

Chapter 21

COMMERCE

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Chapter 21

COMMERCE

Commerce makes an important contribution to the Tasmanian economy. In terms of Gross Domestic Product, the contribution of wholesale and retail trade is surpassed only by public administration, defence and community services, and manufacturing. But employment in commerce has grown much more slowly in Tasmania than in Australia as a whole in the last decade.

The term 'commerce' is usually taken to cover wholesale and retail trade, and financial services such as banking and insurance. In terms of broad Australian Standard Industrial Classification (ASIC) division, the industries covered by 'commerce' are usually taken to be wholesale and retail trade (Division F), and finance, property and business services (Division I). At the two-digit ASIC subdivision, 'commerce' is taken to be wholesale trade (47), retail trade (48), finances and investment (61), insurance and services to insurance (62), and property and business services (63).

21.1 COMMERCE IN THE 1980s

21.1.1 Relative Importance

(This section has been contributed by Dr Alf Hagger of the University of Tasmania's Centre for Regional Economic Analysis (CREA).)

On the latest figures (1989-90), commerce contributes 18.4 per cent to Tasmania's Gross Domestic Product (GDP). Wholesale and retail trade contributes 13.1 per cent and finance, property and business services 5.3 per cent.



Corner of Liverpool and Elizabeth Streets, Hobart Town, 1870.

Photo: Archives Office of Tasmania

In terms of GDP contribution, wholesale and retail trade is the State's third most important broad ASIC subdivision (industry). Only the subdivisions for manufacturing (19.2 per cent of GDP) and public administration, defence and community services (18.7 per cent of GDP) are more important.

The finance, property and business services subdivision is at the other end of the scale. The only ASIC subdivisions with a smaller GDP

contribution are mining (3.94 per cent), recreation, personal and other services (4.48 per cent), electricity, gas and water (5.05 per cent) and general government (3.01 per cent).

Wholesale and retail trade plays much the same role in the Tasmanian economy as it does in the Australian economy as a whole. In 1989-90 wholesale and retail trade contributed 14.9 per cent to Australia's GDP, compared with 13.1 per cent for Tasmania.

The position of finance, property and business services is quite different. In 1989-90 finance contributed 9.9 per cent to Australia's GDP. The Tasmanian figure was only 5.3 per cent. Therefore, in terms of GDP, finance is roughly 100 per cent more important to the Australian economy than to the Tasmanian economy.

21.1.2 Growth

The best measure of growth in Tasmania's commerce sector would be the average annual percentage increase in the real GDP of wholesale and retail trade, and finance, property and business services combined. Unfortunately, no such measure can be calculated because there is no industry breakdown for Tasmania's real GDP.

The next best measure is the rate of growth of employment in the sector. Between August 1980 and August 1990 the average increase in employment in wholesale and retail trade was 1.6 per cent per annum. The figure for finance, property and business services was 2.0 per cent per annum and the figure for commerce as a whole was 1.7 per cent per annum. Over the same period, aggregate employment increased at the rate of 1.25 per cent per annum. Thus, employment in commerce has increased more rapidly than aggregate employment. As a consequence, the industry's share of aggregate employment has increased.

Comparisons with the nation as a whole are also of interest. Since 1980 commerce has grown much more rapidly in the country as a whole than in Tasmania. Between August 1980 and August 1990 employment in wholesale and retail trade grew at an average rate of 5.1 per cent per annum in Australia compared with Tasmania's 1.7 per cent per annum. For finance, property and business services the comparison was 5.8 per cent per annum for Australia and 2.0 per cent per annum for Tasmania.

During the 1980s female employment grew much more rapidly than male employment. In the commerce sector the growth rate of female employment over the period August 1980 to August 1990 was 3.2 per cent per annum for wholesale and retail trade, and 2.3 per cent per annum for finance, property and business services. The corresponding figures for male employment were 0.4 per cent per annum and 1.6 per cent per annum.

21.2 PRIVATE FINANCE

Tasmania has not been spared from the recession which has affected the rest of Australia.

Figures from commitments of lease finance and commercial finance all indicate a significant slowdown compared with figures from two years previously. Clearly, business expectations about the future are pessimistic, affecting willingness and ability to service business debt.

Figures for personal finance show relatively less slowdown in this period. Apparently, individuals have only marginally lowered their expectations.

