

# 9 *Finance*



## **INTRODUCTION**

This chapter provides details of the financial activities of the Victorian State Government, Victorian local government authorities, and those of some financial institutions operating in Victoria, such as building societies, credit co-operative societies, and the Australian Stock Exchange (Melbourne) Limited.

## **Public finance**

Three levels of government, Commonwealth, State, and Local, collectively constitute the public sector in Australia. The public sector finance statistics presented in this chapter exclude public financial enterprises (government savings banks, insurance offices, etc.).

State government enterprises discussed in this chapter include the central government of Victoria, statutory bodies created by or under State legislation to carry out activities on behalf of the central government, and incorporated organisations in which the central government has a controlling interest.

The public finance tables in this chapter cover the State government and Local government components of the non-financial public sector. A series of summary tables show, on a consolidated basis, revenue, outlays and financing transactions and the purposes that are being served by government expenditure programs.

## **Outlays**

Current outlays by the Victorian State government in 1988-89 were \$12,763.5m, which was an increase of 8 per cent on the previous year (\$11,819.0m). The largest component of this outlay was final consumption expenditure which was \$7,594.0m. Current grants of \$1,139.8m constituted a 10 per cent increase on 1987-88 (\$1,040.5m). Interest payments were \$2,821.5m.

In 1988-89 government final consumption expenditure on education and on health was \$3,137.8m and \$2,266.4m respectively, constituting 41 per cent and 30 per cent of total government final consumption expenditure of \$7,594.0m. Final consumption expenditure on recreation and culture increased by 40 per cent, from \$99.7m in 1987-88 to \$139.7m in 1988-89. Final consumption expenditure on social services and welfare increased 37 per cent to \$201.1m.

Capital outlays in 1988-89 were \$2,802.3m, an increase of 5 per cent on 1987-88 (\$2,676.8m). New fixed assets expenditure on hospital and other institutional services and benefits was \$180.6m, an increase of 17 per cent on 1987-88 (\$154.4m). The new fixed assets expenditure of \$758.5m on electricity and other energy in 1988-89 was an increase of 26 per cent on 1987-88 (\$601.9m).

## Revenue

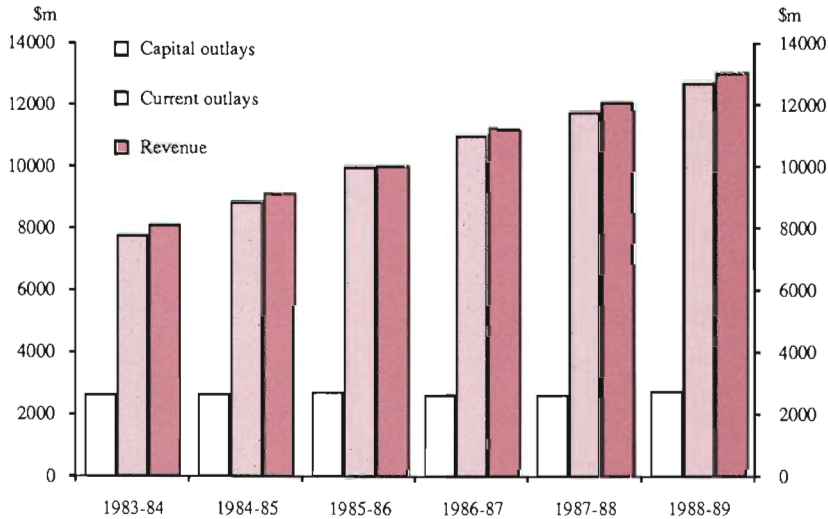
Revenue and grants received by the State government in 1988-89 were \$13,079.4m, an 8 per cent increase on 1987-88 (\$12,144.1m). The proportion received from the Commonwealth Government in the form of grants was \$5,660.5m or 43 per cent, while \$5,064.9m. was received as taxes, fees, and fines

