

9 Finance

This chapter provides details of the financial activities of the Victorian State Government, Victorian local government authorities, and that of some financial institutions operating in Victoria, such as banks, building societies, credit co-operative societies, and the Stock Exchange of 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.). This has been done mainly to centre attention on the activities of general government and public trading enterprises.

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.

Outlays

Current outlays in 1985-86 were \$9,887m, which was 99 per cent more than the 1980-81 figure of \$4,957.3m. The largest component of this outlay was on final consumption expenditure which in 1985-86 was \$5,953.1m, an increase of 85 per cent on 1980-81 (\$3,217.3m). Personal benefit payments of \$130.7m in 1985-86 constituted an 87 per cent increase on the 1980-81 payment of \$70.0m. Interest payments in 1985-86 were \$2102.7m, an increase of 145 per cent on the 1980-81 figure of \$859.2m.

In 1985-86 government final consumption expenditure on education and health was \$2,630.6m and \$1,632.1m respectively, constituting 44 per cent and 27 per cent of total government final consumption expenditure of \$5,953.1m. Final consumption expenditure on recreation and culture showed the largest increase of 221 per cent between the \$32.2m spent in 1980-81 and \$103.4m spent in 1985-86. Expenditure on new fixed assets in 1985-86 was \$2,516.1m, of which \$1,565.3m was spent by public trading enterprises and \$950.8m by general government, a ratio of 62 to 38. Transport and communication attracted a large proportion of expenditure on new fixed assets in 1985-86. This expenditure was \$667.0m, 27 per cent of the total of \$2,516.1m.

Capital outlays in 1985-86 were \$2,640.0m. This was an increase of 48 per cent on 1980-81 (\$1,780.8m). Expenditure on new fixed assets was the major item in these outlays. In 1985-86 this expenditure was \$2,516.1m, 95 per cent of total capital outlays.

Revenue

Revenue and grants received in 1985-86 were \$9,927.5m, an 81 per cent increase on the 1980-81 figure of \$5,494.9m. The proportion received from the Commonwealth Government in the form of grants was \$4,867.3m or 49 per cent, while 35 per cent was received as taxes, fees, and fines - \$3,427.7m. The annual deficit in 1985-86 was \$1,902.8m a 76 per cent increase over the 1980-81 deficit of \$1,083.8m.

In 1985-86 taxes, fees, and fines amounted to \$3,427.7m an increase of 90 per cent on the 1980-81 figure of \$1,805.9m. In both these years employers payroll tax was the largest single item of taxation, being 30 per cent of the total in both 1980-81 and 1985-86. The actual amount in 1985-86 was \$1,029.8m, an increase of 88 per cent on the \$547.3m collected in 1980-81. The levy on statutory corporations in 1985-86 was \$177.9m, which represented a 212 per cent increase over the 1980-81 figure of \$57.1m. Petroleum products franchise taxes were \$210.8m in 1985-86, an increase of 206 per cent over the 1980-81 figure of \$68.9m. Estate inheritance and gift duty was \$2.2m in 1985-86, a decrease of 96 per cent on the 1980-81 figure of \$52.4m.

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

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Current outlays -	4,957.3	5,801.2	6,930.7	7,654.5	8,747.2	9,887.0
General government final consumption expenditure	3,217.3	3,687.8	4,262.6	4,738.7	5,332.6	5,953.1
Required current transfer payments (interest only)	859.2	1,083.8	1,341.7	1,473.7	1,789.5	2,102.7
Unrequited current transfer payments -						
Subsidies paid to enterprises	317.2	392.3	531.6	579.2	672.9	818.3
Personal benefit payments	70.0	70.8	134.0	115.6	121.8	130.7
Current grants -	480.0	533.9	644.0	730.7	814.7	875.6
to non-profit institutions	325.1	385.8	444.6	513.8	548.6	592.1
to local authorities	154.9	168.4	199.2	216.6	265.9	283.3
Other current transfer payments	13.6	12.6	16.7	16.5	15.7	6.6
Capital outlays -	1,780.8	2,222.8	2,490.4	2,610.6	2,597.7	2,640.0
Gross fixed capital expenditure -	1,659.1	2,126.7	2,314.1	2,357.8	2,339.5	2,451.4
Expenditure on new fixed assets	1,645.3	2,156.4	2,300.6	2,374.8	2,406.3	2,516.1
Expenditure on secondhand fixed assets (net)	13.7	-29.7	13.6	-17.1	-66.8	-64.7
Increase in stocks	18.6	-12.3	17.4	11.9	20.0	30.9
Expenditure on land and intangible assets (net)	17.8	21.3	45.1	53.7	55.6	-15.9
Capital transfer payments -	87.1	102.3	117.7	189.2	243.1	169.3
Capital grants -						
to Local government	72.6	87.0	100.5	125.7	164.9	118.2
to other sectors	14.5	15.3	17.2	21.8	42.5	34.8
Other capital transfer payments	-	-	-	41.7	35.7	16.2
Advances paid (net) -	-1.8	-15.2	-4.0	-2.0	-60.5	4.3
to Local governments	1.1	-0.7	-1.2	1.4	2.6	2.9
to other sectors	-3.0	-14.5	-2.8	-3.4	-63.1	1.4
Revenue and grants received -	5,494.9	6,264.5	7,397.5	8,096.4	9,014.2	9,927.5
Taxes, fees, and fines	1,805.9	2,147.1	2,619.9	2,727.7	3,117.0	3,427.7
Net operating surpluses of public trading enterprises	528.0	631.4	772.4	732.5	764.3	979.7
Property income and other revenue	354.8	378.6	376.8	507.3	570.9	652.9
Grants received from Commonwealth Government	2,806.2	3,107.4	3,628.4	4,084.0	4,561.9	4,867.3

