

REPORT

OF

THE COMMISSION OF INQUIRY

INTO THE

LAWS RELATING TO BUILDING AND LAND
SOCIETIES.

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY, BY COMMAND
OF HIS EXCELLENCY.

WELLINGTON.

—
1870.

COMMISSIONS.

G. F. BOWEN, Governor.

To Oswald Curtis, Esquire, Superintendent of the Province of Nelson; Nathaniel Edwards, Esquire, a Member of the House of Representatives; William Hunter Reynolds, Esquire, a Member of the House of Representatives; Henry Howorth, Esquire, a Member of the House of Representatives; George Maurice O'Rorke, Esquire, a Member of the House of Representatives; Edward Cephas John Stevens, Esquire, a Member of the House of Representatives; and Jonas Woodward, Esquire, Receiver-General.

WHEREAS it is expedient to make inquiry into the Laws relating to Building and Land Societies and the operation thereof, and I have thought fit, by and with the advice and consent of the Executive Council of the Colony of New Zealand, to appoint you to be Commissioners to make such inquiry:

Now know ye that I, Sir George Ferguson Bowen, G.C.M.G., reposing special trust in your knowledge and ability, have thought fit, by and with the advice and consent of the Executive Council, to constitute and appoint, and by these Presents, by and with such advice and consent, do constitute and appoint you

OSWALD CURTIS,
NATHANIEL EDWARDS,
WILLIAM HUNTER REYNOLDS,
HENRY HOWORTH,
GEORGE MAURICE O'RORKE,
EDWARD CEPHAS JOHN STEVENS, and
JONAS WOODWARD,

to be Commissioners to investigate and report upon the Laws relating to Building and Land Societies, the operation of such Laws, and the working of such Societies, and to make such suggestions in connection therewith as to you may seem fit: And I do, by these presents, by and with the advice and consent aforesaid, grant to you, or any two of you, full power and authority to carry into effect the purposes of this Commission by all lawful ways and means whatever: And I do, by these presents, ordain that this Commission shall continue in full force and virtue; and that you, the said Commissioners, or any two of you, shall and may, from time to time, and at any place, proceed in the execution thereof, although the same be not continued from time to time by adjournment: And I do further will and direct that you do, within six months after the date of this Commission, or as much sooner as the same can be done (using all diligence), certify to me, under your hands and seals, or under the hands and seals of any three of you, your several proceedings and your opinion touching the premises.

Given under the hand of His Excellency Sir George Ferguson Bowen, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over the said Colony of New Zealand and its Dependencies, and Vice-Admiral of the same, at the Government House, at Wellington; and issued under the Seal of the said Colony, this twenty-fifth day of August, in the year of our Lord one thousand eight hundred and sixty-nine.

W. GISBORNE.

Approved in Council.

FORSTER GORING,
Clerk of the Executive Council.

G. F. BOWEN, Governor.

To Oswald Curtis, Esquire, Superintendent of the Province of Nelson; Nathaniel Edwards, Esquire, a Member of the House of Representatives; William Hunter Reynolds, Esquire, a Member of the House of Representatives; Henry Howorth, Esquire, a Member of the House of Representatives; George Maurice O'Rorke, Esquire, a Member of the House of Representatives; Edward Cephas John Stephens, Esquire, a Member of the House of Representatives; and Jonas Woodward, Esquire, Receiver-General:

WHEREAS it was deemed expedient that inquiry should be made into the Laws relating to Building and Land Societies and the operation thereof; and by an Order in Council made on the twenty-fifth day of August, one thousand eight hundred and sixty-nine, I did appoint you, the said Oswald Curtis, Nathaniel Edwards, William Hunter Reynolds, Henry Howorth, George Maurice O'Rorke, Edward Cephas John Stephens, and Jonas Woodward, Commissioners to investigate and report upon the same, and did will and direct you the said Commissioners, within six months after the date of the said

Commission, to certify to me, under your hands and seals, or under the hands and seals of any three of you, your several proceedings and your opinion touching the premises: And whereas I have been given to understand that you the said Commissioners took upon yourselves the burden of the investigation directed to be made as aforesaid, but that you did not, within the time in that behalf limited in and by the said Commission, certify to me your proceedings therein, and your opinion touching the matters referred to you: And whereas I have further been given to understand that you are now ready to make such report: And whereas it is apprehended that by lapse of time the said Commission has expired, and that it is necessary, in order to enable you to make such report, that you should be reappointed as hereinafter mentioned:

Now know ye that I, Sir George Ferguson Bowen, G.C.M.G., continuing to repose special trust in your knowledge and ability, have thought fit, by and with the advice and consent of the Executive Council, to constitute and appoint, and by these presents, by and with such advice and consent, do constitute and appoint you the said

OSWALD CURTIS,
NATHANIEL EDWARDS,
WILLIAM HUNTER REYNOLDS,
HENRY HOWORTH,
GEORGE MAURICE O'RORKE,
EDWARD CEPHAS JOHN STEVENS, and
JONAS WOODWARD,

to be Commissioners for the like purposes, and with the like powers and duties, as are mentioned, expressed, and contained in the said recited Commission of the twenty-fifth day of August, one thousand eight hundred and sixty-nine, but so, nevertheless, that you do, within fourteen days after the date of this Commission, or as much sooner as the same can be done (using all diligence), certify to me, under your hands and seals, or under the hands and seals of any three of you, your several proceedings and your opinion touching the matters in the said Commission of the twenty-fifth day of August, one thousand eight hundred and sixty-nine, and in this Commission respectively mentioned.

Given under the hand of His Excellency Sir George Ferguson Bowen, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over the said Colony of New Zealand and its Dependencies, and Vice-Admiral of the same, at the Government House, at Wellington; and issued under the Seal of the said Colony, this twenty-fourth day of August, in the year of our Lord one thousand eight hundred and seventy.

W. GISBORNE.

Approved in Council, 24th August, 1870.

FORSTER GOBING,
Clerk of the Executive Council.

REPORT OF THE BUILDING AND LAND SOCIETIES COMMISSION.

