

9 Finance

This chapter provides details of the financial activities of the Victorian State Government, Victorian local government authorities, and that of some financial institutions operating in Victoria, such as banks, building societies, credit co-operative societies, and the Stock Exchange of Melbourne 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.). This has been done mainly to centre attention on the activities of general government and public trading enterprises.

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.

Outlays

Current outlays in 1986-87 were \$10,747m, which was 85 per cent more than the 1981-82 figure of \$5,802.2m. The largest component of this outlay was on final consumption expenditure which in 1986-87 was \$6,379.9m, an increase of 73 per cent on 1981-82 (\$3,687.8m). Personal benefit payments of \$126.3m in 1986-87 constituted a 73 per cent increase on the 1981-82 payment of \$72.6m. Interest payments in 1986-87 were \$2,248.2m, an increase of 108 per cent on the 1981-82 figure of \$1,083.1m.

In 1986-87 government final consumption expenditure on education and on health was \$2,716.9m and \$1,811.6m respectively, constituting 42 per cent and 28 per cent of total government final consumption expenditure of \$6,379m. Final consumption expenditure on recreation and culture showed the largest increase of 271 per cent between the \$36.7m spent in 1981-82 and \$99.6m spent in 1986-87. Expenditure on new fixed assets in 1986-87 was \$2,639.0m, of which \$1,549.2m was spent by public trading enterprises and \$1,089.0m by general government, a ratio of 59 to 41. Transport and communication attracted a large proportion of expenditure on new fixed assets in 1986-87. This expenditure was \$708.3m, 27 per cent of the total of \$2,639.0m.

Capital outlays in 1986-87 were \$2,611.0m, which was an increase of 17 per cent on 1981-82 (\$2,222.8m). Expenditure on new fixed assets was the major item in these outlays. In 1986-87 this expenditure was \$2,639.0m.

Revenue

Revenue and grants received in 1986-87 were \$11,129.5m, a 78 per cent increase on the 1981-82 figure of \$6,266.3m. The proportion received from the Commonwealth Government in the form of grants was \$5,254.9m or 47 per cent, while \$3,844.5m. was received as taxes, fees, and fines (35 per cent). The annual deficit in 1986-87 was \$1,533.6m, a 2 per cent decrease from the 1981-82 deficit of \$1,570.7m.

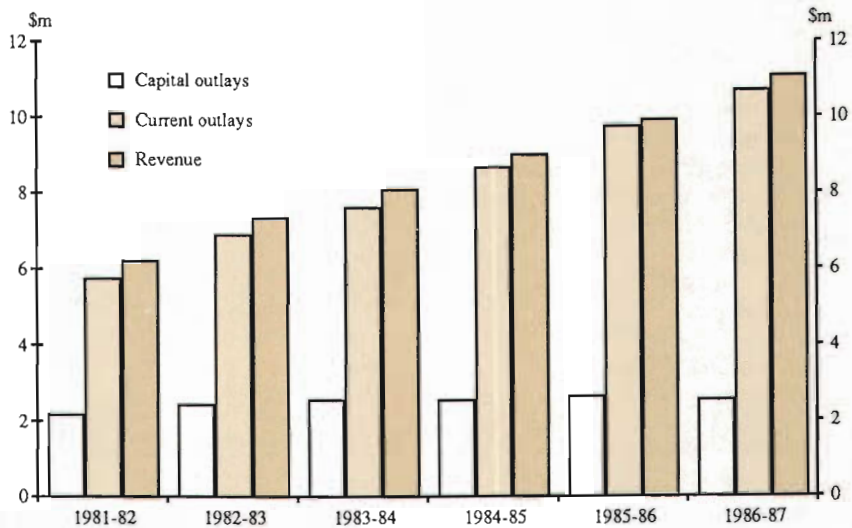
FINANCE

'On the Floor', at the Stock Exchange of Melbourne - *Australian Stock Exchange (Melbourne) Limited.*

