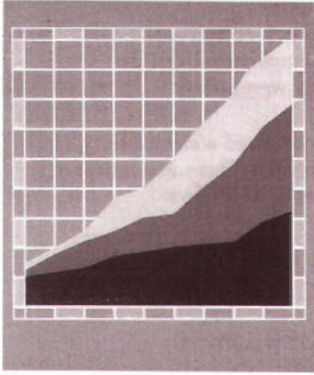


5 *Victoria: A Broad Economic Overview*



INTRODUCTION

This Chapter contains a range of National and State Accounts and labour force statistics for the period 1983-84 to 1988-89. It presents a broad overview of the Victorian economy and provides a basis for comparison with the National economy. In addition, this Chapter serves as an introduction to Chapters 6 to 11, which deal with specific sectors of the Victorian economy.

General trends from 1983-84 to 1988-89

In general terms, the Victorian economy grew at a similar rate to the Australian economy during the period 1983-84 to 1988-89. During that six year period, Gross Domestic Product (GDP) at factor cost increased by 74 per cent for Australia and by 71 per cent for Victoria. The growth for the 1988-89 financial year was 12.6 per cent for Victoria and 13.9 per cent for Australia.

Household disposable income for Victoria grew by 57 per cent over the whole period, compared with 61 per cent for Australia. The Victorian growth in household income of 9.3 per cent in 1988-89 was exceeded by the Australian growth of 11.3 per cent.

Trends in industries

Victoria's share of the national economic activity did not vary greatly over the six year period; GDP at factor cost was not less than 27 per cent of the Australian total over the period. However, Victoria's share of Wholesale and retail trade increased from 26.8 per cent in 1983-84 to 29.2 per cent in 1988-89. Victoria's Transport, storage and communication industry moved in sympathy, from 23.3 per cent to 25 per cent.

Victoria's share of ownership of dwellings declined from 27.2 per cent of the Australian total to 25.2 per cent; while Victoria's share of Australia's Mining activity declined from 27.3 per cent to 18.8 per cent.

Manufacturing remained the most significant industry in terms of its contribution to the State's GDP at factor cost, and in providing employment. Victoria provided about 33 per cent of the Australian total each year, which was well above the 27 per cent share for all industries. However, Manufacturing's share of Victoria's GDP at factor cost slipped from 23.1 per cent of all industries to 21.2 per cent. This downward trend is common in developed western economies. Manufacturing's share of the Australian economy fell from a lower base of 18.6 per cent to 17.4 per cent.

Public administration and defence declined from 16.4 per cent to 15.6 per cent, and was overtaken by Wholesale and retail trade, which has risen from 12.9 per cent of all industries in 1983-84 to 16.4 per cent

TABLE 5.1 AUSTRALIAN NATIONAL ACCOUNTS, VICTORIA IN RELATION TO AUSTRALIA

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
VICTORIA (\$m)						
GDP at factor cost	46,744	51,392	57,449	62,232	71,108	(a)80,071
Non farm GDP at market prices	53,677	59,787	66,450	70,109	80,343	89,409
Household disposable income	34,866	37,652	41,615	45,529	50,041	54,710
Farm income	1,060	485	456	740	983	991
Private final consumption	30,887	33,412	37,450	41,411	45,609	49,971
AUSTRALIA (\$m)						
GDP at factor cost	170,286	188,667	210,934	230,887	259,882	295,925
Non farm GDP at market prices	184,038	205,796	230,886	253,210	285,497	323,202
Household disposable income	127,656	138,820	153,699	166,634	184,891	205,860
Farm income	3,159	2,696	1,417	1,889	3,250	4,207
Private final consumption	116,242	127,473	142,544	155,804	173,255	192,194
VICTORIA AS A PERCENTAGE OF AUSTRALIA						
GDP at factor cost	27.5	27.2	27.2	27.0	27.4	27.1
Non farm GDP at market prices	29.2	29.1	28.8	27.7	28.1	27.7
Household disposable income	27.5	27.1	27.1	27.3	27.1	26.6
Farm income	33.6	18.0	32.2	39.2	30.2	23.6
Private final consumption	26.6	26.2	26.3	26.6	26.3	26.3

(a) Source: Department of Management and Budget, Victoria.

cent in 1988-89. Wholesale and retail trade has also contributed an increasing share of Australia's GDP at factor cost, rising from 13.2 per cent of all industries to 15.2 per cent.

