

PRIVATE FINANCE.

THE first century of Australasian history closed on the 26th January, 1888. It is impossible to trace step by step the progress made during that period, as the data for the purpose are for the most part wanting. Sufficient material is, however, available, from which a comparative statement of the wealth of the colonies at different periods may be deduced. In the following figures the private wealth of the people has alone been considered, the value of the unsold lands of the State, as well as the value of public works, having been omitted. The table shows the private wealth of the whole of Australasia and the increase thereof at intervals of twenty-five years from the date when this territory was first colonised :—

January.	Private Wealth.	Increase during 25 years.
	£	£
1788	—	Country first colonised.
1813	1,000,000	1,000,000
1838	26,000,000	25,000,000
1863	181,000,000	155,000,000
1890	1,169,000,000	*988,000,900

* Increase for twenty-seven years.

The progress exhibited in this table is marvellous, and as regards ratio quite unprecedented. Though Australasia has but the population of a province of one of the great European powers, in the wealth and earnings of its people it stood, in the year 1890, before most of the secondary States, and as regards wealth and income per head of population far before any other country. The plan adopted in valuing the elements of private wealth has been sketched in previous issues of this work, and, as it is marked by no features of special interest, it need not be repeated

on this occasion. Below will be found the valuation of each of the principal elements :—

Classification.	£
Land, Houses, and Permanent Improvements	821,280,000
Live Stock	120,205,000
Coin and Bullion	33,582,000
Merchandise	51,151,000
Household Furniture and Personal Property	62,874,000
Shipping owned in Colonies	7,049,000
Mines and Mining Plant.....	38,033,000
Plant employed in Agricultural, Manufacturing, and other industries not elsewhere included.....	35,260,000
Total	1,169,434,000

Let it be understood that the figures just given refer to the year 1890. No attempt has been made to bring the estimates of private wealth down to a later date, but it cannot be denied that the upheaval caused by the financial crisis of 1893 has wrought very material changes in the value of most descriptions of property in all the colonies. The depreciation in the value of real estate may be gathered from the fact that between the beginning of 1893 and the end of 1896 the annual ratable value of Melbourne and suburbs declined from £6,639,014 to £4,168,182, while during the same period the annual value of Sydney and suburbs fell from £6,067,882 to £5,019,230. The conditions of productive industry, however, are still hopeful, and there is nothing to warrant a gloomy outlook for the future. True, it is not likely that certain forms of investment, notably land, will reach their former speculative values, at least for many years, and it is not desirable that they should do so; but there is sufficient evidence that, with the expansion of population, there will still be ample scope for the remunerative employment of capital.

THE DIFFUSION OF WEALTH.

In former issues of this volume the probate returns of each colony were made the basis of a calculation of its private wealth. Extended investigation showed that unless the ages of the persons dying were also taken into consideration, estimates based on the probate returns were likely to prove fallacious; and as information in regard to ages was not procurable, this form of estimating was abandoned. The occurrence at irregular intervals of the death of very rich persons, even if the ages

had been procurable, would have had a disturbing effect on the calculations, as it can be readily imagined that, where the average number of deaths ranges from only one thousand in Western Australia to sixteen thousand in Victoria, an exceptionally large estate might easily vitiate the average. In support of what is here stated, it may be pointed out that, as estimated by probates, the average wealth per inhabitant in Victoria during five years ranged from £325 to £610, and in New South Wales from £300 to £530. That such was actually the case involves a supposition too ridiculous to be for a moment entertained. The probate returns, however, have some statistical value, as will presently appear, and the returns for the year 1896 are, therefore, given below :—

Colony.	Number of Estates.	Total Value of Estates.	Average Value of Estate left by each Deceased Person leaving Property.
		£	£
New South Wales	2,488	6,694,916	2,691
Victoria	3,335	6,091,421	1,827
Queensland	562	1,383,758	2,462
South Australia	811	1,161,457	1,432
Western Australia.....	211	290,509	1,377
Tasmania.....	216	204,845	948
New Zealand	855	2,166,356	2,534
Australasia	8,478	17,993,262	2,122

As already pointed out, the value of estates is liable to vary greatly from year to year. For the past seventeen years the average value of property left by persons who have died and left property was :—For New South Wales, £2,649 ; Victoria, £2,469 ; Queensland, £1,688 ; South Australia, £1,420 ; and Tasmania, £1,226. For New Zealand, returns are only available for ten years, and they show an average of £2,357 ; while the values have only been ascertained in the case of Western Australia for the year 1896, when they amounted to £1,377.

Although the probate returns have little value as indicating the total wealth of the community, in the absence of the exact figures which property returns disclose they form the only means of estimating the diffusion of wealth. The following table shows the proportion of persons

out of every 100 dying who left estates sufficiently large to be the objects of specific bequest. The figures cover seventeen years:—

Colony.	Proportion of Estates per 100 deaths of total population.			
	1880-84.	1885-89.	1890-94.	1895-96.
	per cent.	per cent.	per cent.	per cent.
New South Wales.....	11·0	11·6	13·2	15·1
Victoria	12·7	13·1	17·3	20·7
Queensland	6·6	8·8	10·2	10·2
South Australia	12·3	15·3	17·4	20·0
Western Australia ...	10·8	10·7	12·0	12·0
Tasmania	9·6	11·5	11·9	10·7
New Zealand.....	.....	.....	9·4	12·2
Australasia.....	*11·1	*12·0	14·0	16·0

* Exclusive of New Zealand.

These figures show a distribution of wealth not to be paralleled in any other part of the world; and in a country where so much is said about the poor growing poorer and the rich richer, it is pleasing to find one out of every four adult males and females the possessor of property. Taking the last two years, in Victoria is found the widest diffusion of the individual colonies; South Australia comes next to Victoria; then come New South Wales, New Zealand, Western Australia, and Tasmania; and lastly Queensland. Too much stress may be laid on the apparently wider distribution of wealth in one colony than in another, for it is obvious that a province with a stationary or decreasing population will naturally come out of a comparison of this kind more favourably than another with a rapidly-increasing population. Taking all things into consideration, the table as a whole is highly satisfactory, and should be additionally pleasing from the circumstance that the ratio of distribution has been increasing fairly regularly in every province of the group.

In the United Kingdom, during the five years 1890-94, the last period for which complete returns can be obtained, the number of estates on which legacy duty was paid was 257,351. Making the liberal allowance of one-fourth for successions, of which the number is not given in the *Statistical Abstract*, the total estates would be 321,700, as compared with 3,595,447 deaths, or a little over 8·9 per cent., as against 14·0 per cent. in Australasia during the same period. To show still more clearly the wide distribution of property in these colonies, the following statement is even more useful than the figures just given. The comparison is made as for every hundred deaths of adult males, and for the same number of deaths of adult males and

females. This latter method is undoubtedly the proper basis of comparison, as large numbers of females are possessors of a substantial amount of property :—

Colony.	Proportion of Estates per 100 deaths of adult males.				Proportion of Estates per 100 deaths of adult males and females.			
	1880-84.	1885-89.	1890-94.	1895-96.	1880-84.	1885-89.	1890-94.	1895-96.
	per cent.	per cent.	per cent.	per cent.	per cent.	per cent.	per cent.	per cent.
New South Wales	34·6	37·5	41·2	44·3	22·3	23·8	25·8	27·5
Victoria	38·8	39·7	49·8	55·8	23·4	24·2	30·2	32·7
Queensland	18·3	23·1	28·6	27·1	13·8	16·9	20·2	18·8
South Australia	50·0	53·5	59·4	62·9	29·1	30·9	32·3	34·0
Western Australia.....	29·5	29·3	31·2	26·2	19·8	19·6	21·1	19·2
Tasmania	26·0	31·6	33·2	28·0	15·8	19·4	20·1	16·8
New Zealand .....	...	...	27·3	33·1	.....	.....	16·7	20·3
Australasia	*34·6	*37·0	41·6	44·4	*22·0	*23·4	25·8	27·2

* Exclusive of New Zealand.

IMPORTATION OF CAPITAL.

Australasia ranks among the debtor nations. At the close of 1897 its people owed to persons outside its boundaries, or, more correctly speaking, there was invested in it by non-residents, and owing by its various Governments, a sum approximating to £367,168,000, or £81 per inhabitant. Of this large sum, £146,894,000 represents the private investments, and £220,274,000 the outstanding liabilities of the States and local governing bodies. More important in some respects than the corpus of the debt are the annual payments made in respect thereof. These can be stated with some exactitude. The yearly interest paid on account of State and local government debts to other than Australasian creditors amounts to £8,336,000, while the income from private investments may be stated at £5,813,000; in all, £14,149,000. The return on private investments represents an annual interest of about 4 per cent. When it is remembered that the bulk of the shares of the large dividend-paying mines of New South Wales, as well as of many of the Queensland mines, are held in London, and yield to the owners a return which falls little short of £900,000, and that there are very many investments in all the colonies which yield a much higher return than 4 per cent., it will be evident that a considerable sum, variously estimated up to seventeen millions sterling, has been sunk in unproductive investments.

It has been stated above that the gross amount of investments by non-residents is £367,168,000. This sum may be divided into what was received prior to 1871, and what was received subsequent to that date, for 1871 may be conveniently taken as the opening year of latter-day Australasian finance. At the opening of 1871 these colonies stood indebted to Great Britain thus:—

	£
On account of State and municipal borrowings	34,362,000
Private investments	38,594,000
Total.....	72,956,000

From 1871 to 1897 the increase of indebtedness was:—

	£
On account of State and municipal borrowings	185,912,000
Private investments	108,300,000
Total.....	294,212,000

The figures just given are irrespective of the money brought to the colonies by persons taking up their abode therein; the amount of such money is very considerable, as will presently appear.

The interests of the various colonies are so intertwined that there is not a little difficulty in accurately determining the amount of capital imported on private account in which each colony stands indebted to Great Britain, but an approximation has been made, which is given in the next table:—

Colony.	Owing by State and Local Government Bodies.	On Private Account.	Total Sum owing.
	£	£	£
New South Wales	57,392,000	29,873,000	87,255,000
Victoria	50,846,000	67,298,000	118,144,000
Queensland	30,374,000	10,490,000	40,864,000
South Australia ..	21,730,000	12,586,000	34,316,000
Western Australia	5,739,000	7,167,000	12,906,000
Tasmania	7,953,000	2,180,000	10,133,000
New Zealand	46,250,000	17,300,000	63,550,000
Australasia	220,274,000	146,894,000	367,168,000

The totals given in the last column are in one respect imperfect. Each colony has money invested in one or other of the neighbouring provinces, but in only two instances does the amount invested exceed what is owing. The exceptions are Victoria and South Australia, and the other five colonies stand indebted to them to the extent of £27,600,000

and £12,713,000 respectively. Making this correction in the figures of the various colonies, the following results are obtained :—

Colony.	Apparent Indebtedness.	Owing to each Colony in excess of amount due to other Colonies.	Owing by each Colony in excess of amount due by other Colonies.	Net Indebtedness.
	£	£	£	£
New South Wales	87,255,000	.....	19,400,000	106,653,000
Victoria	118,144,000	27,600,000	.....	90,544,000
Queensland	40,864,000	.....	10,160,000	51,024,000
South Australia	34,316,000	12,713,000	.....	21,603,000
Western Australia.....	12,906,000	.....	2,772,000	15,678,000
Tasmania	10,133,000	.....	1,776,000	11,909,000
New Zealand	63,550,000	.....	6,205,000	69,755,000
Australasia	367,168,000	40,313,000	40,313,000	367,168,000

Until recent years Melbourne was the centre of Australasian finance, and even at the present time it is the head-quarters of most of the British banks and mortgage institutions doing business in these colonies. It is to this circumstance that the colony of Victoria appears, in the former of the tables just given, to be so heavily indebted to British investors—a condition which, as the latter table shows, is much ameliorated by the indebtedness of the other colonies to it. South Australia stands in a peculiar position, as to all appearances the private indebtedness of the colony to British investors is almost if not entirely balanced by its investments in the other provinces. The net indebtedness on private account is approximately as follows :—

New South Wales	£49,273,000
Victoria	39,698,000
Queensland	20,650,000
Western Australia.....	9,939,000
Tasmania	3,936,000
New Zealand	23,505,000

As already explained, the investments of South Australia in New South Wales, Queensland, and Western Australia practically cancel its indebtedness on private account to Great Britain.