21.2.1 Personal Finance

The figures in this section relate to statistics of personal finance commitments made by significant lenders to individuals for their own personal use.

The purpose of this finance is mostly for the purchase of used and new cars. Other goods and services purchased include other vehicles, blocks of land, and alterations to dwellings.

In Tasmania, banks provide the majority of personal finance, ahead of credit societies and finance companies.

For the period April 1989 to June 1991 personal finance lendings have averaged slightly more than \$30 million per month. However, for the first four months of 1991, three of the four months were less than \$30 million.

During this time Australian personal finance commitments averaged \$1700 million per month. As a proportion of Australian commitments, Tasmanian commitments were typically about 1.8 per cent.

21.1 PERSONAL FINANCE, TASMANIA (\$m)

Month	Type of lender				Total
	Banks	Credit co-operatives	Finance companies	Others	
1989 -					
April	18.9	7.6	5.8	0.2	32.5
May	24.2	7.1	6.1	0.2	37.6
June	16.5	6.5	5.6	0.2	28.8
July	21.2	5.8	5.2	0.3	32.4
August	26.4	6.2	6.3	0.1	39.0
September	18.5	6.0	6.7	0.2	31.5
October	16.6	6.7	6.0	0.2	29.4
November	19.5	7.1	6.4	0.2	33.2
December	18.2	6.7	7.5	0.2	32.6
1990 -					
January	18.6	5.9	6.7	0.1	31.2
February	18.6	5.4	6.4	0.1	30.5
March	21.4	7.8	7.1	0.2	36.5
April	23.7	6.3	5.8	0.2	35.9
May	29.0	7.5	7.4	0.1	44.1
June	20.2	6.3	5.9	0.3	32.7
July	18.5	6.2	13.8	0.1	38.7
August	20.2	6.2	7.1	0.1	33.6
September	18.4	5.5	6.2	0.3	30.4
October	19.7	6.5	6.7	0.1	33.0
November	18.4	6.4	6.7	0.1	31.6
December	12.4	6.6	7.5	0.1	26.5
1991 -					
January	16.2	5.6	5.5	-	27.3
February	15.7	6.1	5.2	0.2	27.2
March	21.0	6.9	5.4	0.2	33.5
April	16.6	6.2	4.2	0.2	27.2
May	23.4	8.0	5.5	0.3	37.2
June	17.0	10.6	4.4	0.3	32.3

(Source: ABS Catalogue No. 5642.0).

21.2.2 Housing Finance

Housing finance for owner occupation in Tasmania for the 13 months July 1990 to July 1991 increased from less than \$30 million to more than \$40 million per month. The total number of dwelling units financed increased from 505 to more than 800.

For Australia in July 1991 the total amount of housing finance was \$2529.1 million while the number of dwelling units financed was 33 034. Seasonally adjusted figures for housing finance show that the highest monthly value was approximately \$2368 million in July 1991. The lowest seasonally adjusted figure for housing finance was in October 1989 when only approximately \$1400 million was committed.

21.2 DWELLING UNITS FINANCED, TASMANIA

Month	No.	\$m
1990 -		
July	505	23.6
August	690	30.5
September	632	30.3
October	699	32.6
November	706	32.4
December	476	23.2
1991 -		
January	624	32.7
February	642	30.9
March	725	33.3
April	668	33.0
May	868	42.5
June	755	37.5
July	868	42.8

(Source: ABS Catalogue No. 5609.0).

21.2.3 Commercial Finance

These figures relate to statistics of commercial finance commitments made by significant lenders to government, private and public enterprises, and non-profit organisations. They also include commitments to individuals for investment and business purposes.

