

## PRIVATE FINANCE

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### BANKING

#### **Commonwealth banking legislation**

Information about the provisions of Commonwealth banking legislation can be found on pages 648-50 of the *Victorian Year Book* 1966.

#### **Banking in 1973**

During 1973 a number of official monetary policy measures were implemented as part of national monetary policy to reduce the growth rate of the money supply and restrict the availability of credit to the public. In December 1972, the Australian dollar had been revalued and controls on overseas borrowings had been supplemented by the introduction of a variable deposit requirement in respect of overseas borrowings with a maturity in excess of two years. A further effective revaluation of the Australian dollar against the U.S. dollar occurred in February 1973, when the latter currency was devalued in terms of gold, and in the same month restrictions on overseas borrowings were extended to include indirect forms of borrowing. These measures aimed at reducing capital inflow, which had been a strong stimulant to growth of the money supply and bank deposits in 1972, and in fact there were net apparent capital outflows in each of the four quarters of 1973.

The decline in trading banks' liquidity arising from changes in the capital account of the balance of payments was offset to a large extent by increased Australian Government expenditure, associated with the Government's election promises and its commitment to stimulate economic activity. It was against this background that the Reserve Bank increased trading bank Statutory Reserve Deposit ratios in two steps in April from 6.6 per cent to 7.6 per cent. Although this left considerable liquidity in the banking system and, therefore, did not immediately have the effect of restricting credit, it constituted a warning that the authorities wished to check the rate of expansion as inflation persisted.

A further indication of the trend in official monetary policy came in the May and July Commonwealth loans. The long-term bond rate was raised in the May loan to 6.5 per cent, from 6.0 per cent, and the July loan tightened rates further, in that the longest term offered was 18 years, at 7.0 per cent (previously 30 years at 6.5 per cent). Short-term rates were also raised, as were rates on Treasury Notes.

Then, in July, the Reserve Bank announced that monetary policy was being directed towards further restraint. The Statutory Reserve Deposit ratio was increased in two steps, bringing the ratio to 9.0 per cent. The Governor of the Reserve Bank said that the economy was growing strongly and expenditure was pressing more heavily upon available resources. Although liquidity had tightened since the April measures, bank lending had continued to run very strongly. Continuation of bank lending at the recent very high levels would add unduly to available funds, and an appreciably lower level of new lending was more appropriate to the current needs of the economy.

On 9 September the Australian Government announced further measures to stem inflation, including a further 5 per cent revaluation of the \$A. Foreshadowing a sharp increase in interest rates, the Prime Minister stated that “. . . in the market for Government securities, the Reserve Bank will, with the concurrence of the Government, press its open market operations vigorously with the aim of significantly increasing sales of Government securities. This will both mop up funds in the hands of the private sector and reduce the liquidity of private sector holdings of financial assets. In the process, a sharp rise can be expected in interest yields on existing issues of Australian Government securities and, in due course, in rates to be offered on new issues. Substantial increases in other interest rates will follow as effects of the operations spread through markets for funds”.

Following the announcement, market yields for long-term bonds quickly reached 8.5 per cent. This rate was confirmed when terms for the October loan were announced, with the long-term rate (on a 20 year security) being set at 8.5 per cent.

On 14 September the Governor of the Reserve Bank announced that the maximum rate which trading banks may offer on term deposits would be increased from 6.5 per cent to 8.0 per cent.

Significantly, the interest rate ceiling which had applied to Certificates of Deposit was removed by the authorities, and the maximum term for C.D.s was extended from two to four years. This change provided the banks with greater flexibility in competing in the market place for large funds (over \$A50,000). Rates on C.D.s subsequently moved appreciably above the 8.0 per cent official maximum applying to term deposits.

At the same time, the Governor of the Reserve Bank announced that the maximum overdraft rate, payable on loans drawn under limits of less than \$A50,000, would rise from 7.75 per cent to 9.50 per cent; most bank lending rates rose in sympathy. New maximum interest rates for savings bank deposits and loans were announced by the authorities, effective from 1 October 1973, the maximum rate on deposit accounts rising from 5 to 7 per cent.

Interest rates in other sectors of the financial market were adjusted to maintain competitiveness with bank rates and bond yields, with sharp increases occurring in permanent building society and finance company rates.

Official concern to shield home purchasers from the full weight of the interest rate increases was reflected in the pattern of bank and building societies' lending rates, which generally rose by only 1 per cent, while this had moderating effects on rates which could be paid on deposits by these institutions.

A further step taken to support these measures was to increase the variable deposit requirement on overseas borrowings from 25 per cent of funds borrowed to  $33\frac{1}{3}$  per cent. This and the strong rise in Government sector interest rates from September 1973 re-emphasised the Government's determination to curb the growth of private sector liquidity and to draw funds into the public sector. In this way the Government sought to finance its own expenditure while dampening private sector spending, in an effort to reduce inflationary pressures and the strain on resources.

### *Deposits*

Total deposits of the major trading banks in Australia rose by an unprecedented amount in 1973 and outstripped the strong growth in 1972. The increase during the year was \$2,576m, bringing total deposits to \$12,066m in December 1973. In the previous three years the increases were: 1970 (+ \$182m), 1971 (+ \$662m), and 1972 (+ \$1,932m).

The main influences on deposit growth were the expansionary impact of the Government's deficit financing and the large increase in major trading bank total advances, which rose by \$2,560m during the year. They were sufficiently large to outweigh a decline of \$834m in holdings of gold and foreign exchange by the Reserve Bank, which resulted largely from capital outflow of \$791m in 1973, combined with a reduced surplus in the balance of trade because of increased imports.

Almost 70 per cent of the increase in total deposits in 1973 was in term deposits (compared with 52 per cent in 1972) and towards the end of the year, in particular, there was strong demand for Certificates of Deposit. Consequently, the ratio of term deposits (including Certificates of Deposit) to total deposits rose from 46.4 per cent in December 1972 to 51.0 per cent in December 1973.

Deposits with savings banks in Australia rose by \$1,579m to \$10,841m in 1973, compared with an increase of \$1,280m in 1972. Rising personal disposable incomes and, in the early part of the year, restrained consumer spending, contributed to this increase.

In Victoria, total deposits of the major trading banks rose by \$728m to \$3,435m in 1973, compared with an increase of \$542m in 1972. The Victorian share of total major trading bank deposits in Australia decreased slightly between December 1972 and December 1973 from 28.53 per cent to 28.47 per cent. Victorian savings bank deposits also rose strongly in the year to December 1973, increasing by \$578m to \$3,804m. The Victorian share of total Australian savings bank deposits increased from 34.83 per cent in December 1972 to 35.09 per cent in December 1973. Savings bank deposits per head of population in Victoria were \$1,054 at the end of 1973, compared with the Australian average of \$819.

### *Lending*

The trading banks' expansive lending policy, which was adopted in 1972 following the relaxation of official restraints on lending in late 1971, continued for the first seven months of 1973. During this period, approvals of new and increased overdraft limits averaged \$114m a week. However, after the August calls to banks' Statutory Reserve Deposit accounts and the statement by the Governor of the Reserve Bank calling for moderation

in approvals of new and increased overdraft limits by trading banks, overdraft approvals declined sharply. From a peak of \$127m a week in July, approvals fell to \$85m in December, bringing the weekly average for 1973 to \$106m, compared with \$72m in 1972.

The high level of overdraft limit approvals was accompanied by a very strong increase in major trading bank total advances, which rose by \$2,560m or 48 per cent to \$7,895m at December 1973, compared with an increase of \$849m in 1972. Utilisation of overdraft limits rose from 56.1 per cent in December 1972 to 61.9 per cent in December 1973.

The major trading banks' total advances in Victoria increased by \$540m to \$2,037m in 1973. This represented a 25.8 per cent share of the Australian total, compared with 26.2 per cent in December 1972.

Housing loans outstanding by all savings banks in Victoria increased by \$208m to \$1,252m in the year to December 1973. The Victorian share of total Australian housing loans outstanding by all savings banks at that date was 36.8 per cent, compared with 37.3 per cent in December 1972.

#### Liquidity

Trading banks began the year with historically high levels of liquidity, but the seasonal decline in liquidity in the June quarter, associated with company and personal taxation payments, was sharper than usual because

#### AUSTRALIA—MAJOR TRADING BANKS

December	Total deposits (a)	Annual increase	Total loans outstanding (a)	Annual increase	Loans to deposit ratio	L.G.S. ratio (b)
	\$m	per cent	\$m	per cent	per cent	per cent
1969	6,758.6	10.6	4,139.5	11.3	61.2	23.4
1970	6,945.4	2.8	4,392.5	6.1	63.2	22.6
1971	7,609.8	9.6	4,856.5	10.6	63.8	26.3
1972	9,549.3	25.5	5,705.6	17.5	59.7	31.8
1973(c)	12,066.3	27.1	7,895.1	48.0	65.4	24.9

(a) Average of Wednesdays for month of December.

(b) L.G.S. ratio—ratio of Treasury Notes, other Government securities, and cash to total deposits.

(c) From 1973, statistics exclude Papua New Guinea. 1973 not strictly comparable with previous years. Source: Reserve Bank of Australia Statistical Bulletin.

#### AUSTRALIA—MAJOR TRADING BANKS' L.G.S. RATIO (a)

(per cent)

Month	1969	1970	1971	1972	1973
January	26.8	24.6	24.5	29.1	34.1
February	28.3	25.4	25.9	30.5	33.8
March	28.0	25.3	25.6	29.7	30.8
April	25.7	23.1	23.7	28.2	28.3
May	24.0	21.8	22.2	26.1	25.2
June	22.9	20.5	21.3	23.7	23.1
July	21.9	20.0	21.2	24.6	23.0
August	22.5	20.4	21.7	26.8	22.7
September	23.0	20.9	22.8	29.3	22.3
October	23.1	21.2	24.3	31.3	22.7
November	23.3	22.1	25.1	31.8	24.1
December	23.4	22.6	26.3	31.8	24.9
Average for year	24.4	22.3	23.7	28.6	26.3

(a) L.G.S. ratio—ratio of Treasury notes, other Government securities, and cash to total deposits.

Further references, 1962–1974; History of banking in Victoria, 1961

of the April calls to banks' Statutory Reserve Deposit accounts, net capital outflow, and increased bank lending. The seasonal increase in liquidity which normally occurs in the September quarter was delayed by official monetary policy measures taken during August and September.

### Reserve Bank of Australia

The Reserve Bank is Australia's central bank and acts as banker and financial agent of the Australian Government. The *Reserve Bank Act* 1959-1966 preserved and continued in existence the original body corporate known as the Commonwealth Bank of Australia under the new name, Reserve Bank of Australia, and also preserved within it the special departments of Note Issue and Rural Credits.

#### Financial statements

The Bank's liabilities and assets, for each of the years 1968-69 to 1972-73, together with net profits and their distribution, follow :

**AUSTRALIA—RESERVE BANK :  
CENTRAL BANKING BUSINESS (INCLUDING NOTE ISSUE  
DEPARTMENT): AVERAGE LIABILITIES AND ASSETS  
(\$m)**

Particulars	1968-69	1969-70	1970-71	1971-72	1972-73
<b>Liabilities—</b>					
Capital and reserve funds	61	100	173	241	263
Australian notes on issue	1,071	1,176	1,309	1,449	1,633
Statutory Reserve Deposit accounts of trading banks	523	647	644	590	642
Other deposits of trading banks	83	45	57	96	84
Deposits of savings banks	568	596	551	745	1,201
Other liabilities	225	285	400	785	1,454
<b>Total</b>	<b>2,531</b>	<b>2,849</b>	<b>3,134</b>	<b>3,906</b>	<b>5,277</b>
<b>Assets—</b>					
Gold and foreign exchange	1,090	1,043	1,493	2,775	4,122
Australian notes and coin	14	10	10	11	19
Cheques and bills of other banks	5	5	4	4	5
Australian Govt securities— Redeemable in Australia— Treasury bills and notes	300	433	293	193	98
Other	713	817	855	524	407
Bills receivable and remit- tances in transit	35	35	41	45	39
Loans, advances, and all other assets	374	506	438	354	587
<b>Total</b>	<b>2,531</b>	<b>2,849</b>	<b>3,134</b>	<b>3,906</b>	<b>5,277</b>

**AUSTRALIA—RESERVE BANK : RURAL CREDITS  
DEPARTMENT : AVERAGE LIABILITIES AND ASSETS  
(\$m)**

Particulars	1968-69	1969-70	1970-71	1971-72	1972-73
<b>Liabilities (excluding capital and contingencies)</b>					
	284.7	401.9	342.2	253.7	202.2
<b>Assets—</b>					
Loans, advances, etc.	319.8	440.6	384.8	299.2	250.0
Other assets	0.1	..	..	..	..
<b>Total assets</b>	<b>319.9</b>	<b>440.6</b>	<b>384.8</b>	<b>299.2</b>	<b>250.0</b>

## AUSTRALIA—RESERVE BANK : NET PROFITS

(\$m)

Department	1968-69	1969-70	1970-71	1971-72	1972-73
Central banking	5.7	8.9	11.3	4.9	(a)
Note issue	23.8	36.3	46.9	25.2	(a)
Rural credits	1.6	1.9	1.6	1.5	1.3
<b>Total</b>	<b>31.1</b>	<b>47.1</b>	<b>59.8</b>	<b>31.6</b>	<b>1.3</b>

(a) After deducting amounts written off Bank premises the whole of the net earnings were transferred to reserves for contingencies.

## AUSTRALIA—RESERVE BANK : DISTRIBUTION OF PROFITS

(\$m)

Particulars	1968-69	1969-70	1970-71	1971-72	1972-73
Australian Government	26.6	41.6	54.2	25.2	(a)
Reserve Bank reserve fund	2.9	3.6	4.0	4.9	(a)
Rural Credits Department—					
Reserve fund	0.8	0.9	0.8	0.8	0.6
Development fund	0.8	0.9	0.8	0.8	0.6
<b>Total</b>	<b>31.1</b>	<b>47.1</b>	<b>59.8</b>	<b>31.6</b>	<b>1.3</b>

(a) After deducting amounts written off Bank premises the whole of the net earnings were transferred to reserves for contingencies.

## Further reference, 1966

## Trading banks

The following table shows the number of branches and agencies in Victoria conducted by individual trading banks at 30 June 1972 and 1973 :

## VICTORIA—TRADING BANKS : NUMBER OF BRANCHES AND AGENCIES

Bank	At 30 June 1972		At 30 June 1973	
	Branches	Agencies	Branches	Agencies
<b>Major trading banks—</b>				
Commonwealth Trading Bank of Australia	140	83	142	89
Australia and New Zealand Banking Group Ltd	351	93	334	91
The Bank of Adelaide	2	..	2	..
Bank of New South Wales	182	12	185	11
The Commercial Bank of Australia Ltd	166	58	168	54
The Commercial Banking Co. of Sydney Ltd	148	37	149	37
The National Bank of Australasia Ltd	244	84	247	75
<b>Total major trading banks</b>	<b>1,233</b>	<b>367</b>	<b>1,227</b>	<b>357</b>
<b>Other trading banks—</b>				
Bank of New Zealand	1	..	1	..
Banque Nationale de Paris	1	..	1	..
<b>Total other trading banks</b>	<b>2</b>	<b>..</b>	<b>2</b>	<b>..</b>
<b>Total all trading banks</b>	<b>1,235</b>	<b>367</b>	<b>1,229</b>	<b>357</b>
Metropolitan area	722	175	728	167
Remainder of State	513	192	501	190

The following tables show particulars of the averages of deposits with, and advances by, trading banks in Victoria during the month of June 1973. Comparable figures for the month of June for each of the preceding four years are also shown in the second table. The monthly averages are obtained by recording the amounts of deposits and advances at the close of business on Wednesday of each week.

