

ACCUMULATION.

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 states, 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, in some cases, 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 £18,490,015, of which £5,818,629, inclusive of £2,500,000 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 these 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.)	30 June, 1904	154,529	....	154,529	....
Bank of Adelaide	28 Mar., 1904	400,000	....	400,000	235,000
Bank of Australasia	11 April, 1904	1,600,000	....	1,600,000	1,160,000
Bank of New South Wales	30 Sept., 1904	2,000,000	....	2,000,000	1,370,000
Bank of New Zealand	31 Mar., 1904	431,713	2,500,000	2,931,713	73,937
Bank of North Queensland (Ld.)	30 June, 1904	100,000	....	100,000	18,000
Bank of Victoria (Ld.)	30 June, 1904	1,061,250	416,760	1,478,010	150,000
City Bank of Sydney	30 June, 1904	400,000	....	400,000	3,500
Colonial Bank of Australasia (Ld.)	30 Sept., 1904	134,663	304,044	438,707	65,000
Commercial Bank of Australia (Ld.)	30 June, 1904	95,274	2,117,290	2,212,564	198,521
Commercial Banking Co. of Sydney (Ld.) ..	30 June, 1904	1,000,000	....	1,000,000	1,055,000
Commercial Bank of Tasmania (Ld.)	31 Aug., 1904	141,493	....	141,493	125,000
English, Scottish, and Australian Bank (Ld.)	30 June, 1904	539,438	....	539,438	184,174
London Bank of Australia (Ld.)	31 Dec., 1903	375,713	171,930	547,643	*192,367
National Bank of Australasia (Ld.)	30 Sept., 1904	1,192,440	305,780	1,498,220	105,000
National Bank of New Zealand (Ld.)	31 Mar., 1904	250,000	....	250,000	210,000
National Bank of Tasmania (Ld.)	31 May, 1904	152,040	....	152,040	27,500
Queensland National Bank (Ld.)	30 June, 1904	413,192	....	413,192	45,000
Royal Bank of Australia (Ld.)	30 Sept., 1904	150,000	....	150,000	35,000
Royal Bank of Queensland (Ld.)	30 June, 1904	454,641	2,325	457,466	63,000
Union Bank of Australia (Ld.)	29 Feb., 1904	1,500,000	....	1,500,000	1,025,000
Western Australian Bank	26 Sept., 1904	125,000	....	125,000	300,000

* Includes Capital Reserve Account.

During the half-year ended 30th June, 1904, a reduction in the capital of the Australian Joint Stock Bank, Limited, took place, resulting in the writing off of £6 10s. per share in respect of 154,348 shares, portion of the shares which have been issued and are now outstanding; £5 per share on 936 shares, the remainder of the shares which have been issued and are now outstanding; and £5 5s. per share on 506 shares which were issued, but have been forfeited, and are not now outstanding; while the nominal value of all unissued shares in the company's capital was reduced from £10 per share to £3 10s. per share.

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)	154,529	3,298	157,827
Bank of Adelaide	400,000	.....	400,000
Bank of Australasia	1,600,000	.....	1,600,000
Bank of New South Wales	2,000,000	.....	2,000,000
Bank of New Zealand	2,931,713	3,367	2,935,080
Bank of North Queensland (Limited)	100,000	.....	100,000
Bank of Victoria (Limited)	1,478,010	.....	1,478,010
City Bank of Sydney	400,000	.....	400,000
Colonial Bank of Australasia (Limited)	438,707	573	439,280
Commercial Bank of Australia (Limited)	2,212,564	.....	2,212,564
Commercial Banking Company of Sydney (Limited) ..	1,000,000	.....	1,000,000
Commercial Bank of Tasmania (Limited)	141,493	.....	141,493
English, Scottish, and Australian Bank (Limited)	539,438	.....	539,438
London Bank of Australia (Limited)	*547,043	750	548,393
National Bank of Australasia (Limited)	1,498,220	.....	1,498,220
National Bank of New Zealand (Limited)	250,000	.....	250,000
National Bank of Tasmania (Limited)	152,040	.....	152,040
Queensland National Bank (Limited)	413,192	2,056	415,248
Royal Bank of Australia (Limited)	150,000	.....	150,000
Royal Bank of Queensland (Limited)	457,466	.....	457,466
Union Bank of Australia (Limited)	1,500,000	.....	1,500,000
Western Australian Bank	125,000	.....	125,000

* Includes £3,190 prepaid on account of Reserve Liability.

The paid-up capital of the banking companies now operating in Australasia has increased from £14,724,587 to £18,490,015, or by £3,765,428 since 1893, the year of the great banking crisis. 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 £9,324,803 has been written off during the last eleven years, including £1,000,000 guaranteed stock repaid to the New Zealand Government in July, 1904, and £1,010,598 of the capital of the Australian Joint Stock Bank, Limited.

LIABILITIES AND ASSETS OF BANKS.

The liabilities of the banks enumerated, at the dates which have been previously given, totalled £141,537,509, against which amount assets aggregating £167,415,341 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 assets trust have been excluded:—

Bank.	Notes in Circulation.	Deposits.	Other Liabilities to Public.	Total Liabilities to Public.
	£	£	£	£
Australian Joint Stock Bank (Limited)	59,085	5,392,717	183,009	5,634,811
Bank of Adelaide	136,710	2,218,374	205,832	2,560,916
Bank of Australasia	520,003	15,106,272	2,280,275	17,906,550
Bank of New South Wales	937,760	21,093,160	3,330,711	25,361,631
Bank of New Zealand	858,135	10,355,029	1,443,879	12,657,043
Bank of North Queensland (Limited)		303,526	25,333	328,859
Bank of Victoria (Limited)	104,914	4,427,561	833,180	5,365,655
City Bank of Sydney	67,459	1,082,103	1,139	1,150,701
Colonial Bank of Australasia (Limited)	107,072	2,380,740	243,674	2,731,486
Commercial Bank of Australia (Limited)	157,548	3,190,668	486,498	3,834,714
Commercial Banking Company of Sydney (Ld.)	390,227	11,291,140	544,536	12,225,903
Commercial Bank of Tasmania (Limited)	59,759	1,433,098	1,139	1,512,683
English, Scottish, and Australian Bank (Ld.) ..	31,918	5,139,032	346,796	5,517,746
London Bank of Australia (Limited)	150,088	3,940,638	577,518	4,668,244
National Bank of Australasia (Limited)	240,497	5,934,040	462,814	6,637,351
National Bank of New Zealand (Limited)	273,515	3,043,440	368,503	3,685,458
National Bank of Tasmania (Limited)	54,672	459,926	20,768	535,364
Queensland National Bank (Limited)		6,529,756	414,661	6,944,417
Royal Bank of Australia (Limited)	8,611	740,425	217,958	966,994
Royal Bank of Queensland (Limited)		839,038	5,444	844,482
Union Bank of Australia (Limited)	464,766	15,990,011	2,130,145	18,584,922
Western Australian Bank	101,972	1,664,961	113,746	1,880,679

The assets of each bank are shown below:—

Bank.	Coin and Bullion.	Advances.	Other Assets.	Total Assets.
	£	£	£	£
Australian Joint Stock Bank (Limited)	805,751	4,236,804	749,244	5,791,799
Bank of Adelaide	439,969	1,551,884	1,233,140	3,229,993
Bank of Australasia	3,294,342	14,785,908	2,789,186	20,779,436
Bank of New South Wales	4,558,762	18,969,250	5,322,078	28,850,090
Bank of New Zealand	1,957,220	6,903,197	6,953,529	15,813,946
Bank of North Queensland (Limited)	48,210	312,829	87,188	448,227
Bank of Victoria (Limited)	822,763	4,839,620	1,376,010	7,038,393
City Bank of Sydney	253,134	1,117,399	192,821	1,563,354
Colonial Bank of Australasia (Limited)	411,578	2,195,526	644,140	3,251,244
Commercial Bank of Australia (Limited)	916,941	3,644,031	1,731,344	6,292,316
Commercial Banking Company of Sydney (Ld.) ..	2,726,076	9,134,983	2,490,664	14,351,723
Commercial Bank of Tasmania (Limited)	217,693	1,312,987	259,175	1,789,855
English, Scottish, and Australian Bank (Ld.) ..	968,656	4,123,539	1,203,231	6,295,426
London Bank of Australia (Limited)	759,555	3,309,816	1,179,496	5,248,867
National Bank of Australasia (Limited)	1,298,373	5,224,525	1,755,454	8,278,352
National Bank of New Zealand (Limited)	726,943	3,178,721	265,697	4,171,361
National Bank of Tasmania (Limited)	93,019	577,674	53,719	724,412
Queensland National Bank (Limited)	541,423	5,540,742	1,317,439	7,400,609
Royal Bank of Australia (Limited)	164,637	644,518	352,642	1,161,797
Royal Bank of Queensland (Limited)	223,117	986,257	164,635	1,374,000
Union Bank of Australia (Limited)	2,882,365	13,171,511	5,157,351	21,211,227
Western Australian Bank	835,838	1,265,729	242,338	2,343,905

The difference between the assets and liabilities shown in these tables amounts to £25,877,832, and practically corresponds with the paid up capital and reserves (£24,946,890) shown on a previous page, the difference in the two amounts representing for the most part undivided profits. It will be noted that both the assets and liabilities represent the total of the various banks wherever situated, and not merely the Australasian assets and liabilities which are shown in a succeeding paragraph. The business of the banks outside Australasia appears to be represented by liabilities amounting to £24,852,487, and by assets £32,910,868.

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:—

State.	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	6,966,107	34,768,363	14,310,304	20·64	48·68
Victoria	6,225,954	32,267,119	11,765,074	19·29	52·92
Queensland	1,818,807	12,693,759	3,931,603	14·33	46·26
South Australia	1,452,760	6,826,298	2,823,805	21·28	51·45
Western Australia	2,143,049	5,186,192	3,650,946	41·32	58·70
Tasmania	751,792	3,751,345	1,619,919	20·04	46·41
Commonwealth	19,358,469	95,493,076	38,101,651	20·27	50·81
New Zealand	3,867,826	21,191,946	11,101,447	18·25	34·84
Australasia	23,226,295	116,685,022	49,203,098	19·91	47·20

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 states many banks profess to hold gold largely in excess of their wishes or requirements.

The explanation of the excess of liabilities over assets in some of the foregoing instances lies in the fact that several of the banks find it more convenient to keep their reserves at headquarters, rather than distributed amongst all their branches, but in some instances it is not possible to use to advantage deposits at the place where they are obtained. The Bank of New Zealand shows an excess of liabilities

amounting to £2,340,146, but an inspection of its balance sheet shows large holdings in London, viz., money at call, bills receivable, debentures, &c. To discuss the position of the bank would be entirely foreign to the purpose of this work, but it may be mentioned that the Government of New Zealand is largely interested in it, and the bank for all practical purposes, may be regarded as a state guaranteed institution.

Taking the Australian Commonwealth as a whole the following is a statement of the excess of assets over liabilities of all the banks of issue for the December quarters of the years named (1890-1903), with like information regarding New Zealand.