MAY IT PLEASE YOUR EXCELLENCY,—

The terms of the Commission intrusted to us by your Excellency being so wide and comprehensive as to include within the inquiry with which we were charged all the legislation of the Colony affecting Land and Building Societies, and also the working of societies as at present constituted, it was judged necessary to obtain as much information as possible concerning the societies in the Colony before proceeding to consider the subject with a view to such recommendations as we might think it desirable to make. A series of questions was therefore prepared, and a copy addressed to each of the societies, to which answers more or less complete have been received from thirty-one out of thirty-three societies which now are, or recently have been, in operation in the Colony. A synopsis of these answers is appended to this Report.

These answers, combined with the evidence which each of the Commissioners obtained in the particular locality in which he resides, have led to the following conclusions:—

1. That existing societies, to a large extent, are not proceeding upon reliable calculations.
2. That the diversity in form and modes of operation is so great as to make it both impracticable and undesirable to obtain uniformity by legislation.
3. That there is at present no safeguard against delusive schemes, should such be proposed.

That many societies are not proceeding upon reliable calculations will appear from a mere inspection of the “Summary of Particulars of Terminable Societies” appended to this Report (Appendix C). A perusal of the rules of the societies confirms this, as it is found that they are in most instances merely copies of each other, although the rates of subscription and of interest, the method of making loans, and the expected results differ so greatly.

The diversities in modes of operation will be seen by reference to the answers to questions 12, 15, 24, and 25, with Appendices B and C.

It is of course probable that local circumstances may cause some of these differences, while others may arise from differences in the end that is sought to be obtained. However this may be, the existence and character of these differences seem alike to prove that it is desirable to allow all societies to accomplish their own ends in their own way, providing that there be some assurance that the way that is taken will secure the end, and that the end and means are alike in accordance with the intention of such societies.

That there is at present no safeguard for the public in respect to these societies, is by far the most serious conclusion at which we have arrived. The fact that societies have worked so well hitherto does not disprove this; and we are convinced that the success that has attended them is mainly, if not entirely, due to the good faith and honesty of purpose with which they have been conducted, rather than to the intelligence with which the schemes have been devised. The answers to question 26 show how few of the societies have any satisfactory or intelligible mode of ascertaining their true position. To no other question are the answers so vague and inconclusive, although the point referred to is of absolutely vital importance.

The Legislature has attempted to guard against the want of knowledge on the part of promoters of these societies by appointing revising barristers to certify that the rules of each society are in conformity with the law, but we venture to think that it is imperatively necessary that the “Tables” and calculations should be subject to the revision of a person competent to give an authoritative opinion as to their correctness.

There is one point connected with the working of a large proportion of existing societies which appears to us highly objectionable: this is the practice of selling shares by auction among the shareholders, or in other words, inviting persons who desire to borrow from the society to compete with each other as to the amount of premium they will give, or deduction they will consent to, in respect of the shares on which they wish to realize. The answers to question 14 show that the majority of those who have had much experience in the working of these societies consider that system to be a great evil, an opinion in which we entirely concur.

In submitting to your Excellency the points on which we think that further legislation is required, we beg to repeat that we deem it in every way desirable to interfere as little as possible with the freedom of individual action in respect to these societies.

While, therefore, we have to suggest that a Bill may be submitted to the Legislature for the regulation of Land and Building Societies, we recommend that it should be confined to the following points:—

1. To consolidate the Land and Building Societies Acts of 1866 and 1869.
2. To prohibit the sale of shares by auction or tender, and to require that in every case the full nominal value of the shares shall be advanced without premium being charged, or deduction made. This provision not to apply to existing societies.
3. To provide for and authorize the winding up of societies, when and if it may be necessary or desirable to do so.
4. To appoint an Inspector whose duty shall be—
 - (1.) To examine the prospectuses and tables of all Land and Building Societies, and certify as to their correctness and suitability for their intended purpose. No new society to be registered until such certificate is given.
 - (2.) To receive annually from every society in the Colony a statement of its operations and position, also of its assets and liabilities, and to examine and report thereon to the Colonial Secretary. Such statements and reports to be published in the *New Zealand Gazette*, and in the *Gazette* of the Province or County in which the office of the society may be situated.

(3.) To control the power of borrowing given to all such societies, so as to insure that it shall only be exercised in conformity with the terms of the Act or Acts by which such borrowing is authorized.

(4.) To furnish periodically, when requested by any society, a table or tables showing the rates at which its shares may be withdrawn, and also at which its mortgages may be cancelled.

(5.) To approve of any proposed scheme for winding up a society; such approval to be necessary before the winding-up shall become lawful.

All of which is now submitted for your Excellency's consideration.

E. C. J. STEVENS, Chairman,
OSWALD CURTIS,
NATH. EDWARDS,
G. MAURICE O'RORKE,
J. WOODWARD, } Commissioners.

Wellington, 13th August, 1870.

APPENDIX A.

REPLIES TO QUESTIONS RELATING TO BUILDING SOCIETIES.

1.—*What is the name of the Society?*

1. Northern Land Association.
- 1A. Auckland Land Society, No. 6.
- 1B. Auckland Land Society, No. 7.
2. Onehunga Land Society.
3. Napier Land and Building Society, No. 2.
4. Wellington Mutual Investment Society.
5. Do. Do. Class No. 2.
6. Wanganui Land, Building, and Investment Society.
7. Provincial Land and Building Society, Permanent.
8. Permanent Building Society of Nelson.
9. Marlborough Building Society.
10. Picton Freehold Land and Building Society.
11. Provincial Investment and Loan Association.
12. Christchurch Land, Building, and Investment Society, No. 2.
13. Lyttelton Land, Building, and Investment Society.
14. Do. Do. Do. No. 2.
15. Kaiapoi Land, Building, and Investment Society.
16. Timaru Land, Building, and Investment Society.
17. Timaru Permanent Mutual Benefit Building and Investment Society.
18. New Zealand Building and Mutual Investment Society,
19. Second Do. Do.
20. Standard Property Investment Society.
21. Otago Freehold Land, Building, and Investment Society.
22. Argus Building and Investment Society and Savings Institute.
23. Commercial Building and Mutual Investment Society.
24. Tokomairiro Property Investment Society.
25. Bruce Property Investment and Building Society.
26. Tuapeka Mutual Benefit Building and Investment Society.
27. Oamaru Land and Building Investment Society.
28. Southland Building, Land, and Investment Society.
29. Western District Building and Land Society.

