

PRIVATE FINANCE

This chapter contains statistics on the activities and structure of financial institutions including banks, building societies, insurance companies, finance companies, credit unions and cooperative societies together with descriptions of their operations and relevant controlling legislation.

MONEY

Currency

Australia has a decimal system of currency, the unit being the dollar which is divided into 100 cents. Australian notes are issued in the denominations of \$5, \$10, \$20, \$50 and \$100 and coins in the denominations of 1c, 2c, 5c, 10c, 50c, \$1 and \$2. The \$1 and \$2 notes were replaced by coins in 1984 and 1988 respectively.

AUSTRALIAN NOTES ON ISSUE (\$ million)

	<i>Last Wednesday in June—</i>					
	1984	1985	1986	1987	1988	1989
\$1	58.2	45.1	43.7	41.6	39.9	38.1
\$2	168.6	179.1	179.9	178.7	162.0	57.4
\$5	183.1	192.1	202.2	213.0	225.4	236.7
\$10	512.9	518.1	524.8	527.6	565.7	630.2
\$20	2,235.6	2,284.9	2,285.2	2,315.7	2,435.4	2,478.3
\$50	3,450.4	3,420.5	3,461.7	3,586.2	3,859.7	3,991.6
\$100	595.6	1,542.4	2,238.6	2,974.8	3,922.6	4,766.7
Total	7,204.5	8,182.1	8,936.1	9,837.6	11,210.6	12,198.9
<i>Held by banks</i>	786.7	833.3	894.3	937.4	933.9	995.8
<i>Held by public</i>	6,417.8	7,348.8	8,041.9	8,900.2	10,276.7	11,203.1

AUSTRALIAN DECIMAL COIN: NET ISSUES BY RESERVE BANK (\$ million)

	<i>Year ended June—</i>					
	1984	1985	1986	1987	1988	1989
1c	1.0	1.1	1.3	1.3	1.4	1.2
2c	1.4	1.5	1.3	1.9	2.1	1.3
5c	3.5	2.7	3.8	4.6	5.5	2.7
10c	5.2	—	3.4	4.8	5.7	2.9
20c	6.9	-9.6	3.0	2.7	5.4	-6.4
50c	9.4	1.2	-0.5	3.2	5.8	-3.4
\$1	107.2	86.6	25.5	16.3	21.7	-26.3
\$2	—	—	—	—	62.7	239.6
Total	134.6	83.5	37.8	34.7	110.4	211.5

For additional information on note issues and coinage, refer to the List of Special Articles towards the back of this Year Book.

Volume of money

Statistics of the volume of money in the following table include notes and coins in the hands of the public, deposits of the public with trading banks (including the Reserve Bank) and deposits with all savings banks. Volume of money is a measure of specified financial assets held by the non-bank public.

The financial assets included in the volume of money in the table represent only part (albeit a major part) of the public's total holdings of liquid financial assets. An expanded view of the volume of money would include the public's holdings of such other claims as finance company debentures, deposits and shares of building societies, loans to authorised dealers in the short-term money market, government securities, etc.

VOLUME OF MONEY
(\$ million)
(Source: Reserve Bank of Australia)

Average of weekly figures for June	Notes and coins in the hands of public	Deposits of public with all trading banks		Certificates of deposits (b)	Deposits with all savings banks	Total volume of money
		Current(a)	Fixed(a)			
1984	6,983	12,663	19,393	3,850	33,819	76,708
1985	8,009	14,451	24,795	5,615	37,243	90,113
1986	8,717	14,637	32,427	4,715	41,371	101,867
1987	9,598	17,046	34,493	2,544	51,218	114,899
1988	10,978	20,619	35,121	3,016	60,434	130,168
1989	12,193	22,107	48,067	12,347	70,282	164,996

(a) Excludes deposits of the Commonwealth and State Governments and inter-bank deposits. (b) Excludes holdings of the Commonwealth and State Governments and banks.

FINANCIAL LEGISLATION

Commonwealth legislation for economic management

With Federation in 1901 the new Commonwealth Parliament was given power under Section 51 of the Commonwealth Constitution to legislate with respect to 'Banking, other than State Banking, also State Banking extending beyond the limits of the State concerned, the incorporation of banks, and the issue of paper money'. In 1911 the Commonwealth entered the field of banking with the establishment of the Commonwealth Bank of Australia, which conducted both trading bank and savings bank operations.

From 1911 to 1945 the functions of central banking became more and more the responsibility of the Commonwealth Bank, and in 1945 the Commonwealth Parliament directed it to act as a central bank. In the ensuing period of economic growth and financial development, the need for effective regulatory control of finance through banks became increasingly recognised. During 1959 the Commonwealth Parliament enacted the following legislation:

- (a) The *Banking Act 1959* which applies to all banks operating in Australia, including the external territories of the Commonwealth, except State banks trading in their own State. The objects of the Act are:
 - (i) to provide a legal framework uniform throughout Australia for regulating the banking system;
 - (ii) to safeguard depositors of the banks from loss;

- (iii) to provide for the coordination of banking policy under the direction of the Reserve Bank;
 - (iv) to control the volume of credit in circulation and bank interest rates; and
 - (v) to provide machinery for the control of foreign exchange.
- (b) The *Reserve Bank Act 1959* which provides for the constitution and management of the Reserve Bank of Australia, the administration of the *Banking Act 1959* and the management of the Australian note issue.
- (c) The *Commonwealth Banks Act 1959* which provides for the constitution and management of the Commonwealth Banking Corporation, Commonwealth Bank of Australia, Commonwealth Savings Bank of Australia, and the Commonwealth Development Bank of Australia.

Notwithstanding the provisions of the above legislation, recent Australian governments have sought to decrease the degree of regulation imposed on the Financial Sector, and on banking activity in particular. Specifically, controls on most bank interest rates and foreign exchange have been relaxed. In addition, eighteen new private banks have been granted licences to commence operations.

Information on more specific aspects of the growth and control of the banking industry is contained in earlier issues of the *Year Book* (Nos 31, 37, 45, 46 and 61).

As a result of the further development of the financial market and the increasing significance in the market of the non-bank financial institutions such as finance companies, building societies and money market dealers, the *Financial Corporations Act 1974* was introduced. The object of this Act is to assist the government to achieve effective management of the Australian economy by providing a means for the examination and regulation of the activities of non-bank financial institutions having regard to economic stability, the maintenance of full employment, the efficient allocation of productive resources, the ensuring of adequate levels of finance for housing and the economic prosperity and welfare of the people of Australia. Details of the operation and application of the Act are given in *Year Book* No. 62, page 541.

Other Commonwealth legislation directly affecting financial institutions

Insurance

Section 51 of the Commonwealth Constitution confers the necessary powers on the Commonwealth Parliament to legislate with respect to 'insurance, other than State insurance; also State insurance extending beyond the limits of the State concerned'. Commonwealth legislation includes the *Marine Insurance Act 1909* defining the limits of marine insurance and regulating the terms of contracts, etc.; the *Life Insurance Act 1945* generally regulating life insurance business in Australia; the *Insurance Act 1973* generally regulating general (non-life) insurance business in Australia and the *Insurance (Agents and Brokers) Act 1984*. The *Marine Insurance Act 1909* has limited application.

Life Insurance Act 1945

The objects of this Act are:

- (a) to replace all State legislation on the subject of life insurance except that relating to the life insurance operations of State government insurance offices within the State concerned, and to provide uniform legislation for the whole of Australia;

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- (b) to appoint a Life Insurance Commissioner to exercise active supervision of the activities of life insurance companies, with a view to securing the greatest possible protection for policy holders; and
 - (c) to set up adequate machinery for dealing with any company that fails to maintain a required minimum standard of solvency.

The Act came into operation on 20 June 1946. The Life Insurance Commissioner issues an annual report which contains detailed information on the operations of life insurance companies.

Insurance Act 1973

The objects of this Act are:

- (a) to appoint an Insurance Commissioner to exercise active supervision of the financial activities of companies conducting general (non-life) insurance business, apart from State government insurance whether or not extending beyond the limits of the State concerned and other organisations specified in the Act, with a view to securing the greatest possible protection for policy holders; and
- (b) to set up adequate machinery for dealing with any company that fails to maintain a required minimum standard of solvency.

The Act came into operation on 19 June 1973. The Insurance Commissioner issues an annual report which contains detailed information on the operations of insurance companies.

Insurance (Agents and Brokers) Act 1984

The prime objective of the Act is to regulate the activities of insurance agents and brokers with a view to strengthening the financial stability of the industry overall. The Act received Royal Assent on 25 June 1984 although most of its regulatory provisions did not become operative until 1 January 1986.