21.3 COMMERCIAL FINANCE, TASMANIA (\$m)			
Month	Type of lender		Total
	Banks	Finance companies etc.	
1989 -			
April	103.1	8.4	111.4
May	105.9	6.8	112.7
June	94.1	7.9	101.9
July	74.2	11.8	86.1
August	86.0	6.5	92.5
September	71.4	5.0	76.4
October	91.2	6.6	97.8
November	83.7	8.1	91.8
December	51.4	5.0	56.4
1990 -			
January	81.1	4.7	85.7
February	57.6	5.7	63.3
March	58.5	5.1	63.6
April	71.5	6.8	78.3
May	83.9	10.2	94.1
June	86.7	8.8	95.5
July	72.8	17.1	89.9
August	73.5	9.9	83.5
September	74.5	8.5	83.0
October	76.1	10.4	86.5
November	52.4	8.5	60.8
December	52.2	6.5	58.7
1991 -			
January	59.7	5.7	65.4
February	54.7	6.1	60.7
March	76.2	6.9	83.1
April	50.6	10.4	61.1
May	57.4	6.7	64.1
June	60.2	5.4	65.6

(Source: ABS Catalogue No. 5643.0).

In the two year period since April 1989 total commercial finance for Tasmania has fallen steadily from \$111.4 million to \$61.1 million in April 1991. There was a low of \$56.4 million in December 1989.

In Tasmania, commercial finance has been used mostly for the purchase of non-residential buildings, dwellings for rental or sale, and for the purchase of motor vehicles.

The main industries to utilise commercial finance have been the industry categories (i) agriculture, forestry, fishing and hunting, (ii) manufacturing, and (iii) retail trade.

21.2.4 Lease Finance

These figures relate to lease finance commitments to private and public enterprises, and to individuals in Tasmania.

In the two year period since April 1989 lease finance for Tasmania rose to a peak of \$15.8 million in March 1990. This figure was due to an increase in purchase of motor vehicles, both new and used.

The figures have since fallen to \$5.5 million in June 1991, with a low of \$5.1 million in January 1991.

21.4 LEASE FINANCE, TASMANIA (\$m)			
Month	Type of lender		Total
	Banks	Finance companies	
1989 -			
April	1.9	7.3	9.2
May	2.5	7.9	10.4
June	2.9	8.3	11.2
July	2.7	5.8	8.5
August	5.5	4.7	10.2
September	6.2	4.9	11.2
October	4.0	4.3	8.3
November	6.6	5.5	12.0
December	8.2	4.8	13.1
1990 -			
January	7.2	5.4	12.6
February	8.7	3.1	11.8
March	12.1	3.6	15.8
April	8.2	3.2	11.4
May	4.5	3.9	8.4
June	4.5	4.8	9.4
July	4.6	4.4	9.0
August	3.4	4.6	8.1
September	3.9	4.0	7.9
October	3.8	3.8	7.6
November	4.3	4.3	8.6
December	5.8	3.5	9.4
1991 -			
January	2.5	2.6	5.1
February	2.9	2.5	5.4
March	3.5	2.6	6.1
April	3.4	2.3	5.7
May	3.0	3.2	6.1
June	3.5	2.0	5.5

(Source: ABS Catalogue No. 5644.0).

THE CREATION OF THE TRUST BANK

In the second half of 1990 it was revealed that many of the loans of the fledgling Tasmania Bank were under-performing, particularly with its loans for interstate property and media investments.

By the end of 1991 the bank's provision for bad and doubtful debts was approximately \$19 million, thus seriously affecting its continued profitability.

This was of some concern to the State Government because it had guaranteed the safety of depositors' funds. It was also concerned because the bank was a money earner for the State Government; the bank paid amounts into consolidated revenue by way of various taxes and charges.

The State Government had for some time been considering merging the Tasmania Bank with the Savings Bank of Tasmania.

A few years previously the Liberal Government, which lost office following the May 1989 state elections, had been encouraging a three-way merger involving the Savings Bank of Tasmania, the Launceston Bank for Savings and the Tasmanian Permanent Building Society. Much to the disappointment of that government, the largely southern-based Savings Bank of Tasmania finally decided not to merge and it retained its own identity.

Eventually, only the Launceston Bank for Savings and the Tasmanian Permanent Building Society merged to form the Tasmania Bank. It was only natural that in the second half of 1990 the question of merging the SBT and the Tasmania Bank was again raised.

On 15 March 1991, after several months of negotiations involving the Federal Government and a firm of banking consultants, the State Government announced plans for the merger. The new institution was to be known as the Trust Bank. There were several key elements of the merger.

First, the SBT was to pay \$55 million for the bank. This amount was split into three components:

- the first component was an amount of \$10 million which was immediately reinjected back into the SBT;

- the second component was a payout of \$20 million to restore the capital base of the Tasmania Bank; and
- the third component was a provision of \$25 million against the bad and doubtful debts of the Tasmania Bank.