**VICTORIA—MAJOR TRADING BANKS : AVERAGES OF DEPOSITS  
AND ADVANCES, MONTH OF JUNE 1973**  
(\$'000)

Bank	Deposits repayable in Australia			Loans (a), advances, and bills discounted
	Not bearing interest	Bearing interest	Total	
Commonwealth Trading Bank of Australia	183,450	275,915	459,363	272,842
Private trading banks—				
Australia and New Zealand Banking Group Ltd	466,355	460,742	927,096	600,078
The Bank of Adelaide	4,368	2,668	7,036	7,241
Bank of New South Wales	186,481	195,646	382,126	247,763
The Commercial Bank of Australia Ltd	182,702	214,738	397,440	286,320
The Commercial Banking Co. of Sydney Ltd	100,662	124,007	224,668	86,199
The National Bank of Australasia Ltd	265,204	299,017	564,221	324,355
<b>Total</b>	<b>1,389,221</b>	<b>1,572,730</b>	<b>2,961,949</b>	<b>1,824,796</b>

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

**VICTORIA—MAJOR TRADING BANKS : AVERAGES  
OF DEPOSITS AND ADVANCES**  
(\$'000)

Month of June—	Deposits repayable in Australia			Loans (a), advances, and bills discounted
	Not bearing interest	Bearing interest	Total	
1969	906,590	978,101	1,884,690	1,103,548
1970	946,468	990,144	1,936,611	1,206,903
1971	988,424	978,679	1,967,103	1,369,305
1972	1,065,861	1,163,039	2,228,898	1,434,696
1973	1,389,221	1,572,730	2,961,949	1,824,796

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

A classification of persons and authorities in receipt of trading bank advances is given in the following table. Business advances are classified according to the main industry of the borrower.

**VICTORIA—MAJOR TRADING BANKS : CLASSIFICATION OF ADVANCES**  
(\$m)

Classification	At second Wednesday of July—				
	1969	1970	1971	1972	1973
Resident borrowers—					
Business advances—					
Agriculture, grazing, and dairying	207.6	209.1	203.3	197.2	210.7
Manufacturing	226.0	258.1	309.9	298.8	311.0
Transport, storage, and communication	23.4	22.8	23.5	23.2	31.6
Finance	58.5	77.3	84.8	137.2	249.1
Commerce	193.2	194.8	199.2	193.9	236.8
Building and construction	41.4	44.2	42.6	41.8	67.0
Other businesses	133.5	152.0	235.9	262.4	301.5
Unclassified	17.7	12.6	16.7	14.1	19.6
Total business advances	901.3	971.0	1,115.9	1,168.6	1,427.3
Advances to public authorities	17.7	23.7	36.7	30.8	15.5
Personal advances	184.4	199.3	202.6	246.5	423.9
Advances to non-profit organisations	17.4	19.6	18.3	17.0	18.8
Total advances to resident borrowers	1,120.8	1,213.6	1,373.5	1,462.9	1,885.5
Non-resident borrowers	1.2	1.2	1.9	1.6	1.3
<b>Grand total</b>	<b>1,121.9</b>	<b>1,214.7</b>	<b>1,375.3</b>	<b>1,464.5</b>	<b>1,886.8</b>

The preceding classification for bank deposits is available only on an Australian basis, and can be found in the publication *Banking and Currency* issued annually by the Central Office of the Australian Bureau of Statistics.

The following table shows the average weekly amounts debited by trading banks to customers' accounts. Particulars relate to the operation of all trading banks transacting business in Victoria (as set out in the third table on page 584) and, in addition, the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank. Debits to Australian and Victorian Government accounts at Melbourne city branches are excluded from the table.

**VICTORIA—TRADING BANKS (a) : AVERAGE WEEKLY DEBITS TO CUSTOMERS' ACCOUNTS (\$m)**

Year	Average weekly debits	Year	Average weekly debits
1963-64	733.2	1968-69	1,214.1
1964-65	825.3	1969-70	1,413.3
1965-66	847.7	1970-71	1,647.3
1966-67	940.0	1971-72	1,808.7
1967-68	1,041.8	1972-73	2,373.2

(a) Also includes the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank.

### **Commonwealth Banking Corporation**

The Commonwealth Banking Corporation, established under the *Commonwealth Banks Act* 1959, came into being on 14 January 1960, and is the controlling body for the Commonwealth Trading Bank of Australia, the Commonwealth Savings Bank of Australia, and the Commonwealth Development Bank of Australia.

The Corporation Board consists of three *ex officio* members, namely, the Managing Director and Deputy Managing Director of the Corporation and the Secretary to the Treasury, plus eight members (who include the Chairman and Deputy Chairman) appointed from private enterprise other than the private banking industry.

It is the duty of the Board, within the limits of its powers, to ensure that the policy of the Corporation and the banking policy of the Trading Bank, of the Savings Bank, and of the Development Bank are directed to the advantage of the people of Australia and have due regard to the stability and balanced development of the Australian economy.

### *Commonwealth Trading Bank of Australia*

The Commonwealth Trading Bank is one of the three member banks comprising the Commonwealth Banking Corporation and has a history of over fifty years of banking experience. It accepts interest bearing deposits, issues Certificates of Deposit, and provides cheque account facilities, a wide range of loans, lease financing, nominee facilities, and the usual trading bank services including the acceptance of safe custody lodgments. The Bank also provides house insurance for customers who have borrowed from it to purchase a home.



The Commonwealth Trading Bank is now one of the largest trading banks. At June 1974 advances to customers were \$1,887m; customers' accounts were \$2,595m or over 22.1 per cent of the total deposits of all major Australian trading banks; customers' accounts numbered 1,357,000; and the Bank had 1,194 branches and agencies throughout Australia.

On the international scene, the Bank has agents and correspondents throughout the world, enabling it to handle all types of international monetary transactions. It has always helped the promotion of Australia's international trade and finances a large volume of export and import business. Its officers have been members of Australian Government trade missions and its trade service is able to provide up-to-date information on economic conditions and market prospects in overseas countries.

Facilities for the conduct of share, stock, note, and debenture registers for public companies and local and semi-governmental authorities are provided by the Bank's Stock and Share Department.

**AUSTRALIA—COMMONWEALTH TRADING BANK:  
DEPOSITS, ADVANCES, AND NUMBER OF ACCOUNTS**

At 30 June—	Deposits repayable in Australia (Average for month of June)			Advances	Number of accounts
	Bearing interest	Not bearing interest	Total		
	\$m	\$m	\$m	\$m	'000
1970	751	627	1,378	832	1,096
1971	832	670	1,502	955	1,154
1972	979	748	1,727	1,105	1,216
1973	1,388	971	2,359	1,534	1,287
1974	1,667	928	2,595	1,887	1,357

*Commonwealth Savings Bank of Australia*

The Commonwealth Savings Bank of Australia was established in July 1912. It is the largest savings bank in Australia, having total assets at June 1974 of \$4,500m.

At the end of June 1974 amounts on deposit with the Savings Bank within Australia totalled \$4,333m and it was conducting 7,569,000 active accounts. The Savings Bank's depositors' balances are widely invested in the development of Australia; apart from advances (mainly for housing) of \$1,476m outstanding in June 1974, investments in Australian and State Government securities totalled \$1,598m and in local and semi-governmental securities amounted to \$769m.

Between 1960 and June 1974 over \$2,200m has been provided for housing, assistance having been provided to more than 300,000 families.

The Commonwealth Savings Bank and the Commonwealth Trading Bank provide special services to facilitate the assimilation of newcomers to Australia through the Australian Financial and Migrant Information Service in London, the Migrant Information Service in all capital cities and other major centres, and agencies conducted on migrant vessels and at hostels.

The following table shows details of Commonwealth Savings Bank activities for the years 30 June 1970 to 1974 :

AUSTRALIA—COMMONWEALTH SAVINGS BANK :  
NUMBER OF ACTIVE ACCOUNTS, AMOUNT AT  
CREDIT OF DEPOSITORS, LOANS AND ADVANCES  
OUTSTANDING, ETC.

At 30 June—	Number of active accounts	Amount at credit of depositors	Loans and advances outstanding	Common- wealth and other securities held
	'000	\$m	\$m	\$m
1970	7,236	2,951	991	1,678
1971	7,462	3,142	1,095	1,744
1972	7,633	3,421	1,175	1,862
1973	7,780	4,023	1,290	2,018
1974	7,569	4,333	1,476	2,367

*Commonwealth Development Bank of Australia*

The Commonwealth Development Bank of Australia, which commenced operations on 14 January 1960, provides finance for the purpose of primary production and for the establishment or development of industrial undertakings, particularly small undertakings. It supplements the lending activities of the trading banks and other institutional lenders and may only provide assistance in circumstances where, in the opinion of the Bank, the finance sought would not otherwise be available on reasonable and suitable terms and conditions.

Loans are made to primary industry for a wide range of purposes—purchase of plant and livestock, fodder and water conservation, and the erection of essential farm buildings (including housing). Loans are also made for purposes associated with diversification of production and changes of land-use patterns as well as to enable farmers on small properties to acquire more land, and where appropriate, to facilitate the amalgamation of uneconomic parcels of land with contiguous or nearby holdings. In addition, loans are now provided for the purchase of farm properties in appropriate circumstances other than for development and farm build-up, to assist with the holding together of a farming enterprise upon the death of a farm proprietor, and for the repayment of unsuitably short-term private mortgage debt and similar obligations.

The Commonwealth Development Bank also provides assistance to the fishing industry by way of construction loans for new boats and gear and loans to improve the operating performance and functional activity of older boats. In appropriate circumstances, loans are made to finance change of ownership of fishing boats and also to finance the repayment of existing debt, on fishing boats, arranged on unsuitable terms and conditions.

Loans to secondary industry are provided mainly to the manufacturing, construction, and transport industries. The Bank also provides equipment finance under hire purchase arrangements for farm and industrial goods.

Loan and equipment finance approvals for the year ended 30 June 1974 were :

COMMONWEALTH DEVELOPMENT BANK :  
LOAN AND EQUIPMENT FINANCE  
APPROVALS, 1973-74

Particulars	Number	Amount
		\$m
Loans	2,095	66.1
Equipment finance	(a)7,885	41.0

(a) Number of applicants.

Outstanding loans by the Commonwealth Development Bank to rural and other industries in Australia at 30 June 1974 were as follows :

AUSTRALIA—COMMONWEALTH DEVELOPMENT BANK: OUTSTANDING  
LOAN BALANCES AT 30 JUNE 1974  
(\$'000)

Rural loans		Industrial loans	
Type of industry	Amount	Type of industry	Amount
Sheep	59,591	Engineering	5,866
Dairying	21,975	Chemical products	1,098
Cattle	68,655	Foodstuffs and preservation	8,107
Wheat	22,707	Electrical and allied manufacturing	1,523
Fruit growing	8,267	Building materials and fittings	2,697
Poultry	2,680	Other manufacturing	3,420
Grain crops other than wheat	6,042	Transport, storage, and communication	984
Other rural industry	13,501	Other non-rural industry	15,142
<b>Total</b>	<b>203,418</b>	<b>Total</b>	<b>38,837</b>

**Further references, 1964, 1967, 1974 ; Australian Resources Development Bank Ltd, 1970**

### State Savings Bank of Victoria

The State Savings Bank of Victoria, which was established in 1841, is constituted under Victorian statutes and operates branches and agencies throughout Victoria. It is directed by a government appointed board of seven commissioners, who exercise control through the general manager. The business of the Bank is conducted in two departments, the Savings Bank Department and the Credit Foncier Department.

The Savings Bank Department accepts interest-bearing deposits through pass-book, school bank, coupon club accounts, and fixed deposit stock and term deposits, and provides cheque accounts, safe deposits, and a wide range of other banking services. The funds are principally invested in loans to semi-governmental, municipal, and other public authorities within Victoria ; loans on the security of first mortgage over freehold land for houses and farms either directly or through investment in the debentures of the Credit Foncier Department ; and in Australian Government securities.

The Credit Foncier Department, which is wholly financed by the Savings Bank Department, also makes long-term loans to finance the erection and purchase of homes.

The State Savings Bank of Victoria is the largest savings bank in Victoria, having assets of \$2,036m at 30 June 1974. The deposits of its 3.2 million operative accounts, held at 521 branches and sub-branches and 648 agencies, amounted to \$1,862m which represented approximately 47 per cent of all savings bank balances in Victoria.

*Changes in savings banking*

In the past twenty years the State Savings Bank has made some significant changes in accounting procedures, range of services, and the architectural style of premises. Some of these changes have been evolutionary, but others have been dictated by external circumstances.

Competition among banks for savings was greatly accentuated by the Australian Government's decision in 1956 to grant licences to savings bank subsidiaries of private trading banks. In consequence there are now eight savings banks actively competing in Victoria, whereas the State Savings Bank had only one competitor before 1956.

Under a 1957 amendment to the State Savings Bank Act, the Bank was empowered to conduct cheque accounts which, except in the case of certain non-profit organisations, do not bear interest. At 30 June 1974 the Bank held 312,311 cheque accounts with balances of \$142m.

The growth of permanent building societies accelerated in 1965 when the Australian Government established the Housing Loans Insurance Corporation, which insures housing loans made by approved lenders. This again increased competition for savings.

The traditional pattern of savings has also been altered by a marked increase in social services which have lessened the trend towards self-provision for illness and old age, by a general increase in living standards, and by the continued development of a consumer goods market.

Among the steps taken to adapt to this changed environment have been basic changes in accounting procedures. The Bank pioneered in Australia the use of punched cards and centralised accounting in connection with savings bank transactions. The installation of a computer in 1962, the first computer in any Australian bank, made it possible to centralise the transactions of large branches at the data processing centre at the Bank's head office. At 30 June 1974, 169 branches were linked to the computer, which also processed many head office transactions. The computer made it possible for the Bank to introduce a Christmas Club in November 1964. This is a form of saving for a specific purpose, by a method not previously available in Australia, by means of a book of coupons rather than by the conventional pass-book. Members choose from books of 25 or 50 coupons in denominations of \$1 to \$20, pre-punched with account and serial numbers for computer processing. The Christmas Club has been well received and the idea has spread. For the year ending 30 June 1974, \$24.7m was paid out to members. In 1971 the State Savings Bank extended its coupon savings scheme to the Calendar Club, which works on the same principle as the Christmas Club, except that the depositor can nominate the month and the term—from three months to two years—in which he wants his pay-out.