State legislation

In each State there exists legislation designed to regulate the activities and monitor the solvency position of particular types of financial institutions which operate on a cooperative basis and lend predominantly to members or consumers. In general, they form the groups covered later in this chapter under the headings of Permanent Building Societies, Cooperative Housing Societies and Credit Cooperatives.

In some States there is also legislation for the incorporation of State government bodies which operate as banks or insurance offices. Though the regulations in Commonwealth legislation do not directly apply to these bodies, details of their operations have been included in the relevant parts of this chapter because they have agreed to supply information consistent with regulatory reports on a voluntary basis.

BANKS

Reserve Bank of Australia

The Reserve Bank of Australia preserved and continued in existence the original corporate body known as the Commonwealth Bank of Australia under the new name Reserve Bank of Australia.

The general functions of the Reserve Bank are set out in Section 10 of the *Reserve Bank Act 1959*, which states:

'It is the duty of the Board, within the limits of its powers, to ensure that the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia and that the powers of the Bank under this Act, the *Banking Act 1959*, and regulations under that Act are exercised in such a manner as, in the opinion of the Board, will best contribute to:

- (a) the stability of the currency of Australia;
- (b) the maintenance of full employment in Australia; and
- (c) the economic prosperity and welfare of the people of Australia.'

Management

The policy of the Reserve Bank is determined by a Board consisting of the Governor (Chairman), the Deputy Governor, the Secretary to the Treasury, and seven other members appointed by the Governor-General. The Bank is managed by the Governor, who acts in accordance with the policy of the Board and with any directions of the Board. The Bank is required to inform the government of the monetary and banking policy of the Board. In the event of a disagreement between the government and the Board as to whether the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia, the Governor-General, acting with the advice of the Executive Council, may determine the policy to be adopted by the Bank.

Central Banking business

Under the *Commonwealth Bank Act 1911* and the war-time powers conferred by the National Security Regulations, the Commonwealth Bank gradually assumed the functions of a Central Bank. Part III of the *Commonwealth Bank Act 1945* formally constituted the bank as a Central Bank and granted the necessary powers to carry on the business of a Central Bank, these powers being carried through into the present Act constituting the Reserve Bank.

Note Issue Department

The Note Issue Department, established in 1920 when the control of the Australian note issue was transferred from the Commonwealth Treasury to the Commonwealth Bank, was maintained in the same form under the *Reserve Bank Act 1959*. The Reserve Bank may, through this Department, issue, re-issue and cancel Australian notes.

Rural Credits Department

The Rural Credits Department, established in 1925 for the purpose of making short-term credit available for the orderly marketing of primary produce, was continued in the same form under the *Reserve Bank Act 1959*. Following a determination by the Board under the Reserve Bank Act, the Treasurer directed that remaining capital and reserves of the Rural Credits Department be apportioned between the Reserve Bank Reserve Fund and the Commonwealth. The transfers were made on 22 July 1988.

RESERVE BANK OF AUSTRALIA: LIABILITIES AND ASSETS
(Source: Reserve Bank of Australia)
(\$ million)

LIABILITIES							
30 June—	Capital and reserve funds	Special reserve— IMF special drawing right	Australian notes on issue	Deposits by banks(a)		All other liabilities	Total
				Non-callable deposits/ Statutory Reserve Deposit accounts	Other		
1984	4,266	305	7,237	2,409	14	2,658	16,888
1985	6,177	344	8,234	2,864	17	4,047	21,683
1986	6,602	371	8,915	3,289	24	4,841	24,042
1987	5,882	359	9,742	3,453	25	6,613	26,073
1988	4,665	314	11,364	3,547	480	4,724	25,094
1989	4,552	289	12,346	3,167	394	3,840	24,588

ASSETS							
30 June—	Gold and foreign exchange (b)	Common- wealth Government securities (c)	Loans, advances and bills discounted	Bank premises (d)	All other assets	Total	
							1984
1985	13,245	6,487	381	342	1,229	21,683	
1986	12,698	9,539	142	374	1,289	24,042	
1987	17,259	7,197	131	370	1,117	26,073	
1988	19,870	3,792	272	373	786	25,094	
1989	19,997	3,310	169	499	613	24,588	

(a) Arrangements for trading and savings banks to hold non-callable deposits with the Reserve Bank were established in September 1988. The arrangements also involved the repayment of Statutory Reserve Deposits previously lodged by trading banks. Associated with this change, the Bank's balance sheet no longer differentiates between trading and savings banks in respect of 'other' deposits by banks. (b) Includes currency at short call and International Monetary Fund drawing rights. (c) Includes Treasury bills and Treasury notes. (d) At cost, less amounts written off.

Trading Banks

Commercial banking in Australia is conducted by twenty-nine trading banks. Three large private trading banks, together with the Commonwealth Bank of Australia, are generally referred to as the major trading banks. These banks provide widespread banking facilities throughout Australia. The remaining twenty-five banks comprise four overseas banks, four State-owned banks and eighteen private banks.

The major trading banks are: Commonwealth Bank of Australia; Australia and New Zealand Banking Group; Westpac Banking Corporation; and the National Australia Bank Limited.

Liabilities and assets

Figures shown in the following table are the averages of liabilities and assets within Australia (including external territories) of banks at the close of business on Wednesdays during the month of June for the years shown.

ALL TRADING BANKS: LIABILITIES AND ASSETS IN AUSTRALIA(a)
(Source: Reserve Bank of Australia)
(\$ million)

LIABILITIES(b)								
Average of weekly figures	Deposits				Bill acceptances and all other liabilities	Total liabilities		
	Fixed	Current	Other	Total				
1984	25,029	13,499		38,528	20,994			59,521
1985	32,210	15,069		47,279	23,270			70,548
1986	38,650	15,686		54,336	29,514			83,850
1987	38,042	18,726		56,768	41,182			97,950
1988	38,797	22,637		61,434	59,335			120,770
1989(c)	61,939	22,780	1,234	85,952	64,338			150,289
ASSETS								
Average of weekly figures	Public							
	Coin, Australian notes and cash with Reserve Bank	Non- callible Statutory Reserve Deposits with Reserve Bank(d)	sector Common- wealth Govern- ment securities Other	Loans to and placements with financial intermediaries Auth- orised Banks dealers	Other	Bills receivable and all Other lending	other assets	Total assets
1984	678	2,409	6,399 96	320	31,751	20,973		62,627
1985	730	2,861	7,653 457	310	39,165	25,500		76,677
1986	810	3,301	8,972 639	903	48,847	33,898		97,370
1987	813	3,455	10,836 542	760	54,700	43,860		114,966
1988	844	3,557	13,413 457	1,028	62,265	64,194		145,758
1989(c)	894	2,976	13,423 1,234	9,234 1,569	3,243 82,585	66,768		181,925

(a) Excludes foreign currency. (b) Excludes shareholders' funds. (c) Break in series due to introduction of a new statistical return for banks from January 1989. (d) The Statutory Reserve Deposit Ratio was set to zero in September 1988 and balances transferred to non-callable deposit accounts.

Branches and agencies

At 30 June 1989 the major trading banks operated 4,578 branches, and the other trading banks, 855 branches. Of the total 5,433 branches, 2,922 were located in metropolitan areas. Trading bank facilities were also available at 1,221 agencies throughout Australia.

Debits to customers' accounts

TRADING BANKS: AVERAGE WEEKLY DEBITS TO CUSTOMERS' ACCOUNTS (a)
(\$ million)

June	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
1984	26,971	19,075	5,389	2,124	3,449	402	167	1,223	58,800
1985	42,968	23,959	6,483	2,699	4,720	545	197	1,482	83,053
1986	58,972	26,514	6,765	3,194	5,289	502	220	1,894	103,352
1987	84,752	30,715	7,548	3,414	5,629	866	342	1,258	134,524
1988	135,387	40,564	11,682	4,222	5,865	731	365	1,595	200,410
1989	141,687	33,258	10,250	4,214	4,586	716	504	1,316	196,531

(a) Covers all trading banks and in addition the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank. Excludes debits to the Commonwealth and State Government accounts in capital cities.

INTEREST RATES AT 30 JUNE 1989
(Source: Reserve Bank of Australia)

	<i>Per cent per annum</i>
Fixed deposits (Less than \$50,000)	
30 days	12.00
3 months	16.25
6 months	17.25
12 months	15.00
Overdrafts	
Less than \$100,000	19.75/22.00
\$100,000 and over	19.75

More detailed statistics relating to trading banks may be found in the monthly publication *Major Trading Banks Australia* (5603.0).

Savings Banks

Savings bank business in Australia is conducted by seventeen banks. These comprise subsidiaries of the four major trading banks, four State-owned banks, seven private banks, one trustee bank and one overseas bank.

All savings banks, including the trustee savings bank but not State savings banks, are subject to the *Banking Act 1959*.

