. the Chairman.*—What are you?—A partner in the firm of Gibbs, Bright, and Co.

1798. Have you given any consideration to this Bill?—Generally, I have. As far as I can see we are entirely exempt from its provisions. We are a private firm and clause 75 exempts the different companies that we act under power of attorney.

1799. You only invest the funds here?—Yes.

1800. If your business is confined to that I think you have complete exemption?—I refer to the companies for which we act under power of attorney—they only invest their funds here—we ourselves are a private firm.

1801. Having gone through the Bill do you generally approve of it?—The clauses that I think are most open to objection are Nos. 24, 26, 37, and 45. Clause 24, requiring a statement of assets and liabilities on the last Monday in March, seems quite unsuitable to mercantile business.

1802. Would it put companies to inconvenience?—With many companies it would be impossible to carry it out—it would cut their season in two—they would be in the middle of the distributing season, and would have to stop their business and take stock. In the case of companies carrying on business in Victoria and elsewhere it would only be a partial statement of their affairs that would be more likely to mislead than to guide.

1803. Do you think in the case of financial institutions it would have any effect in stopping a practice that has sprung up of parties assisting one another when balance-day came round?—I do not think so.

1804. Or institutions lending to each other?—I think if institutions wished to make concealed advances they would find means of doing it.

1805. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Are you aware that such things are done?—I think I have only heard of one instance.

1806. *By the Hon. the Chairman.*—Are you not aware that it was the practice very often a few years since for customers of banks to get assistance from their merchants and friends so as to stand well with their banker on balancing-day?—That may have been the case between private individuals, but I do not think any law will prevent that being done if people wish to do it.

1807. Do you see any objection to the retention of clause 26?—Generally, I do not think there can be any objection to part of the clause, but it is very cumbersome. It can only affect this colony. The other colonies I presume will legislate shortly on somewhat similar lines to this, and if the machinery they provide differs slightly from this it will cause great confusion. I think it would be quite sufficient if the bank stated that its reserve fund was either invested in certain ear-marked securities, or in the general business of the concern.

1808. Would you have the reserve fund operated on by the directors, or by the directors with the approval of the shareholders?—The reserve fund would lose a great deal of its value I think unless the directors had power to operate on it without reference to the shareholders in case of an emergency. The object of having the reserve fund is to meet emergencies, and unless the directors are armed with power to operate on it the object for which the fund was created might be defeated.

1809. Are you aware that in many of the large companies now constituted in England the reserve fund is specially invested?—Yes.

1810. And in the deed of association of those companies the provision is inserted that it is not to be touched without the sanction of a special meeting of the shareholders?—I am not aware that that is the case with banks in England—I think in the case of credit institutions that would be a very unfortunate restriction.

1811. Are you aware it is a restriction with the Union Bank of Australia?—Yes, but I think in the case of the Union Bank it was merely a matter of accounts; it was not a case of their requiring the funds to meet an emergency—it was in connexion with a re-valuation. I do not know that their deed of settlement would have prohibited the directors using certain funds to meet the claims of creditors without getting the sanction of a meeting of shareholders.

1812. It was specially provided in the deed of association that while they might have a reserve fund to any extent, so far as half-a-million was concerned it was not to be touched, except on the resolution of a special meeting?—I am not aware of the case.

1813. Do you not think that is a wise provision?—No, I do not think any restriction would be wise that took it out of the power of the managers of an institution to utilize the institution's funds in case of an emergency. It seems to me that that is exactly the object a reserve fund is created for—the institution might fail while the resolution was being carried through.

1814. Do you regard this clause as doing anything more than allowing the shareholders to be consulted as to the disposal of the reserve fund; it can be done by special resolution, which can be obtained at any time?—Yes, but it necessitates getting that special resolution.

1815. But that may be obtained at any time?—No doubt it would be obtained if this clause became operative.

1816. Would not that do away with one of the principal objections you have to the clause?—It would practically do away with the clause altogether; it would give the directors absolute power over the reserve in case of an emergency.

1817. If they have the consent of the shareholders?—I assume they have the consent of the shareholders in nearly all cases.

1818. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You mean that in the early stages of the company they would obtain the consent of the shareholders to their dealing with the reserve fund whenever it was necessary?—Yes; that would make the clause a dead letter—I think all prudent directors would be careful to arm themselves with that authority.

1819. *By the Hon. the Chairman.*—Suppose that special resolution were passed, and the reserve fund increased from time to time, the shareholders would take the control into their own hands?—No doubt.

1820. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have they not the power now of dealing with the reserve fund at any time; they can at any time place restrictions on their directors at the will of the majority?—The next clause is No. 37, relating to special audit. I see by this clause that power is given to a small minority, either of shareholders or creditors, to demand a special audit; I do not think that creditors are entitled to any such power. As to the number of shareholders I believe that the present Act requires that the proportion shall be one-third in the case of banks and one-fifth in the case of other companies. As the clause stands at present a creditor having money lying at his disposal in the bank, instead of drawing it out, could go to the Court and ask for a special audit, having got the application signed by a few other dissatisfied creditors. The application is not restricted to creditors who have applied for their money and have been unable to get it. It seems to me the wording of the clause applies equally to men who have money at current account, or holders of fixed deposit, or any other form of obligation.

1821. So far as creditors having current accounts are concerned, the bank could very easily get rid of them by paying them off?—No doubt, but this clause does not compel them to receive the money. I cannot imagine that this clause could be used by creditors except for ulterior motives, and it seems to me it is unnecessary.

1822. *By the Hon. N. FitzGerald.*—People might put money there and refuse to take it back in order to exercise that power in a hostile way?—Exactly, it seems to me to give them that power.

1823. *By the Hon. the Chairman.*—They would come with a very bad grace before the Court if the money had been offered back to them?—No doubt.

1824. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—What would be the probable effect of such an action upon the shares in the market?—If it was discussed in the street and reported in the press that a

petition was being handed round for signature, with the special object of having the affairs of the bank audited, I think the effect would be very bad indeed, and those who had caused the agitation could purchase the shares at a reduced price; it seems to be a most powerful engine in the hands of the wrecker.

1825. *By the Hon. the Chairman.*—Would your objection be removed if the power of applying for a special audit were not given to creditors, and the number of shareholders was increased from one-twentieth to one-tenth in number and value?—I think if it were increased to one-tenth in number and value most of the harm that this clause might do would be removed.

1826. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You would give to one-tenth of the shareholders in number and value the right to demand an audit, the result of which action might seriously prejudice the interests of the other nine-tenths?—Yes; I think it would be extremely difficult to get one-tenth in number and value of the shareholders of any institution to lend themselves to any unfair scheme for injuring that institution.

1827. *By the Hon. N. FitzGerald.*—Are the Committee to understand that you do not object to one-tenth having the power, because you think that one-tenth could not be got to agree to it?—I think the one-tenth could not be got, but I think even one-tenth is a very small number to give this power to.

1828. *By the Hon. S. Fraser.*—You think the one-tenth could not be got, unless the majority of of that number saw good reason for it, and in that case it might be right to give them the power?—Yes.

1829. *By the Hon. J. H. Abbott.*—Might not the injury be done by taking the petition round, no matter whether the audit was granted or not?—I think so.

1830. *By the Hon. S. Fraser.*—Would not shareholders be very careful how they got this petition up?—There are always a certain proportion of dissatisfied shareholders. My objection would be removed if the proportion were made one-tenth, because I do not think that number of shareholders would lend themselves to an unfair attack, but at the same time I think it is an unnecessary provision.

1831. *By the Hon. A. Wynne.*—If you had a one-tenth share in a partnership business, would you not think you were entitled to full information as to that business?—Yes, and I have no doubt I would get it, as shareholders now get information as to the position of the business if they apply for it in the proper way. I think that all shareholders in a bank or other institution, who are entitled to information, can get it now without difficulty.

1832. Why should not the small shareholders in a bank have the same information as a partner in a firm?—My object is to prevent people holding only minute interests from being placed in a position to attack the institution. I think any one entitled to the information can get it, and it is not necessary to invoke the law. Directors do not arbitrarily withhold information that they can reasonably give to shareholders.

1833. Do you not know of cases where directors holding the larger interest have refused to give information to shareholders?—I know there have been instances where directors have used their power oppressively, but I think they are infrequent.

1834. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Can you name one instance of a partner among ten going round and complaining that he cannot get information as to the position of the firm?—No.

1835. *By the Hon. the Chairman.*—What is your opinion as to clause 45—"Company not to grant advances or discounts to directors"?—I think that is a thing that might very well be left to the discretion of each proprietary body. If the shareholders wish that their funds should not be lent to their directors, it is easy for them to alter their articles of association, or even to prohibit by resolution the directors dealing with the company. I do not think the machinery of the Legislature is required for that.

1836. It is objectionable as a rule for a director to come to his own company to borrow money?—I think not, if the advance is properly secured.

1837. Do you approve of advances being made to directors without security?—Not unless the director's personal security is undoubted. In a general sense I think it is undesirable, but a director's personal security might be so good that any loan to him was perfectly safe.

1838. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—What would be the effect of this clause in connexion with directors who now have large transactions with their companies?—I think there would be rather a serious disturbance of business. Under the clause, as it stands now, if a company or firm doing business in London and Melbourne wishes to sell even a bill of exchange to its bank, if it has a partner or director who is also a director of the bank, it cannot do it. Bankers are not even allowed to purchase bills of exchange under this clause, even though fully covered. I think if this clause became law the only effect it would have would be to take away a certain amount of business from the strictly Victorian banks. It could be evaded in the case of all the other banks, because advances could be made in Sydney or Adelaide, and transferred by cheque to Melbourne. There would not be the least difficulty in evading it if people wished to do so. There would be a certain loss of revenue to the Victorian Government, because the stamp duties would be lost to the colony, and the object of the clause would be defeated. The term "director" requires a little clearer definition, the definition on page 2 does not seem to meet the case of advisory boards. The only other point is as to clause 127, which says—

Upon the voluntary winding-up of a company which cannot by reason of its liabilities continue its business, and whether the winding-up began before or after the commencement of this Act, no person who at any time within the twenty-four months preceding such winding-up has been a director or manager or promoter of such company shall be eligible to be appointed or shall act as a liquidator for the purpose of winding up the affairs of the company.

That seems to be a matter that could very well be left to the discretion of the creditors. Under this clause they may be precluded from employing a man who knew the most about the affairs of the company and could be of the most use to them.

1839. Is it not a fact that on some occasions recently the friends of some of the debtors of a company have been put in as liquidators?—I am not aware of it; it seems to be a point that creditors could arrange for themselves.

1840. *By the Hon. the Chairman.*—Suppose some such words as these were put in at the end of the clause—"unless with the approval of the majority of the creditors," would that meet your objection?—I think that would meet the point.

*The witness withdrew.*

David Elder examined.

1841. *By the Hon. the Chairman.*—What are you?—Manager of the New Zealand Loan and Mercantile Agency Company, Limited.—[*The witness read the following paper*]:—

I have carefully read the Bill to amend the Companies Act of 1890, and am of opinion that if it is passed in its present form the result will be that a great many companies now registered in Melbourne will transfer their business to some other city in Australia, say Sydney, and cease carrying on business here.

I am a director of five pastoral companies and one meat company, whose operations, save the selling of a portion of their produce, are carried on in either New South Wales or Queensland. It would be quite easy for all those companies to close their offices here and open them elsewhere, where such vexatious and unnecessary conditions as are sought to be imposed by this Act are not in force.