**TABLE 9.1 STATE GOVERNMENT - SUMMARY OF TRANSACTIONS CLASSIFIED BY ECONOMIC TRANSACTIONS FRAMEWORK**  
(\$ million)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
Current outlays -	7,806.4	8,901.8	10,035.7	11,056.0	11,819.0	12,763.5
General government final consumption expenditure	4,786.7	5,385.9	5,933.9	6,485.6	7,011.1	7,594.0
Required current transfer payments						
interest payments	1,567.4	1,866.5	2,208.8	2,381.1	2,703.7	2,821.5
other	-	-	-	-	4.8	19.2
Unrequited current transfer payments -						
Subsidies paid to enterprises	594.5	687.5	867.8	1,084.3	871.2	953.1
Personal benefit payments	126.1	122.0	122.8	126.3	183.6	235.9
Current grants -	730.7	837.9	902.5	973.2	1,040.5	1,139.8
to non-profit institutions	513.8	571.7	619.0	691.9	721.5	803.5
to local authorities	216.6	265.9	283.3	281.2	318.8	335.4
Other current transfer payments	0.5	1.7	-0.5	5.1	4.0	-
Capital outlays -	2,680.0	2,701.9	2,780.1	2,678.0	2,676.8	2,802.3
Gross fixed capital expenditure -	2,422.8	2,449.9	2,584.7	2,488.7	2,378.9	2,720.8
Expenditure on new fixed assets	2,443.0	2,523.9	2,645.6	2,664.6	2,662.2	3,029.2
Expenditure on secondhand fixed assets (net)	-20.2	-74.0	-61.0	-175.9	-283.3	-308.4
Increase in stocks	13.4	24.0	28.5	7.5	27.4	24.2
Expenditure on land and intangible assets (net)	56.3	45.7	-41.4	6.6	72.7	-109.6
Capital transfer payments -	189.2	237.7	199.6	139.4	172.0	188.0
Capital grants -						
to Local government	125.7	164.9	118.2	90.9	115.3	131.2
to other sectors	21.8	37.2	65.1	38.1	50.3	55.3
Other capital transfer payments	41.6	35.7	16.3	10.4	6.4	1.5
Advances paid (net) -	-1.6	-55.4	8.8	35.8	25.9	-21.2
to Local governments	1.8	2.6	2.5	-0.5	-1.3	-5.1
to other sectors	-3.4	-58.1	6.3	36.3	27.2	-16.1
Revenue and grants received -	8,150.3	9,169.5	10,075.0	11,280.8	12,144.1	13,079.4
Taxes, fees, and fines	2,794.2	3,153.4	3,445.8	3,888.7	4,437.4	5,064.9
Net operating surpluses of public trading enterprises	683.3	789.1	1,027.5	1,458.7	1,463.6	1,540.0
Property income and other revenue	544.7	640.9	701.0	686.0	723.9	814.0
Grants received from Commonwealth Government	4,128.2	4,586.1	4,900.7	5,247.3	5,519.1	5,660.5
Financing transactions -	2,336.0	2,434.1	2,740.7	2,453.3	2,351.7	2,486.4
Increase in provisions	514.0	668.2	716.2	707.4	729.5	825.4
Deficit	1,822.0	1,765.9	2,024.5	1,745.8	1,622.3	1,661.0
Deficit financing -						
Net advances received from Commonwealth Government	228.5	181.4	177.7	117.0	15.4	-8.9
Other deficit financing	1,593.5	1,584.5	1,846.8	1,628.8	1,606.9	1,669.9

(39 per cent). In 1988-89 taxes, fees and fines increased by 14 per cent on 1987-88 (\$4,437.4m). The annual deficit in 1988-89 was \$1,661.0m, a 2 per cent increase from the 1987-88 deficit of \$1,622.3m.

### SUMMARY OF CAPITAL AND CURRENT OUTLAYS AND REVENUE AND GRANTS RECEIVED, VICTORIA



**TABLE 9.2 STATE GOVERNMENT - GENERAL GOVERNMENT FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY GOVERNMENT PURPOSE, VICTORIA**  
(\$ million)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
General public services	368.8	435.2	502.1	623.5	719.2	737.6
Public order and safety	443.5	468.0	536.9	564.7	605.1	664.0
Education -	2,240.7	2,341.2	2,603.5	2,763.8	2,927.2	3,137.8
Primary and secondary education	1,401.1	1,464.9	1,545.5	1,605.1	1,633.3	1,829.4
Tertiary	706.4	730.5	878.5	949.0	1,044.9	1,104.8
Other	133.2	145.8	179.4	209.6	249.0	203.6
Health -	1,213.4	1,475.8	1,616.8	1,817.1	2,050.1	2,266.4
Hospital and other institutional services and benefits	1,107.1	1,328.7	1,478.4	1,671.5	1,884.2	2,042.8
Clinics and other non-institutional services and benefits	52.4	54.8	35.3	32.3	27.1	30.1
Other	53.8	92.2	103.1	113.4	138.7	193.5
Social security and welfare	94.9	95.6	109.6	146.6	146.6	201.1
Housing and community amenities -	48.5	45.4	40.3	43.9	45.2	46.9
Housing and community development	32.7	33.7	30.8	36.5	37.8	41.2
Water supply	-	1.4	1.5	0.7	1.7	1.2
Sanitation and protection of the environment	15.9	10.2	8.0	6.7	5.6	4.5
Other community amenities	-	-	-	0.1	0.1	-
Recreation and culture	28.0	77.4	101.3	100.0	99.7	139.7

**TABLE 9.2 STATE GOVERNMENT - GENERAL GOVERNMENT FINAL CONSUMPTION  
EXPENDITURE CLASSIFIED BY GOVERNMENT PURPOSE, VICTORIA - *continued***  
(\$ million)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
Fuel and energy -	7.1	2.9	4.2	5.9	7.3	7.2
Fuel affairs and services	-	0.3	-0.3	-0.3	0.7	0.3
Electricity and other energy	5.8	0.1	0.5	0.6	0.6	1.1
Fuel and energy n.e.c.	1.3	2.6	4.1	5.6	6.0	5.7
Agriculture, forestry, fishing, and hunting	137.5	145.1	127.8	133.9	149.5	126.1
Mining, manufacturing, and construction	11.8	7.1	5.2	5.6	6.4	6.5
Transport and communications -	123.4	162.5	186.6	193.6	168.5	194.4
Road transport	131.4	142.7	168.7	185.7	166.3	187.4
Water transport	-1.0	2.9	2.6	-10.9	-10.6	-5.3
Rail transport	-4.9	0.1	-	-	-	-
Other	-2.1	16.9	15.4	19.1	12.8	12.4
Other economic affairs	42.4	125.2	95.2	83.6	81.6	62.7
Other purposes	26.8	4.7	4.4	3.1	4.7	3.7
<b>Total</b>	<b>4,786.7</b>	<b>5,385.9</b>	<b>5,933.9</b>	<b>6,485.6</b>	<b>7,011.1</b>	<b>7,594.0</b>

