**RIVER MURRAY DUTIES BILL 1857**

**House of Assembly, 29 May 1857, pages175-82**

Second reading

On the Order of the Day being called for the second reading of this Bill,

The Treasurer said the Bill was second in importance to no other which would occupy the attention of the House, and before entering upon it it, would be well for the Government to put the House in possession of the policy they meant to pursue in the conference about to be held between the delegates of the three colonies upon the subject of the Murray duties, and the more so as they had met with so much support and no factious opposition. (Hear, hear.) When they were met in that spirit it would ill become to withhold from the House the policy they meant to pursue, although, as the negotiations were not completed, it would not be desirable to show their cards too much, or the opposite parties, knowing what they were willing to concede, might take all and ask for more. There could be no objection, however, to stating what were the positive instructions which would be given to our delegate—the instructions beyond which he could not go. The Bill was brought in as a temporary measure, but was so worded that it might be made permanent. The New South Wales tariff was to be adopted for the present season, and attempts would be made to assimilate the tariffs. On that, however, as on every other subject, the delegates were to confer, but not to settle anything finally— (hear, hear)- that would be left to the Legislature; and on no other understanding would the Government enter upon the negotiation. Whatever result, therefore, was arrived at, that would be the subject of future consideration by the Parliaments of the three colonies. The first instruction to the South Australian delegate would be, looking at the letters of Mr. Childers and the policy of the Victorian Government, as shown by the minute of Mr Dryburgh, that should any attempts be insisted on to impose tonnage duties, or otherwise to interfere with the free traffic of the river, he was to retire at once and come back. Another instruction would be, that the assimilation of the tariffs must be sought by mutual concession—that this colony, though not so large nor so wealthy as the others, was not to be dictated to (Hear, hear.). The Government did not go the entire length of desiring absolute uniformity in the tariffs of the three colonies, which their different positions would not justify. For similar tariffs to produce similar results. not only the circumstances, but the tastes of the people, ought to be the same; for instance, the consumption of spirits was proportionably greater in Vic­toria than in South Australia, so that the effect of raining or depressing the duties would he widely different in the two colonies. Their exportable commodities should also be the same to warrant an assimilated tariff; for instance, an export duty on gold was valuable in Victoria, but it would not be so here. But there were other grounds of objection to an entire assimilation of tariffs. The necessities of the colonies might be different, so that one might require to raise a greater revenue than the others. Again, the productions of the colonies must be taken into consideration; for instance, he could say from his own observation that in New South Wales tobacco might be produced nearly equal to the American, so that, if the manufacture were largely gone into there, the duty on imported tobacco would fall so low as to cause a deficiency in the revenue. He thought therefore that absolute uniformity would be a failure; but at the same time he would avoid such discrepancies as might encourage smuggling. The dele­gate would therefore submit the tariff he had laid before the House, leaving the other colonies to impose such other duties as they please. It would be a *sine qua non* to place the necessary articles of food, say **j** potatoes, corn, meal, flour, vegetables, and green fruits upon the free list. Upon tobacco, tea, sugar, coffee, and such articles, South Australia would increase the duties so as to meet the tariff of the other colonies half way, and they would of course be requested to reduce their duties to a similar extent. Thus there would be a deficiency in their revenue, to make up which it would be suggested that they should impose moderate duties upon timber, iron, and some sorts of groceries, such as maccaroni, figs, &c., which were at present left untaxed there, but paid ad valorem duty here. The object of the Government in putting forward a tariff was not to insist upon it in its entirety, but merely to offer it as a basis, and to show how readily ad valorem duties might be converted into fixed duties. The other colonies objected to ad valorem duties, and it must be admitted, that they created some trouble and required some skill on the part of the officers. But though objections operated so far as to induce him to recommend the imposition of such moderate duties as should not encourage fraud, thev were not in his view so important as to justify leaving such articles as drapery wholly untaxed. He observed it stated in the public journals, that they should not lose by adopting the New South Wales tariff; and he had been asked why he had selected the year 1855 for his calculation seeing that its adoption would occasion a loss of 18 per cent. It was said that 1856 would have shown no loss. His object had been to arrive at a fair average result, and he took the year 1855 because there were not then the disturbing causes, that had existed in previous years, from the tariff being different, and in 1856 from the large clearances of goods to be re-exported up the River Murray. Perhaps the want of allowance for the goods sent up the Murray had led to the remarks to which had referred. He found, on going through the matter for several years, that the effect of adopting the New South Wales tariff would have been in 1851 a loss of 14 per cent, in 1853 a loss of 11 per cent., in 1855 a loss of 13 per cent., and in 1866 a loss of 7 per cent, but the best way was to take an average which would be found to amount to very nearly the same percentage as he had arrived at from the returns of the year 1855. But the fact was that the year 1856 threw them out, because a large quantity of tobacco paid duty here for transmission to New South Wales, and was not sent up the river till the commencement of the present year. Therefore they had no clear data to go upon. But after deducting the tobacco so sent up, and arriving at as near a balance as he could, he found there had been cleared about 62,000 lbs. of tobacco above the average, and for which he could in no way account, except by supposing that it had been held over for shipment . He could not certainly suppose that the people of South Australia had so suddenly increased their consumption as to have used it all at home. For these reasons itwould be seen that, by taking the year 1856, they would only arrive at an erroneous conclusion.

