

# 5 *Victoria: a broad economic overview*

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## **Introduction**

This Chapter contains a range of National and State Accounts and labour force statistics for the period 1980-81 to 1985-86, which present a broad overview of the Victorian economy and provide a basis for comparison with the national economy.

In addition, the Chapter serves as an introduction to Chapters 6 to 11, which deal with specific sectors of the Victorian economy.

## **National Accounts**

This historical and comparative perspective of the Victorian economy has been facilitated by the release in June 1987 of the ABS publication "*Australian National Accounts, State Accounts, 1985-86*". This publication contains the first official income based estimates of State Gross Domestic Product (GDP) at factor cost and its principal components for the years 1977-78 to 1983-84. It also contains other detailed State estimates, such as household income, farm income and private final consumption expenditure.

As 1983-84 is the latest year available for State GDP at factor cost and its principal components, use has been made of estimates for gross operating surplus prepared by the Victorian Department of Management and Budget for 1984-85 and 1985-86, thus enabling comparisons with national estimates to be made.

## **General trends**

In general terms, the Victorian economy during the period 1980-81 to 1985-86 grew at rates comparable with those for the Australian economy.

For instance, for the six year period 1980-81 to 1985-86 GDP at factor cost increased by 70 per cent for both economies, while final private consumption expenditure at the national level increased by 75 per cent as against 72 per cent for Victoria. Household disposable income for Victoria increased by 60 per cent, compared with 58 per cent for Australia, which reflects the stronger than average growth in employment and earnings.

Across a broad spectrum of indicators, Victoria has maintained a share of the national activity of around 27 per cent for the period under review. Two exceptions to this have been the manufacturing industry, of which Victoria commands approximately one third both in terms of output and persons employed, and farm income, which during this period fluctuated between 19.3 and 30.9 per cent of the national total.

Private final consumption expenditure grew slower than national rates, remaining at approximately 26.5 per cent of the Australian total throughout the period under review.

**Trends in industries**

Manufacturing remains the most significant industry in terms of its contribution to the State's GDP at factor cost and in providing employment opportunities. However, its share of GDP has been steadily declining, dropping to 21.4 per cent in 1985-86 from 24.5 per cent in 1980-81.

A similar pattern occurred at the national level, with Manufacturing's share of GDP at factor cost dropping from 20.2 per cent in 1980-81 to 17.7 per cent in 1985-86.

Ownership of dwellings increased its share of the State's GDP at factor cost from 8.1 in 1980-81 to 11.6 per cent in 1985-86, reflecting similar growth rates at the national economy level.

For the period under review, Agriculture, forestry, fishing and hunting proved to be the most volatile industry, with its share of GDP at factor cost fluctuating between 5.3 per cent in 1980-81 and 2.3 per cent in 1982-83. In 1985-86 Agriculture etc. represented 3.3 per cent of the State's GDP at factor cost, the lowest of all industries.

**Labour force**

Victoria's share of the total number of persons employed remained relatively constant as at June each year between 1981 and 1986, fluctuating between 26.7 and 26.9 per cent, which corresponds closely with its share of the total civilian population aged 15 years and over.

In 1981 and 1982 unemployment rates for Victoria and Australia were almost identical, and both peaked in 1983 at 9.2 and 10.0 respectively. In subsequent years unemployment in Victoria declined at a faster rate than the rest of Australia. For June 1986, the unemployment rate for Victoria was 5.8 per cent as against 7.5 per cent for Australia.

Although the total number of persons employed in Victoria increased by 117,000 persons (6.9 per cent) between 1981 and 1986, two industries; Manufacturing, and Recreation, Personal and Other Services, recorded significant losses.

Manufacturing, in particular, experienced a drop of 30,400 persons (-7.5 per cent) with its share of total persons employed declining from 23.5 per cent in 1981 to 20.4 in 1986.

Community services recorded the strongest growth with a net gain of 57,700 persons (21.6 per cent), thus increasing its share of total persons employed from 15.6 per cent in 1981 to 17.7 per cent in 1986. These structural changes within the Victorian economy reflect similar changes within the Australian economy.

