

Queensland



Parliamentary Debates
[Hansard]

Legislative Assembly

TUESDAY, 2 JULY 1872

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3. That these resolutions be transmitted to the Legislative Council, for their concurrence, by message in the usual form.

The COLONIAL SECRETARY said that, in moving that the resolutions agreed to in committee be adopted, he desired to state—for he did not wish to make any secret of it—that he had authorised Mr. Stanley, in whom the Government had perfect confidence, to undertake the survey of the southern line, with a number of surveyors under him to assist. The Government had also offered Mr. Ballard, who was a competent surveyor, the appointment of surveyor of the northern line. That gentleman had not yet accepted the offer, and he could not say whether he would do so or not, as the offer had only been made to him this morning. He had made those appointments, as he believed there was no need to go out of the colony for surveyors. He was satisfied they could get as competent surveyors within the colony as they could get anywhere else.

The motion for the adoption of the report was then put and carried.

COMMON LAW PROCESS ACT OF 1867.

The ATTORNEY-GENERAL moved—

That a Bill to amend the Common Law Process Act of 1867 be read a second time.

The Bill, he said, consisted of only one clause, and its object was the repeal of the last proviso to the twenty-fourth section of the Act of 1867. He might state that when he entered upon office he found this Bill in print, but he had not, since then, had an opportunity of laying it before the House.

The motion was agreed to, and the Bill was read a second time and passed through committee without amendment.

SAVINGS BANK BILL.

The COLONIAL TREASURER moved the second reading of a Bill for the amendment of the Savings Bank Act of 1870; and, in doing so, said that as he went somewhat fully into the details of the Bill when he introduced it at first, he thought it would not be considered necessary by honorable members that he should do so again on the present occasion; and he would therefore move that the Bill be now read a second time.

Mr. THORN said he was not aware that it would have been attempted to have this Bill read a second time this afternoon, otherwise he might have been prepared to speak more fully on the subject than he was at present. However, he could not allow the second reading of the Bill to pass without offering some opposition to it; and, if necessary, he would go as far as to divide the House upon it. Last session the provisions of this Bill were included in the Married Women's Property Bill, and they passed safely through the Assembly; but, fortunately, they were rejected by the other House. If he were to judge by what took place in the House last session in respect

LEGISLATIVE ASSEMBLY.

Tuesday, 2 July, 1872.

Railway Extension Surveys. — Common Law Process Act of 1867. — Savings Bank Bill.

RAILWAY EXTENSION SURVEYS.

The CHAIRMAN OF COMMITTEES brought up the report of the Committee of the Whole on Railway Extension Surveys, which embodied the following resolutions:—

1. That it desirable that the Government should be authorised to expend a sum not exceeding £8,000 in additional surveys of railway lines from Brisbane to Ipswich, and Westwood to the Mackenzie River; such amount to be charged to Loan Unforeseen Expenditure in the first instance, and to Railway Loan when voted.

2. That an Address be presented to the Governor, praying that His Excellency will be pleased to recommend to this House the necessary appropriation to give effect to the foregoing resolution.