Mr. Reynoldsasked ifthe hon. member could give the House an account of drawback.

The Treasurer said there was no drawback. The weight of duty-paid tobacco was taken, and the amount carried to the credit of the other Government. But in addition to any loss we might sustain by the adoption of the New South Wales tariff, he should object to it altogether, on account of the high duties it imposed on tea, tobacco, coffee, and other articles mainly consumed by the working man. He had arrived at the conclusion, after some careful calculation, that in South Australia the man of £800 a-year income, contributed to the revenue about three times as much as the labouring man, while in New South Wales there was little difference between the amounts at which they were taxed. He should object to it also on account of the duty on tobacco being so high that it would form a great inducement to smuggling along our coast-line, which would require a very large outlay for its prevention. The probable effect of the high duty would also be to materially reduce the consumption of the article. Again, in the New South Wales tariff there was a great difference in the duties levied upon different kinds of spirits—varying from 6s. to 10s.—without any apparent reason. It was not upon the *ad valorem* principle, because the lowest priced spirit was the most highly taxed ; and he really saw no reason why the man who was fond of whiskey should pay more highly for his glass than he who preferred brandy. To come more immediately to the Bill, the House would remember that one in some respects similar to it was rejected by the late Legislature. It contained a clause authorizing the receipt here of the duties claimable by the other colonies. The late Council objected to our officers acting as agents for the other colonies, and that had been the occasion of all the difficulty which had arisen in carrying on the river traffic. He trusted the present Legislature would not take the same view of the question. The collection of duties for the other colonies was the main feature of the Bill; but there was another which provided for drawback upon other goods chargeable with duty here, but free in the other colonies. Our ad valorem duties formed some sort of approach to an income-tax, because the greater a man's means were, the more taxed articles he was likely to consume; and this he had always considered a good principle on which to base taxation. Those duties, therefore, he would retain, but would as far as possible prevent their interfering with the traffic of the river by allowing drawback upon goods taken to the other colonies. In order to carry out the provisions of the Bill it would be necessary to establish Custom­houses at some points of the river higher up than the Goolwa. It had been found very onerous to persons living up the river tohave to bring their vessels to the Goolwa to clear; as aninstance9 he might mention Mr. Randall. This the Government sought to provide for before, but the Council differed from them. He calculated that two or three officers would be required for the new Custom house or houses; but as they would be for the use of the other colonies it would be proposed that they should be retained at their expense. He had no fear of their not being met in a friendly spirit by the New South Wales and Victorian Governments, and had no doubt of any but a satisfactory result.