**TABLE 5.1 AUSTRALIAN NATIONAL ACCOUNTS, AUSTRALIAN AGGREGATES,  
VICTORIA AND AUSTRALIA**

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
<b>VICTORIA (\$m)</b>						
Gross Domestic Product at factor cost	32,944	36,480	39,504	45,665	(a)50,577	(a)56,186
Non farm gross domestic product at factor cost	31,294	34,977	38,406	43,581	na	na
Household disposable income	24,418	27,478	30,740	35,628	39,040	na
Farm income	931	714	210	1,111	589	534
Private final consumption	21,512	24,290	27,568	30,650	33,346	36,986
<b>AUSTRALIA (\$m)</b>						
Gross Domestic Product at factor cost	119,401	134,335	146,254	164,993	183,324	204,486
Non farm gross domestic product at factor cost	112,651	127,391	141,017	156,461	na	na
Household disposable income	90,602	103,359	115,247	129,936	142,929	na
Farm income	3,262	2,839	777	3,595	3,050	2,036
Private final consumption	80,744	91,997	104,263	115,053	126,681	141,254
<b>VICTORIA AS A PERCENTAGE OF AUSTRALIA</b>						
Gross Domestic Product at factor cost	27.6	27.2	27.0	27.7	27.6	27.5
Non farm gross domestic product at factor cost	27.8	27.5	27.2	27.9	na	na
Household disposable income	27.0	26.6	26.7	27.4	27.3	na
Farm income	28.5	25.1	27.0	30.9	19.3	26.2
Private final consumption	26.6	26.4	26.4	26.6	26.3	26.2

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

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

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
	\$m					
New South Wales	33,652	37,974	42,638	49,070	52,432	58,337
Victoria	25,687	28,740	32,944	36,480	39,504	45,665
Queensland	13,671	15,217	17,355	20,106	22,066	24,645
South Australia	7,505	8,331	9,256	9,984	10,938	13,096
Western Australia	8,169	9,276	10,801	11,719	13,501	14,473
Tasmania	2,487	2,804	3,070	3,216	3,461	3,831
Northern Territory	857	969	1,201	1,328	1,602	1,860
Australian Capital Territory	1,662	1,889	2,136	2,432	2,750	3,086
<b>Total</b>	<b>93,690</b>	<b>105,200</b>	<b>119,401</b>	<b>134,335</b>	<b>146,254</b>	<b>164,993</b>
General government gross operating surplus	2,409	2,774	3,141	3,574	4,126	4,422
<b>Australia</b>	<b>96,099</b>	<b>107,974</b>	<b>122,542</b>	<b>137,909</b>	<b>150,380</b>	<b>169,415</b>
	Percentage change from previous year					
New South Wales	13.7	12.8	12.3	15.1	10.9	11.3
Victoria	11.6	11.9	14.6	10.7	8.3	15.6
Queensland	16.1	11.3	14.1	15.9	9.7	11.7
South Australia	13.0	11.0	11.1	7.9	9.6	19.7
Western Australia	10.9	13.6	16.4	8.5	15.2	7.2

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

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Percentage change from previous year - <i>continued</i>						
Tasmania	14.1	12.7	9.5	4.8	7.6	10.7
Northern Territory	21.6	13.1	23.9	10.6	20.6	16.1
Australian Capital Territory	9.1	13.7	13.1	13.9	13.1	12.2
<b>Total</b>	<b>13.1</b>	<b>12.3</b>	<b>13.5</b>	<b>12.5</b>	<b>8.9</b>	<b>12.8</b>
General government gross operating surplus	9.3	15.2	13.2	13.8	15.4	7.2
<b>Australia</b>	<b>13.0</b>	<b>12.4</b>	<b>13.5</b>	<b>12.5</b>	<b>9.0</b>	<b>12.7</b>
Percentage share of total						
New South Wales	35.9	36.1	35.7	36.5	35.8	35.4
<b>Victoria</b>	<b>27.4</b>	<b>27.3</b>	<b>27.6</b>	<b>27.2</b>	<b>27.0</b>	<b>27.7</b>
Queensland	14.6	14.5	14.5	15.0	15.1	14.9
South Australia	8.0	7.9	7.8	7.4	7.5	7.9
Western Australia	8.7	8.8	9.0	8.7	9.2	8.8
Tasmania	2.7	2.7	2.6	2.4	2.4	2.3
Northern Territory	0.9	0.9	1.0	1.0	1.1	1.1
Australian Capital Territory	1.8	1.8	1.8	1.8	1.9	1.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**TABLE 5.3 AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY, VICTORIA AND AUSTRALIA (\$m)**