**TABLE 9.3 STATE GOVERNMENT - EXPENDITURE ON NEW FIXED ASSETS  
CLASSIFIED BY GOVERNMENT PURPOSE, VICTORIA**  
(\$ million)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
General public services	16.6	13.2	20.4	18.5	10.9	7.1
Defence	-	1.2	0.3	0.4	-	-
Public order and safety	46.6	66.6	90.5	114.1	144.2	144.8
Education -	188.8	240.4	247.2	260.5	226.6	228.4
Primary and secondary education	107.1	119.7	113.9	103.8	83.5	90.4
Tertiary education	75.6	107.1	118.9	145.6	130.7	125.2
Other	6.1	13.7	14.4	11.2	12.4	12.8
Health -	69.7	102.3	125.3	135.1	159.9	189.3
Hospital and other institutional services and benefits	65.8	98.2	115.6	125.4	154.4	180.6
Clinics and other non-institutional services and benefits	-	-	2.3	1.5	0.8	-
Other	3.9	4.1	7.4	8.3	4.7	8.7
Social security and welfare	3.3	3.7	6.7	6.3	11.5	11.2
Housing and community amenities -	563.0	589.2	634.1	705.7	719.7	815.9
Housing and community development	200.4	203.6	258.2	286.9	282.6	331.9
Water supply	190.5	176.9	157.3	171.6	173.0	203.9
Sanitation and protection of the environment	171.8	208.7	218.6	247.2	264.1	280.1
Other community amenities	0.3	-	-	-	-	-
Recreation and culture	23.9	26.1	37.6	59.8	68.1	87.7
Fuel and energy -	699.7	712.3	704.4	569.4	686.1	874.5
Fuel affairs and services	130.4	84.0	103.0	97.2	84.0	115.7
Electricity and other energy	569.3	628.2	601.1	472.1	601.9	758.5
Fuel and energy n.e.c.	-	-	0.2	0.2	0.1	0.3
Agriculture, forestry, fishing, and hunting	74.7	35.3	36.1	42.4	52.1	62.0
Mining, manufacturing, and construction	1.3	0.6	0.3	0.1	4.1	-

**TABLE 9.3 STATE GOVERNMENT - EXPENDITURE ON NEW FIXED ASSETS  
CLASSIFIED BY GOVERNMENT PURPOSE, VICTORIA - *continued***  
(\$ million)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
Transport and communications -	721.3	707.2	709.2	728.9	545.0	594.1
Road transport	288.8	304.1	394.2	402.6	298.5	336.5
Water transport	33.5	30.0	24.0	23.9	15.8	17.8
Rail transport	198.2	134.5	100.6	100.0	99.2	84.4
Other	200.7	238.7	190.4	202.4	131.5	155.4
Other economic affairs	32.7	25.8	33.5	23.2	32.8	12.3
Other purposes	1.5	-	0.1	-	1.1	1.9
<b>Total</b>	<b>2,443.0</b>	<b>2,523.9</b>	<b>2,645.6</b>	<b>2,664.6</b>	<b>2,662.2</b>	<b>3,029.2</b>
<b>Comprised of -</b>						
<b>General government</b>	<b>764.1</b>	<b>824.8</b>	<b>993.4</b>	<b>1,063.2</b>	<b>1,018.1</b>	<b>1,098.4</b>
<b>Public trading enterprises</b>	<b>1,678.9</b>	<b>1,699.1</b>	<b>1,652.2</b>	<b>1,601.4</b>	<b>1,644.1</b>	<b>1,930.9</b>

In 1988-89 taxes, fees and fines totalled \$5,064.9m, an increase of 14 per cent on the 1987-88 figure of \$4,437.4m. Employer' payroll tax was the largest single item of taxation, being 28 per cent of the total. The actual amount in 1988-89 was \$1,403.8m, an increase of 14 per cent on 1987-88 (\$1,230.9m). Taxes on financial and capital transactions (stamp duties and financial institutions' taxes) were \$1,418.9m in 1988-89, an increase of 27 per cent on 1987-88 (\$1,117.8). Taxes on provision of goods and services (levies on statutory corporations, taxes on gambling and insurance) totalled \$893.5m in 1988-89, an increase of 7 per cent on 1987-88 (\$831.6m). Motor vehicle taxes were \$419.1m in 1988-89, a decrease of 2 per cent on 1987-88 (\$426.0m). Petroleum products franchise taxes showed a 4 per cent decrease from \$237.5m in 1987-88 to \$228.1m in 1988-89.