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

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Financing transactions -	1,243.2	1,759.5	2,023.6	2,168.7	2,330.7	2,599.5
Increase in provisions	159.4	188.0	221.1	486.4	582.3	696.7
Deficit	1,083.8	1,571.0	1,802.5	1,682.3	1,748.4	1,902.8
Deficit financing -						
Net advances received from						
Commonwealth Government	219.5	198.3	235.2	232.9	191.0	190.8
Other deficit financing	864.3	1,372.7	1,567.3	1,449.4	1,557.4	1,712.0

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

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
General public services	243.2	291.9	331.3	362.3	416.3	517.0
Public order and safety	287.0	332.2	419.8	444.5	465.2	532.2
Education -	1,564.7	1,767.6	1,979.9	2,240.7	2,362.2	2,630.6
Primary and secondary education	1,011.8	1,079.3	1,197.5	1,401.1	1,465.4	1,544.8
Tertiary	455.9	580.7	650.2	706.4	751.5	906.1
Other	97.0	107.5	132.3	133.2	145.3	179.6
Health -	848.8	962.4	1,086.7	1,214.9	1,488.3	1,632.1
Hospital and other institutional services and benefits	782.0	871.1	986.0	1,108.7	1,341.5	1,493.9
Clinics and other non-institutional services and benefits	26.5	43.8	50.0	52.4	54.6	35.0
Other	40.3	47.6	50.7	53.8	92.2	103.1
Social security and welfare	35.8	41.9	68.2	83.1	82.8	94.1
Housing and community amenities -	31.6	35.1	41.4	48.5	45.4	44.4
Housing and community development	18.6	21.1	28.5	32.6	34.0	31.7
Water supply	-	-	-	-	0.9	0.9
Sanitation and protection of the environment	13.1	14.0	12.9	15.9	10.2	11.4
Other community amenities	-	-	-	-	0.3	0.3
Recreation and culture	32.2	36.7	40.0	38.4	76.8	103.4
Fuel and energy -	2.0	1.2	5.5	7.1	2.8	4.1
Fuel affairs and services	2.1	1.2	0.3	-	0.2	-0.4
Electricity and other energy	-0.1	-	4.5	5.8	0.1	0.4
Fuel and energy n.e.c.	-	-	0.7	1.3	2.6	4.1
Agriculture, forestry, fishing, and hunting	86.1	101.4	109.6	127.1	136.1	114.5
Mining, manufacturing, and construction	7.6	9.4	9.7	11.8	9.1	8.5
Transport and communications -	51.6	72.4	68.1	91.2	121.0	140.5
Road transport	55.1	80.3	91.2	99.2	101.2	122.6
Water transport	-4.3	-6.6	-5.1	-1.0	2.9	2.5
Rail transport	-1.4	-1.8	-8.5	-4.9	0.1	-
Other	2.1	0.5	-9.5	-2.1	16.9	15.4
Other economic affairs	23.5	30.8	39.1	42.4	121.5	127.7
Other purposes	3.2	4.9	63.3	26.8	5.0	4.1
Total	3,217.3	3,687.8	4,262.6	4,738.7	5,332.6	5,953.1

**TABLE 9.3 STATE GOVERNMENT - EXPENDITURE ON NEW FIXED ASSETS
CLASSIFIED BY GOVERNMENT PURPOSE, VICTORIA**

(\$ million)