1842. What class of business do these companies do in Victoria?—They are all registered in Melbourne, and the directors and a great many of the shareholders live in Victoria. Those shareholders and directors have invested their money in the companies, but the operations of the companies are wholly in Queensland and New South Wales.

Practically these companies are all associations of a small number of individuals who, for the sake of defining their interests, carry on business by means of limited companies instead of private partnerships. Their balance-sheets are only circulated amongst those interested. In no case do they obtain or ask for any financial accommodation from the public of Victoria. At present Victoria benefits not only by the employment incident to companies being registered and having their head offices in Melbourne, but the Victorian revenue also benefits from fees paid for registration and stamp duty paid on drafts which are issued in Victoria—the financial base of their operations. The aggregate paid-up capital of these companies amounts to £825,337. If it is considered necessary to amend the Companies Act, why not benefit by the experience of such a large trading country as England, and simply adopt the whole of the provisions of their Act, and when in their wisdom the British Parliament amend their present Act we can again amend ours? Surely it would be better to do this rather than indulge in such unpractical and harassing legislation as is now proposed. One absolutely ridiculous provision in the Bill that you are now considering is that of making all the companies that are registered in Victoria balance on the same day. Such a thing is not practicable in connexion with pastoral companies, where the conditions with regard to such an operation as shearing are different, and it would be the height of absurdity to compel the whole of the pastoral companies that I refer to to balance on the day proposed in the amended Bill.

Referring to the New Zealand Loan and Mercantile Agency Co., Limited, of which I am the general manager for Australia, if the Bill as proposed is passed, and all its provisions apply to this company, it can only have one effect, that is that our head office in Australia must be transferred to Sydney, and Victoria, which is now the head-quarters of the company in Australia, be relegated to a secondary position. Since the company was reconstructed in 1893 we are not permitted to receive money from the public of Australia, either on deposit or in current account; funds are provided wholly from Britain. Any moneys that pass into our hands from proceeds of produce sold in Australia are all put to a trust account with our bankers. We may therefore say that we do not contract liabilities of any kind in Victoria. Surely, therefore, it is unnecessary to legislate and impose harassing and impossible conditions in connexion with the business of a company registered in London, which has no creditors in Victoria, nor is ever likely to have any. As a matter of fact, in Victoria only a small portion of its business is transacted, and the books here, therefore, cannot necessarily contain the information, the supplying of which the Act makes mandatory. The company carries on business in London, Victoria, New South Wales, Queensland, and New Zealand, in all five places. If the provision as to balancing on a certain day in a particular month was the law in all these places it is possible to conceive that we might be asked to make out five balance-sheets on different dates during each year. Carrying on business would thus be made impossible.

1843. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You say that balancing in March would be impossible. You have had experience in other branches of commerce; do you think the objection to a fixed day would apply to those other branches of commerce?—I think it is simply absurd for any such clause to be put in; there is no such clause in England, or any other country I know of, and it is absolutely unnecessary. In some parts of Queensland we commence shearing in the month of March, and we could not possibly tell what the clip is by the last Monday in March; we could not make up our accounts correctly, as far as pastoral companies are concerned; you must balance at the time that you find by experience is the proper time to enable you to find out what your position is. That will depend entirely upon the locality. So far as our own business is concerned, we are directed wholly from London; they tell us to balance our books on the 30th of June, and if all the colonies in which we do business were to pass Bills ordering us to balance in different months we would have five different balance-sheets to prepare, and the officers of the company would be doing nothing but preparing balance-sheets—it is ridiculous.

1844. *By the Hon. N. FitzGerald.*—The wording of that clause is—“as near thereto as circumstances will admit.” Would a balance-sheet drawn up in that way be of the slightest value or importance?—I may point out that those words only refer to the form—you are to conform as closely as you can to the form in the Schedule, but you must balance on the last Monday in March, which I say is absolutely ridiculous as far as companies doing mercantile or general business are concerned.

1845. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In sub-section 4 of clause 24 it says that in the case of a company, the head or principal office of which is not within Australia, New Zealand, or Tasmania, all they have to do is to furnish a balance-sheet. Would not that place such companies at a great advantage over those in Australia, New Zealand, and Tasmania?—I have not considered the point, but I think that any advantage that they might possibly obtain by that sub-section is rendered nugatory by the subsequent clauses as to how this shareholders' balance-sheet has to be prepared. So far as the New Zealand Loan Company is concerned, we could not prepare that balance-sheet without reference to London. We have not got the information; we are only a branch. There is no company registered in London and carrying on business whose branch here could give the information required by that clause, it is a practical difficulty that cannot be overcome, because the information is not here, however willing the officers might be to give it.

1846. *By the Hon. S. W. Cooke.*—The statement referred to in sub-section 4 of clause 24, as having to be sent in on the last Monday in March, is not a balance-sheet prepared at the usual time, but a statement made out on that particular day, and you think it could not possibly be provided?—Not so far as we are concerned, unless we upset the whole of our arrangements; in fact, we could not do it, it is ridiculous.

1847. *By the Hon. Sir H. J. Wrixon.*—Sub-section 4 of clause 25 says—“In the case of any company incorporated outside Victoria, and not having its head or principal office within Victoria, the provisions of this section shall be deemed to be sufficiently complied with if the company, the directors and manager thereof, cause to be kept proper books of account of the company's Victorian affairs,” does not that assist you?—The last two lines of that sub-section run—“and showing all the information required by sub-section 2 of this section unless such information is shown in the balance-sheet.” That gives us no relief at all; we have to comply with sub-section 2.



1848. *By the Hon. the Chairman.*—If the last part of the clause were struck out would that remove your objection?—What is the use of passing a clause that is an absolute absurdity? It is not practicable—It is not practicable—no practical man would ever have drawn up such a clause. Any man with experience of companies' business or accounts would never have drafted such a clause as that.

1849. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have you formed any opinion with regard to clause 26, which deals with the reserve fund?—Yes; I think that, also, is ridiculous. It imposes conditions that do not obtain in any other trading company in the world, and they are no protection to the shareholders whatever, as far as holders whatever, as far as I can see. A company is really a partnership; a lot of men meet together and decide how they shall carry on their business. The reserve fund, if one exists, belongs to the shareholders—it is the same as their capital, and they should be able to deal with it in any way they think fit without any restrictions of this kind.

1850. As a fact, shareholders now have the power to deal with the reserve fund?—Yes. I noticed in the examination of the previous witnesses the Chairman asked some questions in connexion with the reserve fund of the Union Bank, as he was under the impression that the reserve fund could not be dealt with except under resolution of the shareholders. I am not very familiar with the government of the Union Bank, but I think that the consent that was required from the shareholders in connexion with that reserve fund only extended to the application of a certain portion of it to provide for losses or contingent losses—that is what they asked the shareholders' consent to; but I take it that the whole reserve fund of the Union Bank, or any other bank registered in Great Britain, is at the disposal of the directors for the purposes of the business of the bank, if they find it necessary to use it. Take a bank with £1,000,000 in the reserve fund, all of which is invested in British consols. If there is a run on the bank it would be the duty of the directors, if they were satisfied as to the solvency of their institution, to sell those bonds to meet the run—that is what the reserve fund is for.

1851. That is not the case in the Union Bank—there is a special reserve to the extent of £500,000; all above that they can deal with. As a rule in what way should the reserve fund be employed?—I think it should be left to the discretion of the shareholders; it is their money.

1852. *By the Hon. N. FitzGerald.*—You mean the shareholders through the directors?—Certainly, there should be no legislative restrictions at all as to how they should use that reserve fund.

1853. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—There is nothing now to prevent the shareholders instructing the directors to invest the reserve fund in any way they think fit?—Nothing whatever.

1854. *By the Hon. N. FitzGerald.*—In your company there is nothing to prevent the directors using the reserve fund in the business or in any other way that they think proper?—There is not.

1855. When you use the reserve fund for the purpose of meeting losses that have accrued, you mention that in your report to the shareholders?—Certainly, you make it public at once that you have had to take so much money out of your reserve fund to meet the losses.

1856. Your shareholders, by the adoption of the report, sanction that course?—Certainly.

1857. *By the Hon. the Chairman.*—Do you know of any other bank besides the Union Bank in which there is a similar provision as to the reserve fund?—I do not.

1858. Do you know that a custom is springing up in England of having the reserve fund invested in a particular way in liquid securities, which cannot be touched at the will of the directors?—I know of no legislation that compels a company to do such a thing.

1859. Is the practice not springing up in well-constituted companies of having a reserve fund which can only be touched by the vote of the shareholders?—I know of no such case. I presume you wish to know if it has become the practice in England to put in the articles of association a clause compelling the directors to invest the reserve fund in any particular class of security—I do not know of any such case, though as a matter of prudence it is very often done.

1860. Do you know whether as a matter of fact it is usual to insert in deeds of association at the present time that the reserve fund is not to be dealt with by the directors without a vote of the shareholders?—So far as I am aware it is not.

1861. *By the Hon. N. FitzGerald.*—Would it not be equally efficacious for the purpose if the shareholders at a general meeting adopted a resolution to that effect—they can do it as well at a general meeting as by putting it in the articles?—Quite. Clause 21 makes it compulsory that a certain proportion of the capital of any company shall be paid up. There is no such law as that in England. The difficulty in connexion with such a clause as this is in the case of such a firm as Howard Smith and Co. I remember many years ago, when Captain Howard Smith, in order to divide his property among the members of his family, and also probably for other reasons, converted his business into a company, and gave shares to the different members of his family, but such a thing would not be possible with legislation of this kind. Then, in England, the Messrs. Fairbairn sold the whole of their properties in Queensland to a company, and took the whole of the shares themselves. That company issued debentures, but if this proposed legislation were given effect to in Victoria that company could not be formed, because no cash passed.

1862. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—That would apply to any firm converting itself into a company?—Certainly.

1863. *By the Hon. N. FitzGerald.*—That would cause many companies to move their business elsewhere, in order to do what prudent men think it is their duty to do, viz., to put the business into a company, in order to separate the interests of the different members?—Certainly.

1864. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have you formed any opinion as to the advisability of giving special facilities to private companies?—Why should not private companies be formed?

1865. In what way would you limit their privileges?—I have a profound admiration for the Acts of England, and I would be quite content to work under such an Act as the one now in force in England. I think a great trading nation like England is the best guide in a case of that sort, and I would adopt their Act.

1866. Is there any special legislation for private companies in England?—They register under the Companies Act. I do not think there is any special legislation.

1867. Do they have to publish a balance-sheet?—I do not know.

1868. Do you see any disadvantage in a private company being called upon to publish its balance-sheet?—I think if a private company carries on its own business and does not advertise for deposits, or ask the public to give it money, it should not be bothered at all—it is like a partnership.

1869. *By the Hon. F. S. Grimwade.*—In a partnership each of the partners is liable for every penny he has got, but in a company he is only liable for the shares he holds?—Yes, and the people who trust the company know that. If I were going to lend a company money I should want to see its balance-sheet. If, however, a private company were asking the public of Victoria for deposits, I would insist upon its balance-sheet being published.

1870. But the public might be induced to make deposits before it was generally known—would the case be met, to some extent, by compelling them to use the word “proprietary”?—It might. There are none of those companies, that I know of, registered in Melbourne that do ask the public for deposits.

1871. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do they receive them?—They might receive them from their own friends or shareholders; it is only in a case where innocent people are dragged in that legislation should interpose.

1872. Would you limit the number of shareholders in a private company?—No, it would depend entirely upon the business; you could limit it in this way, that no man should have less than £5,000 worth of shares in a company. In one of the companies with which I am connected, no man can hold less than £5,000 worth of shares.

