

Queensland



Parliamentary Debates
[Hansard]

Legislative Council

WEDNESDAY, 14 AUGUST 1872

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LEGISLATIVE COUNCIL.

Wednesday, 14 August, 1872.

Resumption of Lands. — Loans Consolidation Bill.

RESUMPTION OF LANDS.

The POSTMASTER-GENERAL laid on the table, Schedule of Lands proposed to be resumed in the Settled Districts of Darling Downs, East Moreton, West Moreton, and Wide Bay, in pursuance of the powers given to the Legislature under clause 10 of the Act 31 Victoria, No. 46.

Ordered to be printed.

At a subsequent stage of the sitting, Messages were received from the Legislative Assembly transmitting a series of resolutions specifying the runs in which the lands proposed to be resumed were situated; and on the motion, by the POSTMASTER-GENERAL, that the first series (Darling Downs) should be taken into consideration to-morrow,

The Hon. L. HOPE suggested that they should not be taken into consideration until Friday.

The Hon. E. I. C. BROWNE observed that the subject was very important; and the House should have further time to consider the resolutions—at least, until Friday.

The POSTMASTER-GENERAL: There were so many honorable members at present in town, that he thought to-morrow would be most convenient for them. If it was the wish of the House, he had no objection to Friday.

The Hon. L. HOPE: He wished to draw the attention of the House to the circumstance that the Homestead Areas Bill would come on for second reading to-morrow.

The Hon. J. TAYLOR: He should like to know from the Postmaster-General, whether, if the Homestead Areas Bill was thrown out, he intended to press the resolutions?

The POSTMASTER-GENERAL: It depended upon the House whether the Bill or the resolutions were passed.

The Hon. J. TAYLOR: That was not an answer to his question. He asked the honorable gentleman who represented the Government, whether or not it was his intention to press the resolutions, in case the Homestead Areas Bill was thrown out? He thought he was entitled to an answer from the honorable gentleman. He knew what a Minister had said to him (Mr. Taylor) just now.

The POSTMASTER-GENERAL: When the time came, he should be able to give the honorable gentleman an answer. At present, he declined to do so.

The question was put, and the whole of the resolutions were ordered to be taken into consideration on Friday next.

LOANS CONSOLIDATION BILL.

The POSTMASTER-GENERAL moved the second reading of a Bill to authorise a Loan for the purpose of converting and consolidating the Public Loans of Queensland. He said he would explain, as well as he could, the purpose of the Bill. At present, the colony had about three millions and a-half of debentures outstanding, at 6 per cent., and it was proposed by the new Loan Bill, which would be before the House soon, to issue a further loan of £1,466,000, nearly a million and a-half. It was intended to issue the new loan at 4 per cent., and to consolidate the whole public debt so as to have uniform stock, both as to interest and date of payment. The whole debt would amount to over five millions sterling. The present time was perhaps the most favorable that could be chosen for consolidating the debt, when a new loan was to be negotiated; and the Government would be enabled to raise the new loan upon more favorable terms than otherwise, if they had authority to consolidate the previous loans. There were many persons, such as those who held trust money, or who wished to have their money secured, who would rather place it by purchasing bonds which ran over a long period, even at a lower interest, than they could obtain by investments for comparatively short dates, so that they should not have to change. It was proposed that the debentures should run from forty to fifty years. He had distributed to honorable members a table, and he thought that if he were to try to explain to them what that table contained, he should, perhaps, only lead them into confusion.

HONORABLE MEMBERS: Explain.

The POSTMASTER-GENERAL: They could see far better for themselves than he could possibly explain, what it contained.

HONORABLE MEMBERS: No, no. Explain.

The POSTMASTER-GENERAL: However, the chief table shewed that if the present debentures were, for instance, exchanged for 5 per cent. debentures, at par, the immediate increase of debt would amount to £386,735; there would be an annual saving of £17,293; and, at the end of the time, when the new debentures would have to be paid, the transaction would have resulted in neither profit