Year.	Commonwealth.	New Zealand.	Total.
	£	£	£
1890	48,439,607	4,378,661	52,818,268
1891	50,863,656	2,994,060	53,857,716
1892	50,141,666	2,934,833	53,076,499
1893	49,284,805	2,765,901	52,050,706
1894	45,657,841	2,815,630	48,473,471
1895	38,755,820	3,668,154	42,423,974
1896	37,901,614	1,379,768	39,281,382
1897	33,411,114	1,896,523	35,307,637
1898	29,900,443	1,714,346	31,614,789
1899	22,506,859	1,355,575	23,862,434
1900	22,220,669	349,953	22,570,622
1901	21,893,036	932,239	22,825,275
1902	20,542,489	143,616	20,686,135
1903	22,133,179	218,394	22,356,573

For the Commonwealth and New Zealand, the excess of assets over liabilities amounts to £22,356,573, while according to the balance-sheets of the banks at the date nearest the 31st December, 1903, the working capital and reserves were:—

Capital	£18,490,015
Reserves	6,810,913
Total	£25,300,928

The capital and reserves thus exceeded the assets in the Commonwealth and New Zealand by £2,944,355, the difference being accounted for by the holdings of the various banks in London, the headquarters of several of the largest institutions doing business in Australia. The table just given is important in that it illustrates effectively the process of the withdrawal of capital from Australia and New Zealand, which has been silently going on since 1891. Taking the figures of the table as they stand, without considering additions and cancellations of capital, there has been a decrease in the money employed in Australia by the banks of issue during thirteen years to the extent of £30,461,695. Within the same period, capital to the extent of £7,071,874 has been written off, and £1,300,000, the capital of three defunct banks, has also been lost; on the other hand, capital (including

preferential capital) to the amount of £9,964,961 has been called up. It may therefore be stated that approximately £1,593,087, new capital, has been obtained by the banks; so that the actual withdrawal of money has been greater by this amount than shown above, and, in reality, the total withdrawals may be put down at £32,054,782. The greater part of the money withdrawn consisted of British deposits, which the banks were accustomed to accept very freely in the period before the bank crisis of 1893. The extent of the deposits made with the branches of the banks in Great Britain may be gauged from the fact the twelve banks from which returns were obtained held British interest-bearing deposits to the amount of £26,406,000, while the nine smaller banks from which returns were not obtained are estimated to have had British deposits to the amount of £3,684,000; so that the total of such deposits in use in Australia could not have been far short of £30,000,000. It is impossible, by reason of the scant information given in the quarterly banking statements and the balance-sheets, to speak definitely as to the amount of British deposits now in the hands of Australian banks; but a consideration of the foregoing figures would show that such amount must be very small, while it is also clear that several of the banks are now using a portion of their Australian deposits in their London business.

The detailed statements of the movement in each state afford interesting reading. In New South Wales, the assets of the banks touched their highest point in 1891 and 1892, and in the latter year the capital employed by them in excess of their local liabilities was £16,146,513; this excess included the paid-up capital and reserves of the banks, as well as the British and other deposits used in the state. From the sum just named, the excess of assets fell in 1901 to £8,359,727; the gradual decline of assets and liabilities is shown in the following table:—

Year.	Assets.	Liabilities.	Excess of Assets.
	£	£	£
1890	52,436,977	37,248,937	15,188,040
1891	53,596,259	37,589,764	16,006,495
1892	53,317,892	37,171,379	16,146,513
1893	48,794,036	34,102,172	14,691,864
1894	47,261,405	31,649,255	15,612,150
1895	45,622,329	32,037,052	13,585,277
1896	44,527,828	31,254,776	13,273,052
1897	43,980,722	31,026,523	12,954,199
1898	42,638,224	31,311,293	11,326,931
1899	42,194,661	33,055,059	9,139,602
1900	43,036,427	33,969,731	9,066,696
1901	43,437,559	35,077,832	8,359,727
1902	43,630,491	34,030,428	8,700,063
1903	43,165,576	34,250,541	8,915,035

There was some writing down of capital after the bank crisis, but the difference between the highest and lowest years (1892 and 1901) shown in the foregoing table, viz., £7,786,786, represents for the most part the withdrawal of British and other deposits obtained outside of New South Wales. In the year 1901 the total deposits obtained by the banks in respect of their New South Wales business was probably a little over £40,000,000, so that the British and other external deposits then held but subsequently withdrawn represented not far short of twenty per cent. of the total. With the year 1901 the withdrawals of banking capital ceased and each subsequent year shows a slight recovery. The total capital withdrawn covered a period of nine years, the average withdrawal therefore was at the rate of about £800,000 a year, a sum, taken in connection with the period over which it continued, sufficiently large to cause considerable dislocation of business.

In the case of Victoria, the withdrawal of money from the banks was also spread over a period of nine years, coming to an end in the year 1902, but the average annual withdrawals were on a much larger scale than in New South Wales. Melbourne was undoubtedly the financial centre of the Australian States at the time of the crisis, and it was but natural that the general disturbance of banking business which took place subsequent to 1893 should be felt more acutely there than elsewhere, especially as Melbourne was also the chief seat of speculative enterprise for all Australia. In 1891 the banking assets in Victoria were set down at the huge figure of £63,720,546, and this has now been reduced to £39,291,125, a fall of £24,429,421. In the year 1891 the excess of assets over liabilities, which represents the capital of the banks employed in their business and deposits obtained outside the State of Victoria, amounted to £21,476,329. This was increased in 1893, the year of the bank failures, to £23,004,892, or £1,376,000 in excess of the previous year, an increase due largely to the fact that several of the reconstructed banks were able to treat a portion of their deposits as capital.

From 1893 to 1902 there was a continued decline in the amount of the excess of assets over liabilities, until in the year last named it stood at £7,570,163, that is to say as compared with 1893, a fall of £15,434,729, which gives a yearly average of £1,715,000 for the nine years. The cause of the decline was chiefly the withdrawal of British deposits—which do not appear in the bank returns as a liability—and also a writing down of assets and cancellation of capital called up.

This decline has now ceased, but while it persisted it placed a severe strain on the business of the state; it is however a very happy circumstance that the great producing interests of the country were not affected. Indeed, during the nine years in which the withdrawals took place the agricultural and dairying industries showed signs of great vitality, proving that very little of the money which was obtained outside of Victoria for use by the banks, was employed in these industries. The following is a statement of the assets and liabilities

and excess of assets over liabilities during each year from 1890 to 1903 :—

Year.	Assets.	Liabilities.	Excess of Assets.
	£	£	£
1890	60,937,955	42,224,084	18,713,871
1891	63,720,546	42,244,217	21,476,329
1892	63,169,942	41,541,161	21,628,781
1893	56,644,511	33,639,619	23,004,892
1894	55,277,834	34,727,373	20,550,461
1895	49,518,627	33,127,299	16,391,328
1896	49,130,925	32,681,831	16,449,094
1897	45,560,432	31,650,631	13,909,801
1898	42,032,701	29,412,293	12,620,408
1899	40,522,115	31,274,374	9,247,741
1900	41,755,928	31,895,571	9,860,357
1901	41,460,634	31,856,497	9,604,137
1902	39,795,793	32,225,630	7,570,163
1903	39,291,125	31,553,334	7,737,791

The banking capital employed in Queensland has always been very large, and, compared with population, larger than in any of the other states. A considerable proportion of the capital employed, however, was not obtained within the state itself, and on the occurrence of the bank crisis there were very large withdrawals. The assets and liabilities from 1890 onwards are as set out in the following table, from which it will be seen that the banking capital and resources obtained by the banks outside the state, represented in the table by excess of assets, amounted in 1891 to £9,821,409, while in 1900 it fell to £2,066,883, a reduction of nearly four-fifths.

Year.	Assets.	Liabilities.	Excess of Assets.
	£	£	£
1890	20,906,932	11,183,750	9,723,182
1891	20,658,180	10,836,771	9,821,409
1892	20,552,087	11,193,201	9,358,886
1893	19,739,959	11,079,630	8,660,329
1894	18,540,514	11,037,294	7,503,220
1895	18,917,403	11,423,946	7,493,457
1896	18,850,945	11,346,303	7,504,642
1897	16,842,439	12,370,467	4,471,972
1898	16,058,673	12,691,398	3,367,275
1899	16,207,695	13,419,674	2,788,021
1900	16,257,443	14,190,560	2,066,883
1901	16,741,379	13,983,898	2,757,481
1902	16,812,451	13,602,176	3,210,275
1893	16,922,233	12,826,338	4,095,895

Since 1900 the outflow through the banks has ceased, and the amount of capital provided out of their own resources or from external deposits has increased to £4,095,895. In New South Wales and Victoria, particularly the latter, the withdrawal of external deposits from the banks was accompanied by a decline in the amount of the internal deposits; with Queensland it was otherwise, for the amount of the latter has shown improvement during almost every year, an improvement not materially interrupted even by the bank crisis of 1893.

The figures showing the assets and liabilities of the South Australian banks are given below for 1890 and subsequent years. In the year 1890 there was an excess of assets to the amount of £3,729,917, which rapidly declined, so that in 1895 the excess was £165,069 only, and in the following year there was an excess of liabilities to the extent of £42,847. The extraordinary character of these figures will not be diminished if they be read in connection with those of still earlier years, such as in 1886, when the excess of assets over liabilities was £6,000,000.

Year.	Assets.	Liabilities.	Excess of Assets.
	£	£	£
1890	11,489,843	7,759,926	3,729,917
1891	10,805,548	8,303,506	2,502,042
1892	9,691,620	7,960,037	1,731,583
1893	8,971,060	7,596,687	1,374,373
1894	8,019,346	7,204,456	814,890
1895	7,436,051	7,270,982	165,069
1896	7,754,673	7,797,520	*42,847
1897	7,473,670	6,919,882	553,788
1898	6,809,603	5,821,303	988,300
1899	6,752,772	6,283,735	469,037
1900	6,549,292	6,215,700	333,592
1901	6,616,505	6,350,734	265,771
1902	6,481,038	6,334,008	147,030
1903	6,547,447	6,046,063	501,384

* Denotes excess of Liabilities.

South Australia was not so directly affected by the bank failures of 1893 as were the three eastern states, nevertheless, there were large withdrawals during the four years following the crisis, as the preceding table shows. The condition of the banks, as evidenced by their returns, is not an absolute indication of the condition of business within the state, as Adelaide is an important financial centre with a large external business embracing the Northern Territory, the western districts of New South Wales, and south-west Queensland; while, latterly, considerable interests have been acquired in Western Australia. The bank returns, however, make it plain that South Australian business has been shorn of much of its speculative character, and that there is, and has been for the past eight years, little outside capital employed by the banks in the state.

The returns of Western Australia show the vitalising effect of the gold discoveries on the trade of the state. In 1890 the total assets of the banks within the state amounted to £1,801,976, but increased to £5,754,475 in six years, and to £6,417,950 at the close of 1903.

Year.	Assets.	Liabilities.	Excess of Assets.
	£	£	£
1890	1,801,976	1,016,833	785,143
1891	2,113,489	1,291,568	821,921
1892	2,625,989	1,525,783	1,100,206
1893	2,780,787	1,420,606	1,360,181
1894	2,956,082	1,805,936	1,150,146
1895	3,948,449	2,877,056	1,071,393
1896	5,754,475	5,083,273	671,202
1897	5,978,798	4,588,830	1,389,968
1898	5,420,479	4,037,252	1,383,227
1899	4,986,034	4,196,983	789,051
1900	5,742,012	4,836,886	905,126
1901	5,944,769	4,929,042	1,015,727
1902	6,439,561	5,300,576	1,138,985
1903	6,417,950	5,325,819	1,092,131

Tasmania is the only state which shows excess of liabilities over assets, a condition which has prevailed for the last four years. The state is within a day's journey of Melbourne, and the banks, whose headquarters are in that city, find it more convenient to keep their general reserve there than on the island; nevertheless, there must be some lack of opportunity for investment, seeing that the Tasmanian deposits are considerably in excess of local assets. The two local banks show assets £2,520,151, liabilities £2,070,586, deposits included in the liabilities £1,939,382; while the two English banks return assets as £1,032,130, liabilities £1,685,752, and deposits included in the liabilities £1,643,574. The following is a statement of the Tasmanian banking position from 1890 onwards:—

Year.	Assets.	Liabilities.	Excess of Assets.
	£	£	£
1890	4,711,548	4,412,094	299,454
1891	4,428,251	4,192,791	235,460
1892	3,974,259	3,798,562	175,697
1893	3,589,406	3,396,240	193,166
1894	3,365,336	3,338,362	26,974
1895	3,358,894	3,309,598	49,296
1896	3,246,904	3,200,433	46,471
1897	3,234,329	3,102,943	131,386
1898	3,327,101	3,112,799	214,302
1899	3,341,030	3,267,623	73,407
1900	3,388,112	3,400,097	*11,985
1901	3,264,592	3,374,399	*109,807
1902	3,527,695	3,751,722	*224,027
1903	3,552,281	3,756,338	*204,057

* Denotes excess of Liabilities.