1873. *By the Hon. Sir H. J. Wrixon.*—You do not think that there should not be more than twenty shareholders?—No.

1874. *By the Hon. the Chairman.*—Do you approve of drawing a distinction between one class of company and another when both come under the Companies Act and no distinction is drawn between them in England?—I would follow the course adopted in England.

1875. *By the Hon. N. FitzGerald.*—Do you think the addition of the word “proprietary” would be a safeguard to the public with regard to those companies—would it cause the creditors or depositors to make any inquiries about the company?—I have not really considered the point, but I do not see what difference it would make.

1876. *By the Hon. Sir H. J. Wrixon.*—If they got special facilities, and were not required to publish these returns which are required from other companies, and, on the other hand, were not allowed to take deposits from the public, would not notice of their being such companies be given to the public by the addition of the word “proprietary”?—They would have the same returns to make as are made to Somerset House now with regard to all companies.

1877. *By the Hon. N. FitzGerald.*—The public do not see all these returns?—They can see them if they like.

1878. *By the Hon. F. S. Grimwade.*—Do private companies have to make them?—Yes, if they are registered as companies.

1879. *By the Hon. N. FitzGerald.*—Are those returns available to the public?—Yes, on making application I believe they are.

1880. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Under clause 29, sub-section 2, auditors have to call attention to any breach of the Companies Act committed by the company or any director, manager, employé, auditor, or shareholder thereof. Is that a reasonable thing to ask an auditor to do?—No, I do not think they are competent to do it. No man has sufficient knowledge to enable him to do that.

1881. What do you think of clause 37, dealing with a special audit?—I think it is unnecessary, and in the case of banks would be absolutely disastrous.

1882. Have you any objection to creditors having the right to demand a special audit?—I do not think creditors should have the right to demand a special audit, because it is quite optional with them whether they become creditors or not.

1883. What power have creditors now?—None.

1884. With regard to shareholders, do you think one-twentieth is too small or too large a number to have the right of demanding an audit?—One-twentieth is altogether too small. I should say that if a special audit is considered necessary at least a majority of the shareholders should ask for it.

1885. You are aware that under the present Act it only requires one-fifth of the shareholders in the case of ordinary companies, and one-third in the case of banks?—Yes, I should say that is sufficient.

1886. What is your opinion on clause 45, relating to advances to directors?—So far as our company is concerned we have no directors here, but I think as a matter of policy it is better for a director not to deal with a bank or company with which he is connected.

1887. *By the Hon. F. S. Grimwade.*—Does that apply to trading companies as well as banks?—How do you define a trading company?

1888. Take your own company, how would that apply to an advance being made to a director?—I should say it was better that directors should not have advances from their own companies.

1889. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—What would be the effect of that upon the companies here whose directors do their business through them; might it not have the effect of driving a considerable amount of the business away to the companies that have not got directors here?—Perhaps; but I think the companies should put up with that disadvantage. I hold strongly to the opinion that, in the selection of directors, all banks and companies should look for skilled financial and commercial men with practical knowledge of company management, and not merely for men who can introduce business.

1890. You would not allow a wool company to advance on bills of lading of wool to their own directors?—If I were a director of a wool company I would not take an advance from my own company.

1891. Would you apply that principle to banks also?—Yes, I think it is better not.

1892. *By the Hon. F. S. Grimwade.*—That might cause you to be looked upon as ineligible for a directorship?—Probably.

1893. *By the Hon. A. O. Sachse.*—Would that not have a tendency to drive business into other colonies or other cities?—It might.

1894. *By the Hon. A. Wynne.*—If that rule had been in force in the past would not the banks and other monetary institutions have saved a lot of money?—Not to my knowledge. I have not heard of many losses through making advances to directors; there may be exceptions.

1895. *By the Hon. A. O. Sachse.*—Have you heard of any losses by wool companies in that respect?—No, I know nothing of any other wool company but my own, and we have no directors here.

1896. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have you looked at the effect of clause 53 in the case of a company which has an advance from a bank and wishes to pay off that advance and issue debentures instead?—I have not.

1897. Under this clause the bank would have to absolutely release its securities before the debentures could be issued, and the Registrar-General would have to give a certificate that the fresh mortgage to the debenture-holder had been issued?—I suppose there is some provision in the English Act for an operation of that kind, and I should follow the practice in England. There surely must be some means of doing it there.

1898. Do you think a bank or financial institution would release securities absolutely before it got the debentures?—I should say the bank should be permitted to take debentures in exchange for the other security.

1899. But under this clause the debentures cannot be issued until the securities are released?—Then it is impracticable.

*The witness withdrew.*

Henry William Hackett examined.

1900. *By the Hon. the Chairman.*—What are you?—An accountant.

1901. Have you had much knowledge of building societies?—I was managing them for seventeen years.

1902. There is a proposal in this Bill to limit the borrowing powers of building societies—what do you think of the powers they possess at the present time?—They are limited now to three times the amount of capital, and I think that the limit is perfectly safe. It is not the limit that has done the mischief, it is the method of financing they adopted in taking the money at short dates. The money has been taken for one or two years and lent out for ten or twelve years. If £1,000 is lent on a property worth £1,200 there is £750 of deposit money, and £250 of share money, and the £750 would be perfectly safe if it were not called up before the money came back.

1903. Then the building societies have been in the habit of taking deposits at short dates?—That was the mistake. They opened current accounts, and that too was a great mistake. I do not think the present proportion is too much, but I would have no objection to have it made twice the amount.

1904. You think that would be a reasonable limit?—Yes, but the point is in the length of time the deposits are taken for, and the time the money is lent out for. It is the same as the *Crédit Foncier* principle—if the money was lent out of the Savings Bank, the Government would make the same mistake. They would have to issue bonds which matured only when the loans matured.

1905. The evidence before the Committee has been to the effect that the largest amount that has been borrowed has been about 25s. for every £1 that has been paid up?—It must have been about that.

1906. Under those circumstances, do you not think that 30s. on every £1 would be a sufficient limitation?—It is only a matter of degree. I still say the three times is safe if it is properly borrowed; but it might be better to make it twice.

1907. *By the Hon. F. S. Grimwade.*—Twice is safer than three times?—Of course, if it is borrowed at short dates naturally the financial risk will not be as great.

1908. *By the Hon. the Chairman.*—Do you approve of building societies going in for the purchase of land, and putting up buildings?—Decidedly not. I would not allow any institution that took money on deposit to invest in real estate, not that real estate is unsafe, but because in the exigencies of business the depositor is unsecured. His money may be applied to pay a deposit on a property; when a certain section of the depositors are withdrawing their money those same properties would be pledged, and he is out in the cold.

1909. So far as deposits are concerned, assuming that a society has on deposit £100,000, and has security representing £130,000, would you allow that society to pledge those securities for the purpose of getting an advance from a bank?—It would be a very judicious provision indeed not to allow 25 per cent. or 33 per cent. over and above the amount of the deposits to be pledgeable. There is a lot in the Companies Statute about the initiation of societies and a lot about the burying of them, but I think the most important point is to provide that they shall be carried on properly. Several companies were started honorably, but when a run took place on the deposits they pledged their securities that were paid for mainly by deposits, and then, of course, the secured creditors had them, and the dividends were from 9d. to 2s. 6d. in the pound for the depositors. The same took place in the Real Estate Bank. It is the exigency of business that leads to it; so I would not allow a building society to buy real estate, or a company that bought real estate to take deposits.

1910. You would not restrict them from building for their own use?—No. I think that no company having the word "bank" or "banking" in its title should purchase any real estate, but the power only to purchase its office premises should be extended to any institution that took deposits.

1911. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Would you approve of building societies lending out money on mortgage?—Yes. A society is allowed, under the last amendment of the Act, to pledge its securities, and when a run takes place one section of the depositors get their money, and the others are left out in the cold.

1912. *By the Hon. F. S. Grimwade.*—What about properties that fall into the hands of the societies?—That is a different thing to buying them. The suggestion about a company being compelled to keep £130,000 of its securities unpledged if it has £100,000 of deposits would be a great safeguard.

1913. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In other words you would ear-mark securities for deposits?—Yes.

1914. *By the Hon. J. H. Abbott.*—Do you think after a building society has been in operation for a number of years if the loan is continued all through there is any danger. It was shown here the other day that money was always going in and coming out?—No. It is awkward to argue now; we have been passing through a volcanic disturbance.

1915. Is it necessary to provide against anything of that sort in the future?—I do not think there is any necessity to limit the amount of deposits if you make the condition that the securities shall be pledged to the depositors.

1916. Could building societies carry on without deposits?—They could, but there are plenty of investors who would like to place their money with the shareholders, and having less risk take a less rate than the shareholders, and why should they not?

1917. Did your society give loans to its shareholders?—It limited it very much; it would not allow more than half the amount paid up.

1918. Would it allow the directors to borrow on the shares?—No. We did do it once, but I had experience that the manager or directors cannot press a co-director, and once we got free we decided not to do it again.

1919. *By the Hon. A. Wynne.*—Do you think banks should be placed in a similar position to building societies as regards taking deposits?—I think banks should not be allowed to take deposits to an unlimited extent. I noted during the reconstruction time that one bank in another colony had eighteen times the amount of its capital in deposits, or, adding the reserves to its capital, it had eleven times. Eleven to one is no margin, of course. The Supreme Court withheld its sanction from two schemes of reconstruction of banks here until the capital had been sufficiently increased, as the Court considered the proportion of deposits excessive for the amount of capital paid. I think the Act should fix a limit to—say four times the capital paid. I consider the investing public should be protected while a company is a going concern, and therefore the mandatory clause in reference to the balance-sheet is most important. This is the first time it is mandatory that it shall give details. I may say that the English Companies Statute has a suggested balance-sheet, but it says—“as near thereto as circumstances will admit.” That has never been followed at home or here, as you will see when I say the balance-sheet provides that any debt due from a director shall be separately stated. There are several reasons why if the accounts are not lumped it is better for the shareholders, and I think it is better you should make it mandatory that the items shall not be lumped. When a company is doing well they do not need to make a short abstract; when they want to hide something it is done. There is one clause, sub-clause 2 (d) of section 25, I would suggest an amendment in. It says—“whether the assets other than debts due to the company are taken at cost price.” It would be better if it were altered to read—“the amount of assets other than debts, and whether they are taken at cost price.” It would then cause the assets outside of debts due, where there are borrowers behind the debts, to be separated from the previous item. In reference to forms A and B—“No. 7, money lent without security”—I think that would have an objectionable appearance to the ordinary investing public. A few thousand pounds would seem a very uncertain loan to them, and it might be perfectly safe. I would allow that to go the same as under the First Schedule—“Money due, but not otherwise specified.” Then there is one other clause, that is, in reference to auditors. The present method of election is not conducive to getting the best men. I have seen men whom I knew could not audit at all even auditors of banks; it means button-holing the shareholders. If no other method can be adopted it would be better to adopt the present method under the Municipal Act, where the Government appoint them. Shareholders ought to have the right to elect their own auditors, but in practice it does not work well.

1920. *By the Hon. the Chairman.*—Would you have that as to one or both auditors?—I would be inclined to limit it to companies that took deposits. I do not know that it is necessary to be so anxious about the appointment of auditors where the public, as an investing public, are not concerned.

1921. Where deposits are taken, your suggestion would be that the auditors should be appointed by the Government?—By a body outside the directors.

