

## PRIVATE FINANCE

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### BANKING

#### **Banking in 1976**

The Commonwealth Government's primary economic objective throughout 1976 was to reduce the inflation rate. Heavy reliance was placed upon monetary policy in the pursuit of this goal.

During the six months to December 1975, broadly defined money supply (M3) had grown at an annual rate of 17.9 per cent after seasonal adjustment, and in March 1976, the Treasurer announced that the government was aiming for an annual growth rate during the six months to June of 11 to 13 per cent.

#### *Monetary initiatives*

The Statutory Reserve Deposit (SRD) requirement was raised from 6.6 per cent to 7.6 per cent in January and later in the month several other measures, aimed at reducing the growth in money supply, were announced. A major initiative was the introduction of the Australian Savings Bond, aimed at tapping the pool of personal sector savings. Series 1 offered an interest rate of 10.5 per cent, and raised a total of \$757m in the 19 days for which it was on issue. In a further effort to cut private sector liquidity, the trading banks' liquid assets and government securities (LGS) convention was increased from 18 per cent to 23 per cent. At the same time, the government tried to stimulate business activity; interest rates on overdrafts were cut and the suspension of quarterly company tax payments, until the end of 1976-77, was announced.

Series 2 of the Australian Savings Bond, with an interest rate of 9.5 per cent, attracted a further \$329m and the volume of money actually fell during February 1976, as did trading bank deposits, but both rose again during March as the flow of funds to Savings Bonds slowed.

#### *June quarter*

During April, provisional tax payments put the government account into surplus. The overseas account remained in deficit and liquidity tightened. Rates on Certificates of Deposit (CDs) rose considerably as the trading banks competed for funds.

Most company tax payments were made during May and the government account moved further into surplus. Action by the Reserve Bank ensured that the trading banks were able to cope adequately with the liquidity drain. During April, the SRD requirement was reduced in two steps from 7.6 per cent to 5.6 per cent. During the June quarter, the Reserve Bank also provided considerable support through loans to official money market dealers and purchases of government securities as well as buying commercial bills direct from the trading

banks. Thus, although the major trading banks' LGS ratio fell to 23.9 per cent (only 0.9 per cent above the minimum requirement) in June, Reserve Bank support prevented an undue tightening of liquidity and increase of interest rates.

The government's actions were successful in reducing the rate of growth of the money supply. During the second half of 1975-76, on a seasonally adjusted basis, M3 increased at an annual rate of 9.6 per cent, well below the government's target.

The government account moved back to deficit in the month of June, but monetary conditions remained tight, since the Reserve Bank had begun to "unwind" its portfolio of commercial bills.

It was expected that this factor, together with a lower level of pay as you earn (PAYE) tax refunds following the introduction of personal tax indexation, would inhibit the usual seasonal easing of monetary conditions during the September quarter. The SRD requirement was reduced to 5.0 per cent during June.

As it turned out, tax refund payments during the September quarter 1976 were slightly higher than during the same period a year earlier, and the aggregate Commonwealth Government deficit for the September quarter was as high as \$2,276m. While partly offset by the unwinding of the Reserve Bank's previous support and a sizeable capital outflow, this large deficit laid the foundation for a high rate of money supply growth. In seasonally adjusted terms, M3 increased at an annual rate of 18 per cent during the September quarter 1976.

Reduction in money supply growth, however, continued to be a commitment of the government and during his Budget Speech in August, the Treasurer set a target range for money supply growth for 1976-77 of 10 to 12 per cent.

In August, and then again in September, the yields on both 13-week and 26-week Treasury Notes were increased by 0.5 percentage points. The October Commonwealth Loan attracted subscriptions of only \$230m, and the prospect of a fall in interest rates in the near future diminished.

### *Devaluation*

At this time, a steady capital outflow was accompanying speculation concerning a possible devaluation of the Australian dollar. Early in November, the government announced several policy initiatives with the apparent aim of both averting a devaluation and dampening monetary expansion. The measures included increased interest rates on Treasury Notes, Australian Savings Bonds, short-to-medium term government bonds, and semi-government securities. The SRD ratio was increased by 1 per cent but, to allow the banks some small return on these "frozen" funds, the interest rate paid on them was increased from 0.75 per cent to 2.5 per cent. Banks and other financial institutions were requested to reduce their rate of new lending.

Despite these measures, a 17.5 per cent devaluation was announced on 28 November and was followed by further restrictive monetary measures aimed at offsetting the expansionary effects of the expected capital inflow. More severe reductions in bank lending were requested and official interest rates were again increased.

Net apparent capital inflow totalled \$557m during December, a substantial turnaround from the outflows recorded in the preceding two months. Major trading banks' deposits grew by 3.4 per cent in December, and their LGS ratio increased to 27.0 per cent, from 25.7 per cent in November. The SRD requirement was raised by 1 per cent to 7 per cent from 30 December.

A series of small revaluations during December reduced the extent of the November devaluation from 17.5 per cent to 12.4 per cent at 31 December.

During the latter part of 1976, a major concern of the trading banks was to prepare for the very heavy liquidity drain expected during March-June 1977. The restrictive measures taken by the government during December were an indication of its determination to continue to exercise close control over the banks' liquidity and to minimise the effect upon money supply growth of the November devaluation.

Following the devaluation, the Treasurer had expressed doubts that the government's money supply growth rate target would be met. However, during the December quarter, M3, seasonally adjusted, grew at an annual rate of 11.8 per cent, inside the target range for the year as a whole, indicating that the original 10 to 12 per cent target might not be greatly exceeded.

#### *Major Trading Bank deposits*

Total deposits of the Major Trading Banks (MTBs) in Australia increased by \$2,208m to \$17,708m during 1976, compared with increases of \$2,993m and \$441m during 1975 and 1974, respectively. Current deposits in 1976 increased by \$467m, and term deposits (including Certificates of Deposit) increased \$1,741m. The ratio of term deposits to total deposits increased from 55.8 per cent to 58.7 per cent.

#### *Savings Bank deposits*

Deposits with Australian Savings Banks increased by \$1,750m during 1976 to \$15,834m. Investment type accounts continued to grow more strongly than other classifications (mainly ordinary pass-book accounts) and their share of total deposits increased from 33.6 per cent to 36.3 per cent.

Deposit growth was strongest during the early part of 1976, aided by a flow of funds away from building societies in some States.

#### *Major Trading Bank lending*

During most of 1976, banks' new lending was relatively subdued. New and increased lending commitments of the Major Trading Banks reached a peak of \$121m per week during April.

Over the full year, Major Trading Banks' loans, advances, and bills discounted increased by \$1,563m or 15.4 per cent. This compares with increases of \$905m (9.8 per cent) and \$1,377m (17.4 per cent) during 1975 and 1974, respectively.

#### *Savings Bank lending*

Australian Savings Banks' housing and other loans outstanding increased by \$1,510m to \$7,483m during 1976. The proportion of loans outstanding to depositors' balances rose from 42.4 per cent to 47.3 per cent.

#### *Victorian bank deposits*

Total Major Trading Banks' deposits in Victoria rose by \$646m to \$4,982m during 1976. This represents an increase of 14.9 per cent compared with a rise of 28.4 per cent during 1975. Victoria's share of Australia's Major Trading Banks' deposits increased marginally, from 28.0 to 28.1 per cent during 1976.

Savings Bank deposits in Victoria increased by \$660m or 12.8 per cent to \$5,810m during 1976, compared with a rise of 19.2 per cent during 1975. Victoria's share of all savings bank deposits also increased marginally from 36.6 per cent to 36.7 per cent during the year.

In December 1976, Victorians on average had \$1,576 a head in savings bank accounts, compared with a national average of \$1,164. In December 1975, the equivalent figures were \$1,376 (Victoria) and \$1,034 (Australia).

#### *Bank lending in Victoria*

Major Trading Bank loans, advances and bills discounted in Victoria increased \$535m to \$3,351m during 1976, compared with an increase of \$298m during 1975.

Savings Bank housing loans outstanding in Victoria increased from \$1,951m in December 1975 to \$2,459m in December 1976. Victoria's share of all savings bank housing loans outstanding in Australia was 37.8 per cent at the end of 1976, compared with 37.7 per cent a year earlier.

Further reference, 1977 ; History of banking in Victoria, 1961

### Reserve Bank of Australia

The Reserve Bank of Australia is Australia's central bank which operates under legislative powers contained in the *Banking Act 1959* and the *Reserve Bank Act 1959*.

The Bank is responsible for regulating the Australian monetary and banking system ; it manages the note issue, performs banking and other services for government, is banker to the trading and savings banks, and administers exchange control. The Bank also distributes Australia's coinage on behalf of the Commonwealth Government, manages stock registries for Commonwealth Government debt, deals with banks in foreign exchange, and manages a central pool of the nation's gold and overseas currency reserves. Through its Rural Credits Department, the Bank makes short term loans to rural marketing authorities and co-operative associations of primary producers.

The Bank was established by Commonwealth legislation in 1911 as a body corporate with the name Commonwealth Bank of Australia. It initially carried on the general business of banking and the business of a savings bank ; these activities are now conducted in the family of banks within the Commonwealth Banking Corporation, established under the *Commonwealth Banks Act 1959*. The Reserve Bank Act preserved and continued in existence the original corporate body known as the Commonwealth Bank of Australia under the new name Reserve Bank of Australia. The Act came into operation on 14 January 1960 and from that date the Bank has been a completely separate central bank.

Responsibility for determining the policies of the Bank and ensuring that they are carried out is entrusted to the Reserve Bank Board which consists of the Governor of the Bank (Chairman), the Deputy Governor (Deputy Chairman), the Secretary to the Treasury, and seven other members appointed by the Governor-General. Under the Reserve Bank Act it is the duty of the Board, within the limits of its powers, "to ensure that the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia and that the powers of the Bank under this Act, the *Banking Act 1959* and the regulations under that Act are exercised in such a manner as, in the opinion of the Board will best contribute to : (1) The stability of the currency of Australia ; (2) the maintenance of full employment in Australia ; and (3) the economic prosperity and welfare of the people of Australia."

Monetary policy, administered by the Reserve Bank, supplements the other branches of government economic policy, such as fiscal policy, exchange rate policy, and debt management policy. Realisation of the community's economic objectives can require an appropriate setting in each of the several policy instruments.

The Bank directly regulates bank liquidity through the dual mechanism of the Statutory Reserve Deposit (SRD) system and the liquid assets and government securities (LGS) convention. Interest rate and open market policies also bear indirectly on bank liquidity.

The Bank is also required to perform its functions and exercise its powers under the Financial Corporations Act with the same general objectives as its monetary and banking policy, as laid down in the Reserve Bank Act.

**AUSTRALIA—RESERVE BANK :  
CENTRAL BANKING BUSINESS (INCLUDING NOTE ISSUE  
DEPARTMENT) : AVERAGE LIABILITIES AND ASSETS  
(\$m)**

Particulars	1972-73	1973-74	1974-75	1975-76	1976-77
<b>Liabilities—</b>					
Capital and reserves	66	48	46	46	46
Special reserve—					
IMF Special Drawing Rights	197	185	202	205	217
Australian notes on issue	1,633	1,958	2,374	2,762	3,172
Statutory Reserve Deposit accounts of trading banks	642	1,026	462	909	1,304
Other deposits of trading banks	84	54	52	42	69
Deposits of savings banks	1,201	1,311	1,057	1,090	1,213
Other liabilities	1,454	1,210	1,200	748	1,255
<b>Total</b>	<b>5,277</b>	<b>5,792</b>	<b>5,393</b>	<b>5,802</b>	<b>7,276</b>
<b>Assets—</b>					
Gold and foreign exchange	4,122	3,768	3,111	2,779	2,612
Australian notes and coin	19	19	22	21	27
Cheques and bills of other banks	5	9	7	7	6
Commonwealth Government securities—					
Redeemable in Australia—					
Treasury bills and notes	98	72	147	1,290	1,758
Other	407	730	1,041	907	2,190
Bills receivable and remittances in transit	39	46	48	69	78
Loans, advances, and all other assets	587	1,148	1,017	729	605
<b>Total</b>	<b>5,277</b>	<b>5,792</b>	<b>5,393</b>	<b>5,802</b>	<b>7,276</b>

**AUSTRALIA—RESERVE BANK : RURAL CREDITS  
DEPARTMENT : AVERAGE LIABILITIES AND ASSETS  
(\$m)**

Particulars	1972-73	1973-74	1974-75	1975-76	1976-77
Liabilities (excluding capital and contingencies)	202.2	167.3	147.3	201.2	289.0
Assets (loans, advances, etc.)	250.0	217.1	200.2	258.5	350.3

**Further reference, 1977**

**Commonwealth banking legislation**

Information about the provisions of Commonwealth banking legislation can be found on pages 648-50 of the *Victorian Year Book* 1966.