2.—*In what City or Town is the Society's Office situated?*

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|--------------------------------------|---------------------------|--|
| 1. Auckland. | 9. Blenheim, Marlborough. | 20. Dunedin. |
| 1A. Do. | 10. Picton. | 21. Do. |
| 1B. Do. | 11. Christchurch. | 22. Do. |
| 2. Onehunga, Auckland. | 12. Do. | 23. Do. |
| 3. Napier. | 13. Lyttelton. | 24. Milton, Tokomairiro District, Otago. |
| 4. Wellington. | 14. Do. | |
| 5. Do. | 15. Kaiapoi, Canterbury. | 25. Do. |
| 6. Wanganui, Province of Wellington. | 16. Timaru, Do. | 26. Lawrence. |
| | 17. Do. Do. | 27. Oamaru. |
| 7. City of Nelson. | 18. Dunedin. | 28. Invercargill. |
| 8. Do. | 19. Do. | 29. Riverton. |

3.—*When was the Society formed?*

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|------------------------|--------------------------|---------------------------|
| 1. August, 1865. | 10. In 1863. | 20. 1st March, 1867. |
| 1A. March, 1864. | 11. January, 1863. | 21. October, 1868. |
| 1B. May, 1865. | 12. 1st September, 1868. | 22. November, 1868. |
| 2. May, 1864. | 13. January, 1862. | 23. 13th December, 1869. |
| 3. 10th January, 1870. | 14. October, 1865. | 24. 7th December, 1863. |
| 4. 30th March, 1864. | 15. October, 1867. | 25. 1st December, 1868. |
| 5. 30th March, 1868. | 16. October, 1864. | 26. April, 1867. |
| 6. December, 1865. | 17. March, 1870. | 27. 3rd December, 1864. |
| 7. January, 1861. | 18. 2nd December, 1863. | 28. 5th May, 1869. |
| 8. 21st April, 1862. | 19. February, 1864. | 29. 13th September, 1869. |
| 9. July, 1862. | | |

4.—*Is the Society terminable or permanent? If terminable, at what period?*

No.	Character.	When Terminable.
1. Terminable.	...	August, 1869,
1A. Do.	...	In four years from commencement.
1B. Do.	...	Do. do.
2. Do.	...	Expired 23rd May, 1868.
3. Do.	...	In four years, or when £20 16s. per share is obtained.
4. Do.	...	In ten years, or when £50 per share is obtained.
5. Do.	...	Do. do.
6. Do.	...	When £20 per share is obtained.
7. Permanent.	...	(Originally terminable)
8. Do.	...	
9. Terminable (originally permanent).	...	About December, 1873.
10. Do.	...	" Will terminate in about two years."
11. Do.	...	In nine years from commencement.
12. Do.	...	When £100 per share is obtained.
13. Do.	...	" " "
14. Do.	...	" " "
15. Do.	...	" " "
16. Do.	...	October, 1872.
17. Permanent.	...	
18. Terminable.	...	Ten years, or under.
19. Do.	...	
20. Permanent.	...	
21. Terminable.	...	" In about seven or eight years."
22. Permanent.	...	
23. Do.	...	
24. Terminable.	...	Probably in about seven years and nine months.
25. Do.	...	When £25 per share has been obtained.
26. Do.	...	About 1875.
27. Do.	...	When £60 per share has been obtained.
28. Do.	...	" £25 " " "
29. Do.	...	" £25 " " "

5. *Do you consider terminable or permanent Societies the better, and why?*

No.	Preference.	Reasons.
1. Terminable.	Members wish to realize a certain sum at a given period.	
1A. Terminable for borrowers.	Permanent for investors.	
1B. Terminable	"on the whole."	
2. Permanent.	Giving greater security.	
3. Terminable.	More suitable for colonists, especially in small places.	
4. Permanent.	Terms could be absolutely fixed. Use is constantly found for funds, instead of being interrupted by termination of society. Period of loans could be varied to suit convenience of borrowers. (Same answer given by Nos. 5, 6, and partially by Nos. 20, 22, and 23).	
6. Terminable.	More suitable for colonists, especially in small places.	
7. Permanent.	Better, "if worked on an equitable principle."	
8. Do.	Trouble saved in investment of funds.	
9. Terminable.	Terminable more suited for small towns; permanent for large towns.	
10. Do.	"For our purposes."	
11. Do.	Because of the fluctuation in the value of securities. (No. 12 gives same reason, adding, "especially for small communities.")	
13. Permanent.	Because there would be a more equal demand for the Society's capital. (Same answer given by Nos. 14 and 20.)	
15. No answer.		
16. Permanent.	For the readiness with which members could be admitted, and greater certainty of results. (Same answer given by No. 17.)	
18. Do.	No reason assigned.	
19. Both equally good.		
21. Terminable for investors,	permanent for borrowers.	
22. Permanent.	Terms for borrowers are more equitable. Profits can at any time be ascertained. There is less inducement to accept doubtful securities. Withdrawing shareholders are more easily dealt with.	
24. Do.	Work more uniformly. (Same answer given by No. 25.)	
26, 27, 28, and 29.	No answer.	

6.—*What is the monthly contribution for each share?*

Nos. 1, 1A, 1B, and 2. 8s. 8d. per month, payable weekly; 3. 8s. 8d. per month, payable fortnightly; 4. 5s.; 5. 5s.; 6. 3s.; 7. 4s.; 8. 3s.; 9. 3s.; 10. 2s. 6d.; 11. 5s.; 12. 10s., "and sixpence working fee;" 13. 10s. 6d.; 14. 10s. 6d.; 15. 10s. 6d.; 16. 5s. 6d.; 17. 2s. 6d.; 18. 10s.; 19. 5s.; 20. 4s.; 21. 10s.; 22. 10s. for terminable share, £50 at once for permanent share.; 23. 2s. fortnightly; 24. 4s.; 25. 3s.; 26. 5s.; 27. 5s.; 28. 4s.; 29. 4s.