to the provisions now embodied in this Bill, he knew that his opposition to it would be altogether fruitless; but still he would oppose it, because he desired to have his opposition placed on record. He had several reasons for opposing the Bill; and, in the first place, he did so because he was certain that if all the money in the Savings Banks was withdrawn to-morrow and placed in the other banks, bills would not be any more readily discounted by those banks than they were at present. The present rates of discount on commercial paper would not be in the least degree lowered by the change; but, no doubt, the rates of interest on fixed deposits would be lowered—and there was no interest allowed by those banks on deposits at call. He believed that all the money that might be taken out of the Savings Banks, and deposited in the other banks, would be sent to other colonies for investment; because it was generally supposed that there were no safe means of investing money in Queensland. At any rate it suited the directors and managers of banks to say so, and to encourage that belief. Now, he maintained that there were no such good and safe means of investment in this, as there was in any other of the colonies. He believed the banks might reduce their rates of discount if the stamp duty was abolished; and he would put to the honorable the Colonial Treasurer if it would not be advisable, in view of the introduction of the Budget for 1873, to recommend the total abolition of the stamp duty on bank notes issued in the colony. He thought it would be much better to do that than to lower the rates of interest on deposits in the Savings Banks. Now they had never heard anything from outside of a desire for a measure of this kind; and so far as they could judge, by the tone of the press throughout the colony on the subject, the mind of the country was altogether opposed to it. Everywhere the papers opposed a reduction in the rates of interest on deposits in the Savings Banks. If the stamp duty was abolished there might, however, be some reduction in the rates of discount. He was sure that by the passing of this measure money would not be one whit easier than it was at the present time. He would most strenuously oppose the Bill in every shape and form; and if he could not succeed in getting it thrown out on the second reading, he would endeavor, in committee, to get the rates of interest increased. He hoped that a measure proposing such an extreme change would not receive the sanction either of the House, or of the committee. He believed there were several honorable members in the House who held the same opinions on this question as he did; and he hoped that if they could not succeed in getting the Government and those who supported them in the matter of this Bill, to accede to their views altogether, they would, at least, be able to induce them to come to some fair compromise upon it.

Mr. FIFE said he considered there was a principle contained in the Bill before the House that would interfere to a great extent with ordinary commercial business, and with the operations of corporate banks. In dealing with a measure of this kind, their first object should be to protect the interests of the people of the colony in such a way that they should not be dependent upon the ordinary banks or upon those engaged in commerce. It struck him very forcibly that one of the effects of this Bill would be, the initiation of a National Bank. Every man who had a vote in the colony was a partner in a great copartnership in the occupation of the lands of the colony; and in that view of the case, honorable members were in the position of directors acting for the shareholders. As he had just stated, this Bill, by the alterations it proposed, would establish the nucleus of a National Bank; and it struck him that there should be a saving clause in the Bill by which the Government would be prevented from drawing moneys out of the Savings Bank by which the safety of the depositors would be in any way invalidated. Almost every nation in the civilized world had laws for protecting the people against monopolies; and it was well known that commercial people when they were in difficulties were wholly under the thumb of the banks—and at one time, even the Government of the colony was at the mercy of the Union Bank. That was the only bank that was not under the control of the Government. It was the only bank in the colony, the proprietors of which were not limited as to their individual liability. In legislating with respect to banks, the greatest care should be taken not to give them more than two or three years power. The Bank of New South Wales asked for an extension of their charter for a period of fourteen years; but it was not considered advisable by the Legislature to grant it for more than three years. In a progressive colony like this they ought not to give too much power to the banks. Wherever a colony was found to be progressing they ought to bind the banks so as to prevent them from becoming monopolists, or acting unmercifully towards those who placed implicit reliance upon them. What commercial bodies, he would ask, were more unmerciful than the banks? This Bill would take away a portion of the power from the ordinary banks to discount bills; and as a matter of course, those who were interested in those banks would oppose this Bill. The Bill proposed to fix the rate of interest at a certain amount, which was a proceeding altogether contrary to the principles of free trade; and, besides that, it was impossible to fix the value of money, which was wholly regulated by the law of supply and demand. The depositors in the Savings Banks would soon take out their money, if they found that the law of supply and demand was in their favor; and place it where they would get better interest

for it; and they could do so at a very short notice—so short, indeed, that it might be said they could withdraw it at call. But many of the depositors, if they found they could get higher interest for their money, would withdraw it, notwithstanding that they had 750,000 square miles of country at their backs as security, and invest it in what might be deemed precarious undertakings. So far as the Bill was concerned, it might be a judicious step; but it was a measure that would very much interfere with the interests of commerce; and it would interfere with the principle which recognised, that all banks should be under the control of Parliament. While he said that much, he did not see why they should give to trading banks privileges which enabled them to monopolise, not only the money of the colony, but to raise discounts also. They could regulate the laws of exchange thoroughly, independent of the laws of supply and demand, by fixing the value of gold and exports, existing contrary to all the laws of supply and demand; and the House was altogether helpless in the matter; but they ought to endeavor to exercise a supervision over those institutions by restricting the duration of their privileges to a limited period.