*Commonwealth Trading Bank of Australia*

The Commonwealth Trading Bank, a member bank of the Commonwealth Banking Corporation, is one of the largest Australian trading banks. It provides banking services at more than 1,200 branches and agencies throughout Australia.

The Bank offers a full range of domestic and international banking services including portfolio management, and nominee and share registry facilities. It supplies a wide variety of market information and financial assistance to exporters and importers. It also has a comprehensive network of agents and correspondent banks throughout the world.

The Bank's services are complemented by (1) a fully integrated retail travel service; (2) a merchant banking facility through its affiliate Australian European Finance Corporation Limited; and (3) a range of general financial services in the traditional areas of hire purchase, leasing, and consumer and commercial loans through the Commonwealth Banking Finance Company Limited which it owns jointly with the Commonwealth Savings Bank.

**AUSTRALIA—COMMONWEALTH TRADING BANK :  
DEPOSITS, ADVANCES, AND NUMBER OF ACCOUNTS**

At 30 June—	Deposits repayable in Australia (average for month of June)			Advances	Number of accounts
	Bearing interest	Not bearing interest	Total		
	\$m	\$m	\$m	\$m	'000
1972	979	748	1,727	1,105	1,216
1973	1,388	971	2,359	1,534	1,287
1974	1,667	928	2,595	1,887	1,357
1975	2,060	1,068	3,128	2,180	1,556
1976	2,310	1,297	3,607	2,424	1,596

*Commonwealth Savings Bank of Australia*

The Commonwealth Savings Bank of Australia was established in July 1912. It is the largest savings bank in Australia, having total assets at 30 June 1976 of \$5,673m and conducting 8,026,000 active accounts.

The Savings Bank's depositors' balances are widely invested in the development of Australia; apart from advances (mainly for housing) of \$2,406m outstanding at 30 June 1976, investments in Commonwealth and State Government securities totalled \$1,428m and in local and semi-governmental securities amounted to \$1,269m.

During 1975-76 the Savings Bank approved housing loans totalling \$726m enabling 41,500 families to buy their own homes.

The Commonwealth Savings Bank and the Commonwealth Trading Bank provide special services to facilitate the assimilation of newcomers to Australia through the Australian Financial and Migrant Information Service in London, the Migrant Information Service in all capital cities and other major centres, and agencies conducted on migrant vessels and at hostels.

**AUSTRALIA—COMMONWEALTH SAVINGS BANK :  
NUMBER OF ACTIVE ACCOUNTS, AMOUNT AT  
CREDIT OF DEPOSITORS, LOANS AND ADVANCES  
OUTSTANDING, ETC.**

At 30 June—	Number of active accounts	Amount at credit of depositors	Loans and advances outstanding	Common- wealth and other securities held
	'000	\$m	\$m	\$m
1972	7,633	3,421	1,175	1,862
1973	7,780	4,023	1,290	2,018
1974	7,569	4,333	1,476	2,367
1975	7,865	4,840	1,940	2,576
1976	8,026	5,423	2,406	2,697

*Commonwealth Development Bank*

The Commonwealth Development Bank of Australia provides finance for the purpose of primary production and for the establishment or development of industrial and tourist undertakings, particularly small undertakings. It supplements the lending activities of the trading banks and other institutional lenders and may only provide assistance in circumstances where, in the opinion of the Bank, the finance sought would not otherwise be available on reasonable and suitable terms and conditions.

Loans are made to primary industry for a wide range of purposes: purchase of plant and livestock, pasture improvement, fodder and water storage, and conservation and erection of essential farm buildings (including housing). Loans are also made to assist with purchase of property for farm development or to enable a farmer with a marginally economic holding to build up his area to the extent reasonably required for economic operation in the longer term. In addition, loans are provided for the purchase of farm properties in appropriate circumstances other than for development and farm build-up; to assist with the holding together of a farming enterprise upon the death of a farm proprietor, and for the repayment of unsuitably short-term private mortgage debt and similar obligations.

The Commonwealth Development Bank also provides assistance to the fishing industry by way of construction loans for new vessels and gear and loans to improve the operating performance and functional activity of older boats. In appropriate cases, loans are made to finance change of ownership of fishing boats and also to finance the repayment of existing debt on fishing boats, arranged on unsuitable terms and conditions.

Loans to secondary industry are provided mainly to the manufacturing, construction, and transport industries. The Bank expects that the finance it provides to industrial enterprises will lead to increased production or improved productivity.

With regard to the tourist industry, the Bank expects that the finance it provides will lead to the establishment or improvement of undertakings providing accommodation or transportation for tourists, and other facilities designed to attract tourists, in locations away from main population centres. Except in special circumstances, the Bank does not approve loans for industrial and tourism purposes which merely involve change of ownership of assets or the taking over of debt from another lender.

The Bank also provides finance under hire purchase or other appropriate instalment payment arrangements for the acquisition of income-earning equipment used in primary production, industrial undertakings, and tourist undertakings.

Loan approvals for the year ended 30 June 1976 numbered 1,380 for a total amount of \$37.9m and equipment finance approvals numbered 6,083 for a total amount of \$45.2m.

**AUSTRALIA—COMMONWEALTH DEVELOPMENT BANK: OUTSTANDING  
LOAN BALANCES AT 30 JUNE 1976  
(\$'000)**

Rural loans		Non-rural loans	
Type of industry	Amount	Type of industry	Amount
Sheep	62,292	Engineering	6,625
Dairying	25,546	Chemicals	1,283
Cattle	89,674	Foodstuffs and preservation	9,329
Wheat	26,765	Electrical and allied	
Fruit growing	9,752	manufacturing	1,267
Poultry	3,468	Building materials and fittings	3,467
Other grain crops	8,957	Other manufacturing	4,272
Other rural industries	16,127	Transport, storage, and	
		communication	1,205
		Fishing	6,524
		Other non-rural industries	14,853
Total	242,581		48,825

Further reference, 1977; Australian Resources Development Bank Ltd, 1970

## Trading banks

The following tables show operations of trading banks in Victoria :

## VICTORIA—TRADING BANKS: NUMBER OF BRANCHES AND AGENCIES

Bank	At 30 June 1975		At 30 June 1976	
	Branches	Agencies	Branches	Agencies
<b>Major trading banks—</b>				
Commonwealth Trading Bank of Australia	149	96	162	88
Australia and New Zealand Banking Group Ltd	317	69	310	55
The Bank of Adelaide	2	..	2	..
Bank of New South Wales	192	10	196	8
The Commercial Bank of Australia Ltd	180	38	180	26
The Commercial Banking Co. of Sydney Ltd	153	36	155	31
The National Bank of Australasia Ltd	247	78	245	61
<b>Total major trading banks</b>	<b>1,240</b>	<b>327</b>	<b>1,250</b>	<b>269</b>
<b>Other trading banks—</b>				
Bank of New Zealand	1	..	1	..
Banque Nationale de Paris	1	..	1	..
<b>Total other trading banks</b>	<b>2</b>	<b>..</b>	<b>2</b>	<b>..</b>
<b>Total all trading banks</b>	<b>1,242</b>	<b>327</b>	<b>1,252</b>	<b>269</b>
Melbourne metropolitan area	743	154	755	135
Remainder of Victoria	499	173	497	134

VICTORIA—MAJOR TRADING BANKS: AVERAGE (a) OF DEPOSITS  
AND ADVANCES, MONTH OF JUNE 1976  
(\$'000)

Bank	Deposits repayable in Australia			Loans (b), advances, and bills discounted
	Not bearing interest	Bearing interest	Total	
Commonwealth Trading Bank of Australia	275,100	380,103	655,203	532,895
<b>Private trading banks—</b>				
Australia and New Zealand Banking Group Ltd	510,358	737,196	1,247,555	887,053
The Bank of Adelaide	5,535	5,634	11,170	8,114
Bank of New South Wales	212,297	404,741	617,038	433,588
The Commercial Bank of Australia Ltd	226,742	358,527	585,268	415,899
The Commercial Banking Co. of Sydney Ltd	124,237	249,925	374,164	218,778
The National Bank of Australasia Ltd	335,089	554,284	889,372	518,994
<b>Total</b>	<b>1,689,359</b>	<b>2,690,412</b>	<b>4,379,771</b>	<b>3,015,321</b>

(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.

VICTORIA—MAJOR TRADING BANKS: AVERAGES (a)  
OF DEPOSITS AND ADVANCES  
(\$'000)

Month of June—	Deposits repayable in Australia			Loans (b), advances, and bills discounted
	Not bearing interest	Bearing interest	Total	
1972	1,065,861	1,163,039	2,228,898	1,434,696
1973	1,389,221	1,572,730	2,961,949	1,824,796
1974	1,328,101	1,834,843	3,162,943	2,395,379
1975	1,437,328	2,415,570	3,852,898	2,751,212
1976	1,689,359	2,690,412	4,379,771	3,015,321

(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.



**VICTORIA—MAJOR TRADING BANKS: ADVANCES TO  
CATEGORIES OF BORROWERS  
(\$m)**

Classification	At second Wednesday of July—				
	1972	1973	1974	1975	1976
<b>Resident borrowers—</b>					
Business advances—					
Agriculture, grazing, and dairying	197.2	210.7	238.5	261.3	276.9
Manufacturing	298.8	311.0	529.5	571.0	595.9
Transport, storage, and communication	23.2	31.6	48.9	63.0	54.5
Finance	137.2	249.1	168.7	315.3	214.9
Commerce	193.9	236.8	333.8	330.3	368.7
Building and construction	41.8	67.0	84.0	94.1	108.8
Other businesses	262.4	301.5	362.0	431.4	486.8
Unclassified	14.1	19.6	19.5	28.4	57.9
Total business advances	1,168.6	1,427.3	1,785.0	2,094.7	2,164.5
Advances to public authorities	30.8	15.5	25.3	63.3	71.0
Personal advances	246.5	423.9	525.0	614.5	821.6
Advances to non-profit organisations	17.0	18.8	24.4	32.3	32.8
Total advances to resident borrowers	1,462.9	1,885.5	2,359.7	2,804.8	3,090.0
<b>Non-resident borrowers</b>	1.6	1.3	1.9	4.6	5.4
<b>Grand total</b>	<b>1,464.5</b>	<b>1,886.8</b>	<b>2,361.6</b>	<b>2,809.5</b>	<b>3,095.4</b>

The following table shows the average weekly amounts debited by trading banks to customers' accounts. Particulars relate to the operation of all trading banks transacting business in Victoria (as set out in the first table on page 515) and, in addition, the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank. Debits to Commonwealth and Victorian Government accounts at Melbourne city branches are excluded from the table.

**VICTORIA—TRADING BANKS (a): AVERAGE  
WEEKLY DEBITS TO CUSTOMERS' ACCOUNTS  
(\$m)**

Year	Average weekly debits	Year	Average weekly debits
1966-67	940.0	1971-72	1,808.7
1967-68	1,041.8	1972-73	2,373.2
1968-69	1,214.1	1973-74	2,719.0
1969-70	1,413.3	1974-75	3,000.8
1970-71	1,647.3	1975-76	3,932.1

(a) Also includes the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank.