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

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Current outlays -	5,802.2	6,945.5	7,667.9	8,719.4	9,810.1	10,747.8
General government final consumption expenditure	3,687.8	4,262.6	4,738.8	5,310.6	5,845.9	6,379.9
Required current transfer payments (interest only)	1,083.1	1,349.6	1,476.5	1,771.9	2,096.5	2,248.2
Unrequited current transfer payments -						
Subsidies paid to enterprises	404.8	547.4	595.2	687.5	858.4	1,036.7
Personal benefit payments	72.6	140.9	126.1	122.0	122.8	126.3
Current grants -	553.9	644.0	730.7	825.8	887.0	951.5
to non-profit institutions	385.5	444.6	513.8	559.6	603.6	670.2
to local authorities	168.4	199.2	216.6	265.9	283.1	281.2
Other current transfer payments	0.1	1.0	0.5	1.7	-0.5	5.1
Capital outlays -	2,222.8	2,492.2	2,610.9	2,615.8	2,695.3	2,611.0
Gross fixed capital expenditure -	2,126.8	2,314.1	2,357.8	2,358.3	2,477.1	2,432.5
Expenditure on new fixed assets	2,156.6	2,300.6	2,377.0	2,424.9	2,543.4	2,639.0
Expenditure on secondhand fixed assets (net)	-29.7	13.6	-19.2	-66.6	-66.3	-206.5
Increase in stocks	-12.3	17.4	11.9	19.7	30.9	5.3
Expenditure on land and intangible assets (net)	21.3	45.1	53.7	55.6	-16.1	-2.0
Capital transfer payments -	102.1	117.7	189.2	243.1	199.4	147.9
Capital grants -						
to Local government	86.8	100.5	125.7	164.9	118.2	90.9
to other sectors	15.3	17.2	21.8	42.5	64.9	46.6
Other capital transfer payments	-	-	41.6	35.7	16.3	10.4
Advances paid (net) -	-15.2	-2.2	-1.6	-60.8	4.0	27.3
to Local governments	-0.7	0.7	1.8	2.6	2.5	-0.5
to other sectors	-14.5	-2.8	-3.4	-63.4	1.5	27.8
Revenue and grants received -	6,266.3	7,387.5	8,134.3	9,060.8	9,967.5	11,129.5
Taxes, fees, and fines	2,148.8	2,639.2	2,783.2	3,140.7	3,431.7	3,844.5
Net operating surpluses of public trading enterprises	631.4	772.4	732.5	763.5	981.2	1,387.0
Property income and other revenue	378.6	376.8	505.4	570.5	653.7	643.0
Grants received from Commonwealth Government	3,107.5	3,599.2	4,113.2	9,586.1	4,900.9	5,254.9
Financing transactions -	1,758.7	2,050.2	2,144.5	2,274.4	2,537.8	2,229.3
Increase in provisions	188.0	221.1	483.5	649.7	697.0	695.7
Deficit	1,570.7	1,829.1	1,660.9	1,624.7	1,840.7	1,533.6
Deficit financing -						
Net advances received from Commonwealth Government	198.3	236.8	231.0	181.4	177.7	117.0
Other deficit financing	1,372.4	1,592.3	1,429.9	1,443.3	1,663.0	1,416.6

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



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

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
General public services	291.9	331.3	362.3	403.8	471.1	661.0
Public order and safety	332.2	419.8	444.5	465.7	531.0	542.8
Education -	1,767.6	1,979.9	2,240.7	2,341.2	2,603.5	2,716.9
Primary and secondary education	1,079.3	1,197.5	1,401.1	1,464.9	1,545.5	1,605.1
Tertiary	580.7	650.2	706.4	730.5	878.5	920.6
Other	107.5	132.3	133.2	145.8	179.4	191.2
Health -	953.9	1,076.3	1,203.1	1,475.8	1,616.8	1,811.6
Hospital and other institutional services and benefits	862.5	975.6	1,096.9	1,328.7	1,478.4	1,671.5
Clinics and other non-institutional services and benefits	43.8	50.0	52.4	54.8	35.3	32.3
Other	47.6	50.7	53.8	92.2	103.1	107.8
Social security and welfare	50.5	78.6	94.9	95.6	109.6	146.5
Housing and community amenities -	35.1	41.4	48.5	45.4	40.3	42.9
Housing and community development	21.1	28.5	32.7	33.7	30.8	36.1
Water supply	-	-	-	1.4	1.5	0.1
Sanitation and protection of the environment	14.0	12.9	15.9	10.2	8.0	6.7
Other community amenities	-	-	-	-	-	0.1
Recreation and culture	36.7	40.0	38.4	77.4	101.3	99.6

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

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Fuel and energy -	1.2	5.5	7.1	2.9	4.2	5.9
Fuel affairs and services	1.2	0.3	-	0.3	-0.3	-0.3
Electricity and other energy	-	4.5	5.8	0.1	0.4	0.6
Fuel and energy n.e.c.	-	0.7	1.3	2.6	4.1	5.6
Agriculture, forestry, fishing, and hunting	101.4	109.6	127.1	145.1	127.8	130.4
Mining, manufacturing, and construction	9.4	9.7	11.8	7.1	5.2	5.6
Transport and communications -	72.4	68.0	91.2	121.0	136.8	133.4
Road transport	80.2	91.1	99.2	101.2	118.9	125.3
Water transport	-6.6	-5.1	-1.0	2.9	2.5	-11.0
Rail transport	-1.8	-8.5	-4.9	0.1	-	-
Other	0.5	-9.5	-2.1	16.9	15.4	19.0
Other economic affairs	30.8	39.1	42.4	125.2	94.5	80.9
Other purposes	4.9	63.3	26.8	4.5	3.9	2.4
Total	3,687.8	4,262.6	4,738.8	5,310.6	5,845.9	6,379.9

