

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 building societies, credit co-operative societies, and the Australian Stock Exchange (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.).

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.

Outlays

Current outlays in 1987-88 were \$11,637.6m, which was an increase of 7 per cent on the previous year (\$10,814.1m). The largest component of this outlay was on final consumption expenditure which in 1987-88 was \$6,924.4m, an increase of 8 per cent on 1986-87 (\$6,401.1m). Current grants of \$1041.6m in 1987-88 constituted a 7 per cent increase on 1986-87 (\$973.2m). Interest payments in 1987-88 were \$2,627.2m, an increase of 15 per cent on 1986-87 (\$2,281.4m).

In 1987-88 government final consumption expenditure on education and on health was \$2,924.3m and \$2,021.7m respectively, constituting 42 per cent and 29 per cent of total government final consumption expenditure of \$6,924.4m. Final consumption expenditure on general public services showed the largest increase of 17 per cent between the \$600.0m spent in 1986-87 and \$700.4m spent in 1987-88.

Capital outlays in 1987-88 were \$2,689.9m, which was an increase of only 0.4 per cent on 1986-87 (\$2,678.3m). Expenditure on new fixed assets was the major item in these outlays. In 1987-88 this expenditure was \$2,670.9m. Housing and Community Amenities (\$714.9m), Fuel and Energy (\$687.7m) and Transport and Communications (\$566.2m) together comprised 74 per cent of the total expenditure on new fixed assets.

Revenue

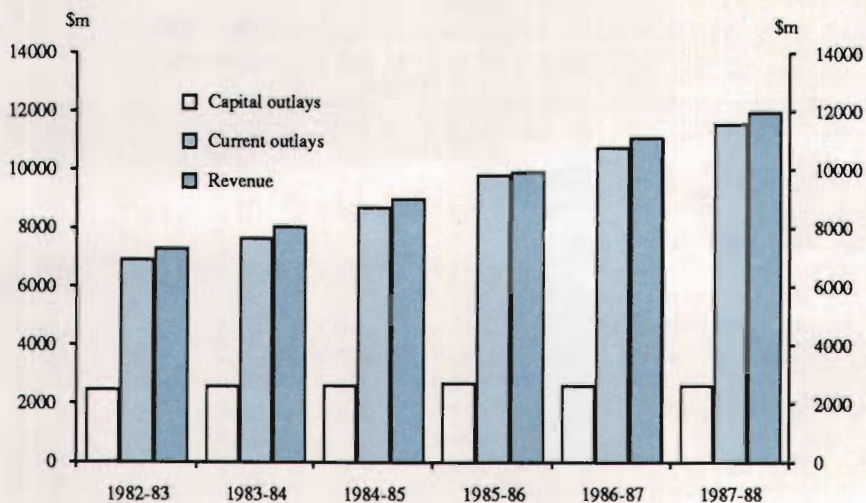
Revenue and grants received in 1987-88 were \$12,053.4m, an 8 per cent increase on 1986-87 (\$11,172.1m). The proportion received from the Commonwealth Government in the form of grants was \$5,513.1m or 46 per

cent, while \$4,419.3m. was received as taxes, fees, and fines (37 per cent). The annual deficit in 1987-88 was \$1,604.0m, a 3 per cent decrease from the 1987-88 deficit of \$1,656.7m.