The peculiarity of the New Zealand position has already been alluded to. For the December quarter, 1903, the statements show an excess of assets equal to £218,394, notwithstanding that the two local banks have capital and reserves to the extent of £2,950,260, while the other banks also have a large amount of capital employed in the colony. The anomalous condition of affairs arises from the position of the Bank of New Zealand as a state guaranteed institution. This bank had in December, 1903, liabilities in New Zealand to the extent of £10,242,866, including a Government deposit of £1,481,636, and assets of £8,111,398, showing a deficiency of £2,131,468. The balance-sheet of the March quarter, 1904, shows that the bank had in London money at call £2,475,285, bills receivable £1,003,287, and other securities accounting for the short holdings in New Zealand. The following is a statement of assets and liabilities, with the excess of assets in each year from 1890 onwards:—

Year.	Assets.	Liabilities.	Excess of Assets.
	£	£	£
1890	17,735,259	13,356,598	4,378,661
1891	16,814,518	13,820,458	2,994,060
1892	17,558,168	14,623,335	2,934,833
1893	18,255,534	15,489,633	2,765,901
1894	17,746,421	14,930,791	2,815,630
1895	18,159,781	14,491,627	3,668,154
1896	16,900,199	15,520,431	1,379,768
1897	17,276,771	15,380,248	1,896,523
1898	17,013,404	15,299,058	1,714,346
1899	17,190,433	15,834,858	1,355,575
1900	17,314,535	16,964,582	349,953
1901	18,422,274	17,490,035	932,239
1902	19,162,178	19,018,532	143,646
1903	20,580,387	20,361,993	218,394

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 782 :—

Bank.	Class of Shares.	Amount brought forward.	Net Profits less Rebate on Bills current.	Dividend paid.		Amount transferred to Reserve Fund, consisting of Profits, Retention of Premiums Account, &c.	Amount carried forward.
				Rate per cent. per annum.	Amount.		
Australian Joint Stock Bank (Ltd.)..	Ordinary ..	Nil	2,450	..	Nil	Nil	2,450
Bank of Adelaide .....	..	17,740	31,337	8	16,000	15,000	18,077
Bank of Australasia .....	..	10,052	150,934	12	96,000	55,000	16,886
Bank of New South Wales .....	..	18,024	120,435	10	100,000	20,000	18,450
Bank of New Zealand	{ Preferential ..	.....	200,303	{ ..	.....	{ 50,000	129,022
Bank of North Queensland (Limited)	Ordinary ..	117	2,251	5	21,281	1,000	56
Bank of Victoria (Limited)	{ Preferential ..	{ 10,173	{ 34,555	{ 5	{ 10,419	{	{ 15,737
City Bank of Sydney	Ordinary ..	1,108	9,046	4	8,000	1,000	1,153
Colonial Bank of Australasia (Ltd.)..	{ Preferential ..	{ 2,764	{ 18,237	{ 5	{ 7,601	{ 5,000	{ 5,083
Commercial Bank of Australia (Ltd.)	Ordinary ..	31,792	67,618	3	31,759	52,893	14,768
Commercial Banking Co. of Sydney (Limited)	Ordinary ..	20,265	65,555	10	50,000	15,000	20,320
Commercial Bank of Tasmania (Ltd.)	..	3,044	12,035	10	7,428	5,000	3,251
English, Scottish, and Australian Bank (Limited).....	..	10,221	58,847	4	33,840	23,193	12,035
London Bank of Australia (Limited)	{ Preferential ..	{ 10,024	{ 22,950	{ 5½	{ 9,456	{	{ 14,317
National Bank of Australasia (Ltd.)..	Ordinary ..	10,831	36,950	5	7,645	10,000	9,268
National Bank of New Zealand (Ltd.)	Ordinary ..	7,761	60,642	12	30,000	30,000	8,403
National Bank of Tasmania (Limited)	..	4,261	5,347	6	4,790	.....	4,718
Queensland National Bank (Limited)	..	.....	21,822	..	3,000	18,822	..
Royal Bank of Australia (Limited) ..	..	2,470	7,333	6	4,500	.....	5,303
Royal Bank of Queensland (Limited)	{ Preferential ..	{ 880	{ 9,181	{ 3½	{ 8,421	{ 1,000	{ 640
Union Bank of Australia (Limited) ..	Ordinary ..	25,066	115,239	10	75,000	30,000	26,305
Western Australian Bank .....	..	13,380	24,846	17½	10,938	.....	27,288

The total net profit for the Bank of New Zealand was £292,803, and the interest on guaranteed stock amounted to £80,000, leaving £212,803 for distribution. Of this sum £12,500 was written off the various estate and property accounts; £50,000 was paid to the Assets Realisation Board and £21,281 for dividend on ordinary shares at 5 per cent. : leaving a balance of £129,022 which must be paid to the Assets Realisation Board in accordance with the Act of 1895 which governs the operations of the bank. The dividend paid by the Queensland

National Bank represents a repayment to the Government of that state in terms of the scheme of arrangement, and the amount transferred to reserve fund, etc., includes £6,000 paid to private depositors' repayment fund. The total net profit was £21,822, of which £9,822 was allotted to the contingency account. The net profit shown for the London Bank of Australia, and the English, Scottish, and Australian Bank (Limited), is exclusive of the interest on Transferable Fixed Deposits, Debenture Stocks, &c.; while the earnings of the Commercial Bank of Australia (Limited), exclude £8,500 transferred to the Special Assets Trust Reserve Account, and £28,871 to the Special Assets Trust Company. The net profit shown for the Union Bank of Australia (Limited) is inclusive of £10,000 for reduction of premises, and £4,000 in aid of the guarantee and provident funds. The dividend tax payable by the two Tasmanian banks, the Royal Bank of Queensland, and the Bank of North Queensland, has been included in the amount of dividend shown in the table. The amount shown as carried to reserve by the Bank of Australasia includes £25,000, for reduction of cost of premises. In the case of the English, Scottish, and Australian Bank (Limited), the amount of dividend shown includes a further payment of £12,262, being an extra $1\frac{1}{2}$ per cent. interest to the holders of Deferred Inscribed Deposit Stock, and the amount shown as carried to reserve includes £7,193 for the purchase and cancellation of Deferred Inscribed Deposit Stock, in accordance with the articles of association, and £1,000 contribution to Officers' Guarantee and Provident Fund.

BANKING BUSINESS OF EACH STATE.

Of the twenty-two banks operating in Australasia during 1904 thirteen had offices in New South Wales, eleven in Victoria, eleven in Queensland, seven 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 states; one transacted business in six states; one in five states; two in four; two in three; four in two; and ten banks did not extend their business beyond the limits of one state or colony. The majority of the institutions, however, had offices in London.

The liabilities and assets of the twenty-two banks of issue operating in the different states and New Zealand during the June quarter of 1904 are shown in the following tables. The total liabilities of the banks are given as £116,685,022, and the assets as £134,504,473, showing a surplus of assets of £17,819,451. If the returns gave all the facts in relation to the operations of the banks, this surplus should represent the capital or funds provided out of their own resources; but as the capital and reserve funds amount to £25,268,456, it is evident that there is a balance of £7,449,005 not used in the Australasian business. It should be noted that in the following table 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

£2,049,594, viz., £692,634 in New South Wales, £939,761 in Victoria, £321,235 in South Australia, and £95,964 in Queensland:—

State.	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.....	1,344,822	208,782	12,965,482	20,178,225	71,102	34,768,363
Victoria	891,646	125,588	10,873,428	20,315,543	60,914	32,267,119
Queensland .....	.....	88,524	3,031,603	8,609,215	64,417	12,693,759
South Australia	389,550	34,330	2,494,255	3,041,012	27,142	6,826,298
Western Australia.....	354,715	43,294	3,206,231	1,429,927	62,025	5,186,192
Tasmania	152,535	20,790	1,467,384	2,105,797	4,839	3,751,345
Commonwealth	3,133,268	521,267	34,968,383	56,579,719	290,439	95,493,076
New Zealand	1,519,784	50,758	9,581,663	9,998,118	41,623	21,191,946
Australasia.....	4,653,052	572,025	44,550,046	66,577,837	332,062	116,685,022

The preceding table shows that over 95 per cent. of the Australasian liabilities of the banks consisted of deposits, viz., £111,127,883 out of £116,685,022. The returns of the banks in each state, distinguish between deposits at call and deposits bearing interest, and the total deposits at call are as stated in the table, viz., £44,550,046, or 40 per cent. of all deposits.

The assets for the same period are shown below. Certain assets of small amount, consisting chiefly of Government and other securities, have been included under all debts due to the banks. The value of landed property in Victoria is exclusive of the interest of the Commercial Bank of Australia (Limited), in the Special Assets Trust Company (Limited). Also, under the heading of "Notes and Bills of other banks," &c., are included Queensland Treasury Notes to the amount of £652,752:—

State.	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.....	6,753,342	212,765	1,812,419	33,273,253	554,197	42,605,976
Victoria	5,775,832	450,122	1,965,555	29,426,052	502,198	38,119,757
Queensland	1,590,636	228,171	735,002	13,285,984	814,197	16,653,990
South Australia	1,487,607	15,253	425,714	4,401,991	112,808	6,393,273
Western Australia.....	1,601,662	541,387	197,697	3,955,108	79,982	6,375,836
Tasmania	751,792	.....	108,024	2,710,083	63,429	3,634,228
Commonwealth	17,910,771	1,447,698	5,245,311	87,052,471	2,126,809	113,783,060
New Zealand	3,712,352	155,474	410,273	16,348,880	94,434	20,721,413
Australasia.....	21,023,123	1,603,172	5,655,584	103,401,351	2,221,243	134,504,478

The liabilities referred to in the table on the preceding page are those to the public, the paid up capital and reserves not being considered. If the assets be compared with the liabilities of the banks in the various states, in three instances, namely, South Australia, Tasmania, and New Zealand, it will be found that there is an excess of liabilities over assets, showing that, taken as a whole, the banks do not employ any of their own capital in those states. It not infrequently happens that the liabilities of an individual bank in one or more of the states in which it trades exceed the assets, but only in the states mentioned do the total liabilities of the banks exceed the assets. As the question is of considerable economic interest the banks having an excess of liabilities in any particular state are enumerated in the list now given.

NEW SOUTH WALES.		
	Assets.	Liabilities.
	£	£
Queensland National Bank, Limited	186,347	288,839
Bank of North Queensland, Limited.....	54,953	85,413
VICTORIA.		
Bank of Australasia	5,669,889	5,947,604
SOUTH AUSTRALIA.		
Bank of Australasia	493,111	793,157
Union Bank of Australia, Limited.....	1,170,806	1,405,799
English, Scottish, and Australian Bank, Limited.....	612,888	736,313
Bank of Adelaide	1,567,759	1,734,512
TASMANIA.		
Bank of Australasia	585,783	923,741
Union Bank of Australia, Limited.....	499,252	730,402
NEW ZEALAND.		
Bank of New Zealand	8,138,694	10,478,840
Union Bank of Australia, Limited.....	2,846,745	2,899,511
National Bank of New Zealand, Limited ...	3,067,086	3,088,021

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.....	£160,823,392
Capital and reserves	25,300,928
Gross earnings, less reserve for bad and doubtful debts	6,860,381
Gross expenditure, including interest.....	4,985,816
Net earnings.....	1,874,565

Compared with the total assets, the net earnings represent 1.12 per cent.; and compared with the banks' own resources, *i.e.*, capital and reserved profits, 7.46 per cent. The gross expenditure above set down may be divided into expenses of management, £2,255,588, and interest, £2,730,228; these together amount to 72.68 per cent. of the gross earnings, the management expenses being 32.88 per cent., and the interest 39.80 per cent. It would appear, therefore, that for every £1 of net earnings, the sum of £1 4s. 1d. is spent in management expenses, and £1 9s. 2d. 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 thirty British banks shows that the expenses of management amount to about 16s. 1d. for every £1 of net earnings.