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

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
General public services	15.1	15.7	16.6	13.7	20.3	18.2
Public order and safety	24.6	28.9	46.6	69.3	93.2	119.1
Education -	136.0	158.7	188.8	240.4	250.4	262.6
Primary and secondary education	65.4	78.1	107.1	119.7	113.9	103.8
Tertiary education	64.2	72.9	75.6	107.1	118.9	145.6
Other	6.4	7.7	6.1	13.7	17.7	13.3
Health -	65.9	59.2	69.7	102.3	131.3	159.5
Hospital and other institutional services and benefits	62.8	55.7	65.8	98.2	121.6	149.8
Clinics and other non-institutional services and benefits	0.1	0.5	-	-	2.3	1.5
Other	3.1	2.9	3.9	4.1	7.4	8.3
Social security and welfare	2.1	1.9	3.3	3.7	3.4	4.3
Housing and community amenities -	409.8	521.9	521.6	510.1	585.7	647.9
Housing and community development	82.0	145.3	200.4	202.1	249.6	269.0
Water supply	180.2	190.8	168.8	151.4	140.5	147.7
Sanitation and protection of the environment	147.2	185.2	152.1	156.5	195.5	231.2
Other community amenities	0.3	0.5	0.3	-	-	-
Recreation and culture	43.4	45.2	37.6	35.4	48.5	71.7
Fuel and energy -	986.9	907.3	699.7	712.3	675.5	570.6
Fuel affairs and services	163.9	133.5	130.4	84.0	103.0	97.0
Electricity and other energy	823.0	773.7	569.3	628.2	572.2	473.4
Fuel and energy n.e.c.	-	-	-	-	0.2	0.2
Agriculture, forestry, fishing, and hunting	65.2	72.5	74.7	35.1	35.8	41.8
Mining, manufacturing, and construction	1.0	1.1	1.3	0.6	0.3	0.1

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

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Transport and communications -	351.1	456.5	697.6	676.7	667.0	708.3
Road transport	154.0	178.9	265.2	273.5	351.9	382.0
Water transport	26.5	28.9	33.5	30.0	24.0	22.6
Rail transport	154.3	218.4	198.2	134.5	100.6	101.3
Other	16.4	30.2	200.7	238.7	190.4	202.4
Other economic affairs	55.2	31.6	16.1	25.4	31.9	34.9
Other purposes	0.2	-	3.4	-	-	-
Total	2,156.6	2,300.6	2,377.0	2,424.9	2,543.4	2,639.0
Comprised of -						
General government	551.3	605.2	756.4	814.7	978.7	1,089.8
Public trading enterprises	1,605.2	1,695.3	1,620.6	1,610.1	1,564.7	1,549.2

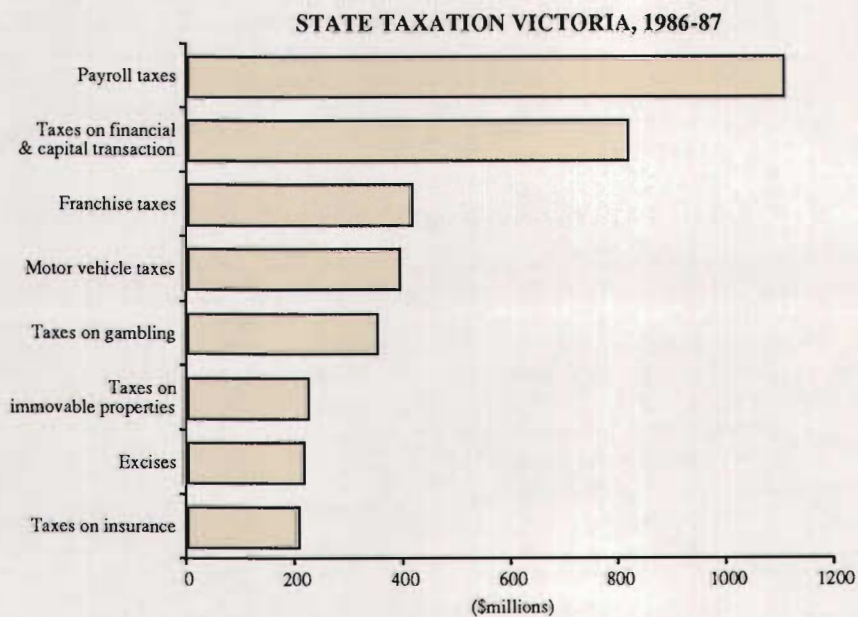
In 1986-87 taxes, fees, and fines amounted to \$3,844.5m, an increase of 79 per cent on the 1981-82 figure of \$2,148.8m. Employers payroll tax was the largest single item of taxation, being 32 per cent and 28 per cent of the total for 1981-82 and 1986-87 respectively. The actual amount in 1986-87 was \$1,108.4m, an increase of 59 per cent on the \$696.0m collected in 1981-82. The levy on statutory corporations in 1986-87 was \$217.9m, which represented a 248 per cent increase over the 1981-82 figure of \$88.0m. Petroleum products franchise taxes were \$214.6m in 1986-87, an increase of 242 per cent over the 1981-82 figure of \$88.7m. Estate inheritance and gift duty was \$1.8m in 1986-87, a decrease of 96 per cent on the 1981-82 figure of \$56.2m.