7.—*What amount will be payable in respect of each share at the termination of the Society?*

1, 1A, 1B, and 2. £20 16s., with interest and profits; 3. £20 16s., with profits; 4. £50; 5. £50; 6. £20; 7. £25; 8. £20; 9. £20; 10. £25; 11. £50; 12. £100; 13. £100; 14. £100; 15. £100; 16. £50; 17. £25; 18. £120; 19. £60; 20. £25; 21. £120; 22. £50; 23. £25; 24. £30; 25. £25; 26. £60; 27. £60; 28. £25; 29. £25.

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8.—How many shares are current?

No.	Unrealized.	Advanced.	Realized.	Total.	No.	Unrealized.	Advanced.	Realized.	Total.
1	...	773	...	773	15	89	...	24	113
1A	...	...	1,456	1,456	16	117	...	279	396
1B	...	...	926	926	17	1,338	...	...	1,338
2	...	220	122	342	18	227 $\frac{3}{4}$	271 $\frac{1}{4}$	621	1,120
3	327	...	59	386	19	268 $\frac{1}{2}$	...	302 $\frac{1}{2}$	571
4	2,188	156	1,378	3,722	20	1474	...	605	2,079
5	3,575	...	418	3,993	21	464	...	30 $\frac{1}{2}$	494 $\frac{1}{2}$
6	390	195	328	913	22	Permanent 1	...	24	172
7	46	...	147	193		147	...		
8	1,617 $\frac{5}{8}$	...	1,211 $\frac{1}{2}$	2,829	23	Cannot state yet	...		
9	36	...	208	244	24	110	52	282	444
10	110	...	109	219	25	975	...	80	1,055
11	607	...	1,931	2,538	26	355 $\frac{1}{2}$	...	136 $\frac{1}{2}$	492
12	527 $\frac{1}{2}$	...	54 $\frac{1}{2}$	582	27	407 $\frac{1}{2}$	247 $\frac{1}{2}$	95	750
13	27	6	128	161	28	975	...	62	1,037
14	236	...	147	383	29	500	...	...	500

9.—By how many persons are the shares held?

No.	No.	No.	No.	No.	No.
1. 90	5. 665	10. 40	15. 46	20. 224	25. 138
1A. 168	6. 70	11. 239	16. 56	21. 148	26. ...
1B. 118	7. 29	12. 191	17. 96	22. 50	27. 165
2. 60	8. 271	13. 61	18. ...	23. ...	28. 239
3. 70	9. 36	14. 129	19. 66	24. 48	29. 128
4. 519					

10.—What is the largest number of shares held by any one person?

No.	No.	No.	No.	No.	No.
1. 40	5. 400	10. 26	15. 8	20. 100	25. 40
1A. 40	6. 60	11. 169	16. 40	21. 12	26. 20
1B. 50	7. 12	12. 32	17. 130	22. 14	27. 24
2. 31	8. 90	13. 11	18. 20	23. 15	28. 30
3. 25	9. 15	14. 12	19. 40	24. 25	29. 20
4. 221					

11.—What is the largest number of shares realized by any one person?

No.	No.	No.	No.	No.	No.
1. 40	5. 50	10. 16	15. 7	20. 60	25. 6
1A. 40	6. 25	11. 169	16. 40	21. 6	26. 13
1B. 50	7. 12	12. 8	17. ...	22. 4	27. 23
2. 18	8. 90	13. 8	18. 17	23. ...	28. ...
3. 10	9. 15	14. 20	19. 35	24. 25	29. ...
4. 120					

12.—On what terms are advances made to shareholders when shares are realized?

- At 8 per cent. interest to termination of Society.
- 1A, and 1B. On mortgage; principal repaid by value of shares.
- No answer.
- At 10 per cent. interest; shares allotted by ballot.
- £50 advanced to borrower, who pays 15s. per month until termination of Society.
- Do. do. do.
- By auction at 20s. per share. Interest 10 per cent., and 1 per cent. commission.
- Interest at 10 per cent., and contributions.
- By auction. Interest, 10 per cent., and 1 per cent. commission.
- Do. at bonus of 5 per cent. Interest, 10 per cent.
- At a premium of £1 per share. Interest, 10 per cent.
- £50 advanced; borrower pays 15s. per month.
- "Deduction of not less than £40 from value; 5s. per month payable besides contributions."
- By auction; extra subscription of 6s. per month.
- Do. do. do.
- "6s. per share per month, in addition to the 10s. 6d."
- By auction. Interest at 5 per cent., and 5s. per share "sinking fund."
- To be repaid, principal and interest, in four, six, eight, ten, or twelve years. Interest at 10 per cent. on decreasing amounts.
- 10s. per share per month.
- 10s. per share per month additional, and a premium on the advance.
- Varying payments for differing terms.
- Not answered; (20s. per month per share, per rules).
- On payment of a fixed number of instalments of 10s. per share.
- Not answered; (about 11 per cent., per rules).
- By auction. Interest on full value at 5 per cent. (Interest said to be much too low.)
- Do. do. do. 8 per cent.
- Do. 10s. per month payable in addition to subscription.
- Do. 10s. do. do. do.
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- Interest at 5 per cent. per annum. (By auction.)

13.—*Do you find that the system of selling shares by auction tends to make it more or less doubtful when the Society will terminate?*

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| 1. Not in a terminable Society. | 19. "It renders it doubtful." |
| 1A, 1B, and 2. No experience. | 23. No experience. |
| 3. More doubtful. | 24. Premiums from sales will shorten term of Society. |
| 4, 5. Yes; more doubtful. | 25. Same answer as last. |
| 6. Not certain. | 26. Do not think it makes any difference. |
| 8. More doubtful. | 27. More. |
| 10. More doubtful. | 28. (As Nos. 24 and 25.) |
| 12. Less doubtful. | |

Nos. 7, 9, 11, 13–18, 20–22, and 31 do not show in their answers whether they think it would be "more" or "less" doubtful.

