

1852—1853.

VICTORIA.

S A V I N G S ' B A N K .

REPORT

FROM

THE SELECT COMMITTEE

ON THE

**LAWS RELATING TO THE SAVINGS'
BANK OF PORT PHILLIP.**

TOGETHER WITH THE

Proceedings of the Committee

AND

MINUTES OF EVIDENCE.

ORDERED BY THE COUNCIL TO BE PRINTED,

11th JANUARY, 1853.

Melbourne:

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1853.

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EXTRACTED FROM THE MINUTES.

THURSDAY, 25TH NOVEMBER, 1852.

7. SAVINGS BANK OF PORT PHILLIP LAWS AMENDMENT BILL.—The Attorney General moved that this Bill be now read a second time.

It is ordered.

With leave of the Council, the Attorney General withdrew the above Bill, and moved that the subject of amending the laws relating to the Savings' Bank of Port Phillip be referred to a Select Committee, to consist of the Auditor General, Mr. Miller, Mr. Fawkner, Mr. Russell, Mr. Nicholson, Mr. Rutledge and the Mover, with power to take evidence.

Question put and passed.

WITNESS EXAMINED:

Name.	Page.
G. MACKAY, Esq., LL.D.....	1

REPORT.

THE SELECT COMMITTEE appointed to enquire and take evidence on the subject of amending the laws relating to the Savings' Bank of Port Phillip, now Victoria, have to report to the House that they find the present laws governing the Savings' Bank here are nearly in the same position as they were in England prior to the passing of the first Act of Parliament in the year 1817.

Since that time experience has suggested many improvements which have recently been embodied in an Act of Parliament 10 and 11 Vic., Cap. 133. and as the provisions of that Act appear to your Committee not adapted for the increasing wants and large deposits now made in our Local Savings' Bank, your Committee recommend that a Bill be introduced into this Council repealing the existing Savings' Banks Laws, and enacting provisions for the extension and better government of these important institutions, as detailed in the evidence of George Mackay, Esq., LL.D., annexed to the Report.

PROCEEDINGS OF THE COMMITTEE.

TUESDAY, 30TH NOVEMBER, 1852.

Members present—

Mr. Rutledge, Mr. Nicholson, Mr. Miller, and Mr. Russell.

Mr. Miller called to the Chair.

Adjourned to Thursday, 2nd December, at 12 o'clock.

THURSDAY, 2ND DECEMBER, 1852.

Members present—

Mr. Miller in the Chair.

The Attorney General, the Auditor General, Mr. Rutledge and Mr. Fawcner.

G. Mackay, Esq., L.L.D., called in and examined.

Adjourned to Friday, 3rd December, at 12 o'clock.

FRIDAY, 3RD DECEMBER, 1852.

Members present—

Mr. Miller in the Chair.

The Attorney General, the Auditor General, Mr. Nicholson and Mr. Fawcner.

G. Mackay, Esq., L.L.D., called in and further examined.

Adjourned to Tuesday, 15th December, at 12 o'clock.

TUESDAY, 15TH DECEMBER, 1852.

No Quorum.

WEDNESDAY, 5TH JANUARY, 1853.

Members present—

Mr. Miller in the Chair.

The Attorney General, Mr. Nicholson and the Auditor General.

Draft Report considered, and the different clauses put *seriatim* and agreed to.

MINUTES OF EVIDENCE.

THURSDAY, 2ND DECEMBER, 1852.

PRESENT:—Mr. Miller, Chairman; the Attorney General, the Auditor General and Mr. Rutledge.

George Mackay, Esq., L.L.D., Barrister-at-Law, called in and examined.

1. *By the Chairman.*—Q. Will you be good enough to state to this Committee what experience you have had with regard to Savings' Banks? A. I was appointed an Auditor of Savings' Banks accounts under the Act of Parliament 10th and 11th Victoria, chap. 133; under this Act several Auditors were appointed, and myself amongst the number, and for the last four years I filled that office. In the first two years of this period I audited the accounts of seven banks, and in the last two years of five banks. This was in Ireland, and I should have mentioned that this Act applied only to Ireland, as there is none such in force with regard to England, though it has been proposed to extend the operation of the Act to England as well; and a Bill for the purpose was introduced into Parliament, but being on the eve of a dissolution it was thought better to leave the matter to be settled by the new Parliament, and the Bill was consequently withdrawn. Having audited the accounts of these Banks for the period I have mentioned, I am enabled to speak most minutely as to their details.

G. Mackay, Esq.,
2nd December,
1852.

2. Q. What Banks were they whose accounts you audited? A. Those at Cashel, Clonmel, Thurles, Arklow, Bray, Baltinglass, and Wexford.

3. Q. Were any of these Banks amongst those that failed? A. No; their accounts were kept in the most clear and satisfactory manner, and I submitted, after each audit, a statement of the affairs of each Bank; a printed copy of one of these, which is a very short one, I beg to lay before the Committee—that of the Clonmel Savings' Bank, as exemplifying the course of proceeding (Appendix A.) I also submit that for Wexford for the year ending 20th November, 1851.

4. Q. Can you favor the Committee with your opinion as to what the Constitution of Savings' Banks should be in this Colony? A. If I may be permitted to give my own views on the subject, leaving the Committee, with their greater experience of the Colony, to judge of their applicability here, I will do so. I may say that Savings' Banks appear to be only in an infant state here, and to be in much about the same position as Savings' Banks were in Ireland before the passing of the recent Act of Parliament. The whole affairs of the Bank are managed by Trustees, who take upon themselves the responsibility of receiving deposits of paying contributors, and of investing the funds. This is exactly what was done in Great Britain prior to the passing of the first Act of Parliament in 1817. In this year the first Savings' Bank Act for Ireland was passed, and a few days afterwards one for England was passed also. It was not, however, until 1819, that any Act for Scotland was introduced. By these Acts the Commissioners for the reduction of the National Debt were appointed to receive the entire bulk of the deposits from the various Savings' Banks throughout the Kingdom, to be invested by them in Government securities by debentures, having a certain amount of interest payable on them. The Trustees of the different Savings' Banks now open accounts in the Bank of England, or, if in Ireland, in the Bank of Ireland, in the names of these Commissioners, and to that account all monies received by the Trustees are paid in. By this means the business of the Trustees is very much simplified, and every farthing for investment is paid into one account. Savings' Banks appear to have originated in Scotland, though the first Act for that country was not obtained until 1819. Their origin is attributed to the Rev. Henry Duncan of Rothwell, in Dumfriesshire, on the 26th May, 1810, and his exertions were successful, and institutions of like nature were set on foot in England and Ireland, and Acts of Parliament were obtained for their protection and encouragement. The chief changes that have taken place in the law affecting Savings' Banks since then, have been in the constitution of the Board of Commissioners; the recent Act for Ireland, under which I was appointed, merely provides for the audit of the accounts.

