

APPENDIX B.

SUPPLEMENT TO PART ACCUMULATION
(VOL. I.).AUSTRALIAN FINANCIAL CRISIS, FIRE STATISTICS,
AND LIFE ASSURANCE RETURNS.

I.—FINANCIAL CRISIS.

The financial crisis in Australia, which commenced in Melbourne about the middle of 1891, through the suspension of a number of land mortgage banks, land and finance companies, building societies, and allied institutions, culminated in 1893 in a monetary crisis, by far the most serious that had ever been experienced in the Australasian colonies. It appears that the financial unrest caused by the suspension of the minor institutions induced a general want of confidence, especially in the United Kingdom, in even the soundest of the Australian financial institutions, and led to a large and continuous withdrawal of deposits even from the banks of issue. Although as early as the 5th March, 1892, one of the associated banks closed its doors, and another, after an interval of nearly eleven months, on the 30th January, 1893, these institutions were of comparatively recent growth, and it was not until the 5th April, 1893, that the crisis commenced in earnest with the suspension of one of the largest of the Victorian banks, which was followed in little over a month by that of twelve others in Victoria, New South Wales, and Queensland.

There is no doubt that the feverish financial activity that preceded, and ultimately led to, the Australian financial crisis primarily arose from the abnormal influx of British capital—far in excess of the legitimate requirements of the colonies—for remunerative enterprises. This influx was probably the result of the large amount of attention that for some years prior to 1888 had been directed to these colonies, which were brought into prominence by such events as the passing of the first *Federal Council Act* by the Imperial Parliament in 1885, the Colonial and Indian Exhibition held in London in 1886, and the Imperial Conference in 1887; it was also much stimulated by the lowering in 1888 of the interest on

Financial
crisis in
Australia.

Causes
leading up
to financial
crisis.

the British Public Debt, and *pro rata* on other first-class British securities. The first indications of this were noticeable in the marked rise in the prices of all Colonial Government securities which occurred just after Mr. Goschen's notification of his scheme for reducing the interest on the National Debt of the United Kingdom, in March, 1888.* Such securities, however, being of limited extent, the superabundant capital was forced into private channels, which led to the growth of co-operative enterprise on an unprecedented scale—through the medium of joint stock companies—which commenced prior to, but probably in anticipation of, the conversion of the British Public Debt, and culminated in the United Kingdom as well as in Australia in the same year. Owing to this increasing competition for Colonial Government securities, and consequent fall in the rate of interest thereon, the Colonial Governments were tempted to, and no doubt did, borrow in excess of their immediate requirements, although this was not recognized during the period of general inflation; but, assuming portion of the Government loans to have been unjustified, far worse was the condition of the large private investments, chiefly in joint stock companies, many of which supplemented their resources by deposits—equivalent in some cases to as much as three times the paid-up capital—which had been drawn, by reason of the high rates of interest offered, from all sections of the community, both in England and Australia. Between the 1st January, 1887, and the 30th June, 1893, but for the most part in 1888, 1,154 companies with a paid-up capital of no less than £28,436,500 (subscribed capital £54,300,000) were registered in Victoria alone, and of these 397 with a paid-up capital of £9,469,000 (subscribed capital £19,526,000) are known to have become defunct, to say nothing of numerous others, of which no information has been furnished to the Registrar-General.† Companies were formed, and money was forthcoming, with so much rapidity that a glut of capital soon occurred in the avenues leading to the ordinary commercial and industrial undertakings; and instead of the surplus money being returned to England, it was retained in the colonies and devoted to purely speculative concerns, chiefly connected with real estate, the price of which was forced up by undue competition to much above its real value. At the same time large tracts of horticultural and agricultural land around Melbourne were surveyed, cut up into small allotments and offered at auction; whilst in order to

* See issue of this work for 1888-9, Vol. I., paragraphs 370 and 374 *et seq.*, also 734.

† According to a return laid on the table of the Legislative Council in 1893, but not published. A clerical error having been discovered in that return, a reduction of 9 has been made in the number of companies.

compensate for the excessive prices paid for city allotments, several large blocks of buildings, varying from 8 to 12 stories in height, were erected in the heart of the city—replacing the ordinary two or three storied edifices that had stood upon the same sites—in the hope that the rentals would be proportionately increased and the capital outlay thus prove remunerative. By speculations such as these, both capital and labour were diverted from their proper economic spheres, whilst the natural industries of the country languished, and the exports fell off accordingly, they being in one year (1889) equal to little more than half the imports, notwithstanding the rapid growth of liabilities outside Australia, the interest on which had to be met by means of such exports. The large and sudden outflow of capital from the United Kingdom was the origin not only of the land speculation in Victoria, which came to an end in October, 1888, but of the wild speculation in Argentina, which collapsed about July and August, 1890, British capitalists, it is said, losing amounts variously estimated at from 50 to 100 millions sterling.* Then followed the crisis in London, with the failure of the Barings (in November, 1890), which reacted on Australian credit, and led not only to the total cessation of borrowings—both public and private—but also to the rapid withdrawal of deposits from Australian financial institutions, which was the immediate cause of the crisis. The total stoppage of public works and private building operations followed as a natural consequence, necessitating the dismissal of a large number of persons in the employment of Government and of contractors, and causing a dearth of work for those engaged in the building trades; whilst clerks, agents, and others who had been attracted to the city during the period of inflation were also thrown out of employment in large numbers.