**State Bank**

The State Bank, formerly known as the State Savings Bank of Victoria, which was established in 1841, is constituted under Victorian statutes and operates branches and agencies throughout Victoria. It is directed by a Victorian Government appointed board of seven commissioners, who exercise control through the general manager. The business of the Bank is conducted in two departments, the Savings Bank Department and the Credit Foncier Department.

The Savings Bank Department accepts interest-bearing deposits through pass-book, school bank, coupon club accounts, and fixed deposit stock and term deposits, and provides cheque accounts, safe deposits, and a wide range of other banking services. The funds are principally invested in loans to semi-governmental, municipal, and other public authorities within Victoria; loans on the security of first mortgage over freehold land for houses and farms either directly

or through investment in the debentures of the Credit Foncier Department; secured and unsecured loans for personal and other purposes; and in Commonwealth Government securities.

The Credit Foncier Department, which is wholly financed by the Savings Bank Department, also makes long-term loans to finance the erection and purchase of homes.

The State Bank is the largest savings bank in Victoria, having assets of \$3,217m at 30 June 1977. The deposits of its 3,588,443 operative accounts, held at 527 branches and sub-branches and 540 agencies, amounted to \$2,849m which represented approximately 47.7 per cent of all savings bank balances in Victoria.

Under a 1957 amendment to the State Savings Bank Act, the Bank was empowered to conduct cheque accounts which, except in the case of certain non-profit organisations, do not bear interest. At 30 June 1977 the Bank held 395,674 cheque accounts with balances of \$251m.

At 30 June 1977, 298 branches were served by a computer complex at the Bank's Head Office. These included 270 directly linked by telegraph line. The computer also processed many Head Office accounting functions.

A Christmas Club has operated since November 1964 and a Calendar Club with a variable term arrangement since 1971. For the year ending 30 June 1977, \$25.0m was paid out to members of the Christmas Club.

Secured and unsecured personal loans were introduced in November 1963. At 30 June 1977, 106,557 borrowers owed \$319.8m.

A 1973 Act removed a requirement for approval of the Governor in Council to changes in interest rates. This had involved administrative delays which sometimes placed the Bank at a competitive disadvantage.

The Bank's powers were extended significantly in 1973 by amendments to the Savings Bank Act. A notable change, aimed at assisting decentralisation, was a provision enabling the Bank to lend funds to the newly established Victorian Development Corporation.

A new legislative provision introduced after the 1973 Victorian Budget required that, as from 30 June 1974, one half of the annual net profits of the Savings Bank Department would be paid into Consolidated Revenue. This provision was consistent with the general practice of other government banks in Australia.

To provide banking facilities for a rapidly expanding population, and to replace agencies formerly conducted by private banks, the State Bank increased the number of its branches and sub-branches from 267 in 1956 to 527 in 1977. In the same period many of the Bank's older branches were re-built or modernised to provide attractive premises for clients and staff.

Depositors' balances have increased from \$528.6m at 30 June 1956, the year in which private banks entered the savings field, to \$2,849m at 30 June 1977.

### *Housing and farm loans*

The State Bank has been the largest single source of housing finance in Victoria since it introduced low cost long-term mortgage loans in 1910. At 30 June 1977, 103,325 housing loan borrowers owed a total debt of \$1,221m.

In less direct ways the Bank provides further assistance to home seekers. Overdraft accommodation has been provided to co-operative housing societies and, at 30 June 1977, \$2.2m. was owed to the Bank by co-operative societies. The Bank also provides funds to the Home Finance Trust which, at 30 June 1977, owed the bank \$8.9m.

Rural interests are well served by long-term mortgage loans or short-term personal loans. Advances to farmers totalled \$3.2m in 1976-77 and at 30 June 1977, \$28.7m was outstanding from 1,466 borrowers.

*Loans for essential services*

Houses require such services as water, power, and sewerage, while such amenities as made roads, nearby baby health centres, and recreation areas are also important adjuncts to family living. The Bank lends considerable support to the semi-governmental and municipal authorities responsible for providing these services; the amount invested with them at 30 June 1977 was \$747.9m.

*Loans to churches, schools, social organisations, etc.*

The Bank has always been a source of finance for the erection of churches, school buildings, and community halls and for the provision of associated amenities. The advances to borrowers during 1976-77 totalled \$1.5m.

*School banking*

The State Bank's school bank system was introduced in 1912. At 30 June 1977 banking was provided at 2,412 schools for 466,458 depositors whose balances totalled 10.9m.

*Other facilities*

The Bank also provides other services such as industrial savings facilities, bankcards, and facilities for travellers interstate and overseas.

**VICTORIA—STATE BANK: DEPOSITORS' ACCOUNTS  
AND TRANSACTIONS**

Year	Depositors' accounts at 30 June		Transactions		Interest paid
	Number	Amount	Deposits	Withdrawals	
	'000	\$'000	\$'000	\$'000	\$'000
1972-73	3,090	1,615,431	3,619,360	3,387,172	56,271
1973-74	3,209	1,862,302	5,165,430	4,962,023	76,166
1974-75	3,406	2,225,639	8,492,067	8,169,974	114,256
1975-76	3,497	2,575,292	9,638,308	9,505,732	134,671
1976-77	3,588	2,850,196	12,537,767	12,446,814	147,109

**VICTORIA—STATE BANK: ADVANCES AND BALANCES  
OUTSTANDING FOR MORTGAGE AND OTHER LOANS (a),  
SAVINGS BANK AND CREDIT FONCIER DEPARTMENTS  
(\$m)**

Year	Advances				Balances outstanding at end of year	
	Savings bank			Credit foncier	Savings bank	Credit foncier
	Housing (b)	Farms	Churches, etc.			
1972-73	114.5	4.6	0.7	3.7	434.9	126.7
1973-74	167.6	6.6	0.7	1.5	550.7	107.0
1974-75	277.3	3.6	0.9	0.4	766.2	91.2
1975-76	302.4	4.0	1.3	0.4	991.6	75.4
1976-77	330.0	3.2	1.5	0.1	1,219.0	61.8

(a) Excludes personal loans and loans to finance the extension of electric power lines in rural areas.

(b) Excludes loans to co-operative housing societies and deposits with the Home Finance Trust.

The reserves of the State Bank at the end of each of the five years to 1976-77 were: 1972-73, \$60.6m; 1973-74, \$63.8m; 1974-75, \$67.2m; 1975-76, \$74.5m; and 1976-77, \$89.4m.

Further reference, 1977; *History of the State Savings Bank, 1961*

**Private savings banks**

Private savings banks have been operating in Victoria since January 1956, when two of the banks commenced operations in this field. By July 1962 seven banks were participating in this business, which were reduced to six from 1 October 1970, and increased to seven again from August 1972.

**VICTORIA—PRIVATE SAVINGS BANKS:  
DEPOSITS AND PROPORTION OF ALL  
VICTORIAN SAVINGS BANK DEPOSITS**

At 30 June—	Deposits in Victoria	Proportion of deposits with all savings banks in Victoria
	\$'000	per cent
1972	855,606	30.0
1973	1,139,113	32.2
1974	1,214,312	30.9
1975	1,386,568	29.7
1976	1,685,462	31.3

At 30 June 1976 private savings banks had 1,089 branches and 831 agencies throughout Victoria.

**Total deposits, etc., in savings banks**

The following table shows the amount of depositors' balances in each savings bank in Victoria at 30 June 1972 to 1976:

**VICTORIA—SAVINGS BANKS: DEPOSITS**

Savings bank	Depositors' balances at 30 June—				
	1972	1973	1974	1975	1976
	\$'000	\$'000	\$'000	\$'000	\$'000
State Savings Bank of Victoria (a)	1,344,404	1,615,145	1,861,972	2,303,497	2,574,500
Commonwealth Savings Bank of Australia	651,944	784,549	853,858	978,443	1,117,655
Private savings banks—					
Australia and New Zealand Savings Bank Ltd	317,221	416,187	437,132	479,483	565,534
The Bank of Adelaide Savings Bank Ltd	1,754	2,366	2,383	2,976	3,737
Bank of New South Wales Savings Bank Ltd	191,148	243,889	255,167	295,282	365,440
Bank of New Zealand Savings Bank Ltd (b)	..	330	494	508	512
The Commercial Savings Bank of Australia Ltd	95,758	134,978	148,414	181,162	219,125
C.B.C. Savings Bank Ltd	91,740	126,329	136,536	154,612	194,868
The National Bank Savings Bank Ltd	157,987	215,034	234,186	272,545	336,246
<b>Total deposits</b>	<b>2,851,956</b>	<b>3,538,807</b>	<b>3,930,142</b>	<b>4,668,508</b>	<b>5,377,617</b>
<b>Deposits per head of population</b>	<b>\$ 804</b>	<b>\$ 987</b>	<b>\$ 1,082</b>	<b>\$ 1,270</b>	<b>\$ 1,460</b>

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

(b) Bank of New Zealand Savings Bank Ltd commenced in August 1972.

**FINANCIAL INSTITUTIONS (OTHER THAN BANKS)**

**Introduction**

Financial institutions specialise in borrowing and lending funds. They act as intermediaries between holders of surplus funds (i.e., funds surplus to their current spending or investment requirements) and seekers of funds (whose current and/or future fund requirements exceed their holdings of liquid funds).

This intermediation activity can be distinguished from direct financing where lenders and borrowers actually meet or where firms, for instance, raise capital from primary lenders. The success of financial intermediaries is dependent on their ability to satisfy the needs of borrowers and lenders efficiently. In this context their ability to meet not only existing needs but emerging demands is of paramount importance.

In line with the rapid transformation of the Australian economy over the last twenty years, the range and variety of financial institutions have expanded considerably. Some general factors contributing to the growth of the Australian private financial sector include changes in the industrial structure of the economy, changing levels of incomes and wealth, and changes in community spending patterns. These factors have in turn led to altered preferences for asset acquisition—between physical and financial assets—and to the development of preferences for particular types of financial assets. Price expectations, anticipated income levels, community views on real and nominal rates, and the general level of business and consumer confidence also play a part in the eventual demand for financial assets.

The expansion of the financial sector has been paralleled by the development of a range of government policies and regulations for social and economic objectives. These have been implemented with the aim of protecting lenders through limiting risks on some claims, influencing the allocation of funds and/or by affecting the relative attractiveness of different sorts of liabilities and assets. Official controls exercised upon some of the financial institution groups, e.g., in portfolio structure (particularly the holding of government securities), officially controlled interest rate ceilings, and asset ratio requirements, have been instrumental in affecting relative rates of growth between finance groups.