Second, the Trust Bank was to be a trustee bank which would pay Commonwealth income tax. Both the SBT and the Tasmania Bank had been exempt. In return it would get Reserve Bank backing.

Third, the Commonwealth was to wipe out \$14 million from the State debt owed to it.

Fourth, the new bank would pay in excess of \$3 million per year to consolidated revenue as dividends and interest on deposits.

The Bill to formalise this merger, the *Trust Bank (Arrangements) Bill 1991*, was passed in April 1991 with support from all parties.

*(Sources: The Mercury, 15 March 1991.
The Examiner, 15 March 1991.
The Trust Bank (Arrangements) Bill (Tas.) 1991.)*



Photo: Stuart Jackson

21.3 PRICES AND PRICE INDEXES

Throughout the 1980s continual price rises were greeted as the 'norm' and we all accepted the seemingly inevitable increase to our weekly shopping bill. However, the trend for the 1990s has had an encouraging start. The March quarter 1991 Consumer Price Index (CPI) recorded a decrease in Hobart for the first time in 25 years. The last time the CPI fell in Hobart was in the March quarter 1966.

Any reduction in the rate of price increases is always welcomed by consumers in the home budget battle but to experience an actual reduction has been a rare occurrence in recent times. In this changing economic environment it is essential that we maintain some measure of how prices are moving.

There are a number of methods of measuring the overall movement in prices, the most common being the use of a retail price index. A retail price index enables us to compare the changing cost over time of a constant 'basket' of goods and services, the 'basket' representing a high proportion of the normal purchases of a specified community. Retail price indexes go back as far as the year 1901.

The retail price index most commonly used is the Consumer Price Index.

21.5 RETAIL PRICE INDEX NUMBERS, SIX STATE CAPITAL CITIES COMBINED

Year	Index number
1901	47
1911	53
1921	90
1951	167
1981	926
1989 (a)	1 714
1990 (a)	1 839

(a) Weighted average of eight capital cities.

21.3.1 Consumer Price Index

This is the householder's guide to price changes. It measures quarterly changes in the

price of goods and services that account for a high proportion of expenditure by metropolitan wage and salary households. It is made up of eight main groups of expenditure items: food, clothing, housing, household equipment and operation, transportation, tobacco and alcohol, health and personal care, and recreation and education. Each of these groups is indexed separately for specific purposes or, as is the usual practice, grouped together as a summary of the changes in prices affecting the wage earner's weekly expenditure.

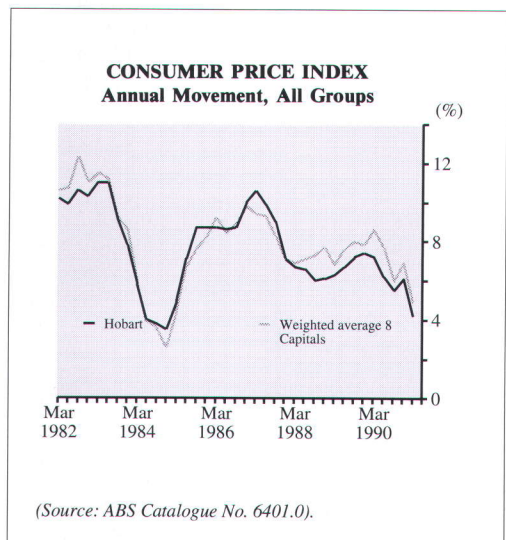
21.6 CONSUMER PRICE INDEX, HOBART

Group	1980-81	1989-90
Food	100.0	192.0
Clothing	100.0	182.8
Housing	100.0	200.3
Household equipment and operation	100.0	191.3
Transportation	100.0	209.8
Tobacco and alcohol	100.0	242.7
Health and personal care	100.0	180.0
Recreation and education	100.0 (a)	176.9
All groups	100.0	198.3

(a) March quarter 1982 = 100.00.

(Source: ABS Catalogue No. 6401.0).

All eight groups have shown steep increases during the 1980s - the increase of the weighted average for all groups was 98.3 per cent. Since



1980-81 the groups showing the greatest increase in Hobart were tobacco and alcohol (142.7 per cent), transportation (109 per cent) and housing (100.3 per cent), while the health and personal care and clothing groups (80 per cent each) recorded the smallest increase.

