



1 Victoria in Perspective

OVERVIEW

In this chapter two perspectives on Victoria are provided. The first is an article contributed by the Department of Treasury and Finance, Victoria. The second is a chronology of significant events in the state during 1996, drawn from material prepared by Mr J. D. Adams.

ECONOMIC TRENDS IN VICTORIA

Overview

The Victorian economy has undergone a sustained recovery since the severe recession in the early 1990s. In the four years to 1995-96, annual average growth in Victoria's gross state product has exceeded growth for Australia as a whole. And, despite large reductions in Victoria's public sector employment over this period, total employment has expanded in line with national trends.

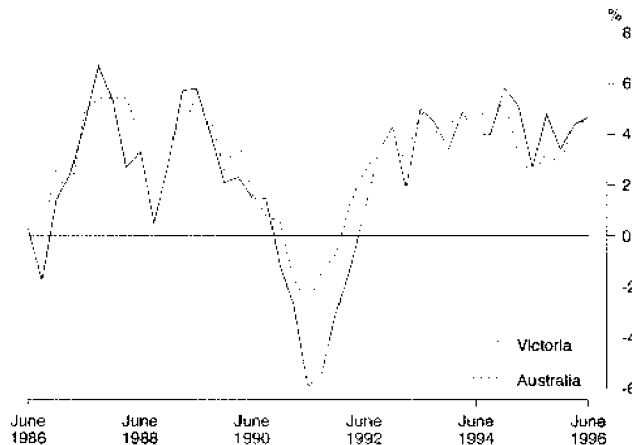
The pattern of economic growth in Victoria in recent years has undergone marked change. In addition to the re-allocation of resources from the public to the private sector, there has also been a shift in terms of employment growth away from manufacturing and towards service industries. Victoria's traditional dependence on manufacturing is being reduced as tariffs on manufactured goods are lowered, and within the manufacturing sector there has also been an important shift in production towards higher value-added and more elaborately transformed goods. Also, the manufacturing sector has become increasingly export-oriented.

Some of the highlights of Victoria's recent economic performance include its rapid export growth, high productivity growth, a resurgence in private investment, relatively low inflation and wage outcomes, and relatively strong economic growth.

Economic trends

Victoria's Gross State Product (GSP) growth in 1995-96 (4.4%) was strong compared with growth in New South Wales (2.8%) and Australia as a whole (3.8%). Economic activity slowed in the second half of 1996, both nationally and in Victoria.

GROSS DOMESTIC PRODUCT AT CONSTANT PRICES, SEASONALLY ADJUSTED; GROWTH ON SAME QUARTER PREVIOUS YEAR



Source: Australian National Accounts: State Accounts (5242.0), Australian National Accounts: National Income, Expenditure and Product (5206.0)

The strength of the Victorian economy in 1995-96 largely reflected:

- the ending of the drought, which was estimated by the Victorian Treasury to have boosted Gross State Product directly and indirectly by as much as 1%; and
- growth in private business fixed investment, especially non-dwelling construction which increased by 47% in 1995-96, assisted by the development of the Crown Casino complex.

Victoria's private business fixed investment recovered very strongly in 1995-96, although some of this growth was attributable to the privatisation of electricity utilities and their reclassification as private enterprises. The growth in activity in Victoria in the first half of 1996 was also buoyed by private final consumption expenditure and international exports.

The sectors with the fastest growth in output in the year to June 1996 were agriculture, mining, and communication, while manufacturing output slowed and construction was affected by the downturn in housing.

TRENDS IN ACTIVITY - VICTORIA
(percentage change on previous period except where indicated)

	1994-95	1995-96
Domestic Spending		
Private sector demand -		
consumption	5.9	3.9
dwelling investment	3.6	-10.0
other construction	-21.2	47.0
equipment investment	11.6	8.9
Public sector demand	8.2	0.6
Total final demand	5.9	3.7
Output and Employment -		
Gross state product	4.4	4.4
Employment	3.6	2.6
Unemployment rate (a)	8.7	8.1

(a) Per cent of labour force, seasonally adjusted, end of period. All data is constant price original, unless otherwise indicated.