14.—*Do you consider that the pecuniary necessities of shareholders frequently lead them to bid too high a discount at the sale of shares?*

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|---|---------------------------------------|
| 1. Yes, at times. | 13, 14. Occasionally, not frequently. |
| 1A, 1B, and 2. No experience. | 15. No. |
| 3. No experience, but consider the auction system a great evil. | 16, 17. Yes. |
| 4. Yes, after an experience of twenty-four years. | 18. In very few cases. |
| 5. No experience. | 19. Probably. |
| 6. Most certainly. | 20. Yes. |
| 7. Very frequently. | 21. Perhaps so. |
| 8. Yes; sometimes to a ruinous extent. | 22. Necessity and ignorance combined. |
| 9. Yes; decidedly. On one occasion 31½ per cent. given. | 23. No experience. |
| 10. At times. | 24. Sometimes. |
| 11. Yes; most decidedly so. | 25. Has not observed it. |
| 12. "In this Society, No." | 26, 27. No answer. |
| | 28, 29. Have not found it so. |

15.—*Does the Society make advances by way of ordinary mortgage—that is to say, without shares being realized? If so, on what terms?*

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| 1, 1A, and 1B. No. | 16, 17. Not yet. |
| 2. Yes; at 8 per cent., payable half-yearly. | 18. No. |
| 3. None have been made. | 19. Not yet. |
| 4, 5. Yes, when capital accumulates, at 10 per cent. | 20, 21. No. |
| 6. Yes; at 10 and 12 per cent. | 22. Not yet. |
| 7. Yes, when capital accumulates, at 10 per cent. | 23. No. |
| 8, 9, 10, 11. No. | 24, 25. Yes. |
| 12. Not at present. | 26. No. |
| 13, 14. Yes, when capital accumulates, at 10 and 12½ per cent. | 27, 28. Yes; when shares are not taken, at 10 per cent. |
| 15. Yes; over £100, at 10 per cent.; under £100, at 12 per cent. | 29. No. |

16.—*Are such advances as are referred to in Question 15 made to shareholders only, or are they made to non-shareholders also?*

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|---|--|
| 2. To shareholders only. | 7. To either—shareholders in preference. |
| 3. To shareholders only, as yet. Will probably be made to others by-and-by. | 12, 13, 14, 15. To either. |
| 4, 5. To non-shareholders only, all borrowers being treated as non-shareholders, although they hold shares. | 19, 22. To either. |
| 6. To either. | 23. Shareholders only. |
| | 24. To members first. |
| | 25, 27. To either. |
| | 28. To shareholders only. |

Nos. 1, 1A, 1B, 8, 11, 16–18, 20, 21, 26, and 29 have not answered.

17.—*Are advances made on freehold property only, or are advances made on leaseholds also?*

- | | |
|---|--|
| 1. Freehold and leasehold. | 11. On leasehold occasionally, but think it decidedly objectionable. |
| 1A, 1B. Both; but think advances on leaseholds a mistake. | 12, 13, 14. Both. |
| 2. Freehold and leasehold, at discretion of Trustees. | 15. Freehold only. |
| 3. Freehold and long leasehold. | 16, 17, 18. Both. |
| 4, 5. Freehold only. | 19, 20, 21, 22, 23. Both; freeholds preferred. |
| 6. On both. | 24, 25, 26, 27. Freehold only. |
| 7, 8, 9. Freehold only. | 28. Both. |
| 10. No answer. | 29. Freehold only. |

18.—*Is there in all mortgages to the Society in which buildings are included, a stringent provision for fire insurance?*

Nos. 1, 1A, 1B, 3–5, 7–19, and 21–29, answer "Yes;" and Nos. 2, 6, and 20 answer "Where required."

19.—*In what manner are the law costs for mortgages, total releases, partial releases, and approving of leases or tenancies mortgaged to the Society, regulated?*

- | | |
|---|--|
| 1, 2. Mortgagor pays all. | 15. Agreed scale of charges. |
| 1A, 1B. Mortgagor employs any Solicitor. | 16. No arrangement. "Rate exorbitant." |
| 3. Fees regulated by fixed scale. | 17, 18. Scale of charges. |
| 4, 5. Deeds prepared by Solicitor to Society, at expense of mortgagors. No arrangement. | 19. Fixed rate of £3 3s. for mortgages. |
| 6. Fee of £2 2s. for each deed. Registration extra. | 20. Fixed rate of £2 2s. for mortgages. Registration, &c., additional. |
| 7. By arrangement between Directors and Solicitor. | 21. By uniform fee, arranged with Solicitor. |
| 8. By contract with Solicitor. | 22, 23. No arrangement. About £5 5s. is believed to cover all costs. |
| 9. Mortgage, £1 11s. 6d.; lease, £1 1s.; registration extra. | 24, 25. Society has forms of mortgage. |
| 10. Solicitor charges about half-price. | 26. As No. 22. |
| 11. Agreed scale of charges. | 27. No arrangement, but subject to approval of Committee. |
| 12, 13, 14. Agreement with Solicitor for mortgages only. | 28. By arrangement with Solicitor. |
| | 29. By fixed scale. |

20.—*In the event of a sale of mortgaged property, do you give the defaulting mortgagor credit for a share of the profits in the same manner as you would a mortgagor releasing his security?*

- | | |
|---|---------------------------------|
| 1. Yes. | 17. Yes. |
| 1A, 1B. No. | 18. Yes, if fines are charged. |
| 2. No; profits are absorbed by fines before sale. | 19, 20, 21. Yes. |
| 3. Probably; it is not fixed, but may be, at least at close of Society. | 22. It is believed so. |
| 4, 5. Precisely the same. | 23. According to circumstances. |
| 6. No case occurred. | 24, 25. No experience. |
| 7, 8, 9, 10, 11, 12, 13, 14, 15. Yes. | 26. Yes. |
| 16. Yes, if fines are charged. | 27. No. |
| | 28, 29. Yes. |