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
General public services	13.6	14.4	15.0	15.7	13.4	18.9
Public order and safety	24.0	24.6	28.9	46.6	69.3	93.2
Education -	140.4	136.0	158.7	188.8	219.5	222.8
Primary and secondary education	67.2	65.4	78.1	107.1	119.7	113.9
Tertiary education	66.6	64.2	72.9	75.6	86.1	91.2
Other	6.6	6.4	7.7	6.1	13.7	17.7
Health -	62.3	65.9	59.2	69.7	102.3	131.3
Hospital and other institutional services and benefits	56.4	62.8	55.7	65.8	98.2	121.6
Clinics and other non-institutional services and benefits	2.0	0.1	0.5	-	-	2.3
Other	3.8	3.1	2.9	3.9	4.1	7.4
Social security and welfare	2.1	2.1	1.9	3.3	3.7	3.4
Housing and community amenities -	326.8	410.5	522.6	522.4	511.0	586.3
Housing and community development	53.9	82.7	146.1	201.2	203.0	250.7
Water supply	139.6	180.2	190.8	168.8	151.7	135.3
Sanitation and protection of the environment	133.4	147.2	185.2	152.1	156.2	200.3
Other community amenities	-	0.3	0.5	0.3	-	-
Recreation and culture	29.8	43.4	45.2	37.6	35.4	48.5
Fuel and energy -	614.9	986.9	907.3	697.5	713.2	676.5
Fuel affairs and services	142.0	163.9	133.5	128.3	84.9	74.8
Electricity and other energy	472.9	823.0	773.7	569.3	628.2	601.4
Fuel and energy n.e.c.	-	-	-	-	-	0.2
Agriculture, forestry, fishing, and hunting	63.1	65.1	72.5	74.7	35.2	36.0
Mining, manufacturing, and construction	1.0	1.0	1.1	1.3	0.6	0.3
Transport and communications -	322.6	351.1	456.5	697.6	677.3	667.0
Road transport	142.5	154.0	178.9	265.2	273.5	351.9
Water transport	41.1	26.5	28.9	33.5	30.7	24.0
Rail transport	124.2	154.3	218.4	198.2	134.5	100.6
Other	14.7	16.4	30.2	200.7	238.7	190.4
Other economic affairs	44.8	55.2	31.6	16.1	25.4	31.9
Other purposes	0.1	0.2	-	3.4	-	-
Total	1,645.3	2,156.4	2,300.6	2,374.8	2,406.3	2,516.1
Comprised of -						
General government	533.4	551.3	605.2	756.4	794.6	950.8
Public trading enterprises	1,111.9	1,605.1	1,695.3	1,618.4	1,611.7	1,565.3

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

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Employers' payroll taxes	547.3	696.1	809.3	833.4	924.9	1,029.8
Taxes on property -	461.0	483.6	513.8	603.9	732.5	882.4
Taxes on immovable property -	136.2	139.2	163.0	167.1	178.7	210.6
Land taxes	121.0	115.9	139.3	143.1	153.3	183.0
Metropolitan improvement rates	15.2	23.2	23.6	23.9	25.4	27.6
Estate inheritance and gift duty	52.4	56.2	43.0	30.2	8.5	2.2
Taxes on financial and capital transactions -	272.4	288.2	307.8	406.6	545.3	669.6
Stamp duties	272.4	288.2	268.3	325.8	454.6	564.6
Financial institutions' taxes	-	-	39.5	80.9	90.7	105.0
Taxes on provision of goods and services -	369.4	451.9	665.8	633.0	687.4	682.4
Excises (levies on statutory corporations)	57.1	88.0	209.5	142.8	164.2	177.9
Taxes on gambling -	179.7	210.3	219.3	254.8	299.2	312.7
Taxes on private lotteries	105.1	129.6	130.4	155.4	183.3	179.8
Race betting taxes	73.3	79.0	86.3	96.7	112.9	129.5
Taxes on gambling n.e.c.	1.4	1.7	2.5	2.7	3.0	3.3
Taxes on insurance -	132.6	153.6	237.0	235.4	223.9	191.8
Insurance companies' contributions to fire brigades	50.6	56.8	77.4	76.1	83.6	92.3
Third party insurance taxes	16.9	18.0	18.9	19.0	10.3	-
Taxes on insurance n.e.c.	65.1	78.8	140.7	140.3	130.0	99.5
Taxes on use of goods and performance of activities -	385.4	469.9	574.9	635.7	692.7	759.0
Motor vehicle taxes -	229.0	256.7	286.4	313.8	347.1	375.0
Vehicle registration fees and taxes	128.3	152.3	175.8	177.6	177.7	190.4
Stamp duty on vehicle registration	64.6	75.4	80.0	101.1	133.5	151.4
Drivers' licences	27.7	28.0	30.5	35.1	35.9	33.2
Road transport and maintenance taxes	8.5	1.0	-	-	-	-
Franchise taxes -	156.4	183.1	215.1	308.2	372.4	403.2
Gas franchise taxes	-	-	-	-	0.2	0.1
Petroleum products franchise taxes	68.9	88.7	109.5	151.6	192.4	210.8
Tobacco franchise taxes	38.0	42.2	47.8	83.8	104.6	111.5
Liquor franchise taxes	49.4	52.2	57.8	72.8	75.2	80.7
Other taxes on use of goods etc	-	30.1	73.5	13.6	-26.8	-19.2
Fees and fines	41.8	45.6	56.1	66.6	78.8	73.7
Total	1,805.9	2,147.1	2,619.9	2,772.7	3,117.0	3,427.7



(Left) Leadbeater's Possum - this species has the most restricted distribution of all possums, being confined to patches of suitable habitat within an area of roughly 1,500 square kilometres in the Central Highlands.

(Below) Ground Parrots inhabit coastal heathlands. Only heathlands which have received a specific fire regime attain the plant species richness necessary to provide adequate year-round feed.

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(Left) Eastern Barred Bandicoot, formerly widespread on the Western Volcanic Plains is now restricted to an area of approximately 30 square kilometres in and around the City of Hamilton.