Source: Australian Bureau of Statistics, Cat. Nos. 5242.0 and 6202.0

Rural sector contribution to growth to be smaller in 1996-97

The breaking of the drought was responsible for a sharp increase in farm production nationally and in Victoria in 1995-96. According to the Australian Bureau of Agricultural and Resource Economics, Victorian winter crop production rose from 1.7 million tonnes in 1994-95 to 4.1 million tonnes in 1995-96. A similar production level is forecast for 1996-97. The dairy industry, which is particularly important in Victoria, benefited from reductions in European and US dairy subsidies and low levels of world dairy stocks. Victorian beef and wool-grains producers also gained from the improvement in seasonal conditions. However, Victoria was not immune from the continuing stockpile problems in the wool industry.

Overall, Victoria's GSP was estimated to have been boosted by around one percentage point in 1995-96 because of the direct stimulus from the farm sector, and its multiplier effects on the non-farm sector. This stimulus will be absent in 1996-97.

Consumer spending

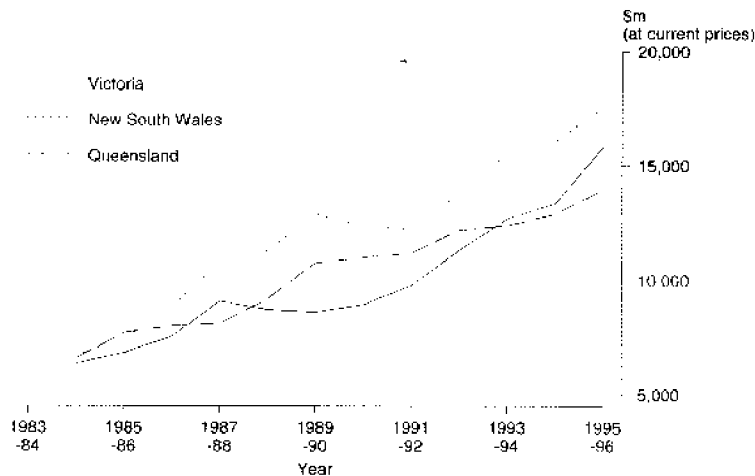
Consumer spending in Victoria eased through the second half of 1996 after strengthening in the first half of the year. Retail turnover in Victoria was broadly flat in the September quarter 1996, constrained by subdued growth in employment and wages. Victorian motor vehicle registrations weakened slightly during 1996. Consumer confidence in Melbourne appeared to be trending slightly above its long-term average in late 1996.

Export growth

Victorian international merchandise exports (in current prices) grew by 18% in 1995-96 with Victoria currently exporting more than at any time in the previous ten years. Rapid growth in Victoria's exports since late 1995 saw Victoria take over from Queensland as Australia's third highest exporting state behind Western Australia and New South Wales.

The strengthening in export growth was aided by improved rural conditions. It also reflected an increasingly internationally focused manufacturing sector. The growth was particularly strong for processed foodstuffs (especially dairy products), machinery and transport equipment (especially cars and associated components), gold, and mineral fuels and lubricants.

MERCHANDISE EXPORTS TO OVERSEAS, VICTORIA, QUEENSLAND, NEW SOUTH WALES



Source: *International Merchandise Trade, Australia* (5422.0)

Business investment

In the year to June quarter 1996, private business investment in Victoria grew by 27.4%, compared with national growth of around 11.8%. Businesses anticipate further, although possibly more modest, investment growth in 1996-97.

In September 1996, the value of business investment committed or to be completed in Victoria was estimated by Access Economics to be \$11.2 billion, the highest of any state or territory. Projects in this category include:

- Transurban southern and western bypass and Tullamarine freeway projects (\$1.47 billion);
- West Tuna and Bream B oil fields by BHP-Esso (\$1.1 billion);
- Ford Australia investment including design and tooling for new Falcon (\$835 million);
- Optus Vision cable network and plant (\$750 million);
- export development by Toyota (\$600 million);
- Amcor expansion of Maryvale Paper Mill (\$380 million);
- Holden Engine Company investment (\$200 million); and
- Bonlac Foods dairy powder plant in Gippsland (\$150 million).

Productivity

Victorian labour productivity growth (i.e. output per person employed) averaged 2.6% per annum over the four years to June 1996, faster than the national average of 1.9% per annum. Some of this acceleration in productivity growth was cyclical and some of it may have reflected structural reforms lifting efficiency in sectors such as electricity, gas and water.

The housing market

New dwelling construction remained flat during 1996. The three cuts in official interest rates during 1996 were expected to provide a fillip to the housing market. Victoria was well-positioned for the expected turnaround in the housing cycle as, according to the Indicative Planning Council for the Housing Industry, Victoria, unlike some other states, did not have an excess supply of housing.

