

*Boom and Bust*

Why did the land boom of the 1880s occur? The golden era had long passed. Large, deep mines, owned in many cases by British companies, had displaced many of the diggers scratching on the surface and gold production had fallen. The cities competing with Melbourne – Geelong and the gold cities of Ballarat, Bendigo, Maryborough, Castlemaine, etc. – were serviced by railways all radiating from Melbourne, which was, during the gold rush, only *one* of the four large cities of the colony, the largest being Ballarat. At first the gold cities welcomed the improved communications, expecting to send their products to Melbourne, but local engineering shops, foundries, flour mills and breweries all came under pressure from Melbourne-based manufacturers who had cheaper supplies and a larger market. Some manufacturers, most notably the Castlemaine Brewery, moved to other colonies. Melbourne's proportion of Victoria's population almost doubled in twenty years, but it was not until 1880 that Melbourne's population exceeded Ballarat's. The gold riches of Victoria accumulated in Melbourne, to the dismay of the citizens of the gold cities; there was a movement in Bendigo to counter the drift to Melbourne, but it did not succeed. The population of Geelong and the gold cities fell; many miners, with trade and professional skills which they had brought to the colony, drifted to Melbourne. There the secondary industries were thriving, helped by a strong protectionist policy.

With the demand of industry for energy, the gas price rose to almost four times the price of London's, as Fawcner had warned, and the high price spurred on the efforts to establish rival gas companies. In 1860, the Collingwood, Fitzroy and District Gas & Coke Co. was granted an act of incorporation and received a grant of land. This was followed some years later by the incorporation of the South Melbourne Gas Company. Intense competition often resulted in three mains buried under streets side by side; this caused frequent disruption in the street and an excessive number of gas leaks. The commissioners of the Board of the Sewerage & Water Supply, under government financial restraint, looked on with envy as the trenches were opened and reopened by the gas companies.

When the Melbourne gas companies refused to extend their pipe lines into less profitable areas beyond Caulfield, Thomas Bent was instrumental in forming the Brighton Gas Co. in 1877. However, when this company also did not want to expand beyond the profitable areas of Brighton into Bent's sprawling estates, he resigned and formed the Central Brighton & Moorabbin Gas Co.; after a brief price war they quickly amalgamated.

With the intense competition between the three metropolitan gas companies, the price of gas fell from twenty shillings to a ruinous six shillings per 1000 cubic feet (twenty-eight cubic metres). A. K. Smith, MLA (then mayor of Melbourne) urged for municipal ownership of the gas supply, but eventually promoted the United Gas Companies Bill, which claimed a 20-mile radius franchise for the proposed Metropolitan Gas Company.

The main opposition to the formation of another monopoly came from an organisation, the Municipal Conference, led by councillor Thomas Bent. He met the proposed company's