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

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Employers' payroll taxes	696.0	809.3	833.4	924.8	1,029.8	1,108.4
Taxes on property -	485.3	520.7	614.5	757.3	887.4	1,046.5
Taxes on immovable property -	139.2	163.0	167.1	178.7	210.6	225.6
Land taxes	115.9	139.3	143.1	153.3	183.0	195.3
Metropolitan improvement rates	23.2	23.6	23.9	25.4	27.6	30.3
Estate inheritance and gift duty	56.2	43.0	30.2	8.5	2.2	1.8
Taxes on financial and capital transactions -	289.9	314.7	417.2	570.1	674.7	819.1
Stamp duties	289.9	275.2	336.3	479.4	569.7	699.5
Financial institutions' taxes	-	39.5	80.9	90.7	105.0	119.5
Taxes on provision of goods and services -	451.9	665.8	633.0	688.1	682.7	779.3
Excises (levies on statutory corporations)	88.0	209.5	142.8	165.1	178.8	217.9
Taxes on gambling -	210.3	219.3	254.8	299.2	312.2	353.2
Taxes on private lotteries	129.6	130.4	155.4	183.3	180.0	208.1
Race betting taxes	79.0	86.3	96.7	112.9	129.1	141.7
Taxes on gambling n.e.c.	1.7	2.5	2.7	3.0	3.1	3.4
Taxes on insurance -	153.6	237.0	235.4	223.8	191.8	208.2
Insurance companies' contributions to fire brigades	56.8	77.4	76.1	83.5	92.3	105.5
Third party insurance taxes	18.0	18.9	19.0	10.3	-	-
Taxes on insurance n.e.c.	78.8	140.7	140.3	130.0	99.5	102.7

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

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Taxes on use of goods and performance						
of activities -	469.9	574.9	635.7	692.4	758.7	825.1
Motor vehicle taxes -	256.7	286.4	313.8	347.1	375.0	394.4
Vehicle registration fees and taxes	152.3	175.8	177.6	177.7	190.4	202.7
Stamp duty on vehicle registration	75.4	80.0	101.1	133.5	151.4	163.4
Drivers' licences	28.0	30.5	35.1	35.9	33.2	28.3
Road transport and maintenance taxes	1.0	-	-	-	-	-
Franchise taxes -	183.1	215.1	308.2	372.4	403.2	416.7
Gas franchise taxes	-	-	-	0.2	0.1	0.3
Petroleum products franchise taxes	88.7	109.5	151.6	192.4	210.8	214.6
Tobacco franchise taxes	42.2	47.8	83.8	104.6	111.5	113.4
Liquor franchise taxes	52.2	57.8	72.8	75.2	80.7	88.4
Other taxes on use of goods etc	30.1	73.5	13.6	-27.1	-19.5	14.0
Fees and fines	45.6	68.5	66.6	78.8	73.7	86.0
Total	2,148.8	2,639.2	2,783.2	3,141.5	3,432.3	3,845.3



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. From 1970-71 the Commonwealth has made interest free capital grants to the States.

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. To date, no State has used this right.

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 1987-88*.

General purpose grants, both capital and recurrent from the Commonwealth to Victoria in 1986-87 totalled \$3,014.2m, a 56 per cent increase from the \$1,935.9m in 1981-82. Specific purpose grants for recurrent and capital purposes in 1986-87 totalled \$2,240.7m, an 87 per cent increase on the 1981-82 figure of \$1,198.7m. The largest increase in this period was in Health, which was \$294.4m in 1986-87, an increase of 3,171 per cent over the 1981-82 figure of \$9.0m. The second largest increase was in grants for Social security and welfare, which increased by 629 per cent, from \$23.2m in 1981-82 to \$146.0m in 1986-87.

In addition to these grants the Commonwealth Government also made repayable advances to the States for various purposes. Total net advances to Victoria were \$199.1m in 1981-82, \$236.9m in 1982-83, \$231.0m in 1983-84, \$181.4m in 1984-85, \$175.6m in 1985-86 and \$118.7m in 1986-87.

TABLE 9.5 COMMONWEALTH GOVERNMENT GRANTS TO OR FOR THE STATE AND LOCAL GOVERNMENT AUTHORITIES (a) VICTORIA
(\$ million)

Nature of Payment	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
General revenue funds -						
Tax sharing grants	1,502.5	1,743.4	1,926.2	2,019.9	-	-
Financial assistance grants	-	-	-	-	2,248.3	2,494.0
Special revenue assistance	-	19.5	62.8	31.0	-	0.4
Health grants	325.9	300.5	323.2	344.2	371.0	411.9
General revenue	1,828.4	2,063.4	2,312.3	2,395.1	2,619.3	2,906.3

TABLE 9.5 COMMONWEALTH GOVERNMENT GRANTS TO OR FOR THE STATE AND LOCAL GOVERNMENT AUTHORITIES (a) VICTORIA - continued
(*S million*)

<i>Nature of Payment</i>	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
General purpose capital funds -						
Capital works grant	107.5	115.0	123.0	131.0	140.2	107.9
Specific purpose grants for						
recurrent and capital purposes -						
Interest on State debt	4.3	4.3	4.3	4.3	-	-
Sinking fund on State debt (b)	11.1	11.4	11.4	11.8	12.3	12.7
Education	805.9	910.9	990.2	1,095.6	1,161.8	1,203.0
Health	9.0	4.5	84.4	254.4	279.1	294.4
Social security and welfare	23.2	71.0	156.8	156.6	140.6	146.0
Housing grants	48.5	65.6	104.4	128.2	134.5	143.7
Transport and communications	176.6	193.4	158.3	185.0	159.7	160.5
Bicentennial road development	-	20.5	72.6	82.5	94.2	93.5
Recreation and community amenities	2.7	0.6	4.7	6.4	6.4	6.7
Local government general purpose assistance	89.3	108.0	116.9	123.8	136.4	147.7
Other economic affairs and purposes	28.1	111.1	53.9	16.6	19.4	32.5
Specific purpose	1,198.7	1,501.3	1,757.9	2,065.2	2,144.4	2,240.7
General purpose	1,935.9	2,178.4	2,435.3	2,526.1	2,759.5	3,014.2
Total Commonwealth grants	3,134.6	3,679.7	4,193.2	4,591.3	4,903.9	5,254.9