EARNINGS COMPARED WITH RESOURCES.

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 and reserves:—

	£	s.	d.
Bank of England	1	5	9
English Provincial Banks.....	1	8	2
Irish Banks	1	8	8
London Banks.....	1	4	8
Scotch Banks	1	4	7
Banks trading in Australasia	1	4	7

The net earning power of Australian banks has much improved during recent years, and is now larger than at any time since the crisis. The year 1892 showed net earnings equal to £1 0s. 4d. per cent. of the banks' resources; this is, however, as will be seen from the statement below, a reduction on the earnings of previous years. From that year there was a steady falling off, until in 1897 the net earnings were only 8s. 5d. per cent., which was perhaps as poor a showing as could be found in the history of Australian banking. After 1897 there was a gradual recovery, and the year closing with June, 1903, showed an improvement even on 1892. The net earnings per cent. during the past sixteen years, were:—

	£	s.	d.		£	s.	d.
1889.....	1	8	10	1897.....	0	8	5
1890.....	1	7	10	1898.....	0	10	10
1891.....	1	6	4	1899.....	0	13	10
1892.....	1	0	4	1900.....	0	16	1
1893.....	0	17	7	1901.....	1	0	1
1894.....	0	12	10	1902.....	1	1	7
1895.....	0	9	0	1903.....	1	3	7
1896.....	0	8	8	1904.....	1	4	7

The expense of banking in Australasia is largely due to the number of branches open throughout the country; thus in Australasia there are 1,673 banks and branches, or one to every 2,870 persons, while in England the proportion is one bank to 7,900 persons (exclusive of private banks), in Scotland one to every 4,100, and in Ireland one to every 7,200.

BANK CLEARING HOUSES AND EXCHANGES.

In the year 1868 a Clearing-house was established in Melbourne in the interests of the nine principal banks doing business in that city. These banks agreed to deposit in gold certain sums proportionate to the capital employed, and at the present time the amount of this deposit is £650,000. To each bank there were originally issued parchment certificates, each representing the sum of £1,000, the number of certificates issued to a bank being proportionate to the amount of its original deposit. An inspector was appointed to supervise the business of the clearing house, and every bank is required to hold certificates to an amount corresponding to the share which it should have in the total sum held by the clearing house. There are six or more clearances daily, and at the close of the day the balances for or against each bank are made out by the inspector, and once a week settlements are made, and, in effecting these settlements, certificates or coin are used indifferently, but any bank holding certificates above the proportion required by the constitution of the clearing house may demand gold if it chooses to do so; and any bank holding less than its proportion is called upon by the inspector to make up its quota by the payment of gold.

The total transactions of the Melbourne Clearing House for each of the last ten years were:—

	Total Amount Cleared.	Weekly Average.
	£	£
1894	125,589,000	2,415,000
1895	130,789,000	2,515,000
1896	141,736,000	2,725,000
1897	143,843,000	2,766,000
1898	142,675,000	2,744,000
1899	158,914,000	3,056,000
1900	159,949,000	3,076,000
1901	170,426,000	3,277,000
1902	170,025,000	3,270,000
1903	166,693,000	3,206,000

The year 1894 showed the lowest figures recorded since the establishment of the Clearing-house in 1868, and the figures will appear especially small if they be compared with those of some of the preceding years. Thus, in 1888, the total clearances amounted to £289,991,000, that is at an average of £5,576,750 per week, an enormous figure for a population of little more than a million, and indicating over-speculation and inflation. The returns enable the amount of notes, cheques, and bills sent in for exchange to be stated, as well as the payments in

vouchers and coin to complete the clearances. During the year 1903 there were sent to the Clearing-house for exchange or settlement :—

	£
Notes	10,322,000
Cheques, Bills, &c.	156,371,000
	<hr/>
Total	£166,693,000

The exchange of this large sum was effected by the transfer of documents to the amount of £145,188,000, leaving a balance of £21,505,000 to be made good by payments in cash. The actual amount of coin used was £4,164,000, payment of £17,341,000 being in certificates.

The proportion of coin used was 2·5 per cent. ; of clearing-house certificates 10·4 per cent. ; and the proportion of exchanges effected by the transfer of cheques, bills, and other documents was 87·1 per cent. The use of so much gold coin is due to the circumstance that the uncoined gold received by the Melbourne Mint for coinage comes almost entirely from the banks, and is paid for by cheque ; the amount of this cheque sometimes forms a very considerable proportion of the money in the pool, and for this reason it would be impossible to maintain the deposit intact if the gold certificates were not supplemented by actual transfers of gold from bank to bank.

The value of the bank notes brought to the Clearing-house for exchange for other notes or cash was £10,322,250.

The whole note circulation in Victoria during 1903 was £930,000, so that on an average each note was cleared eleven times. The Melbourne house is a clearing-house in the full sense of the term, as practically the whole exchange business of the banks connected with it is transacted therein. In this respect it differs from a somewhat similar institution which has been established in Sydney. The clearances of the latter do not include bank notes, nor cheques, bills, &c., drawn on any other than metropolitan branches of the institutions connected with it. The Sydney Banks' Exchange Settlement Office was established on the 18th January, 1894, and, as just explained, is not a clearing-house in the accepted term, as the exchanges are still effected daily at the banks by clerks of each institution ; but the results of the daily operations are notified to the secretary of the Banks' Exchange Settlement, who establishes the daily credit of each bank with the "pool." The "pool" is placed in the hands of three trustees, and consists of £700,000 in gold, which is deposited in the vaults of three of the banks, and cannot be circulated or disturbed. The contributions to the "pool" are according to the volume of the operations of each bank. The secretary notifies each bank daily of the amount of its credit with the "pool," and no bank is permitted to allow its balance to continue below 25 per cent. of the fixed contribution. In the event of its credit reaching this margin, the bank is required to make up its deficiency with gold ; this payment, however, is not made to the

“pool,” but to such other banks as may happen to have at their credit with the “pool” a larger sum than is required by the agreement. This arrangement enables the £700,000 comprising the “pool” to remain intact.

The volume of the exchanges from the establishment of the “pool” to the end of 1903 is shown in the following table :—

Period.	Amount of Exchanges.	Period.	Amount of Exchanges.
	£		£
1894 (part)	101,242,905	1899.....	146,188,144
1895.....	108,509,860	1900.....	144,080,314
1896.....	117,718,862	1901.....	167,676,707
1897.....	121,645,873	1902.....	178,637,708
1898.....	196,978,018	1903.....	180,961,406

The year 1894 shown in the above table represents the transactions of 49½ weeks ; the other figures are for the whole year.

In Brisbane, the Queensland National Bank is the settling bank for all institutions transacting bank business in that state. In none of the other states has it been found necessary to establish a clearing-house, nor has one yet been established in any of the New Zealand cities.

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 towards 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. Complete returns of these societies are not available, but the amounts held on deposit in some of the states will be found on page 806.

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 £300 do not bear interest on such excess. From the 1st January, 1904, the Post Office Savings Bank allowed interest at the rate of 3 per cent. on all sums deposited, not exceeding a total of £300, to the credit of any one account, Friendly and Charitable Societies being allowed interest on all deposits made. During the year ended 31st December, 1903, the Savings Bank of New South Wales allowed 3 per cent. interest on accounts closed during the year, and $3\frac{1}{2}$ per cent. for those remaining open at the end of the year. It is proposed to increase the interest to depositors to $3\frac{1}{2}$ per cent. during 1904, and by the Amendment Act assented to on 5th December, 1903, the limit of deposits by individuals was raised from £200 to £300. A measure providing for the amalgamation of the two institutions is now before Parliament, but up to the present the Bill has not been passed.

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. From the 1st July, 1903, interest is allowed

at the rate of 3 per cent. on sums not exceeding £100, and $2\frac{1}{2}$ per cent. from £100 to £250, the latter being the maximum amount carrying interest.

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., which is the rate now being paid. 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 latter rate being allowed in 1901–2. During 1904, interest at the rate of $3\frac{1}{2}$ per cent. was allowed on accounts open on the 30th June, and at the rate of 3 per cent. on accounts closed during the year, 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 being 3 per cent. both in the Post Office banks and in the trustee institutions, with the exception of the Hobart Savings Bank, which has decided to increase the rate of interest to $3\frac{1}{2}$ per cent. 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, no interest being allowed on sums in excess of £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; but in 1900 it was again reduced to $3\frac{1}{2}$ per cent., which is the rate now allowed. 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 29,062, 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 1901-2 the number of depositors had risen to 1,252,219, with deposits amounting to £40,126,061, giving an average sum of £32 0s. 11d. to each account. In 1902-3 the number of depositors had increased to 1,299,681, with deposits amounting to £41,736,977, or an average sum of £32 2s. 3d. to each account. In 1903-4 the number of depositors had increased to 1,352,853, with deposits amounting to £42,613,014, or an average sum of £31 9s. 10d. 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 throughout the period dealt with. 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; in 1891, to 19·47; in 1900-1, to 25·52 per cent.; in 1902-3 the proportion was 27·69 per cent.; while in 1903-4 it was 28·41 per cent. Dealing with the individual states, the Queensland

depositors have the largest amount at their credit, averaging £46 14s. 9d. per head; New South Wales depositors come next with £37 3s. 9d.; Western Australia depositors occupy the third position with £36 7s. 1d.; while those of Victoria have the smallest sum, their average being only £24 9s. 0d. The subjoined table shows the progress of accumulation in the Savings Banks of each of the states and of New Zealand since 1871 :—

Year.	New South Wales.	Victoria.	Queensland.	South Australia	Western Australia	Tasmania.	Commonwealth.	New Zealand.	Australasia.
NUMBER OF DEPOSITORS.									
1871	24,379	45,819	6,769	14,270	1,002	8,500	100,799	14,275	115,074
1881	72,384	101,829	20,168	37,742	3,219	14,728	250,070	61,054	311,124
1891	158,426	300,731	46,259	78,795	3,564	26,916	614,741	126,886	741,627
1900-1	282,643	393,026	81,025	111,537	39,339	42,509	950,079	228,883	1,178,962
1902-3	323,212	418,511	80,043	120,349	43,018	47,626	1,037,759	261,922	1,299,631
1903-4	331,956	432,867	80,059	123,455	56,623	47,904	1,072,869	279,984	1,352,853
AMOUNT OF DEPOSITS.									
1871	£ 945,915	£ 1,117,761	£ 407,134	£ 517,000	£ 15,583	£ 217,413	£ 3,220,806	£ 454,006	£ 3,675,772
1881	2,698,703	2,569,438	944,251	1,238,450	23,344	369,278	7,893,464	1,549,515	9,442,979
1891	5,342,135	5,715,687	1,660,753	2,217,419	46,181	554,417	15,536,592	3,406,049	18,943,541
1900-1	10,901,382	9,662,007	3,896,170	3,782,575	1,618,359	1,009,098	30,869,591	6,665,344	37,534,935
1902-3	12,425,464	10,341,757	3,772,686	4,172,720	1,941,231	1,206,242	33,860,100	7,876,877	41,736,977
1903-4	12,344,623	10,582,808	3,741,067	4,202,637	2,058,619	1,249,401	34,130,055	8,432,959	42,613,014
AVERAGE AMOUNT PER DEPOSITOR.									
1871	£ s. d. 38 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 19 0	£ 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	31 11 4	25 7 7	30 7 0
1891	33 14 5	19 0 1	35 18 0	28 2 10	12 19 2	20 12 0	25 5 6	26 17 0	25 10 1
1901-2	38 11 4	24 11 8	48 1 8	33 18 3	41 2 9	23 14 8	32 9 10	29 2 5	31 16 9
1902-3	38 8 10	24 14 3	47 2 8	34 13 3	40 8 6	25 0 6	32 12 7	30 1 6	32 2 3
1903-4	37 3 9	24 9 0	46 14 9	34 0 10	36 7 1	26 1 8	31 17 2	30 2 4	31 9 10

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 states for the year 1903-4 :—

State.	Average amount per head of population.			Depositors per 100 of population.		
	£	s.	d.			
New South Wales	8	12	5			23
Victoria	8	15	5			36
Queensland	7	3	9			15
South Australia	11	8	3			34
Western Australia	9	1	3			25
Tasmania	7	0	0			21
Commonwealth.....	8	13	8			27
New Zealand	10	4	1			34
Australasia	8	19	0			28

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	10,803,555	197,110,169	18 4 10
Sweden	1,865,596	30,101,881	16 2 8
Norway	718,823	18,812,997	26 3 5
Holland	1,260,603	14,427,083	11 8 10
Austria-Hungary	5,393,002	178,896,632	33 3 5
Belgium	1,862,829	29,151,761	15 12 11
Italy	6,766,775	103,507,753	15 5 11
France.....	11,237,510	176,641,811	15 14 4
Denmark	1,203,120	36,996,197	30 15 0
Russia	4,357,000	97,124,736	22 5 10
United States.....	6,666,672	565,880,101	84 17 8
*Canada	211,762	12,024,318	56 5 8
Australasia	1,352,853	42,613,014	31 9 10

* Exclusive of £4,189,483 in special Savings Banks—number of depositors not available.