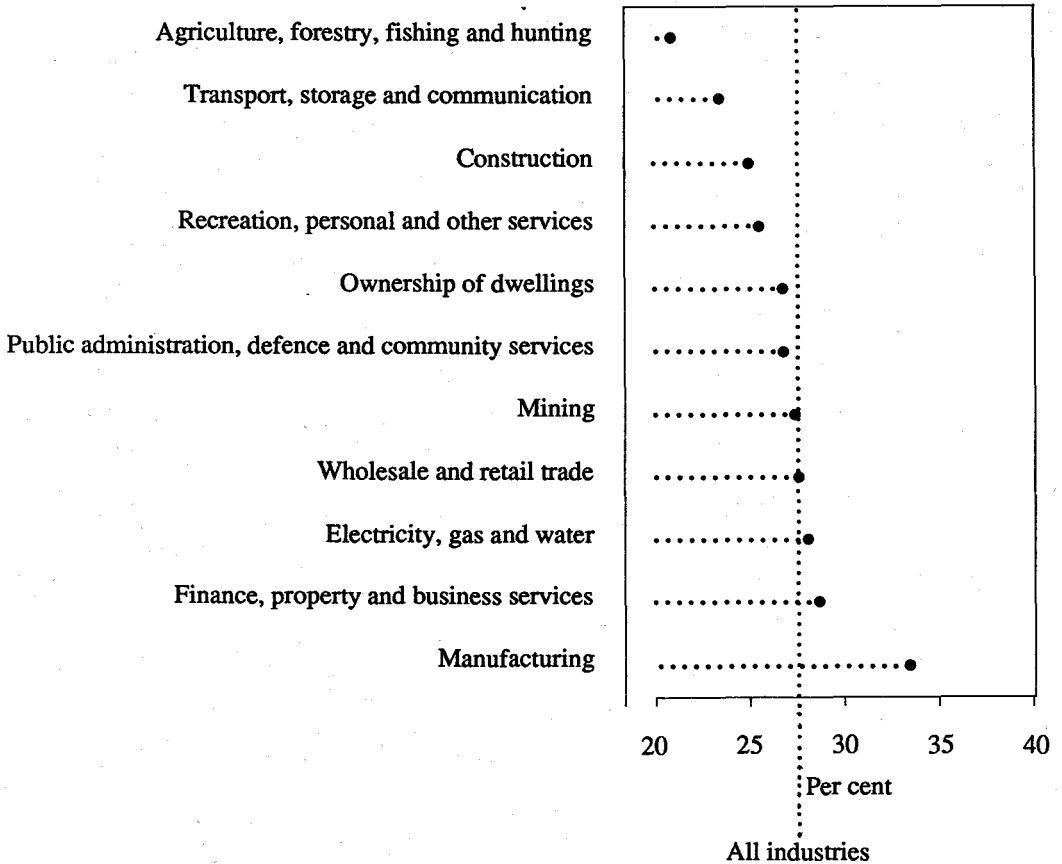
Industry	1980-81	1981-82	1982-83	1983-84	1984-85(a)	1985-86(a)
VICTORIA						
Agriculture, forestry, fishing and hunting	1,736	1,571	1,177	2,166	1,765	1,855
Mining	1,413	1,610	1,586	2,113	2,568	2,862
Manufacturing	8,055	8,909	9,232	10,422	11,417	12,045
Electricity, gas and water	1,073	1,297	1,537	1,888	2,044	2,242
Construction	2,190	2,272	2,412	2,663	3,091	3,452
Wholesale and retail trade	4,808	5,153	5,478	5,895	6,676	7,632
Transport, storage and communication	2,675	2,980	3,166	3,473	3,855	4,188
Finance, property and business services	2,184	2,169	2,570	3,175	3,462	4,158
Public administration, defence and community services	5,136	6,169	7,151	7,689	8,464	9,237
Recreation, personal and other services	1,000	1,225	1,381	1,556	1,721	2,010
Ownership of dwellings	2,674	3,125	3,814	4,625	5,515	6,505
<b>All industries</b>	<b>32,944</b>	<b>36,480</b>	<b>39,504</b>	<b>45,665</b>	<b>50,578</b>	<b>56,186</b>
AUSTRALIA						
Agriculture, forestry, fishing and hunting	7,192	7,345	5,677	8,989	9,035	8,924
Mining	5,072	5,295	6,496	7,575	8,846	10,477
Manufacturing	24,114	26,870	27,430	30,584	33,346	36,118
Electricity, gas and water	3,995	4,569	5,780	6,635	7,143	8,011
Construction	9,111	9,852	10,250	10,926	12,600	13,903
Wholesale and retail trade	17,173	18,834	19,785	21,802	24,620	27,780