The labour market

Despite the strong growth in economic activity in early 1996, the unemployment rate (both in Victoria and nationally) was flat overall and employment growth weakened. Victoria's unemployment rate edged up to more than 9% in late 1996, but was still well below its peak of 12.8% in August 1993.

Inflation and wages

Victoria's cost of living (as measured by the CPI) fell 0.5% relative to the national average in the year to June quarter 1996, due in part to reductions in local government rates and charges (reflecting efficiency gains). Underlying inflation in Victoria is expected to remain well within the Reserve Bank of Australia's 2 to 3% target range in 1997. Victoria consistently recorded wage growth below the national average during 1996.

SIGNIFICANT EVENTS IN 1996

January

1 Melbourne experienced the wettest New Year's Day on record with flooding and widespread storm damage.

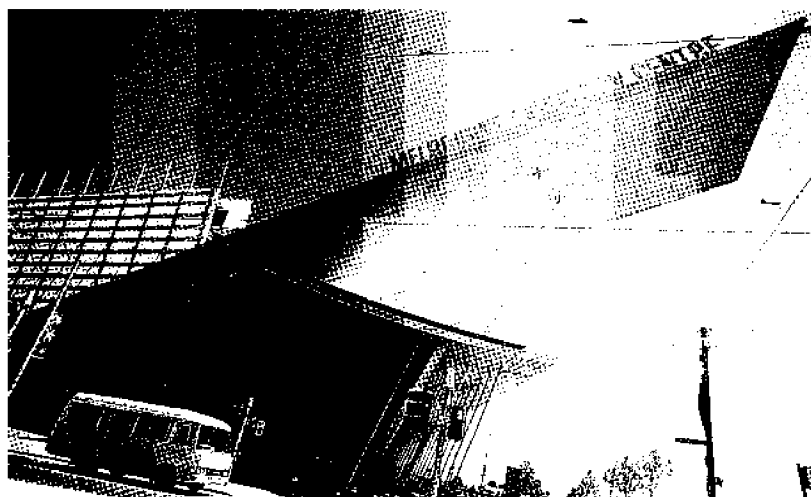
The revised and extended *Equal Opportunity Act* came into force in Victoria.

28 Boris Becker (Germany) won the men's singles and Monica Seles (US) the women's singles at the Ford Australian Open Tennis Championships at Flinders Park in Melbourne.

February

13 The port of Portland was sold by the Victorian Government to Scott Corporation for \$30 million, the first privatisation of port facilities in Australia.

14 The new \$129 million Melbourne Exhibition Centre, on the south bank of the Yarra river, was opened by the Premier, Jeff Kennett.



March

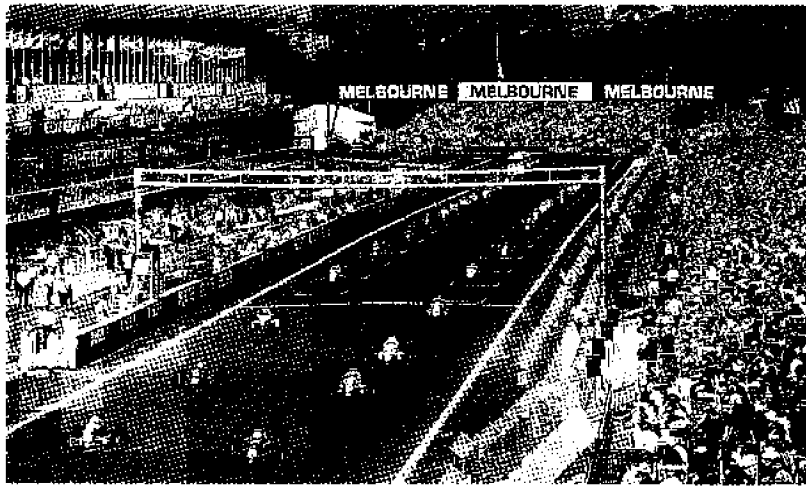
4 Victorian County Court judge, Judge Rosemary Anne Balmford, became the first female Supreme Court judge in Victoria.

5 The Yallourn W power station in Gippsland was sold to a consortium for a record \$2.4 billion.

10 Damon Hill won his 14th Formula One motor racing Grand Prix in the first Grand Prix races to be held at Albert Park in Melbourne for 40 years. Hill defeated his team-mate Jacques Villeneuve.

15 Local government elections took place for the first time in three years in the City of Melbourne and 19 other Victorian municipalities.