Introduction of secured and unsecured personal loans in November 1963 was a departure from historical savings bank practice, which had previously provided for loans to individuals on the security of a mortgage over freehold land only. The limit for secured loans is \$6,000, or more in special cases, and the maximum term is five years. A wide range of securities is acceptable and the purposes include the purchase of land or property, the carrying on of farms and small businesses, the purchase of all types of motor vehicles, improvements to property, medical, educational, and travelling

expenses, and rates and taxes. Unsecured loans for a restricted range of purposes are also available up to a maximum of \$3,000 (including interest). At 30 June 1974, 56,061 borrowers owed \$100,130,140.

To meet other changing circumstances the State Savings Bank Act was amended in 1969 to give the Bank power to lend on residence area rights and residence licences under the Land Act; flexibility in the terms on which it can accept deposits; and greater administrative flexibility in dealing with loans. The first amendment corrected an anomaly in the existing legislation which precluded the Bank from lending on area titles, and made provision for the Bank to make loans on the security of liens over residence area rights and residence licences under the Land Act. This applies mainly to old mining areas. The second amendment allows the Bank to accept term deposits at variable rates of interest. It also permits the Bank to hold funds with banks anywhere, thereby simplifying the procedures for arranging settlements for overseas remittances on behalf of depositors. The third section deals with the limit on the Bank's powers to make unsecured personal loans. It removed the restrictions imposed by the previous Act, so the conditions may now be varied by the Governor in Council on the recommendation of the Commissioners.

The Commissioners were granted new powers to enter into agreements with Australian Government bodies or ministers, legally constituted authorities, or banks, firms, or individuals—provided ensuing benefits for the Bank could be foreseen. The Commissioners were empowered to perform activities under the terms of such agreements, to join participating bodies or firms, to become directors or office-bearers of them, or nominate officers for such positions.

A 1973 Act amendment altered the provisions relating to the fixing of interest rates. Previously, changes in rates required the approval of the Governor in Council. Such a procedure involved some administrative delay, and sometimes placed the Bank at a competitive disadvantage compared with other banks announcing interest rate rises on deposits. The amendment removed the need for Governor in Council approval.

The Bank's powers were extended significantly in 1973 by amendments to the Savings Bank Act. A notable change, aimed at assisting decentralisation, was a provision enabling the Bank to lend funds to the newly established Victorian Development Corporation. Another amendment gave the Bank authority to provide overdraft accommodation for the Corporation—and also for people and firms receiving financial assistance from the Corporation. A stipulation was that the amount and terms of these overdrafts would be decided by the Commissioners.

The Bank was also empowered to grant overdraft accommodation to any public, local, or municipal authority constituted under any Act of the Victorian Parliament. This amendment was intended to give competitive parity with trading banks in seeking the banking business of local and semi-governmental authorities. Further, the Commissioners were authorised to invest Savings Bank Department funds in bills of exchange accepted or endorsed by any other bank. Authority to accept, endorse, discount, and re-discount bills of exchange was also given.

A new legislative provision introduced following the 1973 State Budget required that, as from 30 June 1974, one half of the annual net profits of the

Savings Bank Department would be paid into Consolidated Revenue. At the amending Bill's second reading, the Victorian Treasurer pointed out that this provision was consistent with the general practice of other government banks in Australia.

A 1973 amendment to the Savings Bank Act altered the manner of appointment of the chairman of Commissioners. For many years, the Commissioners had adopted a convention of annual rotation for nominations to the chairmanship—these nominations being subject to ratification by the Governor in Council. In 1973 it was agreed between the Government and the Commissioners (and expressed in an amendment to the Act) that power of appointment of chairman be vested in the Governor in Council, without requiring a nomination by a majority of the Commissioners. Another administrative amendment provided that, in the absence of the general manager, one of the Bank's deputy general managers, if so authorised, should have power to act for the general manager. Previously this power had been vested solely in one person known as the assistant general manager.

To provide banking facilities for a rapidly expanding population, and to replace agencies formerly conducted by private banks, the State Savings Bank increased the number of its branches and sub-branches from 267 in 1956 to 521 in 1974. In the same period many of the Bank's older branches were re-built or modernised to provide attractive premises for clients and staff.

In the face of increased competition, the State Savings Bank has greatly expanded the volume of its advertising and other forms of publicity in the press and on radio and television. Advertising has been extended to the foreign language press for migrant depositors; and to establish a personal contact with new settlers, the Bank recruits staff with linguistic ability. In 1974 the Bank's staff included more than 250 officers who collectively spoke over 29 foreign languages. The Bank also sends promotion officers into places of employment and schools.

Depositors' balances have increased from \$528.6m at 30 June 1956, the year in which private banks entered the savings field, to \$1,862m at 30 June 1974.

#### *Housing and farm loans*

The State Savings Bank has been the largest single source of housing finance in Victoria since it introduced low cost long-term mortgage loans. These were first offered in 1894 to farmers and pastoralists to rescue them from the difficulties caused by the financial excesses of the 1880s and were extended to city home buyers in 1910. Since then the Bank has helped more than 250,000 Victorian families to purchase their own homes. At 30 June 1974, 84,642 housing loan borrowers owed a total debt of \$616m.

In less direct ways the Bank provides further assistance to home seekers. Overdraft accommodation has been provided to co-operative housing societies and, at 30 June 1974, \$5.7m was owed to the Bank by co-operative societies. The Bank also provides funds to the Home Finance Trust which, at 30 June 1974, owed the bank \$9.1m.

Rural interests are well served by long-term mortgage loans or short-term personal loans. Advances to farmers totalled \$6.6m in 1973-74 and at 30 June 1974, \$25.4m was outstanding from 1,527 borrowers.

### *Loans for housing services*

Houses require such services as water, power, and sewerage, while such amenities as made roads, nearby baby health centres, and recreation areas are also important adjuncts to family living. The Bank lends considerable support to the semi-governmental and municipal authorities responsible for providing these services; the amount invested with them at 30 June 1974 was \$517.5m.

### *Loans to churches, schools, social organisations, etc.*

The Bank has always been a source of finance for the erection of churches, school buildings, and community halls and for the provision of associated amenities. The advances to borrowers during 1973-74 totalled \$0.7m.

### *Industrial savings facilities*

The original form of banking-at-work introduced to Australia in 1927 by the State Savings Bank of Victoria enables employees to lodge deposits in strong-boxes situated conveniently at their place of work. Three allied forms of savings are National Savings Groups, Pay-roll Savings Plans, and Employees Savings Groups, all of which provide an easy and convenient method of saving.

### *School banking*

The State Savings Bank's school bank system was introduced in 1912. At 30 June 1974 banking was provided at 2,562 schools for 459,459 depositors whose balances totalled \$8.5m.

### *Charge Card*

In October 1973 it was announced that the State Savings Bank of Victoria would be among the nine leading Australian banks to launch a Charge Card scheme in mid-1974. Subsequently the Bank was closely involved in the establishment of the Bankcard operation.

### *Facilities for travellers*

Travellers' cheques are obtainable at any branch and can be cashed at any bank in Australia free of charge. They are available also for overseas use. Depositors travelling in Victoria may arrange withdrawals on a pass-book account at any branch of the Bank. Withdrawals interstate can be made at any branch of any bank, subject to prior arrangement with the depositor's own branch. Visitors to and migrants from the United Kingdom may use pass-book accounts at the Bank's London office. Remittances to most countries in the world can be arranged at any branch of the Bank.

### *Miscellaneous facilities*

Depositors may arrange for payments from government departments (child endowment, military pay, and other allotments), dividends on shares, interest on stocks and debentures, in some cases salaries, and other special credits to be made direct to their accounts. Full facilities are provided at all branches for the acceptance of cash and conversion applications for government, semi-governmental, and public authority loans. The State Savings Bank accepts amounts due to the State Electricity Commission and several other Victorian public utilities.

The following table shows the number of accounts open and the amount remaining on deposit for the years ended 30 June 1970 to 1974 :

VICTORIA—STATE SAVINGS BANK :  
DEPOSITORS' ACCOUNTS

At 30 June—	Number	Amount
	'000	\$'000
1970	2,788	1,163,596
1971	2,866	1,235,641
1972	2,961	1,344,716
1973	3,090	1,615,431
1974	3,209	1,862,302

The following table shows the transactions of the Bank for each year from 1969-70 to 1973-74:

VICTORIA—STATE SAVINGS BANK : TRANSACTIONS  
(\$'000)

Year	Deposits	Withdrawals	Interest paid
1969-70	2,043,393	2,016,591	32,541
1970-71	2,395,170	2,358,006	34,881
1971-72	2,800,250	2,725,990	37,313
1972-73	3,619,360	3,387,172	56,271
1973-74	5,165,430	4,962,023	76,166

The following table shows the amounts advanced by the State Savings Bank during each of the years 1969-70 to 1973-74 and the balances outstanding at the end of each year :

VICTORIA—STATE SAVINGS BANK : ADVANCES AND BALANCES  
OUTSTANDING FOR MORTGAGE AND OTHER LOANS (a),  
SAVINGS BANK AND CREDIT FONCIER DEPARTMENTS  
(\$m)

Year	Advances				Balances outstanding at end of year	
	Savings bank			Credit foncier	Savings bank	Credit foncier
	Housing (b)	Farms	Churches, etc.			
1969-70	59.3	3.5	0.9	14.8	255.0	169.8
1970-71	68.6	2.6	1.2	11.8	305.3	160.5
1971-72	82.0	2.3	1.0	8.0	363.3	146.4
1972-73	114.5	4.6	0.7	3.7	434.9	126.7
1973-74	167.6	6.6	0.7	1.5	550.7	107.0

(a) Excludes personal loans and loans to finance the extension of electric power lines in rural areas.  
(b) Excludes loans to co-operative housing societies and deposits with the Home Finance Trust.

The reserves of the State Savings Bank at the end of each of the five years to 1973-74 were: 1969-70, \$44.6m ; 1970-71, \$48.1m ; 1971-72, \$53.3m ; 1972-73, \$60.6m ; and 1973-74, \$63.8m.

Further references, 1971-1974 ; History of the State Savings Bank, 1961



### Private savings banks

Private savings banks have been operating in Victoria since January 1956, when two of the banks commenced operations in this field. By July 1962 seven banks were participating in this business, reduced to six from 1 October 1970, and increased to seven again from August 1972.

#### VICTORIA—PRIVATE SAVINGS BANKS : DEPOSITS AND PROPORTION OF ALL VICTORIAN SAVINGS BANK DEPOSITS

At 30 June—	Deposits in Victoria	Proportion of deposits with all savings banks in Victoria
	\$'000	per cent
1969	634,767	28.3
1970	686,409	28.8
1971	756,321	29.4
1972	855,606	30.0
1973	1,139,113	32.2

At 30 June 1973 private savings banks had 1,086 branches and 905 agencies throughout Victoria.

#### Total deposits, etc., in savings banks

The next table shows the amount of depositors' balances in each savings bank in Victoria at 30 June 1969 to 1973 :

#### VICTORIA—SAVINGS BANKS : DEPOSITS

Savings bank	Depositors' balances at 30 June—				
	1969	1970	1971	1972	1973
	\$'000	\$'000	\$'000	\$'000	\$'000
State Savings Bank of Victoria (a)	1,104,088	1,163,381	1,235,368	1,344,404	1,615,145
Commonwealth Savings Bank of Australia	505,480	536,971	583,663	651,944	784,549
Private savings banks—					
Australia and New Zealand Savings Bank Ltd (b)	166,107	176,569	284,390	317,221	416,187
The Bank of Adelaide Savings Bank Ltd	1,270	1,345	1,519	1,754	2,366
Bank of New South Wales Savings Bank Ltd	147,369	157,070	171,510	191,148	243,889
Bank of New Zealand Savings Bank Ltd (c)	..	..	..	..	330
The Commercial Savings Bank of Australia Ltd	66,345	73,693	81,926	95,758	134,978
C.B.C. Savings Bank Ltd	69,463	74,255	80,137	91,740	126,329
E.S. and A. Savings Bank Ltd (b)	76,655	83,880	..	..	..
The National Bank Savings Bank Ltd	107,558	119,597	136,839	157,987	215,034
<b>Total deposits</b>	<b>2,244,335</b>	<b>2,386,761</b>	<b>2,575,352</b>	<b>2,851,956</b>	<b>3,538,807</b>
	\$	\$	\$	\$	\$
Deposits per head of population	663	693	735	804	987

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

(b) As from 1 October 1970 the Australia and New Zealand Savings Bank Ltd took over the banking business of the E.S. and A. Savings Bank Ltd.

(c) Bank of New Zealand Savings Bank Ltd commenced in August 1972.

## INSURANCE

**Life insurance**

The first purely mutual life office with headquarters in Victoria was established in 1869, although branches of other Australian and overseas insurance offices were operating in the Colony before this time. In 1972 there were forty-four companies transacting life business in Victoria, compared with twenty in 1946, with assets throughout Australia of more than \$6,902.7m.

Section 51 (xiv) of the Commonwealth of Australia Constitution Act empowers the Australian Parliament to legislate on insurance extending beyond any one State. Control of the activities of life offices in Victoria and the rest of Australia is vested in the Insurance Commissioner under the *Life Insurance Act* 1945–1965. The main categories of life insurance are ordinary, collector (industrial), and superannuation. Under a collector policy, premiums are payable to collectors at intervals of less than two months.

In general, there are five main types of life policy: whole of life, under which the amount of the policy, plus any bonuses, is payable on death; endowment insurance, which provides for payment of the sum insured, plus any bonuses, when the life insured reaches a specified age or date, or if death occurs before; "pure" endowment, under which the amount of the policy is payable, plus any bonuses, only if the life insured reaches a specified age or date (if death occurs before, all premiums paid are generally returned, plus compound interest); temporary insurance for short terms; and annuities. There are many variations of these five basic types available. Since 1946 the number of ordinary and superannuation life policies in force in Victoria has more than doubled to 1,514,371 at the end of 1972, and the total sum insured increased during the same period from \$379m to \$10,370m.

The following table gives some indication of the growth and volume of life insurance conducted in Victoria for the years 1968 to 1972:

VICTORIA—LIFE INSURANCE: PREMIUM RECEIPTS AND POLICY PAYMENTS (INCLUDING ANNUITIES)  
(\$'000)

Year	Premiums received (including single premiums)	Payments			Total
		Claims	Surrenders	Annuities and cash bonuses	
1968	165,691	54,300	26,833	2,160	83,292
1969	184,696	59,655	32,413	2,132	94,201
1970	209,873	69,723	41,084	2,201	113,008
1971	240,512	77,696	44,098	2,396	124,191
1972	283,926	88,494	48,497	2,985	139,976

The following table contains summarised information about new business written in Victoria by all life insurance companies during each of the years 1968 to 1972:

**VICTORIA—LIFE INSURANCE : NEW POLICIES ISSUED  
(EXCLUDING ANNUITIES)**

Particulars		1968	1969	1970	1971	1972
<b>Ordinary business—</b>						
Number of policies		109,475	117,981	129,778	153,098	151,758
Sum insured	\$'000	634,683	755,927	917,392	1,198,701	1,369,940
Annual premiums	„	14,952	16,970	19,834	25,522	27,753
<b>Superannuation business—</b>						
Number of policies		17,624	15,373	15,795	14,621	13,126
Sum insured	\$'000	423,265	533,588	798,199	886,587	892,012
Annual premiums	„	9,629	12,085	19,376	22,044	21,959
<b>Industrial business—</b>						
Number of policies		34,037	36,370	37,621	37,302	36,755
Sum insured	\$'000	39,643	45,579	55,286	63,007	69,103
Annual premiums	„	1,515	1,734	1,995	2,229	2,443

Sums insured under new policies issued during 1972 averaged \$9,027 in the ordinary department, \$67,958 in the superannuation department, and \$1,880 in the industrial department.

