



## 9 Finance

### INTRODUCTION

*This chapter provides details of the financial activities of the Victorian State Government, Victorian local government authorities, and those of some financial institutions operating in Victoria, such as banks, building societies, credit co-operative societies, and the Australian Stock Exchange Limited.*

#### Public finance

Three levels of government, Commonwealth, State, and Local, collectively constitute the public sector in Australia. The public sector finance statistics presented in this chapter exclude public financial enterprises (government savings banks, insurance offices, etc.).

State government enterprises discussed in this chapter include the central government of Victoria, statutory bodies created by or under State legislation to carry out activities on behalf of the central government, and incorporated organisations in which the central government has a controlling interest.

The public finance tables in this chapter cover the State government and Local government components of the non-financial public sector. A series of summary tables show, on a consolidated basis, revenue, outlays and financing transactions and the purposes that are being served by government expenditure programs.

#### State Government

The overall financial position of the Victorian State Government in 1990-91 was reflected in the annual deficit of \$879.9m, a 61 per cent, or \$1,375.1m, decrease from the 1989-90 deficit of \$2,255.0m. Total current and capital outlays decreased by \$258.6m in 1990-91 to \$17,045.1m, whereas total revenue and grants received increased by \$1,077.7m. In 1990-91 the net financing requirement was \$1,610.7m, which was a decrease of 31 per cent on the previous year (\$2,337.6m).

## Outlays

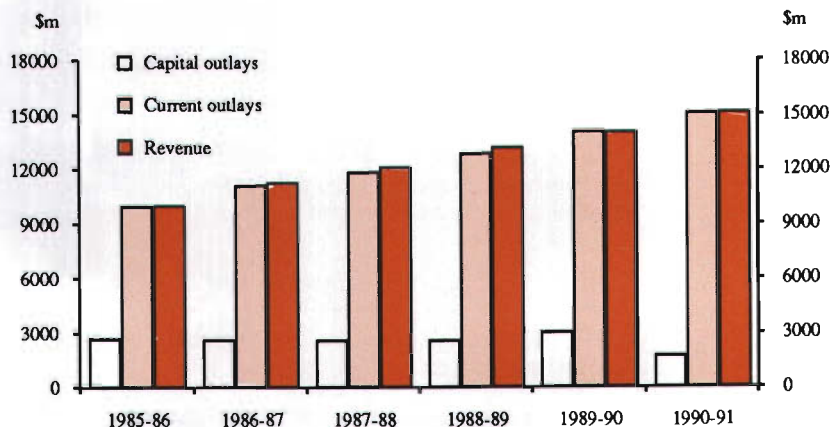
Current outlays by the Victorian State government in 1990-91 were \$15,193.7m, which was an increase of 7 per cent on the previous year (\$14,156.9m). The largest component of this outlay was final consumption expenditure which was \$8,896.9m. In 1990-91 interest payments were \$3,663.6m, a 12 per cent increase on 1989-90 (\$3,256.0m). Current grants of \$1,372.9m constituted a 5 per cent increase on 1989-90 (\$1,301.2m). In 1990-91, government final consumption expenditure on education and on health was \$3,593.1m and \$2,684.2m respectively, constituting 40 per cent and 30 per cent of total government final consumption expenditure of \$8,896.9m. Final consumption expenditure on public order and safety increased 9 per cent to \$856.7m. Final consumption expenditure on road transport decreased 11 per cent to \$146.9m. Final consumption expenditure on social services and welfare increased 18 per cent to \$186.3m.

Capital outlays in 1990-91 were \$1,851.4m, a decrease of 41 per cent on 1989-90 (\$3,146.8m). Gross fixed capital expenditure in 1990-91 was \$2,485.2m, a decrease of 15 per cent on 1989-90 (\$2,909.7m). New fixed assets expenditure on fuel and energy was \$684.5m, a decrease of 31 per cent on 1989-90 (\$989.9m). The new fixed assets expenditure on transport and communications in 1990-91 (\$571.3m) was a decrease of 10 per cent on 1989-90 (\$635.1m). Expenditure on land and intangible assets (net) was -\$7.2m in 1990-91, a net decrease of \$68.0m on 1989-90 (\$60.8m). Net advances paid was -\$782.6m in 1990-91, a decrease of \$708.3m on 1989-90 (-\$74.3m).

## Revenue

Revenue and grants received by the State government in 1990-91 were \$15,190.8m, an 8 per cent increase on 1989-90 (\$14,113.1m). The proportion received from the Commonwealth Government in the form of grants was \$6,850.8m or 45 per cent, while \$5,802.5m. was received as taxes, fees, and fines (38 per cent).