In considering the question of the annual payment made by Australasia to Great Britain—which is its sole creditor—it is important to have distinctly in view the fact that part of this income is payable irrespective of production, and part only arises when there has been antecedent production. In the first of these categories is the charge on State and municipal borrowings to the amount already stated (£8,336,000), and probably half the income from private investments, or, in round figures, £2,900,000—the two taken together making a sum of £11,236,000, or £2 10s. 11d. per inhabitant, which must be

exported entirely irrespective of the condition of productive industry. It may here be remarked that there is another source of drainage from these colonies to be considered in estimating the tributary stream flowing from Australasia to England—that is, the income of absentee colonists, which for 1897 probably reached £810,000. The total payments to outside creditors or investors during 1897 may be summarised as follow :—

	£
Payments on account of State or municipal borrowings, and on account of private investments on which interest must be paid irrespective of the condition of production	11,236,000
Return dependent on antecedent production	2,914,000
Absentee incomes (usually so called)	810,000
Total	14,960,000

In the following table the amounts to be remitted on account of the State and on private account are shown separately for each colony :—

Colony.	Interest on State and Local Loans.	Excess of Earnings of non-residents over income derived by residents of the colony from abroad.	Total.
	£	£	£
New South Wales	2,099,000	2,471,000	4,570,000
Victoria	2,012,000	900,000	2,912,000
Queensland	1,046,000	1,603,000	2,649,000
South Australia	883,000	*121,000	762,000
Western Australia	158,000	390,000	548,000
Tasmania	312,000	203,000	515,000
New Zealand	1,826,000	1,178,000	3,004,000
Australasia	8,336,000	6,624,000	14,960,000

* Excess of incomes of residents from abroad.

From the figures just given it will be gathered that for the colonies to pay their way there ought to be an excess of exports over imports equal to the interest on loans outstanding and the earnings of investments—that is to say, if no capital were introduced and none withdrawn. But equilibrium in this respect is not to be looked for. Even in these times there is a stream of capital coming to the colonies in excess of what is withdrawn; and even in the worst years several thousand persons arrive in Australasia with the intention of settling there, and a large proportion of these persons bring with them some little capital with which to begin their career in their new home. In the foregoing pages the expression “capital introduced” must be taken in a qualified sense. Under the condition of equilibrium between the introduction and withdrawal of capital, as already demonstrated, Australasia

would show an excess of exports representing the interest on State and other public loans and the tribute due to private investors. This export for 1897 was about £14,960,000, and it is therefore plain that Australasia might increase its indebtedness to the extent of about fifteen millions in any one year and at the same time show an equality between its imports and exports. With this explanation in mind it will not be difficult to understand how, in spite of the fact that during the last twenty seven years the indebtedness of Australasia was increased by £294,212,000, the money or money's worth actually received was only £10,377,000. Such is the operation of interest as affecting a debtor country. In further explanation of this view of the matter the following figures are given; they refer to the borrowings of the Governments and local bodies during the twenty-seven years 1871-97:—

Colony.	Borrowings of State and Local Government Bodies.	Interest on State and Local Government Loans.	Net Amount of Money introduced.
	£	£	£
New South Wales	48,185,000	33,240,000	14,945,000
Victoria	39,517,000	35,606,000	3,911,000
Queensland	27,040,000	19,110,000	7,930,000
South Australia	19,883,000	14,820,000	5,063,000
Western Australia	5,739,000	1,368,000	4,371,000
Tasmania	6,748,000	4,575,000	2,173,000
New Zealand	38,800,000	38,733,000	67,000
Australasia	185,912,000	147,452,000	38,460,000

It will be seen that out of loans aggregating £185,912,000 a sum of only £38,460,000 reached Australasia, the balance of £147,452,000 being retained in London to meet interest charges, as a set-off against a similar sum which otherwise it would have been necessary to remit from Australasia. The figures in regard to private borrowings are still more striking:—

	£
Private borrowings in excess of withdrawals	108,300,000
Capital introduced by persons taking up their abode in the colonies	24,944,000
Total inflow of capital	£133,244,000
Earnings of investments of non-residents and incomes of absentees in excess of income derived by residents in the colonies from investments abroad	136,383,000
Excess of outflow over inflow	£3,139,000

It will be seen that, leaving out of consideration the capital introduced by immigrants, the return to investors, together with absentee incomes, has exceeded by over twenty-eight millions the amount invested in Australasia, although the principal sum (£108,300,000) still remains due.

It may be difficult to conceive how such a result has been possible, but the difficulty will be lessened when it is remembered that at the beginning of the period embraced in the tables the Australasian colonies were already paying an annual tribute to private investors of £3,517,000, and, therefore, on account of debts incurred and investments made prior to 1871 something like 95 millions might have been paid away during the last twenty-seven years without any reduction in the principal owing.

The movement of capital towards Australasia up to the end of 1870 presented no features of unusual importance, for the total sum received, though large, representing as it did rather more than £38 per inhabitant, was not larger than might reasonably have been expected to be introduced into a country so rapidly adding to its population and so fertile in resources. During this period the investments on private account and by the various Governments were almost equal in amount, but in the twenty-five years that followed the borrowing operations of the Governments far outstripped private investments. The following table shows the borrowings of the State and on private account prior to 1871, and in five-year periods subsequent to that date :—

Period.	Money raised by Government or Local Bodies.	Private Investments, excluding Immigrants' Capital.	Total.
	£	£	£
Prior to 1870	34,362,000	38,594,000	72,956,000
1871-75	20,999,000	*2,392,000	18,607,000
1876-80	32,804,000	11,407,000	44,211,000
1881-85	46,944,000	37,186,000	84,130,000
1886-90	53,374,000	49,077,000	102,451,000
1891-95	28,653,000	*1,322,000	27,331,000
1896-97	3,138,000	14,344,000	17,482,000
Total ...£	220,274,000	146,894,000	367,168,000

* Excess of withdrawals over investments.

In the foregoing table the importation of capital by immigrants has been neglected ; if this be taken into consideration, the figures given in the next table show the full amount for the period subsequent to 1870 :—

Period.	Total Capital Introduced.
	£
1871-75	23,010,000
1876-80	48,959,000
1881-85	90,504,000
1886-90	107,088,000
1891-95	30,705,000
1896-97	18,890,000
Total	£319,156,000

The total indebtedness of Australasia to British investors has been set down in the foregoing pages as £367,168,000, and the annual return therefrom, excluding absentee incomes, £14,150,000. The weight of indebtedness per head for each colony, both as regards capital and annual return, is as appended. Allowance has been made in the total of each colony for intercolonial investments. The figures are for the year 1897 :—

Colony.	Total Indebtedness per head, including Private Investments.	Annual Return per head.
	£ s. d.	£ s. d.
New South Wales	80 11 9	3 9 1
Victoria	76 19 6	2 9 6
Queensland	105 5 5	5 9 4
South Australia	59 10 1	2 2 0
Western Australia.....	96 16 6	3 7 8
Tasmania	69 7 0	3 0 0
New Zealand	95 13 7	4 2 5
Australasia	83 5 1	3 7 10

From the table given on the preceding page, showing the total amount of money, including that brought to the country by immigrants, introduced during each quinquennial period since 1870, it will be seen that the net introduction of capital during the first period was £23,010,000, and of this New Zealand received £10,707,000, or nearly one-half, principally the proceeds of Governmental borrowings, the withdrawals of private capital being nearly as large as the amount introduced. Queensland and New South Wales had, during the period, an accession of capital to the extent of £4,329,000 and £4,321,000 respectively; in the one case the sum obtained by the State was £2,389,000, and by the public, £1,940,000, while in the other case the sum introduced by the State was £2,861,000, and by private persons something less than £1,500,000. The net sum introduced into Victoria was £2,982,000, the State having imported £3,352,000, while the export of private capital was some £370,000. Tasmania received in all £1,210,000, of which £220,000 was introduced by the State, and nearly one million

by private persons, which must be reckoned a very considerable sum in view of the smallness of the population of the island. Nearly the whole sum introduced into Western Australia (£400,000) was by the Government. South Australia, even so far back as 1871-75, was in a very different position to the other colonies in regard to private investments. During the five years the State introduced £1,722,000, but £2,661,000 was withdrawn by lenders or sent out of the colony for investment. Speaking generally, the period 1871 to 1875 was marked by large public borrowing, with a very moderate influx of private capital. During the period the importation by the various Governments amounted to £2 per inhabitant yearly, the private investments being not more than 4s. per inhabitant.

The period from 1876 to 1880 showed a net importation of capital to the amount of £48,959,000, or more than twice the sum received during the preceding five years. Of the sum named, New Zealand received £15,396,000, or slightly less than one-third, although its population was only one-eighth of the whole of Australasia. The larger portion of the money brought to New Zealand was in the shape of Government loans, which amounted to £10,884,000, the net sum received on account of private investment being £4,512,000. New South Wales stood next as regards the amount of capital received, but the borrowing by the State and local bodies only amounted to £5,458,000, or half the sum raised by New Zealand, while the private investments amounted to about £8,170,000, of which nearly two millions were received with immigrants taking up their permanent abode in the colony. The total capital imported into New South Wales during the five years was £13,626,000. Queensland received £8,028,000 during the period—an enormous sum, considering that the population was not more than 150,000. The money imported by the Government of that colony was £4,980,000, and that invested by private persons, £3,048,000. The Victorian Government imported £5,229,000, while the sum sent to the colony by private investors, over and above the amount withdrawn, was £1,949,000. The South Australian Government borrowed largely during the five years, the sum raised being £5,217,000, but, as in the previous period, the sum withdrawn by investors or sent to other colonies for investment exceeded the capital introduced by £1,644,000. Both Tasmania and Western Australia received less capital from abroad from 1876 to 1880 than in the previous five years, the amounts being £954,000 and £204,000 respectively. The Government borrowings were £671,000 in the one case and £365,000 in the other; but in Tasmania there was an investment of £283,000 by private persons, and a withdrawal of £161,000 in the case of Western Australia. Taking Australasia as a whole, the public borrowings during 1876-80 were large, amounting to £32,804,000, or a yearly sum of about £2 12s. per inhabitant. The import of private money continued on a more extended scale, the sum received in excess of withdrawals being £16,155,000, but nearly five millions of this sum were brought in by immigrants.

The facility with which New Zealand had been able to raise money on loan during the five years 1876-80 was an object lesson not lost on the other colonies, for during the five years from 1881 to 1885 the sum of £46,944,000 was raised by the various Governments and local bodies; while private investors, banks, and financial institutions poured in money at an almost equal rate, the net sum received on private account being, in round figures, £43,560,000. These sums represent yearly amounts of £3 2s. 4d. and £2 18s. 1d., or together over £6 per inhabitant—a rate of increase in indebtedness quite unparalleled in any country except in the next succeeding five years of Australasian history. Of the large sum of £90,504,000 received by these colonies, the share of New South Wales was £30,473,000. In the light of this statement it is easy to understand how, during this same period, though one of drought and restricted production, the industrial life of the colony was marked by increasing wages, shorter hours, and full employment. The importation by the State amounted to £16,066,000, and by private investors to £14,407,000, but of the sum last quoted £2,719,000 represented the money brought by immigrants and entailed no burthen on the colony for future interest to be exported. This period was, so far as New South Wales is concerned, the one marked by the most lavish borrowing by the State, though it yields to the subsequent quinquennium in regard to the importation of private capital. Queensland was the colony next to New South Wales in receipt of most money during the period under review, the Government of that colony having obtained £7,094,000, while private investments amounted to £12,506,000—enormous sums for a population of a quarter of a million. Included in the private investments, however, is the sum of £1,927,000 introduced by immigrants taking up their abode permanently in the colony. The imports of capital into New Zealand during the quinquennium were still very heavy, amounting to £7,442,000 by the State and £10,475,000 on private account, or £17,917,000 in all. Of the private importation, £587,000 accompanied the owners who settled in the colony. The capital received by Victoria, which in the two preceding periods amounted to very moderate sums, now rose to £13,002,000, viz., £8,519,000 on account of the Government, and £4,483,000 by private investors. The South Australian Government in 1881-85 was still a large borrower, £5,895,000 being raised and expended during that time, while, contrary to the experiences of previous periods, there was an importation on private account of £1,000,000. Tasmania, also, considerably increased its borrowings, the State raising £1,465,000 in the five years, while £425,000 was sent to the colony for investment or was received with the owners. The borrowing of the Western Australian Government for 1881-85 amounted to £463,000, but not more than £265,000 was received for private investment, or in all £728,000.