Fall in prices. The circumstances just described were aggravated by a general fall in the prices of the staple colonial products,† such as wool and wheat, believed to have been partly owing to the appreciation of gold, and partly to the increased competition with producers in other parts of the world; although doubtless it was also partly due to the lowering of freights, the lessening of the time occupied in transit, accelerated postal services, freer use of telegraphic communication, and improved implements and methods of production. Added to these causes there was the gradually increasing burden of debts

* See issue of this work for 1890-91, Vol. I., paragraph 248.

† See Vol. I., paragraph 809. According to Sauerbeck's Index Numbers of Prices, the index of wheat (American) in 1892 was only 59, and that of wool only 61, as compared with an average level of 100 in the decade 1867-77.

of long standing, on account of which, owing to the appreciation of gold, larger quantities of colonial products had, and still have, to be remitted annually to cover interest, the rates of which had been fixed at a time when gold as measured by commodities was of a lower intrinsic value. Now, however, the rural industries of Victoria are being pushed on, an export trade in butter and cheese has been established, one in frozen meat, poultry, and eggs has been commenced, and an impetus has been given to gold mining,—the surplus labour of the cities being thus gradually directed to and absorbed in such pursuits. Owing to these developments, the exports have increased to such an extent, whilst at the same time the imports have been largely restricted, that in 1893 there was a slight balance of trade in favour of the colony.*

The following are the numbers and capital of Joint Stock or Trading Companies registered in the United Kingdom in each of the last 6, and in Victoria in each of the last 6½ years, the unusual activity which took place in co-operative enterprise in and about the year 1888 being clearly shown thereby:—

JOINT STOCK OR TRADING COMPANIES REGISTERED IN UNITED KINGDOM AND IN VICTORIA, 1887 TO 1893.

Year.	In the United Kingdom.		In Victoria.†	
	Number of Joint Stock Companies.	Capital (000's omitted.)	Number of Trading Companies.	Paid-up Capital (000's omitted).
		£		£
1887‡	1,893	160,616,	145	4,895,
1888	2,346	339,859,	433	14,645,
1889	2,578	229,407,	164	3,699,
1890	2,542	222,253,	108	2,034,
1891	2,446	126,363,	140	1,438,
1892	2,371	94,035,	127	1,605,
1893 (6 mos.)	...	...	37	121,
TOTAL ...	14,176	1,172,533,	1,154§	28,437,

NOTE.—In Victoria the subscribed capital of the 1,154 companies referred to was £54,334,000, and the nominal capital £162,230,000. Of the whole, the number of companies known to be defunct is 397, with a paid-up capital of £9,469,000, a subscribed capital of £19,526,000, and a nominal capital of £69,895,000. The number of companies which had complied with the Act by having lodged all necessary documents, however, was only 465, whilst those which lodged returns after the time prescribed by the Act was 133.

* Imports, £13,283,814; exports, £13,308,551.

† These figures refer only to companies registered under Part I. of the *Companies Act* 1890, and are, therefore, exclusive of mining, life, and trustees and executors companies, as well as building societies, etc. The numbers of mining companies registered in the respective periods were as follow:—222, 232, 171, 172, 198, 144, 70.

‡ In 1885 there were only 1,344 companies with a capital of 111 millions; and in 1886, 1,738 companies with a capital of 138 millions.

§ According to the Parliamentary return there were 1,163 companies, but the original details give only 1,154.

Companies
floated in
Victoria.

A statement of the number and nature of the trading companies floated in Victoria during the same 6½ years, also during the exceptionally inflated year 1888, is given in the following table:—

TRADING COMPANIES REGISTERED IN VICTORIA IN 1888, AND IN THE SIX AND A HALF YEARS 1887 TO 1893.

Nature of Company.	1888.	1887 to 30th June, 1893.	Nature of Company.	1888.	1887 to 30th June, 1893.
DOMESTIC—			INDUSTRIAL—continued—		
Hotels, etc.	8	16	Flour mills	5	9
Coffee palaces	8	15	Carriage making	2	6
FINANCE—			Hat manufacturing .. ..	...	2
Banks	12	23*	Brewing and malting	7	23
Land, property, and investment	212	315	Wine making	2	3
Finance, trustee, agency, etc. †	18	57	Spirit distilling	1	2
Exchanges	3	6	Fruit preserving	1	4
Insurance	2	12	Others	18	†94
TRADE—			PRIMARY PRODUCTION—		
Supply and trading (including co-operative companies)	15	61	Pastoral	6	10
Produce exchange .. ..	...	7	Dairying, etc. (including butter and cheese making)	11	135
TRANSPORT—			Trawling .. ..	...	1
Railways .. ..	...	2	Mining§—Gold	11	23
Tramways	7	19	Coal	3	12
Carrying	2	18	Silver	8	16
Storage	1	1	Other minerals	3	20
INDUSTRIAL—			MISCELLANEOUS—		
Machinery and implements	5	17	Public halls, etc.	8	22
Bricks	12	27	Newspaper	7	27
Other building materials	4	17	Advertising	3	7
Gas	3	19	Printing and publishing .. ..	...	8
			Others	25	98
			Total	433	1,154

* Including 3 deposit and mortgage banks; 11 land, property, and investment banks; and 9 banks (without other distinguishing title), 5 being reconstructed or reorganized banks.