In Victoria, the combined contribution of Mining and Agriculture declined from 9.2 per cent of the economy to 6.3 per cent.

Labour force

Victoria's share of the total number of persons employed in Australia exceeded 26 per cent in the late 1980's, peaking at 27.3 per cent in 1987, but levelling off to 26.5 per cent in 1989. In the six years to August 1989, Victoria's employment grew by 326,000 (19 per cent). Australia's employment increased by 1,265,200 (19.6 per cent). In 1989 alone, Victoria's employment grew by 6.2 per cent while Australia's employment increased by 5.1 per cent.

The employment growth exceeded the civilian population aged 15 and over. In Victoria, the latter grew by 275,200 (8.8 per cent), and in Australia it grew by 1,281,500 (10.9 per cent). In both cases the employment participation rate increased each year; in Victoria it rose over the six year period from 59.6 per cent to 63.3 per cent and for Australia the rate increased from 59.9 per cent to 62.7 per cent.

Throughout the period, Victoria's unemployment rate was consistently lower than Australia's, declining from 7.0 per cent to 4.4 per cent, compared with the decline in the national rate from 8.6 per cent to 5.7 per cent.

Victorian employment was strongly represented in Manufacturing, with over 33 per cent of Australia's jobs in that sector, with the exception of 1989, when the proportion fell to 32.6 per cent. The proportion of Victoria's employed persons engaged in Manufacturing drifted from 22.8 per cent in 1983-84 to 19.7 per cent in 1988-89. The corresponding Australian series moved in a similar direction, from 17.7 per cent to 16.0 per cent.

In 1989, for the first time in Victoria, there were more persons employed in Wholesale and retail trade (406,100) than in Manufacturing (402,900). In the whole of Australia, there were more persons employed in Wholesale and retail trade in each of the past six years. Community services was a larger employer than Manufacturing in Australia (except in 1984), although in Victoria it was considerably smaller.

TABLE 5.2 AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST, BY STATE AND TERRITORY

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
	\$m					
New South Wales	59,619	64,832	72,774	79,992	90,791	103,667
Victoria	46,744	51,392	57,449	62,232	71,108	80,071
Queensland	25,229	28,104	31,058	34,019	37,499	43,680
South Australia	13,905	15,532	17,240	18,606	20,327	22,971
Western Australia	15,438	18,260	20,412	22,691	25,612	29,417
Tasmania	4,052	4,520	5,029	5,546	6,066	6,748
Northern Territory	1,921	2,091	2,478	2,814	2,920	3,226
Australian Capital Territory	3,378	3,936	4,494	4,987	5,559	6,145
Australia	170,286	188,667	210,934	230,887	259,882	295,925
	Percentage change from previous year					
New South Wales	11.0	8.7	12.3	9.9	13.5	14.2
Victoria	14.4	9.9	11.8	8.3	14.3	12.6
Queensland	11.5	11.4	10.5	9.5	10.2	16.5
South Australia	20.4	11.7	11.0	7.9	9.2	13.0
Western Australia	8.6	18.3	11.8	11.2	12.9	14.9
Tasmania	10.9	11.5	11.3	10.3	9.4	11.2
Northern Territory	19.2	8.7	18.5	13.6	3.8	10.4
Australian Capital Territory	12.2	16.5	14.2	11.5	11.5	9.8
Australia	12.6	10.8	11.8	12.6	12.6	13.9
	Percentage share of total					
New South Wales	35.0	34.4	34.5	34.6	34.9	35.0
Victoria	27.4	27.2	27.2	27.0	27.4	27.0
Queensland	14.8	14.9	14.7	14.7	14.4	14.8
South Australia	8.2	8.2	8.2	8.1	7.8	7.8
Western Australia	9.1	9.7	9.7	9.8	9.9	9.9
Tasmania	2.4	2.4	2.4	2.4	2.3	2.3
Northern Territory	1.1	1.1	1.2	1.2	1.2	1.1
Australian Capital Territory	2.0	2.1	2.1	2.2	2.1	2.1
Australia	100.0	100.0	100.0	100.0	100.0	100.0

(a) Source: Department of Management and Budget, Victoria.