**TABLE 5.3 AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY, VICTORIA AND AUSTRALIA - continued**  
(\$m)

Industry	1980-81	1981-82	1982-83	1983-84	1984-85(a)	1985-86(a)
<b>AUSTRALIA - continued</b>						
Transport, storage and communication	10,193	11,880	12,938	14,631	16,266	17,930
Finance, property and business services	8,308	8,812	10,302	11,423	12,570	14,485
Public administration, defence and community services	19,876	23,567	27,180	28,981	31,712	34,594
Recreation, personal and other services	4,350	5,318	5,780	6,261	6,942	7,912
Ownership of dwellings	10,017	11,993	14,636	17,186	20,244	24,352
<b>All industries</b>	<b>119,401</b>	<b>134,335</b>	<b>146,254</b>	<b>154,993</b>	<b>183,324</b>	<b>204,486</b>

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

**AUSTRALIAN NATIONAL ACCOUNTS: GROSS DOMESTIC PRODUCT AT FACTOR COST, 1985-86. VICTORIA AS A PERCENTAGE OF AUSTRALIA**

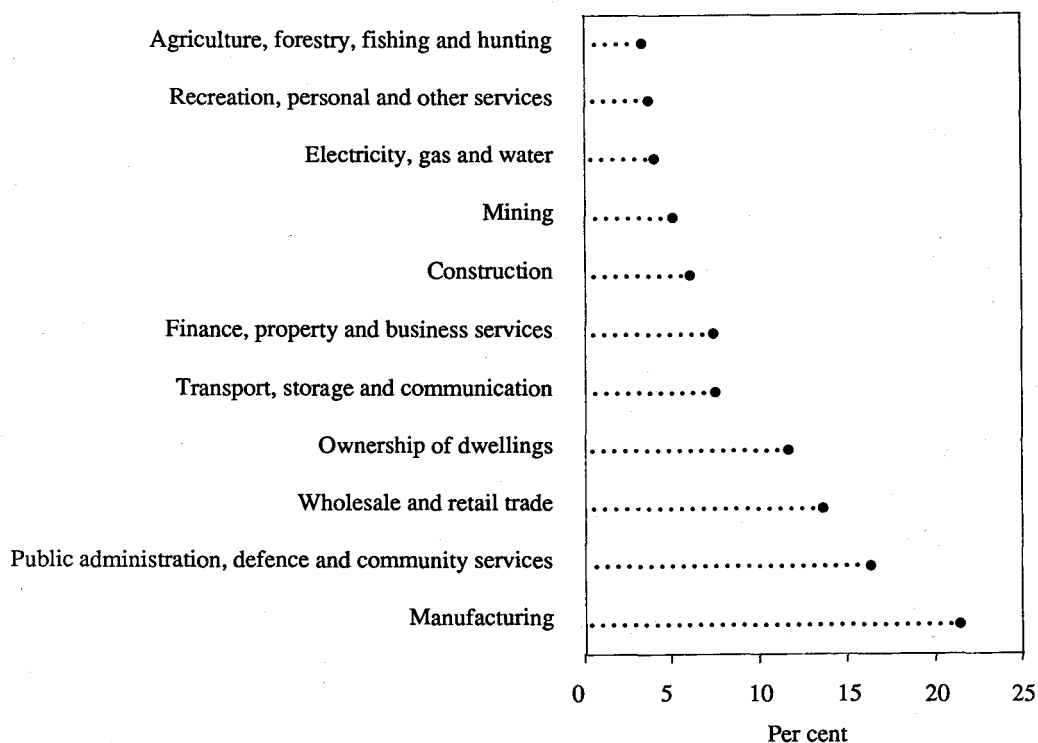


**TABLE 5.4 AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY, VICTORIA AS A PERCENTAGE OF AUSTRALIA**  
(per cent)

Industry	1980-81	1981-82	1982-83	1983-84	1984-85(a)	1985-86(a)
Agriculture, forestry, fishing and hunting	24.1	21.4	20.7	24.1	19.5	20.8
Mining	27.9	30.4	24.4	27.9	29.0	27.3
Manufacturing	33.4	33.2	33.7	34.1	34.2	33.4
Electricity, gas and water	26.9	28.4	26.6	28.5	28.6	28.0
Construction	24.0	23.1	23.5	24.4	24.5	24.8
Wholesale and retail trade	28.0	27.4	27.7	27.0	27.1	27.5
Transport, storage and communication	26.2	25.1	24.5	23.7	23.7	23.4
Finance, property and business services	26.3	24.6	24.9	27.8	27.5	28.7
Public administration, defence and community services	25.8	26.2	26.3	26.5	26.7	26.7
Recreation, personal and other services	23.0	23.0	23.9	24.9	24.8	25.4
Ownership of dwellings	26.7	26.1	26.1	26.9	27.2	26.7
<b>All industries</b>	<b>27.6</b>	<b>27.2</b>	<b>27.0</b>	<b>29.5</b>	<b>27.6</b>	<b>27.5</b>