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

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Current outlays -	6,989.8	7,727.2	8,786.6	9,885.9	10,841.1	11,637.6
General government final consumption expenditure	4,262.6	4,737.8	5,325.6	5,861.0	6,401.1	6,924.4
Required current transfer payments (interest only)	1,393.9	1,521.5	1,812.1	2,132.4	2,281.4	2,627.2
Unrequired current transfer payments -						
Subsidies paid to enterprises	547.4	610.5	687.5	867.8	1,054.7	856.0
Personal benefit payments	140.9	126.1	122.0	122.8	126.3	181.9
Current grants -	644.0	730.7	837.9	902.4	973.2	1,041.6
to non-profit institutions	444.6	513.8	571.7	619.0	691.9	717.1
to local authorities	199.2	216.6	265.9	283.1	281.2	324.3
Other current transfer payments	1.0	0.5	1.7	-0.5	5.1	4.0
Capital outlays -	2,541.7	2,655.9	2,672.3	2,758.9	2,678.3	2,689.9
Gross fixed capital expenditure -	2,361.1	2,404.0	2,413.6	2,532.2	2,504.7	2,409.1
Expenditure on new fixed assets	2,348.2	2,423.7	2,476.0	2,587.9	2,670.4	2,670.9
Expenditure on secondhand fixed assets (net)	12.9	-19.8	-62.5	-55.7	-165.7	-261.7
Increase in stocks	17.4	11.9	19.7	30.9	5.1	28.0
Expenditure on land and intangible assets (net)	47.7	52.5	56.8	-12.6	-6.7	54.8
Capital transfer payments -	117.7	189.2	237.7	199.6	139.4	172.0
Capital grants -						
to Local government	100.5	125.7	164.9	118.2	90.9	115.3
to other sectors	17.2	21.8	37.2	65.1	38.1	50.3
Other capital transfer payments	-	41.6	35.7	16.3	10.4	6.4
Advances paid (net) -	-2.2	-1.6	-55.4	8.8	35.8	26.0
to Local governments	0.7	1.8	2.6	2.5	-0.5	-1.3
to other sectors	-10.8	-11.9	-23.1	-4.0	11.4	8.6
Revenue and grants received -	7,372.5	8,118.1	9,076.9	9,979.7	11,172.1	12,053.4
Taxes, fees, and fines	2,639.2	2,783.2	3,140.7	3,431.7	3,872.9	4,419.3
Net operating surpluses of public trading enterprises	714.5	671.4	746.5	963.6	1,387.0	1,414.6
Property income and other revenue	405.8	535.4	603.6	683.6	665.1	706.5
Grants received from Commonwealth Government	3,612.9	4,128.2	4,586.1	4,900.7	5,247.2	5,513.1
Financing transactions -	2,159.1	2,265.0	2,382.0	2,665.0	2,347.9	2,274.0
Increase in provisions	230.5	493.4	662.3	701.6	691.2	670.0
Deficit	1,928.6	1,771.6	1,719.7	1,963.4	1,656.7	1,604.0
Deficit financing -						
Net advances received from Commonwealth Government	234.4	228.5	181.4	177.7	117.0	15.4
Other deficit financing	1,694.2	1,543.1	1,538.3	1,785.7	1,539.7	1,588.6

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)**

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
General public services	322.6	352.0	416.0	479.5	600.0	700.4
Public order and safety	419.8	443.5	468.0	536.9	564.7	605.1
Education -	1,979.9	2,240.7	2,341.2	2,603.5	2,763.8	2,924.3
Primary and secondary education	1,197.5	1,401.1	1,464.9	1,545.5	1,605.1	1,627.7
Tertiary	650.2	706.4	730.5	878.5	949.0	1,044.9
Other	132.3	133.2	145.8	179.4	209.6	251.8
Health -	1,085.1	1,213.4	1,475.8	1,616.8	1,817.1	2,021.7
Hospital and other institutional services and benefits	984.3	1,107.1	1,328.7	1,478.4	1,671.5	1,855.9
Clinics and other non-institutional services and benefits	50.0	52.4	54.8	35.3	32.3	27.1
Other	50.7	53.8	92.2	103.1	113.4	138.7
Social security and welfare	78.6	94.9	95.6	109.6	146.6	149.1
Housing and community amenities -	41.4	48.5	45.4	40.3	43.9	45.2
Housing and community development	28.5	32.7	33.7	30.8	36.5	37.8
Water supply	-	-	1.4	1.5	0.7	1.7
Sanitation and protection of the environment	12.9	15.9	10.2	8.0	6.7	5.6
Other community amenities	-	-	-	-	0.1	0.1
Recreation and culture	27.4	28.0	77.4	101.3	100.0	101.3

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

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Fuel and energy -	5.5	7.1	2.9	4.2	5.9	7.3
Fuel affairs and services	0.3	-	0.3	-0.3	-0.3	0.7
Electricity and other energy	4.5	5.8	0.1	0.5	0.6	0.6
Fuel and energy n.e.c.	0.7	1.3	2.6	4.1	5.6	6.0
Agriculture, forestry, fishing, and hunting	122.3	137.5	145.1	127.8	133.9	144.6
Mining, manufacturing, and construction	9.7	11.8	7.1	5.2	5.6	6.4
Transport and communications -	68.0	91.2	121.5	136.8	133.6	133.3
Road transport	91.1	99.2	101.7	118.9	125.3	131.1
Water transport	-5.1	-1.0	2.9	2.6	-10.9	-10.6
Rail transport	-8.5	-4.9	0.1	-	-	-
Other	-9.5	-2.1	16.9	15.4	19.1	12.8
Other economic affairs	39.1	42.4	125.2	95.2	83.6	82.2
Other purposes	63.3	26.8	4.5	3.9	2.4	3.4
Total	4,262.6	4,737.5	5,325.6	5,861.0	6,401.1	6,924.4