(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
1984-85 to 1986-87**

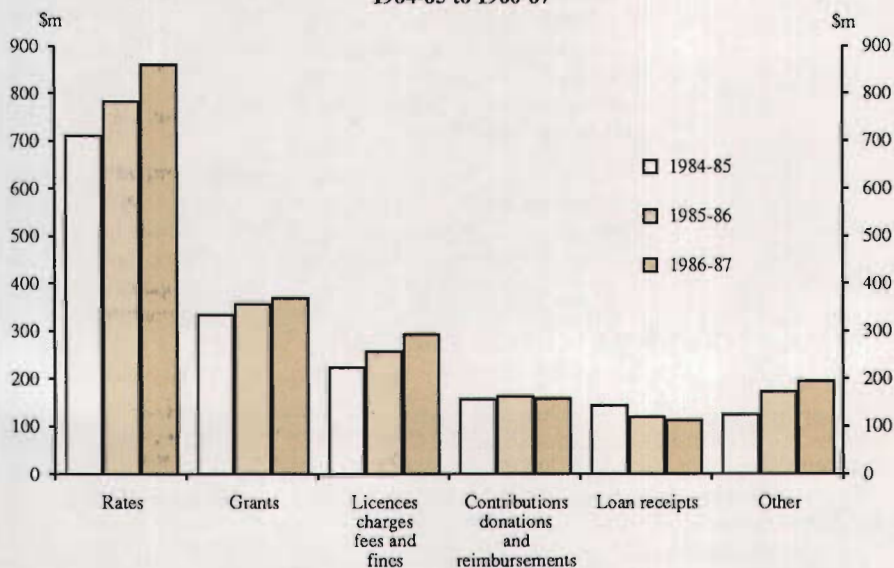


TABLE 9.6 VICTORIAN LOCAL GOVERNMENT: ORDINARY SERVICES REVENUE, LOAN RECEIPTS AND OUTLAY (a)

Particulars	1984-85		1985-86		1986-87	
	\$'000	Per cent	\$'000	Per cent	\$'000	Per cent
Revenue -						
Rates (incl. penalties); ex-gratia receipts	715,560	41.6	786,832	41.9	865,360	42.9
Garbage (incl. rates and charges)	37,172	2.2	42,726	2.3	47,053	2.3
Other charges	141,677	8.2	166,401	8.9	192,244	9.5
Government grants -						
General purpose	123,806	7.2	136,565	7.3	149,630	7.4
Specific purpose -						
Capital	77,792	4.5	81,340	4.3	75,066	3.7
Current	136,366	7.9	143,273	7.6	149,689	7.4
Licences, fees, and fines	49,316	2.9	53,505	2.8	57,935	2.9
Interest received	61,252	3.6	89,371	4.8	95,139	4.7
Contributions, donations	45,363	2.6	47,703	2.5	43,312	2.1
Reimbursements -						
Roads and bridges -						
Construction	57,907	3.4	56,551	3.0	57,203	2.8
Maintenance	26,013	1.5	28,082	1.5	29,158	1.4
Other	32,152	1.9	35,239	1.9	33,159	1.6
Sale of land and second-hand fixed assets						
Other (b)	41,616	2.4	46,779	2.5	45,186	2.2
Total revenue	1,571,471	91.4	1,755,621	93.4	1,898,497	94.2
Loan receipts	148,440	8.6	124,309	6.6	117,035	5.8
Total revenue and loan receipts	1,719,911	100.0	1,879,930	100.0	2,015,532	100.0
Outlay by purpose -						
General administration	254,430	14.9	283,508	15.0	314,447	15.7
Law, order, and public safety	14,464	0.8	15,970	0.8	17,097	0.9
Education	20,158	1.2	23,792	1.3	23,309	1.2
Health	41,022	2.4	43,405	2.3	48,882	2.4
Welfare	108,937	6.4	124,968	6.6	150,368	7.5
Housing	7,461	0.4	5,929	0.3	6,697	0.3
Community amenities	190,052	11.1	209,022	11.1	222,845	11.1
Recreation and culture	265,133	15.5	304,424	16.2	315,005	15.7
Economic services -						
Roads, streets, and bridges	382,639	22.4	412,017	21.9	409,047	20.4
Other transport (c)	58,259	3.4	64,001	3.4	73,730	3.7
Other economic affairs (d)	79,424	4.6	74,867	4.0	72,522	3.6
Other purposes (e)	104,482	6.1	115,136	6.1	124,284	6.2
Total outlay by purpose	1,526,462	89.3	1,677,039	89.0	1,778,233	88.7

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

Particulars	1984-85		1985-86		1986-87	
	\$'000	Per cent	\$'000	Per cent	\$'000	Per cent
Other outlay -						
Debt charges -						
Interest paid	r99,382	5.8	r113,476	6.0	123,498	6.2
Debt redemption	r61,773	3.6	r67,874	3.6	70,353	3.5
Grants, levies paid to government	14,935	0.9	16,828	0.9	20,855	1.0
Other (f)	r6,462	0.4	r8,628	0.5	11,560	0.6
Total outlay	r1,709,013	100.0	r1,883,846	100.0	2,004,500	100.0

(a) Includes only net results of trading activities.