Liabilities and assets

Figures shown in the following table are the averages of liabilities and assets within Australia (including external territories) of banks at the close of business on Wednesdays during the month of June for the years shown.

SAVINGS BANKS: LIABILITIES AND ASSETS IN AUSTRALIA
(Source: Reserve Bank of Australia)
(\$ million)

	<i>June</i>		
	<i>1987</i>	<i>1988</i>	<i>1989(a)</i>
LIABILITIES(b)			
Depositors' balances	52,504	61,783	71,567
Bill acceptances and all other liabilities	4,777	7,389	10,446
Total liabilities	57,281	69,173	82,013
ASSETS			
Coin, Australian notes and cash with Reserve Bank	196	547	386
Non-callable deposits with Reserve Bank			201
Commonwealth Government securities	7,403	8,906	7,805
Other public sector securities	6,441	6,016	4,013
Loans and placements with financial intermediaries	1,320	1,351	3,551
Other lending	40,359	49,479	64,485
Bills receivable and all other assets	3,980	5,673	5,587
Total assets	59,699	71,972	86,027

(a) Break in series due to introduction of a new statistical return for banks from January 1989. Also the basis of reporting was changed from the end of the month to weekly averages. Statistics for 1989 are shown as the weekly average for the month of June, and foreign currency is excluded. (b) Excludes shareholders funds.

Branches and agencies

At 30 June 1989 the savings banks operated 6,063 branches and 8,556 agencies of which 3,351 branches and 3,983 agencies were in metropolitan areas.

Development Banks

Commonwealth Development Bank of Australia

The Commonwealth Development Bank of Australia was established by the *Commonwealth Banks Act 1959* and commenced operations on 14 January 1960. It was formed basically from an amalgamation of the Mortgage Bank and Industrial Finance Departments of the former Commonwealth Bank of Australia. The functions of the Development Bank are to provide finance for the purpose of primary production (which includes fishing, forestry and all forms of rural activity) and for the establishment or development of small business undertakings (i.e. with shareholders'/proprietors' funds not exceeding \$5 million) in cases where such finance is not otherwise available on reasonable and suitable terms and conditions.

Australian Resources Development Bank Limited

The Australian Resources Development Bank Limited was established in 1967 with equity capital of \$3 million subscribed by the major trading banks. It was given the status of a bank under the *Banking Act 1959* and opened for business on 29 March 1968. The main object of the Australian Resources Development Bank is to assist Australian enterprises to participate more fully in the development of Australia's natural resources. It provides finance to enterprises engaged in major developmental projects by direct loans, investing in equity capital or by refinancing loans made by trading banks acting individually or as a group. The Australian Resources Development Bank obtains funds by accepting deposits and by borrowing on the Australian and overseas capital markets.

REGISTERED BUILDING SOCIETIES

Permanent Building Societies

A permanent building society is defined as an organisation that:

- is registered under relevant State or Territory legislation;
- has not by its rules any fixed date or certain event or result when it is to terminate;
- is authorised to accept money on deposit;
- operates on a cooperative basis by borrowing predominantly from its members and providing finance to its members principally in the form of housing loans.

In 1976 a statistical collection was introduced covering the financial accounts of permanent building societies in all States and Territories of Australia. The statistics below summarise information collected from the 59 permanent building societies balancing in the 1987-88 financial year. More detailed descriptions and dissections of these statistics may be found in the annual publication *Permanent Building Societies: Assets, Liabilities, Income and Expenditure, Australia* (5632.0).

Information relating to the housing finance operations of permanent building societies is provided within this chapter and in the monthly publication *Housing Finance for Owner Occupation, Australia* (5609.0).

Summary statistics on the assets and selected liabilities of permanent building societies registered under the *Financial Corporation Act 1974* are also given within this chapter.

PERMANENT BUILDING SOCIETIES: LIABILITIES AND ASSETS (a)
(\$ million)

<i>Liabilities</i>	<i>1987-88</i>	<i>Assets</i>	<i>1987-88</i>
Share capital and reserves—		Loan outstandings—	
Non-withdrawable shares	210.3	Owner occupied housing	10,594.7
Withdrawable shares	7,998.8	Other	4,122.5
Reserves—		Cash on hand	61.4
Statutory	33.6	Placements and deposits with—	
Other (b)	693.7	Savings and Trading banks	747.5
Borrowings from residents—		Other financial institutions	477.4
Banks	410.1	Other businesses	23.8
Secured borrowings	587.4	Bills, bonds and other securities	4,921.9
Unsecured borrowings	11,275.8	Accounts receivable	83.2
Accounts payable	134.9	Physical assets	606.4
Other liabilities	335.1	Other assets	40.9
Total liabilities	21,679.7	Total assets	21,679.7

(a) At the balance dates of societies within the financial year shown. (b) Includes accumulated surpluses and deficits.

PERMANENT BUILDING SOCIETIES: INCOME AND EXPENDITURE
(\$ million)

<i>Expenditure</i>	<i>1987-88</i>	<i>Income</i>	<i>1987-88</i>
Interest and dividends on withdrawable shares	871.9	Income on deposits with banks	102.9
Interest on—		Income from—	
Borrowings from banks	34.7	Placements and other deposits	36.0
Secured borrowings	65.2	Holdings of securities	591.0
Unsecured borrowings	1,134.5	Interest on loans	2,085.2
Wages and salaries	190.9	Management fees	84.0
Management fees (a)	42.0	Other income	136.5
Administrative expenses (b)	230.2	Total income	3,035.7
Other expenditure	212.1		
Total expenditure	2,781.4		

(a) Represents payments made by societies to separate management companies. (b) Includes Permanent Building Society Association costs, advertising, bank charges and other administrative expenses.

Cooperative Housing Societies

A cooperative housing society is defined as an organisation that:

- is registered under the relevant State or Territory legislation;
- is not authorised to accept money on deposit;
- is only allowed to raise money on loans;
- only provides finance to its members in the form of housing loans;
- does not cause or permit applicants for loans to ballot for precedence or in any way make the granting of a loan dependent on any chance or lot.

The statistics below summarise information collected from the 2,084 cooperative housing societies balancing within the 1987-88 financial year. More detailed descriptions and dissections of these statistics may be found in the annual publication *Co-operative Housing Societies: Assets, Liabilities, Income and Expenditure, Australia* (5633.0).

COOPERATIVE HOUSING SOCIETIES: LIABILITIES AND ASSETS (a)
(\$ million)

<i>Liabilities</i>	<i>1987-88</i>	<i>Assets</i>	<i>1987-88</i>
Share capital(b)	0.1	Amount owing on loans(b)	2,067.5
Accumulated funds(c)	29.3	Cash on hand and current accounts at banks	15.0
Loans from—		Deposits with—	
Banks	586.5	Banks	16.8
Commonwealth-State Home Builders' Fund(d)	1,060.0	Others	25.8
Others	438.1	Physical assets	0.5
Other liabilities	15.4	Other assets	3.8
Total liabilities	2,129.4	Total assets	2,129.4

(a) At the balance dates of societies within the financial year shown. (b) Borrowing members' subscriptions have been offset against 'Amount owing on loans'. (c) Includes accumulated surpluses and deficits. (d) Refers to loans made through the Commonwealth-State Housing Agreements.

COOPERATIVE HOUSING SOCIETIES: INCOME AND EXPENDITURE
(\$ million)

<i>Expenditure</i>	<i>1987-88</i>	<i>Income</i>	<i>1987-88</i>
Interest paid on borrowing members' subscriptions	1.4	Interest on—	
Interest on loans from—		Loans to members	225.5
Banks	77.2	Other	4.3
Other	145.3	Management fees	15.4
Salaries and secretarial fees	14.8	Other income	6.1
Other expenditure	6.6		
Total expenditure	245.4	Total income	251.3

CREDIT COOPERATIVES

A credit cooperative (or credit union) is defined as an organisation that:

- is registered under relevant State or Territory legislation;
- operates on a cooperative basis by predominantly borrowing from and providing finance to its own members.

Credit cooperative annual financial account statistics were first collected on a national basis from all registered credit cooperatives for the year 1974-75 when there were 738 credit cooperatives with a total of 909,547 members. The number of credit cooperatives operating in 1987-88 was 419 with 2,453,713 members. Comprehensive financial account statistics are provided in the annual publication *Credit Co-operatives: Assets, Liabilities, Income and Expenditure, Australia* (5618.0).

Statistics on the assets and selected liabilities of credit cooperatives registered under the *Financial Corporations Act 1974* which have assets in Australia exceeding \$5 million are provided within this chapter.