Mr. BUCHANAN said that it was his intention to support the second reading of the Bill, which had for its object the reduction of the rate of interest at present allowed on Savings Bank deposits, as he considered it was a step in the right direction; at the same time it was only one step, and he was prepared to go further and move an amendment, that the interest allowed should be only three per cent. instead of four per cent., and that instead of two and a-half per cent. being allowed on deposits over £500, no interest should be allowed. The honorable member for Rockhampton had talked a great deal about the benefit the Savings Bank was to the poor man, but he thought that the class of persons who used the Savings Bank who were not poor men, should not be any longer allowed a higher rate of interest, which was paid at the cost of the colony, than that which was allowed by the banks. The honorable member for West Moreton said that the tendency of reducing the rate of interest on Savings Bank deposits would be to drive the money to other colonies, but he could go into figures to prove that the honorable member was mistaken in that opinion. That honorable member also stated, that the rate of bank discounts would not be reduced. Well, they would not at the present moment, no doubt; but the reason of that was, because such a plethora of money had suddenly arisen in the market. The honorable member had also made a suggestion, which was a very excellent one, that the stamp duty on the banks in the colony should be reduced. Now, in New South Wales two per cent. was only paid for that duty; in Victoria, no duty was charged; whilst, in Queensland, three per cent. was

charged. That, however, was no tax on the banks, as they were bound to get from the public what they paid, so that it was, in fact, paid by the customers of the banks. He contended that the high rates of interest paid on the Savings Bank deposits were a tax on the whole community, because the people had to pay in proportion, and capital was, to a great extent, locked up; which in this colony, of all others, should not be the case, as it was so much required to develop the many resources of the country. The present Act was assented to on the 7th April, 1870, and only came into force on the 31st December of that year, in consequence of the previous Act allowing interest to be reckoned up to the 31st December. And, when that Act was passed, as was well known to all honorable members, the rates charged for money were two or three per cent. higher than they now were. He could bring forward some facts to shew that the high rates of interest allowed by the Savings Bank had the effect of locking up capital. In the Savings Bank, in Victoria, where the maximum deposit bearing interest was £250, and the rate of interest four per cent., the amount deposited was £760,000. There was also a proviso in the Savings Bank Act of that colony, that not more than £50 should be deposited in one fortnight in the same name. Now, against that total of £760,000 there was deposited in the Joint Stock Banks a sum of £11,359,516 9s. 1d. In New South Wales, the sum deposited at five per cent. interest, in the Savings Bank, the maximum deposit being £100, was £631,688 9s. 10d., or nearly a million; whilst in the Joint Stock Banks of that colony, there was £7,043,885 17s. 3d. In Queensland, where five per cent. was allowed on deposits up to £500, there was £407,134, or nearly half-a-million in the Savings Banks, against £1,240,696 6s. 3d. in the Joint Stock Banks. Those figures shewed the proportion of the Savings Bank deposits with those of the Joint Stock Banks, to be as follows:—In Victoria, about 1 to 15; New South Wales, 1 to 7½; and in Queensland, 1 to 3. He thought those figures shewed very plainly that the high interest paid by the Savings Bank affected not so much the banks as the whole community, as it had the effect of locking up money, and preventing it from being placed to a profitable use. It seemed to him that honorable members overlooked the vast advantages that Savings Banks depositors derived from their money being redeemable at call—and in order to see how that was appreciated by bankers—men who had made finance their life study—they had only to compare the rates allowed by banks according to period of deposit. The interest allowed by Sydney banks was, 3 months, 2½ per cent.; 6 months, 3½ per cent.; 12 months, 4 per cent. By Melbourne banks, 3 months, 2 per cent.; 6 months, 3 per cent.; 12 months, 3½ per cent. Whilst in Brisbane, the banks allowed for 3 months deposits, 3 per cent.;

6 months, 4 per cent.; and 12 months, 5 per cent. Now, the rates allowed in Savings Banks were:—In Sydney, 5 per cent. on deposits up to £100; beyond that, nil.; and there, there was a note duty of 2 per cent. In Melbourne, 4 per cent. up to £250, and nothing over that amount, and there the banks did not pay any note duty. In Brisbane, 5 per cent. was allowed up to £500, and there was a note duty of 3 per cent., or 1 per cent. higher than that of Sydney. When the Bill was in committee, he should be prepared to move several amendments on it.