1922. *By the Hon. J. H. Abbott.*—Is the qualification specified in the clause sufficient to ensure the auditor being a first-class man. Would being a municipal auditor for three years qualify him to audit other accounts?—A man wants special qualifications to be an auditor.

1923. Does his being a municipal auditor for three years give him a sufficient experience in the auditing of accounts?—Hardly in the complicated accounts of a large institution, because he has had only to deal with receipts and expenditure.

*The witness withdrew.*

*Adjourned to to-morrow, at Four o'clock.*

WEDNESDAY, 30TH SEPTEMBER, 1896.

*Members present:*

The Hon. H. CUTHBERT, in the Chair;

The Hon. J. H. Abbott	The Hon. A. O. Sachse
N. FitzGerald	Lieut.-Col. Sir F. T. Sargood
F. S. Grimwade	S. W. Cooke
D. Melville	Sir H. J. Wrixon.

Robert Harper, a Member of the Legislative Assembly, examined.

1924. *By the Hon. the Chairman.*—What are you?—I am a merchant, a bank director, and a director of other companies.

1925. I suppose you have carefully considered the Bill to amend the Companies Act of 1890?—I have done so, so far as the short time at my disposal would allow. I was not here when it was passed in the Assembly, but I have looked through it carefully during the last two days.

1926. Are there any portions to which you think exception can be taken?—Yes, in several respects I think very serious exception can fairly be taken.

1927. What is the first clause of the Bill to which you would like to direct the attention of the Committee?—I might say that, generally, I object to it on one point, and that is the treatment of all

manner of banking, trading, financial, and other companies in one measure, and with one set of laws and one set of regulations, which, I think is exceedingly objectionable, and will be found not only inconvenient but very disastrous if carried into law. It seems to me that the movement in connexion with this Bill has originated mainly from the misfortunes, and perhaps the mistakes, of financial companies; but it deals not only with that class of company (excluding mining companies, which in England are looked upon as the class of companies that most require legislation) but all trading, ship-owning, manufacturing, and industrial companies generally, and on looking through it I have come to the conclusion that many of its provisions would be utterly unsuited to the requirements of those companies, apart altogether from questions that may arise in connexion with the objections I have to them as applied to banking and financial companies. I think that certainly it would have been better, assuming that it is necessary to amend the law as far as financial companies are concerned, to do so either by amendments of the Banking Act or some Act of a similar character, rather than to attempt to legislate for all classes of businesses in one measure.

1928. I suppose you are aware that in England most of the mining companies are incorporated under the Companies Act of 1862?—I was not aware of that, but I know that great abuses are going on with regard to mining companies at present.

1929. You are aware that we have special legislation for mining in this colony?—I am.

1930. And that many of our companies are formed on what is called the no-liability system?—Yes, I am aware of that. The parts of the Bill that I think are objectionable, as far as companies (other than financial companies) are concerned, are those which will apply to all sorts of industrial, manufacturing, and shipping companies, and companies of similar character. In Division 2, clause 21, the constitution of a company of any sort necessitates that a certain proportion of the shares shall be subscribed, and that one-fourth of the subscribed capital shall have been actually paid up in money. That may be a reasonable enough provision when a new company is formed—that is to say, when a company has been formed to begin business; but it would be quite out of place in the case of the transformation by a private firm of its business into a limited liability company, because, as a matter of fact, the whole corpus of the business would, in that case, be passed over to the new company as representing so much money, and it would be a very serious impediment to require actual cash to be paid. I believe it could be evaded, but I do not think it is desirable that legislation should be drawn in a way that provokes evasion.

1931. *By the Hon. Sir H. J. Wrixon.*—Does not sub-section 5 modify your opinion?—No; that provides that the section shall not apply “to any company incorporated for the purpose of acquiring or amalgamating the assets of any company or companies which shall have been incorporated for at least twelve months, and issuing as consideration for assets so acquired or amalgamated shares fully or partly paid up.” I do not think that covers it, though I thought when I read it first that it did.

1932. *By the Hon. F. S. Grimwade.*—You are thinking of a man turning his business into a company?—Yes. If I were to turn my business into a limited company, all the shares would be allotted at once. My partners and myself would have the whole of the shares. We would not pay money in, because the money is in the form of commodities, plant, and machinery, &c.

1933. *By the Hon. the Chairman.*—With the exception of that class of company, do you not think it advisable that new companies starting should have a certain amount of paid-up capital?—I think so. My remarks specially apply to the class of companies I allude to—that is, trading companies or private concerns transformed into what are called private limited companies—that is, a private concern conducted under the Limited Liability Act.

1934. *By the Hon. Sir H. J. Wrixon.*—Otherwise you would approve of this?—Yes. I think, in forming a new company, before they begin business they should have a certain amount of capital. I do not think that is unreasonable. The next serious objection is applicable, I think, to most companies, and certainly to those of the class I am speaking of, that is the 24th section, which requires the manager of every company, before the company commences business, and also once in every year during the time it carries on business, to make out a statement on the last Monday in March, including particulars as set out in the Third Schedule. In the first place, I think it would be quite out of the question, quite impossible for many businesses to balance their accounts on the last Monday in March; it would be highly inconvenient, and I do not see that it really answers any reasonable purpose. Every well-conducted concern takes stock and balances its books at least once a year, at a fixed time convenient for the business, and I cannot see what necessity there is for compelling banks and every other kind of company to take stock on one day, and be all busy balancing their books at the same time, and that day not being a day at the end of the month. We all, as a rule, make our accounts up to the end of the month, and generally to the end of a quarter.

1935. *By the Hon. A. O. Sachse.*—Would it be practicable?—It might be practicable, but it would be very inconvenient.

1936. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Might it not in many cases be ruinous?—It might in certain kinds of businesses.

1937. Take squatting, in the middle of shearing?—You could not balance then. I do not see any utility in it.

1938. *By the Hon. Sir H. J. Wrixon.*—Do you know the object of the clause?—I believe it has something to do with the balancing of the books of banks, but that bears out my objection to the application of a general law to companies that really should not come under it at all.

1939. *By the Hon. J. H. Abbott.*—Would it prevent banks assisting one another at balancing-days—now they balance at different times of the year; if they all balanced at once they could not assist each other?—I do not think it is worth while making a law for an exceptional thing like that; I do not think banks, as a rule, help each other. It might be very advantageous that they should help each other—I do not say to make a false balance-sheet, but if a bank had good security and was short of coin, it might be very desirable that it should get assistance, because confidence in that bank might be lost very improperly; that is, assuming it had good security and did not falsify its position. It is scarcely worth while introducing that measure for banks, and it certainly would be very wrong to apply it to every other form of company.

1940. *By the Hon. the Chairman.*—Suppose it were confined to financial institutions that received deposits from the public, would that remove your objection?—I think so, to a certain extent. Banks can balance at almost any time.

1941. *By the Hon. N. FitzGerald.*—You know some companies that are not banks but still take money on deposit?—I know some; it might not suit them.

1942. We had one illustration here the other day of a wool company—do they take deposits?—Unless they are prohibited. They do not, I think, take deposits in the ordinary sense. If I have £5,000 that I want to get a better rate of interest on than the banks would give me, I might go to a wool company and say—“I have £5,000 I will leave with you for six or twelve months.” I would not call that a deposit in the ordinary sense—it might be given as a loan, not as a deposit.

1943. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—You notice that the statement is to be a statement of the assets and liabilities at a given date, does that apply to the whole assets and liabilities of a foreign company, or simply the assets and liabilities in Victoria?—The Third Schedule, Form A, is limited to a banking company—B is for all other companies.

1944. Would you understand that the statement of the assets and liabilities should embrace the whole assets and liabilities of the company or only such as are in Victoria?—I have not looked at that point, but the Schedule sets out clearly on the first line—“(2) Statement of assets and liabilities of the above-mentioned bank in Australia, New Zealand, and Tasmania,” which, I understand, is in accord with other clauses of the Bill. That is a peculiarity of this Bill. Sub-section 4 of section 24, says—

In the case of a company the head or principal office of which is not within Australia, New Zealand, or Tasmania, the provisions of this section shall be deemed to be sufficiently complied with if the statement is signed by the manager, and is certified as aforesaid by not less than two of the directors, if any, residing in Victoria, or if there be only one director residing in Victoria, then by such director, and shows the assets and liabilities of such company in Australia, New Zealand, and Tasmania only.

So that a bank here, say the Union Bank, would, according to this section and this Schedule, have to supply not only particulars of its business in Victoria, but also in Australia, New Zealand, and Tasmania, but not elsewhere.

1945. Would such a statement as that be of the slightest value in indicating to the public the position of the bank?—Not the slightest. I think this section will be found unworkable, even as applied to banks, and it certainly would be as applied to other companies. With regard to Schedule 3, Form B, I might say that whoever drafted this Bill has really had no practical knowledge of the working of companies other than financial institutions, because Form B asks for a statement of assets and liabilities showing the Government or municipal securities, real estate, shares of other companies, money lent on mortgage, money lent on other security, money lent without security, and so on. The great bulk of these items do not come into one business in twenty, except in what are called financial institutions, other than banks. On the other side you see the same thing—debts owing to depositors, then money deposited at interest, debts due on mortgage not already included in this statement, amounts due on contracts. The last might occur in a general business; but there are no two businesses that could use that form of accounts. There is no provision for stock-in-trade, ships, machinery, or anything else of that description. Whoever drafted that clause and the Schedule has simply had in his mind a bank and a class of institution like the land companies and mortgage companies. Therefore, in applying this Bill to all sorts of businesses, I think a great mistake has been made, as it will be highly inconvenient to have them tied down to send in returns in those forms. Further, I think that already, by the Banking Act passed quite lately, banks and all institutions that receive deposits or apply for deposits to the public have to publish accounts. I cannot see any reason for what are called private companies publishing their accounts or filing them with the Registrar-General. I would say that the proper course, if it is necessary to go on with this legislation at once (though I would like to see what the outcome of the deliberations in England is) would be to confine this measure to financial companies which have really been the cause of the trouble, and that other companies might be left as they are until some means have been found of either defining what private companies are or of making some amendment of the law such as is suggested by the Board of Trade Committee. They felt the same difficulty, and they suggested it might be desirable to legislate under the Partnerships Act for the formation of companies under the limited liability system on certain lines, something on the plan adopted in Germany. I fear that, by legislation of this drastic kind dealing with all the industrial concerns of this country, most serious mischief may result, and for no reason so far as the class of companies I am speaking of is concerned; it is a most dangerous experiment and one that we should not indulge in. There has been no reason shown for it—there has been no necessity at all for it except in the case of those so-called financial institutions, and if they have to be dealt with they should be dealt with alone.

1946. *By the Hon. the Chairman.*—When you say it should be confined to those financial institutions you mean the operation of this particular clause?—I have said already that I do not think this mode of accounts should be adopted, even for many of those companies. I do not think that industrial or trading or private companies who do not solicit deposits from the public should be compelled to publish accounts, if the shareholders in such companies consider it better not to do so.

1947. Still there are other parts of this Bill that probably deal with the formation of new companies—for instance, clause 21, of which you approved to a certain extent?—Yes, but what I mean to convey is that there are many things in those Schedules (of course I have not had time to carefully examine them) that may be very inconvenient, and that the form in which they are to be submitted is open to question—however, I would not care to give very authoritative evidence on that subject.