† Exclusive of trustees and executors companies.

‡ Embracing the following industries:—Aerated waters 1, asbestos 1, bee company 1, biscuit and baking 3, burglars' alarm 1, clock making 1, cement 4, cork 1, disinfecting 1, electric and electric light 9, evaporating 1, expanded metal 1, explosives 1, filter 1, fire extinguisher 1, fire telegraphic 1, fireproof shutter 1, fireworks 1, gum arabic 1, horseshoes 1, ice and refrigerating, etc., 7, irrigation and water supply 7, lock and bolt 1, medicine manufacturing 1, metal concentrating 1, natural products 1, nail 1, nico-explosive 1, oil refining 1, paint (weatherproof) 1, paper 1, patent safety nut 1, photo. 1, photo.-litho. 1, railway carriage 1, railway coupling 1, rabbit exterminator 1, scrub exterminator 1, safety blasting 2, sanitary 2, sanitary closet 1, signal alarm 1, smoke consuming 1, soap 1, steel motor 1, sugar refining 1, tannic 1, target 1, terra cotta 2, type-setting 3, valve link motion 1, ventilating 1, water power 2, wattle company 1, white lead 1, whiting 1, wool pressing 2, woollen 1, yeast distilling 1, undefined 3.

§ Exclusive of the great majority of mining companies, which are registered under Part II. of the *Companies Act*. See footnote (*) to previous table.

|| Consisting of the following:—Accountants' institute 2, architects' association 2, fine arts 2, bathing 3, bi-chloride of gold institute 1, caterer 2, concert company 1, cyclorama 2, dental association 1, electric medical baths 1, marine salvage 1, pier company 1, racing 3, amusements 4, reform association 1, rights purchase association 1, skating rink 3, sports depôt 1, steam launch 1, ticket syndicate 1, veterinary, etc., 1, weighbridge 1, undefined 62.

From the above figures, it may be ascertained that of the 433 companies registered in 1888, as many as 247, or 57½ per cent., were financial, chiefly connected with real estate; 60, or 14 per cent., were industrial; 25, or not quite 6 per cent., were occupied with trade or transport; but only 17, or 4 per cent., were connected with primary production other than mining. It will also be noticed that of the 721 companies registered in the other 5½ years, 166, or 23 per cent., were financial; 163, or 22½ per cent., were industrial; 83, or 11½ per cent., were occupied with trade or transport; but no more than 129, or 18 per cent., were devoted to primary production. The large proportion of companies interested in purely speculative business, and the small proportion to the development of natural resources is thus very striking.

Companies devoted chiefly to speculative business.

Some idea of the amount involved by the suspension of the minor financial institutions in Victoria and New South Wales may be obtained from the following statement, compiled by the *Australasian Insurance and Banking Record*,* showing the position of 21 companies in Melbourne, and 20 companies in Sydney, receiving deposits from the public, which suspended payment during the 8 or 9 months ended with the 31st March, 1892. It will be observed that the total liabilities of the suspended institutions in the two colonies amounted to 25 millions sterling, viz., 18½ millions in Melbourne, and 6½ millions in Sydney, of which nearly 7 millions were owing to shareholders, and over 18 millions to the public; also that 14½ millions of the latter were in the form of deposits and debentures, of which it was stated that about £3,952,000—viz., £3,452,000 in the Melbourne, and nearly £500,000 in the Sydney, institutions—were due to British depositors and debenture holders. Included with the Melbourne companies was one bank of issue.

Suspension of minor financial institutions.

SUSPENSION OF DEPOSIT RECEIVING FINANCIAL INSTITUTIONS IN MELBOURNE AND SYDNEY, 1891-2.†

According to latest Balance Sheets, etc.	21 Melbourne Companies.	20 Sydney Companies.	Total.
LIABILITIES.	£	£	£
To Shareholders—			
Capital paid-up	4,232,362	1,189,072	5,421,434
Reserve fund and undivided profits	1,140,121	378,429	1,518,550
Total	5,372,483	1,567,501	6,939,984

* See issues for April and May, 1892.

† Nine months ended 31st March, 1892, in the case of Melbourne companies, and eight months ended same date in the case of Sydney companies. The figures relate to the latest published balance sheets prior to the period of suspension; the assets and liabilities could not be made to exactly balance in all cases.