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

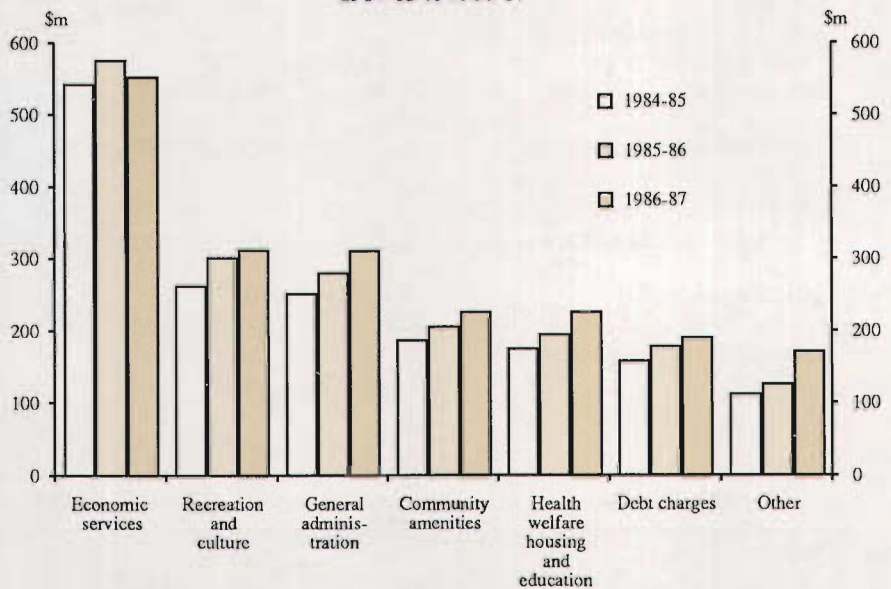
(c) Includes tourism and area promotion, saleyards and markets and other economic affairs.

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

(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 1984-85 to 1986-87



Banking finance

On 10 September 1984, the Government called for applications from domestic and foreign-owned banks to commence trading in Australia. The successful Australian and foreign-owned banks commenced to trade in 1985. Deposits bearing interest (repayable in Australia) of all trading banks in Victoria for June 1987 were \$9,791m. This was 71.6 per cent of total deposits of \$13,665m. This proportion has been increasing constantly since June 1982, when there was \$5,228m interest bearing deposits out of a total of \$7,714m

deposits, (67.8 per cent). Loans, advances, and bills discounted reached a peak within the tax year period 1982 to 1987 in June 1987, when they amounted to \$15,427m, 112.9 per cent of total deposits.

The changing financial environment has also affected the savings banks. At the end of June 1985 there were two government savings banks with 752 branches and 1,316 agencies, and four private savings banks with 1,011 branches and 411 agencies. At the end of June 1987 the two government savings banks had 743 branches and 1,230 agencies, and there were seven private savings banks with 1,102 branches and 246 agencies. Total savings bank deposits at 30 June 1987 were \$19,670.1m, of which \$7,610.6m or 38.7 per cent was deposited in the private savings banks. The proportion of deposits held by private savings banks increased from 29.7 per cent in 1982 to 38.7 in 1987.

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

Bank	At 30 June 1985		At 30 June 1986		At 30 June 1987	
	Branches	Agencies	Branches	Agencies	Branches	Agencies
Major trading banks -						
Commonwealth Bank of Australia Australia and New Zealand	192	68	191	68	190	66
Banking Group Ltd	302	75	327	111	324	38
Westpac Banking Corporation	341	22	337	22	325	20
National Australia Bank	366	71	393	44	379	44
Total major trading banks	1,201	236	1,248	245	1,218	168
Non-major trading banks	5	-	72	41	20	4
Total all trading banks	1,206	236	1,320	286	1,238	172
Melbourne metropolitan area	756	119	846	133	786	114
Remainder of Victoria	450	117	474	153	452	58

TABLE 9.8 ALL TRADING BANKS, AVERAGES OF DEPOSITS (a) AND ADVANCES, AND DEBITS TO CUSTOMERS ACCOUNTS, VICTORIA
(\$ million)

Period	Deposits repayable in Australia			Loans (b), advances, and bills discounted	Debits to customers' accounts	Proportion to total deposits	
	Not bearing interest	Bearing interest	Total			Deposits bearing interest (%)	Loans (b), advances, and bills discounted (%)
1982	2,486	5,228	7,714	5,387	13,228	67.8	69.8
1983	2,572	5,883	8,455	5,973	13,883	69.6	70.6
1984	2,685	6,457	9,142	6,388	19,462	70.6	69.9
1985	2,918	8,097	11,015	7,622	24,471	73.5	69.2
1986	3,145	9,783	12,928	12,685	26,897	75.7	98.1
1987	3,874	9,791	13,665	15,427	30,875	71.6	112.9

(a) Averages of amounts at close of business on Wednesday of each week.