The Consumer Price Index (CPI) does not measure the cost of living. It measures price changes in a 'basket of goods' that represent much of a wage and salary earner's expenditure. Expenditure patterns will vary from household to household just as standards of living vary considerably.

However, it is the most accurate measure of inflation as meaning an upward trend in the general internal price structure of an economy. To be strictly correct, though, no single index can be regarded as the correct measure of inflation. That is why a number of indexes have been constructed, such as indexes of building materials and materials used in the manufacturing industry.

How, then, has Hobart compared with mainland capital cities in recent years? The CPI increased in Hobart by 11.7 per cent between March 1989 and March 1991. The corresponding increase for the weighted average of all eight capital cities was 13.9 per cent. During this period the clothing, and health and personal care groups were the only groups in Hobart to record increases greater than those recorded by the eight capital cities.

The housing, transportation, and tobacco and alcohol groups recorded increases significantly lower than the eight capital cities whilst the remaining groups, food, household equipment and operation, and recreation and education were marginally lower than the eight capital cities.

21.3.2 Food Prices

Increases in food prices affect us all. The weekly supermarket visit never fails to surprise with an increase for one or two of our favourite delicacies. The food group of the CPI recorded an increase of 92 per cent between 1980-81 and 1989-90 in Hobart.

The 1980s saw increases of over 100 per cent for such staples as tea, sugar, milk and bread and over 200 per cent for corn-based breakfast cereal. Potatoes, on the other hand, increased only nine per cent, from 45 cents per kilogram in 1980 to 49 cents per kilogram in 1990.

21.7 AVERAGE RETAIL PRICES OF SELECTED FOOD ITEMS, HOBART (a) (b) (cents)

Item	Unit	1980	1990	Change (%)
Groceries, etc. -				
Bread, ordinary white sliced	680 g	64	131	105
Flour, self-raising	2 kg	120	215	79
Tea	250 g	77	172	123
Coffee, instant	150 g	299	454	52
Sugar	2 kg	95	238	151
Rice	1 kg	74	115	55
Breakfast cereal, corn-based	500 g	89	271	204
Peaches, canned	825 g	80	196	145
Potatoes	1 kg	45	49	9
Onions	1 kg	53	104	96
Dairy produce, etc. -				
Butter	500 g	105	198	89
Margarine, table, polyunsaturated	500 g	93	154	66
Eggs	1 doz			
	(52 g min.)	148	239	61
Bacon, rashers, pre-pack	250 g	170	321	89
Milk, fresh, cartons, delivered	2 x 600 ml	54	128	137
Meat -				
Beef -				
Rump steak	1 kg	660	970	47
Silverside, corned	1 kg	442	653	48
Lamb -				
Leg	1 kg	357	470	32
Loin chops	1 kg	371	621	67
Pork, leg	1 kg	464	690	49

(a) The table units are not necessarily those for which the original price data were obtained; in such cases, prices have been calculated for the table unit.

(b) Prices are the averages of the recorded prices for the four quarters of each calendar year.

(Source: ABS Catalogue No. 6403.0).

21.3.3 House Prices

House prices have experienced an unprecedented upward movement in the 1980s with most parts of Australia being affected to some degree.

Hobart has been no exception with price increases of 26.2 per cent for established houses and 27.5 per cent for construction of project homes in the four year period from September 1986 to September 1990.

The increase in Hobart is, however, dwarfed in comparison to that recorded for the same four year period in Sydney. Sydney recorded a massive 86.1 per cent price increase for established houses and a price increase of 55.9 per cent for the construction of project homes.

Other cities with large increases were Brisbane (71.9 per cent for established houses, 57.8 per cent for project homes) and Perth (67.8 per cent for established houses, 33.5 per cent for project homes). Adelaide, Melbourne and Canberra recorded increases of a similar level to those in Hobart.

This increase in the cost of housing along with the higher mortgage interest rate levels of recent years has significantly increased the burden of house purchase or construction.