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

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
General public services	15.7	16.6	13.2	20.4	18.5	10.9
Defence	-	-	1.2	0.3	0.4	-
Public order and safety	28.9	46.6	67.0	90.5	114.1	144.2
Education -	158.7	188.8	240.4	247.2	260.5	226.6
Primary and secondary education	78.1	107.1	119.7	113.9	103.8	83.5
Tertiary education	72.9	75.6	107.1	118.9	145.6	130.7
Other	7.7	6.1	13.7	14.4	11.2	12.4
Health -	59.2	69.7	102.3	131.3	158.3	161.1
Hospital and other institutional services and benefits	55.7	65.8	98.2	121.6	148.6	154.4
Clinics and other non-institutional services and benefits	0.5	-	-	2.3	1.5	2.5
Other	2.9	3.9	4.1	7.4	8.3	4.2
Social security and welfare	1.9	3.3	3.7	6.7	6.3	11.5
Housing and community amenities -	569.5	570.2	563.2	632.6	696.9	714.9
Housing and community development	145.3	200.4	200.8	249.4	275.4	272.2
Water supply	214.1	192.7	182.1	165.3	179.0	174.1
Sanitation and protection of the environment	209.6	176.9	180.2	217.9	242.5	268.6
Other community amenities	0.5	0.3	-	-	-	-
Recreation and culture	45.2	37.6	35.4	48.5	71.3	60.8
Fuel and energy -	907.3	699.7	712.3	675.5	570.8	687.7
Fuel affairs and services	133.5	130.4	84.0	103.0	97.2	84.0
Electricity and other energy	773.7	569.3	628.2	572.2	473.4	603.6
Fuel and energy n.e.c.	-	-	-	0.2	0.2	0.1
Agriculture, forestry, fishing, and hunting	72.5	74.7	35.1	35.8	42.2	52.4
Mining, manufacturing, and construction	1.1	1.3	0.6	0.3	0.1	4.1

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

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Transport and communications -	456.5	697.6	676.3	667.0	696.1	566.2
Road transport	178.9	265.2	273.2	351.9	369.9	319.6
Water transport	28.9	33.5	30.0	24.0	23.9	15.8
Rail transport	218.4	198.2	134.5	100.6	100.0	99.2
Other	30.2	200.7	238.7	190.4	202.4	131.5
Other economic affairs	31.6	16.1	25.4	31.9	34.9	29.2
Other purposes	-	1.5	-	-	-	1.1
Total	2,348.2	2,423.7	2,476.0	2,587.9	2,670.4	2,670.9
Comprised of -						
General government	605.2	756.4	811.6	976.0	1,072.5	1,039.7
Public trading enterprises	1,743.0	1,667.3	1,664.5	1,611.9	1,597.9	1,631.2

In 1987-88 taxes, fees and fines totalled \$4,419.3m, an increase of 14 per cent on the 1986-87 figure of \$3,872.9m. Employer's payroll tax was the largest single item of taxation, being 28 per cent of the total. The actual amount in 1987-88 was \$1,231.6m, an increase of 11 per cent on 1986-87 (\$1,108.4m). Taxes on financial and capital transactions (stamp duties and financial institutions' taxes) were \$1,118.2m in 1987-88, an increase of 36 per cent on 1986-87 (\$819.1). Taxes on provision of goods and services (levies on statutory corporations, taxes on gambling and insurance) totalled \$829.9m in 1987-88, an increase of 6 per cent on 1986-87 (\$778.6m). Motor vehicle taxes were \$407.8m in 1987-88, an increase of 3 per cent on 1986-87 (\$394.4m). Petroleum products franchise taxes showed an 11 per cent increase from \$214.6m in 1986-87 to \$237.5m in 1987-88.