1948. *By the Hon. J. H. Abbott.*—Do you include building societies among the financial institutions that you have mentioned—they take in deposits?—They are under the Building Societies Act. That is another case where I think, instead of sweeping them into this Bill, the proper thing would have been to amend the Building Societies Act and deal with them as a special class of trading companies that have a certain well defined constitution, and that could be dealt with very simply. For instance, if it is considered inadvisable that they should take deposits at all you could amend the Act in that direction; or if it is considered advisable to limit them to a smaller amount than at present, that could be done in the Building Societies Act. I think this indiscriminate legislation is the cause of an infinite amount of mischief, not only in this case but in others.

1949. *By the Hon. S. W. Cooke.*—You would recommend separate legislation for banks and separate legislation for building societies?—We have separate legislation for both banks and building societies at present; I would amend those Acts.

1950. Then we come to financial institutions other than banks; how would you deal with those?—You might deal with them in amending the present Banking Act.

1951. At present they come under the Companies Act?—I know they do, and that has caused a great deal of the difficulty; they assumed the name of banks, and took deposits, and dealt in money in the same way as banks, while they were really not banks; they did so under the Companies Act. If they had done it under the Banking Act they might have been in a different position.

1952. *By the Hon. A. O. Sachse.*—You would separate ordinary companies from financial institutions?—There are certain things that might be done in the case of private companies, but there is no urgent call for them. If there is an urgent call anywhere it is the case of financial institutions. My own opinion is that we might well wait, because the whole question is being considered in connexion with the Bill of the Board of Trade Committee at home, and we might see what is being done there, after the best intellects in the world are brought to bear upon the matter, and we might wait their decision. When I was in London there was a great deal of discussion upon the Bill that is before the House of Lords, which is the outcome of the Board of Trade Committee's report, and the opinion of the best men I met was that this Bill (though it is very excellent in many respects) would never pass the British Parliament, because the evidence which has been taken within the last three months upon its provisions from the public and experts shows that it would be most detrimental in many respects, and it is understood that the Bill, when it is brought up next Session, will be of a wholly different character. Again, it would be most detrimental to publish accounts of private companies in many cases, because even if the publication of the accounts were confined to a statement of the assets and liabilities, any one skilled in accounts, by keeping a record of an opposing firm's returns for a few years, could very soon get a good idea of their business and their profits. Those companies have never offered their shares on the market—they are practically private individuals. If they want credit they have, like a private individual, to submit a statement of their affairs, or let their position be understood, and they get credit on that. Therefore there is no necessity for publishing their affairs, because they do not get credit unless they satisfy those who are their creditors beforehand, and it is very objectionable to make the particulars of a business known to opposing competitors.

1953. *By the Hon. F. S. Grimwade.*—It would handicap a business?—Yes, and take away a considerable part of the advantage to be obtained by putting it under the Companies Act.

1954. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—To what number would you limit a private company?—If there are four or five partners in a company, and they want to divide their interests among their sons and daughters, there might easily be twenty. Palmer, the great authority on company law, strongly recommends the conversion of private businesses of a permanent and large character into private companies for the purpose of preventing the collapse of a business by the death of the senior partner, and also to enable people to bring in the principle of co-operation, because it is very awkward to admit partners in every case where you wish a man to participate in the profits, and this form of company is exactly calculated to enable a firm to take in and give a defined interest to any one whom they choose, and who may be an important man in the service, without making him a partner whom they cannot get rid of if need were. For these and other reasons, I say, this form of company is specially recommended by Mr. Palmer.

1955. *By the Hon. F. S. Grimwade.*—Is not it your experience in England that in a great number of cases businesses that have been carried on for generations successfully, directly they get into companies have been failures?—That may be true, but it is also noteworthy that businesses that have been carried on for generations by private individuals have, through the degeneracy of partners, come to the same end.

1956. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Supposing you start with twenty, how are you to prevent that twenty being increased to 200?—That is the difficulty, unless there were some power of buying out those who might be interested beyond that number.

1957. Supposing a company has twenty shareholders, and after a time the twenty, for good and sufficient reasons, think it advisable to get out, and they do so quietly by unloading on to the public, how are you going to prevent that?—Most of the companies that I have been acquainted with, and the articles I have seen, make provision for that. The object is not to take any one in, but to keep unsuitable people out, and the provisions are generally made to enable the existing partners to get rid of any that are objectionable, and if a partner does go out his shares must not go to an outside party.

1958. Supposing they make up their minds quietly to get rid of their shares to the public, how are you going to prevent it?—It might be made to vitiate the protection of the Limited Liability Act if there were more than twenty shareholders.

1959. *By the Hon. F. S. Grimwade.*—In many of those companies the shareholders are not allowed to sell out except to those who are interested and with the consent of the other shareholders?—Exactly; that is the general tendency.

1960. *By the Hon. Sir H. J. Wrixon.*—Would it meet your view to have a private company defined as consisting of twenty and no more?—Yes, although I think the best way is to devise some other means of dealing with companies of that description.

1961. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—It can be done under our present Partnership Act?—Under that Act you do not get the advantage of limited liability. This is what the Report of the Departmental Committee of the Board of Trade says—

It has been suggested that if means were provided for this class of associations by facilities for the formation of partnerships with limited liability it would relieve the law of joint stock companies from the complication caused by the existence of these private companies, and enable the Legislature to deal with all joint stock companies on the footing of public companies, the capital of which is intended to be offered to the public. For this purpose it has been suggested that the law should provide for the formation of partnerships, the liability of all or some of the members of which may be limited. A precedent for such partnerships is afforded by the German law of 20th April, 1892, a summary of which is contained in Mr. Schuster's valuable memorandum, supplemented by his oral evidence. Suggestions for that purpose have also been made by members of your Committee. No doubt some variations in detail would require to be made by adopting the German law, but the Committee think it worthy of consideration whether provision should not be made by legislation for the formation of partnerships with limited liability on the model of the German law, with such variations in detail as the difference of the law or circumstances of the two countries may suggest. But any scheme for this purpose would introduce great changes into the law of this country, and very great care and attention will be required in framing it. It is thought that this subject is and should be treated as part of the law of partnership, and would not find its proper place in a Bill for amendment of the Companies Acts.

1962. *By the Hon. the Chairman.*—What is the next section that you wish to speak about?—I may say, with regard to the publication of a balance-sheet, I think the desirability of doing so or not can be

safely left in the case of private companies to the shareholders. If the shareholders and the directors find it necessary for the credit of the company to publish accounts they will do it. If they find it unnecessary, and a great many of them will do so because they do not require credit, they should not be called upon to publish accounts. The shareholders for their own interest would publish a balance-sheet if it suited them, and if it did not suit them they would not do so. The public if called upon to give such a company credit would either have to satisfy themselves privately as to the company's position, or insist upon their publishing a balance-sheet, and they would have to do so or not get credit. I think financial companies ought to publish a balance-sheet—any company that is soliciting credit in the form of deposits, such as banks or financial institutions, should publish a balance-sheet. In section 25, sub-section 2, sub-clause (d), there is a provision which will be most inconvenient if applied to companies other than financial institutions. If it is applied to financial institutions only it would not matter. It is that which provides that a balance-sheet—

. . . shall set out whether the assets other than debts due to the company are taken at cost price, or by valuation, or on what other basis they are stated, and whether any, and if so, what amount of percentage has been written off.

I see that Mr. Knox of the Sugar Company took exception to that in the case of that company, which is a very large concern. His objection was a very sound one, because, as he points out, any well-conducted concern keeps its machinery always up to the point of perfection, and does not allow it to get into bad order, and except from old age or getting out of date there is no depreciation. A steam-engine of a first-class type might run for 25 years and be almost as good at the end of the time as the day it was put in. There are other kinds of machinery that depreciate from getting out of date, but speaking generally, a company that is conducting its business well will have new machinery put in, and that is taken out of the current profits—they do not require to provide for depreciation. I do not see why those particulars should be demanded.

1963. That is taken from the English Bill?—Yes, but the English Bill is very defective in many respects. Referring to Division No. 9, clause 160, which affects private companies exclusively, this is a provision of purely local invention. It is devised to prevent a firm or a man who has got a business, and who wishes to transform it into a limited company, from doing so until—

the person intending to register a company as aforesaid shall have lodged with the Registrar-General, and advertised in two daily newspapers published in Melbourne, a notice in the form or to the effect contained in the Eighth Schedule to this Act, and until the said notice has been given or sent by registered letter to the creditors (if any) of such person or firm resident outside of Victoria—

Then it goes on—

(2) The Registrar-General shall cause a register book to be kept wherein such notices shall be entered, and such book and notices shall be open to the inspection of all persons on payment of the prescribed fee.

(3) No such company shall be registered until two months after the said notice shall have been lodged with the Registrar-General and advertised and given or sent as aforesaid and until an affidavit of compliance with the provisions of this section shall have been filed with the Registrar-General.

It seems to me an improper provision to put into an Act of Parliament. I understand the reason for its introduction was one extraordinary case that happened here, in which an attempt was made practically to defraud creditors.

1964. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Successfully?—No, it was upset on appeal on similar grounds to those upon which the celebrated case of Aron Salomon was upset. I have a memorandum here which I got to-day from a leading solicitor stating that that company was held by the Full Court to be a fraudulent device. Chief Justice Madden said the company was a mere dummy representing insolvent himself for fraudulent purposes. In that case the insolvent tried by means of the company's proof of debt to elect a trustee in his insolvent estate—the attempt was defeated.

1965. In the meantime the assets had disappeared?—I do not think so, but even admitting there was one case like that it does not justify the extraordinary anomaly that if a man has a business and he sells it to another man he can do so, just as he sells a house, his creditors have no business to interfere with him; or he can sell his business to another going concern, or a limited liability company carrying on business, without giving any notice, but if he wants to transform his own business into a limited company he cannot do so. I fail to see what reason there is in that; it might be very serious and cause great difficulty and expense to any one wishing so to transform his business if there were any factious opposition, and I do not think there is any good reason for it. The position is clearly this—suppose a man tries, in order to evade his creditors, to part with his business to a limited company, or puts it into a limited company, taking shares in that company to represent his interest, he can only swindle his creditors by making away with those shares, and if he does that he is amenable to the law under the Insolvency Act. Therefore you will see that while there is nothing to prevent his selling his business to a private individual under this Bill, or to a company which is a going concern, if he wishes to transform his business into a company he cannot do so.

1966. Would it not be a great protection to creditors, inasmuch as if he is coming under the Act to obtain limited liability he should only do so with the consent of his creditors?—I do not see what right the creditors have to interfere. Is a creditor entitled to be protected to that extent—he is protected, in my opinion, sufficiently by the existing law? Suppose A has a business, and he merely transforms it into a company under the Limited Liability Act, he will hold, instead of his interest in his business, shares in the limited company representing that interest, and these shares will be available for his creditors.

1967. *By the Hon. Sir H. J. Wrison.*—Must he do that?—Yes, and the only way he could avoid his creditors would be by making away with the shares, and that would bring him under the provisions of the Insolvency Act, the same as if he sold a house and fraudulently made away with the money, instead of paying his debts—he would be put into gaol.

1968. *By the Hon. the Chairman.*—Could he not have all those shares as paid-up shares, and then raise a large sum of money by the issue of debentures, take the debentures into his own hands, and so defeat his creditors?—Yes, and then he would be under the law, as Mr. Aron Salomon found himself. It would be null and void as an attempt to take advantage of the Companies Act to perpetrate a fraud.



1969. The assets may be all gone?—They were not gone in that case. A man may make away with his assets privately, and you put him in gaol if he does it. There is no reason in this clause—it is legislating for a solitary case, and the result in that case really vindicates the law as it stands as sufficient to prevent abuse.