5. Q. You think then, I presume, that a similar Board should be appointed here? A. That is my decided conviction.

6. Q. Then of whom would you have it composed, what should be the number of its members, and by whom should they be appointed? A. I have considered these points since I was first spoken to on the subject, but, from my recent arrival in Melbourne, and my ignorance of colonial affairs, I must speak on it with very great diffidence. I may, however, mention the names of those who compose the Board in England, and these may form some guide for the constitution of a Board here. The Commissioners for the reduction of the National Debt are—The Chancellor of the Exchequer, the Master of the Rolls, the Speaker of the House of Commons, and the Governor or Accountant-General of the Bank of England, as well as I can recollect. The Board have a Comptroller-General and a Secretary, who manage the business and carry out details of what may be decided upon by the Board; but it is the duty of the Board to see that the money is properly invested.

7. Q. Would not the duties of such a Board interfere with those of the Trustees? A.

Not at all; their functions would be entirely separate from those of the Trustees, relieving the latter from all the responsibility of investing the deposits.

8. Q. And how would you appoint this Board here? A. I would make it as analagous as possible to that of England, by appointing one of the Judges of the Colony, the Speaker of the Legislative Council, one of the Officers of the Revenue Department, and the Attorney General, or some such officers as these in the discretion of His Excellency the Lieutenant Governor; and further I should say that there should be two of the elective members of the Legislative Council, also appointed to the Board.

9. Q. I understand your proposal to be that the official portions of the Board should be appointed by the Governor? A. Yes.

10. Q. How would you propose the elective members from the Legislative Council to be appointed? A. In the same way as you appoint the members of your Standing Committees. As soon as the House meets, it might proceed to the election of two of its members to sit at the Board.

11. Q. These, of course, being willing to act? A. Certainly. My reason for proposing this departure from the English plan is that monetary affairs in this Colony appear to be very far from being settled on the same steady basis as those of England, and that by giving such an appointment to the House, Savings' Banks would probably become popular institutions, whilst in case of any panic, the presence of these members at the Board would tend to give the public confidence in the institution.

12. Q. Would you propose to grant any remuneration to the members of this Board for their services, or would you expect them to attend gratuitously? A. I think their services should be given gratuitously since their duties would be very light, as they would have to meet only about once every three months. They would have a Secretary or Clerk or some such officer to arrange everything for them, and he being paid, just as some Clerk from the Treasury or the office of the Colonial Secretary might be appointed to take charge of this in conjunction with his other duties. All applications for money on investment would be sent in on printed forms, applying for particular sums and stating the nature of the security. These would be filed by the Clerk and brought before the Board at their sitting, in ten minutes the members would be able to tell by looking at the nature of the security, whether they would invest their money or not. The Clerk would then enter the decision of the Board in a book, and communicate with the applicant; so that a brief quarterly sitting would form the chief part of their duty. The Act incorporating the Commissioners should also direct that they should report annually after the close of the Savings' Bank year, and that they should prepare a report of the progress of the different Savings' Banks, to be laid before the Legislative Council, accompanied with the statistics necessary to illustrate the subject. This would give the House considerable controul over the Board, from their being able at any time to suggest whether a proper course of proceeding had been pursued or not.

13. Q. You think the Board should act gratuitously? A. I do.

14. Q. But that the Secretary should be paid? A. Yes; unless he were taken for the time necessary from one of the other departments, as what would be required of him would add but little to his other duties.

15. Q. Would you give full power to convey all land now vested in the Trustees to the Commissioners, leaving the latter to deal with it as they may think proper? A. I would.

16. Q. As to the investments themselves, bearing in mind that investments in this colony can only be made on security of real estate, how would you propose to arrange; would you limit the Commissioners wholly to investments on mortgage, or what, if any, reservations would you make? A. The first object that the Commissioners should have should be the security of the funds invested; and next that they should be invested in property as little liable as possible to fluctuation in value. This must depend in a very great measure on the knowledge the Commissioners would have of local affairs; and I would leave the question to be decided, therefore, by the Commissioners themselves. They might also be empowered to lend amounts to the Government on debentures, for the public service. You will have many works of a public nature to carry out, such as the formation of harbors, roads, canals, and such like, and to prosecute them successfully the Government may sometimes be desirous of obtaining funds in advance of the revenue, and these would form very proper modes of investment for Savings' Banks deposits. The money could be advanced on the authority and responsibility of the Governor, but only for the prosecution of works of a public character, secured on the revenues of the Colony, and provision being made for a fair rate of interest being paid to depositors.

17. Q. You would have the money invested on mortgage of real estate and in public securities? A. Yes: giving a preference to loans on public security.

18. Q. A question may arise as to what constitutes a public security here: now would you have the money lent on Government debentures, repayable with interest out of the proceeds of the particular work for which the sums were lent? A. No; on debentures, chargeable on the general revenue of the Colony.

19. Q. Would you have an amount reserved to meet the calls of depositors, and if so, what sum would you propose to keep in hand? A. It would not require a very large sum in hand to meet the demands of depositors, as it has been found that only a very small amount in proportion to the amount of deposits is required to be in the hands of the Treasurer. When the Savings' Bank is in full operation some sums are being continually received, and these being brought in to be left for some time, not being required by depositors for the purpose of trade, are always available to meet demands. For this reason it does not require that more than £200 should be in the Treasurer's hand, out of every £10,000 deposited.