The following table shows the categories of financial organisations operating in the Australian economy:

#### AUSTRALIA—TOTAL ASSETS OF FINANCIAL INSTITUTIONS

Financial institutions	At 30 June—				
	1971	1972	1973	1974	1975
	AMOUNT OF TOTAL ASSETS				
	\$m	\$m	\$m	\$m	\$m
Trading banks	8,488	9,640	12,573	r15,352	18,097
Savings banks	8,074	8,873	10,730	11,766	13,647
Other banking institutions	588	677	669	737	872
<b>Banks (consolidated) (a)</b>	<b>r16,627</b>	<b>r18,572</b>	<b>r23,409</b>	<b>r26,941</b>	<b>31,777</b>
Reserve Bank	3,550	4,451	5,600	6,360	5,576
Life insurance offices	6,064	6,724	7,577	8,282	8,909
Public pension funds	1,916	2,204	2,506	r2,633	2,984
Private pension funds	1,759	r1,937	2,132	r2,384	2,700
Non-life insurance offices	2,020	2,313	2,625	3,062	3,430
Finance companies (b)	4,467	5,690	7,889	9,688	10,286
Merchant banks	893	1,520	2,118	2,249	2,442
Building societies	2,337	2,918	3,825	4,521	5,200
Authorised money market dealers	773	1,103	878	488	889
Credit co-operatives	171	249	365	484	633
Pastoral finance companies	r651	r654	r764	r850	837
Unit trusts, land trusts, and mutual funds	266	294	349	393	387
Investment companies	300	338	394	r418	381
Other financial institutions	399	556	708	859	1,005
<b>Total</b>	<b>r42,193</b>	<b>r49,526</b>	<b>r61,139</b>	<b>r69,611</b>	<b>77,436</b>

AUSTRALIA—TOTAL ASSETS OF FINANCIAL INSTITUTIONS—*continued*

Financial institutions	At 30 June				
	1971	1972	1973	1974	1975
	PROPORTION OF TOTAL ASSETS				
	per cent	per cent	per cent	per cent	per cent
Trading banks	20.0	19.4	20.5	21.9	23.4
Savings banks	19.0	17.8	17.5	16.8	17.6
Other banking institutions	1.4	1.4	1.1	1.1	1.1
<b>Banks (consolidated) (a)</b>	<b>39.7</b>	<b>37.8</b>	<b>38.4</b>	<b>39.1</b>	<b>41.0</b>
Reserve Bank	8.4	8.9	9.1	9.1	7.2
Life insurance offices	14.3	13.5	12.4	11.8	11.5
Public pension funds	4.5	4.4	4.1	3.7	3.9
Private pension funds	4.2	3.9	3.5	3.5	3.5
Non-life insurance offices	4.8	4.7	4.3	4.4	4.4
Finance companies (b)	10.5	11.4	12.9	13.8	13.3
Merchant banks	2.1	3.1	3.5	3.2	3.2
Building societies	5.5	5.9	6.2	6.5	6.7
Authorised money market dealers	1.8	2.2	1.4	0.7	1.2
Credit co-operatives	0.4	0.5	0.6	0.7	0.8
Pastoral finance companies	1.6	1.3	1.2	1.2	1.1
Unit trusts, land trusts, and mutual funds	0.6	0.6	0.6	0.6	0.5
Investment companies	0.7	0.7	0.6	0.5	0.5
Other financial institutions	0.9	1.1	1.2	1.2	1.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

(a) Discrepancies in totalling "trading banks", "savings banks", and "other banking institutions" are a result of netting effects.

(b) Including assets of general financiers, i.e., companies other than those borrowing from the general public.

It should be noted that the importance of these institution groups cannot be exclusively gauged from their size or even relative sizes. Some may be quite important as brokers between borrowers and lenders, while holding very small assets on their own account. Aspects such as competitive relationships between groups and changes in roles or functions are not evident, and a clear distinction is difficult between some of the categories, e.g., finance companies and merchant banks.

The private banking sector which in 1953 had almost 60 per cent of total assets was, twenty years later, in a less dominant position with about 40 per cent in 1972. This relative decline was greatest during the 1950s when increasing financial needs encouraged the growth of more specialist intermediaries and restrictive monetary policies tended to weaken the banks' competitive position—banks subsequently acquired direct and indirect equity interests in finance companies and merchant banks.

During the 1960s official policies and attitudes became directed towards improving the competitiveness of the banking system and ensuring that controls were more market-orientated. Trading banks recorded a 7.4 per cent annual growth rate compared with 9.5 per cent for all institutions during the 1960s, reflecting the steady decline in demand deposits as a proportion of investors' portfolios. Banks have generally sought to provide a fairly comprehensive range of financial services while other financial institutions have tended to concentrate on specialist areas or in new and more rapidly expanding sectors of finance. However, over recent years there has been a clear strengthening of banks' competitiveness compared with other institutions. On the borrowing side greater flexibility has been introduced in fixed deposit terms and in the introduction of certificates of deposit, while on the lending side, new arrangements allowing banks greater discretion in the setting of overdraft rates have been of prime importance in enabling trading banks to recoup ground lost previously to other financial intermediaries.

Major factors affecting the growth of savings banks over the last twenty years have been the entry of the private savings banks in the 1950s and, in more recent times, the pressing competition of the permanent building societies. In the past decade the growth rate of the building societies has been very rapid, reflecting such factors as rising incomes, expectations within the community as to the standard of housing demanded, and the widening of the deposit gap. The societies' ability to service the demand for larger loans and higher percentage (of valuation) loans has been facilitated by the introduction of mortgage insurance in 1965.

Inflation has brought major problems for the life insurance industry. It has eroded the value of sums insured on one hand and, on the other, has increased operating costs and reduced investment returns.

In the 1975-76 Budget the Commonwealth Government introduced a General Rebate which credited taxpayers with expenditure of \$1,350 on what were previously concessional deductions—for medical, educational and other expenses, life insurance premiums, and superannuation contributions. A 40 per cent tax rebate was applied. The basis for this 40 per cent rebate has been increased to \$1,690 for 1977-78, but the maximum allowance for each component, including \$1,200 for life insurance premiums and superannuation contributions, has not been changed.

Instalment credit companies, now more commonly called finance companies, have exhibited strong growth in recent years (a compound annual rate of growth of 11.4 per cent in the ten years to 1970 with rather faster growth since). Their annual growth rate of over 30 per cent in the 1950s was effectively checked by the economic measures of November 1960. Reflecting the need to find new outlets for funds these companies have moved away from their early pattern of financing mainly consumption spending and now lend as well to business and land development companies. Housing and construction also form a significant segment of their lending spectrum.

The assets of money market corporations or merchant banks more than doubled in the years 1970-1972 after exhibiting rapid growth during the late 1960s. The number of companies in this sector has risen strongly and the scope of their operations has increased. These institutions offer a wide range of services including accepting and discounting of commercial bills, the arrangement and provision of short or medium term finance, operations in short term money market activities, and underwriting or sub-underwriting security issues. Many also specialise in corporate advice and portfolio management services. (Time series data of balance sheet items and some other activities of most of these money market corporations have only recently become available in official statistics.)

Credit co-operatives have had a very rapid expansion over recent years. Based on the principle of mutual co-operation, they enable borrowers to obtain funds at reasonable conditions and investors to derive a satisfactory return.

Unlike most other groups surveyed, unit trusts have experienced limited growth in Australia.

Changes in the growth rates and relative importance of financial institutions have in many ways been influenced or affected by official policies and the changing structure of the Australian economy during the 1950s and 1960s; the end of the 1970s could see even more rapid changes. New demands by a resource-rich economy could not only call forth new government directions and needs, but new initiatives. Officially sponsored structural changes in the economy may also alter the rules and environment under which financial institutions have to operate.

#### **Finance companies**

A comprehensive account of the scope of statistics relating to the lending operations of finance companies and further details of the transactions of finance companies can be found in the publication *Finance Companies Transactions, 1973-74* (reference number 5.13). Finance companies, like other financial

institutions, are distinguishable from non-financial institutions in that they deal mainly in financial assets as opposed to physical goods and non-financial services. However, whilst the various classes of financial institutions are commonly acknowledged as possessing individual traits, it is difficult to formulate precise and mutually exclusive definitions in respect of each class. For the purpose of these statistics, finance companies are defined as incorporated companies which are engaged mainly in providing to the general public (businesses as well as private persons) credit facilities of the following types: hire purchase and other instalment credit for retail sales, wholesale finance, personal loans, other consumer and commercial loans, factoring, financial leasing of business plant and equipment, and bills of exchange. The finance companies covered in these statistics, insofar as they provide instalment credit for retail sales, are also included in the statistics of instalment credit for retail sales (see below and page 524). Incorporated finance companies which are not subsidiaries of other finance companies and have total balances outstanding on finance agreements of less than \$500,000 are excluded.

Companies mainly engaged in financing the operations of related companies ("related" as defined in the Companies Act) are included if they finance:

- (1) The sales, by unrelated business, of products of related companies, or
- (2) the sales of related companies where the related companies write agreements with the general public.

Excluded from the statistics are companies lending funds to:

- (1) Related companies to enable such companies to finance their sales;
- (2) related finance companies; or
- (3) related companies which are not engaged in providing credit facilities to the general public.

Also excluded are the following classes of financial and quasi-financial institutions: banks; life insurance companies; fire, marine, and general insurance companies; authorised dealers in the short-term money market; pastoral finance companies; investment companies; unit trusts, land trusts, mutual funds, and management companies for the foregoing trusts and funds; pension and super-annuation funds; building societies; friendly societies; and credit unions.

#### VICTORIA—FINANCE COMPANIES (\$m)

Year	Instalment credit for retail sales	Personal loans	Wholesale hire purchase	Other consumer and commercial loans	Factoring	Total
AMOUNTS FINANCED (a)						
1971-72 (b)	246.2	64.2	279.9	808.0	49.1	1,447.5
1972-73	254.9	83.5	305.8	678.6	54.9	1,377.7
1973-74 (c)	250.6	109.6	427.0	978.1	80.6	1,845.9
1974-75	251.5	111.3	500.9	509.7	98.5	1,471.9
1975-76	308.6	169.2	711.4	770.4	111.8	2,071.4
BALANCES OUTSTANDING AT 30 JUNE						
1972 (b)	418.9	85.4	51.2	593.9	13.1	1,162.5
1973	422.2	109.9	43.3	676.9	15.4	1,267.8
1974 (c)	392.9	164.2	66.3	1,095.3	23.4	1,742.1
1975	420.1	189.3	89.4	1,197.2	24.1	1,920.0
1976	493.7	252.2	158.4	1,397.9	26.0	2,328.3
COLLECTIONS AND OTHER LIQUIDATIONS OF BALANCES (d)						
1971-72 (b)	324.4	61.8	272.6	705.4	56.4	1,420.6
1972-73	329.5	87.1	316.1	593.1	61.6	1,387.4
1973-74 (c)	298.6	106.5	412.4	784.5	84.5	1,686.6
1974-75	303.2	128.5	483.8	593.7	115.3	1,624.5
1975-76	353.0	173.0	663.4	821.5	126.3	2,137.2

(a) The actual amount of cash provided. It excludes interest, insurance, hiring and other charges, and initial deposits. For purchases of existing agreements and trade debts purchased, it represents the amount of cash paid to the seller.

(b) From July 1971 companies with balances less than \$500,000 are excluded.

(c) From 1973-74, instalment credit excludes "producer"-type goods.

(d) Covers cash collections of capital repayments, hiring charges, interest and insurance, and also other liquidations such as bad debts written off and rebates for early payouts.



### Instalment credit for retail sales

Instalment credit schemes which relate primarily to the financing of the retail sales of consumer commodities are covered by these statistics. The term instalment credit is defined as relating to schemes in which repayment is made by regular predetermined instalments (either by amount or by percentage of amount financed or balance outstanding) and includes schemes such as hire purchase, time payment, budget accounts, and personal loans.

From July 1973, businesses covered by these statistics are incorporated finance companies (as defined on pages 522-3), retail establishments which come within the scope of the Census of Retail Establishments, and unincorporated finance businesses provided that their outstanding balances on instalment credit schemes are \$500,000 or more for the whole of Australia. Banks, credit unions, and insurance companies financing retail sales of consumer commodities are at present excluded. Also excluded are credit schemes which do not involve regular predetermined instalments, credit transactions which relate mainly to financing of "producer" type goods (e.g., plant and machinery, tractors and commercial type vehicles), and credit transactions involving sale of land and buildings, property improvements, travel, services such as repair and maintenance work, and the leasing and rental of goods. A detailed account of the scope of these statistics may be found in the publication *Instalment Credit for Retail Sales, July-September 1973* (catalogue number 5631.0), issued by the Central Office of the Australian Bureau of Statistics.

#### VICTORIA—INSTALMENT CREDIT FOR RETAIL SALES (INCLUDING HIRE PURCHASE), AMOUNTS FINANCED BY COMMODITY GROUPS (a) 1975-76 (\$m)

Group	Finance companies	Other business	All business
Motor vehicles, etc.	250.1	1.6	251.7
Household and personal goods	58.5	78.4	136.9
Total	308.6	80.0	388.6

(a) Excludes hiring charges, interest, and insurance.