### SUMMARY OF CAPITAL AND CURRENT OUTLAYS AND REVENUE AND GRANTS RECEIVED, VICTORIA



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

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
Current outlays -	10,074.2	11,220.3	11,952.9	12,956.7	14,156.9	15,193.7
General government final consumption expenditure	5,913.9	6,474.4	7,038.0	7,623.5	8,322.6	8,896.9
Required current transfer payments						
interest payments	2,254.0	2,526.7	2,769.2	2,935.1	3,256.0	3,663.6
other	0.4	0.4	4.8	19.2	21.6	27.3
Unrequited current transfer payments -						
Subsidies paid to enterprises	868.2	1,084.7	871.8	953.7	1,001.3	1,069.0
Personal benefit payments	122.8	126.3	184.5	236.9	254.3	163.9
Current grants -	915.3	1,002.8	1,080.5	1,188.3	1,301.2	1,372.9
to non-profit institutions	631.8	721.4	764.2	846.4	936.6	994.0
to local authorities	283.3	281.2	316.1	340.9	363.0	377.7
Other current transfer payments	-0.5	5.1	4.0	-	-	0.1
Capital outlays -	2,809.8	2,738.5	2,722.9	2,707.1	3,146.8	1,851.4
Gross fixed capital expenditure -	2,611.8	2,537.7	2,415.3	2,606.6	2,909.7	2,485.2
Expenditure on new fixed assets	2,671.9	2,711.5	2,699.0	2,912.7	3,205.5	2,762.5
Expenditure on secondhand fixed assets (net)	-60.2	-173.8	-283.6	-306.1	-295.8	-277.3
Increase in stocks	31.2	18.9	32.3	32.5	36.6	-47.9
Expenditure on land and intangible assets (net)	-41.4	6.7	77.2	-101.1	60.8	-7.2
Capital transfer payments -	199.6	139.4	171.7	188.7	214.0	203.8
Capital grants -						
to Local government	118.2	90.9	115.3	131.1	143.9	136.9
to other sectors	65.1	38.1	50.0	56.2	67.0	65.6
Other capital transfer payments	16.3	10.4	6.4	1.4	3.1	1.3
Advances paid (net) -	8.8	35.8	26.5	-19.5	-74.3	-782.6
to Local governments	2.5	-0.5	-1.5	-5.0	-4.1	-0.9
to other sectors	6.3	36.3	28.0	-14.5	-70.2	-781.7
Revenue and grants received -	10,079.2	11,342.7	12,194.0	13,281.3	14,113.1	15,190.8
Taxes, fees, and fines	3,445.8	3,888.7	4,436.2	5,066.9	5,438.3	5,802.5
Net operating surpluses of public trading enterprises	999.2	1,494.5	1,504.9	1,634.4	1,737.5	1,883.9
Property income and other revenue	531.4	565.6	591.0	826.7	865.9	653.6
Grants received from Commonwealth Government	5,102.8	5,393.9	5,661.9	5,753.4	6,071.3	6,850.8
Financing transactions (a) -	2,804.8	2,616.1	2,481.8	2,382.5	3,190.6	1,854.3
Net advances received	177.7	117.0	15.4	-8.9	-82.5	-730.8
Net borrowing -	2,087.0	1,748.5	1,306.7	1,703.0	1,982.0	2,171.1
General Government	437.3	947.1	990.7	1,342.6	974.9	1,599.2
Public Trading Enterprises	1,649.7	801.4	316.0	360.4	1,007.2	571.9
Increase in provisions	688.8	718.5	704.1	805.4	935.6	974.4
Other financing transactions	-148.7	32.0	455.6	-116.9	355.6	-560.4
Deficit (b) -	2,116.0	1,897.6	1,777.7	1,577.1	2,255.0	879.9
Net financing requirement (c) -	1,938.3	1,780.6	1,762.3	1,586.1	2,337.6	1,610.7

(a) Financing transactions is a measure of the means by which governments finance net outlays or invest net surpluses. It is the difference between total outlays (current and capital) and revenue and grants received.

(b) Deficit/surplus is financing transactions less increase in provisions.

(c) Net financing requirement is financing transactions less net advances received from the Commonwealth and increases in provisions.

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

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
General public services	502.7	624.3	726.6	770.1	854.6	928.6
Public order and safety	536.3	566.7	610.6	667.8	784.1	856.7
Education -	2,603.5	2,763.8	2,944.9	3,163.2	3,393.2	3,593.1
Primary and secondary education	1,545.5	1,605.1	1,633.2	1,830.4	1,922.0	2,054.2
Tertiary	878.5	949.0	1,059.9	1,127.6	1,259.1	1,343.0
Other	179.4	209.6	251.8	205.2	212.0	195.9
Health -	1,635.4	1,855.5	2,093.1	2,290.8	2,505.8	2,684.2
Hospital and other institutional services and benefits	1,496.0	1,708.7	1,925.6	2,066.8	2,240.0	2,412.6
Clinics and other non-institutional services and benefits	35.3	32.3	27.1	30.1	36.4	46.0
Other	104.1	114.6	140.3	193.9	229.4	225.5
Social security and welfare	95.6	116.4	108.4	138.3	156.7	186.3
Housing and community amenities -	43.7	47.9	50.3	52.9	61.4	77.7
Housing and community development	30.8	36.5	37.8	41.2	43.9	55.9
Water supply	4.9	4.7	6.0	5.4	5.3	5.8
Sanitation and protection of the environment	8.0	6.7	6.5	6.2	12.3	15.0
Other community amenities	-	0.1	0.1	-	-	1.0
Recreation and culture	99.5	102.7	101.0	145.0	150.5	147.6
Fuel and energy -	4.2	5.9	6.3	6.2	18.2	15.5
Fuel affairs and services	-0.3	-0.3	0.7	0.3	0.7	0.7
Electricity and other energy	0.5	0.6	0.6	1.1	0.8	-
Fuel and energy n.e.c.	4.1	5.6	5.1	4.7	16.7	14.8
Agriculture, forestry, fishing, and hunting	132.0	141.1	149.3	129.3	143.6	147.8
Mining, manufacturing, and construction	5.2	5.6	6.4	6.5	8.5	11.9
Transport and communications -	155.1	163.0	168.5	194.4	179.8	159.4
Road transport	137.2	154.8	166.3	187.4	165.7	146.9
Water transport	2.6	-10.9	-10.6	-5.3	0.4	1.8
Rail transport	-	-	-	-	-	-
Other	15.4	19.1	12.8	12.4	13.7	10.7
Other economic affairs	96.3	81.3	75.0	62.1	64.7	88.7
Other purposes	4.4	0.1	-2.3	-3.0	1.5	-0.6
<b>Total</b>	<b>5,913.9</b>	<b>6,474.4</b>	<b>7,038.0</b>	<b>7,623.5</b>	<b>8,322.6</b>	<b>8,896.9</b>

**TABLE 9.3 STATE GOVERNMENT - EXPENDITURE ON NEW FIXED ASSETS  
CLASSIFIED BY GOVERNMENT PURPOSE, VICTORIA**  
(\$ million)