20. Q. Do you consider that that proportion would be sufficient? A. Quite, with such machinery as I would propose.

21. Q. You think that it is sufficient to retain in hand £1 for every fifty deposited? A. Yes: provided the Commissioners were empowered, in a case of urgency, to draw upon the Government for sums of £100 or £200, payable on drafts at ten or twenty days sight.

22. Q. Do you see any objection to giving the Commissioners power to borrow any amount required to meet the demands of depositors from any of the Banks on security of the mortgages and debentures held by the Commissioners? A. This question contains a suggestion that will aid me materially in my plan, for I will confess that the mode of providing for sudden demands made upon any of the Banks is a difficulty that has occurred to me. In England, from the facilities of communication, money can be sent from London to any part of the United Kingdom, within five days. Here, communication is much less rapid and regular, and it had occurred to me that inconvenience might arise from the want of funds to meet demands, particularly in case of any panic, however unfounded. Now, if this difficulty be removed, there remains only to arrange for the transmission of the money to the District Savings' Banks, and this would be comparatively easily provided for. As a principle, however, I would leave very little money in the hands of the Treasurer unemployed, only just sufficient to meet the current demands for payments that may be made on notice.

23. Q. I would draw your attention to the fact that the circumstances of this Colony are different from those of the Mother Country; and that the money deposited in the Savings' Banks here, is not lodged for permanent saving, but merely temporarily, until sufficient is accumulated to buy a piece of land. To my own knowledge, depositors, in many instances, have been put to very great trouble in getting their money back in consequence of having to give a months' notice of their intention to withdraw it. Now, under these circumstances, would it not be desirable that a discretionary power should be vested in the Commissioners, enabling them to pay at once any demands that may be made on them, where they may deem it advisable? A. In all cases of Savings' Banks, as at present constituted, there is a rule which interposes a delay of a week or a fortnight, or other short period, according to the amount, between the time of making the demand and that of receiving the money. This delay is made, among other purposes, in order to give the depositor an opportunity to think over what he is about to do, and to prevent him from drawing his money for purposes of dissipation; but, in the Savings' Bank of Wexford, for instance, although the rule exists there, yet there is a practice to pay at once all such sums as may be required, on being satisfied that they are drawn for some legitimate purpose. The consequence of this has been, that in practice all sums are paid on the day they are demanded.

24. Q. The Actuary, however, sees that the money is for some *bona fide* purpose of business? A. Yes, exactly; if for instance the depositor requires to purchase a farm, he goes to the Bank, shows the book to prove that a certain amount is due to him, states the circumstances under which the demand is made, and draws the money at once, an entry of the amount being made in the pass book, which is retained until the demand can be sent in and met in due form.

25. Q. Are you acquainted with the mode of keeping the books of the Melbourne Savings' Bank? A. I have not yet had an opportunity of seeing them, though Mr. Smith has been good enough to say that he would allow me to inspect them. I have seen only one book (the ledger), and I must say that such a book, though well enough in the early days of a Savings' Bank, would never do where time and labor have to be economised. I beg to lay before the Committee an outline of the books that require to be kept in a Savings' Bank, and some of the forms. (See Appendix.) In addition to the books here notified, which of themselves form a very complete system of checks, I had, in order to prevent the possibility of collusion in any quarter, a notice (see Appendix), which I produce, struck off and sent round to each depositor in the district; and I found that, on the reception of the notice, the depositors very readily complied with its terms.

26. Q. As to the appointment of Trustees and local officers, how would you arrange this? A. The Trustees should be taken from amongst the residents of the village or parish to which the bank belonged. Whenever it may be deemed desirable to establish a Savings' Bank, application would have to be made to the Commissioners, backed by the report or recommendation of some of the leading inhabitants, resident justices, or clergymen; and the Commissioners would then declare the district applying to be a Savings' Bank District, forwarding to the local Trustees brief rules for their guidance, leaving them to frame Bye-Laws for the conduct of their business.

27. *By the Auditor General.*—Q. Since the Commissioners would have the investment of the money, the duties to be performed by the Trustees would be exceedingly light? A. Yes.

28. Q. They would merely have to receive and transmit the money? A. To receive and repay deposits. Their responsibility would cease the moment the money was transmitted.

29. *By Mr. Rutledge.*—Q. Then would you make all the different branches entirely independent of a central institution? A. Undoubtedly; entirely so.

30. Q. Is this the case in England? A. It is; they have three or four banks in London, two in Dublin, and in each county there are on an average three or four, with a district or parish to each.

31. Q. You think it fairer that each locality should be independent in its Bank, than that it should be combined with others in a general system? A. I do; and I think that each locality is more likely to know its own wants and requirements, whilst the Trustees, from being independent, would naturally take more interest than they otherwise would do in the institution.

32. *By the Attorney General.*—Q. You have mentioned a Secretary or Comptroller connected with the Commissioners; his duty, I presume, would be to see that all the things required

by the Board were done by the different Savings' Banks? A. He would conduct all correspondence and see the directions of the Commissioners carried out. If a Savings' Bank required to draw money, he would have to forward it. The Commissioners have an account open with some Bank, and when the application comes in from any of the Trustees requiring money, the Comptroller sees that the Bank has such an amount to its credit, and if so, he writes an order to pay the amount, and this is credited to the Commissioners in the account with the Bank. The order thus given is transmitted by the Bank that is agent for the Savings' Bank and paid on the signature of the Trustees.

33. Q. Would you pay the same interest to all depositors? A. Yes, that would have to be done in this way. The Commissioners would declare that the maximum interest for the year should be such a sum. The Trustees would then have to ascertain what had been the expenses of maintaining the office, transmitting the monies, &c., and would deduct these from the maximum amount of interest, and then declare the rate to be paid to depositors. Thus, supposing the Commissioners to declare a maximum rate of interest of £3 10s. per £100, and that then the Trustees found their expenses amount to 7s. 6d. per £100 on the amount deposited with them, they would declare a rate of interest of £3 2s. 6d. per £100.

34. *By Mr. Rutledge.*—Q. Would you not have the profits of each Bank go to its own depositors? A. Yes, certainly.

35. *By the Attorney General.*—Q. But the whole deposits being paid in to one fund, how can you separate them? A. In this way. Supposing each Bank to pay in £1000 to the Government, who would give to each an equal rate of interest for the money. Still the depositors would not all receive the same, because the expense of maintaining the institution would be greater in one place than in another. An officer might not be obtained in one place for ten times the salary that he may be had for in another; and other expenses also will vary, and thus the rate to depositors must vary also.