#### VICTORIA—RETAIL HIRE PURCHASE OPERATIONS : AMOUNTS FINANCED BY COMMODITY GROUPS FOR ALL BUSINESSES (a) (\$m)

Year	Motor vehicles, etc.				Household and personal goods	Total
	New	Used	Other (b)	Total		
1974-75	49.3	52.1	13.9	115.3	44.0	159.3
1975-76	65.9	82.1	22.0	169.9	54.5	224.4

(a) Excludes hiring charges, interest, and insurance.

(b) New and used motor cycles, boats, caravans, trailers, motor parts, and accessories.

### Short-term money market

The short-term money market in Australia includes nine dealer companies which specialise in the business of borrowing money, investing borrowed funds in an approved range of assets, and buying and selling such assets. Four of these companies have head offices in Melbourne and five in Sydney, but representation is Australia-wide.

Known as authorised dealers, each of these dealer companies has been accredited by the Reserve Bank. Such accreditation has significance both for the dealers and for their clients, the most important aspect being that by acting as "lender of last resort" the Bank provides liquidity to dealers, in that they can borrow from the Bank against the bulk of their assets. The Bank does not, however, accept responsibility for the repayment of a dealer's individual loans or for solvency generally.

The Bank also trades in Commonwealth Government securities with dealers and provides a range of other facilities which contribute to the efficient operation of the market. The Bank maintains special clearing accounts for dealers, by means of which funds can be quickly transferred from one point in Australia to another, and a safe custody system for dealers' holdings of Commonwealth Government securities, which makes possible the safe and rapid movement of security for loans from one lender to another.

AUSTRALIA—SHORT-TERM MONEY MARKET: AUTHORISED DEALERS:  
LIABILITIES CLASSIFIED BY TYPE OF CLIENT AT 30 JUNE (a)  
(\$m)

Clients	1972	1973	1974	1975	1976
All trading banks	369.3	212.9	130.4	243.5	392.9
Savings banks	69.0	125.5	51.6	80.5	71.5
Insurance offices	44.8	48.9	12.1	50.2	44.1
Superannuation, pension, and provident funds	19.3	16.1	11.8	26.8	17.3
Hire purchase and other instalment credit companies	11.7	7.7	1.5	14.9	2.8
Companies, n.e.c.	253.3	209.4	63.7	180.5	178.7
Commonwealth and State Governments	100.3	75.6	57.6	110.5	137.3
Local and semi-government authorities, n.e.c.	99.8	91.2	72.0	115.5	115.9
All other lenders (including marketing boards and trustee companies)	71.1	51.0	38.9	27.6	38.0
Total	1,038.7	838.2	439.5	850.0	998.4

(a) Liabilities to Reserve Bank as lender of last resort are excluded.

The rates of interest paid by dealers for funds of different maturities vary not only from dealer to dealer but also from day to day—and even during the day—depending on the general funds position and the judgment of individual dealers as to future trends in interest rates, the availability of funds, fluctuations in the value of their security portfolios, etc.

AUSTRALIA—SHORT-TERM MONEY MARKET: AUTHORISED DEALERS:  
INTEREST RATES  
(per cent per annum)

Month	Interest rates on loans accepted during month				Weighted average interest rate on loans outstanding (a)
	At call		For fixed periods		
	Minimum	Maximum	Minimum	Maximum	
September 1975	3.00	13.50	5.00	9.50	7.52
December 1975	1.00	15.00	2.50	10.00	7.23
March 1976	1.00	13.00	4.00	9.50	6.54
June 1976	2.00	14.00	4.50	9.50	8.03
September 1976	1.00	13.90	2.00	11.15	7.50
December 1976	0.10	14.75	1.50	12.50	5.84
March 1977	1.00	17.00	3.00	13.50	7.16

(a) From July 1975, weighted average of rates paid on all days of the four or five weeks ending on the last Wednesday of the month.

The Bank maintains close supervision over the categories of assets which the dealers may acquire. The vast majority of dealers' assets must comprise Commonwealth Government securities (including Treasury notes) maturing within five years. In addition, dealers may deal in and hold securities of public authorities (i.e., semi-government and local government), securities of the Australian Industry Development Corporation, and banks' Certificates of Deposit (all of the foregoing securities must mature within five years) plus bank accepted or endorsed commercial bills (without formal limit as to maturity). Also, a very small part of dealers' funds may be held in non-bank commercial bills and such other assets as they might choose, including securities longer than five years to maturity. It is against Commonwealth government securities up to five years to maturity (including semi-government and local government) that dealers may borrow under the last resort arrangement.

Dealers stand ready to buy and sell securities; aggregate figures of turnover of Commonwealth Government bonds and notes have averaged more than \$300m per week in recent years.

**AUSTRALIA—SHORT-TERM MONEY MARKET : AUTHORISED DEALERS :  
SELECTED ASSETS (FACE VALUE) (a)  
(\$m)**

Month	Commonwealth Government face value securities (b)			Commercial bills (c)	Banks' Certificates of Deposit
	Treasury notes	Other	Total		
September 1975	298.1	436.2	734.3	76.4	45.2
December 1975 (d)	289.1	562.5	851.6	62.2	34.6
March 1976	353.6	593.6	947.2	108.5	39.8
June 1976	53.3	696.4	749.7	129.2	61.3
September 1976	93.5	659.3	752.8	128.9	49.6
December 1976 (d)	556.0	345.8	901.8	72.5	15.7
March 1977	388.0	506.9	894.9	85.7	10.9

(a) Average of securities holdings on the Wednesdays of the month.

(b) Not more than five years to maturity.

(c) Accepted or endorsed by banks.

(d) Holdings on one Wednesday of the month have been excluded.

### Companies

#### *Company legislation*

In recent years the Victorian Parliament has given much attention to company legislation and, following the passage of a new Companies Act in Victoria in 1958, company legislation has been passed throughout Australia in substantially similar form. In Victoria the current legislation is the *Companies Act* 1961 and subsequent amendments. A special article on company law in Victoria appears on pages 891-5 of the *Victorian Year Book* 1977.

#### VICTORIA—COMPANIES REGISTERED, ETC.

Particulars	1972	1973	1974	1975	1976
	number	number	number	number	number
New companies registered—					
Victorian	5,103	6,359	5,047	6,651	12,225
Other	503	461	451	391	342
Total	5,606	6,820	5,498	7,042	12,567

VICTORIA—COMPANIES REGISTERED, ETC.—*continued*

Particulars	1972	1973	1974	1975	1976
	\$'000	\$'000	\$'000	\$'000	\$'000
Nominal capital of new companies—					
Victorian	122,067	202,019	112,135	89,974	173,163
Other	291,966	138,157	225,582	104,120	136,152
Total	414,033	340,175	337,717	194,094	309,315
	'000	'000	'000	'000	'000
Approximate number of existing companies (at end of year)—					
Victorian	68	74	77	82	91
Other	5	5	6	6	6
Total	73	79	83	88	97
	\$'000	\$'000	\$'000	\$'000	\$'000
Increase in nominal capital of Victorian companies during year	518,772	650,134	778,507	544,912	757,885

Further reference, 1977 ; Company registration fees, 1964 ; Company law in Victoria, 1974

**The Stock Exchange of Melbourne Limited**

The Stock Exchange of Melbourne was established in 1859, since which time there has been continuous growth in share ownership and large amounts of capital have been raised for public works and for the expansion of industry. In these ways the Stock Exchange has played an important role in the economic development of Australia as well as of the State. The basic function of the Stock Exchange is to provide the means by which investment securities, stocks, bonds, shares, etc., may be conveniently bought and sold. The type of market has developed over the years from the "callroom" style of trading to the present post-trading method which is practised in most exchanges throughout the world.

The Stock Exchange of Melbourne Limited was incorporated as a company limited by guarantee under the Companies Act on 1 July 1970 in order to enable it to operate more efficiently as a legal entity. New Memorandum and Articles of Association were adopted to replace the former Rules and Regulations.

At 30 June 1977 membership numbered 190 and member firms 31. During the year 21 members were admitted to membership.

At 30 June 1976 membership numbered 169 and member firms 32. During the year 41 members were elected.

The 1975-76 financial year was the last in which "seats" provided the basis for membership of the Exchange, and in effect, a licence to operate as a sharebroker in Melbourne. A new system has been designed to open up membership of the Exchange to any person of good character who has the appropriate qualifications, experience, and financial standing. Under the old system there were 169 seats, whereas the new system provides for a membership of 250.

*Official List requirements*

The Listing Manual of the Australian Associated Stock Exchange prescribes the conditions under which company securities were granted and retain listing. It includes a Company Secretary's Guide which details the actions required with reference to listing regulations. In order to provide for changing conditions, Official List requirements are continually updated and expanded. Changes in 1974-75 included the following :

(1) The minimum value of shares for initial listing of a mining company was raised from \$300,000 to \$500,000 ;

- (2) quarterly reports for mining companies were expanded to cover location of mineral areas held or relinquished with particulars of loans;
- (3) in takeover situations, additional information was prescribed following the acquisition of control of a listed company by an unlisted entity; and
- (4) the terminology of half-yearly and preliminary final reports was re-drafted to conform with new accounting standards; results must now be expressed in absolute money terms, rather than percentage variations as previously.

Two supplements to the Listing Requirements were prepared during the year 1975-76: Supplement 14, effective 31 December 1975, and Supplement 15, effective 1 July 1976. These amendments involved over twenty major changes to the Requirements. Numerous minor amendments were also made during the period, including a number to the Company Secretary's Guide.

Only one supplement issued to the Listing Requirements was issued in 1976-77: Supplement 16, effective from 1 July 1977. The changes related only to a variation in the Listing Fee Scale.

#### *Stock market during 1975-76*

The All Ordinaries index opened the year at 132.61, reached a high point of 169.52 on 22 June 1976, and closed the year 27 per cent higher at 167.76. The 50 Leaders index followed a similar trend, closing the year 25 per cent higher at 182.88.

All 22 index groups recorded rises in 1975-76, the largest increase being of 61 per cent in Group 8, Textiles and Clothing. The Metals and Minerals group closed the year 32 per cent higher at 452.72.

Total value of turnover on the Exchange rose 32 per cent to \$1,138m, after decreases in each of the immediately preceding two years.

All three categories of share securities recorded higher turnover, the total value being 41 per cent higher at \$640.3m. The value of industrial turnover exceeded that of mining for the fifth consecutive year.

Total loan securities turnover rose 21 per cent to \$498m—reflecting increases of 20 per cent in Commonwealth Government securities and 120 per cent in company debentures and notes, and a decrease of 30 per cent in semi-government securities.

The total volume of turnover rose, with increases of 11 per cent in loan securities and 18 per cent in shares.

#### *Stock market during 1976-77*

The All Ordinaries index opened the year at 170.00, reached a high point of 186.37 on 18 August 1976 and closed the year 3 per cent lower at 165.35. The 50 Leaders index opened the year at 185.63 peaked at 202.71 on 19 August 1976 and closed the year 6 per cent lower at 174.02.

Of the 22 index groups, fourteen dropped for the year, the highest fall being Group 3—Pastoral with a decrease of 15 per cent. Group 6—Media and Other Services had the highest rise at 14 per cent.

Total value of turnover on the Exchange fell 10 per cent to \$1,023.4m. All three categories of share securities recorded higher turnover, the total value being 12 per cent higher at \$718.9m. The value of industrial turnover exceeded that of mining for the sixth consecutive year.

Total loan securities fell 39 per cent to \$304.5m despite a rise of 196 per cent in semi-government securities.

The total volume of turnover also fell; loan securities decreased 36 per cent and share securities rose only 1 per cent.

#### *Official List*

At 30 June 1977, 3,808 separate securities (including options), with nominal value of \$27,454m and a market value of \$36,577m were quoted on the Exchange. The market value is 2 per cent higher than at 30 June 1976.

Thirteen new companies were added to the list including Telecom Australia in November 1976. Their combined nominal capital was \$289m, and new capital issues by companies already listed totalled \$687m. At the close of the year the official list comprised of 1,238 companies—920 industrial, 239 mining, 32 preference shares, and 37 companies with debentures and notes listed only. During the year 78 companies were removed from the Official List due to takeovers and mergers, etc.