1970. *By the Hon. F. S. Grimwade.*—The man in the case you refer to had no trade creditors; it was only to relieve himself of his liabilities in this country?—Yes, but it did not succeed.

1971. You will see, in sub-section 14 of clause 160, "creditor" means any person to whom a company is indebted whether the debt is due or not?—Yes.

1972. That question has been raised in the matter of a special audit?—I cannot conceive what right a creditor, who has trusted any man or any firm on certain terms, has to come in when his debt is not due and ask for a special audit of that man's or firm's affairs.

1973. *By the Hon. J. H. Abbott.*—But in the case of a man moving from an unlimited liability to a limited liability, should not the creditors have some protection, because the man could sell his shares, and the people who trusted him might not wish to trust the people who held the shares?—If A has a business involving £20,000, and he sells it to B for £20,000, he can make away with the money now, but you can punish him under the Insolvency Act as a fraudulent debtor.

1974. The creditors might trust the man himself, but if he has made it into a limited liability company he has limited his own personal liability?—Only for any future debts incurred by the company. He cannot limit the liability for his past debts. I think the provision I refer to is an unnecessary interference with the liberty which every one has and ought to retain. The mere fact that one transforms his business into a limited liability company should not take away the rights one has if he sells his business to a private individual, or to a company already in existence.

1975. *By the Hon. Sir H. J. Wrixon.*—In addition to your objection to the principle of it, what is the practical difficulty?—The practical difficulty is that notices have to be inserted in the papers and be sent to every creditor, and that two months have to elapse before registration can be given, which would cause serious difficulty.

1976. *By the Hon. F. S. Grimwade.*—There may not be a creditor, but you have to wait all the same?—Yes; and it might be a very serious thing. Financial arrangements which had been made would be upset. Such a provision seems to me to be extreme. Those are the points in which the Bill is distinctly inimical to private companies; now, I will deal with the general question. Dealing first of all with the question of liabilities of directors under clause 100 and the succeeding clauses—I object, speaking generally, to the manner in which the duties or obligations of directors are defined in the Bill. Directors are referred to and dealt with as if they were the managers of the company. The obligations imposed upon them by various clauses are such as, in order to enable them to carry them out with perfect safety to themselves, would involve their practically being conversant with all the details of the business. It is quite impossible for a director, unless he becomes a managing director and gives up his time to the company and gets £2,000 or £3,000 a year for doing it, to make himself acquainted with every detail, to sign all the documents, and swear to their correctness, and do all the other things required of him in this Bill. The fact is, it seems to me that the tendency of this Bill is to blot out the director altogether. The auditor on the one hand is armed with such tremendous powers that he can come in and, in the light of after knowledge, criticise and find fault with what the directors have decided after having devoted their careful attention thereto. On the other hand there is the manager, who is the paid servant of the company and its executive officer; he is able to protect himself because it is his duty to be conversant with the details of the business. Between the auditor on the one hand, and the manager on the other, I do not under the provisions of the Bill see any need for the directors at all; and the tendency will be, if this Bill is passed, for suitable men not to put themselves in that position. They would no longer be directors in the ordinary sense of the word. A director is an adviser, but under this Bill he is dealt with as if he were supposed to be conversant with all the details of the business. In my opinion it should be the duty of directors to direct the policy, to see that they have competent officers, and that those officers do their duty, and they should dismiss them directly they find they are unreliable; but if directors are to be called upon to sign documents involving personal responsibility for the correctness of masses of detail which in the very nature of things they cannot know of themselves, they would be liable, unless every officer under them is doing his duty faithfully and honestly, to find themselves ruined men.

1977. *By the Hon. S. W. Cooke.*—And they will be getting £200 a year instead of £3000?—Precisely.

1978. *By the Hon. the Chairman.*—In financial institutions in England are not directors compelled to sign the balance-sheet?—No, though they often do; but in London directors do not get £200 a year. Financial men were astounded when I was home on my recent mission to learn the small directors' fees paid here for services rendered. The chairman of a large bank there is paid, say, from £1,000 to £1,500 per annum; he devotes a large amount of time and attention to the business, and he has a general surveillance of the whole concern. The other directors would get from £500 to £700 a year each, but shareholders here will not pay such fees.

1979. *By the Hon. N. FitzGerald.*—In England the directors are only civilly liable?—Yes, but by the provisions of this Bill as to the penalties one might be absolutely ruined for no fault of his own. It might be that—years after some transaction by a board of directors when it would be impossible to judge of the position as it presented itself to the minds of the directors at the time, or of the circumstances as they then existed—directors might be held responsible and be ruined, specially should the transaction be questioned at a time of public excitement.

1980. In your opinion, no matter what the law says about it, is it not the fact that directors must rely upon the honesty, the fidelity, and business capacity of their subordinate officers?—Yes, and the main duty of directors is to see that they have the right men, and that they do their duty faithfully. The officers are the men who ought to have responsibility, because they are paid for it. The directors ought to have the responsibility of keeping good officers.

1981. *By the Hon. D. Melville.*—All the time you have been a bank director, could you have signed those balance-sheets?—I might have signed them, but I could only do so on the understanding that I could not know or be responsible for the correctness of the details. There is in the minds of men who

usually constitute a common jury the idea of something sacred in a thing which is signed as against anything which is not signed. They will pay very little attention to the fact that it is to the best of your knowledge and belief.

1982. *By the Hon. the Chairman.*—Are you aware that under the Joint Stock Act of 1879 in England at least three of the directors of a bank have to sign the balance-sheet?—I am not aware of that, but if it is so the circumstances may be different, and the obligations they incur may be provided for in another way than they are here. This Bill deals not only with banks but with all sorts of companies.

1983. Clause 110 says—“Making false statements as to companies to induce persons to take shares, &c.” Do you see any objection to that?—I draw a vast distinction between the obligation of a director who is a party to putting forward a prospectus on which false statements are made, the incorrectness of which he can and should ascertain before putting his name to it, and the responsibility directors incur in the ordinary way of business through something being done, perhaps by mistake or error of judgment or through the fault of the officers, which has resulted badly, though done with the best intentions. I agree that a man should be responsible for what he states in a prospectus if he is a promoter or director.

1984. *By the Hon. Sir H. J. Wrixon.*—Would you have the directors sign the balance-sheet at all?—I do not see that there is any need for it. I think the executive officer of the bank ought to sign it; he is the man who knows everything about the business, and he ought to be made responsible for its correctness.

1985. *By the Hon. the Chairman.*—You see clause 111 follows on in the same direction and renders promoters “liable to pay compensation to persons who are misled by false prospectus, &c.”?—That is a corollary to the other. Anything that a man can safely undertake, and does undertake, and does falsely or badly, he must take the consequences of, but that is a vastly different thing from the point I was discussing.

1986. Clause 112 says—

(1) After the commencement of this Act no person who is or who during the previous year has been a director, manager, or officer of a company shall either directly or indirectly sell or dispose of any property to such company or its representatives, or participate in the profits of any such sale or disposal.

Do you see any objection to the principle involved in that section?—I do. That is one of the clauses which I think is a case of legislating for exceptions, and imposes an obligation for very little cause. I think it would be sufficient if proper precautions are taken to have publicity given to any transactions of that sort. If a man is a merchant or a storekeeper, and sells goods in the ordinary way of business to a company of which he is a director, he should be exempt; on the other hand if a limited company increases its business, and next door to their store one of the directors has a property which it would be eminently desirable for the company to acquire, and there is no other means of getting the necessary accommodation for the company's increased business, would it not be an absurd thing that because the owner was a director he could not sell his property to the company although all the shareholders were most anxious to get it?

1987. Sub-clause 4 provides for that—“This section shall not apply to any sale or disposition where the purchase or acquisition by the company has been authorized by a special resolution of the company prior thereto”?—That would get over it, no doubt. I pointed out to the Attorney-General last year that this clause would prevent the formation of private companies formed by putting the properties and business of a private concern into a limited company, for the proprietors, in such a case, must be the directors, and yet by this section, as it was originally drawn, they could not sell their property to the company; consequently he put in this sub-section to get over that difficulty—

If there be no prospectus then that such sale or disposition shall be mentioned in the memorandum of association, and full particulars thereof shall be disclosed in an instrument in writing consenting thereto and signed by every shareholder of the company at the time the contract for such sale or disposition is entered into by the company.

These additions secure the necessary publicity both in private and public companies. The clause as it now stands would prevent things that were done a few years ago improperly being done in future.

1988. You see the next clause, 113—“Duties and liabilities of promoters”?—I am no judge of that.

1989. *By the Hon. Sir H. J. Wrixon.*—On the question of this policy in the Bill being wrong as to directors, have you in your mind particular clauses to which your argument would apply?—There is one thing I would call the attention of the Committee to, that is that while proposing in many clauses to adopt the provisions of the English Draft Bill the wording of the English Bill has been altered. In many cases words are left out and in others words are put in. If you turn your attention to clause 115, sub-section 2, it says—“If any director of a company is party to any undue or fraudulent preference.” In the English Bill the words are “if any director of a company is ‘knowingly a party’ or;” that makes a wonderful difference.

1990. In a criminal charge they would have to prove that it was knowingly?—But they leave that out in our Bill. I have noticed a good many instances where the same thing has been done, and where it will have serious effects. When the Committee come to deal with the measure I think a very close inspection should be made of all the clauses to see that such alterations are not made.

1991. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Have you considered clause 119?—Yes.

1992. How would a director be affected in a wool company whose firm sold some of the properties of the company or sold produce on its account. Say he is a partner in a stock and agency company?—They would be prevented, if the partner were a director of the company for whom they sold, dividing commissions in the usual way; this clause is unnecessary.

1993. Supposing it was necessary for a director to proceed to England on an important matter connected with the company, there would be no possibility of doing it without first obtaining the consent of the shareholders?—Yes, and that might be exceedingly inconvenient and even disastrous. There might be some critical condition of affairs when some important business had to be done and when speed and secrecy were necessary, and a director alone could do it. If the company had to call a meeting and ask permission before that could be done, the interests and even the existence of the company might be seriously

endangered. This clause was not in the original Bill; it was put in in the Assembly by a private Member. I think it is unnecessary; I think the law is strong enough already to prevent any impropriety in the way of payment to directors. With regard to the reserve fund, section 26, I cannot quite understand what the object of this clause is; there has been some confusion apparently in the minds of those who drafted the Bill as to what the reserve fund is; it is really a fund accumulated from undistributed profits. That constitutes the reserve fund of a bank, as a rule. Sometimes premiums on shares form part of the fund but, generally speaking, the reserve fund consists of undistributed profits. It seems to me that whoever drafted this clause has confounded this reserve fund with the banking reserve which a prudent banker would keep to meet his obligations; for instance if a bank has £10,000,000 of deposits, the manager should keep a certain amount of coin and a certain amount of securities of a negotiable character far in excess of the ordinary bank reserve fund to meet any probable calls upon him. That is a portion of the funds of the bank partly cash and partly in some form of security that could be turned into cash for the purpose of meeting an emergency. That is totally different from the ordinary reserve fund of a bank, which as a rule is employed in its ordinary business and, being so invested, forms a part of the larger bankers' reserve kept for prudential reasons in coin and convertible securities. If my assumption is correct it is apparent that the clause as proposed does not attain its object. For instance, a bank might owe, say, £12,000,000 in deposits and have a reserve fund of £1,000,000. If that bank complied fully with the requirements of this clause by investing the £1,000,000 in first-class negotiable securities and specified the nature of the investment in the balance-sheet, it would, provided it had no further reserve, be in a very unsafe position from a banking point of view, because £1,000,000 would be an utterly inadequate margin to meet its probable obligations. On the other hand, a bank which had no reserve fund with £12,000,000 deposits would have an effective reserve by retaining £3,000,000 or £4,000,000 in money and convertible securities. The latter would be safe whilst the other, although complying with the requirements of this clause, would be unsafe.