The following table gives particulars of the policies which were discontinued or reduced during each of the years 1970 to 1972:

**VICTORIA—LIFE INSURANCE : POLICIES DISCONTINUED OR REDUCED  
(EXCLUDING ANNUITIES)**

Cause of discontinuance	1970		1971		1972	
	Number of policies	Sum insured (\$'000)	Number of policies	Sum insured (\$'000)	Number of policies	Sum insured (\$'000)
<b>ORDINARY BUSINESS</b>						
Death or disability	6,305	15,722	6,468	16,885	6,500	18,000
Maturity, expiry, etc.	22,113	61,398	22,516	72,391	22,932	78,719
Surrender	32,567	115,260	33,080	132,835	37,496	163,074
Forfeiture	15,959	99,956	15,786	107,624	16,544	133,976
Other (a)	-4,411	8,442	1,892	2,103	4,659	9,074
<b>Total</b>	<b>72,533</b>	<b>300,778</b>	<b>79,742</b>	<b>331,838</b>	<b>88,131</b>	<b>402,843</b>
<b>SUPERANNUATION BUSINESS</b>						
Death or disability	449	7,047	522	7,859	496	9,532
Maturity, expiry, etc.	2,177	28,585	1,767	49,765	1,352	43,658
Surrender	10,275	197,243	13,513	228,690	8,568	249,378
Forfeiture	341	7,525	331	6,917	259	4,092
Other (a)	8,483	85,209	6,289	109,283	4,717	223,043
<b>Total</b>	<b>21,725</b>	<b>325,608</b>	<b>22,422</b>	<b>402,513</b>	<b>15,392</b>	<b>529,703</b>
<b>INDUSTRIAL BUSINESS</b>						
Death or disability	3,721	978	3,931	1,077	3,649	1,023
Maturity, expiry, etc.	23,456	3,845	21,171	4,008	35,868	6,631
Surrender	14,261	10,214	14,303	10,770	13,994	11,874
Forfeiture	7,668	12,367	7,785	14,561	9,639	17,924
Other (a)	893	559	882	678	904	806
<b>Total</b>	<b>49,999</b>	<b>27,963</b>	<b>48,072</b>	<b>31,093</b>	<b>64,054</b>	<b>38,257</b>

(a) Includes net loss or gain resulting from transfers, cancellations of, and alterations to, policies, etc.  
NOTE. Minus sign (—) indicates an increase in existing business in the registers concerned due to an excess of transfers from other States or conversions from other classes of business over discontinuances in those registers.

The following table shows, for each of the years 1968 to 1972, particulars of life insurance business in existence in the relevant departments of the companies :

VICTORIA—LIFE INSURANCE: BUSINESS IN EXISTENCE  
(EXCLUDING ANNUITIES)

Particulars		1968	1969	1970	1971	1972
<b>Ordinary business—</b>						
Number of policies		1,165,722	1,215,130	1,272,375	1,345,731	1,409,358
Sum insured	\$'000	3,978,453	4,485,109	5,101,723	5,969,986	6,937,083
Annual premiums	,,	99,502	111,092	124,389	142,442	161,326
<b>Superannuation business—</b>						
Number of policies		122,229	121,010	115,080	107,280	105,013
Sum insured	\$'000	1,795,859	2,114,374	2,586,963	3,071,038	3,433,347
Annual premiums	,,	44,586	52,951	63,725	75,966	86,663
<b>Industrial business—</b>						
Number of policies		756,180	743,268	730,890	720,120	692,821
Sum insured	\$'000	308,467	329,395	356,720	388,633	419,471
Annual premiums	,,	12,325	13,057	13,940	14,978	15,982

In 1972 the average amount of policy held in the ordinary department was \$4,922, in the superannuation department, \$32,694, and in the industrial department, \$605.

Further references, 1962, 1964, 1967

#### Fire, marine, and general insurance

The insurance industry in Victoria, as in the whole of Australia, follows basic English underwriting principles and procedures which have been adapted over a century to meet local problems and conditions. It provides a range of policies and services comparable to those available in other countries. Organisation of the market may be summarised as follows :

1. tariff companies ;
2. non-tariff companies ;
3. representatives of brokers at Lloyds ;
4. Victorian Government insurance offices ;
5. brokers operating in their own right in Australia ; and
6. local representatives of overseas re-insurance companies.

#### *Types of insurance cover provided*

The types of insurance cover issued by underwriters in Victoria are many and varied, including among others :

All risks	Livestock
Baggage	Marine
Boiler explosion	Motor vehicle (physical damage)
Burglary	Motor vehicle—third party (compulsory)
Cash in transit	Personal accident
Crop (fire and hail)	Plate glass
Employers' liability (including compulsory workers compensation)	Pluvius
Fidelity guarantee	Public liability
Fire and loss of profits	Tourists' and travellers' personal accident
Houseowners and householders	Wool ("sheep's back to store")

### *Compulsory covers*

The Victorian Government, as is the case with other State Governments, legislates for workers compensation and motor vehicle (third party) insurances. All employers are compelled to insure their employees against death or physical injury during employment and under certain other circumstances. Every owner of a motor vehicle is compelled to insure against any liability for death or injury to others caused by, or arising out of, the use of such vehicle.

### *Statistics*

Selected statistics relating to all classes of fire, marine, and general insurance are collected annually from insurers licensed to operate in Victoria. They refer to all policies issued in this State on Australian risks wherever situated, but do not include data for policies issued in other States to cover Victorian risks.

Returns are for the year ended 30 June or for the immediately preceding accounting periods of the insurers concerned. Since the accounting years of many insurers end on dates other than 30 June, the figures are not for a uniform time period.

The statistics have been compiled on the following basis :

1. Premiums are the total amounts received and receivable during the year for policies issued and renewed, after deduction of returns of premium and rebates and bonuses paid or credited to policy holders.
2. Claims consist of payments during the year plus the estimated amount of claims unsettled at the end of the year, less the estimated amount of claims unsettled at the beginning of the year.
3. Contributions to fire brigades, commission and agents' charges, and expenses of management are charges paid during the year.

It should be noted that the figures shown for premiums are different from the premium income earned by insurers during the year, as no adjustment is made for premiums unearned at the beginning and end of the year. When, as in recent years, the premium volume is increasing, the figures in the tables are greater than the premiums earned by insurers and the amount of the difference is often substantial. For this reason, the relationship of claims and other charges to premiums should be used only as a basis of comparison with ratios calculated under similar headings in previous years.

The following tables, which show details of fire, marine, and general insurance business transacted in Victoria during each of the years 1968-69 to 1972-73 should not be construed as "profit and loss statements" or "revenue accounts" as they contain selected items of statistics only:

**VICTORIA—FIRE, MARINE, AND GENERAL INSURANCE :  
PERCENTAGE OF CLAIMS TO PREMIUM INCOME**

Class of business	1968-69	1969-70	1970-71	1971-72	1972-73
Fire	42.61	46.42	33.82	41.56	37.92
Householders' comprehensive	34.01	30.97	31.76	37.07	36.91
Sprinkler leakage	53.66	84.72	92.40	112.42	97.88
Loss of profits	49.11	20.92	16.67	20.85	34.00
Hailstone	46.89	142.71	65.18	119.39	36.59
Marine	68.68	66.04	47.96	46.08	47.40
Motor vehicles (other than motor cycles)	72.52	75.42	70.38	72.37	64.38
Motor cycles	60.58	70.08	40.81	35.30	32.03
Compulsory third party (motor vehicles)	92.75	126.41	98.01	119.33	131.32
Employers' liability and workers compensation	63.11	62.89	55.75	60.43	79.81
Personal accident	44.53	43.95	41.83	36.99	41.84
Public risk third party	37.15	52.38	45.48	39.32	62.32
General property	75.46	31.74	36.70	49.05	36.78
Plate glass	60.55	63.43	64.84	67.82	69.88
Boiler	18.84	33.76	35.73	31.62	41.71
Livestock	63.07	50.87	64.08	70.85	60.24
Burglary	62.51	53.67	54.86	59.80	55.47
Guarantee	14.54	15.98	12.83	27.64	11.04
Pluvius	37.23	70.03	77.49	36.40	42.72
Aviation	75.72	55.69	58.03	12.42	33.40
All risks	65.60	70.11	57.88	60.18	47.88
Contractors' all risks	104.60	45.91	71.57	35.55	49.15
Television	24.14	53.11	53.53	52.45	11.47
Other	33.37	34.40	31.79	36.27	27.04
All classes	62.72	67.35	58.28	63.04	67.91

**VICTORIA—FIRE, MARINE, AND GENERAL INSURANCE :  
TOTAL REVENUE : CLASS OF BUSINESS  
(\$'000)**

Class of business	1968-69	1969-70	1970-71	1971-72	1972-73
<b>PREMIUMS (LESS RETURNS, REBATES, AND BONUSES)</b>					
Fire	31,485	34,604	37,812	44,096	47,163
Householders' comprehensive	17,137	19,934	22,611	26,327	31,000
Sprinkler leakage	94	106	97	122	106
Loss of profits	5,875	6,151	7,642	8,915	9,883
Hailstone	1,030	967	922	1,108	952
Marine	11,514	12,769	15,493	17,502	17,179
Motor vehicles (other than motor cycles)	58,426	65,927	75,400	88,605	92,752
Motor cycles	78	118	225	443	590
Compulsory third party (motor vehicles)	31,615	35,820	43,572	50,334	56,208
Employers' liability and workers compensation (a)	58,566	62,586	70,222	83,624	97,728
Personal accident	8,783	10,094	11,472	13,178	12,992
Public risk third party	5,496	6,414	7,704	9,667	10,003
General property	397	434	649	661	1,060
Plate glass	1,146	1,180	1,271	1,404	1,399
Boiler	298	610	924	882	1,075
Livestock	459	534	527	489	617
Burglary	4,925	5,394	5,818	6,663	7,028
Guarantee	597	655	868	690	805
Pluvius	43	43	41	54	55
Aviation	574	872	1,991	5,023	2,298
All risks	2,657	2,925	3,946	4,145	5,064
Contractors' all risks	1,548	2,063	2,516	3,175	3,258
Television	27	91	48	36	31
Other	4,354	4,724	4,911	7,184	11,106
Total premiums	247,124	275,014	316,682	374,327	410,353

VICTORIA—FIRE, MARINE, AND GENERAL INSURANCE :  
 TOTAL REVENUE : CLASS OF BUSINESS—*continued*  
 (\$'000)

Class of business	1968-69	1969-70	1970-71	1971-72	1972-73
OTHER REVENUE (NET OF EXPENSES)					
Interest, dividends, rents, etc.	13,666	15,614	20,461	24,900	29,235
TOTAL REVENUE					
Grand total	260,790	290,627	337,143	399,227	439,588

(a) See references pages 282-5.

VICTORIA—FIRE, MARINE, AND GENERAL INSURANCE :  
 SELECTED ITEMS OF EXPENDITURE (a): CLASS OF BUSINESS  
 (\$'000)

Class of business	1968-69	1969-70	1970-71	1971-72	1972-73
GROSS CLAIMS (LESS AMOUNTS RECOVERABLE)					
Fire	13,416	16,063	12,787	18,326	17,882
Householders' comprehensive	5,828	6,175	7,181	9,759	11,441
Sprinkler leakage	50	89	89	137	104
Loss of profits	2,885	1,286	1,274	1,859	3,360
Hailstone	483	1,380	601	1,323	348
Marine	7,908	8,433	7,431	8,065	8,143
Motor vehicles (other than motor cycles)	42,371	49,724	53,066	64,122	59,713
Motor cycles	48	83	92	156	189
Compulsory third party (motor vehicles)	29,321	45,282	42,704	60,063	73,813
Employers' liability and workers compensation	36,960	39,358	39,148	50,534	77,996
Personal accident	3,912	4,436	4,799	4,875	5,437
Public risk third party	2,042	3,360	3,504	3,801	6,234
General property	300	138	238	324	390
Plate glass	694	748	824	952	978
Boiler	56	206	330	279	448
Livestock	290	272	338	346	372
Burglary	3,079	2,895	3,191	3,984	3,899
Guarantee	87	105	111	191	77
Pluvius	16	30	32	20	24
Aviation	435	486	1,155	624	768
All risks	1,743	2,050	2,284	2,495	2,425
Contractors' all risks	1,620	947	1,801	1,129	1,601
Television	6	48	26	19	4
Other	1,453	1,625	1,561	2,605	3,032
Total claims	155,001	185,219	184,567	235,988	278,677
Contributions to fire brigades	6,078	6,871	8,231	9,515	10,433
Commission and agents' charges	24,106	26,982	28,965	32,122	33,603
Expenses of management	38,723	43,452	50,090	59,169	63,477
Total	223,910	262,523	271,854	336,793	386,191

(a) Excludes taxation, etc.

**Motor vehicle insurance (compulsory third party)**

The *Motor Car (Third Party Insurance) Act 1939* (now embodied in the *Motor Car Act 1958*) which came into force on 22 January 1941, made it compulsory for the owner of a motor vehicle to insure against any liability which may be incurred by him, or any person who drives such motor vehicle, in respect of the death of, or bodily injury to, any person caused by, or arising out of, the use of such motor vehicle.

VICTORIA—MOTOR VEHICLE INSURANCE (COMPULSORY THIRD PARTY):  
NUMBER OF MOTOR VEHICLES INSURED, 1972-73

Class of motor vehicle	Motor cars usually garaged—		Total
	Within a radius of 32 kilometres of the G.P.O., Melbourne	Outside a radius of 32 kilometres of the G.P.O., Melbourne	
Private and business	799,178	429,030	1,228,208
Goods carrying	97,108	131,469	228,577
Hire	4,225	2,121	6,346
Hire and drive yourself	937	375	1,312
Passenger transport	396	404	800
Miscellaneous	10,507	55,825	66,332
Motor cycle	19,130	20,843	40,573
Total	932,081	640,067	1,572,148

### State Motor Car Insurance Office

The State Motor Car Insurance Office was established under the *Motor Car (Third Party Insurance) Act* 1939 for the purpose of enabling owners of motor cars to obtain policies of third party insurance required under that Act, and policies generally in relation to insurance of motor cars. Business commenced on 24 January 1941. The Office is managed and controlled by the Insurance Commissioner, and the policies issued are guaranteed by the Victorian Government.

The proportion of total Victorian motor insurance business underwritten by the Office for the year 1972-73 represented 8.1 per cent of comprehensive and 39.4 per cent of third party premiums received in Victoria.

The following table shows the trading results for each of the five years 1968-69 to 1972-73. At 30 June 1973 accumulated losses were \$28,711,973.