CREDIT COOPERATIVES: LIABILITIES AND ASSETS(a)
(\$ million)

<i>Liabilities</i>	<i>1987-88</i>	<i>Assets</i>	<i>1987-88</i>
Share capital and reserves—		Loan outstandings(b)	5,581.2
Paid-up share capital	26.2	Cash on hand	42.2
Reserves—		Placements and deposits—	
Statutory	155.8	Banks	145.3
Other(c)	248.3	Credit cooperative associations, etc.	699.6
Borrowings—		Other	93.8
Banks	34.8	Bills, bonds and other securities	410.0
Credit cooperative associations, etc.	46.8	Accounts receivable	36.0
Deposits	6,708.9	Physical assets	232.2
Other borrowings	11.6	Other assets	59.9
Accounts payable	34.1		
Other liabilities	33.9		
Total liabilities	7,300.3	Total assets	7,300.3

(a) At the balance dates of credit unions within financial year shown. (b) Net of unearned interest and allowance for doubtful debts. (c) Includes accumulated surpluses and deficits.

CREDIT COOPERATIVES: INCOME AND EXPENDITURE
(\$ million)

<i>Expenditure</i>	<i>1987-88</i>	<i>Income</i>	<i>1987-88</i>
Interest on borrowings—		Interest on deposits with banks	14.4
Deposits	707.0	Income from—	
Other borrowings	5.5	Placements and other deposits	88.6
Wages and salaries	144.2	Securities	45.5
Administrative expenses(a)	119.8	Interest on loans	994.0
Insurance premiums paid	13.2	Management fees	9.1
Allowance for doubtful debts	24.7	Bad debts recovered	3.6
Other expenditure(b)	114.1	Other income	51.2
Total expenditure	1,128.4	Total income	1,206.5

(a) Includes financial institutions duty. (b) Includes bank accounts debit tax.

SHORT-TERM MONEY MARKET

Authorised money market corporations

For some years prior to 1959, leading stockbrokers were actively engaged in operations which formed the basis of a short-term money market in Australia. The stockbrokers' operations involved the acceptance of short-term funds which were secured against government securities. These operations were severely limited by the lack of suitable short-term securities and by liquidity constraints. In February 1959 the Central Bank established the Official Short-Term Money Market by making available 'lender of last resort' facilities to selected dealers.

There are eight authorised money market dealers. Under the 'lender of last resort' arrangements, dealers may borrow from the Reserve Bank for a minimum of seven days and at a rate designed to discourage excessive recourse to the facility.

They are required by the Reserve Bank to:

- accept loans overnight, at call or for fixed periods, in minimum amounts of \$50,000 and invest these funds in Commonwealth Government and other approved securities;
- at all times be willing traders in the buying and selling of approved securities;
- have a minimum paid-up capital of \$400,000 and adhere to a maximum limit on the ratio of loans to shareholders' funds;

- consult regularly with the Reserve Bank on all money market matters and furnish detailed information about their portfolios, operations, interest rates, balance sheets and profit and loss accounts.

The following table contains details of selected liabilities and assets, and interest rates. Additional information on authorised dealers collected under the *Financial Corporations Act 1974* is provided within this chapter.

SHORT-TERM MONEY MARKET: SELECTED LIABILITIES AND ASSETS AND INTEREST RATES OF AUTHORISED DEALERS
(Source: Reserve Bank of Australia)

Month	Liabilities to clients					Asset holdings (face value)					Interest rates on loans accepted during month				Weighted average interest rate on loans outstanding (c)		
	All trading banks		Other clients	Total	Cwealth Govt securities (a)	Com-mercial bills(b)	Banks certifi-cates of deposit	At call		For fixed periods		Mini-mum	Maxi-mum	Mini-mum		Maxi-mum	
								Mini-mum	Maxi-mum	Mini-mum	Maxi-mum						
	Average of weekly figures—(\$ million)					Per cent per annum											
June—																	
1984	320	1,289	1,609	1,181	449	231	1.00	17.46	4.00	13.75	11.42						
1985	311	913	1,224	818	306	213	10.00	30.00	13.00	17.50	15.07						
1986	902	414	1,316	981	286	207	4.00	22.50	11.75	13.00	13.20						
1987	760	904	1,664	1,281	367	115	7.00	15.00	11.75	13.75	12.79						
1988	1,028	762	1,790	1,187	502	214	5.25	16.00	10.65	12.00	11.79						
1989	1,569	555	2,124	1,641	308	274	14.50	19.35	16.50	17.10	16.95						

(a) Within 5 years of maturity. (b) Accepted or endorsed by banks. (c) Weighted average of rates paid on all days of the four or five weeks ending on the last Wednesday of the month.

Money market corporations

There are also companies without Reserve Bank 'lender of last resort' facilities which operate in a similar manner to authorised dealers. These companies are recognised under the *Financial Corporations Act 1974* in the category of money market corporations. This category consists of registered corporations whose short-term borrowings are a substantial proportion of their total outstanding provision of finance, which is mainly in the form of loans to authorised dealers in the short-term money market and other liquidity placements, business loans and investments in government, commercial and corporate paper.

The category of money market corporations also includes registered corporations providing short-term finance but which are themselves financed by related corporations with funds raised on a short-term basis, as well as corporations which borrow principally short-term and lend predominantly to related money market corporations.

Statistics on money market corporations registered under the *Financial Corporations Act 1974* are contained in tables within this chapter.

FINANCE COMPANIES, GENERAL FINANCIERS, AUTHORISED MONEY MARKET DEALERS, MONEY MARKET CORPORATIONS AND OTHER FINANCIAL INSTITUTIONS

Information presented in the following tables has been compiled from returns collected under the *Census and Statistics Act 1905*, and first published for 1984–85, on the financial accounts of corporations registered under the *Financial Corporations Act 1974* and categorised as finance companies, general financiers, authorised money market dealers, money market corporations and other financial corporations. Descriptions of corporations in the various categories are:

- (a) *Finance companies*: corporations which rely substantially on borrowing in financial markets in Australia and/or from abroad and whose provision of finance is predominantly in the form of business and commercial lending, instalment credit to finance retail sales by others and/or other loans to individuals.
- (b) *General financiers*: corporations which lend predominantly for business and commercial purposes, instalment credit to finance retail sales of others and/or other loans to individuals but which do not rely substantially on borrowings in financial markets in Australia and from abroad.
- (c) *Authorised money market dealers*: corporations which hold and deal in securities issued by the Australian Government and other securities; for that purpose, borrow money for short periods; and have entered into arrangements with the Reserve Bank which facilitate these operations.
- (d) *Money market corporations*: corporations, other than authorised money market dealers, whose short term borrowings are a substantial proportion of their total outstanding provision of finance, which is mainly in the form of loans to authorised dealers in the short term money market, other liquidity placements, business loans and investments in Government, commercial and corporate paper.
- (e) *Other financial corporations*: registered corporations that are not categorised as building societies, authorised money market dealers, finance companies, credit cooperatives, pastoral finance companies, general financiers or intra group financiers.

A corporation comes within the ambit of the Financial Corporations Act if:

- (a) Its sole or principal business activity in Australia is the borrowing of money and the provision of finance; and
- (b) Its assets in Australia arising from the provision of finance exceed 50 per cent (or a different percentage if prescribed by regulation) of the value of its assets in Australia; and
- (c) The combined value of the assets of the corporation and its related financial corporations exceeds \$1 million.

More detailed descriptions and dissections of these statistics may be found in the following annual publications:

Finance Companies: Assets, Liabilities, Income and Expenditure, Australia (5616.0)

General Financiers and Other Financial Corporations: Assets, Liabilities, Income and Expenditure, Australia (5648.0)

Authorised Dealers and Money Market Corporations: Assets, Liabilities, Income and Expenditure, Australia (5650.0)

Additional information on these categories of corporations collected under the *Financial Corporations Act 1974* is provided within this chapter.

**FINANCE COMPANIES: ASSETS, LIABILITIES, INCOME AND
EXPENDITURE, AUSTRALIA (a)**
(\$ million)

	1985-86	1986-87	1987-88
Assets—			
Loan outstandings(b)(c)	26,010.1	26,598.8	25,992.4
Cash and bank deposits	242.4	100.4	217.5
Other placements and deposits	743.1	953.8	1,394.4
Bills, bonds and other securities—			
Government and semi-government	119.3	35.5	83.9
Other	1,049.6	861.1	1,413.3
Other financial assets	394.0	520.8	573.4
Other assets	394.2	441.6	447.0
Total assets	28,952.7	29,511.9	30,121.9
Liabilities—			
Paid up capital	1,303.6	1,695.9	1,659.1
Reserves	714.5	641.3	655.6
Unappropriated profits	915.0	730.4	826.1
Borrowings from—			
Banks	1,245.4	1,201.0	1,754.8
Other	23,633.7	23,828.1	23,575.4
Other liabilities	1,140.6	1,415.2	1,650.9
Total liabilities	28,952.7	29,511.9	30,121.9
Income for year—			
Interest on—			
Loans	4,169.3	4,587.6	4,643.3
Deposits with banks	21.7	8.6	19.7
Other income	449.8	637.1	625.6
Total income	4,640.9	5,233.3	5,288.6
Expenditure for year—			
Interest on borrowed funds	3,027.2	3,586.6	3,382.8
Wages and salaries (including long service leave)	333.9	313.9	342.2
Other expenditure	789.2	958.2	1,086.3
Total expenditure	4,150.3	4,858.7	4,811.3

(a) At the balance date of corporations within the financial year shown. (b) After deducting provision for doubtful debts of \$224.2 million in 1985-86, \$294.9 million in 1986-87 and \$345.0 million in 1987-88. (c) Includes finance lease receivables.