Victoria's employment in the volatile Construction industry increased from 95,000 in August 1984 to 158,000 in August 1989, an increase of 66 per cent. In the remainder of Australia, Construction employment increased by less than 5 per cent (19,100) over the same period. Finance, property and business services employment increased by 67,800 (42 per cent) in Victoria, and by 255,000 (41 per cent) in Australia.

TABLE 5.3 AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY
(Sm)

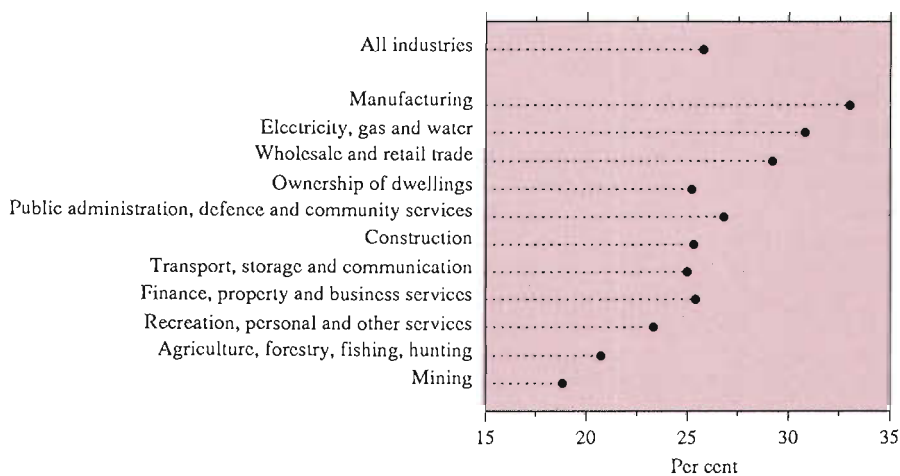
<i>Industry</i>	<i>1983-84</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>
VICTORIA						
Agriculture, forestry, fishing, and hunting	2,121	1,703	1,850	2,218	2,514	2,728
Mining	2,200	2,770	2,859	2,174	2,319	2,318
Manufacturing	10,811	11,840	12,568	13,219	14,945	16,979
Electricity, gas, and water	1,974	2,128	2,327	2,716	2,983	3,192
Construction	2,757	3,182	3,751	4,191	4,653	5,391
Wholesale and retail trade	6,035	7,110	8,350	9,238	10,671	13,134
Transport, storage, and communication	3,459	3,876	4,370	5,102	5,858	6,314
Finance, property, and business services	3,168	2,869	3,631	3,798	5,552	6,557
Public administration, defence, and community services	7,650	8,545	9,444	10,497	11,452	12,511
Recreation, personal, and other services	1,577	1,828	2,055	2,100	2,535	2,651
Ownership of dwellings	3,927	4,424	5,027	5,673	6,247	6,831
General government gross operating surplus	1,065	1,117	1,217	1,306	1,379	1,465
All industries	46,744	51,392	57,449	62,232	71,108	80,071
AUSTRALIA						
Agriculture, forestry, fishing, and hunting	8,654	8,563	8,532	9,388	11,038	13,192
Mining	8,052	9,353	11,405	11,564	12,055	12,319
Manufacturing	31,616	34,694	37,501	39,456	44,618	51,523
Electricity, gas, and water	6,829	7,402	8,202	9,043	9,752	10,362
Construction	11,378	13,105	14,791	16,563	18,336	21,273
Wholesale and retail trade	22,495	26,314	30,247	32,390	37,205	44,848
Transport, storage, and communication	14,834	16,721	18,460	20,583	23,234	25,271
Finance, property, and business services	12,231	12,783	15,331	17,761	21,353	25,820
Public administration, defence, and community services	29,003	31,879	35,036	39,136	42,353	46,674
Recreation, personal, and other services	6,399	7,234	8,137	8,811	10,337	11,357
Ownership of dwellings	14,434	16,017	18,254	20,834	23,787	27,106
General government gross operating surplus	4,361	4,602	5,038	5,458	5,814	6,180
All industries	170,286	188,667	210,934	230,887	259,882	295,925

(a) Source: Department of Management and Budget, Victoria.