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 states be added the deposits in banks of issue, it will be seen that the total sum on deposit in banking institutions is equal to £32 for each inhabitant of Australasia. The largest amount on deposit as compared with population is found in Victoria, with £34 12s. 8d., or £2 12s. 8d. above the average of all the states. The particulars for each state will be found below:—

State.	Deposits in Banks of Issue (Averages for the second quarter of 1904.)	Deposits in Savings Banks.	Total Deposits.	Amount of Deposits per head of Population.
	£	£	£	£ s. d.
New South Wales	33,143,707	12,344,623	45,488,330	31 9 3
Victoria	31,188,971	10,582,808	41,771,779	34 12 8
Queensland	12,540,818	3,741,967	16,282,785	31 0 2
South Australia	6,375,267	4,202,637	10,577,904	28 13 3
Western Australia	4,726,158	2,058,619	6,784,777	28 10 2
Tasmania	3,573,181	1,249,401	4,822,582	27 2 0
Commonwealth	91,548,102	34,180,055	125,728,157	31 14 8
New Zealand.....	19,579,781	8,432,959	28,012,740	33 5 3
Australasia.....	111,127,883	42,613,014	153,740,897	32 0 0

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, £1,142,344; in Victoria, £735,017; in Tasmania, £118,466; and in New Zealand, £360,129.

In the following table are given the deposits in banks, including savings banks, and, where available, building societies, &c., at five decennial periods, as well as for the year 1903-4 :—

State.	1861.	1871.	1881.	1891.	1900-1.	1903-4.
	£	£	£	£	£	£
New South Wales	5,645,108	7,989,801	23,000,720	42,988,550	44,954,947	46,630,674
Victoria	7,575,406	12,476,677	23,721,348	50,183,551	42,006,957	42,506,796
Queensland	334,503	1,647,830	5,033,097	12,154,057	17,099,659	16,282,785
South Australia	875,320	2,038,719	6,231,004	9,992,338	10,052,971	10,577,904
Western Australia	*2,487	*15,583	*23,344	1,365,906	6,020,878	6,784,777
Tasmania	†729,085	875,512	2,969,390	4,220,292	4,327,371	4,941,048
Common-wealth { Total	15,161,909	25,044,122	61,584,903	120,905,294	124,462,783	127,723,934
{ Per head ..	£13	£15	£27	£38	£33	£32
New Zealand	905,675	3,789,639	10,618,893	17,497,436	23,306,265	28,372,869
Austral-Asia { Total	16,067,584	28,833,761	72,203,796	138,402,730	147,769,048	156,096,853
{ Per head ..	£13	£15	£26	£36	£39	£32

*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. 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 1901 the rate per head had increased to over £24. 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 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 states showed larger deposits in 1895 than in 1893—the Queensland, Western Australia, and New Zealand deposits being even larger than in 1891. In 1903-4 the savings in all the states were greater than in 1895, the net increase in the eight and a half years being nearly twenty-six millions, while, compared with 1891, there was an increase of about seventeen and a half millions. It will thus be seen that the states have entirely recovered from the effects of the financial crisis of 1893.

In some of the states 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.

There is no universal currency in Australia except the British sovereign, the silver and bronze current being more properly tokens than coins. The bank notes issued by the banks of issue are not legal tender in any state, and do not circulate beyond the state in which they are issued. The question of note circulation is discussed further on, but it may be here mentioned that the total note currency of the Commonwealth comprises £3,133,268 bank notes issued in the various states in the proportions shown on page 795, and £652,752 Treasury notes of Queensland, in all £3,786,020, equal to 19s. 1d. per inhabitant. The coin in circulation is a doubtful quantity; if the ratio found for New South Wales, viz., gold, £1 8s. 7d., silver, 5s. 7d., and bronze, 6d., obtains throughout the Commonwealth—the total coin circulation of Australia is gold, £5,477,800, silver, £1,070,000, and bronze, £95,800. These sums, with the note circulation, bring the total currency to £10,429,620, or £2 12s. 8d. per inhabitant. The coin and bullion held in reserve by the banks amount to £19,358,469, so that the total currency of the Commonwealth, both active and reserved, amounts to £29,788,089. 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 decimal 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	

The only coins struck at the Sydney, Melbourne, and Perth Mints are of gold, though silver and bronze of English coinage are also issued at Sydney and Melbourne. The amounts of silver and bronze issued during 1903 were, at the Sydney Mint, silver, £16,000, and bronze, £3,720; and

at the Melbourne Mint, £11,435 and £1,100 respectively. No silver or bronze coin had been issued at the Perth Mint up to the end of 1903. The Sydney Branch of the Royal Mint was opened on the 14th May, 1855, the Melbourne Branch on the 12th June, 1872, and a third branch was established at Perth on the 20th June, 1899. The amount of gold received for coinage up to the end of 1903, at the Sydney Mint, was 28,669,425 oz., valued at £105,767,019; the amount received at the Melbourne Mint to the same date was 26,860,024 oz., valued at £106,055,368; while at the Perth Branch the amount received was 4,335,710 oz., the value being £15,390,430.

The following table shows the quantity of gold received into the three Mints to the end of 1903, the metal received from outside sources being distinguished from that locally produced:—

Where produced.	Gold received for Coinage.		
	Sydney Mint.	Melbourne Mint.	Perth Mint.
	oz.	oz.	oz.
New South Wales	9,929,463	126,316	.....
Victoria	1,443,182	19,483,215	19
Queensland	13,506,996	13,060	.....
South Australia	86,308	646,311	41
Western Australia	13,428	2,727,352	4,335,211
Tasmania	100,365	997,756	.....
New Zealand	3,278,480	2,639,047	.....
Other Countries	50,116	215,816	418
Old Coin, etc.	261,087	11,151	21
Total	28,669,425	26,860,024	4,335,710

The total value of gold raised in Australasia to the end of 1903 was £494,092,292, of which amount 46 per cent. passed through the Sydney, Melbourne, and Perth Mints.

The following table shows the amount of gold coin and bullion issued by each Mint to the end of 1903:—

Mint.	Sovereigns.	Half-sovereigns.	Bullion.	Total Value of Coin and Bullion issued.
	£	£	£	£
Sydney	99,307,500	3,025,000	3,445,657	105,778,157
Melbourne	97,779,120	547,362	7,716,024	106,042,506
Perth	14,430,319	59,688	896,797	15,386,804
Total	211,516,939	3,632,050	12,058,475	227,207,467

The quantity of gold received into the Sydney Mint in 1903 was 861,514 oz., valued at £3,076,616, of which only 163,675 oz., or about 19 per cent., represented the produce of New South Wales. Queensland contributed 572,979 oz., or about 66 per cent. of the whole, while of the remainder, 118,038 oz. came from New Zealand, and 6,025 oz. from Tasmania. The amount of gold received into the Melbourne Mint for the same year was 1,097,501 oz., of which 812,823 oz., or 74 per cent., was the produce of Victoria, while 51,306 oz. came from Western Australia, notwithstanding the fact that the Perth Mint was opened on the 30th June, 1899; and 166,513 oz. were the produce of New Zealand. With the exception of 270 oz. the whole of the gold coined at the Perth Mint was the produce of Western Australia.

The gold coins issued from the Sydney Mint in 1903 consisted of 2,806,000 sovereigns and 231,000 half-sovereigns, while the Melbourne Mint issued 3,521,780 sovereigns, and the Perth Mint, 4,674,783 sovereigns during the year.

The value of the gold coinage issued from Sydney, Melbourne, Perth, and London Mints during the year 1903 was as follows:—

	£
Sydney.....	2,921,500
Melbourne	3,521,780
Perth	4,674,783
London	10,149,655

Besides gold coin, the Sydney Mint during 1903 issued gold bullion to the value of £159,626; the Melbourne Mint to the value of £792,594; and the Perth Mint to the value of £489,552.

The great bulk of the gold coined in Australia is exported, the total sent away in 1903 amounting to £11,591,274. This export was distributed as follows:—

	£
United Kingdom.....	843,648
Cape Colony	1,500,000
Ceylon	3,397,203
Hong Kong	279,923
India	3,511,000
Natal	100,000
New Zealand	338,000
United States	1,500,000
Other Countries	121,500

The annual report of the Deputy-Master of the Royal Mint for 1903 shows the value of silver coin issued to and withdrawn from, and the value of bronze coin issued to each of the Commonwealth states and

New Zealand during the thirty-two years, 1872-1903, to have been as follows :—

State.	Silver Coin.			* Bronze Coin issued.
	Issued.	Withdrawn.	Net Issue.	
	£	£	£	£
New South Wales.....	1,044,700	212,265	832,435	55,850
Victoria	1,051,350	300,065	751,285	46,535
Queensland.....	270,345	4,750	265,595	3,650
South Australia.....	294,300	2,176	292,124	14,065
Western Australia	111,950	4,860	107,090	4,915
Tasmania.....	50,400	23,443	26,957	1,320
Commonwealth	2,823,045	547,559	2,275,486	126,335
New Zealand	357,135	.....	357,135	20,745
Australasia	3,180,180	547,559	2,632,621	147,080

* From 1874.

These figures show a net annual average circulation of silver of £82,269 and of bronze of £4,596, but no allowance is made in the figures for coin brought to the states 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 1903, the amount of silver withdrawn from circulation was of the nominal value of £218,859. The actual weight after melting was 701,668 oz., and the corresponding weight of new coinage would be 795,847 oz. The loss while the coins were in circulation was therefore 94,179 oz., the average loss being 11·8 per cent. From 1876 to 1903 gold coin of the nominal value of £826,918 was received at the Sydney Mint for recoinage.

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 1903 was 2s. 0 $\frac{3}{4}$ d. per ounce, which for 11·1 ounces gives the sum of £1 2s. 10 $\frac{3}{4}$ d.; 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 states. 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.

PAPER CURRENCY.