The Chief Secretary seconded the motion

Mr Reynolds had not expected that the hon. gentleman was going so far into the various questions he had introduced into his speech. He (Mr. Reynolds) was not prepared to discuss the queston of appointing a delegate for the purpose of assimilating the tarrifs; that ought to be brought separately before the House : and so ought the question of assimilation of the tariffs. The hon. gentleman had also introduced his own celebrated memorandum, which might therefore fairly be considered to be before the House. He (Mr. Reynolds) could not see that the celebrated memorandum was such a statesmanlike document, but perhaps that might be on account of his having to do with tea occasionally, or grocery, or with pounds, shillings, and pence. He, (Mr. Reynolds) had made some calculations referring to the year 1856, and it appeared to him that the deficiency on the adoption of the New South Wales tariff would have been only 2 per cent, instead of 7 per cent. The New South Wales tariff was certainly more simple than ours, and his own calculations and reasoning led him to think it more favourable to the labouring man, except in the articles of tea and tobacco. But it seemed that the hon. gentleman thought more of the prevention, of smuggling than of the benefit of the labouring man. The ad valorem duty of 5 per cent, upon almost everything the labouring man used was against our tariff, and he did not think the labouring man would suffer if the New South Wales tariff were adopted. The hon. gentleman proposed to the other Governments an import duty of 20s. a ton upon flour—so much sympathy had he with the South Australian farmer. Then he proposed a duty upon wheat amounting to only 5s. per ton, giving to the Victorian miller an advantage of 15s.. over our own. He did not mean to oppose the Bill going into Committee, as it was a temporary measure; nor should he have said so much had not the hon Treasurer gone so fully into other subjects.

Mr. Burfordsaid the longer they lived the more difficult would it be to settle the question of taxation, and now an attempt was being made to complicate the subject still further by compacts with the other colonies. Assimilation of tariffs had always been found impossible even in the old world, and it would be found so here, for the situations of the different places would always render it impracticable. They could only come at last to direct taxation, and even the hon. Treasurer appeared to acknowledge the value of that system when he endeavoured to show the House that his ad valorem duties approached in effect an income-tax. It showed a want of enlargement of mind to be unable to appreciate a system unless it could be mixed up with one more antiquated. If this was the proper time, he would move an amendment, confining any change of duties to the Murray traffic, and condemning any assimilation of tariffs.

The Speakersaid the effect of the amendment, if carried, would be to throw out the **Bill.**

Mr. Burford would not press it if it would have that effect.

Mr HUGHES would support the second reading of the Bill**,** which he thought astep in theright direction\*

He did not think that an increase of our duty on tobacco ‘•would affect only the working man, for many who would object to being called working men, were nevertheless "very fond of their dudeens. (A laugh.) There was scarcely an article which offered the same facility for smuggling as tobacco, and he would therefore support an assimilation of duties on that article. The difference of duties on sugar, wine, or spirits, when taken in connection with their bulky character, was not sufficient to induce smuggling, lie believed that if the duties on tobacco were assimilated, it would go a long way towards removing all difficulties, and, for the sake of the other articles, there would be no need of Custom House officers.

Mr. NEALES saw no provision for drawback upon goods in broken packages. For years to come, they would form the principal item of Murray traffic, and they must of necessity have paid the duty here. He begged to ask the Treasurer if he intended providing for such cases.

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The TREASURERsaid the subject was a difficult one, and would require much consideration. The Government was disposed to return drawback, and would do so in all cases where the identity of the goods could be proved.

Mr. Nealescould not see that genuine goods examined by a proper officer could lead to any difficulty. At present the mode of collecting the duty was most anomalous, goods being charged upon the invoice price instead of on the value, and this would want amendment. An hon. member had lauded direct taxation ; but let him go home to England and try to impose an income-tax there upon persons with salaries of £25 or £60 per annum, and he would find that it would never be endured ; nor could England enfore it with all her armies.

Mr. BURFORD was not in favour of an income-tax on trifling salaries or very limited incomes, although he was certainly a firm advocate of the principle of

direct taxation.

Mr. Nealeswould call it property-tax then. It was always the poorest, who were most against direct taxation, as witness the opposition to the Corn Law, which was the nearest possible approach to it, as the amount charged upon each loaf was so readily apparent from the publication of the corn averages.

Mr. MACDERMOTT thought there should be a distinct clause to authorize the payment of drawbacks. In his opinion a uniform tariff might as readily be agreed to here as in the United States, where the circumstances were still more varied; but if such a tariff could be once arranged, it should not be altered at the caprice of any particular colony.