30 The Kennett Liberal-National Party Coalition Government was returned in the Victorian State election with the loss of three seats in the Lower House and a 2.4% swing to Labor.



April

- 2 Jeff Kennett, Premier of Victoria, named his new ministry following the Coalition's re-election on 30 March, replacing five of his former ministers and reducing government departments from eleven to eight.
- 3 John Brumby was re-elected leader of the Parliamentary Labor Party in Victoria and Opposition leader, and named his shadow ministry with five new members.
- 6 The Victorian Football League, (formerly the Victorian Football Association) began its first season of matches with eleven teams, with two country teams, North Ballarat and Traralgon among them.
- 8 Nine men died in a fire in one of the units at the Kew Cottages, Melbourne.
- 8 The 1996 Stawell Gift was won by Stephen Hutton of Adelaide, the first South Australian to win the race since 1940.
- 9 New regulations in Victoria under the *Domestic (Feral and Nuisance) Animals Act 1994* came into force with restrictions placed on dangerous dogs and requiring cats to be registered.
- 10 The report of the Victorian Drug Advisory Council recommended decriminalization of marijuana as a basis for debate in the Victorian Parliament.
- 18 Champion cyclist, diplomat and politician, Sir Hubert Ferdinand Opperman, died in Melbourne, aged 91.
- 29 A sum of \$1.9 million was paid at a Christie's art sale in Melbourne by an unnamed buyer for the 1856 painting *View of Geelong* by colonial artist Eugene von Guérard, a record price paid for an Australian painting.

May

- 8 The first football game between teams of the Victorian Football League, Essendon and Geelong, on 8 May 1897, was commemorated one hundred years later by the Australian Football League.

- 10 The transport company TNT Ltd bought the Port of Geelong for \$50.5 million.
- 14 The 53rd Victorian Parliament was opened with Liberal MLA Jim Plowman elected Speaker of the Legislative Assembly.
- 29 The construction works for the City Link tollway project in Melbourne were officially launched by the Victorian Premier, Jeff Kennett.

June

- 5 The Victorian Government announced a public inquiry into the State's sentencing laws, to be led by former State Crown Prosecutor, Richard Read.
- 11 The Victorian Government formally rejected the recommendations of the Drug Advisory Council (Penington) Report on drug reform, ruling out the decriminalisation of marijuana possession and smoking, but approved of the plan to increase drug education in schools.
- 20 The Victorian Government announced the approval of Point Lillias, north-east of Geelong, for the new chemical storage plant to replace the facilities on Coode Island.
- 26 The Victorian and NSW Governments passed firearms control legislation complementary to the national agreement on gun reform decided by police ministers on 10 May.
- 28 The new Transfield-built frigate, HMAS Arunta, was launched at the Williamstown shipyards in Melbourne.

July

- 4 Fitzroy (AFL) Football Club announced a merger with the Brisbane (AFL) Football Club from 1997, so overcoming its financial difficulties.
- 4 The \$192 million enlarged and refurbished international air terminal at Tullamarine Airport was opened by the Prime Minister, John Howard.
- 16 Most Rev. Sir Frank Little, Catholic Archbishop of Melbourne, announced his resignation, with the Auxiliary Bishop, Most Rev. Dr George Pell, appointed to succeed him.

August

- 1 The *Road Safety (Wheel Clamping) Act 1996* came into force in Victoria, outlawing wheel clamping, replacing it with on-the-spot fines for unauthorised parking on private property.
- 4 Hazelwood Power Station in Gippsland was sold for \$2.35 billion to the British firm, National Power.
- Melbourne radio station 3UZ ceased transmission, to be replaced by Sport 927.
- 6 The Victorian Premier, Jeff Kennett, announced a biennial \$100,000 cash prize called *Contempora 5* for Australian artists.
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- 12 A 14-year-old boy was sentenced to 13 years jail for the murder of taxi driver, Peter Coe, in Preston on 4 February 1995. He was the youngest person ever to be sentenced in Australia for murder.
- 15 Melbourne's first privatised prison, the 125-bed Metropolitan Women's Correctional Centre, (replacing Fairlea Women's Prison), was opened at Deer Park.
- 17 The refurbished Regent Theatre was opened by the Premier, Jeff Kennett.
- 19 Legal proceedings on behalf of the shareholders of the Pyramid Building Society (in liquidation) commenced in Melbourne – against the company, the Victorian Government and other defendants.
- 31 The *Sporting Globe* ceased publication.