The next period, 1886-90, was marked by very extraordinary features. The average population of the seven colonies was 3,540,000, yet during

the short space of five years the various States governing these people raised and expended £53,374,000, while an additional sum of £53,714,000 was received for investment on private account, or was introduced into the country by persons who made it their abode. But even more astonishment will be evinced on considering the detailed figures for each colony. Of the large total received by the seven colonies, considerably more than one-half—£54,690,000—was obtained by Victoria, and, as the population of this colony during the five years under review was 1,070,000, the inflow of capital amounted to over £51 per inhabitant. The State and local bodies borrowed and disbursed £16,987,000, which was the largest expenditure from the proceeds of loans that any colony contrived to crowd into the short space of five years. The private capital introduced was £35,792,000, and the sum brought by persons taking up their abode in the country was £1,911,000. These figures afford a sufficient clue to the astounding impetus which trade received during these years, and the corresponding rise in land values. New South Wales, though not the recipient of so much money as its southern neighbour, nevertheless contrived to obtain £28,145,000—a far larger sum than could be conveniently absorbed in five years, especially as in the like preceding period £30,000,000 was absorbed. The capital introduced represented £11,571,000 of Government borrowings, £15,187,000 of private investments, and £1,387,000 brought by persons making New South Wales their home. The Queensland Government was also a large borrower, its loan expenditure during the five years, 1886–90, being not less than £9,581,000. The private capital introduced, however, fell off largely. The sum received, allowing for withdrawals to the amount of £3,360,000, was £1,574,000. The flow of private money to New Zealand practically ceased during the period now under consideration, amounting only to £632,000, as compared with £10,475,000 in the preceding five years; but Government borrowings still continued, and a sum of £6,560,000 was raised and expended. South Australia occupied an exceptional position, for though the Government introduced some £5,693,000, there was a large withdrawal of private capital, or, as it may be, an export of capital for investment in other colonies, so that the net import on public and private account amounted to £1,345,000. Tasmania, with its population of 150,000, was well in the struggle for British investments, the State importation being £2,557,000, and the investment by private persons, £570,000; of this last sum £85,000 was introduced by persons taking up their abode in the colony. It was about this period, too, that Western Australia began to attract attention as a field for investment, for over and above the sum of £425,000 introduced by the Government, about £1,009,000 was invested by private persons, perhaps one-fifth of the amount being accompanied by the investors themselves.

The recitation of borrowing just given brings the financial history of the Australias down to the close of 1890. Two years more of credit and investment remain to be traced, after which came the collapse of

credit, and the events of May, 1893, still so fresh in the public memory. That two years elapsed after the close of 1890 before Australasian public credit in London finally collapsed is true only of Victoria, and in a modified sense of New South Wales, Western Australia, and Tasmania. These colonies continued to be the recipients of British money, but private investments were—excepting in the case of Victoria—on a minor scale. Victoria received fresh capital to the extent of £8,834,000, of which amount only £464,000 was brought in by immigrants. New South Wales received from private investments over £3,000,000, but the withdrawals were also extensive, so that the net amount of capital invested was only £1,711,000. Western Australia received £952,000, of which £408,000 was accompanied by the owners. Tasmania received £792,000, and of this about £271,000 was introduced by permanent residents. Withdrawals of private capital were already in progress before the close of 1890, and were continued from South Australia, but to a less extent than in the preceding period. New Zealand ceased to receive any private money, while Queensland, for the first time in its history, showed a net withdrawal of capital, the amount of which during the two years was £2,011,000, but as the State had introduced £1,917,000, there was an actual withdrawal of £3,928,000. During the two years 1891 and 1892 the total capital imported into the seven colonies was £25,083,000, and of this £18,786,000 was introduced by the various Governments and local bodies.

During the three years which followed there was a withdrawal of private capital from Australasia to the extent of £7,619,000, so that in spite of the importation during the years 1891 and 1892, the quinquennium showed a net withdrawal of £1,322,000. There was during the period a movement of £20,088,000 apparently introduced, and £21,410,000 withdrawn; but this movement was mainly between the colonies themselves, and not between Australasia and Great Britain. Looking at the figures in detail, it would seem that there was an importation in excess of withdrawals of £14,686,000 into Victoria, and £2,382,000 into Western Australia. So far as Victoria is concerned, this introduction of money was not by way of investment; it was merely the recall by the large financial institutions of their capital from other colonies. This withdrawal affected New South Wales and Queensland most largely. £10,162,000 was withdrawn from the latter province during the five years, and it is a great tribute to the resources and stability of that great colony that this withdrawal should have been effected with so little disturbance to its financial position. New South Wales lost £4,481,000, part of which represents deposits gathered in London and withdrawn during the panic, and part transference of capital by branch institutions to the head office in Melbourne. From New Zealand £2,143,000 was withdrawn, and from South Australia £1,698,000. The withdrawal in nearly all cases has been a silent one; and it is only when a financial institution

absolutely fails and the courts are invoked to consent to the removal of assets that the community at large realise the process that has been going on.

Taking the whole period of five years, there was a total of £30,705,000 introduced. Of this sum, £28,653,000 represents the borrowings of the various Governments and local bodies, the share of each being as follows :—

New South Wales.....	£11,655,000
Victoria	5,430,000
Queensland	2,996,000
South Australia	638,000
Western Australia	2,291,000
Tasmania.....	1,835,000
New Zealand	3,808,000
	<hr/>
Australasia	£28,653,000

Even in this period immigration did not entirely cease, and it is estimated that an amount of £3,374,000 was introduced by persons who took up their permanent abode in the country.

The withdrawal of capital from Australia practically ceased in 1895. Omitting from consideration the transfer of capital from one colony to another, in 1896 and 1897 the sum of £17,482,000 was introduced, not including money brought to the country by the owners. Of this amount the bulk was sent to Western Australia, where the gold-fields claimed much attention from mining speculators. Besides money sent to Australia by persons resident abroad, £1,408,000 was introduced by immigrants.

BANKING.

The laws relating to banks and banking at present in force are susceptible of great improvement, and in 1893 the failure of many monetary institutions which posed as banks directed attention to the urgent necessity for entirely revising the conditions under which deposits might be taken from the general public, but so far no new legislation has been enacted. All institutions transacting the business of banking are required by law to furnish, in a specified form, quarterly statements of their assets and liabilities, and from these statements and the periodic balance-sheets the tables in this chapter have been compiled. The returns furnished by the banks, though in compliance with the laws of the colonies, are by no means satisfactory, being quite unsuited to the modern methods of transacting banking business, and they cannot be accepted without question as indicating the stability or instability of the institutions by which they are issued. As a rule, nothing can be

elicited beyond what is shown in the half-yearly or yearly balance-sheets. No uniformity is observed as regards the dates of closing the accounts, and the modes of presentation are equally diverse. Important items which should be specifically stated are included with others of minor import, and, as a rule, current accounts are blended with other accounts instead of being separately shown. The value of the information vouchsafed to the public is illustrated by the fact that it was impossible to obtain from the publications of several institutions suspending payment in 1893 the amount of their liabilities either to the public or the State, and these particulars were never disclosed.

CAPITAL RESOURCES OF BANKS.

According to the latest information published, the paid-up capital of the twenty-two banks operating in Australasia is £22,334,047, of which £5,815,584, inclusive of £2,000,000 guaranteed to the Bank of New Zealand by the Government of that colony, has a preferential claim on the profits of the companies. Below will be found a statement of the ordinary and preferential capital of each bank at the date shown, with the amount of the reserve fund of the institution. In the case of several companies which were reconstructed, there are reserves which are held in suspense pending realisation of assets, and of them no account has been taken in the table :-

Bank.	Date of Balance-sheet.	Capital paid up.			Reserve Fund.
		Ordinary.	Preferential.	Total.	
		£	£	£	£
Australian Joint Stock Bank (Ld.)	31 Dec., 1897	1,167,208	....	1,167,208	52,000
Bank of Adelaide	28 Mar., 1898	400,000	....	400,000	155,000
Bank of Australasia	12 Oct., 1897	1,600,000	....	1,600,000	800,000
Bank of New South Wales	31 Mar., 1898	1,950,000	....	1,950,000	1,200,000
Bank of New Zealand	31 Mar., 1898	393,042	2,500,000	2,893,042	23,474
Bank of North Queensland (Ld.)	31 Dec., 1897	200,000	....	200,000	....
Bank of Victoria (Ld.)	31 Dec., 1897	1,021,172	416,700	1,437,872	....
City Bank of Sydney	31 Dec., 1897	400,000	....	400,000	100,244
Colonial Bank of Australasia (Ld.)	31 Mar., 1898	490,561	304,044	794,605	....
Commercial Bank of Australia (Ld.)	31 Dec., 1897	873,799	2,117,070	2,990,869	....
Commercial Banking Co. of Sydney (Ld.)	31 Dec., 1897	1,000,000	....	1,000,000	1,010,000
Commercial Bank of Tasmania (Ld.)	28 Feb., 1898	141,492	....	141,492	190,000
English, Scottish, and Australian Bank (Ld.)	30 June, 1897	970,988	....	970,988	....
London Bank of Australia (Ld.)	31 Dec., 1897	1,247,415	171,930	1,419,345	....
National Bank of Australasia (Ld.)	31 Mar., 1898	1,667,598	305,780	1,973,678	50,000
National Bank of New Zealand (Ld.)	31 Mar., 1898	250,000	....	250,000	30,000
National Bank of Tasmania (Ld.)	30 Nov., 1897	152,040	....	152,040	22,500
Queensland National Bank (Ld.)	31 Dec., 1897	456,073	....	456,073	....
Royal Bank of Australia (Ld.)	31 Mar., 1898	150,000	....	150,000	....
Royal Bank of Queensland (Ld.)	31 Dec., 1897	385,875	....	385,875	35,000
Union Bank of Australia (Ld.)	28 Feb., 1898	1,500,000	....	1,500,000	1,000,000
Western Australian Bank	31 Dec., 1897	100,000	....	100,000	175,000

The preceding table shows the position of the capital account at date of balancing ; but a number of the banks had made calls on their shareholders which will increase their paid-up capital. The amount of these calls and the total working capital that will be available when they are met are appended :—

Bank.	Capital paid and being called up.		
	Paid up.	Being called.	Total Working Capital.
	£	£	£
Australian Joint Stock Bank (Limited)	1,167,208	7,307	1,174,515
Bank of Adelaide	400,000	.....	400,000
Bank of Australasia	1,600,000	.....	1,600,000
Bank of New South Wales	1,950,000	.....	1,950,000
Bank of New Zealand	2,893,042	106,958	3,000,000
Bank of North Queensland (Limited)	200,000	.....	200,000
Bank of Victoria (Limited)	1,437,932	50,228	1,488,160
City Bank of Sydney.....	400,000	.....	400,000
Colonial Bank of Australasia (Limited)	794,605	136,144	930,749
Commercial Bank of Australia (Limited)	2,900,869	842,303	3,833,172
Commercial Banking Company of Sydney (Limited) ..	1,000,000	.....	1,000,000
Commercial Bank of Tasmania (Limited)	141,492	.....	141,492
English, Scottish, and Australian Bank (Limited)	970,988	.....	970,988
London Bank of Australia (Limited)	1,419,345	1,805	1,421,150
National Bank of Australasia (Limited)	1,973,678	8,385	1,982,063
National Bank of New Zealand (Limited)	250,000	.....	250,000
National Bank of Tasmania (Limited).....	152,040	.....	152,040
Queensland National Bank (Limited)	456,973	23,027	480,000
Royal Bank of Australia (Limited)	150,000	.....	150,000
Royal Bank of Queensland (Limited)	385,875	775	386,650
Union Bank of Australia (Limited)	1,500,000	.....	1,500,000
Western Australian Bank	100,000	.....	100,000

The paid-up capital of the banking companies now operating in Australasia has increased from £14,724,587 before the crisis to £22,334,047, or by £7,609,460. In 1893, however, there were in existence two banks, with a combined capital of £900,000, which are now defunct ; and it should also be mentioned that capital to the amount of £4,731,550 has been written off during the last five years.

LIABILITIES AND ASSETS OF BANKS.