Paper or bank-notes have long formed part of the currency of Australia, and until the discovery of gold and the establishment of the local mints, paper was the principal means of effecting exchanges. As will be seen by a subsequent table, the note circulation compared with population was formerly much greater than it is at the present time. Several causes have tended to bring about the reduction which these figures indicate. Amongst the principal causes may be mentioned first the spread of banking facilities, accompanied by an increased use of cheques for the settlement of accounts, which have had the effect of decreasing the amount of currency (coin and notes) required to be kept in circulation; and secondly, the taxing of the note issue which has had the effect of so reducing the profit to the banks, arising from their circulation, that the issue of notes is not made a feature of banking business in the large cities, although the possession of the right to issue notes is valuable in the country districts, as the necessity of maintaining gold reserves in branch banks is thereby obviated. There is also another cause operating against an increase in the circulation. In some of the states, the notes are issued by the banks again and again, so that they become eventually torn and dirty, and their use becomes repugnant to many people. This, of course, is not a complaint of recent origin; probably the bank-note is cleaner at the present time than was formerly the rule, but the ordinary condition of an Australian note compares very unfavourably with that of a Bank of England note, or of any other bank-note, which is frequently renewed.

The banks acquire their right to issue notes either under the authority of a Royal Charter, or a Special Act of Parliament, but in some states the power to issue notes is assumed by the banks, these institutions having no greater legal rights in the matter of note issue than any other company or citizen of the Commonwealth. There is a limitation of issue in most instances where the privilege is conferred by law, but the range allowed is so great, that few banks would be able, even if they were desirous, to utilise their power of note issue to its full extent. For the privilege of issuing notes, the state charge what is called a composition at the rate of 2 per cent per annum, and from this source the following revenues were received in 1903-4:—

	£		£
New South Wales ...	28,743	Western Australia ...	7,852
Victoria ...	18,434	Tasmania ...	3,262
South Australia ...	8,055	New Zealand ...	29,005

The law does not require any special reserve to be maintained against bank-notes, but the issue is many times covered by the reserves; thus in June, 1904, the total note issue for banks, excluding the Queensland Treasury notes, amounted to £4,653,052, while the gold reserve and till money at the same period was £23,226,295. The lowest value for which notes are issued is £1, and the bulk of the issue is of this denomination.

In Queensland, the right to issue notes was taken away from the banks by Statute, and the State Government substituted in lieu of the bank-note, a Treasury note, which is issued under the following conditions:—

The State Treasurer issues to the banks, desirous of this form of currency, Treasury notes to an amount within the limit sanctioned by law. The amount of Treasury notes supplied to any bank is deemed to be a debt due to the Crown, and their face value, less the weekly average amount of notes on hand is regarded as a fixed deposit, standing in the name of the Treasurer, and bearing interest at the rate of 4 per cent. per annum. Such deposit may be withdrawn by the Treasurer, so far as 25 per cent. thereof is concerned, on demand, and the balance in equal proportions, at the expiration of 3, 6, and 9 months from the date of first demand; on the other hand, any bank may, on the same conditions, repay its deposits, and cancel its debt to the Treasury. It is provided that the amount of notes issued to any bank shall not exceed its most recently ascertained average circulation at the time of the passing of the Treasury Notes Act, but 50 per cent. additional is allowed to the bank for stock. Under the authority of this act, the Queensland Government has issued to the banks trading in their state, Treasury notes to the value of £700,000. This is considerably less than the amount of circulation which the banks maintained prior to the crisis of 1893, which was responsible for the passing of the Treasury Notes Act.

Including Queensland, the following is a statement of the average issue of bank-notes in each state at various intervals from 1880 onwards:—

Year.	New South Wales.	Victoria.	*Queensland.	South Australia.	Western Australia.	Tasmania.	Commonwealth.
	£	£	£	£	£	£	£
1880	1,260,772	1,236,046	338,684	506,887	†.....	122,442	‡3,464,831
1885	1,793,686	1,474,089	661,168	522,556	†.....	153,622	‡4,605,121
1890	1,557,805	1,543,340	633,897	480,425	58,939	161,680	4,486,086
1891	1,673,425	1,408,320	636,846	459,082	90,521	149,075	4,417,269
1892	1,439,871	1,210,565	575,435	400,156	101,433	110,680	3,838,140
1893	1,804,531	1,121,675	458,236	350,771	80,611	96,238	3,912,062
1894	1,235,989	1,067,846	410,635	349,359	177,785	87,950	3,329,564
1895	1,223,864	960,300	428,945	402,596	282,569	95,988	3,394,262
1896	1,237,971	979,460	528,802	399,787	460,328	105,969	3,712,317
1897	1,227,964	956,665	513,750	380,803	379,216	106,607	3,565,005
1898	1,278,940	904,303	509,585	347,201	321,026	121,432	3,482,487
1899	1,340,557	951,794	398,591	397,616	364,243	148,319	3,601,120
1900	1,447,600	963,447	495,328	391,689	376,772	144,948	3,819,784
1901	1,499,936	947,597	658,462	394,602	411,208	152,831	4,064,636
1902	1,454,416	940,082	654,264	361,372	408,548	161,415	3,980,097
1903	1,378,643	913,590	620,060	380,115	397,863	154,595	3,844,866

* Includes Treasury notes from 1893. † No information available. ‡ Exclusive of Western Australia.

Allowing about £45,000 for Western Australia, it will be seen that while the note circulation in 1885 was £4,650,000, in 1903 it was £3,844,866, or some £800,000 less, notwithstanding an increase of population of 75·85 per cent. The circulation per head, which is largest in Western Australia and least in Victoria, is affected greatly by the development of business, and by local and other considerations. In states where the number of wage-earners, especially of adult males, is large in proportion to the population, there is a tendency for increased circulation; under opposite conditions the reverse is the case. It is, however, impossible to generalise safely upon this question, which involves a consideration of the habits of the people, the gain which banks consider they may obtain from their note circulation, and the popular belief in the notes themselves.

The figures in the foregoing table should be read in connection with those now given, showing the circulation per inhabitant at different periods. Taking the Commonwealth as a whole, the note circulation is now only 57 per cent. of what it was in 1885. From 1885 onwards there was a gradual decline in the proportion of notes required per inhabitant, until in 1892 and 1893 the circulation was £1 3s. 5d., compared with £1 14s. 11d. in 1885; in 1893 the bank crisis occurred, and the following year saw a reduction of about four shillings per inhabitant, and at about that level (19s. 6d.) the circulation has since remained.

Year.	New South Wales.	Victoria.	* Queens-land.	South Australia	Western Australia.	Tasmania.	Commonwealth.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1880	1 14 7	1 9 1	1 10 6	1 18 6	+	1 1 7	£1 11 10
1885	1 18 8	1 10 10	2 1 10	1 14 1	+	1 4 0	£1 14 11
1890	1 8 3	1 7 7	1 15 2	1 10 6	1 6 2	1 2 6	1 8 10
1895	0 19 7	0 16 3	0 18 11	1 3 4	3 2 8	0 12 5	0 19 6
1900	1 1 4	0 16 2	0 19 7	1 2 0	2 2 7	0 16 9	1 0 4
1903	0 19 4	0 15 1	1 4 2	1 0 9	1 16 0	0 17 5	0 19 8

* Includes Treasury notes from 1893. † No information available. ‡ Exclusive of Western Australia.

The question as to the amount of notes which could be issued and maintained in circulation, where the tax on notes would admit of sufficient margin of profit to make it worth while for the banks to encourage the issue of notes, has been considerably debated, but it may be safely asserted that under conditions such as have been alluded to, the Australian note circulation would certainly be equal per inhabitant to that of New Zealand, and if the notes were guaranteed by the Commonwealth and made legal tender, their probable issue might be set down at £6,750,000.

The circulation of New Zealand during the past four years has ranged between £1 15s. and £1 16s. per inhabitant, having been as low as £1 5s. 4d., in 1895. The note issue of the colony is an excellent

measure of its progress, which may be said to have been continuous for the past ten years. The bank crisis of 1893 did not affect New Zealand, and the low circulation about that year was due to other and local causes. As the progress of the note circulation of the colony presents some very interesting features the figures are given for each year from 1880 onwards:—

Year.	Total Note Circulation.	Per Inhabitant.
	£	£ s. d.
1880	918,297	1 18 9
1885	968,481	1 14 2
1890	887,230	1 8 7
1891	946,045	1 10 0
1892	955,623	1 9 9
1893	940,418	1 8 5
1894	893,715	1 7 0
1895	861,717	1 5 4
1896	971,046	1 8 0
1897	1,015,040	1 8 9
1898	1,074,143	1 9 9
1899	1,195,562	1 12 5
1900	1,317,706	1 15 2
1901	1,354,206	1 15 6
1902	1,399,044	1 16 0
1903	1,466,279	1 15 9

LIFE ASSURANCE.

All the states save New South Wales have special laws regulating the business of life assurance. Except in the case 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 state, and the Western Australian Act also enforces particulars of the business in each of the other states. 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 states 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 twenty-two companies doing ordinary and industrial business in the states, eight have their head-offices in New South Wales, six in

Victoria, one in South Australia, two in New Zealand, one in the United Kingdom, three in the United States, and one in Canada. Some of the British companies have agencies in the states, principally for the collection of renewal premiums on policies effected in the United Kingdom, but as particulars of the business in the states are not available, these companies have also been excluded. 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.

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.	Total Assets.
		per cent.		£	£
Australian Mutual Provident Society	1849	3½ & 3 (a)	31 Dec., 1903	19,008,640	20,140,025
Mutual Life Association of Australasia	1869	4 (q)	31 ,, 1899	1,234,990	1,372,331
City Mutual Life Assurance Society (Ltd.) ..	1879	4 (t)	31 ,, 1903	247,876	254,751
*Citizens' Life Assurance Company (Ltd.) ..	1886	3 (a)	31 ,, 1903	729,940	778,584
Standard Life Association (Ltd.)	1899	§ . (q)	§	§	26,150
Australian Metropolitan Life Assurance Com- pany (Ltd.)	1895	3½ (q)	31 Aug., 1902	*5,826	**38,564
Australian Alliance Assurance Company	1862	3½ (t)	31 Dec., 1903	230,567	‡235,956
National Mutual Life Association of Aus- tralia (Ltd.)	1869	3½ (t)	30 Sept., 1901	3,063,319	3,399,231
Australian Widows' Fund Life Assurance Society (Ltd.)	1871	3½ (q)	31 Oct., 1901	1,418,509	1,527,566
Colonial Mutual Life Assurance Society (Ltd.)	1874	3½, 4 (q)	31 Dec., 1899	2,071,579	2,391,882
Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	1876	3½ (q)	30 Sept., 1900	*233,142	**260,751
People's Prudential Assurance Company (Ltd.)	1896	3½ (q)	31 Aug., 1904	*6,288	††12,611
Phoenix Mutual Provident Society (Ltd.)	1902	||	||	||	||
Victoria Life and General Insurance Company	1858	3 (d)	30 June, 1900	128,951	364,018
Adelaide Life Assurance and Guarantee Com- pany	1866	4 (q)	30 June, 1892	18,322	22,124
New Zealand Government Life Insurance Department	1870	3½ (t)	31 Dec., 1902	3,214,400	3,474,134
†Provident Life Assurance Company	1889	4 (q)	30 June, 1899	7,211	13,375
Liverpool, London, and Globe Insurance Company	1830	3 (q)	31 Dec., 1893	4,891,268	††10,376,024
Independent Order of Foresters	1877	4 (q)	31 ,, 1897	7,159,342	||
Equitable Life Assurance Society of the United States	1859	3, 3½, 4 (a)	31 ,, 1903	63,288,225	78,341,950
New York Life Insurance Company	1845	3, 4 (a)	31 ,, 1903	62,789,900	72,469,996
Mutual Life Insurance Company of New York	1843	3, 4 (a)	31 ,, 1903	69,834,411	82,881,230

(a) Annual. (t) Triennial. (q) Quinquennial. (d) Decennial.

* Ordinary branch only. † Industrial and Medical Benefit business only. ‡ Exclusive of Fire, Marine, and Guarantee branches. § The first investigation will be made in June, 1904.

|| Information not available.

** Includes Industrial branch.

†† Includes Industrial and Medical Benefit branches.

‡‡ Includes Fire branch.

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.