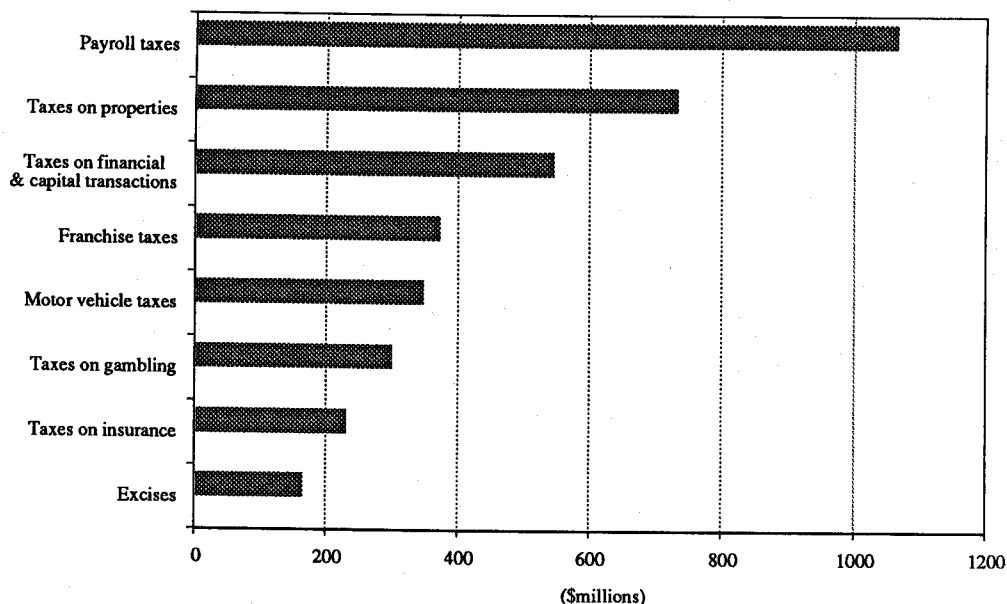
(Centre) Long-footed Potoroo, an endangered species with a patchy distribution in far East Gippsland.



(Below) Spotted Tree Frogs are found in only a small number of rocky mountain streams in the tall, wet forest in eastern Victoria and southern New South Wales.

*Department of Conservation, Forests
and Lands*

STATE TAXATION VICTORIA 1985-86



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 in aid of general revenue to the States. Specific purpose payments to the States also increased, reflecting the extending range of government activities. From 1970-71 the Commonwealth has made interest free capital grants to the States.

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. To date, no State has used this right.

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 and there are also 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 1987-88*.

General purpose grants, both capital and recurrent from the Commonwealth to Victoria in 1985-86 totalled \$2,759.5m, an 88 per cent increase from the \$1,464.3m in 1980-81. Specific purpose grants for recurrent and capital purposes in 1985-86 totalled \$2,144.4m, a 55 per cent increase on the 1980-81 figure of \$1,384.7m. The biggest increase in this period has been in recreation and community amenities which were \$6.4m in 1985-86, an increase of 1,500 per cent over the 1980-81 figure of \$0.4m. The second largest increase has been in grants for social security and welfare, which increased by 488 per cent, from \$23.9m in 1980-81 to \$140.6m in 1985-86.

In addition to these grants the Commonwealth Government also made repayable advances to the States for various purposes. Total net advances to Victoria were \$219.5m in 1980-81, \$198.3m in 1981-82, \$235.2m in 1982-83, \$232.9m in 1983-84, \$191.0m in 1984-85 and \$190.8m in 1985-86.

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

<i>Nature of Payment</i>	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
General revenue funds -						
Tax sharing grants	1,354.8	1,502.5	1,743.4	1,926.2	2,019.9	-
Financial assistance grants	-	-	-	-	-	2,248.3
Special revenue assistance	-	-	19.5	62.8	31.0	-
Health grants	-	325.9	300.5	323.2	344.2	371.0
General revenue	1,354.8	1,828.4	2,063.4	2,312.3	2,395.1	2,619.3
General purpose capital funds -						
Capital works grant	109.5	107.5	115.0	123.0	131.0	140.2
Specific purpose grants for						
recurrent and capital purposes -						
Interest on State debt	4.3	4.3	4.3	4.3	4.3	-
Sinking fund on State debt (b)	10.1	11.1	11.4	11.4	11.8	12.3
Education	703.6	805.9	910.9	990.2	1,095.6	1,161.8
Health	332.4	9.0	4.5	84.4	254.4	279.1
Social security and welfare	23.9	23.2	71.0	156.8	156.6	140.6
Housing grants	57.4	48.5	65.6	104.4	128.2	134.5
Transport and communications	147.4	176.6	193.4	158.3	185.0	159.7
Bicentennial road development	-	-	20.5	72.6	82.5	94.2
Recreation and community amenities	0.4	2.7	0.6	4.7	6.4	6.4
Local government general purpose assistance	76.5	89.3	108.0	116.9	123.8	136.4
Other economic affairs and purposes	28.7	28.1	111.1	53.9	16.6	19.4
Specific purpose	1,384.7	1,198.7	1,501.3	1,757.9	2,065.2	2,144.4
General purpose	1,464.3	1,935.9	2,178.4	2,435.3	2,526.1	2,759.5
Total Commonwealth grants	2,849.0	3,134.6	3,679.7	4,193.2	4,591.3	4,903.9