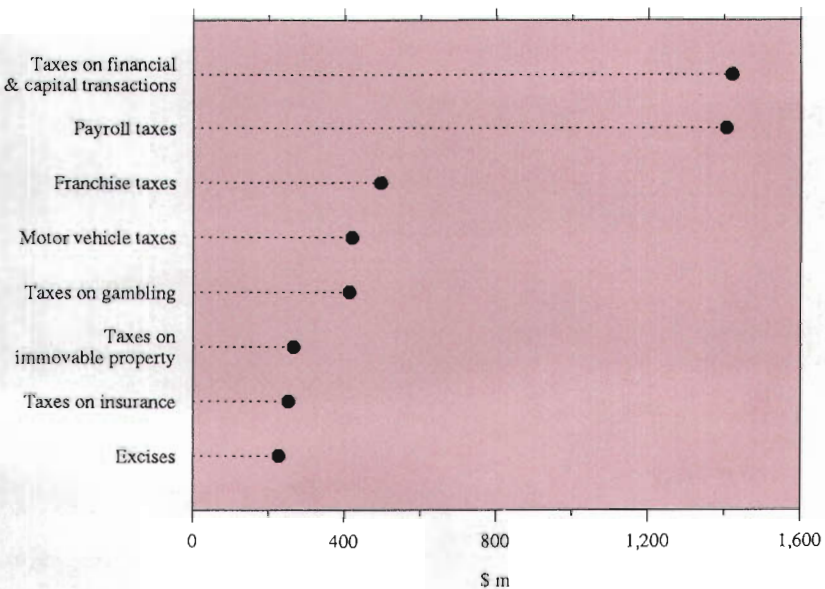
**TABLE 9.4 STATE GOVERNMENT TAXES, FEES, AND FINES BY TYPE, VICTORIA**  
(\$ million)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
Employers' payroll taxes	833.4	924.8	1,029.8	1,108.4	1,230.9	1,403.8
Taxes on property -	614.5	757.3	887.4	1,046.5	1,361.0	1,685.2
Taxes on immovable property -	167.1	178.7	210.6	225.6	242.6	265.7
Land taxes	143.1	153.3	183.0	195.3	209.5	230.2
Metropolitan improvement rates	23.9	25.4	27.6	30.3	33.1	35.5
Estate inheritance and gift duty	30.2	8.5	2.2	1.8	0.7	0.6
Taxes on financial and capital transactions -	417.2	570.1	674.7	819.1	1,117.8	1,418.9
Stamp duties	336.3	479.4	569.7	699.5	978.3	1,259.9
Financial institutions' taxes	80.9	90.7	105.0	119.5	139.4	159.0
Taxes on provision of goods and services -	633.0	687.4	682.2	778.6	831.6	893.5
Excises (levies on statutory corporations)	142.8	165.1	178.8	217.9	212.1	228.0
Taxes on gambling -	254.8	298.6	311.6	352.5	386.0	412.5
Taxes on private lotteries	155.4	183.3	180.0	208.1	226.4	234.4
Race betting taxes	96.7	112.3	128.5	140.9	155.3	172.2
Taxes on gambling n.e.c.	2.7	3.0	3.1	3.4	4.4	5.8

TABLE 9.4 STATE GOVERNMENT TAXES, FEES, AND FINES BY TYPE,  
VICTORIA - *continued*  
(\$ million)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
Taxes on insurance -	235.4	223.8	191.8	208.2	233.5	253.0
Insurance companies' contributions						
to fire brigades	76.1	83.5	92.3	105.6	114.7	122.0
Third party insurance taxes	19.0	10.3	-	-	-	-
Taxes on insurance n.e.c.	140.3	130.0	99.5	102.7	118.8	130.9
Taxes on use of goods and performance						
of activities -	646.6	705.1	772.8	840.9	897.9	918.8
Motor vehicle taxes -	324.8	359.8	389.2	410.2	426.0	419.1
Vehicle registration fees and taxes	177.6	177.7	190.4	202.7	196.6	148.2
Stamp duty on vehicle registration	101.1	133.5	151.4	163.4	180.7	219.1
Drivers' licences	46.1	48.6	47.4	44.1	48.6	51.9
Franchise taxes -	308.2	372.4	403.2	416.7	455.6	494.1
Gas franchise taxes	-	0.2	0.1	0.3	0.1	-
Petroleum products franchise taxes	151.6	192.4	210.8	214.6	237.5	228.1
Tobacco franchise taxes	83.8	104.6	111.5	113.4	123.6	151.9
Liquor franchise taxes	72.8	75.2	80.7	88.4	94.4	114.1
Other taxes on use of goods etc	13.6	-27.1	-19.5	14.0	16.3	5.5
Fees and fines	66.6	78.7	73.6	114.3	115.9	163.1
Compulsory Fees	24.6	33.1	31.4	64.5	66.7	110.6
Tertiary Education Fees	-	-	-	28.4	31.8	86.1
Fines	42.0	45.6	42.2	49.8	49.2	52.5
<b>Total</b>	<b>2,794.2</b>	<b>3,153.4</b>	<b>3,445.8</b>	<b>3,888.7</b>	<b>4,437.4</b>	<b>5,064.9</b>

STATE TAXATION VICTORIA, 1988-89



### Commonwealth Government payments to Victoria

The Commonwealth Government has made payments of various kinds to the States since Federation. With the introduction in 1942 of the uniform tax arrangements (under which the Commonwealth became the sole Government imposing taxes on income) the Commonwealth Government began to make annual tax reimbursement grants to the States. Specific purpose payments to the States also increased, reflecting the extending range of government activities.

Tax reimbursement grants were replaced in 1959-60 by financial assistance grants' which continued up to the year 1975-76. Since 1976-77 general revenue grants to the States have included local government and have been based on shares of Commonwealth tax. In 1978 legislation was passed giving States the right to either impose a surcharge or grant a rebate on personal income tax to be collected or paid by the Commonwealth on behalf of the State.

As part of changes to its fiscal policy, the Commonwealth Government in 1985-86 discontinued the tax sharing agreements with the States under which general revenue grants to the States were determined for a period of three to five years. Since 1985-86 these grants have been determined on a yearly basis.