SUSPENSION OF DEPOSIT RECEIVING FINANCIAL INSTITUTIONS IN
MELBOURNE AND SYDNEY, 1891-2*—*continued.*

According to latest Balance Sheets, etc.	21 Melbourne Companies.	20 Sydney Companies.	Total.
	£	£	£
LIABILITIES—<i>continued.</i>			
To Public—			
Deposits	10,943,589	3,612,473	14,556,062
Owing to banks	200,157	153,259	353,416
Other indebtedness	2,078,797	1,139,404	3,218,201
Total	13,222,543	4,905,136	18,127,679
Total liabilities	18,595,026	6,472,637	25,067,663
ASSETS.			
Loans, advances, balances due on sales, etc.	14,007,922	3,052,855	17,060,777
Properties	3,993,302	3,217,656	7,210,958
Other assets	676,684	232,603	909,287
Total assets	18,677,908	6,503,114	25,181,022

Nature of
institutions
which
suspended.

The Melbourne companies referred to in the table embrace seven building societies, one large mortgage company, nine land “banks” or investment companies under various names, two banks which transacted a miscellaneous kind of business largely connected with real estate, the only bank in Victoria having its head office in an extra-metropolitan town, and one of the junior Melbourne banking institutions. Two of the institutions enumerated had note issues. The Sydney institutions consisted of land, building, and financial companies of various kinds.

Capital of
recon-
structed
banks.

Of the 12† banks of issue doing business in Australia which suspended payment in April and May, 1893, and have since been reconstructed, 5 were Victorian and 2 were British institutions, 2 were institutions of New South Wales, and 3 of Queensland. The following is a statement of their paid or called up capital since reconstruction:—

**CAPITAL OF 12 RECONSTRUCTED BANKS DOING BUSINESS IN
AUSTRALIA.**

Present paid-up capital	£8,335,513
Less amount written off	1,144,554
Balance	£7,190,959
Capital called up	6,249,806‡
Prospective paid-up capital	£13,440,765

* See footnote (†) on page 461.

† Omitting one bank which suspended but re-opened only quite recently. Two banks of issue which suspended prior to the period named went into liquidation.

‡ See also footnote (*) on page 464.

Of the $6\frac{1}{4}$ millions called up, the whole is payable within 7 years, the largest amount—nearly 2 millions—being due in 1894, and the next largest amounts—about $1\frac{1}{4}$ million in each year—in 1893 and 1895. About three-fourths is payable by Colonial, and the remainder by London, shareholders. The following are the amounts payable each year by the shareholders in London and Australasia :—

Capital called up by reconstructed banks.

AMOUNTS CALLED UP BY 12 AUSTRALASIAN BANKS.

Year when Payable.	Amount of Calls.	Amounts payable by Shareholders on—	
		Colonial Registers.	London Register.
	£	£	£
1893	1,206,153	659,426	546,727
1894	1,821,602	1,216,218	605,384
1895	1,318,301	1,085,383	232,918
1896	805,000	715,937	89,063
1897	551,250	490,275	60,975
1898	397,500	356,562	40,938
1899	150,000	136,200	13,800
Total	6,249,806*	4,660,001	1,589,805

NOTE.—The division of the calls payable is approximate only, being based on the shares stated in *Burdett's Official Intelligence* to be on the London Registers, the balance being assumed to be on the Colonial Registers.

The reserve liability (uncalled capital) of these banks, after the payment of all calls made up to the present time, will amount to £6,224,005, making a total subscribed capital of £19,664,820.

Uncalled capital of reconstructed banks.

Of the 72 millions of deposits in the twelve suspended banks at the date of suspension, nearly 7 millions, or 10 per cent. of the whole, were Government deposits; 10 millions, or 14 per cent., were on current account, which formed part of the floating business capital of the country; and nearly the whole of the remainder was on fixed deposit. Twenty-two millions, or 30 per cent., of the whole were due to depositors in the United Kingdom. The following are the particulars according to returns furnished direct to this office† :—

Colonial and British deposits in suspended banks.

* Moreover, one of the banks, which survived the crisis, made a new issue of shares which was offered to, and taken up by, its own shareholders. By this issue, which is to be fully paid-up by 1896, the paid-up capital will be increased by £750,000. This will swell the amount to be paid by bank shareholders to £6,999,806.

† For Australasian and British deposits in all the Australasian banks, see paragraph 843 in Vol. I.

COLONIAL AND BRITISH DEPOSITS IN SUSPENDED BANKS.

Due to depositors in—

Australasian Colonies—		£	Per cent.
Government accounts	... ..	6,923,211	10
Current accounts	... ..	9,872,080	14
Fixed deposits	... ..	33,104,358	46
United Kingdom--			
Current accounts	... ..	397,260	} 30
Fixed deposits	... ..	21,518,815	
Total		£71,815,724	100

It may be remarked that, whilst the lock-up of the current accounts caused much inconvenience for a time, the banks since reconstruction have made every effort to relieve the pressure, by releasing the smaller accounts altogether, and by advancing as much as possible of the others at low rates.