MR. MILES said that there was no doubt whatever that when the proposed Bill was introduced, six or seven months ago, whatever necessity might have then existed for such a measure, there was none at the present time; for, as he had been informed, the deposits in the Savings Bank were very much decreasing, owing to persons drawing out money for the purpose of joining in the speculations consequent upon the recent mineral discoveries; in fact, he was led to believe, that in a short time the amount in the Savings Bank would be very considerably reduced. He thought that if the honorable member who had just spoken was anxious to see the deposits in the Savings Bank properly invested, that honorable member should give his assistance to throw open the lands of the colony, so as to induce people to settle, and invest their money in a more profitable way than having it in the Savings Bank; for he was certain that the money which was deposited there was placed there more for the sake of security than for the purpose of anything else, as five per cent. was not such a very high rate of interest after all. He did not think that the arguments of the honorable member for the Warrego would go for much, when the honorable member compared the rate of interest allowed here with that of New South Wales, as he did not think that they were compelled to follow that colony in everything, and moreover, he believed, as far as he could judge, that the Act now in force in this colony had worked most admirably. The country had had the benefit of borrowing money from the Savings Bank at a lower rate of interest than they could get it elsewhere, and he believed that if the mineral discoveries lately made came to anything—and it was most probable that they would—there would be very little money left for depositing in the Savings Bank. In fact he was rather inclined to think that the reverse would be the case, and that the greatest portion of the funds now in it would be withdrawn. He would, therefore, recommend the honorable the Treasurer to withdraw his Bill. He thought that the Savings Bank was not only very useful to the people, but also of great benefit to the Government; for so long as they could procure money at no higher rate than five per cent., they would do very well. He should oppose the second reading of the Bill.

MR. J. SCOTT said he was opposed to the Bill in its present form; as, in the first clause, it proposed a reduction of interest on deposits over £200 to two and a-half per cent. If it had been proposed to reduce the interest on all deposits up to £500 to four per cent., it would, he thought, have been more acceptable, and a fair thing, as money was not so valuable now as when the Bill was first introduced. He thought it would not be well to reduce the interest to two and a-half per cent. on all sums over £200, because all the money would be required shortly for carrying out public works. He considered that as they would have to borrow money shortly, they should not go outside of the colony to pay five per cent. for a loan when they could obtain the money inside the colony at four per cent. Moreover, the Savings Bank was very useful to the poor man; and he would there point out that it was very difficult to say what constituted a poor man, because he held that clerks, or other persons, who wished to accumulate money with the object of investing it in business of any kind, were quite as worthy of encouragement as persons who saved for other purposes. If the honorable member for West Moreton divided the House on the question, he would support the honorable member.

MR. STEPHENS said that when the Bill was before the House, on a former occasion, he had opposed it, and he should be obliged to do so on the present occasion. The Bill was different, it was true, from that of last year; but in his opinion it was worse, as it now proposed to reduce the interest on all deposits, namely, paying only four per cent. on deposits up to £200, and only two and a-half per cent. on deposits from £200 to £500. He thought that both of those proposed reductions were objectionable, as he considered that it would be a great pity to interfere with the remarkably successful working of the present Savings Bank Act. It was well known that it had been most useful to the colony by fostering habits of saving and economy among all classes of the community; and he therefore contended that they ought not in any way to interfere with that, so long as it could be carried on without expense to the State. He admitted that they had no right to continue paying the same rate of interest as at present, if it entailed a heavy burden on the State; but he believed it did not, as on reference to the Savings Bank Report it appeared that it had not cost the country one penny. If the Government were borrowing money from the banks, then it would be an expensive matter; but it appeared that such was not the case, and therefore, if they could maintain it, they should do so, as he considered they were bound to. It must also be remembered that the whole of the money received by the Government from the Savings Bank depositors was utilised in one way or other by