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
General public services	21.6	18.1	14.7	3.3	21.7	16.0
Defence	0.3	0.4	-	-	-	-
Public order and safety	87.9	117.2	144.6	142.7	117.9	92.5
Education -	254.4	261.2	207.8	199.8	221.0	249.7
Primary and secondary education	113.9	103.8	83.5	90.4	115.3	115.0
Tertiary education	117.7	142.8	112.9	102.5	97.4	129.3
Other	22.8	14.7	11.4	7.0	8.3	5.5

**TABLE 9.3 STATE GOVERNMENT - EXPENDITURE ON NEW FIXED ASSETS  
CLASSIFIED BY GOVERNMENT PURPOSE, VICTORIA- *continued***  
(\$ million)

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
Health -	107.1	96.6	138.6	152.0	177.5	188.3
Hospital and other institutional services and benefits	98.5	88.1	129.5	139.1	171.7	178.5
Clinics and other non-institutional services and benefits	2.3	1.5	6.0	7.5	2.9	2.3
Other	6.4	7.1	3.1	5.4	2.9	7.5
Social security and welfare	5.2	4.8	9.7	9.0	6.7	3.9
Housing and community amenities -	637.4	710.4	718.2	802.2	882.2	828.2
Housing and community development	259.0	287.0	285.0	329.8	360.6	334.8
Water supply	157.3	172.3	173.1	204.0	220.5	180.3
Sanitation and protection of the environment	221.1	251.2	260.2	268.4	301.1	313.0
Other community amenities	-	-	-	-	-	0.1
Recreation and culture	36.3	58.3	68.0	85.6	82.2	60.6
Fuel and energy -	691.7	569.4	671.3	859.6	989.9	684.5
Fuel affairs and services	103.0	97.2	84.0	115.7	199.2	139.0
Electricity and other energy	588.4	472.1	587.2	743.7	790.4	545.5
Fuel and energy n.e.c.	0.2	0.2	0.1	0.3	0.2	-
Agriculture, forestry, fishing, and hunting	30.9	31.6	42.7	47.5	48.5	48.6
Mining, manufacturing, and construction	110.4	154.0	105.8	8.7	8.0	10.3
Transport and communications -	654.0	667.2	545.0	586.7	635.1	571.3
Road transport	338.6	340.9	298.5	329.8	330.2	326.7
Water transport	24.0	23.9	15.8	17.8	35.2	43.6
Rail transport	100.6	100.0	99.2	83.4	83.6	0.3
Other	190.7	202.4	131.5	155.6	186.1	200.8
Other economic affairs	34.5	22.4	31.2	13.8	12.6	8.3
Other purposes	0.1	-	1.1	1.9	2.1	0.5
<b>Total</b>	<b>2,671.9</b>	<b>2,711.5</b>	<b>2,699.0</b>	<b>2,912.7</b>	<b>3,205.5</b>	<b>2,762.5</b>
<b>Comprised of -</b>						
<b>General government</b>	<b>919.8</b>	<b>952.2</b>	<b>968.7</b>	<b>995.4</b>	<b>1,005.8</b>	<b>1,006.6</b>
<b>Public trading enterprises</b>	<b>1,752.1</b>	<b>1,759.3</b>	<b>1,730.3</b>	<b>1,917.3</b>	<b>2,199.8</b>	<b>1,755.9</b>

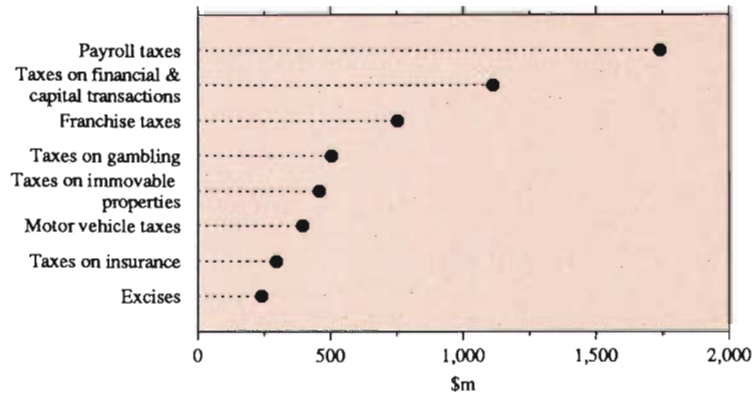
In 1990-91 taxes, fees and fines totalled \$5,802.5m, an increase of 7 per cent on the 1989-90 figure of \$5,438.3m. Employers' payroll tax was the largest single item of taxation, being 30 per cent of the total. The actual amount of payroll tax collected in 1990-91 was \$1,741.6m, an increase of 12 per cent on 1989-90 (\$1,553.7m). Land taxes increased by 35 per cent, from \$306.9m in 1989-90 to \$415.5m in 1990-91. Taxes on financial and capital transactions (stamp duties and financial institutions' taxes) were \$1,111.4m in 1990-91, a decrease of 9 per cent on 1989-90 (\$1,215.9m). Motor vehicle taxes decreased by 8 per cent, from \$431.8m in 1989-90 to \$395.9m in 1990-91. Petroleum products franchise taxes showed a 19 per cent increase from \$294.9m in 1989-90 to \$351.6m in 1990-91.