The liabilities of the banks enumerated, at the dates which have been previously given, totalled £136,038,546, against which amount assets aggregating £163,864,847 were shown. The following table gives the liabilities of each institution to the public, notes in circulation

and deposits being distinguished from other liabilities. In some cases small items which should be classed with "other liabilities" are included with deposits, as they cannot be distinguished in the balance-sheets; and in the case of the Commercial Bank of Australia, Limited, the accounts of the new bank and the assets trust have been amalgamated :—

Bank.	Notes in Circulation.	Deposits.	Other Liabilities to Public.	Total Liabilities to Public.
	£	£	£	£
Australian Joint Stock Bank (Limited)	123,157	7,372,133	205,337	7,705,627
Bank of Adelaide	115,896	1,905,948	225,274	2,247,118
Bank of Australasia	445,355	12,800,664	2,000,874	15,306,893
Bank of New South Wales	789,677	18,728,463	2,734,958	22,252,198
Bank of New Zealand	593,905	7,626,140	1,514,505	9,734,550
Bank of North Queensland (Limited)		266,134	33,270	299,404
Bank of Victoria (Limited)	135,989	5,133,955	678,069	5,948,043
City Bank of Sydney	66,130	1,094,525	685	1,161,340
Colonial Bank of Australasia (Limited)	97,304	2,306,785	129,843	2,533,932
Commercial Bank of Australia (Limited)	141,540	7,457,773	231,713	7,831,026
Commercial Banking Company of Sydney (Ltd.)	416,617	9,699,944	533,897	10,700,368
Commercial Bank of Tasmania (Limited)	41,464	1,294,611	41,131	1,377,256
English, Scottish, and Australian Bank (Ltd.) ..	25,468	4,731,351	277,299	5,084,118
London Bank of Australia (Limited)	143,669	4,910,524	485,120	5,543,313
National Bank of Australasia (Limited)	291,378	6,100,843	599,332	6,992,053
National Bank of New Zealand (Limited)	151,391	2,208,927	346,640	2,706,958
National Bank of Tasmania (Limited)	39,274	353,766	4,499	397,539
Queensland National Bank (Limited)		7,109,748	46,824	7,156,572
Royal Bank of Australia (Limited)	3,926	244,441	149,681	398,048
Royal Bank of Queensland (Limited)		723,511	72,569	796,080
Union Bank of Australia (Limited)	456,681	15,226,464	2,457,975	18,141,120
Western Australian Bank	152,589	1,480,570	90,831	1,723,990

The assets of each bank are shown below :—

Bank.	Coin and Bullion.	Advances.	Other Assets	Total Assets.
	£	£	£	£
Australian Joint Stock Bank (Limited)	1,224,738	6,720,855	930,967	8,926,560
Bank of Adelaide	460,342	1,457,486	919,252	2,837,080
Bank of Australasia	3,041,500	12,063,664	1,760,905	17,705,169
Bank of New South Wales	5,288,840	18,011,677	2,206,374	25,506,891
Bank of New Zealand	1,445,862	6,541,691	4,733,413	12,725,966
Bank of North Queensland (Limited)	44,484	408,779	57,069	510,332
Bank of Victoria (Limited)	980,068	5,160,584	1,314,431	7,455,083
City Bank of Sydney	292,678	1,246,766	138,843	1,678,287
Colonial Bank of Australasia (Limited)	420,823	2,346,015	561,690	3,328,527
Commercial Bank of Australia (Limited)	965,344	8,316,140	1,567,932	10,849,416
Commercial Banking Company of Sydney (Ltd.) ..	1,999,692	8,583,772	2,182,311	12,765,775
Commercial Bank of Tasmania (Limited)	368,028	1,218,674	126,393	1,713,100
English, Scottish, and Australian Bank (Ltd.) ..	826,381	4,719,379	520,216	6,065,976
London Bank of Australia (Limited)	846,560	5,653,852	465,085	6,965,497
National Bank of Australasia (Limited)	1,422,742	5,624,478	2,013,635	9,060,855
National Bank of New Zealand (Limited)	367,088	2,383,570	259,329	3,009,987
National Bank of Tasmania (Limited)	111,811	441,134	24,858	577,803
Queensland National Bank (Limited)	935,535	5,780,721	905,289	7,621,545
Royal Bank of Australia (Limited)	30,663	358,539	165,234	554,436
Royal Bank of Queensland (Limited)	212,073	870,929	145,613	1,227,715
Union Bank of Australia (Limited)	3,074,204	15,046,336	2,582,779	20,703,319
Western Australian Bank	614,378	1,172,365	228,859	2,015,602

RESULTS OF WORKING OF BANKS.

The results of working of each bank for the latest period for which information is available are given below. With the exception of the Bank of Adelaide, the Bank of New Zealand, the English, Scottish, and Australian Bank, the London Bank of Australia, and the National Bank of New Zealand, for which the figures refer to twelve months' operations, the amounts given cover a period of six months. The dates of the balance-sheets are as shown on page 439 :—

Bank.	Class of Shares.	Amount brought forward.	Net Profits less Rebate on Bills current.	Dividend paid.		Amount transferred to Reserve Fund, &c.	Amount carried forward.
				Rate per cent. per annum.	Amount.		
Australian Joint Stock Bank (Ltd.)..	Ordinary ..	£ ..	£ 1,725	..	£ ..	£ ..	£ 1,725
Bank of Adelaide	" ..	15,561	33,401	7	28,000	5,000	15,962
Bank of Australasia	" ..	17,997	40,279	5	40,000	..	18,276
Bank of New South Wales	" ..	16,564	88,129	9	87,750	..	16,943
Bank of New Zealand	{ Preferential ..	39,391	102,532	3½	17,500	124,423	..
Bank of North Queensland (Limited)	{ Ordinary ..	9,369	1,559	..	..	..	10,928
Bank of Victoria (Limited)	{ Preferential ..	46,879	22,720	5	10,419	..	58,689
City Bank of Sydney	{ Ordinary ..	8,308	8,395	4	8,000	..	8,703
Colonial Bank of Australasia (Ltd.)..	{ Preferential ..	..	3,398	..	..	3,398	..
Commercial Bank of Australia (Ltd.)..	{ Ordinary ..	4,290	23,222	2	21,171	..	6,350
Commercial Banking Co. of Sydney (Limited)	Ordinary ..	15,257	40,150	8	40,000	..	15,407
Commercial Bank of Tasmania (Ltd.)..	" ..	889	3,463	5	3,714	..	638
English, Scottish, and Australian Bank (Limited) .....	" ..	..	10,870	..	..	..	10,870
London Bank of Australia (Limited)	{ Preferential ..	1,812	27	..	..	..	1,839
National Bank of Australasia (Ltd.)..	{ Ordinary ..	34,197	10,927	5	7,644	..	37,480
National Bank of New Zealand (Ltd.)..	Ordinary ..	3,657	25,538	6	15,000	10,000	4,195
National Bank of Tasmania (Limited)	" ..	1,597	4,127	5	3,991	..	1,733
Queensland National Bank (Limited)	" ..	..	8,000	..	2,000	6,000	..
Royal Bank of Australia (Limited) ..	" ..	2,523	3,865	3	2,250	..	4,188
Royal Bank of Queensland (Limited)	" ..	3,320	7,440	2½	5,075	2,000	3,685
Union Bank of Australia (Limited) ..	" ..	24,503	47,696	5	37,500	10,000	24,699
Western Australian Bank	" ..	23,361	18,251	17½	8,750	25,000	7,862

The amount shown for the Bank of New Zealand, as transferred to the Reserve Fund, was subsequently paid to the Assets Realisation Board according to statutory agreement, with the exception of £10,132 for reduction of the Estates Company's debenture account; while the £2,000 dividend paid by the Queensland National Bank represents a repayment to the Government of that colony in terms of the scheme of arrangement. The Colonial Bank of Australasia, Limited, applied the amount of its profit towards reducing the advances written off as bad. The net

profit shown for the London Bank of Australia is exclusive of the interest on "Transferable Fixed Deposits," which amounted to £139,361. The dividend tax payable by the two Tasmanian banks and the Royal Bank of Queensland has been included in the amount of dividend shown in the table.

BANKING BUSINESS OF EACH COLONY.

Of the twenty-two banks operating in Australasia at the beginning of 1898, thirteen had offices in New South Wales, eleven in Victoria, eleven in Queensland, eight in South Australia, six in Western Australia, four in Tasmania, and five in New Zealand. There were only two banks doing business in all the seven colonies; one transacted business in six colonies; one in five colonies; three in four; one in three; four in two; and ten banks did not extend their business beyond the limits of one colony.

The liabilities and assets of the twenty-two banks of issue operating in the different colonies during the June quarter of 1898 are shown in the following tables. The total liabilities of the banks are given as £103,269,952, and the assets as £135,365,534, showing a surplus of assets of £32,095,582. If the returns gave all the facts in relation to the operations of the banks, this surplus would be represented almost entirely by capital or funds provided out of their own resources; but the capital and reserve funds amount only to £27,427,387, so that there is a balance of about £4,668,195 to be otherwise accounted for. This sum represents part of the deposits obtained in the United Kingdom and used in the Australian business of the banks; the British deposits with Australasian banks total probably not less than twenty millions. The following figures will convey some notion of the business transacted within each colony. It should be noted that under the heading of deposits bearing interest has been included perpetual inscribed stock of the English, Scottish, and Australian Bank (Limited), to the amount of £2,070,358, namely, £707,691 in New South Wales, £1,016,025 in Victoria, and £346,642 in South Australia:—

Colony.	Notes in circulation not bearing interest.	Bills in circulation not bearing interest.	Deposits.		Balances due to other banks, &c.	Total Liabilities.
			Not bearing interest.	Bearing interest.		
	£	£	£	£	£	£
New South Wales.....	1,213,236	120,082	11,269,227	18,700,207	63,598	31,426,350
Victoria	887,375	193,845	10,418,363	18,369,476	267,136	30,136,195
Queensland .....	.....	144,791	4,283,327	7,871,603	59,140	12,358,921
South Australia	372,210	9,169	2,304,595	3,974,752	57,170	6,717,896
Western Australia.....	340,678	61,331	2,633,568	975,703	51,046	4,062,326
Tasmania	125,950	12,875	1,701,321	1,279,631	37,947	3,157,724
New Zealand	1,091,985	46,777	5,835,943	8,409,812	35,923	15,310,540
Australasia.....	4,081,484	588,870	38,445,444	59,632,214	571,960	103,269,952

The preceding table shows that about 95 per cent. of the Australasian liabilities of the banks consisted of deposits, viz., £98,077,688 out of £103,269,952. The statements by banks in each colony, with the exception of Tasmania, distinguish between deposits at call and deposits bearing interest. In Tasmania, although not obliged by law to do so, a similar distinction has been made by two banks out of four, and assuming that in the case of the other two banks the proportion of deposits at call to the total deposits is the same, the total deposits at call are as stated in the table, viz., £38,445,444, or 39 per cent. of all deposits.

The assets for the same period are shown below. Certain assets of small amount, not classifiable under any of the sub-heads of the table, have been included in the total, and in the case of one colony technical over-statements of the assets of some of the banks have been rectified. Also, under the heading of "Notes and bills of other banks," etc., are included Queensland Treasury Notes to the amount of £550,960 :—

Colony.	Coin.	Bullion.	Landed Property.	Notes and Bills discounted, and all other Debts due to the Banks.	Notes and Bills of other Banks, and Balances due from other Banks.	Total Assets.
	£	£	£	£	£	£
New South Wales.....	5,745,965	139,571	1,809,956	34,281,440	588,168	42,565,100
Victoria	6,231,596	476,526	1,983,760	34,125,106	623,678	43,440,666
Queensland	1,646,154	269,979	717,817	13,122,727	770,462	16,527,139
South Australia	2,015,527	14,133	493,296	4,555,200	105,173	7,183,329
Western Australia.....	1,622,741	185,477	157,862	3,265,380	184,043	5,415,503
Tasmania	806,702	....	122,210	2,388,651	37,917	3,355,480
New Zealand.....	2,677,259	116,465	467,343	13,539,950	77,300	16,878,317
Australasia.....	20,745,944	1,202,151	5,752,244	105,278,454	2,386,741	135,365,534

METALLIC RESERVES OF BANKS.