the Government. He found by the Savings Bank Report of the present year that the Government credited the depositors with a total amount of £254,000, and that the bank actually received £15,961 for interest money. That was, that instead of putting the debentures or Treasury bills into the Sydney or English markets, they were sold to the Savings Bank, which did not cost the Government one penny more. On the contrary, if they had sent the debentures home, they would have had to pay £21,564 at the commencement of the year, instead of £15,961, so that there was a difference of £5,603. So long as that was the case, it would be bad policy on the part of the Government to interfere with the Act, and the present especially was a very bad time for any such interference to take place. Honorable members were, no doubt, well aware that in the colony and elsewhere there was a great spirit of speculation prevailing, and it would not be right to encourage that speculation, which would be the case, if the rate of interest was reduced, and the money thus driven out of the Savings Bank. It was quite clear that in driving it out, they would not drive it into better or safer investments; but, on the contrary, as soon as it went into the other banks, it would, as was well known, be sent to other colonies, and nothing more would be seen of it here. Some years ago the colony was greatly indebted to the banks, whereas now the state of things was very different, as the banks were drawing money from the colony, and sending it elsewhere; so that instead of the banks finding the colony money to work with, they were actually taking away money from it. The honorable member for the Warrego had pointed out that whilst there was a large amount of capital floating about in the colonies of New South Wales and Victoria—a large sum in proportion to the amount in the Savings Bank of each of those colonies—that the amount in the Savings Bank here was as only one to three. But that was easily accounted for; for so long as the banks got that floating capital, and sent it away from the colony, that would be sufficient for it appearing so small here in comparison with the amount deposited in the Savings Bank. The fact was, that they reduced the amount here to increase it in the other colonies. One great argument brought forward was, that the interest given by banks was one per cent. more here than in New South Wales; but he believed that that had been abolished, and that the rate of interest in Queensland was reduced to the same amount as in Sydney, so that the great interest the colony was to have received had disappeared altogether. They had then been told that the whole commercial community was paying one per cent. more for interest on account of the Savings Bank Act; but the rate of interest had not been altered, only the rate of discount had been. The present Bill proposed not only to interfere with the

deposits of small men, but with all the deposits; and although the arguments of not allowing more than two and a-half per cent. interest on sums over £200 might have some weight in them, as they did not affect the savings of the people, yet what could be said about the attempt to reduce the rate of interest on the smallest of all deposits—on those of shepherds, working men, and others, for whom the Act was specially intended? Why the Bill proposed to reduce the rate of interest paid to them from five to four per cent., and on that account he considered that it was wrong in principle; for, as he had shewn, it cost the country nothing whatever to continue giving the present rate of interest. If they continued to pay the present rate, so long could the Government continue to borrow from the Savings Bank, for the report of last year stated that the Governor in Council had authorised the investment of £250,000 of Savings Bank funds in the purchase of an equivalent amount of Queensland debentures. Now, so long as they were borrowing from the Savings Bank, so long could they afford to pay the present rate of interest, and so long he considered it would be unwise for that House to interfere with the Savings Bank Act. He should, therefore, oppose the Bill.

Mr. HEMMANT said that he must disagree with almost every word that had fallen from the honorable member for South Brisbane, and should support the second reading of the Bill, although he would not pledge himself to adopt the rates of interest proposed by it. He thought, in the first place, that the reduction from five to four per cent. on sums under £200, was not the best alteration that could be made in the Bill. First of all, honorable members should consider the object for which Savings Banks were established, which no doubt was to encourage saving habits among the poorer classes. In order to do that, the maximum interest should be given for the minimum deposit; and he thought that if they gave five per cent. on deposits up to £100, they would be carrying out the object for which the Savings Bank was originally established. Now, in England—he did not know the limit, but he believed it was much less, and the interest was naturally very much less than it was in this colony. The honorable member for South Brisbane gave as one of his reasons for opposing the Bill, that he did not wish to encourage a spirit of speculation amongst the people; but he differed from the honorable member in that respect, as he thought it was a very bad sign, when the people of any country kept large sums of money in the Savings Bank, and eked out a miserable existence by merely living on the interest of such moneys—on the paltry five per cent. that was allowed. The honorable member for South Brisbane must be aware, that by various devices on the part of depositors, such as through one's grandmother or cousins, or