**GENERAL FINANCIERS: ASSETS, LIABILITIES, INCOME AND
EXPENDITURE, AUSTRALIA (a)**
(\$ million)

	1985-86	1986-1987	1987-1988
Assets—			
Loan outstandings(b)(c)	3,605.4	4,559.8	5,696.4
Cash and bank deposits	85.3	133.0	180.5
Other placements and deposits	252.3	269.0	491.0
Bills, bonds and other securities—			
Government and semi-government	65.4	73.8	18.4
Other	354.4	917.7	907.8
Other financial assets	124.7	143.7	146.0
Other assets	186.6	255.7	249.6
Total assets	4,674.1	6,352.7	7,689.6
Liabilities—			
Paid up capital	249.3	366.9	453.9
Reserves	151.1	147.2	107.6
Unappropriated profits	85.6	62.4	-1.0
Borrowings from—			
Banks	1,182.1	1,445.1	1,795.7
Other	2,844.8	4,092.6	5,118.0
Other liabilities	161.2	238.6	215.4
Total liabilities	4,674.1	6,352.7	7,689.6
Income for year—			
Interest on—			
Loans	616.7	732.5	807.9
Deposits with banks	3.3	6.9	20.3
Other income	144.1	282.3	252.1
Total income	764.1	1,021.6	1,080.3
Expenditure for year—			
Interest on borrowed funds	464.1	631.2	778.7
Wages and salaries (including long service leave)	43.3	45.3	48.2
Other expenditure	165.0	262.3	229.3
Total expenditure	672.4	938.8	1,056.2

(a) At the balance date of corporations within the financial year shown. (b) After deducting provision for doubtful debts \$43.4 million in 1985-86, \$39.6 million in 1986-87 and \$74.3 million in 1987-88. (c) Includes finance lease receivables.

**AUTHORISED MONEY MARKET DEALERS: ASSETS, LIABILITIES, INCOME
AND EXPENDITURE, AUSTRALIA (a)**
(\$ million)

	1985-86	1986-87	1987-88
Assets—			
Loan outstandings	0.3	1.9	1.0
Cash and bank deposits	133.6	121.3	145.3
Other placements and deposits	4.4	77.3	1.0
Bills, bonds and other securities—			
Government and semi-government	1,608.3	2,010.3	3,232.4
Other	389.3	420.1	489.7
Other financial assets	15.1	20.6	13.9
Other assets	0.9	0.9	1.3
Total assets	2,151.9	2,652.4	3,884.6
Liabilities—			
Paid up capital	55.6	68.2	73.2
Reserves	3.5	11.4	11.4
Unappropriated profits	7.1	2.4	16.7
Borrowings from—			
Banks	1,652.3	1,618.6	2,901.5
Other	421.4	939.1	851.9
Other liabilities	10.1	12.6	29.9
Total liabilities	2,151.9	2,652.4	3,884.6
Income for year—			
Interest on—			
Loans	1.7	1.7	21.7
Deposits with banks	9.0	15.2	15.4
Other income	314.8	336.5	372.5
Total income	325.5	353.3	409.6
Expenditure for year—			
Interest on borrowed funds	318.8	330.8	354.9
Wages and salaries (including long service leave)			
Other expenditure	3.3	3.7	4.6
Other expenditure	18.2	18.7	50.1
Total expenditure	340.3	353.2	409.6

(a) At the balance date of corporations within the financial year shown.

**MONEY MARKET CORPORATIONS: ASSETS, LIABILITIES, INCOME
AND EXPENDITURE, AUSTRALIA (a)**
(\$ million)

	1985-86	1986-87	1987-88
Assets—			
Loan outstandings (b)(c)	11,307.3	15,416.7	19,754.8
Cash and bank deposits	1,272.9	1,436.2	1,156.2
Other placements and deposits	4,755.9	5,434.9	7,844.8
Bills, bonds and other securities—			
Government and semi-government	597.8	960.3	750.5
Other	5,812.0	9,336.4	12,155.5
Other financial assets	679.3	968.8	1,169.6
Other assets	409.7	1,203.8	914.2
Total assets	24,834.9	34,756.9	43,745.6
Liabilities—			
Paid up capital	1,081.8	1,656.1	2,077.8
Reserves	220.5	310.7	501.8
Unappropriated profits	219.3	342.8	408.9
Borrowings from—			
Banks	1,761.4	1,942.8	3,333.4
Other	20,872.3	29,346.8	35,787.3
Other liabilities	679.7	1,157.9	1,636.3
Total liabilities	24,834.9	34,756.9	43,745.6
Income for year—			
Interest on—			
Loans	1,341.8	2,085.9	2,870.8
Deposits with banks	136.7	162.6	223.0
Other income	2,321.3	3,303.1	4,191.4
Total income	3,799.8	5,551.6	7,285.2
Expenditure for year—			
Interest on borrowed funds	3,072.6	4,416.3	5,409.8
Wages and salaries (including long service leave)	174.5	210.1	294.7
Other expenditure	397.2	571.8	1,084.6
Total expenditure	3,644.3	5,198.2	6,789.1

(a) At the balance date of corporations within the financial year shown. (b) After deducting provision for doubtful debts of \$66.8 million in 1985-86, \$43.3 million in 1986-87 and \$175.6 million in 1987-88. (c) Includes finance lease receivables.

**OTHER FINANCIAL CORPORATIONS: ASSETS, LIABILITIES, INCOME
AND EXPENDITURE, AUSTRALIA (a)**
(\$ million)

	1985-86	1986-87	1987-88
Assets—			
Loan outstandings ^(b)	68.0	53.9	76.7
Cash and bank deposits	26.4	37.4	52.3
Other placements and deposits	71.9	84.0	118.2
Bills, bonds and other securities—			
Government and semi-government	7.7	13.3	18.6
Other	155.3	240.8	279.3
Other financial assets	12.5	12.3	17.9
Other assets	6.7	7.7	7.1
Total assets	348.6	449.3	570.1
Liabilities—			
Paid up capital	6.8	7.0	5.3
Reserves	3.5	3.2	3.8
Unappropriated profits	0.5	1.3	2.0
Borrowings from—			
Banks	8.7	6.5	9.8
Other	319.6	414.7	525.3
Other liabilities	9.6	16.6	23.9
Total liabilities	348.6	449.3	570.1
Income for year—			
Interest on—			
Loans	9.7	9.8	8.6
Deposits with banks	9.8	5.3	5.9
Other income	61.1	64.0	63.4
Total income	80.6	79.1	77.9
Expenditure for year—			
Interest on borrowed funds	62.8	58.2	55.7
Wages and salaries (including long service leave)	6.0	6.2	7.0
Other expenditure	10.0	10.2	12.9
Total expenditure	78.8	74.6	75.5

(a) At the balance date of corporations within the financial year shown. (b) Includes financial lease receivables.

FINANCIAL CORPORATIONS STATISTICS

The statistics provided in the following tables have been compiled from returns supplied to the Australian Bureau of Statistics by corporations registered under the *Financial Corporations Act 1974* (FCA). A summary of the objects and content of the Financial Corporations Act is given in *Year Book* No. 62, page 541.

More detailed descriptions and dissections of these statistics may be found in the monthly publications *Building Societies, Australia* (5637.0); *Authorised Dealers and Money Market Corporations, Australia* (5638.0); *Finance Companies, Australia* (5639.0) and *Credit Co-operatives, General Financiers and Other Financial Corporations, Australia* (5640.0).

Descriptions of the categories *building societies, credit cooperatives, authorised money market dealers, money market corporations, finance companies, general financiers and other financial corporations* appear in the respective parts of this chapter. Descriptions of the other categories are as follows:

Pastoral finance companies—comprising corporations whose provision of finance is predominantly in the form of loans to rural producers largely associated with the provision of rural services.

Intra group financiers—comprising corporations which predominantly borrow within a corporation group and/or provide finance by lending within their corporation group or by investing in financial markets.