nor loss. On the other hand, if debentures bearing interest at 4 per cent. were sold at £84, the immediate increase of the debt would be £1,156,679; and the annual saving would amount to £26,993; and, at the end of the time, when the debentures would have to be paid off, there would have accrued a profit of £272,078 to the country. Against that, if the selling rate of the debentures was £85, at £4 per cent. interest, the immediate increase of the debt would be £1,099,975; the annual saving of interest would be £29,260; and the accumulated profit at the end of the term would be £409,985. At £86, bearing 4 per cent. interest, the advantage and profit would be a little higher; and so on, in accordance with the rate at which the debentures should be parted with. There was another loan of a little over £123,000, which was the first raised by the colony, and which was provided for by a sinking fund of 2 per cent. upon the total revenue, which would be very shortly paid off. For that reason it was not included in the amount of the public debt to be converted and consolidated under the present Bill. The relative prices which might be obtained for the 4 per cent. debentures, and the English exchange between the new debentures at 4 per cent. and the outstanding debentures at 6 per cent., would in reality not make much difference; for the lower the selling price of the former, the less would have to be paid, as was evident, for the latter, the outstanding debentures, at the highest rate of interest; and the better the rate that the new debentures sold at, of course the price of the present debentures would increase in a corresponding ratio. He need hardly say that it must be considered by all thinking men very desirable that the debt of the colony, or any debt, in fact, should be of the same sort; and he thought that most honorable gentlemen would agree with him that a great advantage would be gained by the colony if the measure now under consideration was brought into effective operation.

The Hon. H. B. Fitz said he had a few remarks to make upon the Bill. He was exceedingly sorry to find that one honorable gentleman, who was generally considered a good authority on financial matters, as far as Queensland was concerned, had not given his attendance on this occasion; he alluded to the Honorable George Harris. He trusted that honorable member would not allow the Bill to pass in silence, and that his honorable friend, Mr. Hart, would give the House the benefit of his financial experience. For himself, he took a common-sense view of the question. No more favorable time, he believed, could have offered than the present for the Government to raise money, the rate was now so low in the English market; and, consequent upon the resources of the colony being so extensively developed, Queensland would rise naturally in the estimation of the British public, who would feel that the colony

offered improved security for the loans. He found by the table that the first loan was due in 1884, eleven years; the second, in 1885, twelve years; the third, in 1891, eighteen years; and the fourth, in 1895, twenty-two years, hence. It struck him very forcibly that the holders of Queensland debentures were principally capitalists, and persons who knew quite as well as we the value of our securities. A party was to be sent home to buy up the outstanding debentures, and to supply their place with others at a lower rate of interest, namely, 4 per cent. If the Council took into consideration the cost of sending home a person to represent the colony and to make those purchases, coupled with the expense of brokerage and other matters, it would not be at a saving to the colony that the conversion would be effected. Again, as the colony was not called upon to meet the first loan to be included in the consolidation for eleven years, there was no need for haste. It was impossible to say at what rate money might be, within that time, and there might be a more favorable opportunity than even the present to go into the market and buy up the outstanding debentures. If the Government had mentioned in the other House that they were sending home a financial agent to act in the matter, and to consolidate the public debt, it would have given more confidence to many honorable members of the Council and the public generally, as regarded the operation, than they would otherwise have; because, as it was suggested that the Colonial Treasurer would be sent home, honorable gentlemen were perfectly aware that, under responsible government, that Minister might not have left the colony an hour when he would have ceased to be Treasurer. Parliament might be called together in an emergency—such as in the pleuro-pneumonia session—and a vote of want of confidence be carried against the Government. It appeared to him (Mr. Fitz) the most Utopian idea to send the Colonial Treasurer home. In that way, the action of the Government tended to destroy the confidence which many might otherwise have in the Bill. True, there was the telegraph, and he could perhaps be communicated with in any sudden emergency. Although he should be very sorry, indeed, to say anything against the present Colonial Treasurer, who had shewn himself to be a very good man, yet it struck him (Mr. Fitz) that the honorable gentleman had been more accustomed to keep stock than to transact business on the Stock Exchange. It would be a pity if a person could not be got in the colony to represent it in England. Whomever the Government should send home as financial agent, he would have to reside there. He (Mr. Fitz) did not feel that the House should pass the Bill, without receiving some further explanation; or else, if the Bill went into committee, they should put it in such a shape as would make clear what the action of the Government should be. It was

not clear, when they found in one clause that the Government should have power to appoint an agent, and were then told that the Government would send home the Colonial Treasurer. It had been remarked that, when Mr. Verdon went home from Victoria, he was Colonial Treasurer, and that the Colonial Treasurer of New Zealand had gone home in that capacity. That was not the case. The latter gentleman had gone home as financial agent, and the former as agent for the colony. The House should hesitate before passing the Bill, and he hoped that all honorable members present would offer their opinions upon it before the second reading.

Question put and passed.