relatives, or by lodging money in one's name as trustee for one's family, it was possible to accumulate as much as £5,000 or £6,000 in the Savings Bank at the present time for the benefit of one person only, who could draw his £300 a-year as interest, and also have his money at call, which was another great convenience. He thought that that argument of the honorable member must be part of that old "rest and be cautious" policy of that honorable member, of which he had hoped they had heard the last some time ago. He found by the tables which had been furnished by the honorable the Colonial Treasurer at the close of last session, that out of the 6,970 depositors, there were 5,563 under £100, or about five-sixths of the whole number of depositors. So that it was evident that if the alteration was made it would not affect the great bulk of the depositors; whilst, on the other hand, there would be an amount saved that would be available for other purposes. According to the return, there would be only 458 persons who would have been affected by any reduction of interest on sums over £200 at that time; and he considered that the House was not called upon to legislate for such a small minority as that, but that they should consider the interests of the bulk of the depositors; and, as he had pointed out, five-sixths of them were under £100. It had been very plausibly argued, Why should they go out of the colony to borrow money at six per cent., when they could get it in the colony at five per cent.? Now he did not believe in that, as he thought that, when Governments had a large available sum at their command, they were apt to be extravagant, and that it was owing to past Governments having had large sums at their disposal that they had been so extravagant; so that, on the whole, if they had to pay more for money out of the colony, it would not be altogether a loss. He thought that the knowledge that the Treasurer had a large sum in the Savings Bank which he could expend, would be nothing in his favor. Now, he had pointed out, on the last occasion on which the Bill was before the House, that the large deposits in the Savings Bank were used in such a manner as to interfere to a very considerable extent with the legitimate business of banking companies, and he would mention one way in which they did so. As he was informed, any person could deposit a sum of money in the Savings Bank, at Brisbane; and, if he went up to Rockhampton, could, by sending a telegram, have the amount sent to him there free of all charges whatever, such as exchange, &c. Now, he considered it was desirable that the honorable the Treasurer should pay attention to that, as he thought it was not proper that such a state of things should be allowed. Then, again, comparison had been made between the deposits in Savings Banks and those in other banks; but he would point out that there was one great difference between

the two, which should be borne in mind, namely—that in all Savings Banks in the neighboring colonies there were trustees who had power to lend money for legitimate purposes, or on first-class freehold security; and the consequence was that the people were benefited by being able to borrow money from the Savings Bank at a little lower rate than elsewhere. That power to lend did not, however, exist in this colony, and he recollected that, when last the Bill was before the House, and a clause to confer that power was proposed to be inserted in the Bill, it was objected to on the ground of some heavy losses having been made when such a principle was in force. Now, a staple objection had been made by writers in the newspapers about the reduction in the advances made by the banks, and it was said that the banks sent away money instead of lending it to the colony; but he contended that that arose from the increasing prosperity of the country, and there being fewer borrowers. The deposits and advances were now about equal, and because that was the case, there was an outcry made by a certain set of political economists that the banks were drawing the life-blood out of the colony. He presumed, however, that the banks were composed of private individuals, who did the best for their capital; but the real secret was, that the prosperity of the colony had been increasing to such an extent, that the people were paying off their debts instead of the banks drawing their life-blood, as it was termed—and that within the last five years, over £800,000 of advances had been cleared off. That, he thought, should be a subject of congratulation instead of complaint—that the position of the colony had so improved, that the people were able to pay off such a large sum of money.

MR. THORN: Nonsense.