The following table shows the metallic reserves held by the banks as against their total Australasian liabilities, and also against their liabilities at call, viz., deposits at call and note circulation. The table, however, cannot be taken as complete, as some banks receiving deposits

in England and elsewhere do not include such liabilities in their returns :—

Colony.	Coin and Bullion.	Total Liabilities.	Liabilities at Call.	Proportion of Coin and Bullion.	
				To Total Liabilities.	To Liabilities at Call.
	£	£	£	per cent.	per cent.
New South Wales	5,885,536	31,426,350	12,482,463	18·73	47·15
Victoria	6,708,122	30,136,195	11,305,738	22·26	59·33
Queensland	1,916,133	12,358,921	4,283,327	15·50	44·73
South Australia	2,029,660	6,717,896	2,676,805	30·21	75·82
Western Australia	1,808,218	4,062,326	2,974,246	44·51	60·79
Tasmania	806,702	3,157,724	1,827,271	25·55	44·15
New Zealand	2,793,724	15,410,540	6,927,028	18·13	40·33
Australasia	21,948,095	103,269,952	42,476,878	21·25	51·67

It will be seen that Queensland apparently holds the weakest position in the proportion of cash reserves to total liabilities, and New Zealand in proportion to liabilities at call. This, however, means very little, seeing that in some of the colonies many banks profess to hold gold largely in excess of their wishes or requirements.

EXPENSES OF BANKING.

The balance-sheets of banks, as presented to the shareholders, do not usually contain details likely to satisfy the inquirer curious to discover the amount of gross profits as compared with the net amount divisible amongst shareholders. Allowing the same proportion of expenses for the banks not disclosing this information as for those concerning which particulars are available, the following results are obtained for the last working year dealt with in the preceding pages :—

Total trading assets.....	£156,837,000
Capital and reserves	27,427,000
Gross earnings, less reserve for bad and doubtful debts	5,456,000
Gross expenditure, including interest.....	4,675,000
Net earnings.....	781,000

Compared with the total assets, the net earnings represent 0·48 per cent. ; and compared with the banks' own resources, *i.e.*, capital and reserved profits, 2·85 per cent. The gross expenditure above set down may be divided into expenses of management, £1,888,000, and interest, £2,787,000 ; these together amount to 85·7 per cent. of the gross

earnings, the management expenses being 34·6 per cent., and the interest 51·1 per cent. It would appear, therefore, that for every £1 of net earnings, the sum of £2 8s. 4d. is spent in management expenses, and £3 11s. 5d. in interest. The cost of working banking institutions in Australia is undoubtedly very large; but this class of business is everywhere expensive, and an analysis of the balance-sheets of some twenty British banks shows that the expenses of management amount to nearly 16s. for every £1 of net earnings.

Compared with their resources, the net earnings of Australasian banks are far less than those of English banks, as will appear from the following statement, which gives the rate per cent. per annum of earnings compared with total resources, including, of course, deposits and issue, as well as shareholders' capital :—

	£	s.	d.
Bank of England	1	10	9
English Provincial Banks.....	1	5	3
Irish Banks	1	11	0
London Banks.....	1	3	10
Banks of Isle of Man	0	17	8
Scotch Banks	1	1	4
Banks trading in Australasia	0	10	0

The expense of banking in Australasia is largely due to the number of branches open throughout the country; thus in Australasia there are 1,463 banks and branches, or one to every 3,000 persons, while in England the proportion is one bank to 10,000 persons, in Scotland one to every 4,000, and in Ireland one to every 9,000.

INVESTMENT COMPANIES.

In addition to the Banks of Issue, there are numerous Savings Banks and Land, Building, Investment, Trading, and Commercial Companies receiving money on deposit and transacting much of the business usually undertaken only by banks of issue. The land, building, and other trading companies were presumed to be in a flourishing condition even as late as the year 1890. Their dividends to shareholders were very large, and the rates allowed on deposits were considerably in excess of those current in the banks of issue. As might be expected, the high interest offered was too tempting a bait to be resisted by a section of the investing public, and large sums were placed in these institutions with the utmost confidence that they would be available when required. This confidence, unfortunately, proved to be, in many instances, unmerited. The shrinkage of land values, and the depreciation of real

estate generally, put an end to all unsound institutions working on speculative lines, as well as to some other companies that were conducted on reasonable principles. The difficulties into which the deposit companies fell may for the most part be attributed to their practice of borrowing money for short periods, and locking it up for long terms. Besides this, however, many so-called building societies indulged in speculative land purchases, and having retailed the land at enhanced prices, with payments over extended periods, proceeded to divide the presumed profits among the shareholders; with a result that might easily have been foreseen, for in many cases the purchasers, after paying a few instalments toward the price, left the allotments on the hands of the companies, whose anticipated profits were therefore purely visionary, and whose dividends were really never earned, but, in many instances, were merely taken from the deposits.

SAVINGS BANKS.

The Savings Banks are on a very different footing, being to a greater or less extent under State control and otherwise safeguarded, so that they enjoy public confidence. The institutions classed as Savings Banks may be divided into two kinds—those worked in conjunction with the Post Office, and, consequently, directly administered by the State; and those under trustees or commissioners, who are generally nominated by the Government. The declared objects of these banks are to encourage thrift in the working classes, and to provide a safe investment for the funds of charitable institutions, friendly societies, and such like. The institutions, however, have become so popular that all classes of the community are represented amongst their depositors, and the banking crisis of 1893 had the effect of largely increasing their business.

In New South Wales there are both State and trustee institutions for the receipt of savings, the Post Office Savings Bank having been established in 1871, and the Savings Bank of New South Wales as far back as 1832. In both institutions sums of one shilling and any multiple of that amount may be deposited; but, with the exception of the funds of charitable institutions and friendly societies, deposits exceeding £200 do not bear interest on such excess. From October, 1894, to July, 1896, the Post Office Savings Bank allowed interest at the rate of 3 per cent., with an additional 1 per cent. on accounts open for the full calendar year, but this latter privilege has now been withdrawn. During 1897 the Savings Bank of New South Wales allowed 3 per cent. interest, with an additional $\frac{1}{2}$ per cent. on accounts remaining open at the end of the year. A measure providing for the amalgamation of the two institutions has been prepared by the Government, but up to the present the Bill has not been presented to Parliament.

In Victoria both Commissioners' and Post Office Savings Banks, established in 1842 and 1865 respectively, were in operation until the 30th September, 1897, when they were amalgamated under the Savings Bank Amendment Act of 1896, the Commissioners assuming the control of the new institution. Amounts of one shilling and any multiple thereof are received. The Act referred to further provided for advances to farmers and others, and this portion of the Act was brought into operation without delay. During 1896-7 both the Commissioners' Savings Bank and the Post Office Bank allowed $2\frac{1}{2}$ per cent. interest on sums not exceeding £100, and 2 per cent. from £100 to £250, the latter being the maximum amount carrying interest; while in 1897-8 the same rates were also allowed by the new institution.

In Queensland, a Government Savings Bank, not administered in connection with the Post Office, is in operation, the system dating from 1865. The interest allowed during 1895 was $3\frac{1}{2}$ per cent. on all deposits below £200; but from July, 1896, the rate was reduced to 3 per cent. In December, 1895, authority was obtained for the issue of Savings Bank Stock at 3 per cent. to enable depositors of upwards of £200 to obtain interest on such excess, as it was found that large sums were entrusted to the Government which could not earn interest under the old constitution of the Bank.

In South Australia there is, properly speaking, no Government Savings Bank; but an institution administered by trustees was established in 1848. The rate of interest paid by the trustees has been the subject of many changes. Starting at 3 per cent., it fell as low as 1 per cent. in 1853; rose to 6 per cent. in 1858; and declined to 4 per cent. in 1873. Between the year last mentioned and 1892, interest fluctuated between $5\frac{1}{2}$ and $4\frac{1}{2}$ per cent.; and in 1893 it was reduced to 4 per cent., at which it remained during the years 1894 and 1895, while in 1896 and 1897 it was still further reduced to $3\frac{1}{2}$ per cent. and 3 per cent. respectively, the maximum amount bearing interest being £250.

In Western Australia, Post Office banks have been in operation since 1864. One shilling and upwards may be received, provided not more than £150 is deposited in any one year, while the maximum amount of deposits must not exceed £600. Interest is allowed at the rate of 3 per cent. provided the amount at credit is not less than £1, and not more than £300.

In Tasmania, Post Office and trustee banks are working side by side. Sums of one shilling and upwards may be deposited, the interest allowed during 1897-8 being 3 per cent. both in the Post Office banks and in the trustee institutions. Interest is not allowed on amounts over £150.

In New Zealand, Post Office and trustee institutions are also established. The former commenced operations in February, 1867; but some of the other class of banks are of much older standing, the Auckland Savings Bank, for instance, having been established as far back as 1847. Deposits of one shilling and upwards are received. Interest

was formerly allowed in both classes of institutions at the rate of $4\frac{1}{2}$ per cent. up to £200, and 4 per cent. from £200 to £500; but in July, 1893, the rates allowed in the Government Savings Bank were reduced to 4 per cent. and $3\frac{1}{2}$ per cent. respectively, the maximum amount bearing interest remaining at £500. These rates remained in force until the 1st January, 1896, when the interest was reduced to $3\frac{1}{2}$ per cent. and 3 per cent. respectively; while from the 1st November, 1897, a further reduction was made, the rates ruling from that date being 3 per cent. up to £200, and $2\frac{1}{2}$ per cent. from £200 to £500. The trustee Savings Banks in 1895 allowed 4 per cent., but reduced this rate to $3\frac{1}{2}$ per cent. from the beginning of 1896. In 1897 the interest was increased to 4 per cent. on amounts under £100. A feature of the New Zealand Post Office Savings Bank is that deposits of one shilling may be made by means of postage stamps affixed to cards specially issued for the purpose. This plan was adopted to encourage thrift among children. It was recognised to be a difficult matter for a child to save its pence until they accumulated to a shilling; but under the present system, whenever a child receives a penny it may purchase a postage stamp and affix it to the card in its possession.

The returns of the Savings Banks show an enormous development since the year 1861. At that period the number of depositors in Australasia (excluding Tasmania, for which there are no returns) was 20,062, with the sum of £1,367,396 to their credit, or an average of £47 to each depositor. In 1871 the number of depositors had risen to 115,074, with deposits amounting to £3,675,772; but the average amount credited to each depositor was only £31 18s. 10d. In the year 1881 there were 311,124 depositors, with a total of £9,442,979, averaging £30 7s. for each account. In 1891 the number of depositors had increased to 741,627, and the amount of deposits to £18,943,541, the average being £25 10s. 1d. In 1897-8 the number of depositors had risen to 979,553, with deposits amounting to £30,225,672, giving an average sum of £30 17s. 1d. to each account. It will thus be seen that there has been a decline in the amount per depositor from the period first mentioned; but this is no sign of retrogression, for the large increase in the number of depositors, which must be taken into consideration, evidences the fact that the less affluent classes of the community are more largely represented in the books of the banks than was formerly the case. In point of fact, the proportion of depositors to the entire population has increased all along. Thus, in 1861 the number of persons who had accounts in the Savings Banks represented only 2.31 per cent. of the entire population of Australasia; but in 1871 the percentage had risen to 5.98; in 1881, to 11.33; and in 1891, to 19.47; while in 1897-8 the proportion was 22.34 per cent., an increase being observable in all the colonies. Dealing with the individual colonies, the Queensland depositors have the largest amount at their credit, averaging £41 1s. 11d. per head; New South Wales depositors come second with £40 2s. 9d.; while those of Tasmania have the smallest sum, their average being

only £21 6s. 8d. The subjoined table shows the progress of accumulation in the Savings Banks of each of the colonies since 1871 :—

Year.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	New Zealand.	Australasia.
NUMBER OF DEPOSITORS.								
1871	24,370	45,819	6,769	14,270	1,062	8,500	14,275	115,074
1881	72,334	101,829	20,103	37,742	3,219	14,728	61,054	311,124
1891	158,426	300,781	46,269	78,795	3,564	26,916	126,886	741,627
1897-8	227,629	333,260	68,124	96,401	26,317	34,868	187,964	979,553
AMOUNT OF DEPOSITS.								
1871	£ 945,915	£ 1,117,761	£ 407,134	£ 517,000	£ 15,583	£ 217,413	£ 454,966	£ 3,675,772
1881	2,698,703	2,569,438	944,251	1,288,450	23,344	360,278	1,540,515	9,442,979
1891	5,342,135	5,715,687	1,660,753	2,217,419	46,131	654,417	3,406,949	18,948,541
1897-8	9,136,793	8,099,364	2,799,687	3,069,752	856,084	743,913	5,520,079	30,225,672
AVERAGE AMOUNT PER DEPOSITOR.								
1871	£ s. d. 33 16 0	£ s. d. 24 7 11	£ s. d. 60 2 11	£ s. d. 36 4 7	£ s. d. 14 13 6	£ s. d. 25 11 7	£ s. d. 31 17 5	£ s. d. 31 18 10
1881	37 5 8	25 4 7	46 16 5	34 2 9	7 5 0	25 1 6	25 7 7	30 7 0
1891	33 14 5	19 0 1	35 18 0	23 2 10	12 19 2	20 12 0	26 17 0	25 10 1
1897-8	40 2 9	23 18 11	41 1 11	31 16 10	32 10 7	21 6 8	29 7 5	30 17 1

The following table shows the average amount per head of population, and the average number of depositors per 100 of population, in each of the colonies for the year 1897-8 :—

Colony.	Average amount per head of Population.	Depositors per 100 of Population.
New South Wales	£ s. d. 6 18 1	17
Victoria	6 18 6	29
Queensland	5 17 0	14
South Australia	8 9 1	27
Western Australia	5 14 2	17
Tasmania	4 6 8	20
New Zealand	7 11 5	26
Australasia	6 17 10	22

It will be observed that Victoria had the largest number of depositors per 100 of population ; while the largest amount per head of population was reached in South Australia.