FINANCIAL CORPORATIONS, AUSTRALIA: SELECTED LIABILITIES AND ASSETS(a) (b)
(\$ million)

SELECTED LIABILITIES AS AT 30 JUNE 1989									
<i>Borrowings from—</i>									
<i>Residents</i>									
<i>Category</i>	<i>By acceptance of bills of exchange and issue of promissory notes</i>		<i>Related corporations</i>	<i>Banks</i>	<i>Other</i>	<i>Non-residents</i>			
Building societies		134.3	124.8	620.7	20,682.0	487.5			
Credit cooperatives		n.a.	n.a.	36.7	6,678.4	n.a.			
Authorised money market dealers		n.a.	21.6	2,271.5	213.0	—			
Money market corporations		2,737.3	1,955.3	5,830.7	22,479.5	16,393.5			
Pastoral finance companies		—	1,531.5	60.5	964.7	257.5			
Finance companies		1,843.5	1,067.0	2,639.7	22,695.9	2,980.7			
General financiers		202.1	2,200.3	2,018.5	3,716.6	1,343.4			
Intra group financiers		90.4	2,110.3	2,119.8	1,411.4	1,624.9			
Other financial corporations		—	4.0	13.0	834.2	—			
Total		5,007.6	9,014.8	15,611.1	79,675.7	23,087.5			
ASSETS AS AT 30 JUNE 1989									
<i>Category</i>	<i>Loans to authorised dealers in the STMM and other cash and bank deposits</i>		<i>Bills of exchange and promissory notes purchased and held(c)</i>	<i>Other Government and public authority securities</i>	<i>Other securities</i>	<i>Other assets arising from the provision of finance (d)</i>	<i>All other assets in Australia</i>	<i>Assets overseas</i>	<i>Total assets</i>
Building societies	1,204.3	209.0	1,999.8	1,323.9	979.6	17,350.3	1,101.4	5.0	24,173.4
Credit cooperatives	147.7	498.0	172.3	61.0	14.7	6,214.3	336.8	—	7,444.7
Authorised money market dealers	265.5	12.8	353.8	1,999.7	—	0.5	22.4	—	2,654.7
Money market corporations	2,190.4	7,952.2	7,339.1	1,450.7	3,948.4	29,050.2	2,371.7	1,222.9	55,525.5
Pastoral finance companies	13.3	158.8	—	—	1,072.3	3,554.2	629.0	479.6	5,907.2
Finance companies	291.9	997.9	538.8	131.6	676.1	33,397.4	1,016.8	24.8	37,075.3
General financiers	614.8	810.4	1,436.3	3.2	148.4	7,518.0	397.3	7.9	10,936.2
Intra group financiers	56.8	471.3	42.3	—	111.8	5,703.3	1,715.1	—	8,100.7
Other financial corporations	77.5	250.4	284.2	3.9	97.8	147.6	28.6	—	889.9
Total	4,862.2	11,360.8	12,166.6	4,974.0	7,049.1	102,935.8	7,619.1	1,740.2	152,707.6

(a) Excludes credit cooperatives and general financiers with assets not exceeding \$5 million. (b) Excludes transactions with related corporations in the same FCA category. (c) Excludes bills that have been drawn or accepted by reporting corporations. (d) Includes holdings of bills that have been drawn by reporting corporations and loans that have been re-financed by the sale of bills accepted by reporting corporations.

CASH MANAGEMENT TRUSTS

A monthly statistical collection was introduced in May 1983 to obtain information on the operations of cash management trusts. A cash management trust is a unit trust which is governed by a trust deed, is open to the public, generally confines its investments to financial securities available through the short term money market, and whose units are redeemable by the trustee to the unit holder on demand.

The following table summarises the financial operations of cash management trusts.

CASH MANAGEMENT TRUSTS											
June—	Number of trusts	Units in issue at end of period (\$ million)	Weighted average net yield at end of period (% per annum)	Assets (\$ million)						Other assets	Total assets
				Cash and deposits with banks	All other deposits and loans	Bills of exchange purchased and held	Promissory notes purchased and held				
1987	19	3,162.9	13.29	304.8	530.1	2,107.6	355.9	72.5	3,370.9		
1988	18	3,625.5	11.17	313.3	470.2	2,483.9	358.9	63.4	3,689.5		
1989	19	3,646.1	16.79	636.3	800.6	1,837.8	435.3	39.2	3,749.2		

PUBLIC UNIT TRUSTS

A quarterly statistical collection was introduced in September 1985 to obtain information on the operations of listed and unlisted public unit trusts.

A public unit trust is defined as an arrangement (fund) which is governed by a trust deed between a management company and a trustee company; is open to the public within Australia for the purpose of investing the pooled funds of unit holders to yield returns in the form of income and/or capital gains; and allows unit holders to dispose of their units within a relatively short period of time. These statistics exclude cash management trusts, private trusts and trusts exempted from providing redemption facilities (e.g. film and agricultural trusts).

The major distinction between a listed and an unlisted unit trust is that a listed unit trust's units must be listed on Australian Stock Exchanges and adhere to listing requirements similar to those for company shares.

The following tables summarise the financial operations of public unit trusts.

UNIT TRUSTS: SUMMARY

Quarter	Number of trusts	Units in issue at end of the period (\$ million)	Assets (\$ million)				Total assets
			Shares	Property at the end of the quarter	Loan outstandings secured by mortgages on land and buildings	Other assets	
UNLISTED							
1987							
June	307	8,266.2	3,545.5	3,222.5	873.3	1,982.8	9,624.1
Sept.	324	10,114.1	4,846.5	3,339.5	969.8	2,628.5	11,784.3
Dec.	357	9,160.8	2,869.1	3,572.3	1,060.3	3,012.3	10,514.0
1988							
March	362	9,761.4	2,968.0	3,799.7	1,210.9	3,099.5	11,078.1
June	379	10,399.6	2,998.2	4,046.0	1,305.0	3,368.4	11,717.6
Sept.	387	11,260.3	3,091.0	4,439.8	1,576.9	3,219.1	12,326.8
Dec.	392	11,972.7	3,036.6	4,827.3	1,706.9	3,663.7	13,234.5
1989							
March	401	12,506.3	3,064.7	5,178.6	1,877.9	3,710.7	13,831.9
June	393	13,042.1	3,177.7	6,082.0	1,950.7	3,646.9	14,857.3
LISTED							
1987							
June	55	5,893.5	256.0	3,196.2	8.4	2,856.2	6,316.8
Sept.	55	6,935.9	270.2	3,500.0	28.0	3,326.7	7,124.9
Dec.	57	6,177.9	222.6	4,077.9	26.3	3,473.1	7,799.9
1988							
March	56	6,825.9	176.1	4,403.7	25.6	3,423.5	8,028.9
June	57	7,748.6	193.7	4,834.3	25.8	4,398.3	9,452.1
Sept.	55	7,153.2	203.4	4,980.2	18.9	3,704.0	8,906.5
Dec.	54	7,723.3	418.1	5,744.0	0.3	4,207.4	10,369.8
1989							
March	53	7,934.8	423.3	6,054.1	0.2	4,303.4	10,781.0
June	51	7,474.2	391.4	6,254.9	33.0	4,139.0	10,818.3
TOTAL							
1987							
June	362	14,159.7	3,801.5	6,418.7	881.7	4,839.0	15,940.9
Sept.	379	17,050.0	5,116.7	6,839.5	997.8	5,955.2	18,909.2
Dec.	414	15,338.7	3,091.7	7,650.2	1,086.6	6,485.4	18,313.9
1988							
March	418	16,587.3	3,144.1	8,203.4	1,236.5	6,523.0	19,107.0
June	436	18,148.2	3,191.9	8,880.3	1,330.8	7,766.7	21,169.7
Sept.	442	18,413.5	3,294.4	9,420.0	1,595.8	6,923.1	21,233.3
Dec.	446	19,696.0	3,454.7	10,571.3	1,707.2	7,871.1	23,604.3
1989							
March	454	20,441.1	3,488.0	11,232.7	1,878.1	8,014.1	24,612.9
June	444	20,516.3	3,569.1	12,336.9	1,983.7	7,785.9	25,675.6

LIFE INSURANCE

Statistics in the following tables have been derived from the publications of the Insurance and Superannuation Commission and relate to the life insurance business of companies with head offices in Australia and the Australian business of companies with head offices overseas. Also included are the life business operations reported by four State Government Insurance Offices.

Information contained in the following three tables does not relate to uniform accounting periods but to the balance dates of organisations falling within the calendar year shown.