MR. HEMMANT: The honorable member for West Moreton said "nonsense," but he would have to live to a great age before he asked the opinions of the honorable member on any subject whatever. A great deal had been said about the passing of such a measure as that before the House not being likely to lead to any reduction of discount by banks; but they need not go to any other colony to find where banks were taxed more highly than they were in Queensland, and he should certainly support a resolution for placing the banks on the same footing as they were in other places. But it was found that in this colony the rate of interest was lower than elsewhere, and that was attributed to the competition of the Savings Bank with the private banks, and not to the difference in the amount of the stamp duty paid by the banks. It had been stated by every person, that if the banks here were placed on the same footing as banks elsewhere, they would be able to offer the same facilities to their customers; and it must not be supposed that if the banks

could employ their capital more profitably here than in New South Wales, they would take it to New South Wales; but the fact was, that there were not now in this colony the same applications for loans on pastoral property that there were some five years ago; and in all commercial pursuits, also, the people were getting into a more independent position every year. That should be a subject for congratulation, and he believed that the Bill before the House would assist in supporting that state of things, and for that and other reasons he should vote for the second reading.

Mr. GRAHAM said that from what he had heard, he had been under the impression that the banks had no profitable investment in the colony for money they already had, as large sums of money were taken from it for investment in Victoria and elsewhere, and yet honorable members were now asked that all the money—which was of assistance to the Government—should be transferred from the Government bank to the private banks. He thought, however, that it was not because the banks could not find investments for their money here that they took it away, but because they were too cautious to invest it; they had been very severely bitten in several instances, both here and in other places, and therefore he believed they were frightened to invest it, and that consequently persons could not obtain advances from them. The present question, according to his ideas, resolved itself into the simple question: what amount of money could the Government make use of? If they went to a bank to borrow, the lowest rate of interest they had to pay on debentures was six per cent.; and if they went with Treasury bills, they had to pay eight per cent., and therefore if the interest now allowed by the Savings Bank on sums up to £500 was five per cent., it was lower than the Government had to pay elsewhere, and consequently it was not advisable to reduce the interest, and thus drive the money away. If the money deposited by the people of the colony was simply to be locked up in a chest, then the idea of paying such a heavy interest would be absurd; but when it was found that the Government was really utilising the money deposited, it really did as much good as if the money was invested in trade. Another objection which had been alluded to by the honorable member for East Moreton was, that depositors in the Savings Bank lived on the interest of their deposits. Now he (Mr. Graham) could not understand why, if a man chose to sit under his own fig-tree, and drink his own wine, and live upon the interest of his savings, that should be any injury to the colony. It was, he thought, rather a benefit than otherwise, because, if such a man did not put his money into the Savings Bank, there would be no security that he might not send it elsewhere, where it would be of no service to the coun-

try whatever. He should vote against the Bill, as he thought that it was nothing more than an attempt to transfer the money from the Savings Bank to private banks for their benefit alone.

The COLONIAL TREASURER said that if he had spoken on the subject when moving that the Bill be read a second time, he might, perhaps, have saved some of the time which had since been spent in discussing the merits of it; but after listening to the objections which had been raised against the Bill, and the able manner in which they had been answered by the honorable member for East Moreton, he thought there would be no necessity for him to speak at any great length. The objections to the Bill had, however, been so varied, and inconsistent, and had shewn on the part of honorable members such an incorrect idea of the working of the Savings Bank Act, that he might, perhaps, be permitted to say a few words in reply before the question was put. First of all he desired to impress upon honorable members that the object of the Bill now before them was not in any way whatever connected with the other banks of the colony; there was no intention whatever of causing money to be withdrawn from the Savings Bank for the purpose of being deposited in other banks. But the only object of the Bill was the safe custody of the money of the people, with a moderate rate of interest upon deposits of what were called the poor men of the colony; and therefore, if the maximum amount upon which a certain interest was to be paid, were to be limited to £200, he did not think it would be a matter of very great importance to them. But there were great reasons why a smaller rate of interest should be paid on deposits above £200, one of which was, that there were certain trust moneys in the hands of persons in the colony, and for those moneys the Savings Bank was a very safe and proper place of deposit, whilst the moderate rate of two and a-half per cent. would be of great advantage to the persons holding such trust moneys. The Bill, whilst offering facilities for the deposit of moderately large amounts, still guarded most carefully against the abuses which were found to exist under the present Act, namely, the deposit of large sums by capitalists in the Savings Bank, merely for the purpose of getting a remunerative rate of interest. In his opinion, the honorable member for the Leichhardt had stated a most erroneous objection to the Bill. That honorable member objected to the reduction in the rate of interest, as he thought it was a convenient thing for the Government to have a large sum of money at their disposal; particularly at a time when the country was about to launch into a large expenditure on public works. Now, that was a great fallacy, and he trusted that no Government would ever think of so misusing a sum of money collected