WEDNESDAY, 7TH DECEMBER, 1852.

PRESENT:—Mr. Miller, Chairman; the Attorney General, the Auditor General, Mr. Rutledge, and Mr. Nicholson.

George Mackay, Esq., called and further examined.

36. *By the Chairman.*—Q. Will you explain particularly to this Committee, in what way you would recommend the funds of the Savings' Banks to be invested? A. What I would suggest, after giving the matter very mature consideration, and taking into account the position of the Colony, is that power should be given to the Savings' Bank Commissioners to advance to the Government such amounts as may be required out of the funds of the Bank. If no application of such advances is made by the Government, then the funds should be allotted out on application on security of real property; but in all cases I would have them give the Government the preference.

37. *By the Auditor General.*—Q. I am under the impression that both in England and in Ireland the Savings' Bank Commissioners invest their funds in none but Government securities? A. Such is the case; they have invested in none else since 1819. The Act passed in that year allows them to invest in no other way, with the exception that power is given them to lend money to local bankers, but the rate of interest payable on such loans is fixed so high as to operate as a complete embargo on any such transactions.

38. Q. In England, do the Commissioners invest solely in the purchase of Exchequer Bills? A. No, but in the Consolidated Fund, and in Government securities generally. I brought with me, on the day I was last before the Committee, a return showing the way in which the money was invested, with the interest receivable; this I have not now with me, but I will lay before the Committee such a statement at its next meeting. As a general remark, however, I may say that the money is invested in the Government Three and a Quarter per cents., and in the purchase of annuities.

39. Q. Looking at the published accounts of the Bank of England, I notice a certain amount to the credit of the Commissioners for the Reduction of the National Debt; do you happen to know whether that amount is merely a balance kept in the hands of the Bank, or whether it is a sum that has been lent to it on interest? A. There are two modes by which the Bank of England receives the funds of the National Debt Commissioners; first, as agents for some particular Savings' Bank; and next, as agents for local bankers who may be agents for a Savings' Bank. Every particular Savings' Bank has some banking firm for its agent, and a different firm is agent for a different bank. Thus in London there are three Savings' Banks, each with a different banking firm as its agent.

40. Q. Then when we see that there is a certain deposit in the Bank of England accounts, credited to the National Debt Commissioners, we are to understand that it is not there as an investment, but merely as an available balance? A. It will depend upon the amount. There was last year no less a sum than £30,000,000 invested on account of the Savings' Bank Commissioners; and if the amount set forth in the return is not so much as this, it must be a balance only, awaiting investment.

41. *By the Chairman.*—Q. According to your proposal, I believe, you suggest that the different Banks established throughout the country districts should receive from the parent institution or the Board of Commissioners a fixed rate of interest, from which each Bank would have to deduct the expense attending its own management? A. I do.

42. Q. The result of this must be that the depositors will not get the same rate of interest in one place as they will in another? A. Such will be the case; there will be some considerable difference in the expense of management; and the cost per cent. of maintaining the Bank will be greater in one place than in another.

43. Q. Under whose control will these expenses be? A. They will be under the power of the Commissioners, so far as giving a general order that they shall not exceed a certain amount. One part of the expense, for instance, must be for an accountant, and this must fall heavier in some places than in others; because where he has only a hundred accounts to keep, he will have to be paid well, and his salary will be nearly as large as in a city where there are a greater number of accounts to keep, and consequently, the cost to depositors will be heavier.

44. Q. Would you not think it desirable that the Commissioners should fix these salaries? A. No; what I say is, that on the formation of a Bank in any new locality, on a regular application, the Commissioners should, at the close of the banking year, state what monies they had received from that Bank, and what rate of interest would be paid to it on them, whether £6, £5, or £4 per £100, so that the Trustees would not be able to allow to depositors a larger rate than that; but would fix a lower one, deducting the cost of maintaining the office.

45. Q. Would this cost be under the control of the Commissioners or of the Trustees alone? A. I would leave it entirely to the Trustees; subject, however, to the interference of the Commissioners, in case the money should be misapplied.

46. Q. Then the Trustees would appoint and fix the salaries of officers, rent the building, &c.? A. Yes, such I consider to be properly their right to do, at the commencement of the Institution.

47. Q. What superiority has your plan over an arrangement whereby the same rate of interest should be secured to all depositors in every locality? A. It would be very easy to make such an arrangement if it were deemed advisable; but the difference in my plan arises from what I consider to be the equity of the case, namely, allowing each Bank to bear its own expenses. Now it would be very easy to arrange all this, but it would only be by giving the Commissioners full power over the appointments and salaries; but, in my opinion, the Trustees will be the best judges of the requirements of a locality in this respect. Nor do I see how any difference of salary could be made, since certain hours would be appointed for the receipt of deposits and payment to depositors, and the Actuary would have to remain during those hours whether ten or a hundred accounts were passed through his hands.

48. Q. Could not all the expenses be brought into one account, in the same way as all the payments are? A. I am most anxious to leave some power and discretion in the Trustees, otherwise they will take no interest in the Institution.

49. Q. Still, giving them all this, could not the whole expenses be brought into one common account, and be deducted from the gross amount of profit? A. I would rather see them left to their own spontaneous action, so as to be conducted in accordance with the wants of the different localities.

50. *By the Attorney General.*—Q. Might it not also cause a wholesome jealousy respecting the mode of conducting the Banks, when the dividend payable to depositors was made dependent on each District, on the cost of conducting the establishment being kept within proper bounds? A. Possibly it might have that effect.

51. Q. And any disproportion in the rate paid in one District to that paid in another would be likely to lead the public to enquire the cause and to beget dissatisfaction? A. It would.

52. *By the Auditor General.*—Q. Do you see any advantage in such a jealousy as this being begotten? A. There may be in some respects.

53. *By the Chairman.*—Q. By giving the Commissioners full powers of interference, would not they be able to take steps to prevent such dissatisfaction? A. No doubt but that they would.