(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 OUTLAY**

Particulars	1983-84		1984-85		1985-86	
	\$'000	Per cent	\$'000	Per cent	\$'000	Per cent
Revenue -						
Rates (incl. penalties); ex-gratia receipts	652,545	42.8	715,560	41.6	786,832	41.9
Licences, fees, and fines	42,246	2.8	49,316	2.9	53,505	2.8
Charges (incl. garbage)	159,754	10.5	178,849	10.4	209,127	11.1
Interest on investments, etc	47,122	3.1	61,252	3.6	89,371	4.8
Government grants -						
General purpose	116,853	7.7	123,806	7.2	136,565	7.3
Specific purpose - capital	78,475	5.1	77,792	4.5	81,340	4.3
Current	124,088	8.1	136,366	7.9	143,273	7.6
Contributions, donations, and reimbursements	142,564	9.3	161,435	9.4	167,575	8.9
Other (a)	62,930	4.1	67,095	3.9	88,035	4.7
Total revenue	1,426,577	93.5	1,571,471	91.4	1,755,621	93.4
Loan receipts	99,314	6.5	148,440	8.6	124,309	6.6
Total revenue and receipts	1,525,890	100.0	1,719,911	100.0	1,879,930	100.0
Outlay by purpose -						
General administration	229,668	15.0	254,430	14.9	283,508	15.0
Law, order, and public safety	13,573	0.9	14,464	0.8	15,970	0.8
Education	19,477	1.3	20,158	1.2	23,792	1.3
Health	36,559	2.4	41,022	2.4	43,405	2.3
Welfare	89,687	5.9	108,937	6.4	124,968	6.6
Housing	4,410	0.3	7,461	0.4	5,929	0.3
Community amenities	162,178	10.6	190,052	11.1	209,022	11.1
Recreation and culture	247,225	16.2	265,133	15.5	304,424	16.2
Economic services -						
Roads, streets, and bridges (b)	364,764	23.8	382,639	22.4	412,017	21.9
Other	125,048	8.2	162,111	9.5	166,338	8.8
Unclassified (incl. natural disaster relief) (c)	72,403	4.7	80,055	4.7	87,664	4.7
Total outlay by purpose	1,364,992	89.2	1,526,462	89.3	1,677,038	89.0
Other outlay -						
Debit charges (d)	144,987	9.5	161,145	9.4	181,340	9.6
Other	20,629	1.3	21,356	1.2	25,421	1.3
Total outlay	1,530,608	100.0	1,708,963	100.0	1,883,799	100.0

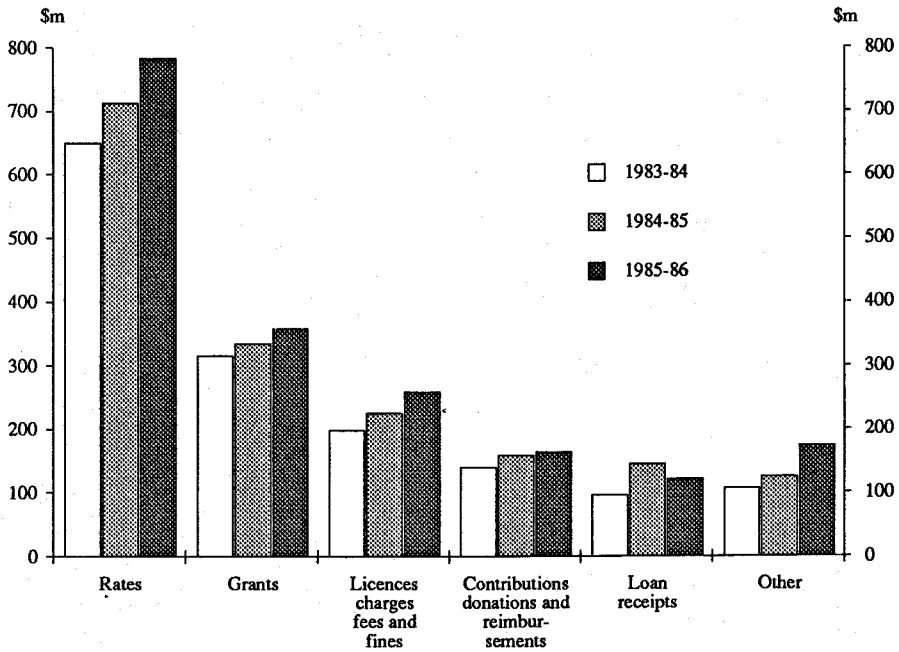
(a) Includes advances repaid by the public, revenue from sale of land and other fixed assets, transfers from trading activities, and surplus on Plant Operating Account.

(b) Construction and maintenance; excludes road plant purchases, street lighting, and car parking.