September

- 8 George Joseph Fairfax, theatre producer and director and actor, died of cancer in Melbourne, aged 68.
- 11 The Victorian Budget was tabled with plans for a substantial surplus for 1996-97.
- 16 Meetings of supporters of Melbourne and Hawthorn Football Clubs rejected plans for a merger between the two clubs.
- 23 James Hird of Essendon and Michael Voss of Brisbane were announced joint winners of the 1996 Australian Football League Brownlow Medal.

- 24 The Government aircraft maintenance workshops at Avalon, near Geelong, were closed down with the loss of 450 jobs.
- 25 An earthquake measuring five on the Richter scale, shook Victoria. Its centre was near Mt Baw Baw, east of Melbourne.
- 28 North Melbourne defeated Sydney in the Australian Football League 1996 Grand Final, 19 goals 17 behinds (131) to 13 goals 10 behinds (88), before a crowd of 93,102 at the MCG.



October

- 7 The merger of the Victorian State Opera with the Australian Opera to become the Australian National Opera, was announced in Melbourne – to come into effect in 1998.
- 9 The Victorian Minister for Education announced a \$60 million cut to the State's education budget, involving the retrenchment of some 600 surplus teachers and administrative staff, and the closing or merging of some 113 smaller primary and secondary schools.
- 17 The Victorian Government announced a reorganisation of hospital services, with six hospitals in the metropolitan area to close and three new ones to be built and managed by private enterprise.
- The Full Bench of the Australian Industrial Relations Commission judged that a dispute existed between the Community and Public Sector Union and the state governments of Victoria, South Australia, Western Australia and Queensland, enabling their state public servants to apply to come under Federal awards.
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- 18 Melbourne was appointed as the Australian contender city for the 2006 Commonwealth Games.
- 19 The 1996 Caulfield Cup was won by *Arctic Scent*, ridden by 17-year-old apprentice jockey, Brent Stanley.
- 26 The musical *Sunset Boulevard* opened in Melbourne at the refurbished Regent Theatre.
- 29 One of the first commercial television broadcasting licences issued in ten years was granted, to Prime Television Ltd., for a second service to be provided in the Mildura region.

November

- 3 South East Melbourne Magic defeated the Melbourne Tigers in the third and deciding National Basketball League finals match at Melbourne Park with a record margin of 37 points.
- 5 The 1996 Melbourne Cup was won by *Saintly*, giving trainer Bart Cummings his tenth win in the cup.
- 11 The Victorian Government announced plans to hand over the State's industrial relations powers to the Commonwealth. Under the agreement, the first time since Federation that a state government has ceded its powers, all Victorian workers will have access to federal awards and unfair dismissal laws.
- 12 Both Houses of the Victorian Parliament, following the example of the Federal Parliament, unanimously passed a resolution endorsing multiculturalism, supporting the Federal Government's immigration policies and condemning racial intolerance.
- 20 A settlement was achieved, after five years of negotiations, between the Victorian Government and BHP-Esso concerning the Victorian gas fields and the petroleum resources tax.
- 26 Dame Joan Hammond, leading Australian soprano, died.



December

- 1** New retail store trading regulations came into force in Victoria, removing restrictions on opening hours and allowing (excluding Christmas Day, Good Friday and Anzac Day) for 7-day a week 24-hour trading.
- 10** The Victorian Government announced plans to privatise the Gas and Fuel Corporation.
- 19** Shareholders in the Pyramid Building Society (in liquidation) who held non-refundable shares in the company secured an agreement with the Victorian Government to secure two-thirds of their losses.
- 23** John Brumby was re-elected Labor and Opposition leader, following a spill in the party rooms. John Thwaites was elected deputy leader.

Source: AUSCHRON, Chronology of Australian History and Current Events, published on CD ROM by RMIT Informit and edited by J.D. Adams

Photographs

Arts Centre: Courtesy of Arts Victoria

Melbourne Exhibition Centre: Photographer Andrew Stiller, Public Affairs Branch, Dep't of Infrastructure

Melbourne Grand Prix: Courtesy of Tourism Victoria

The Regent Theatre: Courtesy of Tourism Victoria

Yvonne Kenny performing in Maria Stuarda by the Victorian State Opera (now part of Opera Australia): Photographer Jeff Busby

Swanston Walk: Photographer Andrew Stiller, Public Affairs Branch, Dep't of Infrastructure