Mr. WATERHOUSE had felt some surprise at the numerous irrelevant matters introduced into the subject by the hon. Treasurer, instructions to the delegate, and his own celebrated memorandum. He thought the instructions to the delegate should be brought separately before the House, and it would also be proper that the House should first be informed who the delegate was to be. He trusted it would be no one who had very distinctly pledged himself to any particular line of action. The throwing out of the Bill by the late Council had been spoken of as the cause of all the unpleasantness which had arisen; but if so lie did not understand how it was that our Government had been inclined to throw the blame upon that of Melbourne. It seemed to him that much censure had been cast undeservedly upon the Victorian Government, and the matter ought to be set right. The hon. Treasurers views upon some matters seemed to have undergone a change, but he still wished to Increase the number of rated articles, which he (Mr. Waterhouse) trusted the House would always oppose, as the systemrequired frequent alterations as changes arose in the prices of the articles. He might refer to the tariff before the one they now had. It had been arranged with a view to a *6* per cent, impost, and yet from the fall of price in glass the duty, after some time, became 115 per cent. ; thus a duty which was at first very reasonable became exceedingly unreasonable. Another objection he had to rated articles was that it was difficult to arrange them fairly ; for instance, sixpence per cwt. was tolerably heavy on whiting, but upon vermillion it was scarcely anything; so the duty on paper would vary from 2 per cent, to 14 or 16 per cent. He should not have referred to these subjects had they not been dragged in by the hon. Treasurer.

Mr. PEAKE supported the second reading of the Bill, thinking it expedient to forward as much and as speedily as possible the important traffic of the Murray. He was glad to see from the tone the discussion was taking that opinion was tending more towards direct taxation. It had been said that an income-tax could not be collected upon small incomes, and therefore that it was a useless tax. So far as he (Mr. Peake) knew, no political economist would think of trenching upon an income which was only sufficient for the support of life, but would take his start from that point. The Corn Law had been spoken of as a direct tax, but it must be remembered it was condemned as being a direct tax upon the sustenance of the people. (Hear, hear.) Therefore the point the hon. member took up was an incorrect one.

Mr. BLYTHthought the Bill a step in the right direction ; but when he was told that an assimilation of the tariffs could never be effected, he must express his dissent. He believed the time would come when we should, by means of a federal union, obtain not only that, but an Appeal Court also. He hoped the question of the tariff would before long be gone into, his own feeling being in favour of introducing that of New South Wales ; and he believed that if they had a tariff for the Murray, it must, sooner or later, become the tariff of the whole. It had been said that the rejection of the Bill by the former Council had led to all the unpleasantness. He had concurred in the action of the House on that occasion, and he believed the course ultimately taken was in accordance with the wishes of the three colonies. It was not till the profit upon the shipment of tobacco was discovered that any unpleasantness arose; and it was well known that the tobacco transactions were those of a Melbourne house, not an Adelaide one. The Act would have his support, and one reason was that he saw in it no reference to the Custom-House officers; for he was convinced that to keep the Murray trade successful they must keep it free. He hoped the delegate would have other matters to discuss besides the tariff, for there were several requiring settlement—the postal arrangements, the emigration question, the Chinese, and some others, none of which, he trusted, would be overlooked. With regard to the ad valorem duty, if we retained it, which he hoped we should not do for long, he trusted the drawback would be allowed on broken packages, so as to put the Adelaide trader in the same position as the Melbourne trader.

Mr. SMEDLEYhad had some experience in Victoria, and was quite satisfied that it would greatly tend to the increase of our trade with the diggings, if the dealers there knew that they could have a drawback of five per cent, upon all the goods they purchased here. They liked to see the goods, and, though they might purchase largely, would not take them in original packages.

Mr. Krichauff wished to know whether the proposed tariff, imposing a duty of 20s. per ton upon flour had been submitted to the Victorian Government.

Dr. Wark. could not find fault with the Bill after having merely glanced over it, but hoped that time would be allowed to hon. members to examine the clauses with some degree of care.

Mr. HAY thought the suggestions made in reference to the question of broken invoices were worthy of consideration, but his impression was that duties should be collected on as small a number of articles as possible, as otherwise the necessary costs of allowance of drawback on small parcels of from £100 to £150 worth, would be found to absorb all the revenue derived from such articles. He also thought that it would be necessary to place a Custom-House officer somewhere high up the Murray, in order to save persons shipping goods above the Goolwa from the expense and loss of time attendant upon going down there to clear.

The TREASURER replied: he hoped the House would pass the second reading, and allow the Bill to go into Committee. It was the intention of the Government to go into the clauses at once, but not to take the Bill out of Committee that day.

The motion was then carried without opposition, and the Bill read a second time.