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

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
Employers' payroll taxes	1,029.8	1,108.4	1,229.8	1,405.8	1,553.7	1,741.6
Taxes on property -	887.4	1,046.5	1,361.0	1,685.2	1,562.6	1,570.5
Taxes on immovable property -	210.6	225.6	242.6	265.7	346.0	459.0
Land taxes	183.0	195.3	209.5	230.2	306.9	415.5
Metropolitan improvement rates	27.6	30.3	33.1	35.5	39.1	43.5
Estate inheritance and gift duty	2.2	1.8	0.7	0.6	0.6	0.2
Taxes on financial and capital transactions -	674.7	819.1	1,117.8	1,418.9	1,215.9	1,111.4
Stamp duties	569.7	699.5	978.3	1,259.9	1,033.3	786.7
Financial institutions' taxes	105.0	119.5	139.4	159.0	182.6	324.7
Taxes on provision of goods and services -	682.2	778.6	831.6	893.5	1,009.9	1,040.4
Excises (levies on statutory corporations)	178.8	217.9	212.1	228.0	254.1	242.7
Taxes on gambling -	311.6	352.5	386.0	412.5	481.6	502.2
Taxes on private lotteries	180.0	208.1	226.4	234.4	278.9	300.0
Race betting taxes	128.5	140.9	155.3	172.2	195.3	193.2
Taxes on gambling n.e.c.	3.1	3.4	4.4	5.8	7.3	9.1
Taxes on insurance -	191.8	208.2	233.5	253.0	274.2	295.5
Insurance companies' contributions to fire brigades	92.3	105.6	114.7	122.0	134.9	148.7
Third party insurance taxes	-	-	-	-	-	-
Taxes on insurance n.e.c.	99.5	102.7	118.8	130.9	139.4	146.7
Taxes on use of goods and performance of activities -	772.8	840.9	897.9	918.8	1,057.7	1,154.2
Motor vehicle taxes -	389.2	410.2	425.9	419.1	431.8	395.9
Vehicle registration fees and taxes	190.4	202.7	194.4	145.8	120.0	121.8
Stamp duty on vehicle registration	151.4	163.4	180.7	219.1	248.1	205.6
Drivers' licences	47.4	44.1	48.6	51.9	59.3	63.6
Road transport and maintenance taxes	-	-	2.2	2.3	4.4	4.9
Franchise taxes -	403.2	416.7	455.6	494.1	618.4	752.8
Gas franchise taxes	0.1	0.3	0.1	-	-	-
Petroleum products franchise taxes	210.8	214.6	237.5	228.1	294.9	351.6
Tobacco franchise taxes	111.5	113.4	123.6	151.9	203.8	252.4
Liquor franchise taxes	80.7	88.4	94.4	114.1	119.7	148.8
Other taxes on use of goods etc	-19.5	14.0	16.3	5.5	7.5	5.5
Fees and fines	73.6	114.3	115.9	163.6	254.5	295.7
Compulsory Fees	31.4	64.5	66.7	111.2	189.0	217.5
Tertiary Education Fees	-	28.4	31.8	86.1	164.5	168.9
Fines	42.2	49.8	49.2	52.5	65.5	78.2
<b>Total</b>	<b>3,445.8</b>	<b>3,888.7</b>	<b>4,436.2</b>	<b>5,066.9</b>	<b>5,438.3</b>	<b>5,802.5</b>

## STATE TAXATION VICTORIA, 1990-91



### Commonwealth Government payments to Victoria

The Commonwealth Government has made payments of various kinds to the States since Federation. With the introduction in 1942 of the uniform tax arrangements (under which the Commonwealth became the sole Government imposing taxes on income) the Commonwealth Government began to make annual tax reimbursement grants to the States. Specific purpose payments to the States also increased, reflecting the extending range of government activities.

Tax reimbursement grants were replaced in 1959-60 by 'financial assistance grants' which continued up to the year 1975-76. Since 1976-77 general revenue grants to the States have included local government and have been based on shares of Commonwealth tax. In 1978 legislation was passed giving States the right to either impose a surcharge or grant a rebate on personal income tax to be collected or paid by the Commonwealth on behalf of the State.

As part of changes to its fiscal policy, the Commonwealth Government in 1985-86 discontinued the tax sharing agreements with the States under which general revenue grants to the States were determined for a period of three to five years. Since 1985-86 these grants have been determined on a yearly basis.

Payments by the Commonwealth, under the tax sharing policy, to local government are in the form of untied grants for general purpose assistance, paid in the first instance to the States for passing on to local government municipalities. The Victorian Grants Commission, formally constituted in 1977, has as its primary role the allocation of this grant between municipalities in Victoria. There are also direct payments by the Commonwealth Government to local government authorities, in addition to Commonwealth programs under which a portion of funds made available to the States is passed on to local government authorities. Further details of the Commonwealth

Government relations with the States and local government are contained in *Commonwealth Budget Paper No 4: Commonwealth Financial Relations with other levels of Government 1991-92*.

General purpose grants, both capital and recurrent from the Commonwealth to Victoria in 1990-91 totalled \$2,780.0m, a small decrease from the \$2,781.6m in 1989-90. Specific purpose grants for recurrent and capital purposes in 1990-91 totalled \$4,071.3m, a 24 per cent increase on the 1989-90 figure of \$3,289.7m. Education (\$1,488.3m), Health (\$1,011.1m), and Transport (\$340.5m) together comprised 70 per cent of total specific purpose grants.

In addition to these grants the Commonwealth Government also made repayable advances to the States for various purposes. Net advances to Victoria were \$-730.7m in 1990-91, a decrease from \$-82.5m in 1989-90, which included State repayments to the National Debt Sinking Fund of \$699.6m.