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

**AUSTRALIAN NATIONAL ACCOUNTS: INDIVIDUAL INDUSTRIES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT AT FACTOR COST, VICTORIA 1985-1986**



**TABLE 5.5 AUSTRALIAN NATIONAL ACCOUNTS, INDIVIDUAL INDUSTRIES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT AT FACTOR COST, VICTORIA AND AUSTRALIA**  
(per cent)

<i>Industry</i>	<i>1980-81</i>	<i>1981-82</i>	<i>1982-83</i>	<i>1983-84</i>	<i>1984-85(a)</i>	<i>1985-86(a)</i>
<b>VICTORIA</b>						
Agriculture, forestry, fishing and hunting	5.3	4.3	2.3	4.7	3.5	3.3
Mining	4.3	4.4	4.0	4.6	5.1	5.1
Manufacturing	24.5	24.4	23.4	22.8	22.6	21.4
Electricity, gas and water	3.3	3.6	3.9	4.1	4.0	4.0
Construction	6.7	6.2	6.1	5.8	6.1	6.1
Wholesale and retail trade	14.6	14.1	13.9	12.9	13.2	13.6
Transport, storage and communication	8.1	8.1	8.0	7.6	7.6	7.5
Finance, property and business services	6.6	6.0	6.9	7.0	6.8	7.4
Public administration, defence and community services	15.6	16.9	18.1	16.8	16.7	16.4
Recreation, personal and other services	3.0	3.4	3.5	3.4	3.4	3.6
Ownership of dwellings	8.1	8.6	9.7	10.1	11.0	11.6
<b>All industries</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>AUSTRALIA</b>						
Agriculture, forestry, fishing and hunting	6.0	5.5	3.9	5.5	4.9	4.6
Mining	4.3	3.9	4.4	4.6	4.8	5.1
Manufacturing	20.2	20.0	18.8	18.5	18.2	17.7
Electricity, gas and water	3.4	3.4	4.0	4.0	3.9	3.9
Construction	7.6	7.3	7.0	6.6	6.9	6.8
Wholesale and retail trade	14.4	14.0	13.5	13.2	13.4	13.6
Transport, storage and communication	8.5	8.8	8.8	8.9	8.9	8.8
Finance, property and business services	7.0	6.6	7.0	6.9	6.9	7.1
Public administration, defence and community services	16.7	17.5	18.6	17.6	17.3	16.9
Recreation, personal and other services	3.6	4.0	4.0	3.8	3.8	3.9
Ownership of dwellings	8.4	8.9	10.0	10.4	11.0	11.9
<b>All industries</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