21.—*Do you consider a borrowing member entitled to be a member of Committee or a Director?*

- | | |
|---|--|
| 1, 2. Certainly. | 10. Not without he holds two unrealized shares. |
| 1A, 1B. Yes. | 13, 14. Yes; decidedly. |
| 4, 5. No; members of Committee must hold five unrealized shares. | 16. Yes; otherwise the Society would be worked for the benefit of investors only, and not equitably. |
| 6. Yes; realized members have a double interest in the well-doing of the Society. | 18. Certainly. |
| 7. Yes; so long as they do not constitute a majority. | 19. Committee should consist of both classes. |
| 9. Not the most eligible, but not to be avoided. | 24. On principle, no; in practice, they must be admitted. |

Nos. 1A, 3, 8, 11, 12, 15, 17, 20–23 and 26–29, answer "Yes."

22.—*Does the Society receive money by way of deposit? If so, on what terms?*

- | | |
|--|--|
| 4. Yes; £50 and upwards, for six months, 6 per cent; under £50, or less than six months, 5 per cent. | 13, 14. None has been offered. |
| 5. Not at present. | 17. Yes; at 5, 6, and 7 per cent. for three, six, and twelve months. |
| 7. It did, but does not now. | 18. Yes; at current rates, when required. |
| 8. Only as payments in advance—8 per cent. per annum allowed as discount. | 22. No; Registrar refused to certify to rule giving power to receive deposits. |
| 11. When there was use for the money—at 6, 7, or 8 per cent. for six, nine, or twelve months. | 23, 24, 25. No; excepting payments in advance. |
| | 26. Yes; would give 5 per cent. |

Nos. 1, 1A, 1B, 2, 3, 6, 9, 10, 12, 15, 16, 19–21, and 27–29, answer "No."

23.—*Does the Society borrow money from its banker, or otherwise? If so, from whom, on what security and on what terms?*

- | | |
|--|---|
| 3. Not as yet. | 17. Not yet. |
| 4, 5, 6. Occasionally from its banker on agreed terms. | 18, 19. From its bankers, or otherwise. |
| 7. Occasionally promissory notes sometimes given. | 20. From its bankers, and on debentures. |
| 8. From its bankers, on promissory notes or security of deeds. | 21. From its bankers, or can do so privately. |
| 9. Money of matured shares remains at interest. | 22. From its bankers, or otherwise. |
| 11. From bankers, when required. | 23. Has had no occasion to borrow. |
| 13, 14. From its banker. | 25. No answer. |
| 16. From bankers, when required. | 26. Has borrowed privately. |
| | 27. From its banker. |
| | 29. May borrow on debentures. |

Nos. 1, 1A, 1B, 2, 10, 12, 15, 24, and 28 answer "No."

24.—How are the expenses of the Society provided for?

1. By fines, entrance fees, and 2s., 4s., and 6s. per share.
- 1A, 1B. Out of revenue.
2. By fines, profits, and 16s. per share if required.
6. By fines, commissions, and transfer fees.
- 7, 8. By entrance fees, fines, transfers, per cent-ages, &c.
9. No answer.
10. By fees and fines.
11. By 2s. 6d. per share per annum.
- 12, 15. By 6d. per share per month.
16. By 3d. per share per month, and fines, &c.
17. Out of profits.
18. No answer.
19. Out of profits.
20. By 1 per cent. per annum paid by borrowers, also by fees, fines, &c.
21. Out of profits.
22. By a "loading" on repayments.
23. Out of revenue.
- 24, 25. A first charge on profits.

Nos. 3–5, 13, 14, and 26–29 answer "Out of general funds."

25.—What proportion do the expenses of the Society bear to its receipts for subscriptions and interest?

1. Fines, &c., cover expenses.
- 1A, 1B. No answer.
2. $4\frac{1}{2}$ per cent.
3. Not known yet.
- 4, 5. About $2\frac{1}{2}$ per cent.
6. $5\frac{1}{2}$ per cent.
7. From $2\frac{1}{2}$ to 5 per cent.
8. About $2\frac{1}{2}$ per cent.
9. About $3\frac{1}{2}$ per cent.
10. About one-twentieth part.
11. Not quite 4 per cent.
12. About $3\frac{1}{2}$ per cent.
- 13, 14. $2\frac{1}{2}$ per cent.
15. One-sixteenth.
16. Within 10 per cent.
17. Not more than 10 per cent.
18. Barely 5 per cent.
19. No answer.
20. £5 5s. per cent. nearly
21. About a tenth part at present.
22. Declines to answer.
23. No experience.
24. About $3\frac{1}{2}$ per cent.
25. About 4 per cent.
26. About $4\frac{1}{2}$ per cent.
27. 8 per cent.
28. No answer.
29. No answer.

26.—Upon what principle are the yearly statements of profit and loss made up, especially with regard to the estimation of the value of the shares?

1. Dr. and Cr. Balance Sheet.
- 1A, 1B. No annual statements made.
3. No statement yet made up.
4. By deducting liabilities from assets, and dividing balance by number of shares.
7. By valuation.
8. "On proportion of capital subscribed."
9. By valuation.
16. "As the committee thinks fit."
17. Investors are credited with 8 per cent., and every five years 2 per cent. is credited to all share-holders.
18. By valuation.
20. "Future repayments discounted at 10 per cent. per annum."
22. By valuation.
23. No experience.
27. By equal distribution.

Nos. 5, 6, 13–15, and 24–26 give similar answers to No. 4.

Nos. 2, 10–12, 19, 21, 28, and 29 give no distinct answers.

27.—What is the annual income of the Society, irrespective of deposits or loans?