Of the twenty-two companies, twelve are mutual, and the remainder are what is termed in insurance parlance "mixed"—that is, proprietary

companies dividing profits with the policy-holders. Six of the institutions also transact industrial business, while one company also undertakes fire, marine, and guarantee risks, and another does guarantee as well as life business. Most of the offices have representatives in all the states. Three institutions have extended their operations to London, and two also to South Africa. The New Zealand Government institution 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 latest date available. The item "Sums assured" represents 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.....	182,810	52,324,829	10,438,563	62,763,392	1,715,687
Mutual Life Association of Australasia.....	23,609	6,053,835	365,209	6,419,044	213,672
City Mutual Life Assurance Society (Ltd.)..	10,977	1,390,537	46,535	1,437,072	54,424
Citizens' Life Assurance Company (Ltd.)....	36,592	4,997,746	183,941	5,181,687	196,338
Standard Life Association (Ltd.).....	1,916	196,667	¶	196,667	8,929
Australian Metropolitan Life Assurance Company (Ltd.).....	1,015	92,242	855	93,097	4,271
Australian Alliance Assurance Company....	993	352,234	32,365	384,599	10,655
National Mutual Life Association of Australasia (Ltd.).....	57,295	13,472,150	973,030	14,445,180	442,901
Australian Widows' Fund Life Assurance Society (Ltd.).....	24,082	5,020,521	277,670	5,298,191	184,781
Colonial Mutual Life Assurance Society (Ltd.)	35,395	10,705,748	267,660	10,973,408	340,232
Australasian Temperance and General Mutual Life Assurance Society (Ltd.).....	12,356	1,635,774	¶	1,635,774	59,884
People's Prudential Assurance Company (Ltd.)	572	* 35,424	.....	35,424	1,710
Phoenix Mutual Provident Society (Ltd.)....	445	12,427	.....	12,427	1,412
New Zealand Government Life Insurance Department	42,806	10,060,262	1,051,545	11,111,807	305,479
†Provident Life Assurance Company.....	.....	.....	.....	.....	.....
‡Liverpool, London, and Globe Insurance Company.....	904	273,558	¶	273,558	9,981
‡Independent Order of Foresters.....	2,671	406,100	.....	406,100	7,610
‡Equitable Life Assurance Society of the United States.....	15,091	*5,827,495	.....	5,827,495	223,839
‡Mutual Life Insurance Company of New York	4,939	2,178,376	¶	2,178,376	83,405
‡New York Life Insurance Company.....	7,083	2,710,564	¶	2,710,564	117,949

* Includes bonus additions.

† This Company transacts Industrial business only.

‡ Australasian business only.

¶ Not available.

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

Institution.	Amount Assured, excluding Bonuses and Annuities.		
	1901.	1902.	1903.
	£	£	£
Australian Mutual Provident Society	49,366,565	50,763,589	52,324,329
Mutual Life Association of Australasia	5,501,585	5,816,259	6,053,835
City Mutual Life Assurance Society (Ltd.)	1,385,716	1,389,508	1,390,537
†Citizens' Life Assurance Company (Ltd.)	4,173,655	4,608,160	4,897,740
‡Standard Life Association (Ltd.)	‡156,317	159,327	196,667
‡Australian Metropolitan Life Assurance Company (Ltd.)	75,458	77,907	92,242
Australian Alliance Assurance Company	899,271	371,341	352,234
National Mutual Life Association of Australasia (Ltd.)	11,336,347	11,336,347	13,472,150
Australian Widows' Fund Life Assurance Society (Ltd.)	5,025,229	5,025,229	5,020,621
Colonial Mutual Life Assurance Society (Ltd.)	10,420,684	10,420,684	10,705,748
‡Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	1,407,379	1,512,740	1,635,774
People's Prudential Assurance Company (Ltd.)	*	12,400	.....
Phoenix Mutual Provident Society (Ltd.)	*	*	12,427
New Zealand Government Life Insurance Department	9,742,102	9,598,572	10,060,262
**Provident and Life Assurance Company .....	.....	.....	.....
Liverpool, London, and Globe Insurance Company	*	373,558	373,558
Independent Order of Foresters	*	344,800	406,100
†Equitable Life Assurance Society of the United States	4,729,161	5,305,491	5,327,495
†Mutual Life Insurance Company of New York	1,860,500	2,017,141	2,178,376
†New York Life Insurance Company	2,330,404	2,472,434	2,710,564

* Information not available. † Australasian business only, but inclusive of bonus additions except for the Mutual Life of New York and the New York Life Company in 1901, 1902, and 1903, for which the information relating to bonuses is not available. ‡ Ordinary branch only. § June, 1902. ** This Company transacts Industrial business only.

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 claims, surrenders, cash bonuses, and expenses of management chiefly comprise the disbursements. The receipts and disbursements during 1903 of each society having its head office in Australasia were as follow :—

Institution.	Receipts.	Expenditure.	Excess Receipts (Addition to Funds).
	£	£	£
Australian Mutual Provident Society	2,598,809	1,703,499	895,310
Mutual Life Association of Australasia	322,329	192,669	129,660
City Mutual Life Assurance Society (Ltd.)	66,869	50,553	16,316
*Citizens' Life Assurance Company (Ltd.)	217,061	69,238	147,823
‡Standard Life Association (Ltd.)	44,140	40,438	3,652
‡Australian Metropolitan Life Assurance Company (Ltd.)	17,240	16,200	980
Australian Alliance Assurance Company	19,782	31,943	†12,161
National Mutual Life Association of Australasia (Ltd.)	630,071	416,106	213,965
Australian Widows' Fund Life Assurance Society (Ltd.)	251,785	189,813	61,972
Colonial Mutual Life Assurance Society (Ltd.)	438,825	339,859	107,966
*Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	73,983	47,849	26,134
Victoria Life and General Insurance Company	11,976	31,201	†19,225
People's Prudential Assurance Company (Ltd.)	12,685	11,191	1,494
Phoenix Mutual Provident Society (Ltd.)	1,609	1,848	†239
Adelaide Life Assurance and Guarantee Company	2,045	3,869	†1,824
New Zealand Government Life Insurance Department	463,380	384,136	129,244
Provident and Life Assurance Company	13,473	12,010	1,463
Total	£ 5,186,062	3,483,532	1,702,530

* Ordinary branch only.

† Decrease.

‡ Includes Industrial Branch.

The aggregate receipts and disbursements of the seventeen Australasian institutions during 1903 were as follow :—

Receipts.		Expenditure.	
	£		£
Premiums—		Claims	1,991,872
New	378,421	Surrenders	548,254
Renewals	3,185,744	Annuities	74,222
Consideration for Annuities	89,796	Cash Bonuses and Dividends	98,787
Interest	1,521,589	Expenses	724,624
Other Receipts (Rents, etc.)	10,512	Amount written off to Depreciation, Reserves, etc.	45,773
Total.....	£ 5,186,062	Total.....	£ 3,483,532

The basis of the valuation of the various companies operating in Australia and New Zealand has been shown on a previous page. It will be seen that the assumed rate of interest is either $3\frac{1}{2}$ or 4 per cent., while the actual rate earned on the average amount of funds for last year was 4·82 per cent., so that there is still a good margin above valuation rates. The question of the earnings of investments is one of great concern both to insurers and insured, and the following table covering the last sixteen years, will show the downward tendency of interest during that period :—

Year.	Average rate of interest realised on mean funds.	
	Per cent.	
1888	5·91	
1889	5·95	
1890	5·81	
1891	5·96	
1892	5·80	
1893	5·66	
1894	5·44	
1895	5·35	
1896	5·15	
1897	4·77	
1898	4·73	
1899	4·58	
1900	4·47	
1901	4·46	
1902	4·45	
1903	4·82	

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 1903, 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	13,541,207	6,599,658	20,140,925	19,070,303	470,622	20,140,925
Mutual Life Association of Australasia	1,054,500	728,173	1,782,673	1,768,599	14,074	1,782,673
City Mutual Life Assurance Society (Ltd.)	132,172	122,579	254,751	254,713	38	254,751
*Citizens' Life Assurance Company (Ltd.)	381,421	397,162	778,584	774,578	4,006	778,584
§Standard Life Association (Ltd.) ..	1,069	20,921	30,990	16,180	14,810	30,990
§Australian Metropolitan Life Assurance Company (Ltd.)	1,824	37,089	38,913	15,764	23,149	38,913
†Australian Alliance Assurance Company	237,226	231,134	468,360	225,127	243,233	468,360
National Mutual Life Association of Australasia (Ltd.)	2,463,369	1,356,543	3,819,882	3,074,436	145,446	3,819,882
Australian Widows' Fund Life Assurance Society (Ltd.)	1,193,168	462,401	1,655,869	1,639,726	16,143	1,655,869
Colonial Mutual Life Assurance Society (Ltd.)	1,404,274	1,418,388	2,822,662	2,735,082	87,580	2,822,662
§Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	154,307	213,739	368,046	359,646	8,400	368,046
Victoria Life and General Insurance Company	131,373	164,016	295,394	209,000	86,394	295,394
People's Prudential Assurance Company (Ltd.)	6,887	4,270	11,157	6,325	4,832	11,157
Phoenix Mutual Provident Society (Ltd.) .....	.....	765	765	469	296	765
¶[Adelaide Life Assurance and Guarantee Company	3,881	22,094	25,975	9,550	16,425	25,975
New Zealand Government Life Insurance Department	2,504,764	1,105,535	3,610,299	3,512,061	98,238	3,610,299
Provident and Life Assurance Company .....	.....	29,159	29,159	7,725	21,434	29,159
Total	£ 23,211,777	12,922,627	36,134,404	34,879,284	1,255,120	36,134,404

* Ordinary branch only. † Inclusive of Fire, Marine, and Guarantee Branches, which cannot be separated. § Inclusive of the Industrial Branch. ¶ Inclusive of Guarantee Branch.

Loans on mortgages and policies represent about two-thirds of the total assets, and in former years the investment of funds was almost exclusively confined to these securities; but lately the operations in Government stocks, municipal loans, and other securities and shares have greatly increased. The remaining items require no special comment, except loans on personal security, combined with life assurance. Investments of this character are unusual in Australasia, and are decreasing each year, the amount invested aggregating only £44,639. In some of the states 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	234,640	13·58	9·03
Mutual Life Association of Australasia	53,287	23·48	18·08
City Mutual Life Assurance Society (Ltd.)	14,142	28·08	21·15
*Citizens' Life Assurance Company (Ltd.)	29,766	15·85	13·71
†Standard Life Association (Ltd.)	26,562	61·38	60·18
‡Australian Metropolitan Life Assurance Company (Ltd.)	13,288	83·64	77·08
§Australian Alliance Assurance Company	2,508	24·03	12·73
National Mutual Life Association of Australasia (Ltd.)	111,464	24·31	17·69
Australian Widows' Fund Life Assurance Society (Ltd.)	46,738	25·91	18·56
Colonial Mutual Life Assurance Society (Ltd.)	86,953	26·44	19·81
*Australasian Temperance and General Mutual Life Assurance Society (Ltd.)	19,586	32·22	26·47
Victoria Life and General Insurance Company	1,425	41·90	11·90
People's Prudential Assurance Company (Ltd.)	6,456	52·43	50·89
Phoenix Mutual Provident Society (Ltd.)	977	62·23	60·72
†Adelaide Life Assurance and Guarantee Company .....	.....	.....	.....
New Zealand Government Life Insurance Department	64,410	20·71	13·90
Provident and Life Assurance Company	7,222	55·35	53·60

* Ordinary Branch only.

† Included in expenses of Guarantee Branch, not shown separately.

‡ Includes Industrial Branch.

§ Life branch only.

ASSURANCE IN VARIOUS COUNTRIES.