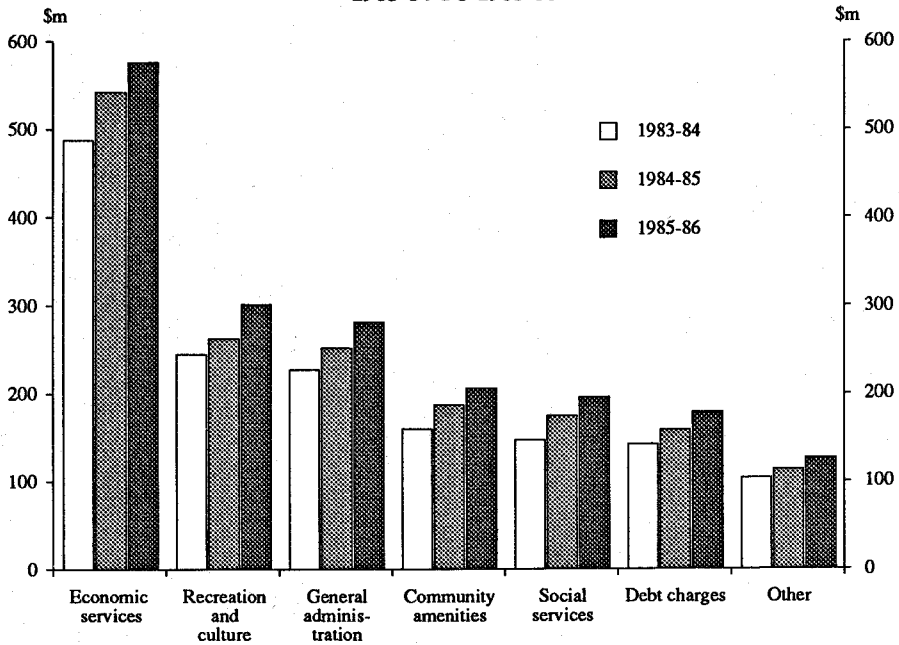
(c) Includes transfers to sinking funds.

(d) Levies paid to government, donations, advances to public, and transfers to trading activities.

**LOCAL GOVERNMENT: ORDINARY SERVICES-
TOTAL REVENUE AND RECEIPTS, VICTORIA
1983-84 to 1985-86**



**LOCAL GOVERNMENT: ORDINARY SERVICES-
TOTAL OUTLAY BY PURPOSE, VICTORIA
1983-84 TO 1985-86**



Banking finance

On 10 September 1984, the Government called for applications from domestic and foreign-owned banks to commence trading in Australia. The successful Australian and foreign-owned banks commenced to trade in 1985. Deposits bearing interest (repayable in Australia) of all trading banks in Victoria for June 1986 were \$9,783 m. This was 75.7 per cent of total deposits of \$12,928 m. This proportion has been increasing constantly since June 1981, when there was \$3,882m interest bearing deposits out of a total of \$6,530m deposits, (59.4 per cent). Loans, advances, and bills discounted reached a peak within the tax year period 1981-1986 in June 1986 when they amounted to \$12,685m, 98.1 per cent of total deposits.

The changing financial environment has also affected the savings banks. At the end of June 1984 there were two government savings banks with 764 branches and 1378 agencies, and four private savings banks with 1,049 branches and 483 agencies. At the end of June 1986 the two government savings banks had 743 branches and 1270 agencies, and there were six private

TABLE 9.7 TRADING BANKS, NUMBER OF BRANCHES AND AGENCIES, VICTORIA

Bank	At 30 June 1984		At 30 June 1985		At 30 June 1986	
	Branches	Agencies	Branches	Agencies	Branches	Agencies
Major trading banks -						
Commonwealth Bank of Australia Australia and New Zealand	194	68	192	68	191	68
Banking Group Ltd	301	67	302	75	327	111
Westpac Banking Corporation	352	23	341	22	337	22
National Australia Bank	394	83	366	71	393	44
Total major trading banks	1,241	241	1,201	236	1,248	245
Non-major trading banks	4	-	5	-	72	41
Total all trading banks	1,245	241	1,206	236	1,320	286
Melbourne metropolitan area	784	126	756	119	846	133
Remainder of Victoria	461	115	450	117	474	153

TABLE 9.8 ALL TRADING BANKS, AVERAGES OF DEPOSITS (a) AND ADVANCES, AND DEBITS TO CUSTOMERS ACCOUNTS, VICTORIA
(\$ million)

Period	Deposits repayable in Australia			Loans (b), advances, and bills discounted	Debits to customers' accounts	Proportion to total deposits	
	Not bearing interest	Bearing interest	Total			Deposits bearing interest (%)	Loans (b), advances, and bills discounted (%)
June -							
1981	2,648	3,882	6,530	5,072	8,993	59.4	77.7
1982	2,486	5,228	7,714	5,387	13,228	67.8	69.8
1983	2,572	5,883	8,455	5,973	13,883	69.6	70.6
1984	2,685	6,457	9,142	6,388	19,462	70.6	69.9
1985	2,918	8,097	11,015	7,622	24,471	73.5	69.2
1986	3,145	9,783	12,928	12,685	26,897	75.7	98.1

(a) Averages of amounts at close of business on Wednesday of each week.

(b) Excludes loans to authorised dealers in the short-term money market.