Payments by the Commonwealth, under the tax sharing policy, to local government are in the form of untied grants for general purpose assistance, paid in the first instance to the States for passing on to local government municipalities. The Victorian Grants Commission formally constituted in 1977, has as its primary role the allocation of this grant between municipalities in Victoria. There are also direct payments by the Commonwealth Government to local government authorities; in addition to Commonwealth programs under which a portion of funds made available to the States is passed on to local government authorities. Further details of the Commonwealth Government relations with the States and local government are contained in *Commonwealth Budget Paper No 4: Commonwealth Financial Relations with other levels of Government 1990-91*.

General purpose grants, both capital and recurrent from the Commonwealth to Victoria in 1988-89 totalled \$2,746.6m, a 13 per cent decrease from the \$3,160.8m in 1987-88. Specific purpose grants for recurrent and capital purposes in 1988-89 totalled \$2,914.0m, a 24 per cent increase on the 1987-88 figure of \$2,358.4m. Education (\$1,295.0m), Health (\$854.2m), and Transport (\$296.4m) together comprised 84 per cent of total specific purpose grants.

In addition to these grants the Commonwealth Government also made repayable advances to the States for various purposes. Total net advances to Victoria were \$-8.9m in 1988-89, a decrease of 157 per cent on 1987-88 (\$15.4m).

**TABLE 9.5 COMMONWEALTH GOVERNMENT GRANTS TO OR FOR THE STATE AND LOCAL GOVERNMENT AUTHORITIES (a) VICTORIA**  
(\$ million)

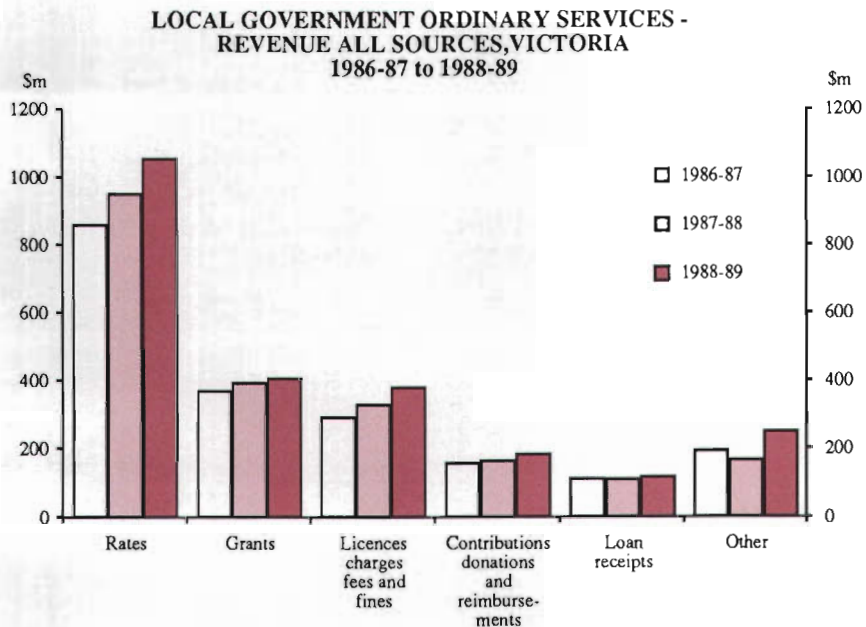
<i>Nature of Payment</i>	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
General revenue funds -						
Tax sharing grants	1,926.2	2,019.9	-	-	-	-
Financial assistance grants	-	-	2,248.3	2,494.0	2,667.3	2,661.2
Special revenue assistance	62.8	31.0	-	0.4	3.6	13.9
Health grants	323.2	344.2	371.0	411.9	441.6	-
<b>General revenue</b>	<b>2,312.3</b>	<b>2,395.1</b>	<b>2,619.3</b>	<b>2,906.3</b>	<b>3,112.5</b>	<b>2,675.1</b>

TABLE 9.5 COMMONWEALTH GOVERNMENT GRANTS TO OR FOR THE STATE AND LOCAL GOVERNMENT AUTHORITIES (a) VICTORIA - *continued*  
(\$ million)

<i>Nature of Payment</i>	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
General purpose capital funds -						
Capital works grant	123.0	131.0	140.2	107.9	48.3	71.5
Specific purpose grants for						
recurrent and capital purposes -						
Interest on State debt	4.3	4.3	-	-	-	-
Sinking fund on State debt (b)	11.4	11.8	12.3	12.7	12.8	12.7
Education	990.2	1,095.6	1,161.8	1,204.9	1,284.6	1,295.0
Health	84.4	254.4	279.1	302.9	342.5	854.2
Social security and welfare	23.2	33.6	39.5	48.7	70.9	74.7
Housing and Community Amenities nec	120.1	143.5	148.9	159.6	160.4	157.9
Transport	230.9	267.5	253.9	254.0	250.3	296.4
Industry Assistance and Development	20.5	14.4	17.6	30.1	20.3	19.6
Culture and Recreation	3.1	6.1	6.1	5.8	5.4	3.1
Labour and Employment	105.7	94.4	68.7	46.2	23.6	0.3
Local government general purpose assistance	116.9	123.8	136.4	147.7	165.8	172.7
Other economic affairs and purposes	47.3	15.9	19.1	19.9	21.0	27.1
<b>Specific purpose</b>	<b>1,758.0</b>	<b>2,065.3</b>	<b>2,143.4</b>	<b>2,232.5</b>	<b>2,358.4</b>	<b>2,914.0</b>
<b>General purpose</b>	<b>2,435.3</b>	<b>2,526.1</b>	<b>2,759.5</b>	<b>3,014.2</b>	<b>3,160.8</b>	<b>2,746.6</b>
<b>Total Commonwealth grants</b>	<b>4,193.3</b>	<b>4,591.4</b>	<b>4,902.9</b>	<b>5,246.7</b>	<b>5,519.2</b>	<b>5,660.6</b>

(a) Excludes subsidies and bounties to primary producers, and cash benefits payments to persons in Victoria paid by Commonwealth departments.