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

TABLE 9.9 SAVINGS BANKS, DEPOSITS, VICTORIA
(\$ million)

Savings bank	Depositors' balances at 30 June					
	1982	1983	1984	1985	1986	1987
State Bank of Victoria (a)	4,780.8	5,383.7	5,941.9	6,488.1	8,059.8	9,197.4
Commonwealth Savings Bank of Australia	1,879.3	2,290.9	2,590.7	2,708.1	2,635.0	2,862.1
Private savings banks -						
Australia and New Zealand Savings Bank Ltd	874.8	1,098.3	1,354.4	1,464.9	1,573.6	2,062.7
Westpac Banking Corporation Savings Bank Ltd	994.2	1,281.5	1,518.6	1,607.1	1,509.5	1,661.8
National Australia Savings Bank Ltd	944.1	1,251.4	1,508.9	2,001.0	2,329.9	2,932.3
Bank of New Zealand Savings Bank Ltd	1.6	1.7	1.8	1.6	2.6	2.5
Citibank Savings Ltd	-	-	-	-	26.8	47.3
National Mutual Royal Savings Bank Ltd	-	-	-	-	448.9	415.9
Total private savings banks	2,814.8	3,632.9	4,383.7	5,074.6	5,891.3	7,610.6
Total Deposits	9,474.9	11,307.5	12,916.3	14,270.7	16,586.1	19,670.1
Deposits per head of population (\$)	2,400	2,824	3,186	3,522	4,005	4,673
Private savings banks deposits as a proportion of total deposits (per cent)	29.7	32.1	33.9	35.6	35.5	38.7

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

Non-bank finance

Permanent building societies in Victoria have reduced in number from 38 in 1981-82 to 20 in 1986-87. This has been due to both a number of amalgamations between societies and the conversion of two societies into savings banks in recent years. In 1986-87 deposits were \$3,384.5m and withdrawable shares \$1,047.0m, an increase of 67 per cent and 33 per cent respectively over the corresponding 1981-82 figures of \$2,023.4m and \$786.3m. The amount owing on loans in 1986-87 was \$3,565.7m, which was a 75 per cent increase on the 1981-82 amount of \$2,035.3m.

There were 128 credit co-operative societies with 501,396 members in Victoria at the end of 1985-86. The number of societies has declined from the 186 in 1980-81, but membership has increased by 37 per cent from 366,756 in 1980-81. As a proportion of Australia, the number of Victorian societies and members have hardly changed from 1980-81. Victorian societies in 1980-81 were 30 per cent of the Australian total (186 of 620) and 28 per cent in 1985-86 (128 of 454). Similarly membership was 23 per cent in 1980-81 (366,800 of 1,622,500) and 22 per cent in 1985-86 (501,400 of 2,311,200). The picture is different when deposits and loans are considered. Victorian deposits at the end of 1985-86 were \$1,257.8m, 21 per cent of the Australian total of \$6,069.7m. In 1980-81 it was 27 per cent, the figures being \$642.6m and \$2,342.4m for Victoria and Australia, respectively. Loans outstanding to Victorian members at the end of 1985-86 were \$1,097.7m, 21 per cent of the Australian total of \$5,333.0m. In 1980-81 the Victorian figure was \$561m, 26 per cent of the Australian figure of \$2,135.4m.

TABLE 9.10 PERMANENT BUILDING SOCIETIES, VICTORIA

Particulars	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Number of societies	38	31	26	25	24	20
Income and expenditure (\$'000) -						
Income -						
Interest from loans	281,870	332,857	334,642	387,258	513,731	508,473
Interest from deposits	34,386	45,173	26,788	30,634	61,475	40,809
Income from holdings of securities	47,866	109,362	129,210	140,285	122,859	165,859
Other income	8,440	12,200	15,194	28,981	34,616	41,435
Total income	372,562	499,592	505,834	587,158	732,681	756,576
Expenditure -						
Interest on shares	78,098	99,791	107,482	85,676	107,518	96,730
Interest on deposits	200,436	275,465	254,082	330,592	442,808	463,996
Income on loans	2,954	5,167	9,725	14,989	25,990	32,484
Other expenditure	77,938	99,948	105,909	123,381	135,132	145,552
Total expenditure	359,426	480,371	477,198	554,638	711,448	738,762
Liabilities and assets (a) (\$'000) -						
Liabilities -						
Share capital and reserves -						
Non-withdrawable shares	31,170	32,177	39,610	62,043	82,274	104,473
Withdrawable shares	786,295	756,095	943,412	997,971	1,068,297	1,047,024
Statutory reserves	13,137	13,971	15,835	17,975	4,923	279
Other reserves (b)	21,513	29,985	40,020	52,476	82,950	105,322
Deposits	2,023,440	2,361,915	2,681,199	3,284,489	3,603,498	3,384,579
Loans	21,532	72,733	186,286	109,738	246,336	368,637
Other liabilities	18,147	26,403	35,181	38,192	34,766	52,332
Total liabilities	2,915,234	3,293,279	3,941,543	4,562,884	5,123,044	5,062,916
Assets -						
Amounts owing on loans	2,035,285	2,156,035	2,585,541	3,363,614	3,671,116	3,565,737
Cash on hand	7,029	7,433	10,505	10,097	11,976	10,718
Deposits with banks	89,576	96,466	115,412	165,283	382,031	145,236
Deposits with other institutions	163,758	148,666	122,989	74,103	66,998	107,049
Bills, bonds, and other securities	526,218	771,253	994,602	825,393	823,370	1,057,007
Accounts receivable	15,208	24,761	21,097	10,633	30,777	38,353
Physical and other assets	78,160	88,665	91,397	113,761	136,776	138,816
Total assets	2,915,234	3,293,279	3,941,543	4,562,884	5,123,044	5,062,916