Industrial companies issued equity securities totalling \$444m, including 119 bonus issues amounting to \$131m, 30 per cent of the total (last year 25 per cent). New mining securities totalled \$130m, an increase of 116 per cent on last year's figure of \$60m.

A total of 3,808 issues was listed at 30 June 1977, compared with 3,997 a year earlier.

**Further reference, 1977**

### Building societies

The provisions of the *Building Societies Act* 1874 made it compulsory for building societies to effect registration. Current legislation regulating the activities of these societies is embodied in the *Building Societies Act* 1958 and subsequent amending Acts.

#### VICTORIA—PERMANENT BUILDING SOCIETIES (a)

Particulars	1971-72	1972-73	1973-74	1974-75	1975-76
Number of societies	48	52	56	55	55
Number of shareholders (b)	74,682	163,636	154,882	151,972	134,481
Number of borrowers	26,935	38,789	47,008	48,866	48,597
Value of transactions—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Interest on mortgage loans	13,151	21,896	35,972	56,759	72,533
Other	2,692	5,055	7,573	11,393	20,084
Total	15,843	26,951	43,545	68,153	92,617
Expenditure—					
Interest payable	7,302	11,711	20,474	43,524	71,451
Administration, etc.	2,694	4,800	18,328	13,594	16,360
Total	9,996	16,511	38,802	57,119	87,811
Loans and advances—					
Paid	86,921	176,923	176,610	133,426	n.a.
Repaid	16,841	30,187	60,442	69,461	n.a.
Deposits—					
Received	138,400	274,949	443,308	633,039	n.a.
Repaid	108,045	191,851	335,126	503,585	n.a.
Liabilities—					
Investing members' funds—					
Paid-up capital	99,396	174,922	212,364	186,189	232,866
Reserves, etc.	5,882	7,082	8,428	9,802	12,265
Borrowing members' funds—					
Share subscriptions	291	484	674	596	n.a.
Other	27	33	84	95	n.a.
Deposits	112,436	195,535	302,924	432,640	623,416
Loans (including bank overdraft)	10,056	18,474	37,944	20,958	27,587
Other	3,929	6,689	9,237	8,598	6,608
Total	232,017	403,219	571,657	658,878	902,742

## VICTORIA—PERMANENT BUILDING SOCIETIES (a)—continued

Particulars	1971-72	1972-73	1973-74	1974-75	1975-76
<b>Assets—</b>					
Loans on mortgage	191,419	337,936	454,658	518,099	694,275
Land and house property	2,334	2,437	3,393	6,087	13,143
Other investments	10,862	39,896	80,301	87,437	31,695
Cash and deposits	26,115	19,382	28,345	41,622	155,410
Other	1,287	3,569	4,958	5,634	8,219
<b>Total</b>	<b>232,017</b>	<b>403,219</b>	<b>571,657</b>	<b>658,878</b>	<b>902,742</b>

(a) Excludes Starr-Bowkett Societies.

(b) Includes 8,188 shareholders holding borrowers' shares in 1971-72, 16,355 in 1972-73, 24,295 in 1973-74, 29,671 in 1974-75; 1975-76 not available.

## Co-operative organisations

In December 1953 the Victorian Parliament passed the Co-operation Act, now known as the *Co-operation Act* 1958. The Act provides for the formation, registration, and management of co-operative societies which are classified into various kinds according to their objects.

The Act permits the Victorian Treasurer to guarantee the repayment of any loan raised by a society for the implementation of its object. At 30 June 1976, 596 guarantees were in force, the amount involved being \$7,906,574.

Under the direction of the Treasurer, the Act is administered by the Registrar of Co-operative Societies. He is assisted by an advisory council constituted under the Act.

VICTORIA—REGISTERED CO-OPERATIVE SOCIETIES AT 30 JUNE  
(number)

Type	1972	1973	1974	1975	1976
Producer	64	65	65	66	70
Trading	67	72	73	78	84
Community settlement	6	5	7	10	13
Community advancement	710	756	798	826	854
Credit	205	211	211	221	220
Associations	2	2	2	2	3
<b>Total</b>	<b>1,054</b>	<b>1,111</b>	<b>1,156</b>	<b>1,203</b>	<b>1,244</b>

Co-operative organisations operating in Victoria may also be registered under the provisions of the Companies Act, the Industrial and Provident Societies Act, and the Co-operative Housing Societies Act. Differences in totals between the preceding and following tables are due partly to this reason and partly to the fact that, although registered at 30 June, some societies were not operating during the year, or had ceased operating during the year. They are engaged in a number of activities which primarily are the production, marketing, and distribution of goods, and in the provision of finance for home building. Details relating to co-operative housing societies are given on pages 291-2. In recent years, a considerable number of co-operative credit societies which extend credit facilities to members to enable them to finance the purchase of household durables, or to discharge financial liabilities, etc., have also been registered under the Co-operation Act.

## VICTORIA—CO-OPERATIVE ORGANISATIONS: PRODUCER AND CONSUMER SOCIETIES

Particulars	1971-72	1972-73	1973-74	1974-75	1975-76
Number of societies	150	152	149	137	135
Number of members	162,974	167,410	168,505	174,860	178,150
Value of transactions during the year—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Sales	199,242	234,225	261,439	300,105	274,304
Other	5,923	5,508	5,699	8,810	12,020
Total	205,165	239,734	267,138	308,915	286,324
Expenditure—					
Purchases	145,357	171,861	194,651	228,075	192,400
Working expenses, etc.	50,326	58,637	61,550	83,601	80,988
Interest	1,566	2,985	2,664	6,603	7,772
Rebates and bonuses	1,671	2,122	2,092	985	808
Total	198,921	235,605	260,958	319,264	281,968
Dividend on share capital	1,772	2,548	2,794	3,225	2,519
Liabilities—					
Share capital	27,894	33,195	34,912	35,610	35,270
Loan capital	13,440	14,651	23,959	30,789	35,076
Bank overdraft	17,964	25,264	30,983	39,199	34,650
Profit and loss ( <i>Cr.</i> )	3,396	3,371	4,281	4,279	3,801
Reserve funds	26,873	29,574	32,596	36,995	39,104
Sundry creditors	31,535	38,494	42,011	46,024	43,954
Other	7,413	9,245	12,584	13,233	11,382
Total	128,515	153,793	181,327	206,128	203,238
Assets—					
Land and buildings	} 55,707	63,961	81,349	88,758	92,941
Fittings, plant and machinery					
Stock	22,783	27,648	27,367	38,882	36,235
Sundry debtors	35,506	50,103	58,141	55,645	53,172
Cash in bank, on hand, or on deposit	5,531	4,246	4,704	3,381	4,820
Profit and loss ( <i>Dr.</i> )	2,885	2,454	1,449	5,649	5,471
Other	6,102	5,383	8,318	13,813	10,599
Total	128,515	153,793	181,327	206,128	203,238

Further reference, 1977

## VICTORIA—CO-OPERATIVE ORGANISATIONS: CREDIT SOCIETIES

Particulars	1971-72	1972-73	1973-74	1974-75	1975-76
Number of societies	196	207	201	205	205
Number of members	77,154	98,828	123,283	146,200	175,112
Transactions during the year—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Interest	2,615	4,212	7,182	19,513	14,165
Other income	143	199	241	1,061	1,465
Total	2,758	4,411	7,423	10,574	15,630
Expenditure—					
Interest on deposits	1,421	2,333	3,864	5,732	8,378
Working expenses	1,326	2,146	3,786	5,248	7,491
Total	2,747	4,479	7,650	10,981	15,869



VICTORIA—CO-OPERATIVE ORGANISATIONS: CREDIT SOCIETIES.—*continued*

Particulars	1971-72	1972-73	1973-74	1974-75	1975-76
<b>Liabilities—</b>					
Share capital	653	861	1,092	1,305	1,591
Reserve					
Accumulated surplus	—171	—362	—685	—1,214	—1,593
Other	215	277	513	677	914
Depositors	32,181	53,970	78,240	98,511	139,738
Other	1,543	2,928	5,343	5,616	6,817
<b>Total</b>	<b>34,421</b>	<b>57,673</b>	<b>84,503</b>	<b>104,894</b>	<b>147,467</b>
<b>Assets</b>					
Loans to members	29,628	47,552	71,206	88,935	124,963
Cash at bank or on hand	922	1,940	2,042	3,168	4,992
Deposits, other loans and investments	3,241	7,261	8,841	9,180	12,560
Other assets	629	919	2,414	3,612	4,952
<b>Total</b>	<b>34,421</b>	<b>57,673</b>	<b>84,503</b>	<b>104,894</b>	<b>147,467</b>

**Insurance***Life insurance*

The first life office with headquarters in Victoria was established in 1869, although branches of other Australian and overseas insurance offices were operating in the Colony before this time. In 1975 there were forty-three companies transacting life business in Victoria, compared with twenty in 1946, with assets throughout Australia of more than \$8,444.0m.

Section 51 (xiv) of the Commonwealth of Australia Constitution Act empowers the Commonwealth Parliament to legislate on insurance extending beyond any one State. Control of the activities of life offices in Victoria and the rest of Australia is vested in the Insurance Commissioner under the *Life Insurance Act* 1945-1973. The main categories of life insurance are ordinary, collector (industrial), and superannuation. Under a collector policy, premiums are payable to collectors at intervals of less than two months.

In general, there are five main types of life policy: whole of life, under which the amount of the policy, plus any bonuses, is payable on death; endowment insurance, which provides for payment of the sum insured, plus any bonuses, when the life insured reaches a specified age or date, or if death occurs before; "pure" endowment, under which the amount of the policy is payable, plus any bonuses, only if the life insured reaches a specified age or date (if death occurs before, all premiums paid are generally returned, plus compound interest); temporary insurance for short terms; and annuities. There are many variations of these five basic types available. Since 1946 the number of ordinary and superannuation life policies in force in Victoria has more than doubled to 1,646,812 at 31 December 1975, and the total sum insured increased during the same period from \$379m to \$16,734.7m.

**VICTORIA—LIFE INSURANCE: PREMIUM RECEIPTS AND POLICY  
PAYMENTS (INCLUDING ANNUITIES)  
(\$'000)**

Year	Premiums received (including single premiums)	Payments			
		Claims	Surrenders	Annuities and cash bonuses	Total
1971	240,512	77,696	44,098	2,396	124,190
1972	294,485	90,360	49,031	3,001	142,392
1973	304,587	99,112	54,631	2,772	156,515
1974	344,235	120,996	85,994	3,210	210,200
1975	399,200	129,700	108,900	5,300	243,900

**VICTORIA—LIFE INSURANCE: NEW POLICIES ISSUED  
(EXCLUDING ANNUITIES)**

Particulars		1971	1972	1973	1974	1975
<b>Ordinary business—</b>						
Number of policies		153,098	151,758	155,241	133,278	126,780
Sum insured	\$'000	1,198,701	1,369,940	1,704,167	1,726,289	2,086,067
Annual premiums	\$'000	25,522	27,753	26,919	24,864	27,101
<b>Superannuation business—</b>						
Number of policies		14,621	13,126	16,592	21,295	19,016
Sum insured	\$'000	886,587	892,012	1,103,157	1,740,820	1,924,669
Annual premiums	\$'000	22,044	21,959	27,600	41,022	52,846
<b>Industrial business—</b>						
Number of policies		37,302	36,755	36,082	20,868	14,739
Sum insured	\$'000	63,007	69,103	76,033	50,107	41,102
Annual premiums	\$'000	2,229	2,443	2,676	1,728	1,428

Sums insured under new policies issued during 1975 averaged \$16,454 in the ordinary department, \$101,213 in the superannuation department, and \$2,789 in the industrial department.