1994. *By the Hon. the Chairman.*—In a well-managed bank you approve of having the reserve fund invested in good securities?—If a bank has a reserve fund it wants as a rule to use the money in its business, part of that business is to keep a reserve, not only the reserve fund it shows in its accounts, but a good deal more, in proportion to its obligations to the public. If the reserve fund is a portion of that larger reserve, good and well; but the mere fact of compelling a bank to keep its reserve fund specially invested will not meet the difficulty which the draftsman desires to deal with, that is, to secure that a sufficient amount in cash or liquid assets is kept to meet an emergency.

1995. You understand that under this clause it is not incumbent upon any company to have a reserve fund, but, if it has a reserve fund, it shall state how it is invested; do you not think that is desirable?—I do not see that you gain anything by stating it. I suppose most companies would say it was invested in the business, and thus comply with the Act. What then is the object of the legislation?

1996. If you publish to the world that there is such a thing as a reserve fund, it ought to be something tangible and safe, apart from the general business of the company, specially invested. Would not that be an additional safeguard and protection to the people doing business with that bank?—I do not think it would be in case of a bank with large liabilities. If its reserve in negotiable securities were confined to the amount simply of its reserve fund it would not form a sufficient reserve to meet its obligations; but if, with its reserve in its ordinary business, it had 30 per cent. or 40 per cent. of its liabilities in reserve it would be safe, without the latter it would not.

1997. *By the Hon. Sir H. J. Wrixon.*—You are favourable to what is the real object of the clause?—Yes, the maintenance of a prudent reserve, but the clause does not secure this.

1998. You are in favour of there being a reserve?—It is a good thing to have a reserve fund if one can be formed, but a reserve fund is accumulated undistributed profits, and a bank may be perfectly sound and yet have no reserve fund.

1999. *By the Hon. the Chairman.*—Its reserve in that case would be its coin and good bills?—Yes. A reserve fund is a good thing between a bank and its shareholders; but the reserve I allude to is the reserve necessary to give the security necessary to beget and retain public confidence.

2000. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In the last balance-sheet of the London and Westminster Bank the reserve fund was £1,600,000; the current accounts were £28,000,000. The £1,600,000 would not make or mar that bank; but the security is their having liquid assets to the extent of £32,000,000?—Exactly. If that bank were compelled to hold that £1,600,000 in Government stocks or consols, as proposed by this Bill, and it did that and nothing more, it would, with its large deposits otherwise invested, be in a highly unsafe position.

2001. *By the Hon. the Chairman.*—You are aware that the Union Bank of Australia has a reserve fund; do you know how that is invested?—Very likely in consols and other Government stocks. If you look at its accounts you will find it had a reserve of £1,000,000, reduced last half-year to £750,000, but that far and away beyond that, they have some £5,000,000 or £6,000,000 of negotiable securities, of which I suppose the reserve fund would form a part.

2002. With that reserve fund do they not in the balance-sheet set out closely how the money is invested?—I cannot say. My impression is that they set out that they have a certain reserve fund which appears in the liability side of the accounts; and they have on the other side £5,000,000 or £6,000,000 of coin and negotiable securities. Probably their reserve fund is part of the money that is invested in those liquid securities.

2003. And it cannot be operated on except by special meeting of the shareholders?—I am not aware. I should say it would be unwise to tie their hands in that way, because they might want the money suddenly. The bank passed a special resolution the other day that they would apply £250,000 to meet losses that were anticipated. That was dealing with the reserve fund set apart in their books; but the probability is that the reserve fund was part of the money invested in liquid securities.

2004. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—In connexion with the London and Westminster Bank, as to the £1,600,000, it is not specially invested; but under the head of "invested" there are securities of the Imperial Government, £4,000,000, and Indian securities, £800,000?—Doubtless the £1,600,000 formed part of the funds of the bank, of which they invest the amount the managers consider necessary for safety in carrying on their banking business. That is sound banking, and is what ought to be done, but I do not see that you can legislate for it.

2005. *By the Hon. F. S. Grimwade.*—That is more important than having a reserve fund?—Much more important. One of the worst features of this Bill is the provision for a special audit, clause 37.

2006. *By the Hon. the Chairman.*—Would you give creditors the right to demand one at all?—Most certainly not. I fail to understand what right a creditor who enters into a contract with a company has to come in and interfere with its business when he sees fit to do so, thereby damaging the credit of the institution, and possibly leading to its ruin, simply because he has taken it into his head that he ought to investigate the company's affairs.

2007. In the case of the reconstruction of a company, would it not be well that the creditors should have the right to apply to a Judge for a special audit?—Prior to reconstruction there was first liquidation. The remedy of a creditor, if his debtor makes default, is that he can put him in the Insolvency Court. If the debtor is a limited company he can put it into liquidation. He can then examine into its affairs, and if he finds there is dishonesty he can deal with it; but it is a monstrous proposition that because a company owes money the creditor can go to a Judge and interfere with its business to find out if there is anything wrong. The case of a reconstructed company is a totally different one; that is, a company that has failed to meet its obligations, and is therefore subject to liquidation. They were all liquidated in the first instance, but rather than go in for a prolonged investigation, which the creditors knew would ruin the banks and lead to no other result, the creditors determined to let the banks go on, and reconstitute as soon as possible. They had the right at that time to have a thorough inquiry if they had chosen, but they did not choose.

2003. I suppose before they came into the reconstruction they really had before them as much information as if they had a special audit?—No, I do not think they had. But the reconstructed companies had to be dealt with at once. There was then an extraordinary condition of affairs, because every one knew that whatever the outcome might be, the only chance of getting over difficulties was to keep the bank going. If the creditors had gone in for a special audit not one of those banks would have survived.

2009. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Nor any other bank however solvent?—Nor any other bank or private company.

2010. *By the Hon. the Chairman.*—Suppose the number of shareholders who could demand a special audit was increased from one-twentieth to one-tenth?—My own opinion is that the existing provision in the law is ample, viz., one-fourth. A special audit is a most serious thing, and in most cases it would result in destroying the institution involved, even if there was no real reason for its being destroyed. Therefore I think the law should be kept as it is, because it should only be in a very bad case that facilities should be given for resorting to such an extreme proceeding. I have been on a mission lately in connexion with an institution; and I found that a small, active minority had enormous powers, and, but for very fortunate circumstances, they might have wrecked the bank against the wish of the great bulk of the depositors and shareholders. Instead of giving facilities for that sort of thing the utmost care should be taken to see that a small knot of dissatisfied or interested persons should not get power to ruin other people's property.

2011. *By the Hon. S. W. Cooke.*—Do you think the Court is an improvement on the Governor in Council?—I think so; but look at the effect an application to the Court would have upon any bank or financial institution. Take an institution, the breath of whose life is its credit, the very fact of having an application of this kind made would be most disastrous.

2012. *By the Hon. the Chairman.*—I thought such an application was recently made with one of the large financial institutions in England?—They could have kept it in liquidation if they had wished to. That is the remedy the creditor has; he can put the company into liquidation if it fails to meet obligations, and then he can make what he likes of it.

2013. *By the Hon. N. FitzGerald.*—That is only after the banks have made default?—Yes. A majority in number (three-fourths in value) can control matters after liquidation, and yet it is proposed to give the power to a few individuals, one-twentieth, when the bank is not in liquidation (and, for aught they know, can meet all its obligations) to come in and get a special audit. I think it is a proposal that ought not on any account to be entertained, it is most dangerous.

2014. *By the Hon. Sir H. J. Wrixon.*—There is no proposal of this kind suggested in England?—No, none whatever.

2015. *By the Hon. the Chairman.*—What is your opinion of section 45; do you believe that it is right for directors to obtain advances from the company in which they are interested?—I do not know that it is expedient; it is certainly not wrong.

2016. It is not a desirable course?—It may or may not be desirable; but it will make a great difference to a number of companies if the directors of these companies or their firms are not allowed to deal with them. In the past one object in selecting directors was to get suitable men who could bring business, and banks and companies will be deprived of much good business if this clause is adopted. The opinion in Great Britain on this question seemed to me to be entirely opposed to the policy of this clause. The City of Glasgow Bank case is perhaps the one in which the directors were proved to have most grossly misused their position. They were tried and imprisoned for their wrong-doing; but so far as I know there never has been a proposal to legislate to prevent directors dealing with the institutions with which they are connected. As long as the advances are such as ordinary customers should get there should be no objection. They have not legislated against such in England, and it is a reflection on us here that we should resort to these extreme laws. In the amended scheme for the reconstruction of the Commercial Bank they say they have made no improper advances to directors.

2017. *By the Hon. S. W. Cooke.*—I have heard it suggested that all articles of association should contain a clause saying that directors should have advances or should not, so that it should be brought before the shareholders, and they would know that the directors could have advances or could not, as the case might be?—I never heard of that proposal, but I would leave it to the discretion of shareholders; they can adopt such an article if they choose without further legislation.

2018. The proposal was that it should be compulsory that there should be a clause either negating it or allowing it?—I have never heard that proposal made.

2019. This would bring the matter clearly before them?—There may be no objection to that.

2020. *By the Hon. F. S. Grimwade.*—You would treat a director's advance the same as any ordinary advance?—Certainly; to do otherwise is to cast an imputation upon the directors. If shareholders elect the right men as directors they will take good care to protect the bank as regards such advances. If they are not fit to be trusted in this respect they should not be the directors.

2021. *By the Hon. Sir H. J. Wrixon.*—We understand there was a feeling in London that the power of making advances to directors by their own institutions had been greatly abused here?—That was so to some extent through the prominence given to certain recent cases of alleged abuse; but in the case of the Commercial Bank the representative depositors' committee in their report on its affairs made it clear that the objection in such cases was only to "improper advances" to directors.

2022. *By the Hon. A. O. Sachse.*—This proposed legislation would emphasise that feeling?—Of course it would.

2023. *By the Hon. J. H. Abbott.*—It has been suggested that, if it were made to apply all round that none of the directors could borrow, it would equalise itself?—Only if each institution had the business in equal proportion.

2024. *By the Hon. S. W. Cooke.*—Referring to the Commercial Bank, you said that there were no improper advances, were there any advances at all?—This allusion by the depositors' committee was to a statement in the directors' report on the affairs of the bank prior to the reconstruction, that there had been one business advance to the firm of a deceased director which had been at once taken over by the new bank as a good business account. There had been no other advances to directors.

2025. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—What is your opinion of clause 44—"Advances on shares"?—I think it is a mistake for a company to advance on its own shares, but I think the clause goes too far in preventing a company advancing on its own debentures or debenture stock, inasmuch as that would reduce liabilities. Most companies take the right to pay off their own debentures, and they might advance on them, I think. Reducing the share capital by advancing on shares is one thing, and paying off your debts is another. It would be very unwise in the case of private companies or mercantile companies to have that provision.

2026. Would you apply that to deposits also?—Yes. I would allow companies to make advances on their own deposit notes, because that would reduce their indebtedness.

2027. *By the Hon. A. O. Sachse.*—Have you given any attention to clause 46 about filing advances to directors?—I think that is quite unnecessary in ordinary companies. That might be very inconvenient in wool companies and other companies.