21.8 HOBART HOUSE PRICES

Quarter/Year	Estab-	Project		
	lished house prices (index numbers)	Annual increase (%)	home prices (index numbers)	Annual increase (%)
Sept. 1986	100.0	..	100.0	..
1987	102.5	2.5	104.8	4.8
1988	111.6	8.9	111.2	6.1
1989	121.8	9.1	120.4	8.3
1990	126.2	3.6	127.5	5.9

(Source: ABS Catalogue No. 6416.0).

21.3.4 Price of Building Materials

The price of materials used for the construction of houses in Hobart has increased in a similar manner to prices of established houses and project home construction. In the period March 1986 to March 1991 Hobart recorded a 33.4 per cent increase in house building materials, which was lower than the 41.3 per cent increase recorded by the weighted average of the six State capital cities. Cities recording the highest increase in this period were Perth and Sydney with increases of 48.1 per cent and 45.0 per cent respectively.

A similar trend was evident in surveys of prices of materials used for construction of buildings other than houses. Such buildings include office blocks, car parks, flats and units, and supermarkets. Hobart recorded an increase of 32.7 per cent for the March 1986 to March 1991 period, compared with 43.5 per cent for the six State capital cities. Cities recording the highest increase were, again, Perth and Sydney with 49.0 per cent and 43.9 per cent respectively.

Information on the prices of a number of common construction materials are collected in the survey known as the 'Other than house building materials' survey. These prices, which include those of ready-mixed concrete, structural steel and aluminium windows, move in relation to such things as the price of raw materials, labour, and market forces. As these invariably change over time, it is useful for those involved in the construction industry to know of this movement, especially with construction projects which require a long period of months or years to complete. To cover these variations, 'rise and fall' clauses are inserted in building contracts. Often the clauses are based on information from these surveys.

In Hobart, in the period March 1990 to March 1991, the price of ready mixed concrete increased by 1.0 per cent, structural steel by 4.3 per cent and aluminium windows by 1.0 per cent.

21.9 SELECTED CONSTRUCTION MATERIALS PRICES, HOBART

Year ended	Per cent variation		
	Ready mixed concrete	Structural steel	Aluminium windows
March 1986	8.8	23.3	6.8
1987	3.1	3.7	8.9
1988	-0.1	7.6	12.4
1989	10.9	12.7	5.6
1990	6.2	5.1	0.5
1991	1.0	4.3	1.0

(Source: ABS Catalogue No. 6407.0).

21.4 HOUSEHOLD EXPENDITURE

Recent information from an Australia-wide survey of household expenditure for 1988-89 shows Tasmanian households spent an average of \$424.92 on commodities and services. For all Australian States and Territories the average was \$502.71.

Food, transport and housing were the major expenditure areas. Together for Tasmania, they totalled 49.0 per cent of all expenditure, which was slightly more than the equivalent percentage expenditure for Australia, 48.5 per cent.

The biggest single weekly expenditure difference between Australian and Tasmanian households was on current housing costs, \$53.79 for Tasmanian households and \$71.80 for Australian households. This was due to a number of factors, principally the lower cost of housing,

and the larger percentage of households, relative to other States, of people who own their own home.

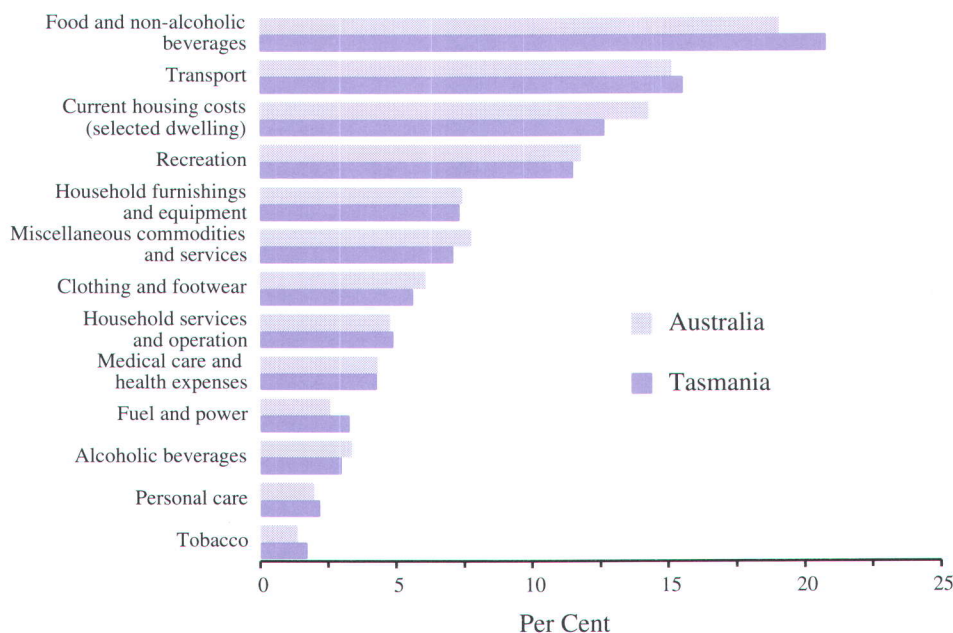
The next biggest expenditure difference was in the area of recreation. Tasmanians spent \$48.95 on average, whereas Australian households spent \$59.37.