Under the schemes of reconstruction, the banks' deposits have been provided for in various ways. Some have been converted into preference shares,* and some into debenture stock or permanent inscribed stock repayable only at the option of the bank; those held in the form of current accounts have been released as far as possible, but portion has been converted into deposits for fixed periods, repayable at various dates from 1896 to 1907—but chiefly 1898 to 1900—which periods have also been arranged for the repayment of the great bulk of the other fixed deposits. It is anticipated, however, that before the time of repayment arrives, the colonists will have regained full confidence in their country and its financial institutions, and will not again precipitate a crisis by the rash withdrawal of deposits, which must only lead to panic and disaster, such as has lately been experienced.

Omitting one bank which re-opened only quite recently, the banks of issue doing business in Australasia may be divided equally into those which suspended and were reconstructed and those which survived the crisis. The liabilities involved in the former amounted to 103·3 millions, and in the latter to 92·4 millions, of which 89·9 and 81·2 millions respectively were due to the public. The note issue of the suspended banks amounted to over 2½ millions, but such notes as were

* According to the *Year-Book of Australia* 1894, the amount of the preference shares issued, or to be issued, is £3,372,252. No doubt the bulk of this represents capitalized deposits, but portion was subscribed independently by shareholders and by the public.

Partial
release of
current
accounts.

Provisions
for dealing
with
deposits in
suspended
banks.

Position of
suspended
and other
banks.

in circulation in Victoria, being by law a first charge on the assets, were at once exchanged for gold by the surviving banks, whilst speedy relief was afforded to note holders in New South Wales and Queensland by legislation. Of the assets, $16\frac{1}{2}$ per cent. in the suspended, as compared with $19\frac{1}{2}$ per cent. in the surviving, banks were held in coin and bullion and Government and other liquid securities; whilst four-fifths in the former, and over three-fourths in the latter, were represented by advances; and $3\frac{1}{2}$ and $2\frac{3}{4}$ per cent. respectively by bank premises:—

BALANCE SHEET, ABOUT END OF 1892,* OF AUSTRALASIAN BANKS WHICH DID AND DID NOT SUSPEND PAYMENT.

Items.	12 Suspended and Reconstructed Banks.	12 Banks which survived the crisis.
	£	£
LIABILITIES.		
Due to shareholders... ..	13,463,058†	11,237,125
Due to public—		
Note circulation	2,556,748	2,450,678
Deposits and other liabilities	87,295,406	78,709,188
Total	103,315,212	92,396,991
ASSETS.		
Coin and bullion, etc.	13,311,877	14,285,351
Government and public securities	3,714,355	3,886,801
Advances, etc.	82,686,443	71,665,093
Premises, furniture, etc.	3,602,537	2,559,746
Total	103,315,212	92,396,991

NOTE.— In addition to the above, a bank which suspended payment on the 30th January, 1893, but has not since re-opened, had liabilities due to shareholders of £518,211, and to the public of £2,690,264; and had assets in coin and bullion amounting to £340,863, Government and public securities to £164,375, advances to £2,567,047, and premises, etc., to £136,190—total assets £3,208,475; whilst a bank, which suspended on the 28th April, 1893, but has quite recently re-opened, had a paid-up capital of £367,000, and liabilities to the public amounting to £886,000.

After the consecutive suspension of several banks in Victoria, the Government, with the view of affording time to consider the position and so allay the panic, proclaimed five bank holidays, commencing on Monday, the 1st May, and ending on Friday, the 5th May, 1893. Some of the banks, however, disregarded the proclamation, and continued to carry on business with their customers. No anxiety

Government action taken in regard to the crisis in Victoria.

* The balance sheets were of various dates, the earliest being for 31st March, 1892, and the latest for 31st May, 1893.

† Of which £8,335,513 was paid-up capital, the balance consisting of reserved and undivided profits, and dividends, etc.

prevailed in Victoria on account of the note issues, for they had some time previously in that colony been made a first charge on the bank assets. At an early stage in the crisis certain amendments were made in the Companies' law, with a view to safeguard the interests of the majority of creditors of suspended building societies and companies against the action of a few individuals obtaining judgments in satisfaction of their claims to the detriment of the creditors as a whole. First the *Voluntary Liquidation Act* 1891 was passed on the 7th December, 1891, placing restrictions on the winding up of companies (defined so as to include building societies), which were being wound up voluntarily, and giving power to the Court, on application by a certain number of citizens holding a certain proportion of the liabilities, to appoint a meeting, at which the majority of members present in number and value might decide whether the company should be wound up, and, if so, whether voluntarily or by the Court. This Act was repealed on the 1st December, 1892, by the *Companies Act Amendment Act* 1892, with a view of giving the Court extended powers in the manner of ordering the meeting of creditors, and in altering or varying at its discretion the arrangement or compromise made at any such meeting, and by imposing conditions, if thought fair, in the carrying out thereof. The Government resisted all pressure to issue paper money as a temporary expedient to provide for the lock-up of current accounts, leaving the matter entirely in the hands of the banks.

Measures in
New South
Wales.