TABLE 9.9 SAVINGS BANKS, DEPOSITS, VICTORIA
(\$ million)

<i>Savings bank</i>	<i>Depositors' balances at 30 June</i>					
	<i>1981</i>	<i>1982</i>	<i>1983</i>	<i>1984</i>	<i>1985</i>	<i>1986</i>
State Bank of Victoria (a)	4,259.9	4,780.8	5,383.7	5,941.9	6,488.1	8,059.8
Commonwealth Savings Bank of Australia	1,731.3	1,879.3	2,290.9	2,590.7	2,708.1	2,635.0
Private savings banks - Australia and New Zealand						
Savings Bank Ltd	827.3	874.8	1,098.3	1,354.4	1,464.9	1,573.6
Westpac Banking Corporation Savings Bank Ltd	933.6	994.2	1,281.5	1,518.6	1,607.1	1,509.5
National Australia Savings Bank Ltd	868.6	944.1	1,251.4	1,508.9	2,001.0	2,329.9
Bank of New Zealand Savings Bank Ltd	1.3	1.6	1.7	1.8	1.6	2.6
Citibank Savings Ltd	-	-	-	-	-	26.8
National Mutual Royal Savings Bank Ltd	-	-	-	-	-	448.9
Total private savings banks	2,630.8	2,814.8	3,632.9	4,383.7	5,074.6	5,891.3
Total Deposits	8,621.9	9,474.9	11,307.5	12,916.3	14,270.7	16,586.1
Deposits per head of population (\$)	2,206	2,400	2,824	3,186	3,522	4,005
Private savings banks deposits as a proportion of total deposits (per cent)	30.5	29.7	32.1	33.9	35.6	35.5

(a) Including school bank and stock accounts, but excluding balances held in London.

savings banks with 1,107 branches and 401 agencies. Total savings bank deposits at 30 June 1986 were \$16,586.1m, of which \$5,891.3m or 35.5 per cent was deposited in the private savings banks. The proportion of deposits held by private savings banks increased from 29.7 per cent in 1982 to 35.5 in 1986.

Non-bank finance

Permanent building societies in Victoria have reduced in number from 44 in 1980-81 to 24 in 1985-86. This has mainly been due to a number of amalgamations between societies in recent years. In 1985-86 deposits were \$3,603.5m and withdrawable shares \$1,068.3m, an increase of 107 per cent and 108 per cent respectively over the corresponding 1980-81 figures of \$1,744.2m and \$514.4m. The amount owing on loans in 1985-86 was \$3,671.1m, which was a 96 per cent increase on the 1980-81 amount of \$1,874.7m.

There were 128 credit co-operative societies with 501,396 members in Victoria at the end of 1985-86. The number of societies has declined from the 186 in 1980-81, but membership has increased by 37 per cent from 366,756 in 1980-81. As a proportion of Australia, the number of Victorian societies and members have hardly changed from 1980-81. Victorian societies in 1980-81 were 30 per cent of the Australian total (186 of 620) and 28 per cent in 1985-86 (128 of 454). Similarly membership was 22.6 per cent in 1980-81 (366,800 of 1,622,500) and 21.6 per cent in 1985-86 (501,400 of 2,311,200). The picture is different when deposits and loans are considered. Victorian deposits

at the end of 1985-86 were \$1,257.8m, 20.6 per cent of the Australian total of \$6,069.7m. In 1980-81 this percentage was 27.3 with the figure for Victoria being \$642.6m and Australia \$2,342.4m. Loans outstanding to Victorian members at the end of 1985-86 were \$1,097.7m, 20.5 per cent of the Australian total of \$5,333.0m. In 1980-81 the Victorian figure was \$561m, 26.3 per cent of the Australian figure of \$2,135.4m.

TABLE 9.10 PERMANENT BUILDING SOCIETIES, VICTORIA

<i>Particulars</i>	<i>1980-81</i>	<i>1981-82</i>	<i>1982-83</i>	<i>1983-84</i>	<i>1984-85</i>	<i>1985-86</i>
Number of societies	44	38	31	26	25	24
Income and expenditure ('000) -						
Income -						
Interest from loans	214,381	281,870	332,857	334,642	387,258	513,731
Interest from deposits	18,063	34,386	45,173	26,788	30,634	61,475
Income from holdings of securities	27,359	47,866	109,362	129,210	140,285	122,859
Other income	7,072	8,440	12,200	15,194	28,981	34,616
Total income	266,875	372,562	499,592	505,834	587,158	732,681
Expenditure -						
Interest on shares	49,037	78,098	99,791	107,482	85,676	107,518
Interest on deposits	149,925	200,436	275,465	254,082	330,592	442,808
Income on loans	2,646	2,954	5,167	9,725	14,989	25,990
Other expenditure	56,899	77,938	99,948	105,909	123,381	135,132
Total expenditure	258,507	359,426	480,371	477,198	554,638	711,448
Liabilities and assets (a) (\$'000) -						
Liabilities -						
Share capital and reserves -						
Non-withdrawable shares	26,384	31,170	32,177	39,610	62,043	82,274
Withdrawable shares	514,440	786,295	756,095	943,412	997,971	1,068,297
Statutory reserves	10,478	13,137	13,971	15,835	17,975	4,923
Other reserves (b)	17,757	21,513	29,985	40,020	52,476	82,950
Deposits	1,744,243	2,023,440	2,361,915	2,681,199	3,284,489	3,603,498
Loans	35,259	21,532	72,733	186,286	109,738	246,336
Other liabilities	15,054	18,147	26,403	35,181	38,192	34,766
Total liabilities	2,363,615	2,915,234	3,293,279	3,941,543	4,562,884	5,123,044
Assets -						
Amounts owing on loans	1,874,674	2,035,285	2,156,035	2,585,541	3,363,614	3,671,116
Cash on hand	4,546	7,029	7,433	10,505	10,097	11,976
Deposits with banks	80,957	89,576	96,466	115,412	165,283	382,031
Deposits with other institutions	61,692	163,758	148,666	122,989	74,103	66,998
Bills, bonds, and other securities	268,167	526,218	771,253	994,602	825,393	823,370
Accounts receivable	9,050	15,208	24,761	21,097	10,633	30,777
Physical and other assets	64,529	78,160	88,665	91,397	113,761	136,776
Total assets	2,363,615	2,915,234	3,293,279	3,941,543	4,562,884	5,123,044

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

(b) Includes accumulated surpluses and deficits.