The following table shows the number of depositors in the savings banks of the principal countries of the world, the total amount standing

at their credit, and the average amount per depositor. The figures are compiled from the latest available returns:—

Country.	Depositors.	Amount of Deposits in Savings Bank.	Average Amount per Depositor.		
	No.	£	£	s.	d.
United Kingdom	8,357,938	150,974,206	18	1	3
Sweden	1,532,586	21,495,477	14	0	6
Norway	540,053	12,523,949	23	3	10
Holland	843,555	9,730,750	11	10	8
Austria-Hungary	5,072,490	180,095,499	37	5	7
Belgium	1,145,408	17,092,683	14	18	6
Italy	4,917,645	82,199,438	16	14	4
France	8,986,631	165,956,748	18	9	4
Denmark	1,030,320	34,790,469	33	15	4
United States	5,201,132	399,048,568	76	14	6
Canada	236,228	12,604,764	53	7	2
Australasia	979,553	30,225,672	30	17	1

The figures for the United States are given on the authority of the official *Statistical Abstract*, and are, to all appearances, correct.

TOTAL DEPOSITS IN BANKS.

If to the amounts deposited in the savings banks of the colonies be added the deposits in banks of issue, it will be seen that the total sum on deposit in banking institutions is equal to over £29 for each inhabitant of Australasia. The largest amount on deposit as compared with population is found in Victoria, with £31 10s. 10d., or £2 5s. 8d. above the average of all the colonies. The particulars for each province will be found below:—

Colony.	Deposits in Banks of Issue (Averages for the second quarter of 1898).	Deposits in Savings Banks, 1897-8.	Total Deposits.	Amount of Deposits per head of Population.
	£	£	£	£ s. d.
New South Wales	30,029,434	9,136,793	39,166,227	29 11 10
Victoria	28,787,839	8,099,364	36,887,203	31 10 10
Queensland	12,154,990	2,799,687	14,954,677	31 5 2
South Australia	6,279,347	3,069,752	9,349,099	25 15 0
Western Australia	3,609,271	856,084	4,465,355	29 15 8
Tasmania	2,980,952	743,913	3,724,865	21 13 10
New Zealand	14,235,855	5,520,079	19,755,934	27 1 11
Australasia	98,077,688	30,225,672	128,303,360	29 5 2

As already mentioned, large sums are also deposited with various building and investment societies, but the returns with reference to these are incomplete. The latest available figures show that the amounts so invested were:—In New South Wales, £947,806; in Victoria, £855,270; in Tasmania, £161,803; and in New Zealand, £202,847.

In the following table are given the deposits in banks, including savings banks, and, where available, building societies, etc., at four decennial periods, as well as for the year 1897-8:—

Colony.	1861.	1871.	1881.	1891.	1897-8.
	£	£	£	£	£
New South Wales	5,645,108	7,989,801	23,006,720	42,088,550	40,114,033
Victoria	7,575,406	12,476,677	23,721,348	50,183,551	37,742,473
Queensland	334,503	1,647,830	5,633,097	12,154,657	14,954,677
South Australia	875,320	2,038,719	6,231,004	9,992,338	9,349,099
Western Australia	*2,487	*15,583	*23,344	1,365,900	4,465,355
Tasmania	†729,085	875,512	2,969,390	4,220,292	3,886,668
New Zealand	905,675	3,789,639	10,618,893	17,497,436	19,953,781
Australasia { Total	16,067,584	28,833,761	72,203,796	138,402,730	130,471,086
{ Per head	£13	£15	£26	£36	£30

* Savings Banks only. † Banks of Issue only.

From this table it will be seen that the increase of deposits in all classes of banks between 1861 and 1881 was exactly 100 per cent., allowing for the growth of population; while between 1871 and 1891 the deposits per head of population increased by 140 per cent. When compared with the figures for Great Britain, the amount of deposits per head of population in Australasia far exceeds that in the older country. In 1861, indeed, the sum per head in Great Britain was higher than in Australasia, amounting to £15 as against £13 in the colonies, and in 1874 the British average stood at £25 per head; but ten years later, in 1884, it had sunk to £23, and in 1890 to £16; while in 1896 the rate per head had increased to about £23. In the colonies there was no falling-off at any period until 1893—the total deposits per head in 1888 far exceeding the highest level ever reached in Great Britain. In 1893, however, there was a decline of about ten millions in the sum total of Australasian deposits; that is to say, the commercial depression which prevailed more or less throughout Australasia during that year caused the amount just mentioned to be withdrawn from the savings of the people and to be employed in meeting current expenses and in the maintenance of credit. During 1894 and 1895 there was a further falling-off in Victoria and Tasmania; but the other colonies showed larger deposits in 1895 than in 1893—the Queensland, Western Australia, and New Zealand deposits being even larger than in 1891. In 1897-8 the savings in New South Wales, Queensland, Western Australia and New Zealand were greater than in 1895, while

in the other provinces a decrease occurred, the net increase being about £225,000. The total falling-off in 1897-8, however, as compared with 1891 amounted to nearly eight millions, or £6 per head of population.

In some of the colonies the *Credit Foncier* system has been established in connection with the Savings Banks, and particulars relating to the operations of the system will be found in the chapter dealing with Agriculture.

CURRENCY.

The coins circulating in Australasia are those of the United Kingdom. Gold is the standard, the silver and bronze current being more properly tokens than coins. Gold coins are legal tender to any amount, silver for an amount not exceeding forty shillings, and bronze for one shilling. The standard weight and fineness of each coin are given below. The least current weight of a sovereign is 122·5 Imperial grains, and of a half-sovereign, 61·125 grains :—

Denomination of Coin.		Standard Weight.	Standard Fineness.
		Imperial grains.	
		Troy.	
Gold	{ Sovereign	123·27447	{ Eleven-twelfths fine gold, one-twelfth alloy, or deci- mal fineness ·91666.
	{ Half-sovereign	61·63723	
Silver.....	{ Crown	436·36363	{ Thirty-seven-fortieths fine silver, three-fortieths alloy, or decimal fineness ·925.
	{ Double Florin.....	349·09090	
	{ Half-crown	218·18181	
	{ Florin	174·54545	
	{ Shilling	87·27272	
	{ Sixpence	43·63636	
	{ Threepence	21·81818	
		Avoirdupois.	
Bronze ...	{ Penny	145·83333	{ Mixed metal :—Copper, 95 parts ; tin, 4 parts ; and zinc, 1 part.
	{ Halfpenny	87·50000	
	{ Farthing	43·75000	

It may be stated here that in Queensland there is a legal paper currency in the shape of Treasury notes, which have now superseded the ordinary bank-notes.

The only coins struck at the Sydney and Melbourne Mints are of gold, though silver and bronze of English coinage are also issued. The amounts of silver and bronze issued during 1897 were, at the Sydney Mint, silver, £17,250, and bronze, £1,890; and at the Melbourne Mint, £9,575

and £1,055 respectively. The Sydney Branch of the Royal Mint was opened on the 14th May, 1855, and the Melbourne Branch on the 12th June, 1872. A third branch is in course of establishment at Perth. The amount of gold received for coinage up to the end of 1897, at the Sydney Mint, was 23,433,725 oz., valued at £87,250,534; and the amount received at the Melbourne Mint to the same date was 19,378,380 oz., valued at £70,608,283.

The following table shows the quantity of gold received into the two Mints to the end of 1897, the metal received from outside sources being distinguished from that locally produced :—

Where produced.	Gold received for Coinage.	
	Sydney Mint.	Melbourne Mint.
	oz.	oz.
New South Wales	8,706,228	32,479
Victoria.....	1,442,689	14,539,130
Queensland	10,314,339	10,049
South Australia	80,222	448,451
Western Australia	6,664	1,277,607
Tasmania	12,365	813,595
New Zealand	2,582,088	2,076,673
Other Countries	28,525	169,953
Old Coin, etc.	260,605	10,443
Total	23,433,725	19,378,380

The total value of gold raised in Australasia to the end of 1897 was £399,381,186, of which amount 39 per cent. passed through the Sydney and Melbourne Mints.

The following table shows the amount of gold coin and bullion issued by each Mint to the end of 1897 :—

Mint.	Sovereigns.	Half-sovereigns.	Bullion.	Total Value of Coin and Bullion issued.
	£	£	£	£
Sydney	81,283,500	2,622,500	3,180,245	87,086,245
Melbourne	70,608,283	442,292	6,004,221	77,054,796
Total	151,891,783	3,064,792	9,184,466	164,141,041

The quantity of gold received into the Sydney Mint in 1897 was 756,964 oz., valued at £2,677,495, of which only 203,415 oz., or about 27 per cent., were the produce of New South Wales. Queensland contributed 526,430 oz., or nearly 70 per cent. of the whole, the remainder being chiefly New Zealand and Western Australian produce. The amount of gold received into the Melbourne Mint for the same year was 1,380,364 oz., of which 817,331 oz., or 59 per cent., were the produce of Victoria, while 30 per cent. came from Western Australia.

The gold coins issued from the Sydney Mint in 1897 comprised 2,532,000 sovereigns, while the Melbourne Mint issued 5,130,565 sovereigns during the year. No half-sovereigns have been issued by either branch since 1893, with the exception of 218,946 coins of that denomination issued in Victoria in 1896. The value of the gold coinage issued from the Sydney, Melbourne, and London Mints was as follows:—

	£
Sydney	2,532,000
Melbourne.....	5,130,565
London	1,820,497

Besides gold coin, the Sydney Mint during 1897 issued gold bullion to the value of £130,448, and the Melbourne Mint, to the value of £213,430.

The annual report of the Deputy-Master of the Royal Mint for 1897 shows the value of silver coin issued to and withdrawn from, and the value of bronze coin issued to each of the Australasian colonies during the twenty-six years 1872-97, to have been as follows:—

Colony.	Silver Coin.			Bronze Coin issued.
	Issued.	Withdrawn.	Net Issue.	
	£	£	£	£
New South Wales.....	663,700	145,221	518,479	32,350
Victoria	774,550	281,232	493,318	31,535
Queensland.....	233,600	4,750	228,850	2,595
South Australia.....	234,300	2,176	232,124	11,905
Western Australia	67,700	3,290	64,410	1,870
Tasmania.....	50,400	23,443	26,957	1,320
New Zealand	231,535	.....	231,535	13,885
Australasia	2,255,785	460,112	1,795,673	95,460

These figures show an annual increase in the circulation of silver of £69,100, and of bronze of £3,700, but no allowance is made in the figures for coin brought to the colonies or taken away by passengers.

Complete information regarding worn coin is not available for the Melbourne Mint; the following figures, therefore, refer to Sydney only. From 1873, when the Mint first received worn silver coin, until 1897, the

amount of silver withdrawn from circulation was of the nominal value of £159,990. The actual weight after melting was 510,308 oz., and the corresponding weight of new coinage would be 581,780 oz. The loss while the coins were in circulation was therefore 71,472 oz., the average loss being 12·29 per cent. From 1876 to 1897 gold coin of the nominal value of £824,995 was received at the Sydney Mint for recoinage, and was found to have an actual value of £822,275. The loss amounted, therefore, to £2,720, or 0·33 per cent.

As has already been pointed out, standard silver consists of ·925 pure metal and ·075 alloy. A pound troy of standard silver is coined into sixty-six shillings; that is to say, 11·1 ounces of fine metal produce coin to the value of £3 6s. The average price of silver during 1897 was 2s. 3½d. per ounce, which for 11·1 ounces gives the sum of £1 5s. 5d.; so that, after making due allowance for Mint expenses and loss entailed by abrasion of the coinage, it is evident that the British Government derives a fairly large profit from the silver coin issued to Australasia. This explains why the Governments of New South Wales and Victoria have approached the Imperial authorities for permission to coin silver to the value required for circulation in the colonies. With the present limited population of Australasia, however, it is doubtful whether the profits would do more than pay for the outlay necessary in connection with the minting.