(b) Paid to National Debt Sinking Fund.





**TABLE 9.6 VICTORIAN LOCAL GOVERNMENT: ORDINARY SERVICES REVENUE,  
LOAN RECEIPTS, AND OUTLAYS (a)**

Particulars	1986-87		1987-88		1988-89	
	\$'000	Per cent	\$'000	Per cent	\$'000	Per cent
<b>Revenue -</b>						
Rates (incl. penalties); ex-gratia receipts	867,069	43.0	956,223	44.6	1,059,729	43.8
Garbage (incl. rates and charges)	47,053	2.3	55,831	2.6	62,815	2.6
Other charges	192,517	9.5	210,238	9.8	243,004	10.0
Government grants -						
General purpose	149,630	7.4	165,092	7.7	172,668	7.1
Specific purpose -						
Capital	75,006	3.7	76,314	3.6	67,130	2.8
Current	149,689	7.4	157,363	7.3	173,010	7.1
Licences, fees, and fines	57,935	2.9	67,939	3.2	78,804	3.3
Interest received	95,029	4.7	78,099	3.6	121,765	5.0
Contributions, donations	43,398	2.2	45,762	2.1	50,298	2.1
Reimbursements -						
Roads and bridges -						
Construction	57,203	2.8	56,579	2.6	61,388	2.5
Maintenance	29,158	1.4	32,981	1.5	37,524	1.5
Other	33,289	1.6	34,062	1.6	39,874	1.6
Sale of land and second-hand fixed assets	58,362	2.9	55,481	2.6	81,541	3.4
Other (b)	45,134	2.2	37,636	1.8	51,066	2.1
<b>Total revenue</b>	<b>1,900,533</b>	<b>94.2</b>	<b>2,029,600</b>	<b>94.6</b>	<b>2,300,615</b>	<b>95.0</b>
Loan receipts	117,110	5.8	115,548	5.4	121,575	5.0
<b>Total revenue and loan receipts</b>	<b>2,017,643</b>	<b>100.0</b>	<b>2,145,148</b>	<b>100.0</b>	<b>2,422,190</b>	<b>100.0</b>
<b>Outlay by purpose -</b>						
General administration	311,530	15.5	348,087	15.9	363,626	15.1
Law, order, and public safety	17,139	0.9	19,618	0.9	22,588	0.9
Education	23,309	1.2	24,130	1.1	27,288	1.1
Health	48,882	2.4	54,496	2.5	59,347	2.5
Welfare	150,368	7.5	178,972	8.2	204,304	8.5
Housing	6,697	0.3	7,605	0.3	6,364	0.3
Community amenities	222,733	11.1	247,165	11.3	274,399	11.4
Recreation and culture	315,365	15.7	350,918	16.1	373,704	15.6
Economic services -						
Roads, streets, and bridges	409,327	20.4	431,019	19.7	476,715	19.9
Other transport (c)	73,726	3.7	78,750	3.6	92,950	3.9
Other economic affairs (d)	72,137	3.7	75,286	3.4	79,803	3.3
Other purposes (e)	132,079	6.6	131,291	6.0	160,952	6.7
<b>Total outlays by purpose</b>	<b>1,785,293</b>	<b>88.8</b>	<b>1,947,336</b>	<b>89.1</b>	<b>2,142,040</b>	<b>89.2</b>

**TABLE 9.6 VICTORIAN LOCAL GOVERNMENT: ORDINARY SERVICES REVENUE, LOAN RECEIPTS AND OUTLAY (a) - continued**

Particulars	1986-87		1987-88		1988-89	
	\$'000	Per cent	\$'000	Per cent	\$'000	Per cent
<b>Other outlay -</b>						
Debt charges -						
Interest paid	123,522	6.1	126,465	5.8	134,942	5.6
Debt redemption	70,361	3.5	77,474	3.5	90,680	3.8
Grants, levies paid to government	20,855	1.0	21,700	1.0	21,459	0.9
Other (f)	11,560	0.6	12,047	0.6	12,299	0.5
<b>Total outlay</b>	<b>2,011,592</b>	<b>100.0</b>	<b>2,185,022</b>	<b>100.0</b>	<b>2,401,419</b>	<b>100.0</b>

(a) Includes only net results of trading activities.

(b) Includes repayment of advances and transfers from trading activities.