2028. *By the Hon. Lieut.-Col. Sir F. T. Sargood.*—Do you know that is the law in Canada?—With banks it is, but this clause refers to companies also. Take a private company which is a private firm under the Limited Liability Act; the firm may have made no profits for the year, and the partners, it may be, have no money except what they have invested in the business; it would be rather hard if they could not get an advance against their next year's results.

2029. *By the Hon. A. O. Sachse.*—Would it not be personally obnoxious to the directors?—Yes, I see no need for it. One can understand the noise about the banks because, no doubt, there has been an abuse.

2030. Would that not have a tendency to send away the business from Melbourne?—All those conditions being imposed upon companies here, which are imposed upon companies domiciled outside Victoria, will tend naturally to the formation of companies elsewhere instead of in Victoria. The Board of Trade Committee attach importance to that consideration, and say it would be a most serious thing to interfere with legitimate enterprise. They say—"Restrictive provisions, which may have the effect of either curtailing the facilities for the formation of companies which bring so much business to England, or of embarrassing the administration of companies or deterring the best class of men from becoming directors, are not to be lightly entertained;" and throughout they show the same feeling of conservatism. That represents the difference which I observed between the mode in which the people who are dealing with these questions at home and that adopted here. The feeling is just as strong in England as it is here in favour of company law reform so as to prevent fraud; but there is an equally strong determination while doing so to avoid measures which will hinder or hamper honest enterprise. That is the great distinction between the way the question is being dealt with there and the way in which it is being dealt with here. They are much more cautious and much more careful. I believe they have a greater sense of responsibility than we have, owing to the magnitude of their transactions and their greater experience; and they are determined that while they punish fraud, they will not interfere with honestly conducted enterprises.

2031. *By the Hon. D. Melville.*—Have you any summary of the good points and bad points of this Bill?—No, but there are a great many bad points in it. My opinion is that, seeing we are necessarily so closely connected with Great Britain so far as joint stock companies are concerned, we might safely and with great advantage await the result of legislation now pending there. Our present law is based upon that of Great Britain, although we have not adopted their legislation quite up to date. The Bill now before this Committee goes a long way beyond existing and the proposed English legislation. It would be a much safer course to await the result in England, where the subject is being dealt with by the ablest learned intellects in the world.

2032. *By the Hon. the Chairman.*—Do I understand you to say that you would be opposed to legislating at all in connexion with the Principal Act?—No.

2033. Would you be in favour of adopting the English laws up to the present time?—I would suggest the adoption of such of them as have, in the light of experience, proved useful—I would not advocate the adoption blindly of all the English enactments. Some of them have been failures and are about to be amended. I believe next Session of Parliament a measure, which has been occupying so much time and attention of many of the ablest men in England, will be brought forward and probably passed; we shall then have it before us, and will be able to follow upon their lines so far as we think advisable.

2034. You are aware that since the Principal Act was passed there have been many amendments made in England?—Yes. They have powers, which we have not got, to reduce capital and to alter the company's memorandum of association. I am in favour of those provisions which are urgently required. They are, however, behind us in one respect; we have an Act which enables a company to re-arrange terms with its creditors without first going into liquidation. The old law necessitates liquidation as a preliminary to reconstruction. It is admitted in London that our law should be adopted by England

in that respect. I see it is provided by this Act that no-liability companies are debarred from issuing debentures. I think this is a mistake. Suppose a no-liability company with £100,000 capital paid up—why should that company not have the right to issue debentures secured on its property? There is a reason why it should not take deposits; but if it desired to issue debentures for the purpose of carrying on its business, secured on the undertaking, why should it not do so?

2035. That is experimental legislation?—Yes, but it seems to me an inconsistency. Clause 172 says—“(1) The Governor in Council may by order published in the *Government Gazette* make regulations not inconsistent with this Act for altering the forms of any of the Schedules to the Companies Acts,” and so on. I think that ought not to be allowed. The Schedules are set out in the Bill, they may be right or they may be wrong; but it should not be left for the Governor in Council to substitute any other Schedule. The Act is of such a character that the Schedules might be altered quite consistently with the Act, but very detrimentally to the public. The Schedules, in some respects, are quite as important as the clauses, and I do not think the Governor in Council ought to have a right to alter them—this should only be done by legislation. This is Palmer’s little book, in which he says—“The advantages of private companies are daily more and more appreciated, and now a large and increasing band of experienced solicitors, accountants, bankers, and business men are constantly recommending and resorting to the formation of the private company as the best mode of carrying into effect everyday business requirements.” Of course, companies sometimes get into the hands of incompetent people; but, unfortunately, private firms do the same, and I think a business which is carried on in an enlightened manner by bringing in new blood has a much better chance of doing that under the Companies Act than by private partnerships.

*The witness withdrew.*

*Adjourned.*

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## APPENDIX A.

The following statement shows the relative amount of Capital and Deposits of Building Societies whose balance-sheets were forwarded to the Select Committee:—

## BALLARAT ALLIANCE BUILDING AND INVESTMENT SOCIETY.

	£	s.	d.
Amount of Capital, 1896	4,050	0	0
Amount of Deposits, 1896	1,245	16	3

## BALLARAT BUILDING SOCIETY.

	£	s.	d.
Amount of Capital, 1896	15,800	0	0
Amount of Deposits, 1896		Nil	

## COMMERCIAL PERMANENT LAND AND BUILDING SOCIETY, BENDIGO.

	£	s.	d.
Amount of Capital, 1895	31,136	16	2
Deposits and Accrued Interest, 1895	18,390	9	7

## GEELONG PERMANENT BUILDING SOCIETY.

	£	s.	d.
Amount of Capital, 1896	6,825	0	0
Amount of Deposits, 1896	4,604	5	5

## THIRD BEECHWORTH BUILDING SOCIETY (SERIES B).

	£	s.	d.
Amount of Capital, 1896	16,106	15	0
Amount of Deposits, 1896	4,664	0	0

## APPENDIX B.

467 Collins-street,  
Melbourne, 1st October, 1896.

*George H. Jenkins, Esq., Clerk of the Parliaments, Parliament House.*

SIR,

I have the honour to acknowledge receipt of your letter, addressed to the secretary of McIlwraith, McEacharn, and Co., Ltd.

The particular point to which I desire to call the Committee's attention has reference to the number of shareholders private companies should be limited to, and is referred to in questions and answers of Mr. Parker's evidence, Nos. 294, 316, 326, and 330. These indicate twenty as the limit; I would suggest that it be increased to, say, twenty-five shareholders.

Ship-owners, especially those trading from London, carry goods for the various colonial Governments, thus entering into a contract with them by bill of lading, and, however small the quantity may be, any Member of Parliament being a shareholder of a company with less than twenty-one members would, under The Constitution Act, be constituted a contractor with the Government, and subject to liabilities in consequence thereof. Should your Committee, therefore, provide a limit of twenty for a proprietary company, any company having as shareholders Members of Parliament would require to sacrifice the advantages of a private or proprietary company in order to avoid the consequences that might accrue to any of their shareholders who may be Members of Parliament.

Had I been examined before the Committee, I would have suggested that a private or proprietary company might be defined as a company of which not less than three-fourths of the shareholders shall consist either of members of the firm prior to its being formed into a company, or members of the old firm together with members of their families.

This would provide for any considerable disposal of the shares, as any lessening of the original shareholders in the company would transform it from a private or proprietary company to a public company and bring it under the terms of the Act.

I have the honour to be, Sir,  
Your obedient servant,

M. McEACHARN,  
Chairman of McIlwraith, McEacharn, and Co., Limited.





1896.  
VICTORIA.

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LEGISLATIVE COUNCIL.

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STANDING ORDERS COMMITTEE.

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REPORT

ON

LAPSED BILLS RESTORATION.

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*Ordered by the Legislative Council to be printed, 9th December, 1896.*

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By Authority:  
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EXTRACTED FROM THE MINUTES OF THE PROCEEDINGS OF THE  
LEGISLATIVE COUNCIL.

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WEDNESDAY, 2ND DECEMBER, 1896.

7. LAPSED BILLS RESTORATION.—The Honorable H. Cuthbert moved, That the following be adopted as a Standing Order of this House, viz.:—“When a motion to bring in any Bill is agreed to, if such Bill bears a certificate from the Clerk of this House that it is identical with a Bill as last agreed to by the House, which passed its second reading in the previous Session of the same Parliament, but was not finally disposed of by both Houses when the Session closed, then a motion may be made that such Bill be advanced to the stage it had reached in the Legislative Council in the former Session or to any earlier stage. If such motion be agreed to, the Bill shall thereupon be passed, without amendment or debate, through each of the stages authorized by the motion agreed to by the House, and thereafter shall be proceeded with and dealt with in the same manner as other Bills.”

Debate ensued.

The Honorable Lieut.-Col. Sir F. T. Sargood moved, as an amendment, That the proposed Standing Order be referred to the Standing Orders Committee for consideration and report.

Debate continued.

Question—That the proposed Standing Order be referred to the Standing Orders Committee for consideration and report—put and resolved in the affirmative.

## REPORT.

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THE SELECT COMMITTEE of the Legislative Council on Standing Orders, to which was referred the proposed Standing Order for the Restoration of Lapsed Bills, have the honour to report the following resolution for the consideration of your Honorable House :—

“ That the following be adopted as a Standing Order of this House, to remain in force until the end of this present Parliament, and no longer, viz. :—‘ When a motion to bring in any Bill is agreed to, if such Bill bears a certificate from the Clerk of this House that it is identical with a Bill as last agreed to by the House, which passed its second reading in the previous Session of the same Parliament, but was not finally disposed of by both Houses when the Session closed, then a motion may be made that such Bill be advanced to the stage it had reached in the Legislative Council in the former Session or to any earlier stage. If such motion be agreed to, the Bill shall thereupon be passed, without amendment or debate, through each of the stages authorized by the motion agreed to by the House, and thereafter shall be proceeded with and dealt with in the same manner as other Bills.’ ”

8th December, 1896.



1896.  
—  
VICTORIA.

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LEGISLATIVE COUNCIL.

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STANDING ORDERS COMMITTEE.

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REPORT

ON THE

SAVINGS BANKS ACT 1890 AMENDMENT BILL.

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*Ordered by the Legislative Council to be printed, 15th December, 1896.*

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By Authority:

ROBT. S. BRAIN, GOVERNMENT PRINTER, MELBOURNE.

EXTRACTED FROM THE MINUTES OF THE PROCEEDINGS OF THE  
LEGISLATIVE COUNCIL.

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TUESDAY, 15TH DECEMBER, 1896.

6. SAVINGS BANKS ACT 1890 AMENDMENT BILL.—The Honorable H. Cuthbert moved, That the question as to the power of this House to make any amendments in the Savings Banks Act 1890 Amendment Bill be referred to the Standing Orders Committee for consideration and report.

Debate ensued.

Question—put and resolved in the affirmative.

Ordered—That the Committee do retire immediately.

## REPORT.

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THE SELECT COMMITTEE of the Legislative Council on Standing Orders, to which was referred this day, for consideration and report, the question as to the power of this House to make any amendments in the Savings Banks Act 1890 Amendment Bill, have the honour to report to your Honorable House as follows:—

Your Committee, having carefully considered the Savings Banks Act 1890 Amendment Bill, are of opinion that it does not come within the provisions of section 56 of *The Constitution Act*.

15th December, 1896.

VICTORIA



MINUTES  
OF THE  
PROCEEDINGS  
OF THE  
LEGISLATIVE  
COUNCIL

SESSION

1896

COUNCIL

CHAMBER