54. Q. You are aware that we have no Government securities in this Colony: do you then see any objection to investing the funds of the Banks on mortgage of real estate? A. I find that this has been done hitherto in the Colony, but I consider that it would be very much better if the money were invested in some security that could be made available at any moment. For instance, if lent to the Government, secured on the Revenue of the Colony, as this Revenue comes in in large sums, and the advances are always available; whereas, if lent on mortgage, and the depositors desire to withdraw their money, the funds are locked up, and there may be some difficulty in procuring the amount required. The money lent on Government security would be invested at a lower rate, but there would be more than a corresponding advantage in the fact that the funds would not be locked up.

55. Q. Then you would prefer that the money should be lent to the Government rather than be locked up on mortgage? A. Yes, I think the Commissioners should be directed, in making their investment, to give the preference to Government security rather than to the security of real estate.

56. Q. If the Committee should decide upon allowing the Commissioners, in the event of no application for loans being made by the Government, to invest on mortgage of real estate, have you prepared any form of mortgage to be used? A. I proposed to attach to the Draft Bill I was preparing a short form of mortgage to be used.

57. Q. I would mention that hitherto it has been matter of serious complaint that the legal charges for preparing mortgage deeds have been exceedingly high. I have myself known one instance in which £300 were borrowed for two years, and the law expenses of preparing the deeds amounted to £24; under these circumstances you would, I presume, deem it desirable to

have a short form of mortgage, in order to save expense? A. Not only do I think it desirable but I consider it to be absolutely indispensable.

58. Q. In the Bill now before the House it is proposed to give the Trustees of the Savings' Bank power to select a proper site, and to build an edifice to be used as a Bank upon Government land; can you inform the Committee what is the practice, in this respect, at home? A. When a Savings' Bank has been some years in operation, there is always a surplus fund in hand, which accumulates from the amounts forming the difference between the sum paid as interest to depositors, and the net amount of profit made on investment. This is put aside as a separate surplus fund, which goes on increasing from year to year, until it reaches such an amount as can be appropriated for building a fit edifice for the business of the Bank. When this is done, and when fit and proper offices, &c., are erected, the trustees use the surplus fund in granting an increased rate of interest to depositors, or in giving a bonus upon certain classes of shares.

59. Q. Is a provision always made that the land upon which the building is erected shall be held by the Trustees in fee simple? A. No; it is very difficult in England to get land in suitable situations in fee simple; it is therefore mostly taken on long leases.

60. Q. And the land and building are the property of the Bank? A. They are.

61. Q. In the event of the business of the Bank being wound up, they would be available as part of the assets of the Bank? A. Certainly.

62. Q. I should presume then that in such a case, there would be no objection to allowing the Commissioners to appropriate the Reserve Fund in a similar manner here? A. It would be most desirable and most requisite that they should do so; and as soon as it shall be deemed advisable to commence the building operations, I shall be prepared to suggest a proper form of office and chambers, so that everything may be done with as little loss of time and labor as possible.

63. Q. You would confine the building merely to a Bank and Offices? A. Yes.

64. Q. No accommodation should be provided for the officers of the establishment? A. Certainly not, except merely for the person who might be housekeeper. The officers of the Bank would receive salaries sufficient to cover the expense of house rent.

65. Q. *By the Auditor General.*—Q. In looking at the statement of the audit of the accounts of the Clonmel Savings' Bank, I find that in the beginning of the year there was a balance in hand of £40,000, whilst at the end of the year the balance was only £23,000; and that during the year the sum received was £9000 only against £27,000 that were paid out. Now, let me ask you whether, supposing such a run as is shown by this balance sheet were made on the Bank here, and I presume that we shall have to guard against the chance of such an occurrence, there would not be some danger of the Bank standing, if the greater part of the deposits were invested in mortgage; and, if there should ever be an excess of drafts over deposits of £17,000, what would be the result if the greater part of the funds were sunk in mortgage of real estate? A. Such a case as that shewn in the balance sheet before the Committee is by no means an ordinary one. The audit alluded to was for 1848, a year rendered memorable for the Irish rebellion; and it was a part of the policy of the opposition party in Ireland, to embarrass the Government as much as possible, and in consequence, many of the newspapers, the *Nation* in particular, were hotly engaged in writing down the Savings' Banks, and in recommending a run upon them. From this cause, there was scarcely a person amongst those who read these papers, but ran to the Bank and took out whatever sum they might have deposited. The Trustees of course were enabled to meet all demands upon them, and kept paying the money as it was applied for. When I came to audit the accounts of the Clonmel Bank, very many of the persons who had been induced, against their own better judgments, to draw out their deposits, brought their money to me and asked me what they were to do with it, and I of course recommended them to place it again in the Bank. Some of them, however, were quite ruined by this proceeding, having been induced to lend their savings to those very persons who had influenced them to withdraw it from the Bank, and the result was that they never got it repaid. Such a crisis as this it is to be hoped will never, under similar circumstances, occur in this country. In the next place I recommend that, at all events, the greater portion of the money should be invested in Government securities for the very purpose of guarding against a run of this kind.

66. Q. But supposing that the Commissioners, not being compelled to it, should not invest their funds in Government securities, and that a run similar to that shewn on the Audit Sheet, should occur here, in what position would the depositors then be? A. The result would be that they would be unable to get their money, and no doubt considerable inconvenience would arise, and in that case the following is the remedy that I would interpose:—Admitting that a panic might arise, from any false rumour respecting the Gold Fields, or from any other cause, then I would propose, to prevent any evil consequences, that power should be given to His Excellency the Lieutenant Governor to declare that all sums above a certain amount should not be paid.

67. Q. You must be aware that in this colony money is deposited in the Savings' Banks for a particular purpose, either for the purchase of land, or the building of a house, or some like object, and looking at the fluctuating state of public credit, and the various demands that are likely to be made, do you see no danger of a run, as heavy as that we have alluded to, being made upon the Savings' Bank here? A. Such a case is not at all uninevitable.

68. Q. Do you think then that a run of this nature could be satisfactorily met by allowing the Governor to have the power of stopping all payments? A. Inconvenience must arise in any way should such a run occur. If a run occur it must be stopped in order to prevent inconvenience to the Institution; and therefore I would empower the Governor to do so. On the other hand, there is the inconvenience likely to arise from this stoppage, as much of the money must be lost to depositors, since many of them will sell their money or dispose of their pass books

68. *By the Attorney General.*—Q. Might not much of this difficulty be met by making the mortgages for short periods, say of six months? A. That would be the proper mode of obviating the inconvenience, if you could get people to accept of money on mortgage at so short a date.