LIFE ASSURANCE.

All the colonies except New South Wales have special laws regulating the business of life assurance. Except that of Queensland, the Life Assurance Acts require yearly statements to be made showing the total business of companies in operation, and also certain particulars regarding the transactions within their own colony. In New South Wales no special law has been passed, and companies doing this class of business are either registered under the Companies or Friendly Societies Act, or incorporated by special Act. In the other colonies the Acts regulating the business of life assurance deal chiefly with deposits to be made by companies commencing business, and with returns of business transacted. In no province are the full returns officially published; nevertheless, interesting and valuable reports are prepared and circulated by several of the companies, and all information reasonably to be desired is given in their pages. Other companies pursue a different course, and disclose very few particulars of their business. However, from such sources as are available, the information contained in the following pages has been compiled.

Of the sixteen companies doing business in the colonies, four have their head-offices in New South Wales, six in Victoria, one in South Australia, one in New Zealand, one in the United Kingdom, and three in the United States. The English company—the Liverpool and London and Globe Insurance Company—has only lately commenced operations in Australia, and as the only particulars concerning its

business which are available are the number of policies in force on the 31st March, 1896 (1,028), the total sum assured exclusive of bonuses (£566,647), and the amount of the annual premiums (£15,627), the company is not enumerated in the following tables. The Mutual Assurance Society of Victoria was amalgamated with the National Mutual Life Association at the beginning of 1897, and consequently the figures in the tables show the transactions of the new company, with the exception of the actuarial investigation results given below.

The results of the latest published actuarial investigations of the various societies are appended :—

Institution.	Year of Founda- tion.	Basis of Valuation.	Date of last Valuation.	Net or present Liability.	Surplus.
Australian Mutual Provident Society	1849	per cent. 3½ (a)	31 Dec., 1897	£ 14,003,053	£ 467,693
Mutual Life Association of Australasia	1869	4 (q)	31 ,, 1894	963,477	85,508
City Mutual Life Assurance Society (Ltd.) ..	1879	4 (t)	31 ,, 1897	153,085	11,115
Citizens' Life Assurance Company (Ltd.)	1886	3½ (a)	31 ,, 1897	136,264	18,954
Australian Alliance Assurance Company	1862	3½ (t)	31 ,, 1897	273,827	9,235
National Mutual Life Association of Aus- tralasia (Ltd.)	1869	4 (t)	30 Sept., 1895	1,390,529	169,695
Mutual Assurance Society of Victoria (Ltd.)..	1870	4 (q)	31 Dec., 1895	795,170	70,702
Australian Widows' Fund Life Assurance Society (Ltd.)	1871	4 (q)	31 Oct., 1896	1,166,499	156,662
Colonial Mutual Life Assurance Society (Ltd.)	1874	4 (q)	31 Dec., 1894	1,567,431	226,198
Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	1876	3½ (q)	30 Sept., 1895	165,427	2,219
Victoria Life and General Insurance Company	1888	.....	.....	† .....	† .....
Adelaide Life Assurance and Guarantee Com- pany	1866	4 (q)	30 June, 1892	18,322	22,124
New Zealand Government Life Insurance Department	1870	4 (t)	31 Dec., 1896	2,366,342	225,000
Equitable Life Assurance Society of the United States	1850	4 (a)	31 ,, 1897	33,421,494	10,508,995
New York Life Insurance Company	1845	4 (a)	31 ,, 1897	33,941,580	6,866,673
Mutual Life Insurance Company of New York	1843	4 (a)	31 ,, 1897	44,447,408	7,291,210

(a) Annual. (t) Triennial. (q) Quinquennial. † Information not available.

The net or present liability represents the present value of the sums assured in respect of whole life and endowment assurance, reversionary bonuses, endowments, and annuities in force at date of valuation, less the present value of the future pure premiums thereon. The surplus given represents the amount available for distribution amongst policy-holders, and actuarial and commercial reserves.

Of these fifteen companies, ten are mutual, and the remainder are what is termed in insurance parlance "mixed"—that is, proprietary companies dividing profits with the policy-holders. Two of the institutions also transact industrial business, while one company also undertakes fire and guarantee risks, and another does guarantee as well as life business. Most of the offices have representatives in all the colonies. Three institutions have extended their operations to London, and one also to South Africa. The New Zealand Government does not transact any business outside that colony.

The following table gives the policies in force and the sums assured in each society at the close of 1897. The item "Sums assured" means the sums payable, exclusive of reversionary bonuses, at death, or on attaining a certain age or at death before that age :—

Institution.	Policies in force, exclusive of Annuities.	Assurances.			Annual Premium Income.
		Sums Assured, exclusive of Bonuses.	Bonus Additions.	Total.	
	No.	£	£	£	£
Australian Mutual Provident Society	134,034	41,726,041	8,163,978	49,890,019	1,363,545
Mutual Life Association of Australasia	17,281	4,537,640	249,261	4,786,901	146,475
City Mutual Life Assurance Society (Ltd.)	7,105	958,094	29,327	987,421	34,269
Citizens' Life Assurance Company (Ltd.)	14,930	1,798,740	45,778	1,844,518	72,142
Australian Alliance Assurance Company	1,493	524,354	44,703	569,057	17,843
National Mutual Life Association of Australasia (Ltd.)	43,502	9,888,494	662,297	10,550,791	326,219
Australian Widows' Fund Life Assurance Society (Ltd.)	19,811	4,314,052	220,916	4,534,968	157,300
Colonial Mutual Life Assurance Society (Ltd.)	32,608	10,425,370	286,920	10,712,290	327,078
Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	6,266	956,391	17,856	974,247	35,017
*Victoria Life and General Insurance Co.	401	190,132	36,113	226,245	5,681
*Adelaide Life Assurance and Guarantee Company	107	38,600	.....	38,600	886
New Zealand Government Life Insurance Department	35,021	9,002,601	854,409	9,857,010	262,163
†Equitable Life Assurance Society of the United States	7,882	3,950,166	‡	3,950,166	131,621
†Mutual Life Insurance Company of New York	2,212	1,403,785	‡	1,403,785	60,763
†New York Life Insurance Company	2,932	1,733,773	‡	1,733,773	97,340
Total	326,541	91,448,233	10,611,658	102,050,791	3,038,342

* Year ended December, 1895.

† Australasian business only for year 1896.

‡ Included in preceding column.

The following table shows the business in force at the close of each of the last three years :—

Institution.	Amount Assured, excluding Bonuses and Annuities.		
	1895.	1896.	1897.
	£	£	£
Australian Mutual Provident Society	40,084,836	40,731,231	41,726,041
Mutual Life Association of Australasia	4,241,105	4,445,575	4,537,640
City Mutual Life Assurance Society (Ltd.)	899,683	892,850	958,094
Citizens' Life Assurance Company (Ltd.)	1,143,111	1,465,772	1,798,740
Australian Alliance Assurance Company	599,939	558,830	524,354
National Mutual Life Association of Australasia (Ltd.)	6,305,632	6,557,028	9,888,494
Australian Widows' Fund Life Assurance Society (Ltd.)	4,467,068	4,422,260	4,314,052
Colonial Mutual Life Assurance Society (Ltd.)	10,361,450	10,351,235	10,425,370
Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	840,072	922,898	956,391
Victoria Life and General Insurance Company	38,600	*	*
Adelaide Life Assurance and Guarantee Company	190,132	*	*
New Zealand Government Life Insurance Department	8,609,936	8,754,803	9,002,601
†Equitable Life Assurance Society of the United States	3,985,166	3,950,166	*
†Mutual Life Insurance Company of New York	1,338,800	1,403,785	*
†New York Life Insurance Company	1,658,000	1,733,773	*

* Information not available.

† Australasian business only, but inclusive of bonus additions.

The receipts of the societies are chiefly represented by the collections from premiums on policies and the interest arising from investments of the accumulated funds; while payments on account of policies matured and surrendered, cash bonuses, and expenses of management chiefly comprise the disbursements. The receipts and disbursements during 1897 of each society having its head office in Australasia, were as follow:—

Institution.	Receipts.	Expenditure.	Excess Receipts (Addition to Funds).
	£	£	£
Australian Mutual Provident Society	2,080,566	1,329,527	751,059
Mutual Life Association of Australasia	208,576	154,144	54,432
City Mutual Life Assurance Society (Ltd.)	41,220	20,014	20,815
Citizens' Life Assurance Company (Ltd.)	70,012	25,304	44,708
Australian Alliance Assurance Company	31,740	27,288	4,458
National Mutual Life Association of Australasia (Ltd.)	419,861	279,630	140,231
Australian Widows' Fund Life Assurance Society (Ltd.)	211,307	162,302	49,005
Colonial Mutual Life Assurance Society (Ltd.)	397,012	284,643	112,369
Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	42,787	27,198	15,589
Victoria Life and General Insurance Company	17,244	9,467	7,777
Adelaide Life Assurance and Guarantee Company	928	1,645	717
New Zealand Government Life Insurance Department	398,121	264,358	133,763
Total	3,919,389	2,586,420	1,332,969

* Denotes decrease.

The aggregate receipts and disbursements of the twelve Australasian institutions during 1897 were as follow:—

Receipts.		Expenditure.	
Premiums—	£	Claims	£
New	250,111	Surrenders	1,318,924
Renewals	2,407,738	Annuities	560,935
Consideration for Annuities	62,655	Cash Bonuses and Dividends	39,427
Interest	1,187,771	Expenses	89,889
Other Receipts (Rents, etc.)	11,114	Amount written off to Depreciation, Reserves, etc.	515,022
Total	£ 3,919,389	Total	£ 2,586,420

It will be seen that the combined amount of interest earned and rents received was insufficient to meet the demands under the head of claims. The difference to be made good from other sources, however, was small. A similar condition of affairs has obtained since 1894; but for many years prior to that date the amount earned more than met the expenditure on account of claims. The change just indicated may be attributed to two causes, firstly, the large number of discontinuances which have followed in the train of the depression, so that when the new business has been set against that which has lapsed, the net

result is either only a slight increase or even a shrinkage in the volume of assurances in force, and, secondly, the lower rate of interest lately realised on investments, which in 1897 only amounted to 4·51 per cent., as against 5·54 per cent. in 1893.

ASSETS AND LIABILITIES OF ASSURANCE COMPANIES.

The societies publish annually a statement of assets and liabilities, with the object of showing the distribution of the accumulated funds and the amount placed to commercial reserve. The return is, however, in no way connected with the valuation balance-sheet prepared at the date of the actuarial investigation. The assets and liabilities for each institution, for the financial year of 1897, were as shown in the subjoined table:—

Institution.	Assets.			Liabilities.		
	Loans on Mortgages and Policies.	Government and Municipal Securities, Freehold Property, Cash on Deposit, etc., etc.	Total.	Assurance Endowment and Annuity Funds.	Paid-up Capital, Reserve Funds, etc., etc.	Total.
	£	£	£	£	£	£
Australian Mutual Provident Society	12,007,589	2,920,641	14,928,230	14,479,578	448,652	14,928,230
Mutual Life Association of Australasia.	779,360	421,046	1,200,406	1,190,193	10,213	1,200,406
City Mutual Life Assurance Society (Ltd.)	101,968	63,256	165,224	164,200	1,024	165,224
Citizens' Life Assurance Company (Ltd.)	98,495	50,661	158,156	155,218	2,938	158,156
*Australian Alliance Assurance Company	255,637	296,871	552,508	284,786	267,722	552,508
National Mutual Life Association of Australasia (Ltd.)	1,805,009	937,894	2,742,903	2,703,701	39,202	2,742,903
Australian Widows' Fund Life Assurance Society (Ltd.)	1,030,118	225,102	1,255,220	1,247,188	8,032	1,255,220
Colonial Mutual Life Assurance Society (Ltd.)	1,139,756	1,019,526	2,159,282	2,113,624	45,658	2,159,282
†Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	142,695	92,235	234,930	198,708	36,222	234,930
Victoria Life and General Insurance Company	209,860	157,565	367,425	230,592	136,833	367,425
‡Adelaide Life Assurance and Guarantee Company	21,462	33,595	55,057	33,143	16,914	55,057
New Zealand Government Life Insurance Department	1,482,983	1,305,687	2,788,670	2,725,106	63,564	2,788,670
Total	£ 19,074,932	7,533,079	26,608,011	25,531,037	1,076,074	26,608,011

* Inclusive of Fire and Guarantee Branches, which cannot be separated. † Inclusive of the Industrial Branch, the assets of which cannot be divided under the heads shown. ‡ Inclusive of Guarantee Branch.