The average amount assured per policy for each state, and for the United Kingdom, Canada, and the United States, is given in the following table. The figures in certain instances are probably somewhat overstated, as all the companies do not show complete returns of the business in each state; 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, but the industrial business has been excluded in each case, and the Canadian figures are also exclusive of the assessment companies' business:—

Country.	Average	Average Premium
	Sum assured per Policy.	per £100 of Assurance.
	£	£ . d.
Australasia	256	3 7 7
New South Wales	285	3 5 1
Victoria	237	3 7 5
Queensland	280	3 2 8
South Australia	232	3 8 10
Western Australia	304	3 3 4
Tasmania	261	3 7 5
New Zealand.....	257	3 4 4
United Kingdom	313	.....
United States... ..	430	.....
Canada	325	.....

The average amount of assurance per head of population was, in Australasia, £25; in Canada, £19; in the United Kingdom, £16; and in the United States £22; while the average number of policies per thousand of population was, in Australasia, 97; in Canada, 59; in the United Kingdom, 51; and in the United States, 52.

The average policy is scarcely a fair measure of thrift. In these states 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, 1903, was £285, as compared with the £256 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.

INDUSTRIAL ASSURANCE.

In addition to the ordinary life transactions mentioned in the foregoing tables, a large industrial business has grown up during the past few years. The policies in this class are usually for small amounts, and the premiums are, in most cases, payable weekly or monthly. The assurances may be effected on the lives of infants and adults, and the introduction of this class of business has proved of great benefit to the industrial population.

As already mentioned there are four of the Australasian companies previously dealt with which combine industrial with ordinary business, while two limit their operations to industrial and medical benefit transactions. The balance-sheets of these companies, however, do not show sufficient information to admit of making a satisfactory comparison of the business transacted, as, in some cases, the two branches are not treated separately. At the close of 1903, the business in force of the six companies showing transactions in the industrial branch, was as follows:—

Company.	Date.	No. of Policies.	Sum Assured.	Annual Premiums
Citizens' Life Assurance Company, Ltd.	Dec., 1903	195,402	£ 4,097,564	£ 179,505
Australasian Temperance and General Mutual Life Assurance Society, Ltd.	Sept., 1903 ...	62,073	1,151,571	71,331
Standard Life Association, Ltd. ...	*Dec., 1902 ...	21,898	395,123	29,101
Australian Metropolitan Life Assurance Company, Ltd.	August, 1903...	10,319	481,580	15,411
People's Prudential Assurance Company, Ltd.	August, 1904...	6,315	105,797	6,019
Provident and Life Assurance Company.	June, 1903.....	12,315	375,419	16,067
Total .....	.....	308,322	6,607,054	317,434

* Latest Available.

It will thus be seen that the average amount per policy for these companies was about £21 8s. 0d., while the average premium per policy amounted to £1 0s. 7d. per annum, or about 4½d. per week.

The receipts and disbursements of the companies publishing the information are given below, the dates to which the figures relate being also shown :—

Company.	Date.	Receipts.			Disbursements.			
		Premiums.	Other.	Total.	Claims, Surrenders, and Cash Dividends.	Expenses of Management, Commission on New Business, &c.	Other.	Total.
Citizens' Life Assurance Company, Ltd.	Dec., 1903..	£ 177,715	£ 14,770	£ 192,491	£ 55,543	£ 101,289	£ 671	£ 157,403
Australasian Temperance and General Mutual Life Assurance Society, Ltd.	Sep., 1903 ..	67,691	1,856	69,547	8,925	46,230	..	55,155
People's Prudential Assurance Company, Ltd.	†Aug., 1903..	12,313	371	12,684	1,225	*9,966	..	11,191
Provident and Life Assurance Company	June, 1903..	13,048	425	13,473	3,938	7,222	800	12,010
Total .....	.....	270,767	17,428	288,195	69,681	164,707	1,371	235,759

* Includes payments to medical practitioners and chemists.

† Not separated in 1904.

The figures quoted show that about 94 per cent. of the total receipts consists of premiums, the other sources of revenue being interest, rent, fines, &c. With regard to the disbursements it will be noticed that a large amount was paid for expenses of management, commission, etc., the proportions under this head being :—

	Percentage of Total Income.	Percentage of Premium Income.
Citizens' Life Assurance Co., Ltd.....	52·6	57·0
Australasian Temperance and General Mutual Life Assurance Society, Ltd.....	66·5	68·3
People's Prudential Assurance Co., Ltd.	78·6	80·9
Provident and Life Assurance Co.	53·6	55·3

The expenses of all societies transacting this class of business are invariably high, as a large staff of collectors and agents have to be employed, who are required to call at the homes of the assured for payments, but it may be said generally that the above ratios compare not unfavourably with those of old-established societies in the United Kingdom and the United States of America.

A distinctive feature of the liabilities of five of the companies (the Australasian Temperance and General is purely mutual) is the amount of share capital employed, and the profits generally provide for the payment of dividends to shareholders, the policy-holders, as a rule, not being entitled to participate. A complete table of assets and liabilities

cannot be given, but the paid-up capital at the latest available date was as follows :—

	£
Citizens' Life Assurance Company, Ltd.....	20,000
Standard Life Association, Ltd	12,500
Australian Metropolitan Life Assurance Co., Ltd.	9,227
People's Prudential Assurance Company, Ltd.	4,721
Provident and Life Assurance Co.	19,000

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 states, 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 states are all based on English legislation ; and, generally speaking, the following privileges, which are granted to members of such societies in the state 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 states these provisions have been operative; but in others the position of some of the orders is not so satisfactory as it should be.

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 states. The figures are for the latest available periods, the dates being set forth below:—

State.	Date.	Societies.	Lodges or Branches.	Members.	Total Funds.	Average Amount of Funds per member.
		No.	No.	No.	£	£ s. d.
New South Wales	31 Dec., 1902	64	989	96,671	802,603	8 6 1
Victoria	31 Dec., 1902	28	1,146	102,364	1,304,200	13 6 7
Queensland	31 Dec., 1903	17	380	31,913	314,711	9 17 4
South Australia	31 Dec., 1899	16	474	43,043	535,193	12 8 8
Western Australia	31 Dec., 1902	*15	169	†11,746	59,209	5 0 10
Tasmania	31 Dec., 1901	18	159	14,716	114,305	7 15 4
Commonwealth .....	.....	158	3,317	300,453	3,190,322	10 12 4
New Zealand	31 Dec., 1902	12	462	43,408	346,314	19 9 11
Australasia .....	.....	170	3,779	343,861	4,036,636	11 14 0

* Exclusive of 11 specially authorised societies.

† Exclusive of honorary members.

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 9s. 11d.; Victoria comes next with £13 6s. 7d.; South Australia takes third place with £12 8s. 8d.; Queensland comes next with £9 17s. 4d.; and then follow New South Wales and Tasmania in the order named, with £8 6s. 1d. and £7 15s. 4d. respectively; Western Australia having the smallest amount, viz., £5 0s. 10d., 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 1903:—

State.	Orders issued.		Orders paid.	
	Number.	Amount.	Number.	Amount.
		£		£
New South Wales.....	541,392	1,772,186	553,283	1,835,295
Victoria	215,694	721,017	318,766	1,121,807
Queensland	137,048	501,375	115,927	431,091
South Australia	71,933	251,655	82,930	310,058
Western Australia	197,407	839,073	100,155	451,774
Tasmania	97,187	260,705	73,379	191,949
Commonwealth.....	1,260,661	4,346,011	1,244,440	4,341,974
New Zealand.....	396,312	1,416,225	304,106	1,224,843
Australasia.....	1,656,973	5,762,236	1,548,546	5,566,817

The average amount of each money order issued was £3 9s. 6d., and the business done by New South Wales greatly exceeded that of any other state. The average value of money orders issued in the United Kingdom during 1903 was £3 2s. 6d.

POSTAL NOTES.

Besides the money orders mentioned above, a system of postal notes is in force in all the states. The notes are issued for fixed amounts, varying from 1s. to 20s. The number and value of notes issued and paid during 1903 in each of the states were as follows:—

State.	Notes issued.		Notes paid.	
	Number.	Amount.	Number.	Amount.
		£		£
New South Wales.....	1,571,612	581,604	1,566,508	580,774
Victoria	1,475,853	558,976	1,552,775	591,805
Queensland	346,375	130,651	298,688	113,434
South Australia	320,740	113,076	322,341	118,003
Western Australia ...	186,263	90,939	186,238	90,078
Tasmania	121,653	41,930	54,894	22,989
Commonwealth...	4,022,496	1,517,176	3,981,444	1,517,083
New Zealand.....	707,044	220,070	704,031	219,312
Australasia.....	4,729,540	1,737,246	4,685,475	1,736,395

These figures show that, for the transmission of small amounts, postal notes are rapidly superseding money orders. While in 1903 the number of money orders issued was less than half that of postal notes, the value of the latter was only slightly over one-fourth of the value of money orders, the average value of postal notes being 7s. 4d. as compared with £3 9s. 6d. for money orders.

The number of postal notes issued does not by any means represent the number of transactions involving the use of these notes, as an order for a sum in postal notes cannot always be satisfied except by issuing two or more notes, whereas a money order can be issued for any sum.

The progress of money order and postal note business may be traced from the following statement of the value of orders and notes issued since 1890, when the West Australian business was first ascertained :—

Year.	Value of Money Orders.		Value of Postal Notes.	
	Commonwealth.	New Zealand.	Commonwealth.	New Zealand.
	£	£	£	£
1890	2,807,936	602,077	212,913	69,722
1891	3,245,583	651,990	250,408	79,326
1892	3,399,141	694,847	307,034	87,857
1893	3,291,369	750,929	407,181	101,002
1894	2,944,620	776,783	628,503	112,308
1895	3,038,399	812,605	797,456	123,368
1896	3,675,665	902,160	872,646	129,012
1897	3,911,740	970,831	969,326	134,378
1898	3,899,354	1,029,241	1,076,299	139,957
1899	3,805,285	1,118,808	1,147,589	147,686
1900	4,000,700	1,214,853	1,228,354	154,434
1901	4,192,646	1,286,508	1,287,402	173,317
1902	4,280,620	1,277,059	1,327,853	191,905
1903	4,346,011	1,416,225	1,517,176	220,070

BANKRUPTCIES.

The bankruptcy laws of the different states 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. Returns are available for all the states for the year 1903, and are given below. In connection with the table it may be pointed out that the figures are exclusive of 59 liquidations in Queensland, with liabilities stated at £54,654, and assets at £43,232 ; and also of 198 private arrangements under the Insolvency Act in South Australia, for which the assets and liabilities are not stated. The Victorian figures include

195 Deeds of Arrangement under the Act of 1897, the liabilities of which were £227,604, and the assets £177,205 :—

State.	Number of Sequestrations.	As shown in Bankrupts' Schedules.		
		Liabilities.	Assets.	Deficiency.
		£	£	£
New South Wales...	463	230,429	123,037	107,392
Victoria	699	412,561	249,092	163,469
Queensland.....	374	70,916	14,817	56,099
South Australia.....	24	15,221	14,633	588
Western Australia..	79	34,952	10,631	24,321
Tasmania	77	16,259	5,312	10,947
Commonwealth	1,716	780,338	417,522	362,816
New Zealand	204	96,866	46,767	50,099
Australasia	1,920	877,204	464,289	° 412,915

Little, if any, reliance can be placed upon the statements made by bankrupts as to the position 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 £457, and of assets, £242, showing a deficiency of £215. In the following table the average figures for the ten years ended 31st December, 1903, are given; the assets, however, have been omitted, since the statements, so far as some of the states are concerned, are palpably worthless. The Victorian figures include the "Deeds of Arrangement" for the years 1898 to 1903, while the South Australian returns are exclusive of private arrangements, which averaged 194 per annum. The Queensland figures are exclusive of liquidations.

State.	Number of Sequestrations.	Liabilities, as shown in Bankrupts' Schedules.
		£
New South Wales	788	662,239
Victoria	700	1,553,044
Queensland	365	103,133
South Australia	49	76,922
Western Australia	74	105,508
Tasmania	88	32,512
Commonwealth	2,064	2,533,358
New Zealand	367	185,292
Australasia	2,431	2,718,650