VICTORIA—STATE MOTOR CAR INSURANCE OFFICE :  
PREMIUMS RECEIVED, CLAIMS PAID, ETC.  
(\$'000)

Year	Premiums received less reinsurances, rebates, etc.	Increase in unearned premium provision	Claims paid and outstanding	Expenses	Underwriting loss
1968-69	17,880	1,472	15,724	1,241	558
1969-70	19,625	829	31,149	1,472	13,825
1970-71	21,711	1,157	22,392	1,606	3,445
1971-72	24,073	717	27,397	1,768	5,811
1972-73	29,185	3,170	34,601	1,986	10,572

### State Accident Insurance Office

The State Accident Insurance Office was constituted under the *Workers Compensation Act* 1914 for the purpose of enabling employers to obtain from the State policies of insurance indemnifying them against their liability under the Workers Compensation Act, or at common law, or otherwise. The Office is managed and controlled by the Insurance Commissioner, and the policies issued are guaranteed by the Victorian Government. The Office



is conducted on a mutual basis so that all profits, exclusive of amounts transferred to reserves and to the Consolidated Fund, are refunded as bonuses to policy holders.

For the year ended 30 June 1973 the premium income of the Office represented 16.5 per cent of the total premiums received by all insurance companies in Victoria on account of employers' liability and workers compensation insurance.

The following table shows the trading results for each of the five years 1968-69 to 1972-73 :

**VICTORIA—STATE ACCIDENT INSURANCE OFFICE :**  
**PREMIUMS RECEIVED, CLAIMS PAID, ETC.**  
**(\$'000)**

Year	Premiums received less reinsurances, rebates, etc.	Increase in unearned premium provision	Claims paid and outstanding	Expenses	Underwriting profit
1968-69	9,911	- 23	8,204	691	1,040
1969-70	9,760	27	7,228	755	1,751
1970-71	11,780	121	8,748	775	2,136
1971-72	12,899	- 24	9,792	888	2,243
1972-73	16,741	275	15,851	889	(a) 274

(a) Loss.

NOTE. Minus sign (-) denotes a reduction in unearned premium provision.

The accumulated funds at 30 June 1973 were : General Reserve, \$10,290,000 ; Bonus Equalisation Reserve, \$1,897,412 ; and Building and Other Reserves, \$228,021.

### Export Payments Insurance Corporation

The Corporation was established under the *Export Payments Insurance Corporation Act 1956-1973* to "encourage and expand trade with countries outside Australia and with the External Territories by providing a specialised range of insurance and guarantee facilities not normally provided by commercial insurers". While the Corporation operates independently, its liabilities are guaranteed by the Australian Government.

It commenced writing business in Sydney in the latter half of 1957, and in March 1958 the first branch was opened in Melbourne, responsible for the Corporation's business in Victoria and Tasmania. Branches have subsequently been opened in Adelaide, Brisbane, and Perth. The Head Office of the Corporation is in Sydney. It is a corporate body which can sue or be sued, and is constituted by a Commissioner, who may refer matters for advice to a consultative council, comprising prominent businessmen and government representatives.

The Corporation is a member of the International Union of Credit and Investment Insurers, commonly known as the Berne Union. This is one of the main sources through which the Corporation obtains information on international trends in credit terms. Many problems associated with the granting of credit, including the economic outlook and payment performances of the trading nations, are discussed at regular meetings of the Union.

The Corporation's policies of insurance provide an Australian exporter with protection against the non-payment of his overseas accounts due to commercial or political risks. Additionally, it may provide supplementary guarantees to Australian financial institutions to facilitate the provision of finance for the export of capital and semi-capital goods, which are traditionally sold on terms in excess of 180 days. On behalf of the Australian Government, it may also provide cover for certain investments overseas against the risks of loss due to expropriation of property, inability to transfer earnings or repatriate capital to Australia, and damage to property resulting from war, insurrection, or similar happenings.

The facilities provided by the Corporation compare favourably with those made available by the credit insurance organisations in other countries, thereby enabling Australian exporters to be competitive in matching the payment terms offered by their overseas competitors.

The following table shows particulars of the business of the Corporation for each of the years 1968-69 to 1972-73 :

AUSTRALIA—EXPORT PAYMENTS INSURANCE CORPORATION

Particulars	1968-69	1969-70	1970-71	1971-72	1972-73
<b>Business on Corporation's account—</b>					
Number of policies and guarantees	746	809	941	1,037	1,113
	\$'000	\$'000	\$'000	\$'000	\$'000
Face value of policies and guarantees					
current	298,829	343,064	511,105	621,955	671,393
Maximum contingent liability	158,966	190,067	301,061	375,358	407,192
Premium income	730	861	1,025	1,602	2,295
Operating costs	426	517	585	686	830
Claims paid (gross)	388	353	939	422	807
Recoveries	263	212	693	165	114
Underwriting reserve	1,897	2,401	2,997	4,023	5,560
<b>Business on Government's account—</b>					
<b>Overseas investment insurance—</b>					
Number of policies	41	56	78	96	107
	\$'000	\$'000	\$'000	\$'000	\$'000
Face value of policies current	19,813	19,505	44,535	47,636	51,843
Maximum contingent liability	17,832	17,555	40,081	42,872	46,659
<b>National interest insurance—</b>					
Number of policies and guarantees	1	2	(a) 4	13	14
	\$'000	\$'000	\$'000	\$'000	\$'000
Face value of policies current	1,208	2,420	(b)63,792	208,292	150,821
Maximum contingent liability	1,087	2,183	(b)42,487	126,232	88,129

(a) Includes warehousing insurance.

(b) Three large policies were issued in the national interest during the year.

**Further reference, 1974**

OTHER FINANCIAL INSTITUTIONS

**Building societies**

The provisions of the *Building Societies Act 1874* made it compulsory for building societies to effect registration. Current legislation regulating the activities of these societies is embodied in the *Building Societies Act 1958* and subsequent amending Acts.

The following table shows details of the operations of building societies in Victoria for the financial years 1968-69 to 1972-73 :

## VICTORIA—PERMANENT BUILDING SOCIETIES (a)

Particulars	1968-69	1969-70	1970-71	1971-72	1972-73
Number of societies	40	46	46	48	52
Number of shareholders (b)	11,385	16,188	30,783	74,682	163,636
Number of borrowers	18,044	19,330	21,144	26,935	38,789
Value of transactions—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Interest on mortgage loans	5,206	6,786	8,586	13,151	21,896
Other	515	692	1,020	2,692	5,055
Total	5,721	7,478	9,606	15,843	26,951
Expenditure—					
Interest payable	2,999	3,950	5,081	7,302	11,711
Administration, etc.	743	1,047	1,334	2,694	4,800
Total	3,742	4,997	6,414	9,996	16,511
Loans and advances—					
Paid	27,545	33,020	36,191	86,921	176,923
Repaid	11,103	12,974	12,922	16,841	30,187
Deposits—					
Received	58,494	62,065	73,558	138,400	274,949
Repaid	35,115	49,880	56,952	108,045	191,851
Liabilities—					
Investing members' funds—					
Paid-up capital	19,511	27,218	40,974	99,396	174,922
Reserves, etc.	4,210	4,375	4,492	5,882	7,082
Borrowing members' funds—					
Share subscriptions	149	169	191	291	484
Other	27	20	21	27	33
Deposits	52,234	65,190	81,850	112,436	195,535
Loans (including bank overdraft)	5,821	7,585	8,435	10,056	18,474
Other	2,108	1,608	1,829	3,929	6,689
Total	84,059	106,164	137,792	232,017	403,219
Assets—					
Loans on mortgage	78,832	98,799	121,376	191,419	337,936
Land and house property	875	944	998	2,334	2,437
Other investments	2,778	3,580	9,408	10,862	39,896
Cash and deposits	1,136	2,335	5,203	26,115	19,382
Other	437	507	807	1,287	3,569
Total	84,059	106,164	137,792	232,017	403,219

(a) Excludes Starr-Bowkett Societies.

(b) Includes 720 shareholders holding borrowers' shares in 1968-69, 1,204 in 1969-70, 2,734 in 1970-71, 8,188 in 1971-72, and 16,355 in 1972-73.

## Co-operative organisations

Co-operative organisations operating in Victoria are registered under the provisions of the Companies Act, the Industrial and Provident Societies Act, the Co-operation Act, and the Co-operative Housing Societies Act. They are engaged in a number of activities chief among which are the production, marketing, and distribution of goods, and in the provision of finance for home building. In recent years, a considerable number of co-operative credit societies which extend credit facilities to members to enable them to finance the purchase of household durables, or to discharge financial liabilities, etc., have also been registered.

Particulars of producer and consumer societies for the year 1972-73 are shown in the following table :

VICTORIA—CO-OPERATIVE ORGANISATIONS : PRODUCER AND CONSUMER SOCIETIES, 1972-73

Particulars	Societies—			Total all societies
	Producers	Consumers	Producers and consumers	
Number of societies	84	60	8	152
Number of members	81,642	48,942	36,826	167,410
Value of transactions during the year—	\$'000	\$'000	\$'000	\$'000
Income—				
Sales	95,293	15,029	123,902	234,225
Other	3,920	723	866	5,508
Total	99,213	15,753	124,768	239,734
Expenditure—				
Purchases	60,447	12,412	99,001	171,861
Working expenses, etc.	30,235	2,826	22,405	55,465
Interest on loans, etc.	1,245	174	1,566	2,985
Rebates and bonuses	4,626	301	367	5,294
Total	96,552	15,713	123,339	235,605
Dividend on share capital	1,018	43	1,487	2,548
Liabilities—				
Share capital	15,160	2,071	15,964	33,195
Loan capital	4,618	2,289	7,744	14,651
Bank overdraft	19,457	736	5,071	25,264
Accumulated profits	2,222	831	318	3,371
Reserve funds	21,306	889	7,380	29,574
Sundry creditors	19,868	1,062	17,563	38,494
Other	5,457	376	3,412	9,245
Total	88,087	8,254	57,452	153,793
Assets—				
Land and buildings	} 31,240	3,350	29,371	63,961
Fittings, plant, and machinery				
Stock	15,108	1,823	10,716	27,648
Sundry debtors	34,094	1,236	14,773	50,103
Cash in bank, on hand, or on deposit	2,516	244	1,486	4,246
Profit and loss account	1,770	641	43	2,454
Other	3,360	960	1,063	5,383
Total	88,087	8,254	57,452	153,793

Further reference, 1966

*Co-operative credit societies*

Since the passing of the *Co-operation Act* 1954, co-operative credit societies have made steady progress. The following table illustrates the growth of these societies during the period 1968-69 to 1972-73 :

## VICTORIA—CO-OPERATIVE ORGANISATIONS: CREDIT SOCIETIES

Particulars	1968-69	1969-70	1970-71	1971-72	1972-73
Number of societies	159	172	180	196	207
Number of members	35,905	43,857	57,646	77,154	98,828
Transactions during the year—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Interest	725	1,046	1,591	2,615	4,212
Other income	44	64	97	143	199
Total	769	1,110	1,687	2,758	4,411
Expenditure—					
Interest on deposits	408	587	890	1,421	2,333
Working expenses	293	476	884	1,326	2,146
Total	701	1,064	1,774	2,747	4,479
Liabilities—					
Share capital	342	406	514	653	861
Reserves	112	144	191	215	277
Depositors	9,444	13,541	20,699	32,181	53,970
Sundry creditors	71	72	80	143	278
Other	408	700	873	1,228	2,711
Total	10,377	14,862	22,356	34,421	58,096
Assets—					
Loans to members	8,947	12,616	19,267	29,801	47,792
Cash at bank or on hand	402	677	749	922	1,940
Other	1,028	1,570	2,340	3,698	8,364
Total	10,377	14,862	22,356	34,421	58,096

**Public Trustee**

The Public Trustee was constituted and incorporated by the *Public Trustee Act 1939* (which came into operation in 1940) and became the successor in law of the Curator of the Estates of Deceased Persons, and of the Master-in-Equity with respect to the administration of mental patients' property.

He is empowered by the Public Trustee Acts, under the guarantee of the State of Victoria, to act as a trustee, executor, administrator, and attorney, and in certain other capacities, and is required to undertake the protection and management of the property of certified patients in mental hospitals, of voluntary patients who so authorise him, and of infirm persons. An infirm person is a person certified by the Public Trustee to be incapable of managing his affairs on account of age or infirmity. Certificates on the prescribed form (obtainable from the Public Trust Office) must be given by two medical practitioners acting independently of each other, before the Public Trustee may certify.

Any person may name the Public Trustee as his executor in his will, and may deposit such will with him for recording and safe custody. If the original will is not deposited with the Public Trustee, it is highly desirable that a copy of the will be sent to him with the name and address of the person holding the original will. A person may also obtain advice about his will at the Public Trust Office if he intends to appoint the Public Trustee executor.

The Public Trustee Acts enable the person appointed executor of a will to authorise the Public Trustee to act as executor in his place, and the next of kin of any one dying intestate, or any other person entitled to a grant of administration, may also authorise the Public Trustee to act as administrator in his place. In cases where there is no one else entitled and ready to apply for a grant of administration, the Public Trustee is authorised to apply for a grant of administration himself.

Consequent on the passing of the *Public Trustee Act 1948*, the Public Trustee Fund at the State Treasury was abolished and the proceeds of all estates, as from 1 October 1948, were invested in the Common Fund under the control of the Public Trustee.

**VICTORIA—PUBLIC TRUSTEE : COMMON FUND**  
(\$'000)

Particulars	1968-69	1969-70	1970-71	1971-72	1972-73
Proceeds of realisations, rents, interest, etc.	13,064	15,364	15,195	17,896	18,675
Investments, distributions, claims, etc.	10,244	13,572	13,172	15,801	15,509
Cash variation	2,820	1,792	2,023	2,095	3,166
Balance at 1 July	21,563	24,383	26,175	28,198	30,293
Balance at 30 June	24,383	26,175	28,198	30,293	33,459

**VICTORIA—APPLICATIONS BY PUBLIC TRUSTEE  
FOR PROBATE, LETTERS OF ADMINISTRATION, ETC.,  
AND NUMBER OF WILLS LODGED FOR CUSTODY**

Year	Number of applications	Number of wills
1968-69	1,050	2,659
1969-70	1,083	2,951
1970-71	987	2,535
1971-72	1,045	2,737
1972-73	1,056	3,543

**Trustee companies**

Through the *Trustee Companies Act 1958* seven companies are authorised to act as executors or administrators if named in the last will and testament and to apply for and obtain Probate or Letters of Administration.

Private individuals who may apply for Letters of Administration or who are named as executor by the testator may authorise a trustee company to apply for Letters of Administration or Probate as if such application had been made on the company's own application. In addition to acting as executor or administrator, the companies are also authorised to act as trustees, agents, and in a number of other fiduciary capacities.

Each company has lodged with the Treasurer of Victoria the sum of \$20,000 as security in place and stead of the Administration Bond required in the case of private individuals granted Letters of Administration. Further protection is afforded to the estates under administration of trustee companies by the imposition of a statutory reserve liability over the share capital of each company. The companies' charges are limited by the *Trustee Companies Act 1958* to a maximum commission charge of 4 per cent on capital and 5 per cent on income. The capital commission is a once only charge regardless of how long the estate remains under the administration of the trustee company.