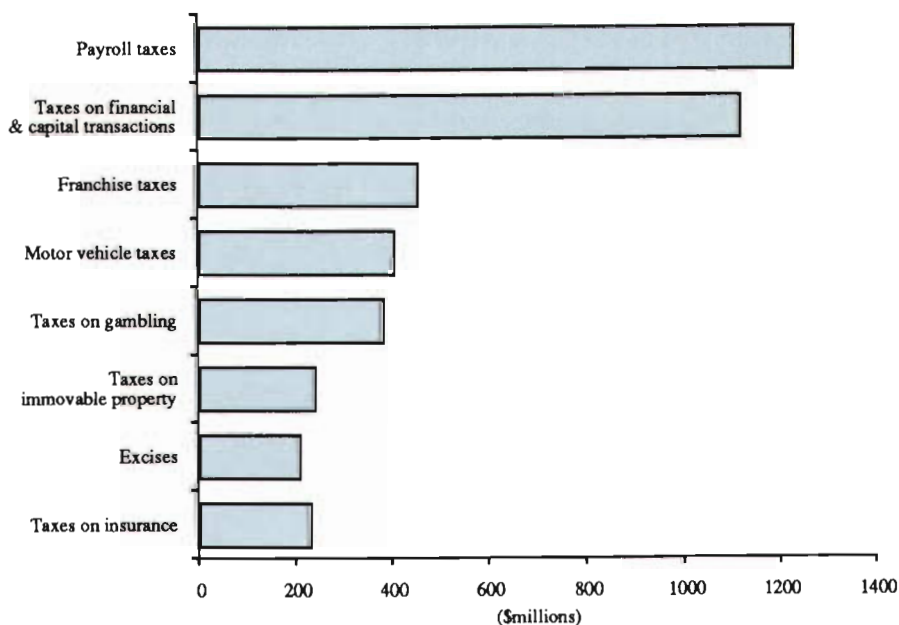
TABLE 9.4 STATE GOVERNMENT TAXES, FEES, AND FINES BY TYPE, VICTORIA
(\$ million)

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Employers' payroll taxes	809.3	833.4	924.8	1,029.8	1,108.4	1,230.8
Taxes on property -	520.7	614.5	757.3	887.4	1,046.5	1,361.5
Taxes on immovable property -	163.0	167.1	178.7	210.6	225.6	242.6
Land taxes	139.3	143.1	153.3	183.0	195.3	209.5
Metropolitan improvement rates	23.6	23.9	25.4	27.6	30.3	33.1
Estate inheritance and gift duty	43.0	30.2	8.5	2.2	1.8	0.7
Taxes on financial and capital transactions -	314.7	417.2	570.1	674.7	819.1	1,118.2
Stamp duties	275.2	336.3	479.4	569.7	699.5	978.8
Financial institutions' taxes	39.5	80.9	90.7	105.0	119.5	139.4
Taxes on provision of goods and services -	665.8	633.0	687.4	682.7	778.6	829.9
Excises (levies on statutory corporations)	209.5	142.8	165.1	178.8	217.9	211.1
Taxes on gambling -	219.3	254.8	298.6	311.6	352.5	385.4
Taxes on private lotteries	130.4	155.4	183.3	180.0	208.1	225.8
Race betting taxes	86.3	96.7	112.3	128.5	140.9	155.3
Taxes on gambling n.e.c.	2.5	2.7	3.0	3.1	3.4	4.4

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

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Taxes on insurance -	237.0	235.4	223.8	191.8	208.2	233.4
Insurance companies' contributions to fire brigades	77.4	76.1	83.5	92.3	105.6	114.6
Third party insurance taxes	18.9	19.0	10.3	-	-	-
Taxes on insurance n.e.c.	140.7	140.3	130.0	99.5	102.7	118.8
Taxes on use of goods and performance of activities -	574.9	635.7	692.4	758.7	825.1	880.5
Motor vehicle taxes -	286.4	313.8	347.1	375.0	394.4	407.8
Vehicle registration fees and taxes	175.8	177.6	177.7	190.4	202.7	196.6
Stamp duty on vehicle registration	80.0	101.1	133.5	151.4	163.4	180.7
Drivers' licences	30.5	35.1	35.9	33.2	28.3	30.5
Franchise taxes -	215.1	308.2	372.4	403.2	416.7	455.7
Gas franchise taxes	-	-	0.2	0.1	0.3	0.1
Petroleum products franchise taxes	109.5	151.6	192.4	210.8	214.6	237.5
Tobacco franchise taxes	47.8	83.8	104.6	111.5	113.4	123.6
Liquor franchise taxes	57.8	72.8	75.2	80.7	88.4	94.4
Other taxes on use of goods etc	73.5	13.6	-27.1	-19.5	14.0	17.0
Fees and fines	68.5	66.6	78.7	73.6	114.3	116.6
Compulsory Fees	33.0	24.6	33.1	31.4	64.5	67.5
Tertiary Education Fees	-	-	-	-	28.4	31.8
Fines	35.5	42.0	45.6	42.2	49.8	49.2
Total	2,639.2	2,783.2	3,140.7	3,431.7	3,872.9	4,419.3

STATE TAXATION VICTORIA, 1987-88



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 1988-89*.