**TABLE 9.5 COMMONWEALTH GOVERNMENT PAYMENTS TO THE STATE AND LOCAL GOVERNMENT AUTHORITIES VICTORIA (a)**  
(\$ million)

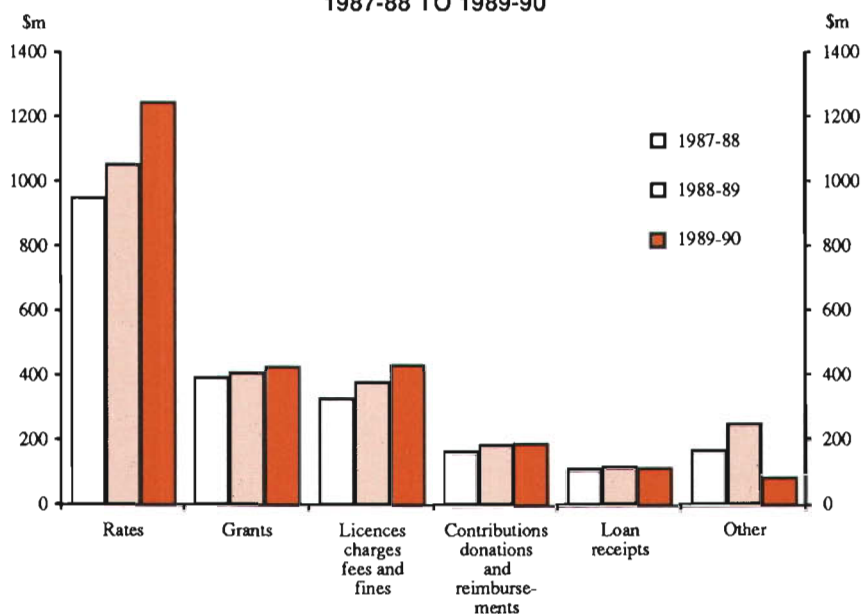
<i>Nature of Payment</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
General revenue funds -						
Tax sharing grants	-	-	-	-	-	-
Financial assistance grants	2,248.3	2,494.0	2,667.3	2,661.2	2,710.1	2711.7
Special revenue assistance	-	0.4	3.6	13.9	-	-
Health grants	371.0	411.9	441.6	-	-	-
<b>General revenue</b>	<b>2,619.3</b>	<b>2,906.3</b>	<b>3,112.5</b>	<b>2,675.1</b>	<b>2,710.1</b>	<b>2,711.7</b>
General purpose capital funds -						
Capital works grant	140.2	107.9	48.3	71.5	71.5	68.3
Specific purpose grants for						
recurrent and capital purposes -						
Sinking fund on State debt (b)	12.3	12.7	12.8	12.7	12.5	12.5
Education	1,161.8	1,203.2	1,284.6	1,294.8	1,370.4	1,488.3
Health	279.1	300.4	342.5	854.2	935.3	1,011.1
Social security and welfare	39.5	53.3	71.2	75.0	95.9	102.4
Housing and Community Amenities nec	148.9	158.2	160.4	157.9	215.1	219.9
Transport	253.9	254.0	250.3	296.4	280.4	340.5
Industry Assistance and Development	17.6	30.1	20.3	19.6	22.6	31.2
Culture and Recreation	6.1	5.8	5.5	3.1	0.6	0.6
Labour and Employment	68.7	46.2	23.6	0.3	0.1	-
Local government general purpose						
assistance	136.4	147.7	165.8	172.7	177.2	182.4
Tax Compensation - Sale of assets	-	-	-	-	-	413.0
Other economic affairs and purposes	221.8	167.1	164.3	120.0	179.6	198.6
<b>Specific purpose</b>	<b>2,346.1</b>	<b>2,378.7</b>	<b>2,501.3</b>	<b>3,006.6</b>	<b>3,289.7</b>	<b>4,071.3</b>
<b>General purpose</b>	<b>2,759.5</b>	<b>3,014.2</b>	<b>3,160.8</b>	<b>2,746.6</b>	<b>2,781.6</b>	<b>2,780.0</b>
<b>Total Commonwealth payments</b>	<b>5,105.6</b>	<b>5,392.9</b>	<b>5,662.1</b>	<b>5,753.2</b>	<b>6,071.3</b>	<b>6,851.3</b>

(a) Excludes subsidies and bounties to primary producers, and cash benefits payments to persons in Victoria paid by Commonwealth departments.

(b) Paid to National Debt Sinking Fund.



**LOCAL GOVERNMENT ORDINARY SERVICES -  
REVENUE ALL SOURCES, VICTORIA  
1987-88 TO 1989-90**



**TABLE 9.6 VICTORIAN LOCAL GOVERNMENT: ORDINARY SERVICES REVENUE,  
LOAN RECEIPTS, AND OUTLAYS (a)**

Particulars	1987-88		1988-89		1989-90	
	\$'000	Per cent	\$'000	Per cent	\$'000	Per cent
<b>Revenue -</b>						
Rates (incl. penalties); ex-gratia receipts	956,223	44.6	1,059,729	43.8	1,251,721	47.0
Garbage (incl. rates and charges)	55,831	2.6	62,815	2.6	75,698	2.9
Other charges	210,238	9.8	243,004	10.0	287,278	10.8
Government grants -						
General purpose	165,092	7.7	172,668	7.1	177,211	6.7
Specific purpose -						
Capital	76,314	3.6	67,130	2.8	71,959	2.7
Current	157,363	7.3	173,010	7.1	183,101	6.9
Licences, fees, and fines	67,939	3.2	78,804	3.3	73,189	2.7
Interest received	78,099	3.6	121,765	5.0	137,043	5.1
Contributions, donations	45,762	2.1	50,298	2.1	71,372	2.7
Reimbursements -						
Roads and bridges -						
Construction	56,579	2.6	61,388	2.5	57,201	2.1
Maintenance	32,981	1.5	37,524	1.5	39,535	1.5
Other	34,062	1.6	39,874	1.6	26,697	1.0
Sale of land and second-hand fixed assets	55,481	2.6	81,541	3.4	79,034	3.0
Other (b)	37,636	1.8	51,066	2.1	11,491	0.4
<b>Total revenue</b>	<b>2,029,600</b>	<b>94.6</b>	<b>2,300,615</b>	<b>95.0</b>	<b>2,542,800</b>	<b>95.5</b>
<b>Loan receipts</b>	<b>115,548</b>	<b>5.4</b>	<b>121,575</b>	<b>5.0</b>	<b>120,557</b>	<b>4.5</b>
<b>Total revenue and loan receipts</b>	<b>2,145,148</b>	<b>100.0</b>	<b>2,422,190</b>	<b>100.0</b>	<b>2,663,357</b>	<b>100.0</b>