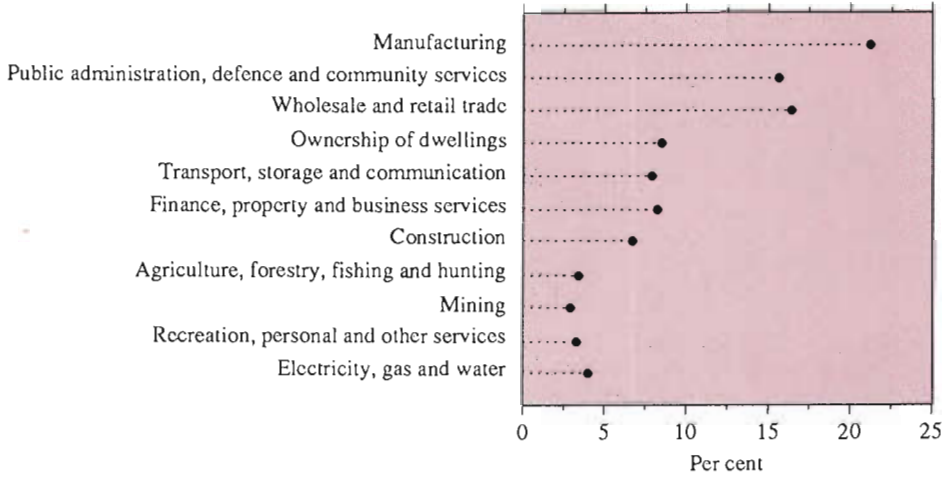
TABLE 5.4 AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY, VICTORIA AS A PERCENTAGE OF AUSTRALIA
(per cent)

<i>Industry</i>	<i>1983-84</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>
Agriculture, forestry, fishing, and hunting	24.5	19.9	21.7	23.6	22.8	20.7
Mining	27.3	29.6	25.1	18.8	19.2	18.8
Manufacturing	34.2	32.1	33.5	33.5	33.5	33.0
Electricity, gas, and water	28.9	28.7	28.4	30.0	30.6	30.8
Construction	24.2	24.3	25.4	25.3	25.4	25.3
Wholesale and retail trade	26.8	27.0	27.6	28.5	28.7	29.2
Transport, storage, and communication	23.3	23.2	23.7	24.8	25.2	25.0
Finance, property, and business services	25.9	22.4	23.7	21.4	26.0	25.4
Public administration, defence, and community services	26.4	26.8	27.0	26.8	27.0	26.8
Recreation, personal, and, other services	24.6	25.3	25.3	23.8	24.5	23.3
Ownership of dwellings	27.2	27.6	27.5	27.2	26.3	25.2
General government gross operating surplus	29.5	24.3	24.2	23.9	23.7	23.7
All industries	27.5	27.2	27.2	27.0	27.4	27.1

AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY, VICTORIA AS A PERCENTAGE OF AUSTRALIA, 1988-89



AUSTRALIAN NATIONAL ACCOUNTS, INDIVIDUAL INDUSTRIES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT AT FACTOR COST, VICTORIA, 1988-89



AUSTRALIAN NATIONAL ACCOUNTS, INDIVIDUAL INDUSTRIES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT AT FACTOR COST, AUSTRALIA, 1988-89