General purpose grants, both capital and recurrent from the Commonwealth to Victoria in 1987-88 totalled \$3,160.8m, a 5 per cent increase from the \$3,014.2m in 1986-87. Specific purpose grants for recurrent and capital purposes in 1987-88 totalled \$2,352.4m, a 6 per cent increase on the 1986-87 figure of \$2,225.6m. Education (\$1,276.9m), Health (\$339.7m), and Transport (\$250.3m) together comprised 79 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. Total net advances to Victoria were \$15.4m in 1987-88, a decrease of 87 per cent on 1986-87 (\$117.0m).

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

<i>Nature of Payment</i>	<i>1982-83</i>	<i>1983-84</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>
General revenue funds -						
Tax sharing grants	1,743.4	1,926.2	2,019.9	-	-	-
Financial assistance grants	-	-	-	2,248.3	2,494.0	2,667.3
Special revenue assistance	19.5	62.8	31.0	-	0.4	3.6
Health grants	300.5	323.2	344.2	371.0	411.9	441.6
General revenue	2,063.4	2,312.3	2,395.1	2,619.3	2,906.3	3,112.5

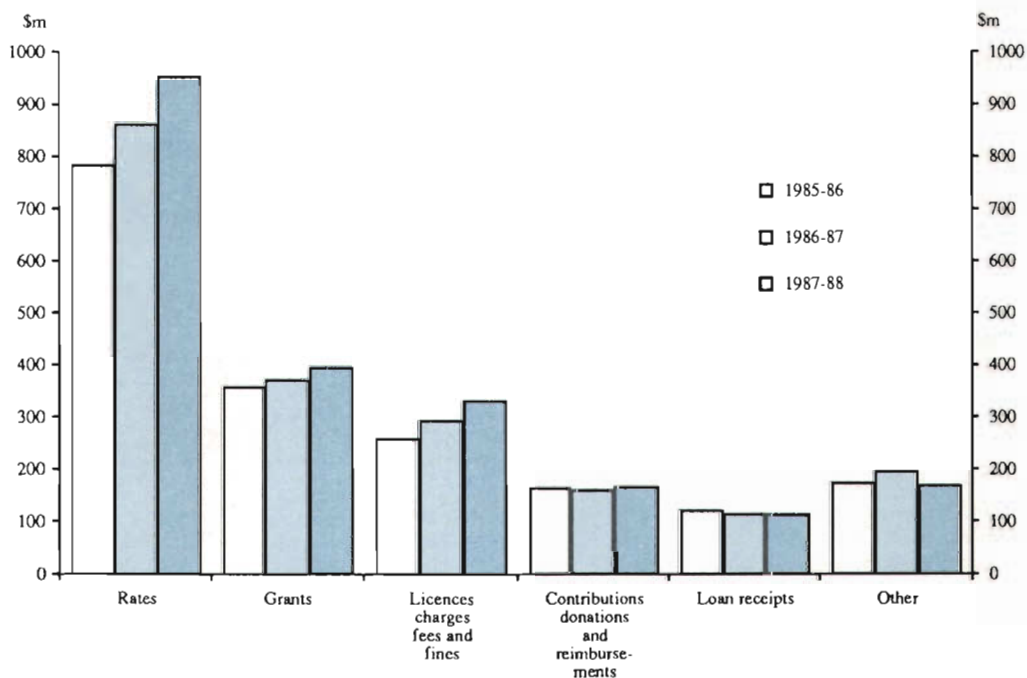
TABLE 9.5 COMMONWEALTH GOVERNMENT GRANTS TO OR FOR THE STATE AND LOCAL GOVERNMENT AUTHORITIES (a) VICTORIA - *continued*
(\$ million)