LIFE INSURANCE OFFICES: LIABILITIES AND ASSETS
(\$ million)

	1985	1986	1987
Liabilities—Australian and overseas—			
Total balances of revenue accounts at end of year	34,395.7	43,914.3	55,397.0
Reserves	899.1	4,514.5	6,599.9
Total	35,294.8	48,428.8	61,996.9
Other liabilities—			
Bank overdraft	104.6	165.3	256.1
Deposits	230.7	825.5	1,038.9
Claims admitted	188.3	199.8	308.4
Sundry creditors	377.9	664.9	1,163.4
Provisions for taxation	1,055.6	2,260.9	2,860.9
Provision for superannuation and long-service leave	63.4	72.4	85.1
Miscellaneous liabilities	78.0	214.5	191.9
Total liabilities	37,393.3	52,832.1	67,901.6
Assets—Australia and overseas—			
Property and fixed assets	7,144.2	9,555.6	11,566.8
Loans	3,742.4	4,417.9	5,606.7
Investment	23,539.5	35,307.6	45,070.4
Cash and deposits	1,683.8	2,087.5	3,530.1
Outstanding premiums including advances of premiums	417.5	472.1	514.5
Outstanding interest, dividends and rents	533.2	530.9	608.8
Sundry debtors	262.9	413.5	582.2
Miscellaneous assets	69.8	47.0	422.1
Total assets	37,393.3	52,832.1	67,901.6

LIFE INSURANCE OFFICES: REVENUE AND EXPENDITURE
(\$ million)

	1985	1986	1987
<i>Balance of Revenue Account at beginning of year—Australia and overseas</i>	27,620.4	34,395.7	43,395.8
Revenue—			
Single premiums	1,368.8	3,211.1	7,294.1
Other premiums	4,089.4	4,651.9	5,423.3
Net interest	2,725.9	3,456.5	4,061.0
Net conversion and transfer values-in	(-)2.5	5.6	12.5
Net transfers from reserves and provisions within fund	(-)181.5	(-)2,075.8	(-)1,874.8
Other net transfers within statutory fund-in	(-)1.7	—	(-)5.7
Net profit (or loss) on realisation or revaluation of assets	2,458.1	5,865.2	4,337.5
Miscellaneous income	1,214.1	442.6	1,115.3
Total revenue	11,670.6	15,557.1	20,363.2
Total	39,291.0	49,952.8	63,759.0
Expenditure—			
Claims by death and disability	592.1	663.4	792.9
Claims by maturity	840.7	961.5	1,122.2
Surrenders and bonuses in cash	1,922.2	2,562.0	4,095.9
Annuities	25.2	38.5	68.9
Commissions	516.8	656.0	892.3
Salaries	326.6	397.3	499.0
Contribution to staff superannuation	58.4	61.8	67.1
Taxes (other than those charged on interest, dividends and rents)	36.0	52.8	73.2
Other expenses	346.1	479.4	647.5
Transfer out of statutory fund	231.2	165.8	103.0
Total expenditure	4,895.3	6,038.5	8,362.0
<i>Balance of Revenue Account at end of year—Australia and overseas</i>	34,395.7	43,914.3	55,397.0
Total	39,291.0	49,952.8	63,759.0

LIFE INSURANCE: SUMMARY

<i>Insurance and endowment policies</i>				
	<i>Number of policies ('000)</i>	<i>Sum insured (\$ million)</i>	<i>Business issued by single premiums (\$ million)</i>	<i>Annual premiums (\$ million)</i>
ORDINARY AND INDUSTRIAL BUSINESS				
New policies issued—				
1986	693	24,786	1,733.4	292.9
1987	927	30,522	3,780.7	396.5
1988	958	37,766	2,654.2	467.7
Policies discounted or reduced (a)—				
1986	619	13,268	..	146.4
1987	712	16,886	..	185.6
1988	734	19,947	..	220.9
Policies existing at end of—				
1986	5,958	120,934	..	1,385.3
1987	6,173	134,570	..	1,596.2
1988	6,397	152,389	..	1,843.0
SUPERANNUATION BUSINESS				
New policies issued—				
1986	247	31,772	792.2	805.7
1987	343	38,550	1,700.6	1,082.0
1988	353	53,873	2,205.7	1,511.4
Policies discontinued or reduced (a)—				
1986	64	15,156	..	374.2
1987	100	19,245	..	491.2
1988	96	24,256	..	526.6
Policies existing at end of—				
1986	1,458	120,722	..	2,750.5
1987	1,701	140,027	..	3,341.3
1988	1,958	169,644	..	4,290.1

(a) Includes transfers.

GENERAL INSURANCE

Statistics in the following tables have been derived from the publications of the Insurance and Superannuation Commission. The statistics relate to the operations of:

- (a) *Bodies corporate* authorised to carry on insurance business under the *Insurance Act 1973*; and
- (b) *Government instrumentalities*, i.e. State Government Insurance Offices and Commonwealth Government and State Government instrumentalities in respect of their general insurance business.

These statistics are based on the following definitions:

Premiums comprise the full amount receivable in respect of direct insurance and facultative reinsurance business written or renewed within Australia, during the year. Premiums are not adjusted to provide for premiums unearned at the end of the year and consequently the amounts differ from 'earned premium income' appropriate to the year.

Claims comprise, for direct insurance and facultative reinsurance business, payments made during the year. Salvage and other amounts recoverable other than Reinsurance recoveries have been deducted.

Information contained in the following tables does not relate to uniform accounting periods but to the financial years of the organisations which ended during the years shown.

**GENERAL INSURANCE: PREMIUMS AND CLAIMS BY
PRINCIPAL CLASS OF BUSINESS**
(\$ million)

<i>Class of business</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-1988</i>
PREMIUMS			
Fire (a)	725.7	854.2	917.9
House Owners' and House-holders'	782.3	826.3	908.1
Contractors' All Risks	64.6	86.0	86.1
Marine and Aviation	211.9	240.1	255.8
Motor Vehicle Comprehensive	1,392.5	1,664.9	1,943.8
Compulsory Third Party (Motor Vehicle)	118.6	132.4	132.6
Employers Liability (b)	1,607.4	1,267.9	411.7
Public Liability (c)	352.9	500.1	621.5
All other	631.0	703.8	788.9
Total	5,886.8	6,275.6	6,066.4
CLAIMS			
Fire (a)	417.7	403.0	375.0
House Owners' and House-holders'	372.4	409.3	175.0
Contractors' All Risks	38.6	41.6	87.0
Marine and Aviation	114.6	125.8	97.3
Motor Vehicle Comprehensive	1,127.8	1,370.7	370.4
Compulsory Third Party (Motor Vehicle)	64.4	60.8	293.3
Employers Liability (b)	1,332.1	1,308.6	2,493.8
Public Liability (c)	126.4	140.2	853.3
All other	272.3	325.4	227.3
Total	3,866.2	4,185.5	4,972.4

(a) Includes sprinkler leakage, loss of profits, and crop and hailstone insurance. (b) Excludes workers' compensation insurance in the coal mining industry in NSW. (c) Includes product liability and professional indemnity insurance.

HOUSING FINANCE FOR OWNER OCCUPATION

The following tables present statistics of secured housing finance commitments made by significant lenders to individuals for the construction or purchase of dwellings for owner occupation. For more comprehensive statistics and detailed information on the scope and coverage of these statistics refer to the monthly publication *Housing Finance for Owner Occupation, Australia* (5609.0).

HOUSING FINANCE FOR OWNER OCCUPATION
(\$ million)

	<i>Finance commitments for—</i>				
	<i>Construction or purchase dwellings</i>	<i>Alterations and additions</i>	<i>Cancellations of commitments</i>	<i>Commitments advanced</i>	<i>Commitments not advanced</i>
1986-87	12,830.1	498.5	465.9	12,599.0	2,481.0
1987-88	20,109.6	707.3	617.6	18,060.0	4,598.0
1988-89	22,101.7	998.7	857.4	22,818.2	3,906.3

**HOUSING FINANCE FOR OWNER OCCUPATION: NUMBER OF DWELLING UNITS AND
VALUE OF COMMITMENTS TO INDIVIDUALS BY TYPE OF LENDER**