**VICTORIA—TRUSTEE COMPANIES : VALUE OF ESTATES  
ADMINISTERED AT 30 JUNE  
(\$m)**

Particulars	1969	1970	1971	1972	1973
Stock and debentures	127.0	131.7	126.0	133.3	143.9
Advances on mortgages	62.9	65.9	71.5	78.6	90.2
Property and livestock	77.5	78.4	76.2	81.7	103.2
Shares	226.5	232.4	202.8	227.3	251.7
Fixed and other deposits	20.7	20.9	22.8	26.8	20.8
Cash at bank	13.9	12.4	12.5	13.8	19.9
Other	23.1	26.8	26.7	28.9	53.2
<b>Total</b>	<b>551.6</b>	<b>568.5</b>	<b>538.5</b>	<b>590.4</b>	<b>682.9</b>

The values shown above are probate values or values of assets at the time of their being committed to the care of the trustee companies or current market value if available.

The Victorian trustee companies may also act as trustees for debenture and note issues of public companies and as trustees for unit holders in various unit trust schemes, but the value of these issues and trusts is not included in the above table.

**Further reference, 1964**

**Probate**

Under the general words of section 17 of the *Supreme Court Act* 1958, the Court has power to do everything which is necessary or desirable in connection with the grant of probate or administration.

The *Administration and Probate Act* 1958, section 6, confers jurisdiction on the Court to grant probate of the will or letters of administration of the estate of a deceased person leaving property, whether real or

**VICTORIA—PROBATES, LETTERS OF ADMINISTRATION, ETC.**

Year	Number of estates	Gross value of estates—		Liabilities	Net value of estates	Average net value per estate
		Real	Personal			
		\$'000	\$'000	\$'000	\$'000	\$
<b>MALES</b>						
1969	12,145	94,691	163,244	30,974	226,961	18,688
1970	12,897	113,851	198,500	36,218	276,134	21,411
1971	12,426	98,053	185,591	33,996	249,648	20,091
1972	12,033	92,244	171,951	36,351	227,843	18,935
1973	12,206	118,336	193,927	41,232	271,030	22,205
<b>FEMALES</b>						
1969	8,631	47,137	84,678	8,597	123,218	14,276
1970	9,390	56,043	102,328	10,829	147,542	15,713
1971	8,995	53,183	89,252	10,473	131,962	14,671
1972	8,978	52,773	88,261	10,297	130,737	14,562
1973	9,429	66,710	111,460	12,429	165,742	17,578
<b>TOTAL</b>						
1969	20,776	141,828	247,922	39,571	350,179	16,854
1970	22,287	169,894	300,829	47,047	423,675	19,010
1971	21,421	151,235	274,843	44,469	381,610	17,815
1972	21,011	145,017	260,212	46,648	358,580	17,066
1973	21,635	185,045	305,387	53,660	436,772	20,188

personal, within the State of Victoria. Grants are made to the executor of a will, the next of kin of an intestate, or the creditor of an intestate. A person receiving such a grant becomes the legal personal representative of the deceased, and is thus empowered to deal with all his assets and generally administer the estate.

Provision is made in Part III of the *Administration and Probate Act 1958* for the sealing by the Supreme Court of probates or letters of administration which have been granted in Great Britain, Australia (other than Victoria), New Zealand, or certain British possessions, when the deceased has left real or personal estate in Victoria. The object of this provision is simply to put the executor or administrator under it in the same position as if he were an original executor or administrator.

The *Administration and Probate Act 1958* also gives the Court jurisdiction to grant probate or administration of the estate of a person who is presumed to have died, but, in such a case, it prohibits the distribution of the estate without the leave of the Court.

VICTORIA—NUMBER AND NET VALUE OF ESTATES OF DECEASED PERSONS

Group	1971		1972		1973	
	Number	Net value \$'000	Number	Net value \$'000	Number	Net value \$'000
<b>MALES</b>						
\$						
Under 200	420	41	410	42	360	35
200- 599	768	298	877	327	647	248
600- 999	533	422	545	431	497	393
1,000- 1,999	1,122	1,674	1,006	1,480	1,057	1,538
2,000- 3,999	1,638	4,803	1,479	4,349	1,463	4,299
4,000- 5,999	1,268	6,261	1,155	5,741	1,088	5,368
6,000- 7,999	975	6,868	915	6,353	776	5,496
8,000- 9,999	850	7,642	827	7,448	755	6,894
10,000- 19,999	2,207	30,841	2,270	31,728	2,326	33,005
20,000- 29,999	812	19,828	815	19,727	1,004	24,623
30,000- 49,999	769	29,945	735	28,321	911	35,282
50,000- 99,999	685	47,237	629	42,851	861	60,909
100,000-199,999	272	36,965	260	35,664	340	45,794
200,000 and over	107	56,823	110	43,383	121	47,146
Total males	12,426	249,648	12,033	227,843	12,206	271,030
<b>FEMALES</b>						
\$						
Under 200	229	22	242	24	226	23
200- 599	481	189	534	217	406	161
600- 999	375	296	428	337	400	323
1,000- 1,999	833	1,218	882	1,290	763	1,120
2,000- 3,999	1,166	3,433	1,128	3,314	1,220	3,587
4,000- 5,999	908	4,526	878	4,339	833	4,126
6,000- 7,999	770	5,379	778	5,423	680	4,743
8,000- 9,999	801	7,202	711	6,404	663	5,945
10,000- 19,999	1,814	25,212	1,830	25,512	2,101	30,209
20,000- 29,999	619	15,051	603	14,683	848	20,678
30,000- 49,999	505	19,318	472	18,082	608	22,938
50,000- 99,999	355	24,359	342	23,129	473	31,944
100,000-199,999	101	13,450	107	14,123	156	20,749
200,000 and over	38	12,307	43	13,860	52	19,195
Total females	8,995	131,962	8,978	130,737	9,429	165,742
Grand total	21,421	381,610	21,011	358,580	21,635	436,772



### Transfer of land

In Victoria there are two distinct types of title to land which has been alienated by the Crown. One is commonly known as a "General Law" title; the other as a "Torrens" or "Transfer of Land Act" title.

#### *General Law titles*

The General Law system operated from the time of the first land transactions in the Port Phillip District. Although the Torrens system was introduced into Victoria in 1862 there were still, at 31 December 1973, 698,904 hectares under the General Law system—mainly situated in the early settled areas. Dealings in land under this system are carried out by deeds which operate to pass the title to the land on being executed by the conveying or granting party, and delivered to the purchaser or grantee. These deeds may be registered under the Property Law Act. This legislation provides for the mere recording of deeds and not for their certification. The State does not certify to the title as it does with the Torrens system. The only purpose of registration is to govern priority. Deeds are registered by filing a memorial (an extract of the relevant particulars) of the deed in the Registrar-General's Office.

Under the General Law system the title to a particular piece of land consists of a whole bundle of documents known as a chain of title. On any transaction with General Law land it is necessary for the solicitor for the purchaser or mortgagee to make a thorough study of the deeds in the chain of title and to search in the Office of the Registrar-General to make sure that there are no conflicting deeds which have priority by virtue of their registration.

#### *Transfer of Land Act*

The Torrens system was introduced in Victoria by the *Real Property Act* 1862. All land alienated in fee by the Crown after 2 October 1862 (and leasehold granted by the Crown after 9 September 1863) is under the operation of the Transfer of Land Act. Before 1862, 2,056,928 hectares had been alienated by the Crown and were being dealt with under the General Law system. Since that date some 10.5 million hectares have been alienated and all of this land automatically came under the Transfer of Land Act on the issue and registration of the relevant Crown grants and leases. Provision is made for the bringing of land alienated before 1862 under the operation of the Transfer of Land Act, by voluntary application. The present Transfer of Land Act contains provisions for the voluntary conversion of General Law titles and also provides that land may be brought under the Act by direction of the Registrar. So far little use has been made of the compulsory provisions.

The Torrens system is based on the fundamental principle that the title to land and to interests in land (such as the interest of mortgagees, annuitants, etc.) depends upon registration of written instruments signed by the parties to the respective transactions and not upon the written deeds themselves.

The document of title to land under the Transfer of Land Act consists of a certificate of title setting out a description identifying the land and a statement certifying who is the registered proprietor. This statement is conclusive evidence and is guaranteed by the Government. On the registration of each new transfer the State certifies the title anew and this certificate operates in favour of a person dealing without fraud and for value as if it were a new grant of the land from the Crown. Certificates of title and Crown grants are in duplicate, the original being retained in the Office of Titles and the duplicate being held by, or on behalf of, the registered proprietor. The title is said to be indefeasible or incapable of being challenged or upset except in certain specified events, the chief among these being actual fraud.

Certain interests in land under the Act can be created by a registered proprietor of that land and registered on the title. These include mortgages, leases, charges, easements, and restrictive covenants.

Any certificate of title can be searched at the Titles Office for a small fee, and any person intending to deal with the registered proprietor of the land is not concerned to go behind any of the entries shown on that title. The certainty and accuracy of these particulars can be assumed.

Since 1953 there has existed in Victoria a method for the subdivision of land in strata and the issue of individual titles to flats (see pages 684-5 of the *Victorian Year Book* 1966). The *Strata Titles Act* 1967 introduced into Victoria a further method for the subdivision of land in strata. Existing methods can still be used as registration of a plan under Part II of the *Strata Titles Act* is not compulsory. The Act (except as to Part IV) came into operation on 1 July 1967. Part IV of the Act operated as from 1 December 1967. Further information about the *Strata Titles Act* is set out on pages 695-6 of the *Victorian Year Book* 1968. During the year ended 30 June 1973, 669 plans were lodged for registration under the new Act.

#### *Assurance Fund*

Complementary to the certification of title there is an Assurance Fund. Out of this fund, persons who sustain loss or damage (whether by deprivation of land or otherwise) through the operation of the Transfer of Land Act may be indemnified. This fund is built up by contributions levied upon applicants first bringing land under the Act and upon grantees of Crown land at the rate of 1 cent for every \$5 of the value of the land applied for or the price paid to the Crown, and by contributions levied by the Registrar on various other applications where any uncertainty or risk is involved.

During the financial year 1972-73 receipts of the fund comprised contributions of \$28,235 and interest on stock of \$6,538. Claims of \$782 were met from the fund during the year. The sum of \$10,189 was paid out in accordance with section 3 of the *Special Funds Act* 1920 to provide for interest on loan moneys expended on university buildings. The balance at the credit of the Assurance Fund at 30 June 1973 was \$469,777. The total amount paid to 30 June 1973 as compensation and for judgments recovered, including costs, was \$46,215 in respect of 172 claims.

**Further reference, 1968**

*Titles of land issued*

The following table shows the number of titles of land issued during each of the years 1969 to 1973 :

## VICTORIA—NUMBER OF TITLES OF LAND ISSUED

Year	Certificates of title	Crown grants	Crown leases	Total titles
1969	51,002	834	229	52,065
1970	54,636	988	237	55,861
1971	49,336	848	230	50,414
1972	50,711	681	149	51,541
1973	50,196	648	130	50,974

*Land transfers, mortgages, etc.*

A summary of dealings lodged at the Titles Office under the Transfer of Land Act is given in the following table for each of the years 1969-70 to 1973-74 :

## VICTORIA—DEALINGS LODGED AT THE TITLES OFFICE UNDER THE TRANSFER OF LAND ACT

Year	Number of transfers	Mortgages (a)		Number of—			Total dealings	
		Number	Amount	Entries of executor, administrator, or survivor	Plans of sub-division	Caveats		Other dealings
			\$'000					
1969-70	118,957	65,005	675,651	15,888	4,501	21,584	84,276	310,211
1970-71	114,989	65,713	711,055	16,693	4,241	23,031	88,202	312,869
1971-72	127,675	71,639	862,829	16,400	4,397	22,654	95,250	338,015
1972-73	161,406	83,515	1,176,233	16,281	4,830	23,654	117,704	407,390
1973-74	180,418	85,057	1,598,686	17,130	5,800	27,711	129,895	446,011

(a) Excluding certain mortgages, principally to trading banks to secure overdrafts on current accounts.

Mortgages, reconveyances, and conveyances registered at the Office of the Registrar-General under the *Property Law Act* 1958 are shown for each of the years 1969-70 to 1973-74 in the following table :

## VICTORIA—DEALINGS UNDER THE PROPERTY LAW ACT

Year	Mortgages (a)		Reconveyances		Conveyances	
	Number	Amount	Number	Amount (b)	Number	Amount
		\$'000		\$'000		\$'000
1969-70	993	14,095	1,444	4,747	3,112	35,414
1970-71	971	17,749	1,378	3,203	2,622	38,878
1971-72	979	15,454	1,512	4,088	2,847	38,357
1972-73	1,016	26,806	1,887	5,877	3,437	60,401
1973-74	1,261	44,755	2,218	7,182	4,219	82,953

(a) Excluding certain mortgages, principally to trading banks to secure overdrafts on current accounts.

(b) Excluding repayments designated "principal and interest".

*Mortgages of real estate*

Details of mortgages lodged for registration under the Transfer of Land Act and the Property Law Act (mentioned in the two preceding tables) are shown in the following table.

Certain mortgages (principally to trading banks to secure overdrafts on current accounts) have not been included in the figures as only the number of such mortgages, and not the amounts involved, are available. Particulars of mortgages not lodged for registration are not available.

VICTORIA—MORTGAGES (a) OF REAL ESTATE LODGED FOR REGISTRATION

Type of mortgagee	1970-71		1971-72		1972-73	
	Number	Amount	Number	Amount	Number	Amount
		\$'000		\$'000		\$'000
Banks	23,188	193,780	24,817	222,123	31,234	328,659
Building societies	4,141	39,052	8,690	95,297	15,926	206,150
Co-operative housing societies	3,000	24,326	2,575	22,390	2,829	26,562
Insurance companies	2,254	56,117	2,103	44,881	2,012	47,413
Government institutions	3,832	42,081	4,032	54,079	4,853	74,921
Trustee institutions	445	10,779	451	15,119	475	24,453
Other mortgagees	29,824	362,669	29,950	424,393	27,202	494,880
Total	66,684	728,804	72,618	878,282	84,531	1,203,039

(a) Excluding certain mortgages, principally to trading banks to secure overdrafts on current accounts.

*Stock mortgages and liens on wool and crops*

The number and amount of stock mortgages, liens on wool, and liens on crops registered at the Office of the Registrar-General during each of the years 1969 to 1973 are shown in the following table. Releases of liens are not required to be registered as, after the expiration of twelve months, the registration of all liens is automatically cancelled. Very few mortgagors of stock secure themselves by a registered release.

VICTORIA—STOCK MORTGAGES AND LIENS  
ON WOOL AND CROPS

Security	1969	1970	1971	1972	1973
Stock mortgages—					
Number	484	861	1,602	715	579
Amount	\$'000 1,629	1,174	1,160	2,427	2,134
Liens on wool—					
Number	29	31	140	63	12
Amount	\$'000 323	138	614	266	58
Liens on crops—					
Number	429	180	273	160	166
Amount	\$'000 459	353	715	565	744
Total—					
Number	942	1,072	2,015	938	757
Amount	\$'000 2,411	1,665	2,488	3,258	2,937

*Bills of sale*

The following are the numbers and amounts of bills of sale which have been filed at the Office of the Registrar-General during each of the years 1969 to 1973 :

VICTORIA—BILLS OF SALE

Security	1969	1970	1971	1972	1973
Bills of sale—					
Number	26,773	27,133	27,323	24,427	24,821
Amount	\$'000 36,755	40,850	45,618	42,267	56,719

## Companies

### *Company legislation*

In recent years the Victorian Parliament has given much attention to company legislation and, following the passage of a new Companies Act in Victoria in 1958, company legislation has been passed throughout Australia in substantially similar form. In Victoria the current legislation is the *Companies Act* 1961 and subsequent amendments. A special article on company law in Victoria appears on pages 593-7 of the *Victorian Year Book* 1974.