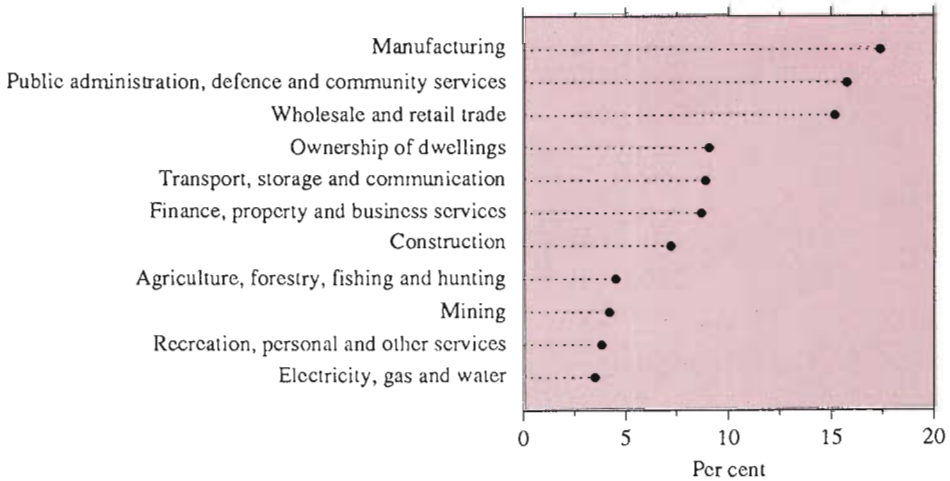


TABLE 5.6 EMPLOYED PERSONS BY INDUSTRY (a)
(^{'000})

August	Agriculture forestry, fishing, and hunting	Mining	Manufacturing	Construction	Wholesale and retail trade	Transport and storage	Finance property, and business services	Community services	Recreational, personal, and other services	Other industries (b)	Total
VICTORIA											
1984	97.5	5.1	392.1	95.0	331.2	86.3	161.5	297.5	96.5	160.2	1,723.0
1985	98.6	6.0	399.8	110.4	342.5	85.6	171.2	307.7	98.1	165.9	1,785.7
1986	96.4	5.9	373.4	127.0	342.0	100.1	198.4	325.3	97.1	168.0	1,833.7
1987	96.0	7.7	394.1	128.4	369.3	95.4	199.0	357.2	114.0	170.1	1,931.2
1988	95.9	5.6	407.2	132.2	381.3	89.8	214.5	338.9	110.9	154.2	1,930.5
1989	98.7	6.8	402.9	158.1	406.1	102.1	233.3	349.2	135.1	157.6	2,049.8
AUSTRALIA											
1984	400.2	93.2	1,141.4	423.2	1,271.4	354.1	619.3	1,138.4	420.0	601.2	6,462.4
1985	414.3	102.4	1,109.4	468.8	1,318.8	375.1	663.7	1,155.2	428.5	609.8	6,646.1
1986	414.8	95.9	1,126.7	491.0	1,383.6	394.2	699.2	1,216.0	455.0	609.2	6,885.6
1987	404.0	99.4	1,151.4	485.7	1,408.0	373.6	766.7	1,280.3	494.9	609.2	7,073.2
1988	428.2	95.3	1,203.6	529.2	1,502.2	379.1	805.5	1,308.6	530.2	571.5	7,353.4
1989	406.2	105.4	1,236.0	601.4	1,606.9	407.5	875.2	1,356.9	554.7	577.2	7,727.6

See footnotes at end of Table 5.8.

TABLE 5.7 EMPLOYED PERSONS BY INDUSTRY AS A PERCENTAGE OF TOTAL PERSONS EMPLOYED (a)

August -	Agriculture forestry, fishing and hunting	Mining	Manufacturing	Construction	Wholesale and retail trade	Transport and storage	Finance, property, and business services	Community services	Recreational, personal, and other services	Other industries (b)	Total
VICTORIA											
1984	5.7	0.3	22.8	5.5	19.2	5.0	9.4	17.3	5.6	9.3	100.0
1985	5.5	0.3	22.4	6.2	19.2	4.8	9.6	17.2	5.5	9.3	100.0
1986	5.3	0.3	20.4	6.9	18.7	5.5	10.8	17.7	5.3	9.2	100.0
1987	5.0	0.4	20.4	6.6	19.1	4.9	10.3	18.5	5.9	8.8	100.0
1988	5.0	0.3	21.1	6.8	19.7	4.7	11.1	17.6	5.7	8.0	100.0
1989	4.8	0.3	19.7	7.7	19.8	5.0	11.4	17.0	6.6	7.7	100.0
AUSTRALIA											
1984	6.2	1.4	17.7	6.5	19.7	5.5	9.6	17.6	6.5	9.3	100.0
1985	6.2	1.5	16.7	7.1	19.8	5.6	10.0	17.4	6.4	9.2	100.0
1986	6.0	1.4	16.4	7.1	20.1	5.7	10.2	17.7	6.6	8.8	100.0
1987	5.7	1.4	16.3	6.9	19.9	5.3	10.8	18.1	7.0	8.6	100.0
1988	5.8	1.3	16.4	7.2	20.4	5.2	10.9	17.8	7.2	7.8	100.0
1989	5.2	1.4	16.0	7.8	20.8	5.3	11.3	17.5	7.2	7.5	100.0

See footnotes at end of Table 5.8.