On the 3rd May, 1893, the New South Wales Legislature passed the *Bank Issue Act* 1893, under which bank notes were made a first charge on the assets, and the Governor-in-Council was empowered to declare such notes legal tender, with State guarantee, and to provide for their retirement within a period of 12 months. Before so proclaiming the notes of any bank, the Government was first to be satisfied that there was a surplus equal to the paid-up capital and reserves. Moreover, the *Current Account Depositors Act* 1893 was passed on the 26th May, 1893, under which the issue of Treasury notes (not exceeding £2,000,000) to depositors whose deposits had been locked up in the suspended and reconstructed banks was legalized, on security of their deposit receipts, the advance not to exceed 50 per cent. of their nominal value. These Treasury notes were to be legal tender for five years, after which they would be repayable in gold at the Treasury,—unless previously withdrawn. The total amount of Treasury notes issued to depositors under this Act was £358,490, but by the 16th October, 1893, all but £24,418 of

the advances had been repaid, chiefly by the banks. As these advances are repaid, notes to an equivalent value are immediately withdrawn and cancelled.*

By the measures passed by the Queensland Parliament in order to liquidate the note circulation in that colony, it was prescribed that the suspended banks should pay the note holders on demand as usual, either in coin or Treasury notes, which would be advanced to the banks in lieu of retired notes which were outstanding at the date of suspension. Authority was also given for the issue of such notes to a value of £1,000,000, with 10 years' currency, bearing interest at the rate of 4 per cent. per annum, payable on demand at the Treasury, Brisbane, in specie, out of a coin reserve amounting to one-third of the nominal value of the notes issued, except in case of emergency, when the Government could declare the notes legal tender for a specified term; at the same time the bank note circulation was virtually abolished by the note duty being raised from 3 to 10 per cent., the increased duty, however, not to apply to notes already issued until after the lapse of two years. Although the issue of Treasury notes to the extent of £1,000,000 was authorized, it was not expected that much more than half that amount would be required at any one time, judging from past averages; it appears, however, that this estimate is likely to be exceeded, as £500,000 in Treasury notes had been issued to the banks at the end of June, 1893, and it was decided to make a further issue of £250,000. Moreover, for the relief of public bodies, whose moneys were locked up in the reconstructed banks, an Act was passed authorizing advances to be made them by the Government up to the full amount locked up. In regard to the Queensland National Bank, the Government consented to forego its preferential claim to £1,000,000 of its deposits, and to that extent to be treated as other depositors.†

Measures
adopted by
Queensland

In order to pave the way for uniform legislation relating to banking in Australasia, a conference of Australian Premiers was held in Melbourne, on the 27th May, 1893, at which the colonies of Victoria, New South Wales, and South Australia were represented, and the following resolutions were agreed to:—

Conference
of Aus-
tralian
Premiers
on banking
legislation.

That recent events prove that laws require to be enacted with respect to banking in all the colonies, and that the legislation should be uniform.

That State national banks as popularly understood are not required; but that banks of issue should be subject to conditions and restrictions somewhat similar to those imposed on national banks in the United States of America.

* See Return ordered by the Legislative Assembly of New South Wales to be printed, dated 9th October, 1893.

† See *Australasian Insurance and Banking Record* for June and July, 1893, pages 583 and 683

These conditions should require deposit of the bonds of the colony, or of coin in the Treasury, as against note issue, which the Government should guarantee, and also returns to and inspection by the Government of the general business of the banks.

Deposits not bearing interest should be a first charge upon the assets of the bank, and the Government should have authority to interpose in the event of a panic.

It was arranged that Sir John Downer (Premier of S.A.) should draft a bill for submission to all the colonies dealing with this subject.

The *Bank Issue Act* of New South Wales was also discussed, but in view of notes being already a first charge on the assets in Victoria and South Australia the Premiers of those colonies considered its adoption was not required.

With respect to the New South Wales *Current Account Depositors Act*, the Premiers of Victoria and South Australia hope that the speedy reconstruction of the banks, and the efforts of private enterprise, will relieve their colonies from the necessity of similar legislation.

In the opinion of the Premier of South Australia, legislation, if initiated, should relate only to small accounts.

It was agreed that savings banks should be under the control and direction of the Governments which should be responsible in respect of deposits.

Intercolonial free-trade was discussed, and the further consideration deferred.

The Premiers recognise the advantage of united action on the part of all the colonies in the event of emergencies affecting either the whole or any portion of Australia.

II.—FIRES IN VICTORIA.

Official statistics of fires are now published by the Fire Brigades Boards, and are available for the years 1891 and 1892. The following were the numbers in each of those years for the Metropolitan district, and in the latter year for the Extra-Metropolitan or Country district of Victoria:—

FIRES IN TOWN AND COUNTRY, 1891 AND 1892.

Extent of Damage.	Metropolitan District.		Country District.
	1891.	1892.	1892.
Slight	110	191	49
Considerable	84	82	38
Very considerable	20	5	56
Total destruction	84	79	79
Total	298	357	222

NOTE.—In the Metropolitan District there were also 80 chimney fires and 107 fires with trifling damage during 1891, and in 1892 there were 65 chimney fires and 94 fires causing trifling damage. In country districts, 33 chimney fires and 57 with trifling damage occurred during 1892.