**VICTORIA—LIFE INSURANCE: POLICIES DISCONTINUED OR REDUCED  
(EXCLUDING ANNUITIES)**

Cause of discontinuance	1973		1974		1975	
	Number of policies	Sum insured (\$'000)	Number of policies	Sum insured (\$'000)	Number of policies	Sum insured (\$'000)
<b>ORDINARY BUSINESS</b>						
Death or disability	6,528	22,079	6,770	21,206	7,837	26,200
Maturity, expiry, etc.	10,017	87,884	45,412	114,445	30,653	147,500
Surrender	13,456	153,745	55,393	284,977	79,671	435,100
Forfeiture	15,987	153,419	23,654	203,559	26,480	289,600
Other (a)	-21,318	-5,045	-797	-862	-10,022	-49,600
<b>Total</b>	<b>24,670</b>	<b>412,083</b>	<b>130,432</b>	<b>623,327</b>	<b>134,619</b>	<b>848,800</b>
<b>SUPERANNUATION BUSINESS</b>						
Death or disability	442	9,654	497	11,370	727	14,000
Maturity, expiry, etc.	1,785	157,952	1,820	82,151	2,121	209,100
Surrender	4,367	328,620	6,828	401,747	12,984	630,800
Forfeiture	497	6,856	760	10,286	1,224	16,500
Other (a)	4,248	134,156	7,616	95,331	4,124	122,700
<b>Total</b>	<b>11,339</b>	<b>637,237</b>	<b>17,521</b>	<b>600,884</b>	<b>21,180</b>	<b>993,100</b>
<b>INDUSTRIAL BUSINESS</b>						
Death or disability	3,504	1,032	3,730	1,263	3,478	1,200
Maturity, expiry, etc.	41,999	7,711	39,103	7,421	36,012	7,200
Surrender	12,932	12,554	16,289	20,330	17,423	21,900
Forfeiture	8,274	19,222	12,388	26,051	5,263	12,800
Other (a)	-10,163	798	2,776	2,344	-485	700
<b>Total</b>	<b>56,546</b>	<b>41,318</b>	<b>74,286</b>	<b>57,408</b>	<b>61,691</b>	<b>43,800</b>

(a) Includes net loss or gain resulting from transfers, cancellations of, and alterations to, policies, etc.  
NOTE. Minus sign (-) indicates an increase in existing business in the registers concerned due to an excess of transfers from other States or conversions from other classes of business over discontinuances in those registers.

**VICTORIA—LIFE INSURANCE: BUSINESS IN EXISTENCE  
(EXCLUDING ANNUITIES)**

Particulars	1971	1972	1973	1974	1975
<b>Ordinary business—</b>					
Number of policies	1,345,731	1,409,358	1,539,929	1,542,775	1,534,936
Sum insured \$m	5,970.0	6,937.1	8,336.2	9,439.1	10,676.3
Annual premiums \$m	142.4	161.3	179.6	191.0	203.0
<b>Superannuation business—</b>					
Number of policies	107,280	105,013	110,266	114,040	111,876
Sum insured \$m	3,071.0	3,433.3	3,986.9	5,126.8	6,058.4
Annual premiums \$m	76.0	86.7	102.7	129.7	162.6
<b>Industrial business—</b>					
Number of policies	720,120	692,821	672,357	618,939	571,987
Sum insured \$m	388.6	419.5	454.2	446.9	444.3
Annual premiums \$m	15.0	16.0	17.3	16.8	16.6

In 1975 the average amount of policy held in the ordinary department was \$6,956, in the superannuation department, \$54,153, and in the industrial department, \$777.

**Further reference, 1977**

### General insurance

#### *Statistics*

Selected statistics relating to all classes of general insurance are collected annually from insurers licensed to operate in Victoria. They refer to all policies issued in this State on Australian risks wherever situated, but do not include data for policies issued in other States to cover Victorian risks.

Returns are for the year ended 30 June or for the immediately preceding accounting periods of the insurers concerned. Since the accounting years of many insurers end on dates other than 30 June, the figures are not for a uniform time period.

The statistics have been compiled on the following basis:

- (1) Premiums are the total amounts received and receivable during the year for policies issued and renewed, after deduction of stamp duty, returns of premium and rebates and bonuses paid or credited to policy holders;
- (2) claims consist of payments during the year plus the estimated amount of claims unsettled at the end of the year, less the estimated amount of claims unsettled at the beginning of the year; and
- (3) contributions to fire brigades, commission and agents' charges, and expenses of management are charges paid during the year.

It should be noted that the figures shown for premiums are different from the premium income earned by insurers during the year, as no adjustment is made for premiums unearned at the beginning and end of the year. When, as in recent years, the premium volume is increasing, the figures in the tables are greater than the premiums earned by insurers and the amount of the difference is often substantial. For this reason, the relationship of claims and other charges to premiums should be used only as a basis of comparison with ratios calculated under similar headings in previous years.

The following table, which shows details of general insurance business transacted in Victoria for the years 1971-72 to 1975-76, should not be construed as a "profit and loss statement" or a "revenue account" as it contains only selected items of statistics:

## VICTORIA—GENERAL INSURANCE

(\$'000)

Class of business	1971-72	1972-73	1973-74	1974-75	1975-76
PREMIUMS (LESS RETURNS, REBATES, AND BONUSES)					
Fire (including sprinkler leakage)	44,218	47,269	52,783	r59,611	71,543
Householders' comprehensive	26,724	31,555	37,784	r47,833	56,023
Loss of profits	8,915	9,883	11,518	r11,726	15,900
Crop (including hailstone)	1,108	952	1,942	r3,571	2,325
Marine	17,502	17,179	20,681	r24,774	26,305
Motor vehicles (including motor cycles)	89,048	93,342	106,419	r135,130	168,864
Compulsory third party (motor vehicles)	50,334	56,208	69,589	r138,877	152,617
Employers' liability and workers compensation	83,624	97,728	122,339	r195,202	366,243
Personal accident	13,178	12,992	15,676	r15,755	19,663
Public liability	9,667	10,003	11,795	r11,484	14,847
Product liability	661	1,060	831	1,034	870
Plate glass	1,404	1,399	1,480	r1,675	1,995
Boiler/engineering and machine breakdown	882	1,075	1,129	r2,951	3,481
Livestock	489	617	1,036	798	1,131
Burglary	6,663	7,028	7,725	r7,197	7,542
Guarantee	690	805	878	r1,098	997
Aviation	5,023	2,298	1,308	1,020	2,256
All risks/baggage	4,145	5,064	5,903	r6,718	7,773
Contractors' all risks	3,175	3,258	4,132	3,905	5,414
Other	7,274	11,192	11,850	r12,381	17,559
Total premiums	374,724	410,908	486,796	r682,738	943,348
GROSS CLAIMS (LESS AMOUNTS RECOVERABLE)					
Fire (including sprinkler leakage)	18,463	17,986	26,268	r32,021	27,561
Householders' comprehensive	9,968	11,562	13,281	r22,529	24,367
Loss of profits	1,859	3,360	8,641	r7,743	3,564
Crop (including hailstone)	1,323	348	1,421	r1,347	1,180
Marine	8,065	8,143	11,859	r19,068	18,244
Motor vehicles (including motor cycles)	64,278	59,902	66,780	r94,954	109,588
Compulsory third party (motor vehicles)	60,063	73,813	98,403	r121,293	125,029
Employers' liability and workers compensation	50,534	77,996	103,308	r150,099	180,044
Personal accident	4,875	5,437	6,107	r6,812	7,309
Public liability	3,801	6,234	8,416	r8,342	10,698
Product liability	324	390	326	1,504	338
Plate glass	952	978	1,017	r1,288	1,414
Boiler/engineering and machine breakdown	279	448	404	979	1,264
Livestock	346	372	396	546	698
Burglary	3,984	3,899	3,271	r3,384	3,376
Guarantee	191	77	134	r376	310
Aviation	624	768	420	r721	810
All risks/baggage	2,495	2,425	3,473	r3,576	3,933
Contractors' all risks	1,129	1,601	1,557	746	2,774
Other	2,644	3,060	6,297	r2,611	5,701
Total claims	236,197	278,798	361,780	r479,939	528,203
Contributions to fire brigades	9,515	10,433	13,698	r16,990	21,148
Commission and agents' charges	32,122	33,603	39,555	r45,700	55,023
Expenses of management	59,169	63,477	71,048	r89,247	104,569
Total (a)	337,003	386,311	486,081	r631,876	708,943

(a) Excludes taxation, etc.

**Motor vehicle insurance (compulsory third party)**

The *Motor Car (Third Party Insurance) Act 1939* (now embodied in the *Motor Car Act 1958*) which came into force on 22 January 1941, made it compulsory for the owner of a motor vehicle to insure against any liability which may be incurred by him, or any person who drives such motor vehicle, in respect of the death of, or bodily injury to, any person caused by, or arising out of, the use of such motor vehicle.

**VICTORIA—MOTOR VEHICLE INSURANCE (COMPULSORY THIRD PARTY):  
NUMBER OF MOTOR VEHICLES INSURED, 1975-76**

Class of motor vehicle	Motor cars usually garaged—		Total
	Within a radius of 32 kilometres of the G.P.O., Melbourne	Outside a radius of 32 kilometres of the G.P.O., Melbourne	
Private and business	925,494	545,482	1,470,976
Goods carrying	92,974	152,714	245,688
Hire	3,593	2,241	5,834
Hire and drive yourself	1,770	408	2,178
Passenger transport	216	324	540
Miscellaneous	11,179	56,197	67,376
Motor cycle	22,766	26,998	49,764
Recreation vehicles	1,873	1,383	3,256
Total	1,059,865	785,747	1,845,612

**State Insurance Office**

The State Insurance Office was established under the *State Insurance Office Act 1975* to assume the functions of the State Accident Insurance Office and the State Motor Car Insurance Office and came into operation on 1 July 1975. The Office is managed and controlled by the Insurance Commissioner and the policies issued are guaranteed by the Victorian Government.

The now superseded State Accident Insurance Office was constituted under the *Workers Compensation Act 1914* for the purpose of enabling employers to obtain from the State policies of insurance indemnifying them against their liability under the Workers Compensation Act or at common law or otherwise.

The now superseded State Motor Car Insurance Office was established under the *Motor Car (Third Party Insurance) Act 1939* for the purpose of enabling owners of motor cars to obtain policies of third party insurance required under that Act, and policies generally in relation to insurance of motor cars. Business commenced on 24 January 1941.

In previous *Victorian Year Books* employers' liability and motor car business statistics were shown in two separate tables. This year, however, the entire transactions of the State Insurance Office from 1971-72 to 1975-76 are shown in the following table:

**VICTORIA—STATE INSURANCE OFFICE: TOTAL BUSINESS  
(\$'000)**

Particulars	1971-72	1972-73	1973-74	1974-75	1975-76
Gross premium	36,971	45,926	67,283	106,292	183,172
Net earned premium	36,278	42,481	55,608	85,325	138,077
Investment income	3,516	4,346	5,483	9,749	18,102
Net claims	37,189	50,452	76,237	101,006	140,504
Expenses and commission	2,656	2,875	3,378	5,329	4,534
Underwriting profit (loss)	-3,568	-10,847	-24,008	-21,010	-6,961
Net profit (loss)	-51	-6,501	-18,526	-11,261	11,141
Underwriting reserves	90,864	112,447	159,825	229,478	257,552
Other reserves	-11,390	-18,392	-36,918	-48,179	-37,138

## OTHER PRIVATE FINANCE

**Public Trustee**

The Public Trustee was constituted and incorporated by the *Public Trustee Act* 1939 (which came into operation in 1940) and became the successor in law of the Curator of the Estates of Deceased Persons, and of the Master-in-Equity with respect to the administration of mental patients' property.

He is empowered by the Public Trustee Acts, under the guarantee of the State of Victoria, to act as a trustee, executor, administrator, and attorney, and in certain other capacities, and is required to undertake the protection and management of the property of certified patients in mental hospitals, of voluntary patients who so authorise him, and of infirm persons. An infirm person is a person certified by the Public Trustee to be incapable of managing his affairs on account of age or infirmity. Certificates on the prescribed form (obtainable from the Public Trust Office) must be given by two medical practitioners acting independently of each other, before the Public Trustee may certify.