	Banks		Permanent building societies	Other lenders (a)	Total
	Savings	Trading			
CONSTRUCTION OF DWELLINGS					
			—number—		
1986-87	33,038	4,197	5,523	3,797	46,555
1987-88	47,429	4,996	8,823	4,380	65,628
1988-89	56,499	7,035	7,264	4,764	75,562
			—\$ million—		
1986-87	1,399.7	182.4	267.7	146.3	1,996.1
1987-88	2,254.1	302.7	482.9	179.7	3,219.3
1988-89	2,896.5	434.6	443.4	259.9	4,034.4
PURCHASE OF NEWLY ERECTED DWELLINGS					
			—number—		
1986-87	12,030	1,272	2,168	2,294	17,764
1987-88	12,876	1,470	3,056	1,778	19,180
1988-89	12,512	1,681	1,941	1,402	17,536
			—\$ million—		
1986-87	562.4	73.0	115.4	91.0	841.7
1987-88	686.0	115.1	181.5	75.6	1,058.2
1988-89	775.5	145.4	134.9	75.4	1,131.2
PURCHASE OF ESTABLISHED DWELLINGS					
			—number—		
1986-87	154,539	12,809	33,664	14,007	215,019
1987-88	200,060	19,729	51,630	15,511	286,930
1988-89	180,629	23,725	36,619	15,224	256,197
			—\$ million—		
1986-87	7,068.4	708.0	1,615.9	599.8	9,992.1
1987-88	10,671.7	1,574.7	2,876.5	709.2	15,832.1
1988-89	11,733.7	1,978.0	2,346.1	878.3	16,936.1
TOTAL					
			—number—		
1986-87	199,607	18,278	41,355	20,098	279,338
1987-88	260,365	26,195	63,509	21,669	371,738
1988-89	249,640	32,441	45,824	21,390	349,295
			—\$ million—		
1986-87	9,030.5	963.4	1,999.0	837.1	12,830.1
1987-88	13,611.7	1,992.5	3,540.9	964.5	20,109.7
1988-89	15,405.7	2,558.0	2,924.4	1,213.6	22,101.7

(a) Includes cooperative housing societies, finance companies, governments, credit cooperatives and insurance companies.

PERSONAL, COMMERCIAL AND LEASE FINANCE

Three new monthly collections were introduced in January 1985 to measure the lending activity of significant lenders in the fields of personal, commercial and lease finance. These collections replaced two previous collections, the results of which were published in *Finance Companies, Australia* (5614.0) and *Instalment Credit for Retail Sales, Australia* (5631.0).

Personal finance

The following tables present statistics of finance commitments made by significant lenders to individuals for their own personal (non-business) use. For more comprehensive statistics and detailed information on the scope and coverage of these statistics refer to the monthly publication *Personal Finance, Australia* (5642.0).

PERSONAL FINANCE COMMITMENTS (a): TYPE OF LENDER
(\$ million)

	<i>All banks</i>	<i>Finance companies</i>	<i>Credit cooperatives</i>	<i>Other lenders (b)</i>	<i>Total</i>
1986-87	10,166.3	2,926.9	1,771.0	365.7	15,229.8
1987-88	14,406.3	3,242.0	1,844.6	441.4	19,934.4
1988-89	15,408.2	4,407.4	2,209.0	428.7	22,453.3

(a) Includes both fixed loan facilities and new and increased lending commitments under revolving credit facilities. (b) Includes permanent building societies, general financiers and retailers.

PERSONAL FINANCE COMMITMENTS: TYPE OF FACILITY, ALL LENDERS
(\$ million)

	<i>Revolving credit commitments</i>				
	<i>Fixed loan commitments</i>	<i>New and increased credit limits</i>	<i>Cancellations and reductions in credit limits</i>	<i>Credit limits</i>	
				<i>Total</i>	<i>Used</i>
1986-87	9,754.4	5,475.5	2,558.3	16,993.4	7,665.1
1987-88	11,864.6	8,069.7	3,909.9	21,484.0	9,328.7
1988-89	14,312.1	8,141.1	n.y.a.	n.y.a.	n.y.a.

Commercial finance

The statistics in the following tables measure commitments made by significant lenders to government, private and public enterprises and non-profit organisations as well as to individuals (for investment and business purposes). For more comprehensive statistics and detailed information on the scope and coverage of these statistics refer to the monthly publication *Commercial Finance, Australia* (5643.0).

COMMERCIAL FINANCE COMMITMENTS (a): TYPE OF LENDER
(\$ million)

	<i>Trading banks</i>	<i>Other banks</i>	<i>Finance companies</i>	<i>Money market corporations</i>	<i>Other lenders (b)</i>	<i>Total</i>
1986-87	57,772.1	3,190.0	6,948.3	9,132.4	203.2	77,246.0
1987-88	82,216.3	6,636.0	8,462.0	10,716.3	150.3	108,180.8
1988-89	82,086.2	9,662.5	13,341.6	9,788.6	261.8	115,140.7

(a) Includes both fixed loan facilities and new and increased lending commitments under revolving credit facilities. (b) Includes permanent building societies, general financiers and pastoral finance companies.

COMMERCIAL FINANCE COMMITMENTS: FIXED LOAN FACILITIES
(\$ million)

	<i>Construction</i>	<i>Purchase of real property</i>	<i>Purchase of plant and equipment</i>	<i>Refinancing</i>	<i>Other purposes</i>	<i>Total</i>
1986-87	3,454.7	4,483.6	2,032.0	2,579.5	10,832.2	23,382.0
1987-88	5,018.0	8,520.8	2,493.2	4,062.0	14,408.0	34,502.0
1988-89	7,795.6	14,816.1	3,206.0	4,408.8	16,575.7	46,802.2

COMMERCIAL FINANCE COMMITMENTS (a) INDUSTRY OF BORROWER
(\$ million)

<i>Industry of borrower</i>	1987-88			1988-89		
	<i>New fixed loan commitments during period</i>	<i>New and increased credit limits during period</i>	<i>Total new commitments during period</i>	<i>New fixed loan commitments during period</i>	<i>New and increased credit limits during period</i>	<i>Total new commitments during period</i>
Agriculture, forestry, fishing and hunting	3,243.9	3,564.7	6,808.6	3,266.2	3,689.4	6,955.6
Mining	802.5	2,638.7	3,441.2	901.7	3,219.1	4,120.8
Manufacturing	2,035.4	11,837.8	13,873.2	2,717.8	10,221.9	12,939.7
Construction	5,385.5	5,097.4	10,482.9	8,065.7	5,136.5	13,202.2
Wholesale trade	1,294.6	4,352.2	5,646.8	1,713.2	3,466.9	5,180.1
Retail trade	2,546.6	5,472.7	8,019.3	3,110.5	4,724.3	7,834.8
Transport and storage	963.6	1,420.8	2,384.4	1,275.3	1,796.3	3,071.6
Finance, investment and insurance	6,012.6	18,621.6	24,634.2	6,664.9	16,024.2	22,689.1
Property and business services	5,110.9	8,650.6	13,761.5	8,673.0	9,852.5	18,525.5
Other industries	7,106.4	12,022.4	19,128.8	10,413.9	10,207.4	20,621.4
Total industries	34,502.0	73,678.8	108,180.8	46,802.2	68,338.5	115,140.7

(a) Includes both fixed loan facilities and new and increased lending commitments under revolving credit facilities.

Lease finance

The statistics in the following tables measure lease finance commitments made by significant lenders to trading and financial enterprises, non-profit organisations, governments, public authorities and individuals. For more comprehensive statistics and detailed information on the scope and coverage of these statistics refer to the monthly publication *Lease Finance, Australia* (5644.0).

LEASE FINANCE COMMITMENTS: TYPE OF LESSOR
(\$ million)

	<i>All banks</i>	<i>Money market corporations</i>	<i>Finance companies</i>	<i>General financiers</i>	<i>Total</i>
1986-87	1,237.6	287.7	3,420.9	575.2	5,521.4
1987-88	1,825.0	412.5	3,973.6	578.2	6,789.3
1988-89	2,329.6	456.2	5,106.7	909.1	8,801.7

LEASE FINANCE COMMITMENTS: TYPE OF GOODS LEASED
(\$ million)

<i>Types of goods</i>	1986-87	1987-88	1988-89
Motor vehicles and other transport equipment	2,940.0	3,502.8	4,845.8
Construction and earth moving equipment	317.6	306.2	439.3
Agricultural machinery and equipment	150.3	182.3	243.0
Automatic data processing equipment and office machinery	766.4	841.3	1,138.9
Shop and office furniture, fittings and equipment	581.1	652.7	674.9
Other goods	766.0	1,304.1	1,459.7
Total	5,521.4	6,789.3	8,801.7

LEASE FINANCE COMMITMENTS: INDUSTRY OF LESSEE
(\$ million)

<i>Industry of lessee</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>
Agriculture, forestry, fishing and hunting	346.7	438.0	547.5
Mining	92.8	110.2	133.4
Manufacturing	693.5	1,040.7	1,090.5
Construction	451.4	548.3	706.9
Wholesale trade	289.4	305.5	319.7
Retail trade	698.3	838.7	1,119.0
Transport and storage	813.0	901.2	1,204.9
Finance, investment and insurance	500.1	537.8	681.5
Property and business services	687.2	907.1	1,273.5
Community services	222.4	325.9	430.0
Other industries	726.6	835.9	1,294.8
Total industries	5,521.4	6,789.3	8,801.7

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