<i>Nature of Payment</i>	<i>1982-83</i>	<i>1983-84</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>
General purpose capital funds -						
Capital works grant	115.0	123.0	131.0	140.2	107.9	48.3
Specific purpose grants for						
recurrent and capital purposes -						
Interest on State debt	4.3	4.3	4.3	-	-	-
Sinking fund on State debt (b)	11.4	11.4	11.8	12.3	12.7	12.8
Education	910.9	990.2	1,095.6	1,161.8	1,203.0	1,276.9
Health	4.5	84.4	254.4	279.1	294.4	339.7
Social security and welfare	21.1	21.8	32.4	37.6	51.2	73.7
Housing and Community Amenities nec	89.9	131.5	141.5	148.9	158.2	159.4
Transport	213.9	230.9	267.5	253.9	254.0	250.3
Industry Assistance and Development	12.3	14.5	14.4	17.6	28.6	20.3
Culture and Recreation	1.0	3.1	6.1	6.1	5.8	5.5
Labour and Employment	37.3	105.7	94.4	68.7	46.2	23.6
Local government general purpose assistance	108.0	116.9	123.8	136.4	147.7	165.8
Other economic affairs and purposes	100.2	43.3	18.6	21.2	23.8	24.4
Specific purpose	1,514.8	1,758.0	2,064.8	2,143.6	2,225.6	2,352.4
General purpose	2,178.4	2,435.3	2,526.1	2,759.5	3,014.2	3,160.8
Total Commonwealth grants	3,693.2	4,193.3	4,590.9	4,903.1	5,239.8	5,513.2

(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
1985-86 to 1987-88**



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

Particulars	1985-86		1986-87		1987-88	
	\$'000	Per cent	\$'000	Per cent	\$'000	Per cent
Revenue -						
Rates (incl. penalties); ex-gratia receipts	786,832	41.9	867,069	43.0	956,223	44.6
Garbage (incl. rates and charges)	42,726	2.3	47,053	2.3	55,831	2.6
Other charges	166,401	8.9	192,517	9.5	210,238	9.8
Government grants -						
General purpose	136,565	7.3	149,630	7.4	165,092	7.7
Specific purpose -						
Capital	81,340	4.3	75,066	3.7	76,314	3.6
Current	143,273	7.6	149,689	7.4	157,363	7.3
Licences, fees, and fines	53,505	2.8	57,935	2.9	67,939	3.2
Interest received	89,371	4.8	95,029	4.7	78,099	3.6
Contributions, donations	47,703	2.5	43,398	2.2	45,762	2.1
Reimbursements -						
Roads and bridges -						
Construction	56,551	3.0	57,203	2.8	56,579	2.6
Maintenance	28,082	1.5	29,158	1.4	32,981	1.5
Other	35,239	1.9	33,289	1.6	34,062	1.6
Sale of land and second-hand fixed assets	41,256	2.2	58,362	2.9	55,481	2.6
Other (b)	46,779	2.5	45,134	2.2	37,636	1.8
Total revenue	1,755,621	93.4	1,900,533	94.2	2,029,600	94.6
Loan receipts	124,309	6.6	117,110	5.8	115,548	5.4
Total revenue and loan receipts	1,879,930	100.0	2,017,643	100.0	2,145,148	100.0
Outlay by purpose -						
General administration	283,508	15.0	311,530	15.5	348,087	15.9
Law, order, and public safety	15,970	0.8	17,139	0.9	19,618	0.9
Education	23,792	1.3	23,309	1.2	24,130	1.1
Health	43,405	2.3	48,882	2.4	54,496	2.5
Welfare	124,968	6.6	150,368	7.5	178,972	8.2
Housing	5,929	0.3	6,697	0.3	7,605	0.3
Community amenities	209,022	11.1	222,733	11.1	247,165	11.3
Recreation and culture	304,424	16.2	315,365	15.7	350,918	16.1
Economic services -						
Roads, streets, and bridges	412,017	21.9	409,327	20.4	431,019	19.7
Other transport (c)	64,001	3.4	73,726	3.7	78,750	3.6
Other economic affairs (d)	74,867	4.0	72,137	3.7	75,286	3.4
Other purposes (e)	115,136	6.1	132,079	6.6	131,291	6.0
Total outlay by purpose	1,677,039	89.0	1,785,293	88.8	1,947,336	89.1

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

Particulars	1985-86		1986-87		1987-88	
	\$'000	Per cent	\$'000	Per cent	\$'000	Per cent
Other outlay -						
Debt charges -						
Interest paid	113,476	6.0	123,522	6.1	126,465	5.8
Debt redemption	67,874	3.6	70,361	3.5	77,474	3.5
Grants, levies paid to government	16,828	0.9	20,855	1.0	21,700	1.0
Other (f)	8,628	0.5	11,560	0.6	12,047	0.6
Total outlay	1,883,846	100.0	2,011,592	100.0	2,185,022	100.0

(a) Includes only net results of trading activities.

