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COMMONWEALTH OF AUSTRALIA.

REPORT

OF THE

Royal Commission appointed to inquire into the Monetary and Banking Systems at present in operation in Australia, and to report whether any, and if so what, alterations are desirable in the interests of the people of Australia as a whole, and the manner in which any such alterations should be effected.

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COMMONWEALTH OF AUSTRALIA.

GEORGE THE FIFTH, by the Grace of God of Great Britain, Ireland and the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India.

To Our Trusty and Well-beloved—

The Honourable JOHN MELLIS NAPIER, a Judge of the Supreme Court of South Australia;
EDWIN VAN-DEB-VORD NIXON, Esquire, C.M.G.;
Professor RICHARD CHARLES MILLS;
The Honourable JOSEPH BENEDICT CHIFLEY;
HENRY ARTHUR PITT, Esquire, C.M.G., O.B.E., Director of Finance, Victorian State Treasury; and
JOSEPH PALMER ABBOTT, Esquire.

Greeting:

KNOW YE that We do by these Our Letters Patent, issued in Our name by Our Governor-General in and over Our Commonwealth of Australia, acting with the advice of Our Federal Executive Council, and in pursuance of the Constitution of Our said Commonwealth, the *Royal Commissions Act 1902-1933*, and all other powers him thereunto enabling, appoint you to be Commissioners to inquire into the monetary and banking systems at present in operation in Australia, and to report whether any, and if so what, alterations are desirable in the interests of the people of Australia as a whole, and the manner in which any such alterations should be effected:

AND WE APPOINT YOU the said JOHN MELLIS NAPIER to be the Chairman of the said Commissioners, and as such to have a deliberative, and, in the event of an equality of votes, a casting vote, in all matters considered by the Commission:

AND WE DIRECT THAT for the purpose of inquiring into and taking evidence upon any matter entrusted to you, Our said Commissioners, any four of you, Our said Commissioners, shall be sufficient to constitute a quorum:

AND WE REQUIRE YOU with as little delay as possible to report to Our Governor-General in and over Our said Commonwealth the result of your inquiries into the matters entrusted to you by these Our Letters Patent:

IN TESTIMONY WHEREOF WE have caused these Our Letters to be made patent and the Seal of Our said Commonwealth to be thereunto affixed.

WITNESS Our Right Trusty and Well-beloved Counsellor, Sir ISAAC ALFRED ISAACS, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, Governor-General and Commander-in-Chief in and over Our Commonwealth of Australia, this fifteenth day of November, in the year of Our Lord One thousand nine hundred and thirty-five, and in the twenty-sixth year of Our Reign.

(Sgd.) ISAAC A. ISAACS
Governor-General.

By His Excellency's Command.
(Sgd.) J. A. LYONS
Prime Minister.

Entered on Record by me, in Register of Patents. No. 60. page 239. this fifteenth day of November, One thousand nine hundred and thirty-five.

(Sgd.) F. STRAHAN.

To His Excellency Brigadier-General the Right Honourable Alexander Gore Arkwright, Baron Gowrie, a Member of His Majesty's Most Honourable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Most Honourable Order of the Bath, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Victoria Cross, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia.

MAY IT PLEASE YOUR EXCELLENCY:

We the Commissioners appointed by Letters Patent dated the 15th day of November, 1935—

to inquire into the monetary and banking systems at present in operation in Australia, and to report whether any, and if so what, alterations are desirable in the interests of the people of Australia as a whole, and the manner in which any such alterations should be effected,

have now the honour to submit our report.

INTRODUCTION.

The first public session was held at Melbourne on the 15th January, 1936, when we began the hearing of oral evidence, for which purpose we held 105 sessions. These sessions were held in Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart and Launceston, and in all 200 witnesses were examined. In addition, we have received numerous written communications from individuals and organizations interested in the subject of our inquiry.

At the first public session, an announcement was made with respect to the course of our inquiry. Pursuant to this announcement, evidence was taken from representatives of the Commonwealth Bank, the trading banks, and other institutions concerned with the issue and supply of credit. When we were satisfied that we were in possession of adequate information with respect to the existing system, we proceeded to take evidence from economists, representatives of industry and commerce, and the public generally.

In order to give every opportunity to the public to present criticisms of the system, and proposals for its amendment or reform, an invitation was issued through the press, prior to the sittings of the Commission in each city, to organizations and individuals desiring to be heard. All who intimated their desire to appear before the Commission were given an opportunity to present their views.

We desire to acknowledge the help that we have received from many different sources. Questionnaires were addressed to all the banks, and to other financial institutions and organizations concerned

in the issue or supply of credit, including pastoral finance companies, assurance societies and companies, trustee companies, building societies, and stock exchanges in the various States. Questionnaires were also addressed to organizations which we regarded as representative of the users of credit, as for instance, to chambers of commerce and of manufactures, and associations of primary producers and of retailers. Representatives of all these institutions and organizations attended before us, and were examined upon their answers. In addition, questionnaires were addressed to economists in all States, and we obtained valuable assistance from their evidence. We are indebted to all these and to other witnesses, who attended at our request, or voluntarily, for the time and thought devoted to the preparation of their evidence. To supply the information which we have obtained from the banks and other financial institutions has involved them in detailed investigation and exhaustive analysis. We record the fact that all the information for which we have asked has been supplied.

We wish to acknowledge the services of Mr. E. R. Reynolds, who was appointed as Counsel to assist the Commission, during the early stages of our inquiry.

We are deeply indebted to our secretary, Mr. W. T. Harris, and to our economist, Mr. J. G. Phillips, for their assistance throughout our inquiry and in the preparation of this report, and we desire to express our appreciation of the services rendered by the assistant secretary, Mr. W. J. Swan, and the other members of the staff.

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