(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

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Number of credit co-ops -						
Victoria	186	178	172	161	144	128
Australia	620	590	549	530	493	454
Number of members at end of year -						
Victoria	366,756	395,409	413,242	437,114	468,871	501,396
Australia	1,622,466	1,733,490	1,824,286	1,971,086	2,147,189	2,311,228
Paid up capital at end of year (\$'000) -						
Victoria	3,392	3,636	3,831	4,075	4,444	4,830
Australia	13,643	14,653	15,493	16,786	18,208	19,450
Deposits at end of year (\$'000) -						
Victoria	642,576	738,960	867,662	983,040	1,149,600	1,257,759
Australia	2,342,396	2,704,446	3,391,768	4,099,514	5,063,850	6,069,671
Loans to members outstanding at end of year (\$'000) -						
Victoria	560,945	591,334	632,511	754,176	926,722	1,097,711
Australia	2,135,380	2,350,620	2,696,471	3,464,644	4,422,295	5,333,027

TABLE 9.12 THE STOCK EXCHANGE OF MELBOURNE LIMITED, MARKET TURNOVER BY VALUE AND VOLUME OF SHARES AND NUMBER OF TRANSACTIONS, AT 30 JUNE

Type of securities	Value of shares			Volume of shares			Number of transactions		
	1987	1988	Per-centage variation	1987	1988	Per-centage variation	1987	1988	Per-centage variation
	\$m	\$m		million	million		'000	'000	
Share securities -									
Industrial	14,574.5	16,373	+12	4,895.1	6,861.8	+40	570.2	n.a.	n.a.
Mining	9,652.9	9,503.9	-2	6,748.1	5,772.7	-25	713.7	n.a.	n.a.
Oil	1,457.3	758.3	-48	2,098.4	1,125.5	-46	141.5	n.a.	n.a.
Preference	252.1	50.5	-80	82.7	27.9	-66	3.8	n.a.	n.a.
Total share securities	25,936.8	26,686.6	+3	13,824.2	13,787.9	-1	1,329.8	1,054.7	-21
Loan securities -									
Commonwealth loans	16,798.4	24,231.7	+44	17,154.8	24,924.6	+69	8.8	7.4	-16
Semi-government loans	144.2	1,777.7	+1,132	147.8	1,738.9	+1,076	0.6	0.7	+17
Debentures, notes	4.6	11.3	+145	5.2	6.7	+29	0.1	0.2	+100
Total loan securities	16,947.2	26,020.7	+53	17,307.8	26,670.2	+54	9.6	8.2	-14
Total	42,884.0	52,707.3	+23	31,132.0	40,458.1	+30	1,339.4	1,062.9	-21

TABLE 9.13 AUSTRALIAN STOCK EXCHANGE INDICES (a)

Group	June 1985	Dec. 1985	June 1986	Dec. 1986	June 1987	Dec. 1987	June 1988
All Ordinaries	860.8	1,003.8	1,180.1	1,473.2	1,764.1	1,318.9	1,555.0
All Industrials	1,240.2	1,487.1	1,891.9	2,347.4	2,605.2	1,980.0	2,485.4
All Resources	566.5	631.0	640.6	809.9	1,122.8	805.5	850.9
50 Leaders	768.4	899.2	1,061.6	1,303.3	1,555.6	1,216.4	1,443.0
Metals and Minerals	502.0	487.6	496.6	715.0	1,029.5	790.7	780.7
Gold (b)	805.8	846.9	911.1	1,744.3	2,826.1	2,156.0	1,851.7

(a) All Ordinaries - base 500.0 points at 1 January 1980.

(b) Gold Index - base 500.0 points at 1 January 1985.

Source: Stock Exchange of Melbourne 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 Victorian Grants Commission. Since 1979-80 these statistics have been collected using the system Standardised Local Government Finance Statistics (SLGFS). This system is designed to enable direct comparison of local government finance statistics both within and between States. For details of the concepts and principles used to produce this system refer to *Standardised Local Government Finance Statistics, Australia* (1212.0).

Banking statistics are compiled from returns submitted to the ABS under the *Banking Act* 1959 and from other information provided voluntarily by banks. 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)
- Commonwealth Government Finance* (5502.0)
- State and Local Government Finance, Australia* (5504.0)
- Taxation Revenue, Australia* (5506.0)
- Expenditure on Education, Australia* (5510.0)
- Public Authority Pension and Superannuation Schemes, Australia* (5511.0)
- Savings Bank, Australia* (5602.0)
- Major Trading Banks, Australia* (5603.0)
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- Permanent Building Societies: Assets, Liabilities, Income and Expenditure, Australia* (5632.0)