in the Savings Bank for the purpose alluded to by the honorable gentleman. Then again, it was stated that no money should be borrowed by the Government outside of the colony so long as they could get it in the colony at five per cent.; but honorable members should remember that the alteration of the rate of interest on deposits would not affect that proposition at all: for even supposing that a reduction of the rate of interest had the effect of withdrawing large sums from the Savings Bank, there was nothing to prevent the Government, when borrowing money for public works, from issuing debentures in the colony at the rate that they now allowed for deposits, and thus capitalists would have the same opportunity for investment. It had also been said that the reduction of the interest from five to four per cent. on the maximum sum of £200 would have a very unfair and prejudicial effect upon the small capitalist or man of small means. Now, it was true that they would not get the same rate of interest as they did at present; but it must be recollected that although the Government came forward as holders of small deposits for small people in the colony, it was not part of the duty of the Government to hold those deposits at a loss to the country. When the railways were constructed, the Government, it was true, had had to borrow money at six per cent.; but since that time, the rates at which the other colonies had been able to borrow money had been much less, and he hoped that the loan which would be asked for at no very distant date would not be raised at six per cent. but at five per cent., or he might even say four per cent. For he saw no reason why, if Indian bonds were selling in England at a premium of 104, the Australian colonies should not have a similar rate of bonds, which he hoped would realise in the English market a higher rate. If they borrowed at a less rate than four per cent. they could not afford to pay five per cent. to depositors in the Savings Bank, without a severe loss to the colony; therefore they proposed to pay four per cent., which he thought would be very fair and remunerative to small capitalists. The honorable member for Maranoa had stated that when the Bill was introduced some months ago, there was some necessity for it; but that, owing to a lower rate of discount charged by the banks, there was no necessity for it now.

Mr. LILLEY: No, no; owing to speculations.

The COLONIAL TREASURER: The honorable member for Maranoa had confused the action of the Savings Bank with those persons who could more profitably invest their money. It was not necessary for him, however, to go further into the matter, as he had no fear of the second reading of the Bill being opposed. The details of it would be most important, and they would be discussed when the Bill was in committee. He would, therefore, now move—

That the Bill be read a second time.

The question was put, and the House divided as follows:—

Ayes, 16.

Mr. Palmer
" Bell
" Thompson
" Bramston
" Cribb
" Lilley
" Ramsay
" Ferrett
" Morehead
" Buchanan
" W. Scott
" Wienholt
" Royds
" Fyfe
" Griffith
" Hemmant.

Noes, 7.

" Miles
" Stephens
" J. Scott
" Edmondstone
" Clark
" Thorn
" Graham.

The COLONIAL TREASURER moved—

That the Speaker leave the chair, and the House resolve itself into a Committee of the Whole, to consider the Bill.

The motion was agreed to, and the House put into committee.

The COLONIAL TREASURER moved the adoption of the first clause, which provided that the rates of interest payable upon deposits should be on sums not exceeding £200, at the rate of four per cent. per annum, and on sums exceeding £200 but not exceeding £500, at the rate of four per cent. per annum upon £200 of the amount and at the rate of two and a-half per cent. per annum upon the residue.

After considerable discussion, an amendment, proposed by Mr. CRIBB, to the effect that interest at the rate of five per cent. per annum should be paid upon deposits not exceeding £100, was carried, on a division, by a majority of 14 to 13.

The CHAIRMAN shortly afterwards reported progress, and obtained leave to sit again next day.

On the motion of the COLONIAL SECRETARY, the House then adjourned.