70. *By the Auditor General.*—Q. Have you ever in your experience heard of mortgages being taken for so short a period? A. They are mostly taken for two or three years; but in nearly all the deeds there is a power given to the mortgagee to claim repayment at any time on giving six months notice.

71. *By Mr. Fawcner.*—Q. Does your experience warrant you in thinking that a very large sum would be required to meet a run upon the Savings' Bank? A. I have never had experience of any run except that of 1848, and then the circumstances were peculiar, a pointed attack being made upon the Banks. I do not anticipate any such a panic here.

72. Q. Is it not quite possible to ascertain the average amount required to meet the ordinary demands on the Bank? A. Quite so; notice of any sum being required is always given a week or a fortnight before the money is drawn, and from the current style of business of the Bank, one can say within a few pounds what amount will be required.

73. Q. Suppose that a few hundreds or even thousands more than ordinary were required, would not the Trustees be able to borrow the amount? A. Precisely; some of the Honorable Members made a similar proposition on a former day, pointing out to me how the money might be obtained through the local banks; but in this, as in all other monetary transactions of the Bank, I propose to make the Commissioners the medium of raising or investing money.

74. Q. Having a Bank on a safe footing, with Commissioners in whom full reliance can be placed, money to a large extent might easily be borrowed? A. Yes; if you have capital you will be always able to get money advanced upon it, to the extent of about £20 for every £50 of capital.

75. Q. If the Savings' Bank Building be proceeded with, would not those who are now and have been for some time depositors, be entitled to some balance, over and above that given to future depositors, out of any future rest fund, since it is their money that has been sunk in the erection of the building? A. I should say that in point of law they would have no right to any such addition; but as a point of conscience, perhaps some bonus might be allowed to them. But I would leave all that to the discretion of the local Trustees, who would be the best judges of local requirements.

76. Q. I believe you are aware that depositors in this Colony look not only to the safety of their funds, but also to the interest they will receive on them? A. In my opinion the first principle of a Savings' Bank should be the safe keeping of the funds, interest being a mere secondary consideration. By giving a high rate of interest you induce men to let their money lie idle, to accumulate, and put a check upon enterprise, whilst capital is left stagnant that might be so much more valuably occupied in trade. By giving a low rate of interest, you throw the money upon the depositors to make it available, and they occupy it for the purposes of trade.

77. Q. If money be lent to the Government on debentures, only buying into any fund to be instituted, would these papers be transferable? A. Yes. In this Act I would give the Governor power to borrow money for certain specified public purposes, on application to the Savings' Bank Commissioners. The Governor would then issue debentures to the amount borrowed, which should be transferable by endorsement, and by making an entry of the transfer in the proper Government Office.

78. *By the Chairman.*—Q. By looking at Clause 29 of the Bill now before the House, you will see that the Governor is to be empowered to guarantee the repayment of loans made to the Commissioners, so that the Savings' Banks may advance largely in mortgage, as no difficulty would be experienced in obtaining from the Banks a sufficient sum to meet any sudden demand, on the security of the Government; and no eventual loss would take place provided a due limit were placed on the amount of advances? A. Not only do I see no objection to this, but I think it is a matter that must be done, and the mode proposed is as good a one as can be suggested.

79. Q. As you think this an improvement, do you not also think that it would be as well to give the Trustees power to raise a loan? A. It might be, subject to the approval of His Excellency or of the Commissioners. I propose that the highest official members of the Government and of the Legislative Council should be on the Commission, so that the Board would represent the opinions of the Government and of the Legislature, and thereby prevent any after-misconceptions. In giving the Board of Commissioners power to lend money, however, in no case would I permit them to do so to any large amount without the consent of the Lieutenant Governor being first had, or at all events without his being made acquainted with the circumstance.

80. Q. Would you not allow the Commissioners, then, to make any loan without the consent of His Excellency? A. When the Commissioners have met and decided upon making a loan, the Government must be made acquainted with the facts, in order to say whether or not the public service requires an advance of funds; if it does so, the public interest must be first met; and if not, then the loan proposed by the Commissioners can be adopted.

81. *By the Auditor General.*—Q. You propose, in fact, in all important matters, to make the Executive Government referees? A. I would. The operation of the system would be this.—In the matter of loans applied for, the parties making application would send in a short statement of their title to the security proposed, accompanied with the instruments verifying this statement, and these would be laid before the legal advisers of the Board. These applications would be condensed into as brief a form possible by the Secretary of the Board, and be laid

before the Commissioners, who would either approve or disapprove of them. A summary of the loans would then be sent in to His Excellency, who would say whether they should be allowed or not.

82. *By the Chairman.*—Q. Do you not apprehend that there would be some difficulty in the way of the Commissioners obtaining good securities, owing to the objection that many persons would have to allow their private affairs to be laid before the Government? A. I can see no difficulty here where every body knows each others affairs. It is always done in England, and I cannot see any objection to it here. Persons having a pressing necessity for money for some particular object very readily come into the Savings' Bank and make a full statement of their affairs.

83. *By Mr. Fawkner.*—Q. Would not this, in fact, be making the Governor the dispenser of the loans? A. No. The Board would have a very wide power to deal with the funds; but it is absolutely necessary to take the opinion of His Excellency in order to give the Government an opportunity of securing the money for the public service, if they may think it desirable.

84. *By the Auditor General.*—Q. You allude only, I presume, in the case of loans of a large amount? A. Exactly.

85. Q. You do not consider it necessary that before a loan of £200 be granted the application should go before the Governor? A. No, not at all; but before large sums, say of £5000 be advanced, the proposition should go before him.

86. *By the Attorney General.*—Q. I would wish to hear you explain what the exact powers are that you propose to invest the Board of Commissioners with? A. I have prepared a rough outline of the powers I wish to confer on the Commissioners by my proposed Bill, but unfortunately I have been unable to complete it; but I may say that I would incorporate them, in the same way that the Education Commissioners are now incorporated, giving them power to hold lands, transferring to them all lands now held by local Trustees, declaring that all monies paid in by depositors so soon as they amount to a certain sum shall be considered to be the monies of the Commissioners, and enabling them to deal with all monies and lands vested in them.