Only in two areas, fuel and power, and tobacco products did Tasmanians, on average, spend more than the average for Australia.

Information from an earlier survey in 1984 together with the 1988-89 survey information enables a number of comparisons to be made. The percentage difference in the total of average expenditures was 36.2 per cent, from \$311.90 in 1984 to \$424.92 in 1988-89.

The biggest percentage points increases were in medical care and health expenses (60.2 per cent), and personal care (62.6 per cent). The smallest percentage change was 3.3 per cent for clothing and footwear.

Average Weekly Household Expenditure by Major Expenditure Areas, 1988-89 (Per Cent of Total Expenditure)



(Source: ABS Catalogue No. 6530.0).

21.10 HOUSEHOLD EXPENDITURE, TASMANIA

Commodity or service	1984 (\$)	1988-89 (\$)	Change (%)
Current housing costs (selected dwellings)	39.04	53.79	37.8
Fuel and power	10.91	13.95	27.9
Food and non-alcoholic beverages	62.80	88.44	40.8
Alcoholic beverages	9.45	12.67	34.1
Tobacco	5.56	7.28	30.9
Clothing and footwear	23.18	23.94	3.3
Household furnishings and equipment	23.93	31.20	30.4
Household services and operation	13.16	20.83	58.3
Medical care and health expenses	11.40	18.26	60.2
Transport	47.59	66.10	38.9
Recreation	41.01	48.95	19.4
Personal care	5.70	9.27	62.6
Miscellaneous commodities and services	18.17	30.24	66.4
Total	311.90	424.92	36.2

(Source: ABS Catalogue No. 6530.0).

21.5 RETAIL TRADE

During 1989-90 Tasmania's retailers had a turnover of \$2076 million, an increase of 8.9 per cent on 1988-89 and 39.4 per cent on 1987-88. This illustrated the flattening of the economy that occurred due to the protracted air pilots' dispute and the general economic slowdown.

Cafes and restaurants had the largest change in turnover with an increase of 38.2 per cent over that for 1988-89, followed by newsagents with 32.9 per cent. Domestic hardware stores and jewellers, furniture stores and other stores (which include florists, second-hand goods stores, retail nurseries and pet shops) had a fall in turnover.

The wholesale and retail trade industries together contributed 12.8 per cent to the Tasmanian Gross Domestic Product at factor cost in 1988-89. This proportion has been reasonably constant during the past 10 years, varying from a high of 14.0 per cent in 1985-86 to a low of 12.4 per cent in 1982-83 and 1983-84. In 1988-89 the Tasmanian share of the national Gross

New Supermarket Concept for Tasmania

A new \$15 million supermarket and office complex in Sandy Bay incorporates features designed to make shopping more pleasurable and to help make the supermarket a focus of the community as the corner store was in the first 50 years of this century. Features include a creche, a mothering room, facilities for the disabled and a culinary arts facility. It was completed in October 1991.

(Source: Hobart Chamber of Commerce, Annual Report, 1990).

Domestic Product for the wholesale and retail industries was 1.9 per cent. Tasmania had 2.7 per cent of Australia's population at this time.