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

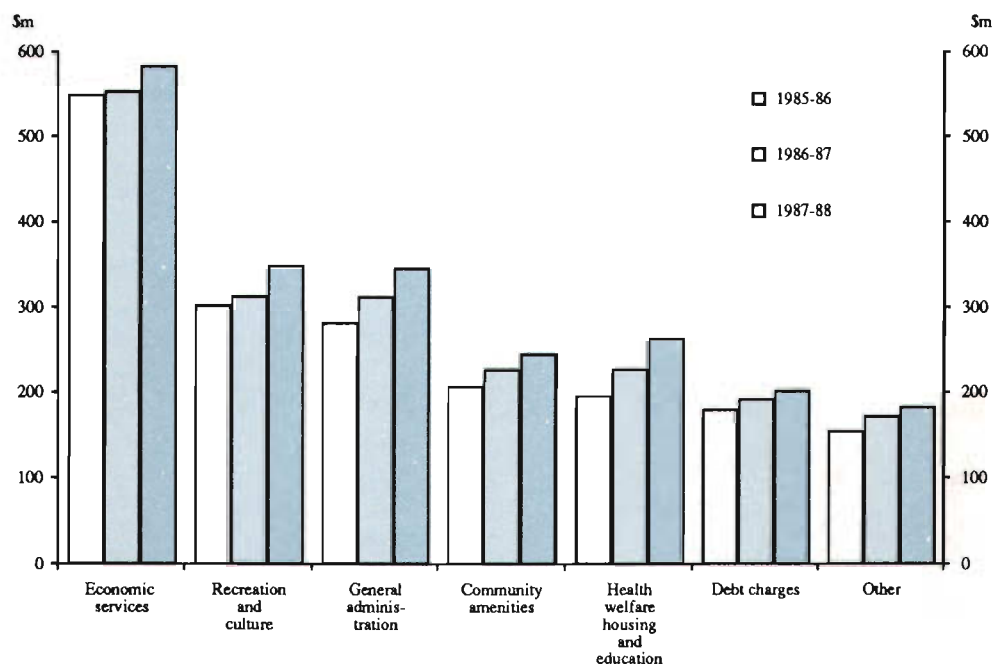
(c) Includes road plant purchases, parking, aerodromes and other transport n.e.c.

(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
1985-86 to 1987-88**



Non-bank finance

Permanent building societies in Victoria reduced in number from 31 in 1982-83 to 19 in 1987-88. This was due to both a number of amalgamations between societies and the conversion of two societies into savings banks in recent years. In 1987-88 deposits were \$3,868.9m and withdrawable shares \$1,090.4m, an increase of 64 per cent and 44 per cent respectively over the corresponding 1982-83 figures of \$2,361.9m and \$756.1m. The amount owing on loans in 1987-88 was \$4,077.1m, which was a 75 per cent increase on the 1981-82 amount of \$2,035.3m.

There were 124 credit co-operative societies with 517,254 members in Victoria at the end of 1986-87. The number of societies has declined from the 178 in 1981-82, but membership has increased by 31 per cent from 395,409 in 1982-83. As a proportion of Australia, the number of Victorian societies and members have hardly changed from 1981-82. Victorian societies in 1981-82 were 30 per cent of the Australian total (178 of 590) and 28 per cent in 1986-87 (124 of 434). Similarly membership was 23 per cent in 1981-82 (395,409 of 1,733,490) and 21 per cent in 1986-87 (517,254 of 2,432,531). The picture is different when deposits and loans are considered. Victorian deposits at the end of 1986-87 were \$1,364.8m, 20 per cent of the Australian total of \$6,819.1m. In 1981-82 it was 27 per cent, the figures being \$739.0m and \$2,704.4m for Victoria and Australia, respectively. Loans outstanding to Victorian members at the end of 1986-87 were \$1,190.0m, 20 per cent of the Australian total of \$5,997.0m. In 1981-82 the Victorian figure was \$591m, 25 per cent of the Australian figure of \$2,350.6m.