**TABLE 9.6 VICTORIAN LOCAL GOVERNMENT: ORDINARY SERVICES REVENUE, LOAN RECEIPTS, AND OUTLAYS (a) - continued**

Particulars	1987-88		1988-89		1989-90	
	\$'000	Per cent	\$'000	Per cent	\$'000	Per cent
<b>Outlay by purpose -</b>						
General administration	348,087	15.9	363,626	15.1	428,682	16.1
Public order and safety	19,618	0.9	22,588	0.9	26,674	1.0
Education	24,130	1.1	27,288	1.1	30,354	1.1
Health	54,496	2.5	59,347	2.5	67,429	2.5
Social security and welfare	178,972	8.2	204,304	8.5	233,689	8.8
Housing	7,605	0.3	6,364	0.3	11,680	0.4
Community amenities	247,165	11.3	274,399	11.4	315,283	11.8
Recreation and culture	350,918	16.1	373,704	15.6	463,968	17.4
Transport and communications -						
Roads, streets, and bridges	431,019	19.7	476,715	19.9	582,514	21.9
Other transport (c)	78,750	3.6	92,950	3.9	48,900	1.8
Other economic affairs (d)	75,286	3.4	79,803	3.3	107,202	4.0
Other n.e.c. (e)	131,291	6.0	160,952	6.7	62,654	2.4
<b>Total outlays by purpose</b>	<b>1,947,336</b>	<b>89.1</b>	<b>2,142,040</b>	<b>89.2</b>	<b>2,379,028</b>	<b>89.3</b>
<b>Other outlay -</b>						
Interest paid	126,465	5.8	134,942	5.6	137,092	5.1
Debt redemption	77,474	3.5	90,680	3.8	100,003	3.8
Grants, levies paid to government	21,700	1.0	21,459	0.9	28,439	1.1
Other (f)	12,047	0.6	12,299	0.5	18,110	0.7
<b>Total outlay</b>	<b>2,185,022</b>	<b>100.0</b>	<b>2,401,419</b>	<b>100.0</b>	<b>2,662,673</b>	<b>100.0</b>

(a) Includes only net results of trading activities.

(b) Includes repayment of advances and transfers from trading activities.

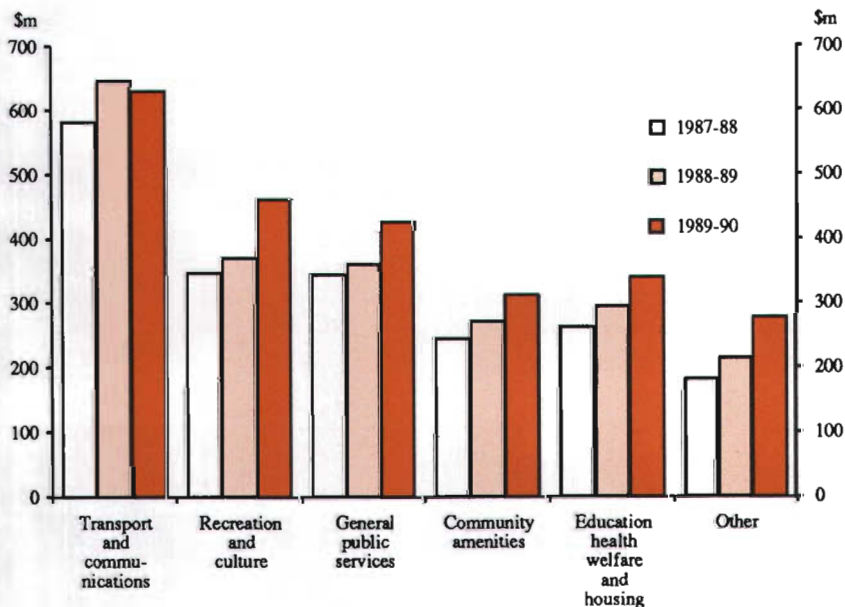
(c) Includes road plant purchases, parking, aerodromes and other transport n.e.c.

(d) Includes tourism and area promotion, saleyards and markets and other economic affairs.

(e) Includes agriculture and forestry, building control, natural disaster relief, mining and manufacturing and other purposes n.e.c.

(f) Consists of donations and advances paid and transfers to trading activities.

**LOCAL GOVERNMENT ORDINARY SERVICES -  
TOTAL OUTLAY BY PURPOSE, VICTORIA  
1987-88 TO 1989-90**



**Banking finance**

The banking system as at 30 June 1992 comprised a central bank (the Reserve Bank of Australia); thirty-one banks (one owned by the Commonwealth Government, three by State Governments, and twenty-seven privately owned); and thirteen subsidiary banks.

Twenty-five banks, plus the Reserve Bank, have branches in Victoria.

Since 1980 Australian Governments have sought to decrease the degree of regulation imposed on the financial sector and on banking activity in particular. Specifically, controls on most bank interest rates and foreign exchange have been relaxed. In addition, eighteen new private banks have been granted licences to commence operations.

The conduct of banking business in Australia is governed by the *Banking Act 1959* (Commonwealth). Amendments to the Banking Act in 1989 gave the Reserve Bank explicit powers for prudential supervision of banks. They also provided the Reserve Bank with greater power to seek information from banks and to investigate the affairs of banks.

Other important amendments to the Banking Act removed the distinctions between trading and savings banks, and they formally replace the Statutory Reserve Deposit requirement on trading banks with a new non-callable deposit requirement applicable to all banks and placed greater emphasis on prudential supervision of banks and provided a formal statutory foundation for this supervision.

In January 1990, significant amendments were made to the Banking Act further restructuring the banking industry. Information on more specific aspects of the growth and control of the banking industry is contained in earlier issues of the *Commonwealth Year Book* (Numbers 31, 37, 45, 46 and 61).