About two-thirds of the fires arose from unknown or doubtful causes, but in cases of the cause being specified more fires occurred through the careless use of candles than from any other cause, whilst a spark from the fireplace ranked next. The following are the reputed causes in 1891 and 1892 for the Metropolitan, and in 1892 for the Country, district:—

Fires, 1891
and 1892.

Causes of
fires.

CAUSES OF FIRES IN VICTORIA, 1891 AND 1892.

Causes.	In Metropolitan District.		In Country District.
	1891.	1892.	1892.
Acid explosion ... ..	...	...	1
Burning rubbish ... ..	...	2	6
Candle	17	14	9
" window curtains ... ..	...	4	5
Defective chimney	5	2	1
" gas fittings ... ..	...	2	1
Electrical wires, fusion of	2	...	...
Fire, log rolling off ... ..	...	...	4
Fireworks, careless use of ... ..	...	...	1
Gas, window curtains ... ..	...	4	...
" explosion of	8	1	...
" lighting (? explosion) ... ..	...	1	...
" seeking for escape of, with light ... ..	...	3	...
" stove	1	...	1
" water heater ... ..	...	2	...
Hot ashes	2	1	2
Kerosene lamps, window curtains ... ..	...	1	2
" explosion of	5	9	3
" overturning ... ..	...	...	7
Light thrown down	2	1	8
Lime slaking	9	1	1
Matches, children playing with	1	10	4
" treading on	3	1	...
Overheating of drying stove	1	...	2
" furnace or flue	4	5	...
" oven	2	1	1
Spark from fire	11	9	10
" furnace	1	2	1
" locomotive	3	...	2
Spirit lamp, explosion of	3	1	...
Spontaneous ignition	2	4	...
Sulphur fumigating ... ..	...	...	1
Tar pots boiling over*	4	5	4
Teasing kapok	1	...	...
Incendiarism	3	9	14
Unknown and doubtful	207	258	186
Vagrants	1	4	2
Total number of fires	298	357	279†

In the Metropolitan district most fires occurred between September and March, and of the various municipalities, Melbourne, South Melbourne, and Richmond and Fitzroy, appeared to have suffered most. In the Country district, fires were most frequent on Tuesdays and Saturdays, and between the hours of 8 p.m. and 3 a.m.

Times when, and places where, fires were most frequent.

There were, in 1892, 45 fire insurance companies in Victoria, all of which effected insurances in the Metropolitan district, and all

Fire insurances effected in Victoria.

* Including "pots" (undefined) boiling over.

† Including 57 fires with trifling damage.

but one in the Country district. The premiums received by these institutions during the year amounted to £352,309, of which £250,039 was for insurances in the Metropolitan, and £102,270 in the Country district. The approximate value of property destroyed in the Country district was £52,889, but the particulars for the Metropolitan district are not given.

Occupations
at premises
destroyed
by fire.

Nearly half the fires were of dwellings, of which nearly a fourth were unoccupied; whilst as regards tradesmen's premises, those which suffered most were grocers' shops, next hotels, and then the premises of drapers, hairdressers, and tobacconists. The following are the particulars under the various heads:—

OCCUPATIONS OF OCCUPIERS OR NATURE OF PREMISES IN WHICH
FIRES OCCURRED, 1891 AND 1892.

Occupations or Establishments.	Metropolitan District.		Country District.
	1891.	1892.	1892.
Agents	...	...	2
Architect	...	...	1
Asphalting works	...	1	..
Auctioneers	2	1	1
Bakers	3	3	4
Bank	...	1	...
Bicycle manufacturers	2	...	1
Blacksmiths	...	1	2
Boardinghouse	...	...	1
Boatshed	...	1	...
Boiling-down works	1	...	...
Booksellers	1	...	2
Bootmakers, boot store	3	4	5
Bottling store	...	1	...
Box manufactory	...	1	...
Brass-finisher	...	1	...
Brassfounder	...	1	...
Brick kiln	1	...	...
Brickmakers	...	2	...
Builders	1	...	1
Butchers	3	2	3
Cabinet makers	...	2	2
Café	1	...	...
Carpenters and joiners	6	3	4
Carriers and carters	1	1	5
Carriage factories	...	2	...
Cathedral	...	1	...
Chairmakers	1	1	...
Chemists	...	1	2
Chinese huts	...	...	5
Chinese shop	...	...	1
Church	...	...	1
Clothier	1	...	...
Clubs	1	1	...
Confectioners	...	1	1