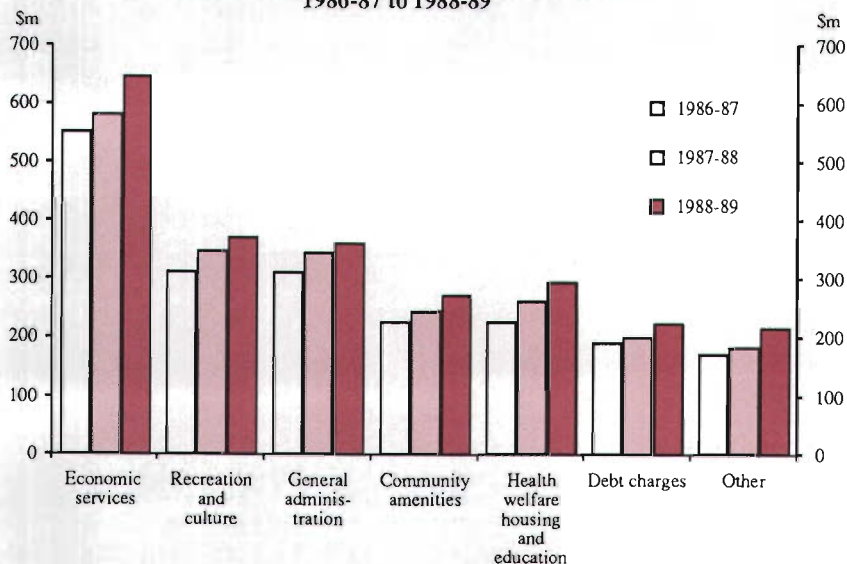
(c) Includes road plant purchases, parking, aerodromes and other transport n.e.c.

(d) Includes tourism and area promotion, saleyards and markets and other economic affairs.

(e) Includes agriculture and forestry, building control, natural disaster relief, mining and manufacturing and other purposes n.e.c.

(f) Consists of donations and advances paid and transfers to trading activities.

**LOCAL GOVERNMENT ORDINARY SERVICES - TOTAL OUTLAY BY PURPOSE, VICTORIA 1986-87 to 1988-89**



### Non-bank finance

Permanent building societies; in Victoria declined in number from 26 in 1983-84 to 19 in 1988-89. This was due to both a number of amalgamations between societies and the conversion of two societies into savings banks in recent years. In 1988-89 deposits were \$4,453.3m and withdrawable shares \$1,582.0m, an increase of 66 per cent and 68 per cent respectively over the corresponding 1983-84 figures of \$2,681.2m and \$943.4m. The amount owing on loans in 1988-89 was \$5,900.6m, which was a 128 per cent increase on the 1983-84 amount of \$2,585.5m.

There were 123 credit co-operative societies in Victoria at the end of 1987-88. The number of societies declined from the 172 which existed in 1982-83, but membership increased by 31 per cent from 413,242 in 1982-83 to 542,891 in 1987-88. As a proportion of all societies in Australia, the number of Victorian societies and their membership changed little from 1982-83. Victorian societies in 1982-83 comprised 31 per cent of the Australian total (172 of 549) and 29 per cent in 1987-88 (123 of 419). Similarly membership was 23 per cent in 1982-83 (413,242 of 1,824,286) and 22 per cent in 1987-88 (542,891 of 2,453,713). Victorian deposits at the end of 1987-88 were \$1,562.4m, 23 per cent of the Australian total of \$6,708.9m. In 1982-83 the proportion was 26 per cent, the figures being \$867.7m and \$3,391.8m for Victoria and Australia respectively. Loans outstanding to Victorian members at the end of 1987-88 were \$1,272.2m, 22 per cent of the Australian total of \$5,664.5m. In 1982-83 the Victorian figure was \$632.0m, 23 per cent of the Australian figure of \$2,696.5m.

TABLE 9.7 PERMANENT BUILDING SOCIETIES, VICTORIA

Particulars	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
Number of societies	26	25	24	20	19	19
Income and expenditure (\$'000) -						
Income -						
Interest from loans	334,642	387,258	513,731	508,473	551,159	733,016
Interest from deposits	26,788	30,634	61,475	40,809	31,810	41,115
Income from holdings of securities	129,210	140,285	122,859	165,859	151,857	143,718
Other income	15,194	28,981	34,616	41,435	83,117	96,472
<b>Total income</b>	<b>505,834</b>	<b>587,158</b>	<b>732,681</b>	<b>756,576</b>	<b>817,943</b>	<b>1,014,321</b>
Expenditure -						
Interest on shares	107,482	85,676	107,518	96,730	104,320	135,676
Interest on deposits	254,082	330,592	442,808	463,996	440,104	556,729
Income on loans	9,725	14,989	25,990	32,484	53,597	91,838
Other expenditure	105,909	123,381	135,132	145,552	158,496	172,383
<b>Total expenditure</b>	<b>477,198</b>	<b>554,638</b>	<b>711,448</b>	<b>738,762</b>	<b>756,517</b>	<b>956,626</b>
Liabilities and assets (a) (\$'000) -						
Liabilities -						
Share capital and reserves -						
Non-withdrawable shares	39,610	62,043	82,274	104,473	138,473	255,086
Withdrawable shares	943,412	997,971	1,068,297	1,047,024	1,090,378	1,582,012
Statutory reserves	15,835	17,975	4,923	279	91	91
Other reserves (b)	40,020	52,476	82,950	105,322	136,983	198,400
Deposits	2,681,199	3,284,489	3,603,498	3,384,579	3,868,913	4,453,272
Loans	186,286	109,738	246,336	368,637	498,312	927,431
Other liabilities	35,181	38,192	34,766	52,332	86,360	188,724
<b>Total liabilities</b>	<b>3,941,543</b>	<b>4,562,884</b>	<b>5,123,044</b>	<b>5,062,916</b>	<b>5,819,970</b>	<b>7,605,016</b>