TABLE 5.8 EMPLOYED PERSONS BY INDUSTRY (a), VICTORIA AS A PERCENTAGE OF AUSTRALIA

August -	Agriculture forestry, fishing and hunting	Mining	Manufacturing	Construction	Wholesale and retail trade	Transport and storage	Finance, property, and business services	Community services	Recreational, personal, and other services	Other industries (b)	Total
1984	24.4	5.5	34.4	22.4	26.1	24.4	26.1	26.1	23.0	26.6	26.7
1985	23.8	5.9	36.0	23.5	26.0	22.8	25.8	26.6	22.9	27.2	26.9
1986	23.2	6.2	33.1	25.9	24.7	25.4	28.4	26.8	21.3	27.6	26.6
1987	23.8	7.7	34.2	26.4	26.2	25.5	26.0	27.9	23.0	27.9	27.3
1988	22.4	5.9	33.8	25.0	25.4	23.7	26.6	25.9	20.9	27.0	26.3
1989	24.3	6.4	32.6	26.3	25.3	25.1	26.7	25.7	24.4	27.3	26.5

(a) Classified according to Australian Standard Industrial Classification, and based on 1981 Census benchmarks.

(b) Comprises electricity, gas, and water; communication; public administration; and defence.

TABLE 5.9 CIVILIAN POPULATION AGED 15 AND OVER: LABOUR FORCE STATUS (a)

<i>August</i>	<i>Employed ('000)</i>	<i>Unemployed ('000)</i>	<i>Labour force ('000)</i>	<i>Not in the Labour force ('000)</i>	<i>Civilian population aged 15 years and over ('000)</i>	<i>Unemployment rate (per cent)</i>	<i>Participation rate (per cent)</i>
VICTORIA							
1984	1,723.0	129.9	1,852.9	1,256.9	3,109.8	7.0	59.6
1985	1,785.7	117.2	1,902.9	1,258.7	3,161.6	6.2	60.2
1986	1,833.7	132.7	1,966.3	1,256.7	3,223.0	6.7	61.0
1987	1,931.2	122.0	2,053.2	1,230.4	3,283.5	5.9	62.5
1988	1,930.5	114.9	2,045.4	1,284.4	3,329.7	5.6	61.4
1989	2,049.8	93.6	2,143.4	1,241.6	3,385.0	4.4	63.3
AUSTRALIA							
1984	6,462.3	604.6	7,066.9	4,727.0	11,793.9	8.6	59.9
1985	6,646.1	571.2	7,217.2	4,762.5	11,979.7	7.9	60.2
1986	6,885.7	595.6	7,481.4	4,745.6	12,226.9	8.0	61.2
1987	7,073.2	601.9	7,675.1	4,828.1	12,503.2	7.8	61.4
1988	7,353.4	538.7	7,892.1	4,922.5	12,814.5	6.8	61.6
1989	7,727.6	469.4	8,197.0	4,878.5	13,075.4	5.7	62.7

(a) Based on 1981 Census benchmarks.

REFERENCES

Data sources

National Accounts provide a systematic statistical framework for summarising and analysing the economic transactions taking place within the nation. While other statistical systems and collections fulfil similar functions in respect of particular parts of the economy and for particular types of transactions, the national accounts provide a comprehensive picture.

For an introduction into the concepts and definitions and a description of the sources of data and methods used to derive estimates for major national accounts aggregates, reference should be made to the publication *Australian National Accounts: Concepts, Sources and Methods* (5216.0).

For additional data on national accounts refer to the following publications.

ABS publications

Australian National Accounts: National Income and Expenditure (5204.0)

Australian National Accounts: State Accounts (5220.0)

The Labour Force, Australia (6203.0)

The Labour Force, Victoria (6202.2)