The following table shows details of companies registered during each of the years 1969 to 1973:

#### VICTORIA—COMPANIES REGISTERED, ETC.

Particulars	1969	1970	1971	1972	1973
	number	number	number	number	number
New companies registered—					
Victorian	4,751	5,634	5,895	5,103	6,359
Other	429	552	516	503	461
Total	5,180	6,186	6,411	5,606	6,820
	\$'000	\$'000	\$'000	\$'000	\$'000
Nominal capital of new companies—					
Victorian	212,023	418,939	224,371	122,067	202,019
Other	450,731	559,613	361,536	291,966	138,157
Total	662,754	978,552	585,907	414,033	340,175
	'000	'000	'000	'000	'000
Approximate number of existing companies (at end of year)—					
Victorian	54	59	64	66	74
Other	4	4	5	5	5
Total	58	63	69	71	79
	\$'000	\$'000	\$'000	\$'000	\$'000
Increase in nominal capital of Victorian companies during year	536,469	803,510	832,693	518,772	650,134

Further reference, 1966; Company registration fees, 1964; Company law in Victoria, 1974

### Stock Exchange of Melbourne

The Stock Exchange of Melbourne was established in 1859, since which time there has been continuous growth in share ownership and large amounts of capital have been raised for public works and for the expansion of industry. In these ways the Stock Exchange has played an important role in the economic development of Australia as well as of the State. The basic function of the Stock Exchange is to provide the means by which investment securities, stocks, bonds, shares, etc., may be conveniently bought and sold. The type of market has varied over the years from the "call-room" style of trading to the present post-trading method which is practised in most exchanges throughout the world.

The Stock Exchange of Melbourne was incorporated as a company limited by guarantee under the Companies Act on 1 July 1970 in order to enable it to operate more efficiently as a legal entity. New Memorandum and Articles of Association were adopted to replace the former Rules and Regulations. At 30 June 1973 membership numbered 162 and there were 55 non-member partners.

Steps towards the further development of a national securities market in Australia were taken in January 1972 with the appointment by the Australian Associated Stock Exchanges of an executive president with the initial responsibility for the establishment and administration of a national secretariat. The objectives of the move were to further the adoption of common stock-market procedures, especially listing and reporting by companies throughout Australia; to formulate policies for the further self-regulation and development of the stock exchanges; to work for a more efficient and better-informed market for securities; and to encourage responsible ownership and trading of listed securities by Australian and overseas corporate and private investors.

Other significant events in conjunction with the executive president's appointment were the publication of a national monthly journal (*The Australian Stock Exchange Journal*) to replace the six individual journals previously issued by the various State Stock Exchanges, and the automatic listing of all companies on all Stock Exchanges in each capital city; thus 586 companies were added to the Melbourne official list and to this extent, figures quoted in relation to listings are not strictly comparable. The Stock Exchange has sponsored the formation of the Victorian Division of the Securities Institute of Australia which is conducting a three year educational course to improve the standards of personnel in the securities industry.

In January 1972 the Exchange became the first in Australia to provide an on-line computerised index service. Using the quotron network, a subscriber may obtain instant information of the share price index. Also introduced in that year was the portfolio analysis service. Portfolio and fund managers and security analysts can now obtain from the computerised financial library concise and current information relating to any portfolio of securities; this includes such details as earning rates, price-earnings ratios, asset backing, yields, etc., which are also on the quotron network.

#### *Official list requirements*

In order to provide for changing conditions, amendments were made to the Official List Requirements of the Australian Associated Stock Exchanges during 1971-72, particularly in relation to mining companies which are now obliged to submit quarterly reports to the Exchange in which mining terms are to be more precisely defined and are to state whether such reports have been prepared by qualified geologists. The minimum requirement for any company seeking listing was upgraded so that it now has to have a minimum capital of \$300,000 and at least 300 shareholders. A further 99 amendments were promulgated in 1972-73.

#### *Developments in 1972-73*

Substantial changes in financial policy resulted in a decided impact on share trading during the year. The Australian Government initially reduced

interest rates and personal income tax, as well as bringing down new powers to control capital inflow and foreign investment; however, a change of government in December 1972 brought new policies, for example, a revaluation of the Australian dollar, and other measures including the control on exports of minerals.

Value of turnover on the Stock Exchange of Melbourne for the year ended 30 June 1973 increased by 3 per cent over the previous year to \$1,334m, but the volume of shares sold was 18 per cent lower at 638 million.

There was a gain of 13 per cent in the value of industrial share turnover, but the value of mining shares traded declined by 6 per cent. The total number of transactions for the year was 493,500—a decline of 16 per cent. The number of mining trades was down 33 per cent, while industrial transactions declined 4 per cent.

Twenty-seven new companies were added to the Official List for the year, 24 being industrial companies and 3 mining. There were 1,473 companies on the List at 30 June 1973 compared with 1,584 a year previously. During the year 97 companies were delisted—60 because of takeovers and 37 due to mergers and liquidations. In all, 110 companies received takeover offers during the year.

Value of new securities listed for the 12 months was 10 per cent higher at \$956m; this figure was made up of \$487m industrial shares, \$93m mining, \$349m of debentures, and \$27m of other securities.

Of the 22 groups of companies which comprise the share price index, 10 groups showed a gain in their index level and 12 declined. The pastoral group showed best results with price gains of 18 per cent, while engineering and steel shares fell 26.8 per cent according to the share index.

Considerable progress was made with computer services and a link was established during the year with the Sydney Stock Exchange computer, enabling direct access to the Sydney market. The portfolio analysis service was expanded to the extent that the computer was able to retain details of holdings and update a portfolio for purchases and sales. A valuation and market inquiry service for all fixed-interest securities was introduced during 1973 and new projects developed included a visual display device with on-line facilities to the trading floor operations so that all market movements and announcements could be viewed under user control.

#### *Official list*

At 30 June 1973, 4,291 separate securities (including options), with a nominal value of \$20,818m and a market value of \$36,176m, were quoted on the Exchange. The market value was 3 per cent lower than on 30 June 1972. The market value of \$10,189m in Commonwealth Loans represents a loss of 6 per cent for the year.

Twenty-seven companies were added to the official list during the year and their combined nominal capital was \$97m, and new capital issues made by companies already listed totalled \$859m. At the close of the year, the official list comprised 1,473 companies—1,124 commercial and industrial and 349 mining companies. Because of takeovers and mergers, 97 companies were removed from the official list during the year.

The following table shows issues listed and their nominal value on the Melbourne Stock Exchange at 30 June for the years 1970 to 1973:

MELBOURNE STOCK EXCHANGE—ISSUES LISTED (a)  
AND NOMINAL VALUE AT 30 JUNE

Class of security	1970		1971		1972		1973	
	No. of issues	Nominal value	No. of issues	Nominal value	No. of issues	Nominal value	No. of issues	Nominal value
		\$m		\$m		\$m		\$m
Australian Government loans	67	9,364	97	9,565	82	9,662	92	10,603
Semi-government and Fiji loans	955	901	972	998	1,269	1,220	1,236	1,051
Industrial company securities—								
Debentures	801	1,345	812	1,416	915	1,597	881	1,968
Unsecured notes	147	188	115	160	127	157	119	197
Preference shares	237	142	223	130	319	164	299	146
Ordinary shares	799	3,913	764	4,069	1,200	5,073	1,174	5,201
Mining company securities	361	797	438	1,215	562	1,509	490	1,651
<b>Total</b>	<b>3,367</b>	<b>16,650</b>	<b>3,421</b>	<b>17,553</b>	<b>4,474</b>	<b>19,382</b>	<b>4,291</b>	<b>20,817</b>

(a) Includes options.

*Turnover*

During 1972-73 value of turnover of all loan securities fell by 5 per cent to a total of \$407m. Sales of Commonwealth Loans were 6 per cent less at \$355.6m. Turnover value of share securities rose 7 per cent to \$926.9m. Sales of mining shares decreased by 31 per cent to 280.7 million units reflecting the declining interest by investors in oil, iron ore, uranium, and nickel shares. Peak turnover by value in mining and industrial shares occurred in January 1973 when the sales amounted to \$95.9m.

MELBOURNE STOCK EXCHANGE—VOLUME OF TURNOVER OF SECURITIES  
(million units)

Class of security	1968-69	1969-70	1970-71	1971-72	1972-73
Australian Government loans	228.8	139.7	257.6	379.0	347.7
Semi-government loans	12.2	15.5	22.1	30.1	20.5
Company debentures, unsecured notes	16.2	18.4	24.8	17.8	30.2
<b>Total loan securities</b>	<b>257.2</b>	<b>173.6</b>	<b>304.5</b>	<b>426.9</b>	<b>398.4</b>
Preference shares	3.3	2.2	1.7	5.7	2.0
Ordinary shares, rights, options	273.2	245.0	260.5	368.1	355.3
Mining shares	296.0	1,122.6	788.5	406.0	280.7
<b>Total share securities</b>	<b>572.5</b>	<b>1,369.8</b>	<b>1,050.7</b>	<b>779.8</b>	<b>638.0</b>

NOTE. Each unit represents the nominal value of a security. For example, \$1, \$2, 50 cents.

MELBOURNE STOCK EXCHANGE—NUMBER OF TRANSACTIONS AND  
VALUE OF TURNOVER OF STOCKS AND SHARES

Class of security	1969-70		1970-71		1971-72		1972-73	
	Trans- actions	Value	Trans- actions	Value	Trans- actions	Value	Trans- actions	Value
	'000	\$m	'000	\$m	'000	\$m	'000	\$m
Australian Government loans	11.4	132.0	9.2	229.8	9.5	379.8	8.2	355.6
Semi-government loans	4.2	15.0	4.1	21.1	4.4	29.0	4.3	20.3
Company debentures, unsecured notes	6.7	17.7	5.2	21.9	3.8	17.2	4.6	30.8
<b>Total loan securities</b>	<b>22.3</b>	<b>164.7</b>	<b>18.5</b>	<b>272.8</b>	<b>17.7</b>	<b>426.0</b>	<b>17.1</b>	<b>406.7</b>
Preference shares	2.8	3.0	2.6	1.8	3.5	4.8	3.0	2.2
Ordinary shares, rights, options	352.0	377.2	295.6	391.3	325.1	615.2	311.3	694.4
Mining shares	921.3	823.8	597.5	593.2	242.3	244.1	162.1	230.3
<b>Total share securities</b>	<b>1,276.1</b>	<b>1,204.0</b>	<b>895.7</b>	<b>986.3</b>	<b>570.9</b>	<b>864.1</b>	<b>476.4</b>	<b>926.9</b>
<b>Grand total</b>	<b>1,298.4</b>	<b>1,368.7</b>	<b>914.2</b>	<b>1,259.1</b>	<b>588.6</b>	<b>1,290.1</b>	<b>493.5</b>	<b>1,333.6</b>



*Share Price Index*

On 1 July 1963 the Stock Exchange of Melbourne established a share price index which comprised 50 leading stocks. It has since been expanded progressively to an All Ordinaries index comprising 21 industry groups. At the close of the financial year the All Ordinaries index had reached a point of 183.03—a fall of 8 per cent for the 12 months. The metals and minerals index fell 17 per cent for the year to 480.77. At 30 June 1973 aggregate market value of all ordinary, industrial, and mining shares on the official list was \$22,744m. Full details appear in the Chart Book published annually by the Exchange.

**Short-term money market**

The short-term money market in Australia includes nine dealer companies which specialise in the business of borrowing money, investing borrowed funds in an approved range of assets, and buying and selling such assets. Four of these companies have head offices in Melbourne and five in Sydney but there are representatives in all other State capitals, Canberra, Launceston, Darwin, and Port Moresby.

Known as authorised dealers, each of these dealer companies has been accredited by the Reserve Bank. Such accreditation has significance both for the dealers and for their clients, the most important aspect being that by acting as "lender of last resort" the Bank provides liquidity to dealers, in that they can borrow from the Bank against the bulk of their assets. The Bank does not, however, accept responsibility for the repayment of a dealer's individual loans or for solvency generally.

The Bank also trades in Australian Government securities with dealers and provides a range of other facilities which contribute to the efficient operation of the market. The Bank maintains special clearing accounts for dealers, by means of which funds can be quickly transferred from one point in Australia to another, and a safe custody system for dealers' holdings of Australian Government securities, which makes possible the safe and rapid movement of security for loans from one lender to another.

**AUSTRALIA—SHORT-TERM MONEY MARKET: AUTHORISED DEALERS'  
LIABILITIES CLASSIFIED BY TYPE OF CLIENT AT 30 JUNE (a)**  
(\$m)

Clients	1970	1971	1972	1973	1974
All trading banks	158.4	189.2	369.3	212.9	130.4
Savings banks	37.3	77.7	69.0	125.5	51.6
Insurance offices	24.4	26.8	44.8	48.9	12.1
Superannuation, pension, and provident funds	16.6	22.4	19.3	16.1	11.8
Hire purchase and other instalment credit companies	7.9	6.1	11.7	7.7	1.5
Companies, n.e.c.	143.7	155.3	253.3	209.4	63.7
Australian and State Governments	47.7	91.9	100.3	75.6	57.6
Local and semi-government authorities, n.e.c.	87.7	70.0	99.8	91.2	72.0
All other lenders (including marketing boards and trustee companies)	36.2	41.5	71.1	51.0	38.9
<b>Total</b>	<b>559.9</b>	<b>680.8</b>	<b>1,038.7</b>	<b>838.2</b>	<b>439.5</b>

(a) Liabilities to Reserve Bank as lender of last resort are excluded.

Each dealer company is required by the Reserve Bank to have capital paid up in cash of not less than \$400,000 and to limit the amount of loans it accepts to a specified multiple of its shareholders' funds. Dealers accept loans overnight, at call, or for fixed periods, in minimum amounts of \$50,000. They must provide lenders with full security for loans, the onus being on each lender to satisfy himself that the security accepted by him is adequate. The determination of an appropriate margin of value of the security over the amount of any loan is a matter for negotiation solely between lender and dealer.

Lenders to the dealers include trading banks, savings banks, public authorities, and a wide variety of companies. The availability of funds from different groups is seasonal and highly variable although some of this variability is offsetting. The weekly average volume of loans accepted by the nine dealers is over \$500m and such loans turn over very frequently.

The rates of interest paid by dealers for funds of different maturities vary not only from dealer to dealer but also from day to day—and even during the day—depending on the general funds position and the judgment of individual dealers as to future trends in interest rates, the availability of funds, fluctuations in the value of their security portfolios, etc.