1. £4,020; 1A. £7,571 4s., with interest on advances; 1B. No answer; 2. £1,900; 3. £2,000 (estimated as above that sum); 4. £30,000 (upwards of); 5. £14,099 17s. 6d. (first year); 6. £2,932 15s.; 7. £840; 8. £8,000; 9. £2,300; 10. £1,060 11s. 10d.; 11. £17,925 14s.; 12. £3,950; 13. £2,725; 14. £4,262; 15. £730; 16. £2,085; 17. £2,171; 18. £5,500; 19. £3,528; 20. £6,050; 21. £2,567; 22. £929; 23. No answer; 24. £1,551 19s. 10d.; 25. £2,493; 26. £2,293; 27. £3,000; 28. No answer; 29. £1,365.

28.—What amount has the Society already advanced?

No.	By Realization.	On Mortgage.	On Shares.	Total.	No.	By Realization.	On Mortgage.	On Shares.	Total.
1	...	About	£16,000	£16,000	15	£1,176	£150	...	£1,326
1A	£27,700	...	...	£27,700	16	£6,859	...	...	£6,859
1B	£15,600	...	...	£15,600	17	No answer	...	...	...
2	No answer	...	...	...	18	No answer	...	...	...
3	£1,180	...	...	£1,180	19	£18,150	...	...	£18,150
4	£68,900	£61,950	£2,419	£133,269	20	£1,299	£15,325	£475	£16,099
5	£20,900	...	...	£20,900	21	£3,660	...	...	£3,660
6	£6,400	£1,358	£1,200	£8,958	22	£1,178 10 0	...	£35	£1,213 10 0
7	£3,675	...	...	£3,675	23	Nil.	...	...	Nil.
8	£69,160	...	£2,627	£71,787	24	£8,460	...	£1,560	£10,020
9	£4,160	...	...	£4,160	25	£2,400	...	...	£2,400
10	£3,754	...	...	£3,754	26	£8,190	...	...	£8,190
11	£105,549 19 6	...	...	£105,549 19 6	27	£14,490	£1,205	Not allowed by Rules	£15,695
12	£2,941	...	...	£2,941	28	...	£1,550	...	£1,550
13	£11,941	£1,670	£850	£14,461	29	No answer	...	...	...
14	£12,518	£475	...	£12,993					

29.—What is the average amount of deposits held by the Society?

All reply "None" except No. 4, which says, "About £50,000;" and No. 17, which says, "None at present."

30.—*What is the average amount of money borrowed by the Society?*

No. 8. £2,000; 9. £1,800 on debentures; 13. Has borrowed about £1,000; 16. £300; 18. £4,263; 19. £600 from Bankers, £900 on debentures; 20. £1,000 from Bankers, £4,000 on debentures; 21. £1,000 from Bankers; 22. £500 from Bankers; 26. £1,250.

Nos. 1, 1A, 1B, 2, 3-7, 10-12, 14, 15, 17, 23-25, and 27-29 answer "Nil."

31.—*Is there any suggestion you would wish to make as to the working of the present Laws on the subject of Building and Land Societies?*

SUGGESTIONS for alterations in the Law, made by various Societies in answer to question:—

Such change in the laws affecting Real Estate as would make its transfer easy, rapid, and cheap.

Societies should be empowered to receive money on deposit.

All Societies should be brought under the supervision of Government through an Inspector.

Clauses 6 and 37 of Act of 1866 should be made compulsory, and a form of mortgage given in a Schedule to the Act.

Authority given to send deeds for registration by post.

Government should guarantee proposals of Society, and receive 1 per cent. on gross profits,—also fixing subscriptions, and verifying tables by its own Actuary.

A Revising Officer should reside in each Province, to whom all minutes of Directors should be submitted.

Directors should appoint an Inspector of Society's books.

Trustees should be empowered to buy, hold, and sell land.

Provisions of 49th section of "Joint Stock Companies Act, 1860," should be applied to Building Societies.

Stamps should not be required for transfers of shares.

Solicitor's charges should be fixed.

Secretary's salary fixed at a minimum of a percentage on receipts.

Section 3 of Act of 1866 is arbitrary and uncalled for.

Revising Officers ought to submit rules to a competent Accountant.

The restrictions in section 3 of Act of 1866, on value of shares and amount of subscriptions "are absurd, and defy the first principles of political economy."

Professional Auditors, licensed by the Revising Officer, ought to be resorted to.

Limit to borrowing powers, in section 39, is a mistake.

The bonus system should be abolished, and a limit to the rate of interest fixed.

Societies should publish annual statements, with liabilities and assets valued by an Actuary (form of proposed Return given.)

Minors and females should be empowered to hold shares, and to give discharges for payments in respect thereof.

Power to lend, under 6th section of Act of 1866, should be extended.

Desirable that the auction system should be abolished.

APPENDIX B.

SUMMARY OF PARTICULARS OF SOCIETIES IN NEW ZEALAND.