OCCUPATIONS OF OCCUPIERS OR NATURE OF PREMISES IN WHICH FIRES OCCURRED, 1891 AND 1892—*continued.*

Occupations or Establishments.	Metropolitan District.		Country District.
	1891.	1892.	1892.
Contractors	4	1	2
Cooper ... ..	...	...	1
Cork merchant	1	...	...
Crockeryware shop ... ..	...	1	...
Curled hair factory ... ..	...	1	...
Dairymen ... ..	...	2	2
Decorator and importer ... ..	...	1	...
Dentist	1	...	...
Desiccating works ... ..	...	1	...
Die sinker	1	...	...
Drapers	7	4	8
Dressmakers	1	1	1
Drysalter	2	1	...
Dyer ... ..	...	...	1
Electric-light company	1	...	...
Electro-plater	1	...	...
Erection, buildings in course of	5	...	...
Fancy goods	3	2	3
Farmers	4	...	2
Fire-kindler factory ... ..	...	1	...
Fishmongers ... ..	...	1	1
Free goods stores	1	...	...
Fruiterers and greengrocers	5	1	4
Furniture warehouses	2	3	...
„ and general dealers	2	7	...
Gardener ... ..	...	...	1
Gas works	1	...	...
General stores and shops	2	5	5
Goods yard	1	...	...
Government printing office	1	...	...
Grocers	14	16	5
Haberdasher	1	...	...
Hairdressers and tobacconists	10	6	3
Harness makers	1	1	...
Hat factories and hatters	2	3	...
Hospital	1	...	...
Hotels	7	13	10
Ice works ... ..	...	...	1
Importers ... ..	...	2	...
India-rubber and gutta-percha works	1	...	...
Iron pipe maker ... ..	...	1	...
Ironfounders	1	1	1
Ironmonger ... ..	...	1	...
Laundry ... ..	...	1	...
Lighters	1	...	2
Maltsters	3	...	...
Mining plant ... ..	...	...	3
Modellers	2	1	...
Mount cutter ... ..	...	1	...
Music shops	1	1	1
Nail works ... ..	...	2	...
Newspaper office	1	...	...

OCCUPATIONS OF OCCUPIERS OR NATURE OF PREMISES IN WHICH
FIRES OCCURRED, 1891 AND 1892—*continued.*

Occupations or Establishments.	Metropolitan District.		Country District.
	1891.	1892.	1892.
Offices	4	2	2
Oyster shop ... ..	...	...	1
Paddocks ... ..	...	5	...
Painters	4	3	...
Pastrycooks	2	...	...
Pavilion ... ..	...	1	...
Photographers	2	1	1
Picture frame maker ... ..	...	1	...
Plumbers ... ..	...	2	3
Printer ... ..	...	...	1
Produce merchants	2	2	...
„ stores ... ..	...	...	5
Public halls ... ..	...	1	1
Pyrites works ... ..	...	...	1
Railway stations and sheds	8	3	...
Recreation reserves ... ..	...	...	2
Restaurant ... ..	...	...	1
Saddler ... ..	...	...	1
Schools	2	1	...
Sheds	6	1	2
Sheep dealer	1	...	...
Shipwright ... ..	...	1	...
Spice merchants	2	1	...
Stables	2	6	12
Stationers	1	2	2
Steamboat	1	...	...
Sugar refiners	1	1	...
Tailors and outfitters	6	3	2
Tannery, unoccupied ... ..	...	1	...
Tea and coffee dealers	1	...	...
Tent maker ... ..	...	...	1
Timber merchants and timber yards	2	4	1
Tinsmiths ... ..	...	1	1
Undertaker ... ..	...	1	...
Upholsterers	1	...	1
Venetian blind maker ... ..	...	1	...
Watchmakers	1	...	2
Wholesale grocer and warehouseman ... ..	...	1	...
„ jeweller ... ..	...	1	...
Wood yard ... ..	...	...	1
„ and coal merchants ... ..	...	2	...
„ turners	1	1	...
Workshops	1	2	...
Dwellings, occupied	92	140	110
„ unoccupied	35	43	24
Unoccupied factory ... ..	...	1	...
„ shops and stores ... ..	...	4	...
„ workshop ... ..	...	1	...
Total	298	357	279*

* Including 57 fires with trifling damage.

III.—LIFE ASSURANCE POLICIES.

There are 16 companies or societies in Victoria transacting life assurance business. The following information, relating to the number and amount of assurances in force in 1891, together with the proportion of policies to population, and the average amounts assured, is published for the first time. It will be observed that the lives of nearly eleven out of every 100 persons (men, women and children) in the colony are assured, the average amount of each policy being £203 :—

Policies in
force in
Victoria.

LIFE ASSURANCE POLICIES IN FORCE IN VICTORIA, 1891.

Nature of Policy.	Number of Policies.		Amount.	
	Total.	Per 100 of Population.	Total.	Average per Policy.
Assurance	108,513	9·37	£ 23,726,232	£ 219
Endowment	14,334	1·24	1,174,642	82
Annuity	92	·01	11,972	130
Total	122,939	10·62	24,912,846	203

NOTE.—This information has been compiled partly from official returns and partly from returns furnished by the courtesy of certain assurance companies, and is now published for the first time. Judging from partial returns furnished for 1893, it would appear that since 1891 the number of policies of Assurance has increased by only $1\frac{1}{2}$ per cent., but the amount assured by as much as 27 per cent. ; there was, however, a slight decrease in the case of endowments and annuities.