Any person may name the Public Trustee as his executor in his will, and may deposit such will with him for recording and safe custody. If the original will is not deposited with the Public Trustee, it is highly desirable that a copy of the will be sent to him with the name and address of the person holding the original will. A person may also obtain advice about his will at the Public Trust Office if he intends to appoint the Public Trustee executor.

The Public Trustee Acts enable the person appointed executor of a will to authorise the Public Trustee to act as executor in his place, and the next of kin of anyone dying intestate, or any other person entitled to a grant of administration, may also authorise the Public Trustee to act as administrator in his place. In cases where there is no one else entitled and ready to apply for a grant of administration, the Public Trustee is authorised to apply for a grant of administration himself.

Consequent on the passing of the *Public Trustee Act* 1948, the Public Trustee Fund at the Victorian Treasury was abolished and the proceeds of all estates, as from 1 October 1948, were invested in the Common Fund under the control of the Public Trustee.

**VICTORIA—PUBLIC TRUSTEE : COMMON FUND**  
(£'000)

Particulars	1972-73	1973-74	1974-75	1975-76	1976-77
Proceeds of realisations, rents, interest, etc.	18,675	22,629	25,621	31,120	37,484
Investments, distributions, claims, etc.	15,509	18,748	20,199	23,868	30,453
Cash variation	3,166	3,881	5,422	7,252	7,031
Balance at 1 July	30,293	33,459	37,340	42,762	50,014
Balance at 30 June	33,459	37,340	42,762	50,014	57,045

**VICTORIA—APPLICATIONS BY PUBLIC TRUSTEE  
FOR PROBATE, LETTERS OF ADMINISTRATION, ETC.,  
AND NUMBER OF WILLS LODGED FOR CUSTODY**

Year	Number of applications	Number of wills
1972-73	1,056	3,543
1973-74	1,219	3,866
1974-75	1,398	4,922
1975-76	1,206	3,682
1976-77	1,338	3,278

**Trustee companies**

Through the *Trustee Companies Act 1958* seven companies are authorised to act as executors or administrators if named in the last will and testament and to apply for and obtain Probate or Letters of Administration.

Private individuals who may apply for Letters of Administration or who are named as executor by the testator may authorise a trustee company to apply for Letters of Administration or Probate as if such application had been made on the company's own application. In addition to acting as executor or administrator, the companies are also authorised to act as trustees, agents, and in a number of other fiduciary capacities.

Each company has lodged with the Victorian Treasury the sum of \$20,000 as security in place and stead of the Administration Bond required in the case of private individuals granted Letters of Administration. Further protection is afforded to the estates under administration of trustee companies by the imposition of a statutory reserve liability over the share capital of each company. The companies' charges are limited by the *Trustee Companies Act 1958* to a maximum commission charge of 4 per cent on capital and 5 per cent on income. The capital commission is a once only charge regardless of how long the estate remains under the administration of the trustee company.

**VICTORIA—TRUSTEE COMPANIES : VALUE OF ESTATES  
ADMINISTERED AT 30 JUNE  
(\$m)**

Particulars	1971	1972	1973	1974	1975
Stock and debentures	126.0	133.3	143.9	141.0	164.6
Advances on mortgages	71.5	78.6	90.2	108.3	116.0
Property and livestock	76.2	81.7	103.2	110.7	104.7
Shares	202.8	227.3	251.7	208.3	198.4
Fixed and other deposits	22.8	26.8	20.8	41.5	49.2
Cash at bank	12.5	13.8	19.9	14.9	46.7
Other	26.7	28.9	53.2	45.1	34.0
<b>Total</b>	<b>538.5</b>	<b>590.4</b>	<b>682.9</b>	<b>669.8</b>	<b>713.6</b>

The values shown in the preceding table are probate values or values of assets at the time of their being committed to the care of the trustee companies or current market value if available.

The Victorian trustee companies may also act as trustees for debenture and note issues of public companies and as trustees for unit holders in various unit trust schemes, but the value of these issues and trusts is not included in the above table.

**Probate**

Under the general words of section 17 of the *Supreme Court Act 1958*, the Court has power to do everything which is necessary or desirable in connection with the grant of probate or administration.

The *Administration and Probate Act 1958*, section 6, confers jurisdiction on the Court to grant probate of the will or letters of administration of the estate of a deceased person leaving property, whether real or personal, within the State of Victoria. Grants are made to the executor of a will, the next of kin of an intestate, or the creditor of an intestate. A person receiving such a grant becomes the legal personal representative of the deceased, and is thus empowered to deal with all his assets and generally administer the estate.

Provision is made in Part III of the *Administration and Probate Act 1958* for the sealing by the Supreme Court of probates or letters of administration which have been granted in Great Britain, Australia (other than Victoria), New

Zealand, or certain British possessions, when the deceased has left real or personal estate in Victoria. The object of this provision is simply to put the executor or administrator under it in the same position as if he were an original executor or administrator.

The *Administration and Probate Act* 1958 also gives the Court jurisdiction to grant probate or administration of the estate of a person who is presumed to have died, but, in such a case, it prohibits the distribution of the estate without the leave of the Court.

Estates for which probate, letters of administration, etc., were granted in 1976 had a total net value of \$551m or an average net value per estate of \$25,095. The Victorian Government has indicated its intention to phase out probate duty.

**VICTORIA—NUMBER AND NET VALUE  
OF ESTATES OF DECEASED PERSONS**

Group	1976	
	Number	Net value
\$		\$'000
Under 200	507	51
200– 599	872	375
600– 999	734	528
1,000– 1,999	1,668	2,490
2,000– 3,999	2,599	7,597
4,000– 5,999	1,761	8,644
6,000– 7,999	1,406	9,749
8,000– 9,999	1,091	9,320
10,000– 19,999	3,528	51,498
20,000– 29,999	2,628	65,843
30,000– 49,999	2,446	93,298
50,000– 99,999	1,738	118,626
100,000–199,999	755	103,094
200,000 and over	234	80,144
Total persons	21,967	551,257

**Transfer of land**

In Victoria there are two distinct types of title to land which has been alienated by the Crown. One is commonly known as a “General Law” title; the other as a “Torrens” or “Transfer of Land Act” title.

Any certificate of title can be searched at the Titles Office for a small fee, and any person intending to deal with the registered proprietor of the land is not concerned to go behind any of the entries shown on that title. The certainty and accuracy of these particulars can be assumed.

Since 1953 there has existed in Victoria a method for the subdivision of land in strata and the issue of individual titles to flats (see pages 684–5 of the *Victorian Year Book* 1966). The *Strata Titles Act* 1967 introduced into Victoria a further method for the subdivision of land in strata. Existing methods can still be used, as registration of a plan under Part II of the *Strata Titles Act* is not compulsory. The Act (except as to Part IV) came into operation on 1 July 1967. Part IV of the Act operated as from 1 December 1967. Further information about the *Strata Titles Act* can be found on pages 695–6 of the *Victorian Year Book* 1968. During the year ending 30 June 1976, 1,665 plans were lodged for registration under the new Act.

**Assurance fund, 1977**



## VICTORIA—TITLES OF LAND ISSUED

Year	Certificates of title	Crown grants	Crown leases	Total titles
1972	50,711	681	149	51,541
1973	50,196	648	130	50,974
1974	61,848	1,125	129	63,102
1975	56,349	658	132	57,139
1976	58,808	784	292	59,884

VICTORIA—DEALINGS LODGED AT THE TITLES OFFICE  
UNDER THE TRANSFER OF LAND ACT

Year	Number of transfers	Mortgages (a)		Number of—				
		Number	Amount	Entries of executor, administrator, or survivor	Plans of sub-division	Caveats	Other dealings	Total dealings
			\$'000					
1971-72	127,675	71,639	862,829	16,400	4,397	22,654	95,250	338,015
1972-73	161,406	83,515	1,176,233	16,281	4,830	23,654	117,704	407,390
1973-74	180,418	85,057	1,598,686	17,130	5,800	27,711	129,895	446,011
1974-75	128,301	73,211	1,408,914	17,711	5,478	27,378	115,279	367,358
1975-76	155,435	75,008	1,613,032	16,885	6,017	28,476	138,569	420,390

(a) Excluding certain mortgages, principally to trading banks to secure overdrafts on current accounts.

## VICTORIA—DEALINGS UNDER THE PROPERTY LAW ACT

Year	Mortgages (a)		Reconveyances		Conveyances	
	Number	Amount	Number	Amount (b)	Number	Amount
		\$'000		\$'000		\$'000
1971-72	979	15,454	1,512	4,088	2,847	38,357
1972-73	1,016	26,806	1,887	5,877	3,437	60,401
1973-74	1,261	44,755	2,218	7,182	4,219	82,953
1974-75	971	28,866	1,817	7,209	3,541	63,120
1975-76	1,407	35,268	1,929	7,274	3,703	71,499

(a) Excluding certain mortgages, principally to trading banks to secure overdrafts on current accounts.

(b) Excluding repayments designated "principal and interest".

*Mortgages of real estate*

Details of mortgages lodged for registration under the Transfer of Land Act and the Property Law Act (mentioned in the two preceding tables) are shown in the following table.

Certain mortgages (principally to trading banks to secure overdrafts on current accounts) have not been included in the figures as only the number of such mortgages, and not the amounts involved, are available. Particulars of mortgages not lodged for registration are not available.

## VICTORIA—MORTGAGES (a) OF REAL ESTATE LODGED FOR REGISTRATION

Type of mortgagee	1973-74		1974-75		1975-76	
	Number	Amount	Number	Amount	Number	Amount
		\$'000		\$'000		\$'000
Banks	31,436	407,937	33,512	551,476	34,525	626,347
Building societies	10,448	162,553	6,244	108,230	11,296	239,986
Co-operative housing societies	3,251	36,652	4,216	58,915	3,278	55,473
Friendly societies	223	2,931	273	3,827	99	1,650
Insurance companies	2,391	67,324	1,941	64,270	1,149	47,735
Government institutions	4,748	99,950	4,345	98,635	3,639	74,630
Trustee institutions	535	32,628	330	14,472	368	22,830
Finance companies	12,486	365,523	5,113	119,743	6,365	181,765
Private individuals	15,475	291,904	13,713	248,204	12,861	264,749
Other mortgagees	5,325	176,040	4,495	170,008	2,835	133,134
Total	86,318	1,643,441	74,182	1,437,780	76,415	1,648,300

(a) Excluding certain mortgages, principally to trading banks to secure overdrafts on current accounts.

*Stock mortgages and liens on wool and crops*

The number and amount of stock mortgages, liens on wool, and liens on crops registered at the Office of the Registrar-General during the years 1972 to 1976 are shown in the following table. Releases of liens are not required to be registered as, after the expiration of twelve months, the registration of all liens is automatically cancelled. Very few mortgagors of stock secure themselves by a registered release.

VICTORIA—STOCK MORTGAGES AND LIENS  
ON WOOL AND CROPS

Security	1972	1973	1974	1975	1976
Stock mortgages—					
Number	715	579	586	587	344
Amount (\$'000)	2,427	2,134	1,871	906	1,215
Liens on wool—					
Number	63	12	9	12	11
Amount (\$'000)	266	58	65	231	75
Liens on crops—					
Number	160	166	183	105	120
Amount (\$'000)	565	744	858	763	602
Total—					
Number	938	757	778	704	475
Amount (\$'000)	3,258	2,937	2,794	1,900	1,892

*Bills of sale*

The following are the numbers and amounts of bills of sale which were filed at the Office of the Registrar-General during the years 1972 to 1976:

## VICTORIA—BILLS OF SALE

Security	1972	1973	1974	1975	1976
Bills of sale—					
Number	24,427	24,821	20,515	22,139	29,127
Amount (\$'000)	42,267	56,719	53,743	65,896	95,211

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