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

<i>Banks</i>	<i>At 30 June 1991</i>		<i>At 30 June 1992</i>	
	<i>Branches</i>	<i>Agencies</i>	<i>Branches</i>	<i>Agencies</i>
Commonwealth Bank of Australia	790	1,086	788	1,005
ANZ Banking Group	341	85	380	70
National Australia Bank	380	38	379	36
Westpac Banking Corporation	304	42	308	24
Bank of Melbourne	108	524	111	482
National Mutual Royal Bank	45	-	-	-
Challenge Bank	22	48	22	18
Citibank	3	15	4	15
Other Banks	27	33	26	1
<b>Total Banks</b>	<b>2,020</b>	<b>1,871</b>	<b>2,018</b>	<b>1,651</b>
Metropolitan Area	1,306	1,020	1,300	881
Remainder of Victoria	718	851	718	770

Source: Reserve Bank of Australia

**TABLE 9.8 BANKS, DEPOSITS AND LOANS TO CUSTOMERS ACCOUNTS,  
VICTORIA (a)  
(\$ million)**

Period	Deposits Repayable in Australia					Other lending
	Current bearing interest	Current not bearing interest	Term and at call	Other	Total	
June 1990	5,501	3,938	30,537	14,343	54,319	53,723
June 1991	5,389	3,147	29,743	15,933	54,213	55,770
June 1992	6,340	3,639	28,713	17,896	56,588	57,277

(a) Average of weekly figures for month of June.

Source: Reserve Bank of Australia

**TABLE 9.9 BANKS, INTEREST RATES AND YIELDS (a)  
(per cent per annum)**

	June 1990	June 1991	June 1992
Fixed deposits (less than \$50,000) (b)			
30 days	13.25	9.25	5.75
3 months	14.00	10.00	6.10
6 months	14.00	9.75	5.80
12 months	14.25	10.00	6.00
Fixed deposits (\$50,000 and over) (b)			
3 months	14.25	10.00	6.10
6 months	14.25	9.75	5.80
12 months	14.25	10.00	6.00
Certificates of deposit (c)	14.99	10.46	6.31
Passbook accounts (b)			
To \$4,000	3.75	3.75	3.25
Over \$4,000	6.00	6.00	4.25
Statement accounts (b)	8.75	5.75	3.50
Investment accounts (d)	9.00/14.00	6.00/10.50	3.75/6.50
Overdrafts (e)			
Less than \$100,000	18.75/21.50	14.25/16.50	10.75/11.25
\$100,000 and over	18.25/18.75	14.00/14.25	10.25/10.75
New housing loans (f)	16.50	13.00	10.50

(a) Except where otherwise indicated, data are compiled at or near the end of the month.

(b) Predominant rates offered by major banks.

(c) Weighted average issue yield for the four or five weeks ended the last Wednesday of the month.

(d) Range of rates offered by banks.

(e) Range of indicator rates reported by major banks. In most cases a margin is added when setting rates on individual loans.

(f) Predominant rate on variable interest rate loans to individuals for owner occupation. The maximum on loans existing or approved before 3 April 1986 has been retained at 13.50 per cent per annum.

Source: Reserve Bank of Australia



**Non-bank finance**

The number of permanent building societies in Victoria declined from 24 in 1985-86 to 13 at the end of 1990-91. After a period of steady asset growth during the 1980's, rising to a peak of \$7,605.0m in 1988-89, the assets of permanent building societies in Victoria at the end of 1990-91 totalled \$4,298.6m, down \$3,306.4m (43 per cent) from their highest level. Total expenditure by building societies exceeded total income in 1990-91 by \$220.3m.

There were 105 credit co-operative societies in Victoria at the end of 1990-91. The number of societies declined from the 128 which existed in 1985-86, but membership increased by 16 per cent from 501,396 in 1985-86 to 583,788 in 1989-90, decreasing slightly to 579,880 in 1990-91. As a proportion of all societies in Australia, the number of Victorian societies and their membership changed little from 1985-86. Victorian societies in 1985-86 comprised 28 per cent of the Australian total (128 of 433) and 29 per cent in 1990-91 (105 of 364). Similarly membership was 22 per cent in 1985-86 (501,396 of 2,311,228) and 23 per cent in 1990-91 (579,880 of 2,553,262). Victorian deposits at the end of 1990-91 were \$1,792.8m, 23 per cent of the Australian total of \$7,937.4m. In 1985-86 the proportion was 21 per cent, the figures being \$1,257.8m and \$6,070.2m for Victoria and Australia respectively. Loans outstanding to Victorian members at the end of 1990-91 were \$1,525.4m, 22 per cent of the Australian total of \$7,055.2m. In 1985-86 the Victorian figure was \$1,097.7m, 21 per cent of the Australian figure of \$5,333.5m.

**TABLE 9.10 PERMANENT BUILDING SOCIETIES, VICTORIA**

Particulars	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
Number of societies	24	20	19	19	14	13
Income and expenditure (\$'000) -						
Income -						
Interest from loans	513,731	508,473	551,159	733,016	593,950	433,544
Interest from deposits	61,475	40,809	31,810	41,115	48,810	24,400
Income from holdings of securities	122,859	165,859	151,857	143,718	69,852	38,924
Other income	34,616	41,435	83,117	96,472	125,088	36,247
<b>Total</b>	<b>732,681</b>	<b>756,576</b>	<b>817,943</b>	<b>1,014,321</b>	<b>837,700</b>	<b>533,115</b>
Expenditure -						
Interest on shares	107,518	96,730	104,320	135,676	105,780	131,944
Interest on deposits	442,808	463,996	440,104	556,729	534,718	218,535
Interest on loans	25,990	32,484	53,597	91,838	80,801	115,736
Other expenditure	135,132	145,552	158,496	172,383	498,394	287,227
<b>Total</b>	<b>711,448</b>	<b>738,762</b>	<b>756,517</b>	<b>956,626</b>	<b>1,219,693</b>	<b>753,442</b>
Liabilities and assets (a) (\$'000) -						
Liabilities -						
Share capital and reserves -						
Non-withdrawable shares	82,274	104,473	138,473	255,086	226,562	249,218
Withdrawable shares	1,068,297	1,047,024	1,090,378	1,582,012	1,265,098	1,616,723
Statutory reserves	4,923	279	91	91	2,038	1
Other reserves (b)	82,950	105,322	136,983	198,400	-524,086	-730,724