**TABLE 5.6 EMPLOYED (a) PERSONS BY INDUSTRY FOR THE MONTH OF AUGUST, VICTORIA AND AUSTRALIA**

	1981		1982		1983		1984		1985		1986	
	Persons ('000)	% of total	Persons ('000)	% of total	Persons ('000)	% of total	Persons ('000)	% of total	Persons ('000)	% of total	Persons ('000)	% of total
<b>VICTORIA</b>												
Agriculture and services to agriculture	} (c) 94.1	(c) 5.5	92.3	5.4	86.9	5.2	90.5	5.3	93.9	5.3	} (c) 94.3	(c) 5.1
Forestry, fishing and hunting			5.5	0.3	5.5	0.3	7.0	0.4	4.7	0.3		
Mining	5.4	0.3	4.6	0.3	6.0	0.4	5.1	0.3	6.0	0.3	5.9	0.3
Manufacturing	403.8	23.5	394.5	23.0	392.5	23.3	392.1	22.8	399.8	22.4	373.4	20.4
Construction	112.5	6.6	98.5	5.7	96.3	5.7	95.0	5.5	110.4	6.2	127.0	6.9
Wholesale and retail trade	321.9	18.8	329.7	19.2	315.9	18.8	331.2	19.2	342.5	19.2	342.0	18.7
Transport and storage	92.6	5.4	96.8	5.6	95.7	5.7	86.3	5.0	85.6	4.8	100.1	5.5
Finance, property and business services	154.0	9.0	158.9	9.3	147.4	8.8	161.5	9.4	171.2	9.6	198.4	10.8
Community services	267.6	15.6	285.9	16.7	281.0	16.7	297.6	17.3	307.7	17.2	325.3	17.7
Recreation, personal and other services	103.6	6.0	93.1	5.4	95.0	5.7	96.5	5.6	98.1	5.5	97.1	5.3
Other industries (b)	156.5	9.1	154.1	9.0	159.4	9.5	160.3	9.3	165.9	9.3	168.0	9.2
<b>Total</b>	<b>1,716.1</b>	<b>100.0</b>	<b>1,713.9</b>	<b>100.0</b>	<b>1,681.6</b>	<b>100.0</b>	<b>1,723.1</b>	<b>100.0</b>	<b>1,785.8</b>	<b>100.0</b>	<b>1,831.5</b>	<b>100.0</b>
<b>AUSTRALIA</b>												
Agriculture and services to agriculture	} (c) 414.2	(c) 6.5	382.5	6.0	383.4	6.2	373.1	5.8	394.6	5.9	390.5	5.7
Forestry, fishing and hunting			27.4	0.4	27.2	0.4	27.1	0.4	19.8	0.3	24.3	0.4
Mining	98.3	1.5	90.5	1.4	93.6	1.5	93.2	1.4	102.4	1.5	95.9	1.4
Manufacturing	1,230.9	19.4	1,192.7	18.8	1,133.7	18.2	1,141.4	17.7	1,109.4	16.7	1,126.7	16.4
Construction	472.2	7.4	464.2	7.3	387.8	6.2	423.2	6.5	468.8	7.1	491.0	7.1
Wholesale and retail trade	1,265.5	19.9	1,239.9	19.5	1,215.3	19.5	1,271.4	19.7	1,318.8	19.8	1,383.6	20.1
Transport and storage	349.3	5.5	373.9	5.9	365.2	5.9	354.1	5.5	375.1	5.6	394.2	5.7
Finance, property and business services	554.9	8.7	582.9	9.2	573.0	9.2	619.3	9.6	663.7	10.0	699.2	10.2
Community services	1,022.0	16.1	1,050.2	16.5	1,073.6	17.2	1,138.4	17.6	1,155.2	17.4	1,216.0	17.7
Recreation, personal and other services	396.2	6.2	399.7	6.3	389.2	6.2	420.0	6.5	428.5	6.4	455.0	6.6
Other industries (b)	552.7	8.7	543.6	8.6	590.7	9.5	601.2	9.3	609.8	9.2	609.2	8.8
<b>Total</b>	<b>6,356.2</b>	<b>100.0</b>	<b>6,347.5</b>	<b>100.0</b>	<b>6,232.7</b>	<b>100.0</b>	<b>6,462.4</b>	<b>100.0</b>	<b>6,646.1</b>	<b>100.0</b>	<b>6,885.6</b>	<b>100.0</b>