No. of Societies.	No. of Shares.	No. of Persons interested.	Monthly Subscription.	Period.	Expected Result.	Character of Society.	Interest charged on Realized Shares.	
			s. d.		£ s. d.			
1	773	90	8 8	4 years ...	20 16 0	Terminable	8 per cent.	
1A	1,456	168	8 8	4 years ...	20 16 0	Ditto ...	Ditto	
1B	926	118	8 8	4 years ...	20 16 0	Ditto ...	Ditto	
2	342	60	8 8	4 years ...	20 16 0	Ditto ...	...
3	386	70	8 8	4 years ...	20 16 0	Ditto ...	10 per cent.	
4	3,722	819	5 0	10 years or less	50 0 0	Ditto ...	10s., month	
5	3,993	665	5 0	10 years or less	50 0 0	Ditto ...	Ditto	
6	913	70	3 0	When realized	20 0 0	Ditto ...	10½ per cent.	
7	193	29	4 0	Ditto ...	25 0 0	Permanent	10 per cent.	
8	2,829	271	3 0	Ditto ...	20 0 0	Ditto ...	10½ per cent.	
9	244	36	3 0	11 years ...	20 0 0	Terminable	10½ per cent.	
10	219	40	2 6	9 years ...	25 0 0	Ditto ...	10½ per cent.	
11	2,538	239	5 0	9 years ...	50 0 0	Ditto ...	10s., month	
12	582	191	10 6	When realized	100 0 0	Ditto ...	5s., month	Borrower receives £60 only.
13	161	61	10 6	About 7½ years	100 0 0	Ditto ...	6s., month	
14	383	129	10 6	Ditto ...	100 0 0	Ditto ...	Ditto	
15	113	46	10 6	When realized	100 0 0	Ditto ...	Ditto	and 5 per cent.
16	396	56	5 6	8 years ...	50 0 0	Ditto ...	5s., month	
17	1,338	96	2 6	When realized	25 0 0	Permanent	10 per cent	
18	1,120	...	10 0	10 years or less	120 0 0	Terminable	10s., month	
19	571	66	5 0	When realized	60 0 0	Ditto ...	Ditto	
20	2,079	224	4 0	Ditto ...	25 0 0	Permanent	Varying	
21	494½	148	10 0	Ditto ...	120 0 0	Terminable	20s., month	
22	172	50	10 0	6½ years ...	50 0 0	Permanent	Varying	
23	...	...	8 8	When realized	25 0 0	Ditto ...	11 per cent.	
24	444	48	4 0	Ditto, about 7½ years	30 0 0	Terminable	2s. 6d., month	
25	1,055	138	3 0	Ditto ...	25 0 0	Ditto ...	3s. 4d., month	
26	492	...	5 0	Ditto ...	60 0 0	Ditto ...	10s., month	
27	750	165	5 0	Ditto ...	60 0 0	Ditto ...	Ditto	
28	1,037	239	4 0	Ditto ...	25 0 0	Ditto ...	5 per cent.	
29	500	128	4 0	Ditto ...	25 0 0	Ditto ...	Ditto	

APPENDIX C.

SUMMARY OF PARTICULARS OF TERMINABLE SOCIETIES.

No. of Societies.	No. of Shares.	No. of Persons interested.	Monthly Subscription.	Period.	Expected Result.	Character of Society.	Interest charged on Realized Shares.	—
1	2 6	9 years ...	25 0 0	Terminable	10 $\frac{1}{2}$ per cent.	
1	3 0	11 years ...	20 0 0	Ditto	10 $\frac{1}{2}$ per cent.	
1	3 0	When realized	20 0 0	Ditto	10 $\frac{3}{4}$ per cent.	
1	3 0	7 $\frac{3}{4}$ years ...	25 0 0	Ditto	3s.4d., month	= 8 per cent.
1	4 0	7 $\frac{3}{4}$ years ...	30 0 0	Ditto	2s.6d., month	= 5 per cent.
2	4 0	7 $\frac{3}{4}$ years ...	25 0 0	Ditto	5 per cent.	
2	5 0	7 $\frac{3}{4}$ years ...	60 0 0	Ditto	10s., month	= 12 per cent.
1	5 0	When realized	60 0 0	Ditto	10s., month	= 12 per cent.
1	5 0	9 years ...	50 0 0	Ditto	10s., month	= 12 per cent.
2	5 0	10 years or less	50 0 0	Ditto	10s., month	= 12 per cent.
1	5 6	8 years ...	50 0 0	Ditto	5s., month	and 5 per cent., = 11 per cent.
4	8 8	4 years ...	20 16 0	Ditto	8 per cent.	
1	8 8	4 years ...	20 16 0	Ditto	10 per cent.	
1	10 0	10 years or less	120 0 0	Ditto	10s., month	= 6 per cent.
1	10 0	When realized	120 0 0	Ditto	20s., month	= 12 per cent.
1	10 6	Ditto ...	100 0 0	Ditto	6s., month	= 3 $\frac{1}{2}$ per cent.
2	10 6	7 $\frac{1}{2}$ years ...	100 0 0	Ditto	6s., month	= 3 $\frac{1}{2}$ per cent.
1	10 6	When realized	100 0 0	Ditto	5s., month	Borrower receives £60 only = 5 per cent.
1	2 6	Ditto ...	25 0 0	Ditto	10 per cent.	
1	3 0	Ditto ...	20 0 0	Ditto	10 $\frac{1}{2}$ per cent.	
1	4 0	Ditto ...	25 0 0	Ditto	10 per cent.	
1	4 0	Ditto ...	25 0 0	Ditto	Varying.	
1	8 8	Ditto ...	25 0 0	Ditto	11 per cent.	
1	10 0	Ditto ...	50 0 0	Ditto	Varying	

N.B.—The rate per cent. charged to borrowers, shown above, is calculated on the assumption that borrowers get the full value of their shares, with one exception of No. 12, in which a difference is made by the Rules. Where the auction system prevails, the rates of interest are considerably increased.

SOCIETIES IN VICTORIA.

1	...	...	2 2	When realized	25 0 0	Permanent	Varying	= 11 $\frac{1}{4}$ per cent. for ten years.
1	...	...	5 0	Ditto ...	25 0 0	Ditto	Ditto	= 12 $\frac{1}{4}$ per cent. for ten years.
1	...	...	5 0	Ditto ...	50 0 0	Ditto	Ditto	= 9 $\frac{3}{8}$ per cent. for ten years.

APPENDIX D.

PURPOSES TO WHICH LEGISLATION HAS BEEN DIRECTED.

By Ordinance of Legislative Council.

- To define nature of Societies.
- To provide for registration.
- To enable Societies to receive subscriptions and make advances.
- To enable Societies to make rules and impose fines.
- To enable Societies to prescribe forms of mortgages, &c.
- To make rules binding on members.
- To enable Societies to appoint officers and committee of management.
- To restrict investments to real or Government securities.
- To give remedies against defaulters.
- To provide for settlement of disputes.
- To secure annual statement of accounts, and audit of the same.
- To make receipt of Trustees operate as reconveyance.

By Act of 1866.

Re-enacts provisions of Ordinances (altering place of deposit of rules) and adding the following provisions:—

- To enable Societies to hold land and house for office.
- To regulate calling meetings of committee and voting thereat.
- To enable Societies to borrow money on debentures.

By Act of 1869.

Extends power of borrowing, but limits its exercise to Societies that have been in operation for six months.