**TABLE 9.10 PERMANENT BUILDING SOCIETIES, VICTORIA - continued**

Particulars	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
Deposits	3,603,498	3,384,579	3,868,913	4,453,272	2,967,417	2,037,706
Loans	246,336	368,637	498,312	927,431	650,895	935,245
Other liabilities	34,766	52,332	86,360	188,724	122,407	190,442
<b>Total</b>	<b>5,123,044</b>	<b>5,062,916</b>	<b>5,819,970</b>	<b>7,605,016</b>	<b>4,710,331</b>	<b>4,298,610</b>
<b>Assets -</b>						
Amounts owing on loans	3,671,116	3,565,737	4,077,117	5,900,647	3,727,451	3,508,069
Cash on hand	11,976	10,718	9,336	17,378	8,881	11,829
Deposits with banks	382,031	145,236	157,221	349,060	74,143	139,125
Deposits with other institutions	66,998	107,049	90,005	57,939	31,079	59,519
Bills, bonds, and other securities	823,370	1,057,007	1,305,654	1,067,569	608,912	461,264
Accounts receivable	30,777	38,353	32,303	43,907	98,076	19,185
Physical and other assets	136,776	138,816	148,334	168,516	161,789	99,619
<b>Total</b>	<b>5,123,044</b>	<b>5,062,916</b>	<b>5,819,970</b>	<b>7,605,016</b>	<b>4,710,331</b>	<b>4,298,610</b>

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

(b) Includes accumulated surpluses and deficits.

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

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
<b>Number of credit co-ops -</b>						
Victoria	128	124	123	120	115	105
Australia	453	434	419	403	386	364
<b>Number of members at end of year -</b>						
Victoria	501,396	517,254	542,133	564,294	583,788	579,880
Australia	2,311,228	2,432,531	2,452,955	2,546,694	2,609,122	2,553,262
<b>Paid up capital at end of year (\$'000) -</b>						
Victoria	4,830	6,051	6,395	6,600	6,865	5,943
Australia	19,450	21,641	26,160	27,374	28,504	26,872
<b>Deposits at end of year (\$'000) -</b>						
Victoria	1,257,759	1,364,823	1,562,415	1,598,262	1,842,321	1,792,830
Australia	6,070,212	6,819,128	6,709,196	6,871,115	7,877,563	7,937,473
<b>Loans to members outstanding at end of year (a) (\$'000) -</b>						
Victoria	1,097,711	1,189,985	1,272,309	1,410,299	1,642,422	1,525,470
Australia	5,333,532	5,996,954	5,665,150	6,360,961	7,082,278	7,055,184

(a) Includes Finance Lease Receivables.





Red Cross volunteers assist police with the registration of victims during disaster, and provide catering and first aid services - *Australian Red Cross Society, Victorian Division*  
Southgate Arts and Leisure Precinct, on the River overlooking the city and Arts Centre.







*P.S Pevensey at the Historic Echuca Wharf - Melbourne Tourist Authority*

*Opening of the Western Ring Road, September 1992 - Vic Roads*





**TABLE 9.12 AUSTRALIAN STOCK EXCHANGE INDICES (a)**

Group	June 1989	Dec. 1989	June 1990	Dec. 1990	June 1991	Dec. 1991	June 1992
All Ordinaries	1,521.0	1,649.9	1,500.7	1,279.8	1,506.2	1,651.4	1,644.7
All Industrials	2,476.8	2,586.6	2,367.3	1,951.7	2,315.7	2,609.7	2,529.6
All Resources	801.7	936.3	842.8	762.4	885.6	922.5	966.8
50 Leaders	1,454.7	834.6	1,462.8	1,249.1	1,492.3	1,633.0	1,626.5
All Mining	690.5	1,589.5	715.5	584.0	656.6	662.2	714.7
Gold	1,438.0	1,748.3	1,247.0	1,135.3	1,059.9	1,200.7	1,145.8

(a) Base 500.0 points at 1 January 1980.

Source: Australian Stock Exchange Limited.

## REFERENCES

### Data sources

The financial transactions of the Victorian Government are itemised in the accounts of the State Consolidated Fund and in Trust Funds. A detailed analysis and classification is made of these accounts as published in the annual budget papers, Treasurer's Statement, and report of the Auditor-General. The remaining statutory bodies and other publicly owned or controlled organisations maintain accounts entirely, or largely, separate from the public accounts, although there may be transactions between them and State governments (such as advances and capital contributions, interest and dividends, and votes for running expenses and capital works) which affect the public accounts. The accounting reports of the group of organisations are collected and analysed in order to present a complete statement of the transactions of State Government enterprises.

Local Government Finance statistics for Victoria are collected jointly with the Victoria Grants Commission. The statistics for the years 1989-90 and 1990-91 have been collated using the Victorian Minimum Data Set, which has been developed to present uniform data for Municipalities in Victoria. The statistics for 1988-89 have been collected using the system Standardised Local Government Finance Statistics, (SLGFS).

Following the introduction of new reporting forms under the *Banking Act* in January 1989, the Reserve Bank of Australia took over sole responsibility for processing banking statistics. In 1976 a statistical collection was introduced covering the financial accounts of permanent building societies in all States and Territories. Credit union annual financial account statistics have been collected by the ABS since the year 1974-75.

**ABS publications**

*Government Financial Estimates, Australia* (5501.0)  
*Local Government Finance, Victoria* (5501.2)  
*Commonwealth Government Finance* (5502.0)  
*Taxation Revenue, Australia* (5506.0)  
*Expenditure on Education, Australia* (5510.0)  
*Credit Co-operatives: Assets, Liabilities, Income and Expenditure, Australia* (5618.0)  
*Annual Statistics on Financial Institutions* (5661.0)

**Other references**

*The Reserve Bank of Australia Bulletin*  
*Australian Banking Statistics*  
*Commonwealth Budget Paper Number 4, Commonwealth Financial Relations with other Levels of Government*  
*Finance Statement and the Report of the Auditor-General*  
*Australian Stock Exchange Limited*