Nearly three-fourths of the total assets are represented by loans on mortgage and on policies; indeed, in these colonies insurance companies are almost restricted to these forms of investment. The remaining items require no special comment, except loans on personal security, combined with life assurance. Investments of this character are unusual in Australasia, the amount invested aggregating only £86,962. In some of the colonies the companies are obliged by law to deposit certain sums with the Treasury as a guarantee of good faith, and the amount so lodged is included either under the head of Government securities or of deposits.

EXPENSES OF MANAGEMENT OF ASSURANCE COMPANIES.

The ratio of expenses of management to premium income and gross receipts must necessarily vary according to the age of the society and the proportion of new business transacted. The figures are given for what they are worth. That a more exact comparison cannot be made is the fault of certain companies which fail to make a complete disclosure of their affairs, and do not distribute their expenses of management so that the cost of new business may be distinguished from that of old business; the reports of other companies are unequalled in any part of the world:—

Institution.	Expenses of Management.		
	Amount.	Proportion to—	
		Premium Income.	Gross Receipts.
	£	per cent.	per cent.
Australian Mutual Provident Society	181,579	13·51	8·65
Mutual Life Association of Australasia	41,076	27·73	19·93
City Mutual Life Assurance Society (Ltd.)	9,304	23·33	22·57
Citizens' Life Assurance Company (Ltd.)	10,502	16·24	10·83
Australian Alliance Assurance Company	4,177	21·17	13·16
National Mutual Life Association of Australasia (Ltd.)	77,652	25·74	13·91
Australian Widows' Fund Life Assurance Society (Ltd.)	37,635	25·15	17·81
Colonial Mutual Life Assurance Society (Ltd.)	79,421	25·50	20·00
Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	11,888	34·72	27·78
Victoria Life and General Insurance Company	2,024	37·08	11·73
Adelaide Life Assurance and Guarantee Company .....	.....	* .....	* .....
New Zealand Government Life Insurance Department	59,164	21·94	14·86

* Included in expenses of guarantee branch.

ASSURANCE IN VARIOUS COUNTRIES.

The average amount assured per policy for each colony, and for the United Kingdom, Canada, and the United States, is given in the following table. The figures in some instances are probably somewhat overstated, as all the companies do not show complete returns of the

business in each colony ; but the results may be taken as a fair estimate for each province. The Australasian business of the American institutions excluded from the previous returns, has been included for the purpose of establishing the Australian averages :—

Country.	Average sum assured per Policy.	Average Premium per £100 of Assurance.
	£	£ s. d.
Australasia	280	3 6 5
New South Wales	318	3 3 2
Victoria	279	3 5 11
Queensland	315	3 0 8
South Australia	242	3 6 11
Western Australia	315	3 1 1
Tasmania	264	3 6 5
New Zealand	264	3 0 1
United Kingdom	397	3 7 6
United States	502	.....
Canada	347	.....

The average amount of assurance per head of population was, in Australasia, £21 ; in Canada, £13 ; in the United Kingdom, £13 ; and in the United States £15 ; while the average number of policies per thousand of population was, in Australasia, 74 ; in Canada, 37 ; in the United Kingdom, 32 ; and in the United States, 30.

The average policy is scarcely a fair measure of thrift. In these colonies mutual assurance is the rule, and members of the various societies have acquired large bonus additions. The average existing policy, including reversionary bonus, of the Australasian companies, on the 31st December, 1897, was £312, as compared with the £280 shown in the comparative table.

It would seem that the practice of assuring life is much more prevalent in Australasia than in any of the other countries instanced ; and although the average sum assured by each policy is less, the number of policies is so much greater, as compared with the population, that the amount assured per inhabitant is considerably higher.

FRIENDLY SOCIETIES.

The services which friendly societies directly render to the State in enabling the labouring classes to combine for the making of due provision to meet unforeseen demands in the case of sickness or death, are clearly recognised by the Governments of the various colonies, and all such societies which are registered according to law are granted certain privileges in consideration of the important part which they play in the social welfare of the community, in relieving the public purse of claims

which would otherwise have to be preferred against it, and in maintaining the independence of their members and obviating the necessity of those members accepting aid which would have a tendency to pauperise them. The Acts regulating the operations of friendly societies in the colonies are all based on English legislation; and, generally speaking, the following privileges, which are granted to members of such societies in the colony of New South Wales, may be taken as typical of those enjoyed in Australasia:—

1. A registered Society can legally hold land and other kinds of property in the names of trustees, such property passing from one trustee to another by the mere fact of appointment; and can carry on all legal proceedings in the trustees' names.
2. The Society has a remedy on summary conviction whenever any person—
 - (a) Obtains possession of its property by false representation or imposition;
 - (b) Having possession of any of its property, withholds or misapplies it;
 - (c) Wilfully applies any part of such property to purposes other than those expressed or directed by the rules and authorised by the Act.
3. If an officer of the Society dies or becomes bankrupt or insolvent, or if an execution is issued against him whilst he has money or property of the Society in his possession by virtue of his office, the trustees of the Society are entitled to claim such money or property in preference to any other creditors.
4. The documents of the Society are free from stamp duty.
5. The Society can admit members under twenty-one and take from them binding receipts, which would otherwise be of no effect.
6. If it invests money on mortgage, such mortgages can be discharged by a mere endorsed receipt without reconveyance.
7. Its officers are legally bound to render account and give up all money or property in their possession on demand or notice, and may be compelled to do so.
8. Disputes can be legally settled according to the Society's own rules.
9. Members of registered Friendly Societies have the privilege of legally insuring money, on the deaths of their wives and children, for their funeral expenses, without having an insurable interest in their lives.
10. Members of registered Societies may dispose at death of sums payable by the Society by written nomination without a will; and this nomination may be made by youths of sixteen who cannot make a will till they are twenty-one.

11. Where there is no will and no nomination, the trustees may distribute sums without letters of administration being taken out (a person doing so in any other case would make himself liable for the debts of the deceased).

The Acts contain provisions inserted with the object of securing the solvency of the societies. In most of the colonies these provisions have been operative; but in New South Wales and in Queensland the position of the various orders is not so satisfactory as it should be, and steps have, therefore, been taken to place the affairs of the societies on a proper actuarial basis. A new Friendly Societies' Bill is shortly to be submitted to the New South Wales Legislature.

In the following table will be found the number of societies, the number of lodges or branches of these societies, the aggregate number of members, the total amount of their funds, and the average amount per member in each of the colonies. The figures are for the latest available periods, the dates being set forth below :—

Colony.	Date.	Societies.	Lodges or Branches.	Members.	Total Funds.	Average Amount of Funds per member.
		No.	No.	No.	£	£ s. d.
New South Wales	31 Dec., 1896	40	817	63,073	561,813	8 18 2
Victoria.....	31 Dec., 1896	32	1,074	80,691	1,155,408	14 6 5
Queensland	31 Dec., 1896	17	297	21,901	173,546	7 18 6
South Australia	31 Dec., 1895	15	487	42,703	475,654	11 2 9
Western Australia	31 Dec., 1896	15	41	3,124	38,016	12 3 5
Tasmania	31 Dec., 1896	20	123	10,426	80,145	8 11 0
New Zealand*.....	31 Dec., 1896	12	392	31,825	611,826	19 4 6
Australasia		151	3,231	253,743	3,105,408	12 4 9

* Exclusive of 30 isolated, specially authorised societies, and 12 working men's clubs.

It will be seen from the foregoing table that, taking the average amount of funds per member as the basis of comparison, New Zealand occupies first position with the sum of £19 4s. 6d.; Victoria comes next with £14 6s. 5d.; Western Australia takes third place with £12 3s. 5d. per member; South Australia comes next with £11 2s. 9d.; and then follow New South Wales and Tasmania in the order named, with £8 18s. 2d. and £8 11s. respectively; Queensland having the smallest amount, viz., £7 18s. 6d., to the credit of each individual member.

MONEY ORDERS.

The business transacted, in the various Postal Departments under the system of money orders has grown to very large dimensions. This increase is due mainly to the greater facilities now afforded for the transmission of money by this method, though it is also to some extent attributable to the more general appreciation of the system by the

working classes. The following is a statement of the business transacted during 1897 :—

Colony.	Orders issued.		Orders paid.	
	Number.	Amount.	Number.	Amount.
		£		£
New South Wales.....	393,299	1,311,850	403,779	1,421,524
Victoria	214,389	662,765	328,122	1,162,386
Queensland	120,139	438,898	85,342	348,700
South Australia	80,503	234,187	92,805	343,479
Western Australia	251,878	1,059,529	60,428	247,611
Tasmania	102,775	204,510	209,518	307,612
New Zealand.....	293,659	970,831	215,240	837,209
Australasia.....	1,456,642	4,882,570	1,395,234	4,668,521

The average amount of each money order issued was £3 7s., and the business done by New South Wales greatly exceeded that of any other colony of the group. The average value of money orders issued in the United Kingdom during 1896 was £2 15s.

POSTAL NOTES.

Besides the money orders mentioned above, a system of postal notes is in force in all the colonies. The notes are issued for fixed amounts, varying from 1s. to 20s. The number and value of notes issued and paid during 1897 in each of the colonies were as follow :—

Colony.	Notes issued.		Notes paid.	
	Number.	Amount.	Number.	Amount.
		£		£
New South Wales ...	1,034,943	377,282	1,020,095	371,785
Victoria	1,063,824	426,328	1,088,271	434,154
Queensland	212,182	81,275	198,541	75,010
South Australia	252,346	85,501	269,585	92,518
Western Australia ...	14,309	3,715	.....	.....
Tasmania	41,435	12,805	42,445	13,448
New Zealand.....	409,866	137,114	407,610	134,045
Australasia.....	3,028,905	1,124,020	*3,026,547	1,120,960

* Exclusive of Western Australia.

These figures show that, for the transmission of small amounts, postal notes are rapidly superseding money orders. While in 1897 the number of money orders issued was less than half that of postal notes, the value of the latter did not amount to one-fourth of the value of money orders, the average value of postal notes being 7s. 5d., as compared with £3 7s. for money orders.

BANKRUPTCIES.

The bankruptcy laws of the different colonies are even more dissimilar than the laws on most other questions of importance; they have also been fluctuating, and the subject of many experiments and amendments. This renders any work of comparison difficult and unsatisfactory. For the year 1896 complete returns are available, and are given below. In connection with the table it must be pointed out that the figures are exclusive of 104 liquidations in Queensland, with liabilities stated at £234,132, and assets at £169,459; and also of 176 private arrangements under the Insolvency Act in South Australia, for which the assets and liabilities are not stated:—

Colony.	Number of Sequestrations.	As shown in Bankrupts' Schedules.		
		Liabilities.	Assets.	Deficiency.
		£	£	£
New South Wales...	1,040	627,314	409,928	217,386
Victoria	755	1,414,752	365,290	1,049,462
Queensland.....	332	98,599	62,230	36,369
South Australia.....	64	47,609	28,522	19,087
Western Australia..	42	358,175	26,259	331,916
Tasmania	95	34,943	9,404	25,539
New Zealand	412	460,545	308,963	151,582
Australasia.....	2,740	3,041,937	1,210,596	1,831,341

Little, if any, reliance can be placed upon the statements made by bankrupts as to the state of their affairs, the assets being invariably exaggerated. Taking the figures given above for what they are worth, it would appear that the average amount of liabilities per bankrupt was £1,110, and of assets, £442, showing a deficiency of £668. In the following table the average figures for the ten years ended 1896 are given, except where radical alterations in bankruptcy legislation, or the absence of complete returns for the whole period, have made it necessary to take a shorter period; the assets, however, have been omitted, as the statements, as far as some of the colonies are concerned, are palpably worthless:—

Colony.	Number of Sequestrations.	Liabilities, as shown in Bankrupts' Schedules.
		£
New South Wales (9 years).....	1,238	1,203,651
Victoria	845	3,071,512
Queensland (9 years)	308	197,977
South Australia	87	77,467
Western Australia (4 years).....	40	130,347
Tasmania (8 years).....	132	81,208
New Zealand	641	685,752
Australasia	3,291	5,447,914