TABLE 9.7 PERMANENT BUILDING SOCIETIES, VICTORIA - *continued*

Particulars	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
Assets -						
Amounts owing on loans	2,585,541	3,363,614	3,671,116	3,565,737	4,077,117	5,900,647
Cash on hand	10,505	10,097	11,976	10,718	9,336	17,378
Deposits with banks	115,412	165,283	382,031	145,236	157,221	349,060
Deposits with other institutions	122,989	74,103	66,998	107,049	90,005	57,939
Bills, bonds, and other securities	994,602	825,393	823,370	1,057,007	1,305,654	1,067,569
Accounts receivable	21,097	10,633	30,777	38,353	32,303	43,907
Physical and other assets	91,397	113,761	136,776	138,816	148,334	168,516
<b>Total assets</b>	<b>3,941,543</b>	<b>4,562,884</b>	<b>5,123,044</b>	<b>5,062,916</b>	<b>5,819,970</b>	<b>7,605,016</b>

(a) At the balance dates of societies within the financial year shown.

(b) Includes accumulated surpluses and deficits.

TABLE 9.8 CREDIT CO-OPERATIVES SELECTED STATISTICS, VICTORIA AND AUSTRALIA

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Number of credit co-ops -						
Victoria	172	159	144	128	124	123
Australia	549	531	493	453	434	419
Number of members at end of year -						
Victoria	413,242	437,115	468,871	501,396	517,254	542,891
Australia	1,824,286	1,971,146	2,147,189	2,311,228	2,432,531	2,453,713
Paid up capital at end of year (\$'000) -						
Victoria	3,831	4,075	4,444	4,830	6,051	6,404
Australia	15,493	16,787	18,208	19,450	21,641	26,169
Deposits at end of year (\$'000) -						
Victoria	867,662	983,040	1,149,600	1,257,759	1,364,823	1,562,415
Australia	3,391,768	4,099,601	5,063,850	6,070,212	6,819,128	6,708,889
Loans to members outstanding at end of year (\$'000) -						
Victoria	632,511	754,176	926,722	1,097,711	1,189,985	1,272,184
Australia	2,696,471	3,464,738	4,422,295	5,333,532	5,996,954	5,664,519

TABLE 9.9 AUSTRALIAN STOCK EXCHANGE INDICES (a)

Group	June 1987	Dec. 1987	June 1988	Dec. 1988	June 1989	Dec. 1989	June 1990
All Ordinaries	1,764.1	1,318.9	1,555.0	1,487.2	1,521.0	1,649.9	1,500.7
All Industrials	2,605.2	1,980.0	2,485.4	2,477.4	2,476.8	2,586.6	2,367.3
All Resources	1,122.8	805.5	850.9	746.5	801.7	936.3	842.8
50 Leaders	1,555.6	1,216.4	1,443.0	1,385.2	1,454.7	834.6	1,462.8
Metals and Minerals	1,029.5	790.7	780.7	676.8	690.5	1,589.5	715.5
Gold (b)	2,826.1	2,156.0	1,851.7	1,468.4	1,438.0	1,748.3	1,247.0

(a) All Ordinaries - base 500.0 points at 1 January 1980.

(b) Gold Index - base 500.0 points at 1 January 1985.

Source: Stock Exchange of Melbourne Limited.

## REFERENCES

### Data sources

The financial transactions of the Victorian Government are itemised in the accounts of the State Consolidated Fund and in Trust Funds. A detailed analysis and classification is made of these accounts as published in the annual budget papers, Treasurer's Statement, and report of the Auditor-General. The remaining statutory bodies and other publicly owned or controlled organisations maintain accounts entirely, or largely, separate from the public accounts, although there may be transactions between them and State governments (such as advances and capital contributions, interest and dividends, and votes for running expenses and capital works) which affect the public accounts. The accounting reports of the group of organisations are collected and analysed in order to present a complete statement of the transactions of State Government enterprises.

Local Government Finance statistics for Victoria are collected jointly with the Victorian Grants Commission. Since 1979-80 these statistics have been collected using the system Standardised Local Government Finance Statistics (SLGFS). This system is designed to enable direct comparison of local government finance statistics both within and between States. For details of the concepts and principles used to produce this system refer to *Standardised Local Government Finance Statistics, Australia* (1212.0).

Following the introduction of new reporting forms under the *Banking Act* in January 1989, the Reserve Bank of Australia took over sole responsibility for processing banking statistics. In 1976 a statistical collection was introduced covering the financial accounts of permanent building societies in all States and Territories. Credit union annual financial account statistics have been collected by the ABS since the year 1974-75.

### ABS publications

*Government Financial Estimates, Australia* (5501.0)

*Local Government Finance, Victoria* (5501.2)

*Commonwealth Government Finance* (5502.0)

*Taxation Revenue, Australia* (5506.0)

*Expenditure on Education, Australia* (5510.0)

*Public Authority Pension and Superannuation Schemes, Australia* (5511.0)

*Housing Finance for Owner Occupation, Australia* (5609.0)

*Credit Co-operatives: Assets, Liabilities, Income and Expenditure, Australia* (5618.0)

*Permanent Building Societies: Assets, Liabilities, Income and Expenditure, Australia* (5632.0)