TABLE 9.7 PERMANENT BUILDING SOCIETIES, VICTORIA

Particulars	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Number of societies	31	26	25	24	20	19
Income and expenditure (\$'000) -						
Income -						
Interest from loans	332,857	334,642	387,258	513,731	508,473	551,159
Interest from deposits	45,173	26,788	30,634	61,475	40,809	31,810
Income from holdings of securities	109,362	129,210	140,285	122,859	165,859	151,857
Other income	12,200	15,194	28,981	34,616	41,435	83,117
Total income	499,592	505,834	587,158	732,681	756,576	817,943
Expenditure -						
Interest on shares	99,791	107,482	85,676	107,518	96,730	104,320
Interest on deposits	275,465	254,082	330,592	442,808	463,996	440,104
Income on loans	5,167	9,725	14,989	25,990	32,484	53,597
Other expenditure	99,948	105,909	123,381	135,132	145,552	158,496
Total expenditure	480,371	477,198	554,638	711,448	738,762	756,517
Liabilities and assets (a) (\$'000) -						
Liabilities -						
Share capital and reserves -						
Non-withdrawable shares	32,177	39,610	62,043	82,274	104,473	138,933
Withdrawable shares	756,095	943,412	997,971	1,068,297	1,047,024	1,090,378
Statutory reserves	13,971	15,835	17,975	4,923	279	91
Other reserves (b)	29,985	40,020	52,476	82,950	105,322	136,983
Deposits	2,361,915	2,681,199	3,284,489	3,603,498	3,384,579	3,868,913
Loans	72,733	186,286	109,738	246,336	368,637	498,312
Other liabilities	26,403	35,181	38,192	34,766	52,332	86,360
Total liabilities	3,293,279	3,941,543	4,562,884	5,123,044	5,062,916	5,819,970

TABLE 9.7 PERMANENT BUILDING SOCIETIES, VICTORIA - *continued*

Particulars	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Assets -						
Amounts owing on loans	2,156,035	2,585,541	3,363,614	3,671,116	3,565,737	4,077,117
Cash on hand	7,433	10,505	10,097	11,976	10,718	9,336
Deposits with banks	96,466	115,412	165,283	382,031	145,236	157,221
Deposits with other institutions	148,666	122,989	74,103	66,998	107,049	90,005
Bills, bonds, and other securities	771,253	994,602	825,393	823,370	1,057,007	1,305,654
Accounts receivable	24,761	21,097	10,633	30,777	38,353	32,303
Physical and other assets	88,665	91,397	113,761	136,776	138,816	148,334
Total assets	3,293,279	3,941,543	4,562,884	5,123,044	5,062,916	5,819,970

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

(b) Includes accumulated surpluses and deficits.

TABLE 9.8 CREDIT CO-OPERATIVES SELECTED STATISTICS, VICTORIA AND AUSTRALIA

	1981-82	1982-83	1983-84	1984-85	1985-86	1987-88
Number of credit co-ops -						
Victoria	178	172	159	144	128	124
Australia	590	549	531	493	453	434
Number of members at end of year -						
Victoria	395,409	413,242	437,115	468,871	501,396	517,254
Australia	1,733,490	1,824,286	1,971,146	2,147,189	2,311,228	2,432,531
Paid up capital at end of year (\$'000) -						
Victoria	3,636	3,831	4,075	4,444	4,830	6,051
Australia	14,653	15,493	16,787	18,208	19,450	21,641
Deposits at end of year (\$'000) -						
Victoria	738,960	867,662	983,040	1,149,600	1,257,759	1,364,823
Australia	2,704,446	3,391,768	4,099,601	5,063,850	6,070,212	6,819,128
Loans to members outstanding at end of year (\$'000) -						
Victoria	591,334	632,511	754,176	926,722	1,097,711	1,189,985
Australia	2,350,620	2,696,471	3,464,738	4,422,295	5,333,532	5,996,954

TABLE 9.9 AUSTRALIAN STOCK EXCHANGE INDICES (a)

Group	Dec. 1986	June 1987	Dec. 1987	June 1988	Dec. 1988	June 1989	Dec. 1989
All Ordinaries	1,473.2	1,764.1	1,318.9	1,555.0	1,487.2	1,521.0	1,649.9
All Industrials	2,347.4	2,605.2	1,980.0	2,485.4	2,477.4	2,476.8	2,586.6
All Resources	809.9	1,122.8	805.5	850.9	746.5	801.7	936.3
50 Leaders	1,303.3	1,555.6	1,216.4	1,443.0	1,385.2	1,454.7	1,589.5
Metals and Minerals	715.0	1,029.5	790.7	780.7	676.8	690.5	834.6
Gold (b)	1,744.3	2,826.1	2,156.0	1,851.7	1,468.4	1,438.0	1,748.3

(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).

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)
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)
Housing Finance for Owner Occupation, Australia (5609.0)
Credit Co-operatives: Assets, Liabilities Income and Expenditure, Australia (5618.0)
Permanent Building Societies: Assets, Liabilities, Income and Expenditure, Australia (5632.0)