87. Q. But with regard to the management of the Banks? A. Whenever an application comes in for a new Bank, backed by the certificate of such official or other gentlemen, that such a Bank is necessary in the locality, and stating the names of the Trustees proposed, the Commissioners will have to declare that locality within certain boundaries to be a Savings' Bank District. Under certain general rules to be laid down by the Commissioners, the local Trustees would then have conferred upon them the power to form a Bank, to appoint the necessary officers, to obtain books, and a suitable dwelling for an office, and otherwise to do all that is requisite. The money deposited would then have to be forwarded, through the local Bank if there were one, to the Commissioners to deal with.

88. Q. Then if each Bank is to stand separately, and independently of all others, what necessity will there be for any general rules to be forwarded by the Commissioners? A. Of course each Bank will have its own bye-rules for its management, but some general rules will be necessary in order to have uniformity in the proceedings of the Banks. The Commissioners will dispose of the money received from the various Banks investing it in the best manner that offers. They will also have the appointment of an Auditor or Auditors, who will visit the different branches, examine into the accounts, report upon the management, and recommend if necessary the dismissal of any officer who may have been lax in his duty. In fact they would have a general control of all the branches.

89. *By Mr. Fawkner.*—Q. Let me ask you whether, instead of having each bank separate and independent, it would not be better to have them conjoined, so that in the case of any special loss, it would fall, not upon one Bank, but upon the whole, and thereby be less felt? A. In no Savings' Bank should there be such a thing as the possibility of a loss occurring; the money ought to be fixed as securely as the constitution of the country.

APPENDIX A.

CLONMEL SAVINGS' BANK.

THE YEAR ENDING 20TH NOVEMBER, 1848.

This Form of the GENERAL STATEMENT of the Funds of the Savings' Bank is to be filled up pursuant to 9th Geo. 4, Cap. 92, sec. 46, and returned to the National Debt Office, within Nine Weeks after the 20th November, 1848, pursuant to the 7th and 8th Victoria, cap 83, sec. 13.

The Trustees of the SAVINGS' BANK established at Clonmel, in the County of Tipperary.				The foregoing Account is to be accompanied by the following Statement:—			
CHARGE.		DISCHARGE.		CHARGE.		DISCHARGE.	
£. s. d.		£. s. d.		£. s. d.		£. s. d.	
<p><i>The Trustees of the SAVINGS' BANK established at Clonmel, in the County of Tipperary.</i></p> <p>Drs. Crs.</p>				<p><i>The foregoing Account is to be accompanied by the following Statement:—</i></p>			
<p>CHARGE.</p> <p>To Balance due on the 20th November, 1847, including Interest, as per last Return - 40659 6 3</p> <p>To Sums received of Depositors within the year, ending 20th November, 1848 - 9390 0 6</p> <p>To interest on Monies invested with the Commissioners for the reduction of the National Debt, viz:—</p> <p>Rect. B. dated 21st May, 1848 - 514 12 9</p> <p>Rect. B. dated 21st November, 1848 - 347 10 1</p> <p>To interest on Sums drawn for by the Trustees upon the Commissioners within the said year - 150 3 8</p> <p>Sale of Books, &c. if any) - 0 5 7</p> <p>Interest allowed by Provincial Bank - 5 4 7</p>				<p>DISCHARGE.</p> <p>By Sums actually paid to Depositors in Money, including Interest, within the year ending 20th November, 1848 - 27336 13 11</p> <p>By Sums actually paid for Management within the said year, viz:—</p> <p>Salaries—Actuary - 80 0 0</p> <p>Assistant - 60 0 0</p> <p>Porter - 10 0 0</p> <p>Rent and Taxes - 19 11 7</p> <p>Printing and Stationery - 7 13 6</p> <p>Sundries:—</p> <p>Fuel Repairs, &c. - 7 19 0</p> <p>Barrister Revising Rules - 1 1 0</p> <p>Auditing last Year's Account - 10 10 0</p> <p>Total Management - 196 15 5</p>			
<p>In the Year ending 20th Nov. 1848.</p>				<p>In the Year ending 20th November, 1848.</p>			
<p>Balance on the 20th November, 1848.</p>				<p>Balance on the 20th November, 1848.</p>			
<p>Balance on the General Account invested with the Commissioners for the Reduction of the National Debt, including Interest on 20th November, 1848 - 21733 0 2</p> <p>Do. on account of Separate Surplus Fund, invested with said Commissioners - 1162 8 5</p> <p>Do. in the hands of the Provincial Bank of Ireland, Treasurer, which fact is hereby certified by me, - 638 5 6</p>				<p>Balance on the 20th November, 1848.</p> <p>Balance on the 20th November, 1848, brought forward - 23533 14 1 (A)</p> <p>whose respective Balances on the 20th November, 1848, (including Interest.) did not exceed £20 each - 3424 6 1</p> <p>Do. were above £20 and not exceeding £50 each - 7950 16 11</p> <p>Do. were above £50 and not exceeding £100 each - 5333 10 10</p> <p>Do. were above £100 and not exceeding £150 each - 2600 11 11</p> <p>Do. were above £150 and not exceeding £200 each - 1784 9 4</p> <p>Do. exceeding £200 (if any) - 408 3 10</p> <p>Total No. of Depositors - 21501 18 11</p> <p>Charitable Societies - 469 7 7</p> <p>Friendly Societies - 367 18 10</p> <p>Total No. of Accounts. Total Balances - 22339 5 4</p> <p>Balance invested with the Commissioners on the Separate Surplus Fund Account, on the 20th November, 1848, as per opposite side - 1162 8 5</p> <p>Surplus - 32 0 4</p> <p>Deduct the portion thereof reserved to meet current expenses, as directed per 23rd sec., 9 Geo. 4, c. 92 - 32 0 4</p> <p>Actual Amount to be carried to the Separate Surplus Fund Account, at 20th November, 1848 - 0 0 0 (B)</p>			
<p>Signed, (For PROVINCIAL BANK OF IRELAND, Treasurer,) WM. SIBBALD, Manager.</p>				<p>Witness our Hands this 10th day of January, 1849.</p> <p>EDWARD SARGINT, } Two Trustees (or) Two Managers (or) a Trustee JOSHUA MALCOMSON, } and a Manager, of the said Savings' Bank.</p> <p>Witness—THOMAS CHAYTOR, { Secretary or Actuary.</p> <p>In pursuance of the Act 11th & 12th Victoria, cap. 133, sec. 3, I DO HEREBY CERTIFY that I have examined and compared the whole of the foregoing General Statement with the Accounts of the above-mentioned Savings' Bank and that the several Sums therein stated agree with the said Accounts.—Witness my Hand this Sixth day of January, 1849.</p> <p>GEORGE MACKAY, Auditor.</p> <p>Savings' Bank, Clonmel, 6th January, 1849.</p> <p>MY LORD AND GENTLEMEN—I take leave to submit herewith the annual statement of the Accounts of this Savings' Bank for the year ended 20th November, 1848, vouched as correct by me.</p> <p>It is unnecessary for me to inform you that that statement not only shows assets to meet the claims of your Depositors to the last farthing, but it also shows over and above the sums due to Depositors, a surplus in the hands of the Commissioners for the Reduction of the National Debt belonging to you of £1102 8s. 5d.</p> <p>The Books have been kept in a most creditable manner, and your system of business is sound and complete, your Officers are prompt and accurate men of Business, and I cannot sufficiently express my feeling of their great efficiency. It remains only for you to continue that constant and vigilant inspection of each day's transactions, and to work your system as heretofore.</p> <p>The neighbourhood of Clonmel is most fortunate in possessing such a Savings' Bank as yours, and having to preside over and guard it such Trustees and Managers.—I have the honour to be, my Lord and Gentlemen, your faithful Servant,</p> <p>GEO. MACKAY, Auditor.</p> <p>To the Right Hon. Earl of Donoughmore, and the other Trustees and Managers of the Savings' Bank at Clonmel.</p>			
<p>£51067 3 5</p>				<p>23533 14 1 (B)</p> <p>51067 3 5</p>			
<p>The Rate of Annual Interest allowed to Depositors is £2 10s. per cent.</p>				<p>Names of the Treasurer and Officers who have given Security.</p> <p>Every Bond must be entered into with the Comptroller General of the National Debt Office for the time being, and be deposited with the Commissioners for the Reduction of the National Debt.</p>			
<p>Names of the Treasurer and Officers who have given Security.</p>				<p>Names of the Officers of the Savings' Bank.</p>			
<p>PROVINCIAL BANK OF IRELAND - Treasurer - - None.</p> <p>THOMAS CHAYTOR - - - Actuary - - £500.</p> <p>RICHARD LEGGE - - - Assistant - - £200.</p>				<p>President.</p> <p>The Earl of Donoughmore, Knocklofty.</p> <p>Vice-Presidents.</p> <p>John Bagwell, Rev. J. B. Palliser, Joshua Malcomson, Ambrose Lane, Colonel Phipps.</p> <p>Trustees.</p> <p>Samuel Gordon, Edward Sargint, Benjamin Grubb, Robert Malcomson, Abraham Grubb, B. P. Phelan, William Davis, Joseph Grubb, Queen-street, Henry Strene, P. R. Banfield, Edward Jones, Samuel Fayle.</p> <p>Committee.</p> <p>George Graham, William Smith, James Newell, John T. Pin, Charles A. Pin, Samuel Murphy, Gerald Fitzgerald.</p>			