TABLE 9.11 CREDIT CO-OPERATIVES SELECTED STATISTICS, VICTORIA AND AUSTRALIA

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Number of credit co-ops -						
Victoria	186	178	172	161	144	128
Australia	620	590	549	530	493	454
Number of members at end of year -						
Victoria	366,756	395,409	413,242	437,114	468,871	501,396
Australia	1,622,466	1,733,490	1,824,286	1,971,086	2,147,189	2,311,228
Paid up capital at end of year (\$'000) -						
Victoria	3,392	3,636	3,831	4,075	4,444	4,830
Australia	13,643	14,653	15,493	16,786	18,208	19,450
Deposits at end of year (\$'000) -						
Victoria	642,576	738,960	867,662	983,040	1,149,600	1,257,759
Australia	2,342,396	2,704,446	3,391,768	4,099,514	5,063,850	6,069,671
Loans to members outstanding at end of year (\$'000) -						
Victoria	560,945	591,334	632,511	754,176	926,722	1,097,711
Australia	2,135,380	2,350,620	2,696,471	3,464,644	4,422,295	5,333,027

TABLE 9.12 THE STOCK EXCHANGE OF MELBOURNE LIMITED, MARKET TURNOVER BY VALUE AND VOLUME OF SHARES AND NUMBER OF TRANSACTIONS, AT 30 JUNE

Type of securities	Value of shares			Volume of shares			Number of transactions		
	1985	1986	Per-centage variation	1985	1986	Per-centage variation	1985	1986	Per-centage variation
Share securities -									
Industrial	4,734.0	10,731.5	+127	2,177.3	3,558.5	+63	369.0	503.1	+36
Mining	1,659.8	2,497.8	+50	1,586.2	2,279.4	+44	193.7	227.5	+17
Oil	608.4	511.2	-16	797.0	894.0	+12	79.2	84.9	+7
Preference	28.6	61.2	+114	11.1	22.6	+104	1.9	2.0	+5
Total share securities	7,030.8	13,801.7	+96	4,571.6	6,754.5	+48	643.8	817.5	+27
Loan securities -									
Commonwealth loans	16,994.3	13,558.5	-20	17,405.8	13,810.2	-21	12.0	10.9	-9
Semi-government loans	309.3	252.9	-18	301.3	251.4	-17	2.8	2.6	-7
Debentures, notes	17.2	12.2	-29	18.0	12.8	-29	0.7	0.3	-57
Total loan securities	17,320.8	13,823.6	-20	17,725.1	14,074.4	-21	15.5	13.8	-11
Total	24,351.6	27,625.3	+13	22,296.7	20,828.9	-7	659.3	831.3	+26

TABLE 9.13 AUSTRALIAN STOCK EXCHANGE INDICES (a)

Group	June 1984	Dec. 1984	June 1985	Dec. 1985	June 1986	Dec. 1986
All Ordinaries	658.9	726.1	860.8	1,003.8	1,180.1	1,473.2
All Industrials	921.6	1,081.8	1,240.2	1,487.1	1,891.9	2,347.4
All Resources	453.6	452.8	566.5	631.0	640.6	809.9
50 Leaders	591.5	642.3	768.4	899.2	1,061.6	1,303.3
Metals and Minerals	421.4	409.4	502.0	487.6	496.6	715.0
Gold (b)	-	-	805.8	846.9	911.1	1,744.3

(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 - or at least methods of analysis adopted which adequately reflect their transactions so that they are in principle, covered by the statistics.

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).

Banking statistics are compiled from returns submitted to the ABS under the *Banking Act 1959* and from other information provided voluntarily by banks. 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. Stock exchange statistics have been supplied by the Stock Exchange of Melbourne Limited or reproduced from its annual report.

ABS publications

Monthly Summary of Statistics, Victoria (1303.2)
Government Financial Estimates, Australia (5501.0)
Commonwealth Government Finance (5502.0)
State and Local Government Finance, Australia (5504.0)
Taxation Revenue, Australia (5506.0)
Expenditure on Education, Australia (5510.0)

- Public Authority Pension and Superannuation Schemes, Australia (5511.0)*
Savings Bank, Australia (5602.0)
Major Trading Banks, Australia (5603.0)
Banking, Australia (5605.0)
Housing Finance for Owner Occupation, Australia (5609.0)
Finance Companies: Assets, Liabilities Income an Expenditure, Australia (5618.0)
Permanent Building Societies: Assets, Liabilities, Income and Expenditure, Australia (5632.0) (annual)