AUSTRALIA—SHORT-TERM MONEY MARKET: AUTHORISED DEALERS:  
INTEREST RATES  
(per cent per annum)

Month	Interest rates on loans accepted during month				Weighted average interest rate on loans outstanding (a)
	At call		For fixed periods		
	Minimum	Maximum	Minimum	Maximum	
June 1970	3.50	8.80	4.50	8.50	6.12
June 1971	2.00	9.50	4.00	8.00	5.91
June 1972	2.00	8.25	4.25	6.60	5.18
September 1972	0.13	8.30	2.00	6.60	4.24
December 1972 (b)	0.50	7.50	3.00	5.90	4.12
March 1973	1.00	7.75	2.80	5.50	4.38
June 1973	2.00	8.75	2.00	7.00	4.70
September 1973	3.25	9.50	4.60	8.60	5.75
December 1973 (b)	2.00	9.80	4.00	9.50	6.20
March 1974	4.00	10.00	5.30	9.20	7.60
June 1974	0.50	13.00	1.00	13.00	6.82

(a) Weighted average of weekly figures.

(b) Excludes one Wednesday.

The margin between the interest outgoings on borrowed money and the income earned on investments, together with the income earned in the course of security dealing, needs to be sufficient to cover operating costs, profits, and the accumulation of reserves.

The Bank closely supervises the range of assets which the authorised dealers may acquire. The great bulk of each dealer's assets must comprise government securities maturing within five years. (It is against these securities that dealers can borrow under the last resort facility.) As well as Treasury notes and other Australian Government securities, a dealer may hold within this group of assets a limited amount of securities of public authorities (i.e., semi- and local government). Dealers may also deal in and hold bank endorsed or accepted commercial bills (without formal limit as to maturity), banks' certificates of deposit maturing within five years, and

non-bank commercial bills. A very small part of a dealer's funds may be held in such other assets as the dealer chooses.

Dealers stand ready to buy and sell securities; aggregate figures of turnover of Australian Government bonds and notes often exceed \$100m per week over the year for the dealers as a whole.

AUSTRALIA—SHORT-TERM MONEY MARKET: AUTHORISED DEALERS:  
SELECTED ASSETS (a)  
(\$m)

Month	Australian Government securities (face value) (b)			Commercial bills (c)	Banks' certificates of deposit
	Treasury notes	Other	Total		
June 1970	7.6	567.7	575.4	38.3	3.6
June 1971	20.6	661.4	682.0	45.4	3.4
June 1972	40.9	934.1	975.0	39.8	20.8
September 1972	213.8	743.1	956.9	22.0	54.4
December 1972 (d)	287.7	763.6	1,051.3	17.6	41.3
March 1973	232.6	724.8	957.4	34.9	55.1
June 1973	111.5	620.7	732.2	40.8	79.7
September 1973	89.6	666.8	756.4	38.1	70.1
December 1973 (d)	69.9	644.9	714.8	33.5	70.9
March 1974	37.0	608.0	645.0	28.8	67.5
June 1974	131.2	154.7	285.9	79.2	42.2

(a) Average of weekly figures.

(b) Within five years of maturity.

(c) Accepted or endorsed by banks.

(d) Excludes one Wednesday.

### Finance companies

A comprehensive account of the scope of statistics relating to the lending operations of finance companies and fuller details of the transactions of finance companies are provided in the publication *Finance Companies, 1972-73*. Finance companies, like other financial institutions, are distinguishable from non-financial institutions in that they deal mainly in financial assets as opposed to physical goods and non-financial services. However, while the various classes of financial institutions are commonly acknowledged as being different in some way or other, one from another, it is difficult to formulate precise and mutually exclusive definitions in respect of each class. For the purpose of these statistics, finance companies are defined as companies which are engaged mainly in providing to the general public (businesses as well as private persons) credit facilities of the following types: hire purchase and other instalment credit for retail sales, wholesale hire purchase, other consumer and commercial loans, and factoring. The finance companies covered in these statistics, insofar as they provide instalment credit for retail sales, are also included in the statistics of instalment credit for retail sales (see pages 622-4). The statistics exclude those finance companies which are not subsidiaries of other finance companies and have total balances outstanding of less than \$500,000.

In general, companies which are engaged both in financing activities and other activities come within the scope of these statistics, provided that the major portion of their assets consists of financial assets of the types listed above or a major portion of their income is derived from such assets. Companies are excluded if the major portion of their balances outstanding consists of agreements written for the purpose of

financing their own sales. Companies which are engaged mainly in financing, in any way, the operations of related companies ("related" as defined in the Companies Act) are also excluded from these statistics, as are unincorporated finance businesses. Also excluded are the following classes of financial and quasi-financial institutions: banks; life insurance companies; fire, marine, and general insurance companies; short-term money market companies; pastoral finance companies; investment companies; unit trusts, land trusts, mutual funds and management companies for the foregoing trusts and funds; pension and superannuation funds; building and friendly societies including credit unions; and all companies engaged in leasing and bill of exchange financing other than finance companies (as defined above) and their related companies.

Statistics are also collected on loans by finance companies to related non-finance companies; leasing of business equipment and plant by finance companies and their related companies; and the drawing and discounting of bills of exchange by finance companies and their related companies.

#### VICTORIA—FINANCE COMPANIES

(\$m)

Year	Instalment credit for retail sales	Wholesale hire purchase	Other consumer and commercial loans	Factoring	Total
AMOUNTS FINANCED (a)					
1968-69	222.5	210.7	262.4	30.7	726.3
1969-70	260.5	241.8	359.3	39.6	901.2
1970-71	266.4	252.6	594.7	48.3	1,162.0
1971-72 (b)	246.2	279.9	872.2	49.1	1,447.5
1972-73	254.9	305.8	(c) 762.1	54.9	1,377.7
BALANCES OUTSTANDING AT 30 JUNE					
1969	336.8	34.9	271.0	9.6	652.4
1970	390.9	37.1	356.2	13.5	797.8
1971	423.2	41.8	472.2	13.5	950.7
1972 (b)	418.9	51.2	679.3	13.1	1,162.5
1973	422.2	43.3	(d) 786.8	15.4	1,267.8
COLLECTIONS AND OTHER LIQUIDATIONS OF BALANCES (e)					
1968-69	239.9	205.8	261.2	34.4	741.2
1969-70	278.5	241.9	335.0	43.0	898.4
1970-71	314.4	252.2	554.9	56.9	1,178.5
1971-72 (b)	324.4	272.6	767.2	56.4	1,420.6
1972-73	329.5	316.1	(f) 680.2	61.6	1,387.4

(a) The actual amount of cash provided. It excludes interest, insurance, hiring and other charges, and initial deposits. For purchases of existing agreements and trade debts purchased, it represents the amount of cash paid to the seller.

(b) From July 1971 companies with balances less than \$500,000 are excluded.

(c) Other consumer and commercial loans in the year ended 30 June 1973 included \$83.5m personal loans.

(d) Other consumer and commercial loans at 30 June 1973 included \$109.9m personal loans.

(e) Covers cash collections of capital repayments, hiring charges, interest and insurance, and also other liquidations such as bad debts written off and rebates for early payouts.

(f) Other consumer and commercial loans in the year ended 30 June 1973 included \$87.1m personal loans.

#### Instalment credit for retail sales

All types of instalment credit schemes in which repayments are made by regular, predetermined instalments are included in this collection. These include hire purchase, time payment, budget accounts, and personal loan schemes which relate primarily to the financing of retail sales of goods.

The statistics do not cover lay-bys, credit accounts not involving regular predetermined instalments, financing of sales of land and buildings, property improvements, services such as repair work and travel facilities, or rental and leasing schemes.

In addition to businesses which finance the retail sale of goods, but do not retail goods themselves (called non-retail finance businesses), information is also collected from retailers who provide their own finance and from retailers' subsidiary companies (called retail businesses). Retailers' subsidiary companies are businesses which have been set up by retailers, or by groups mainly engaged in retailing, primarily for the purpose of financing their retail sales.

Figures for retail subsidiary companies are included with retail businesses in order to permit compilation of figures on a comparable basis over a period of time.

The statistics are classified by type of business according to the nature of the business on whose paper the agreement was written, even if the agreement was subsequently assigned, discounted, or mortgaged with another type of business.

Particulars of total instalment credit transactions of non-retail finance businesses are collected regularly from all such businesses. However, particulars from retail businesses are derived from a sample of these businesses based on the Census of Retail Establishments for 1961-62. Because of this the figures shown below for retail businesses are subject to revision. Revision to data for non-retail finance businesses may also be necessary from time to time as problems are encountered about coverage and classification. All types of goods sold to final purchasers are included, whether producer goods (such as plant and machinery) or consumer goods.

The following table shows the amounts financed by all businesses during the year 1972-73 in Australia, classified by States and by groups of commodities. It also shows balances outstanding at 30 June 1973.

AUSTRALIA—INSTALMENT CREDIT FOR RETAIL SALES, 1972-73  
(Retail businesses plus non-retail finance businesses)  
(\$m)

State	Amount financed (a)				Balances outstanding at 30 June 1973 (e)
	Motor vehicles, tractors, etc. (b)	Plant and machinery (c)	Household and personal goods (d)	Total all goods	
New South Wales (f)	375.5	35.1	189.9	600.4	860.8
Victoria	206.9	24.7	125.3	356.9	511.6
Queensland	168.0	18.8	66.4	253.2	363.9
South Australia (g)	93.0	6.2	37.0	136.2	195.8
Western Australia	110.6	16.7	31.9	159.2	225.4
Tasmania	33.3	4.5	10.1	47.9	67.4
Australia	987.4	106.0	460.4	1,553.8	2,224.9

(a) Includes amounts financed on both hire purchase and other instalment credit schemes. Amount financed is cash value of goods less deposit, interest, hiring charges, and insurance.

(b) Includes new and used motor cars, motor cycles, commercial vehicles, tractors, caravans, and motor parts and accessories.

(c) Includes farm machinery and implements, earthmoving equipment, aircraft, industrial plant and machinery, business machines and equipment (including commercial refrigeration equipment), etc.

(d) Includes furniture and furnishings, domestic refrigerators, electrical goods, television and accessories, radios, musical instruments, bicycles, and other household and personal goods.

(e) Includes hiring charges, interest, and insurance.

(f) Includes Australian Capital Territory.

(g) Includes Northern Territory.

The following table shows the amounts financed during recent years in Victoria classified according to type of business and groups of commodities financed for the years 1968-69 to 1972-73:

VICTORIA—INSTALMENT CREDIT FOR RETAIL SALES : AMOUNTS FINANCED BY COMMODITY GROUPS (a)  
(\$m)

Year	Motor vehicles, tractors, etc. (b)	Plant and machinery (c)	Household and personal goods (d)	Total all goods
<b>RETAIL BUSINESSES</b>				
1968-69	6.6	0.8	76.0	83.3
1969-70	5.9	0.6	82.5	89.0
1970-71	6.7	0.5	86.1	93.4
1971-72	6.1	0.5	89.9	96.4
1972-73	6.3	0.8	104.0	111.0
<b>NON-RETAIL FINANCE BUSINESSES</b>				
1968-69	180.1	22.9	18.6	221.6
1969-70	215.7	25.0	18.0	258.7
1970-71	219.2	24.4	19.0	262.7
1971-72	203.6	20.2	19.4	243.2
1972-73	200.6	23.9	21.3	245.8
<b>ALL BUSINESSES</b>				
1968-69	186.7	23.7	94.6	305.0
1969-70	221.7	25.5	100.5	347.7
1970-71	226.0	25.0	105.2	356.1
1971-72	209.6	20.7	109.3	339.6
1972-73	206.9	24.7	125.3	356.9

(a) Includes amounts financed on both hire purchase and other instalment credit schemes. Amount financed is cash value of goods less deposit, interest, hiring charges, and insurance.

(b) Includes new and used motor cars, motor cycles, commercial vehicles, tractors, caravans, and motor parts and accessories.

(c) Includes farm machinery and implements, earthmoving equipment, aircraft, industrial plant and machinery, business machines and equipment (including commercial refrigeration equipment), etc.

(d) Includes furniture and furnishings, domestic refrigerators, electrical goods, television and accessories, radios, musical instruments, bicycles, and other household and personal goods.

The following table shows the balances outstanding in Victoria classified according to type of business and type of credit at 30 June for the years 1969 to 1973:

VICTORIA—INSTALMENT CREDIT FOR RETAIL SALES :  
BALANCES OUTSTANDING

At 30 June—	Balances outstanding			Type of credit			
	Retail businesses	Non-retail finance businesses	Total	Hire purchase		Other instalment credit	
				Balance outstanding	Percentage of total	Balance outstanding	Percentage of total
	\$m	\$m	\$m	\$m		\$m	
1969	85.0	333.6	418.6	180.6	43.1	238.0	56.9
1970	89.3	385.6	475.0	195.0	41.1	280.0	58.9
1971	94.6	418.2	512.8	208.1	40.6	304.7	59.4
1972	95.6	413.9	509.4	216.4	42.5	293.0	57.5
1973	104.5	407.1	511.6	271.4	53.0	240.2	47.0

*Retail hire purchase operation*

The following table shows the main features of hire purchase operations in Victoria for the years 1968-69 to 1972-73. It should be noted that these statistics cover hire purchase operations by all businesses.

## VICTORIA—RETAIL HIRE PURCHASE OPERATIONS

Class of goods	1968-69	1969-70	1970-71	1971-72	1972-73
NUMBER OF AGREEMENTS MADE					
Motor vehicles, tractors, etc. (a)	47,548	44,814	42,825	42,537	67,749
Plant and machinery (b)	8,633	7,683	6,918	6,698	6,092
Household and personal (c)	276,340	279,405	266,266	250,172	269,075
<b>Total agreements</b>	<b>332,521</b>	<b>331,902</b>	<b>316,009</b>	<b>299,407</b>	<b>342,916</b>
VALUE OF GOODS PURCHASED (d)					
(\$m)					
Motor vehicles, tractors, etc. (a)	82.8	94.4	99.5	107.1	176.8
Plant and machinery (b)	28.5	30.5	31.9	26.9	31.7
Household and personal (c)	52.5	55.3	54.7	55.8	63.8
<b>Total value</b>	<b>163.8</b>	<b>180.3</b>	<b>186.1</b>	<b>189.8</b>	<b>272.4</b>
AMOUNT FINANCED UNDER AGREEMENTS (e)					
(\$m)					
Motor vehicles, tractors, etc. (a)	58.9	69.5	73.0	78.0	130.5
Plant and machinery (b)	20.3	22.1	22.6	19.3	23.6
Household and personal (c)	43.1	45.7	46.2	47.4	54.4
<b>Total amount financed</b>	<b>122.3</b>	<b>137.4</b>	<b>141.9</b>	<b>144.8</b>	<b>208.5</b>
BALANCES OUTSTANDING AT END OF YEAR (f)					
(\$m)					
<b>All classes of goods</b>	<b>180.6</b>	<b>195.0</b>	<b>208.1</b>	<b>216.4</b>	<b>271.4</b>

(a) Includes new and used motor cars, motor cycles, commercial vehicles, tractors, caravans, and motor parts and accessories.

(b) Includes farm machinery and implements, earthmoving equipment, aircraft, industrial plant and machinery, business machines and equipment (including commercial refrigeration equipment), etc.

(c) Includes furniture and furnishings, domestic refrigerators, electrical goods, television and accessories, radios, musical instruments, bicycles, and other household and personal goods.

(d) Value at net cash or list price (excluding hiring charges and insurance).

(e) Excludes hiring charges and insurance.

(f) Includes hiring charges and insurance.