APPENDIX B.

THURLES SAVINGS' BANK.

Inspection of Depositors' Pass Books, 11th and 12th Victoria, chap. 133, and 13th and 14th Victoria, chap. 110.

Pursuant to the provisions of a Statute passed in the Session of Parliament, held in the 11th and 12th years of the reign of Her Majesty Queen Victoria, entitled "An Act to amend the Laws relating to Savings' Banks in Ireland," and of the Statute continuing the same, the Book of each Depositor is required to be produced at the Office of the Savings' Bank, for the purpose of being inspected, examined, and verified with the Books of the Institution, by the Auditor.— Notice is hereby given that George Mackay, of 45, York-street, in the City of Dublin, Esquire, L.L.D., Barrister-at-Law, having been appointed by the Trustees of the above-named Savings' Bank, to be the Auditor thereof, the said Auditor will attend at the Office of this Savings' Bank, on the following days and hours, viz. :—

Monday, 29th December, 1851,	} From 12 o'clock, noon, to 3 o'clock in the afternoon,
Tuesday, 30th " "	
Wednesday, 31st " "	

for the purposes in the said in part first recited Act mentioned, at which place and during any of the specified time, the Book of each Depositor is hereby required to be produced for the purpose aforesaid, pursuant to the provisions of the 5th Section of the said in part first recited Act, which are as follows :—

" Sec. V. And be it enacted, That the Rules of every Savings' Bank in Ireland shall specify
" a Number of Days, not less than Two in every Year, ending on the 20th of November, on which
" the Book of each Depositor shall be produced at the Office of the said Savings' Bank for the
" purpose of being inspected, examined, and verified with the Books of the Institution by the
" Auditor or Auditors; and in case the said Book shall not be produced on or before the last of
" the Days mentioned in any one Year ending as aforesaid, the said Account shall be closed, and
" all Interest shall cease to acerue on the Sums deposited from the last day of the Year in which
" the said Book should have been so produced, in the case of every Depositor who shall have
" received Notice to produce his said Book, and of every Depositor in a Savings' Bank, the Rules
" of which provide for the production of Deposit Book once in each Year: Provided, nevertheless,
" that the Trustees or Managers shall have the power to re-open the said Account, but only to
" allow Interest thereon from the time when the same shall have been re-opened, unless the
" Trustees shall be satisfied that such Depositor has been prevented by some sufficient Cause from
" producing the Deposit Book at the time so specified; and an Extract of this Provision shall be
" enrolled as one of the Rules of every Savings' Bank."

(Given under my Hand at Thurles, this 20th day of November, 1851.

By Order,

MATHEW QUINLAN, Actuary.