(a) Civilians aged 15 years and over.

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

(c) No split is available.



**TABLE 5.7 CIVILIAN POPULATION AGED 15 AND OVER: LABOUR FORCE STATUS, VICTORIA AND AUSTRALIA, 1981-86**

June	Employed ( <sup>'000</sup> )	Unemployed ( <sup>'000</sup> )	Labour force ( <sup>'000</sup> )	Not in the Labour force ( <sup>'000</sup> )	Civilian population aged 15 years and over ( <sup>'000</sup> )	Unemployment rate (per cent)	Participation rate (per cent)
<b>VICTORIA</b>							
1981	1,724.4	96.2	1,820.6	1,133.0	2,953.6	5.3	61.6
1982	1,711.3	114.6	1,825.9	1,180.1	3,006.0	6.3	60.7
1983	1,668.3	168.0	1,836.3	1,216.8	3,053.1	9.1	60.1
1984	1,730.3	142.9	1,873.2	1,228.3	3,101.5	7.6	60.4
1985	1,767.1	134.2	1,901.3	1,251.1	3,152.4	7.1	60.3
1986	1,861.3	115.3	1,976.6	1,236.6	3,213.2	5.8	61.5
<b>AUSTRALIA</b>							
1981	6,413.9	353.7	6,767.6	4,360.3	11,127.9	5.2	60.8
1982	6,414.3	451.6	6,865.9	4,497.0	11,362.9	6.6	60.4
1983	6,266.5	693.2	6,959.7	4,613.0	11,572.7	10.0	60.1
1984	6,498.7	634.1	7,132.8	4,632.5	11,765.3	8.9	60.6
1985	6,631.9	606.7	7,238.6	4,704.0	11,942.6	8.4	60.6
1986	6,972.7	561.9	7,534.6	4,646.0	12,180.6	7.5	61.9

## REFERENCES

### Data sources

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

For an introduction into the concepts and definitions and a description of the sources of data and methods used to derive estimates for major national accounts aggregates, reference should be made to the publication *Australian National Accounts: Concepts, Sources and Methods*, ABS Catalogue No. 5216.0.

For additional data on national accounts refer to the publication *Australian National Accounts: National Income and Expenditure*, ABS Catalogue No. 5204.0.

In 1987 the ABS released the publication, *Australian National Accounts: State Accounts, 1985-86*, Catalogue No. 5220.0, which contains the first official income based estimates of State gross domestic product at factor cost and other national accounts aggregates at a State level.

As 1983-84 is the latest year available for State gross domestic product at factor cost and its principal components, use has been made of estimates for gross operating surplus, prepared by the Victorian Department of Management and Budget, to bring the series up to 1985-86.

### ABS publications

*Australian National Accounts: State Accounts* (5220.0)  
*The Labour Force, Australia* (6203.0)  
*The Labour Force, Victoria* (6202.2)