21.11 TURNOVER OF RETAIL ESTABLISHMENTS, TASMANIA (a)

Type of store	1989-90 (\$m)	1990-91 (\$m)	% change
Grocers, confectioners and tobacconists	680.0	723.8	6.4
Butchers	51.8	52.3	1.0
Other food stores	111.3	143.6	29.0
Hotels, liquor stores and licensed clubs	311.4	333.6	7.1
Cafes and restaurants	68.2	75.9	11.3
Clothing and fabric stores	165.3	167.9	1.6
Department and general stores	227.3	230.0	1.2
Footwear stores	33.3	36.0	8.1
Domestic hardware stores and jewellers	36.4	40.3	10.7
Electrical goods stores	116.8	127.3	9.0
Furniture stores	43.5	40.2	-7.6
Floor covering stores	19.9	20.4	2.5
Pharmacies	78.5	86.7	10.4
Newsagencies	89.1	99.5	11.7
Other stores	104.0	106.6	2.5
Total	2 136.7	2 283.7	6.9

(a) Excludes motor vehicles and spare parts dealers, service stations etc.

(Source: ABS Catalogue No. 8501.0).

The last retail census of Australia was held on 30 June 1986 (the next is due in 1992). This showed that there were 4592 retail establishments in Tasmania, or one retail establishment for every 95 Tasmanians. These establishments employed 23 213 persons. The average number of employees per establishment was five persons.

One-third of all retail establishments in Tasmania were food stores. Food stores employed 37 per cent of persons employed in the industry and contributed 30.2 per cent to industry turnover.

21.6 PRIVATE NEW CAPITAL EXPENDITURE

Capital expenditure is a key component of the National Accounts, while at the same time it is a useful indicator anticipating economic trends, especially if the capital expenditure can be matched against that which is necessary merely to maintain existing levels of production and employment.

Private new capital expenditure refers to non-government money spent on the acquisition of new tangible assets. It includes money spent on all new buildings and structures, and on new plant, machinery, tools, vehicles, office equipment and furniture.

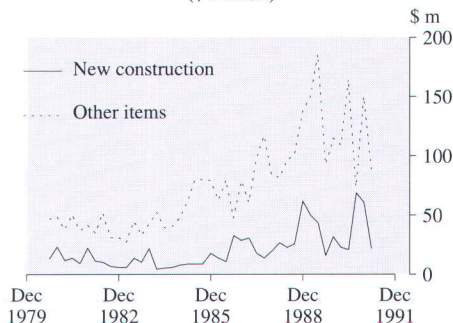
Private new capital expenditure does not, however, include houses built by speculative builders (which are part of their sales stock) or money spent on renovations.

Historically, private new capital expenditure in Tasmania has been at a fairly low level al-

though there is a long term upward trend. It peaked in 1989 before slumping in the face of a protracted air pilots' dispute and high interest rates, both of which combined to produce business scaledowns and bankruptcies.

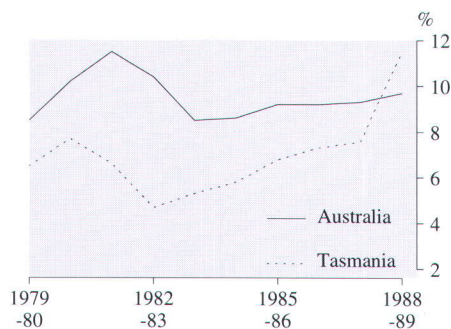
Unlike the rest of Australia, these figures have recently recovered their upward momentum, although they have not yet quite returned to recent high levels. Seeing that capital expenditure is often seen as a measure of business confidence, these figures are of great interest in this State.

PRIVATE NEW CAPITAL EXPENDITURE
TASMANIA
(\$ million)



Source: State Estimates of Private New Capital Expenditure, ABS Catalogue No. 5646.0

PRIVATE NEW CAPITAL EXPENDITURE
AS A PERCENTAGE OF GDP
Australia and Tasmania



Source: State Estimates of Private New Capital Expenditure, ABS Catalogue No. 5646.0

Tasmania is often seen to suffer from 'absentee landlords' in that the owners of many of our major companies are located in other States and can often be looked at as overlooking their Tasmanian operations which are, after all, only a small part of their income.

Together with Tasmanian industry's reliance on traditional modes and techniques of production, this has led to a low proportion of the State's Gross Domestic Product being re-invested in the future of the State.

Happily for Tasmania this seems to be breaking down. Indeed, for the first time since figures are available, Tasmania is doing better than the rest of the country. This is a positive sign for the future.

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