

VICTORIA : A BROAD ECONOMIC OVERVIEW

This Chapter contains a range of National and State Accounts and labour force statistics for the period 1982-83 to 1987-88, which present a broad overview of the Victorian economy and provide a basis for comparison with the national economy. In addition, the Chapter serves as an introduction to Chapters 6 to 11, which deal with specific sectors of the Victorian economy.

National Accounts

This historical and comparative perspective of the Victorian economy has been facilitated by the ABS publication *Australian National Accounts, State Accounts, 1987-88* (\$220.0). This publication contains official income based estimates of State Gross Domestic Product (GDP) at factor cost and its principal components for the years 1976-77 to 1987-88. It also contains other detailed State estimates, such as household income, farm income and private final consumption expenditure.

General trends

In general terms, the Victorian economy during the period 1982-83 to 1987-88 grew at a slightly faster rate than the Australian economy.

For instance, for the six year period 1982-83 to 1987-88, GDP at factor cost increased by 72.0 per cent for Australia compared with 74.5 per cent for Victoria. Household disposable income for Victoria increased by 69.8 per cent, compared with 65.1 per cent for Australia, which reflects the stronger than average growth in employment and earnings.

Across the main aggregates, Victoria has generally maintained a share of the national activity of around 27.0 per cent for the period under review except for farm income, which fluctuated between 19.0 per cent and 33.9 per cent of the national total.

Trends in industries

Manufacturing remains the most significant industry in terms of its contribution to the State's GDP at factor cost and in providing employment opportunities. However, its share of GDP has been steadily declining, dropping to 21.4 per cent in 1986-87 from 23.1 per cent in 1982-83. A similar pattern occurred at the national level, with Manufacturing's share of GDP dropping from 18.5 per cent in 1982-83 to 17.3 per cent in 1986-87.

Public administration, defence and community services remained the second most significant industry over the period under review, at both State and national levels, but as with Manufacturing, its share of GDP has also been steadily declining. In Victoria, its share dropped to 16.6 per cent in 1986-87 from 17.7 per cent in 1982-83 as against 18.3 per cent and 16.8 per cent respectively for Australia.

Wholesale and retail trade proved to be the fastest growing industry in Victoria, with its share of GDP at factor cost increasing from 13.5 per cent in 1982-83 to 14.6 per cent in 1986-87.

Labour force

Victoria's share of the total number of persons employed remained relatively constant at August each year between 1983 and 1986, fluctuating between 26.4 per cent (1986) and 26.8 per cent (1983 and 1985). Victoria's share of the Australian total then increased to 27.1 per cent in 1987 before decreasing to 26.3 per cent in 1988.

Unemployment rates for Victoria were lower than for Australia at August each year between 1983 and 1988. In 1983 unemployment rates peaked for both Victoria and Australia at 8.9 per cent and 9.9 per cent, respectively. In subsequent years, unemployment in Victoria decreased at a faster rate than for Australia. For August 1988, the unemployment rate for Victoria was 5.6 per cent as against 6.8 per cent for Australia.

The total number of persons employed in Victoria increased by 255,400 persons (15.2 per cent) between 1983 and 1988, compared with an increase of 1,112,300 (17.8 per cent) at the national level.

TABLE 5.1 AUSTRALIAN NATIONAL ACCOUNTS, VICTORIA IN RELATION TO AUSTRALIA

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
VICTORIA (\$m)						
GDP at factor cost	40,458	46,013	50,590	57,298	62,816	(a)70,611
Non farm GDP at factor cost	39,360	43,926	48,841	55,439	60,520	n.a.
Household disposable income	30,520	34,694	37,321	41,748	46,613	51,821
Farm income	208	1,112	600	546	877	1,169
Private final consumption	27,933	30,945	33,512	37,505	41,575	45,167
AUSTRALIA (\$m)						
GDP at factor cost	150,063	168,133	185,996	208,306	230,085	258,168
Non farm GDP at factor cost	144,825	159,607	177,480	199,960	220,700	246,831
Household disposable income	113,827	127,308	138,050	152,997	168,062	187,927
Farm income	765	3,579	3,155	2,044	2,588	4,496
Private final consumption	105,695	116,284	127,674	142,795	156,305	172,559
VICTORIA AS A PERCENTAGE OF AUSTRALIA						
GDP at factor cost	27.0	27.4	27.2	27.5	27.3	(a)27.4
Non farm GDP at factor cost	27.2	27.5	27.5	27.7	27.4	n.a.
Household disposable income	26.8	27.3	27.0	27.3	27.7	27.6
Farm income	27.2	31.1	19.0	26.7	33.9	26.0
Private final consumption	26.4	26.6	26.2	26.3	26.6	26.2

(a) Source: Department of Management and Budget, Victoria.

Between 1983 and 1988 the Finance, property and business services industry experienced the strongest rate of growth in number of persons employed, (45.4 per cent), with an increase of 67,000 persons. Other industries recording strong growth were Construction (38.3 per cent), Community services (21.3 per cent), and Wholesale and retail trade (21.1 per cent).

The Mining and Transport and storage industries in Victoria experienced a drop in the number of persons employed between 1983 and 1988 compared to slight increases at the national level. Employment in the Transport and storage industry in Victoria declined by 5.9 per cent as against a 3.8 per cent increase for Australia.

In 1988 Manufacturing in Victoria accounted for 21.1 per cent of local persons employed as against 19.8 per cent for Wholesale and retail trade, and 17.6 per cent for Community services.

TABLE 5.2 AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST, BY STATE AND TERRITORY

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
	\$m					
New South Wales	53,169	58,696	63,820	71,521	79,390	n.a.
Victoria	40,458	46,013	50,590	57,298	62,816	(a)70,611
Queensland	22,765	25,266	28,060	31,144	34,274	n.a.
South Australia	11,397	13,656	15,178	16,680	18,055	n.a.
Western Australia	14,040	15,267	17,982	19,944	22,382	n.a.
Tasmania	3,638	4,010	4,463	4,944	5,551	n.a.
Northern Territory	1,630	1,912	2,043	2,379	2,772	n.a.
Australian Capital Territory	2,966	3,313	3,860	4,396	4,845	n.a.
Australia	150,063	168,133	185,996	208,306	230,085	258,168
	Percentage change from previous year					
New South Wales	6.3	10.4	8.7	12.1	11.0	n.a.
Victoria	8.5	13.7	9.9	13.3	9.6	12.4
Queensland	8.9	11.0	11.1	11.0	10.1	n.a.
South Australia	9.7	19.8	11.1	9.9	8.2	n.a.
Western Australia	15.2	8.7	17.8	10.9	12.2	n.a.
Tasmania	8.4	10.2	11.3	10.8	12.3	n.a.
Northern Territory	18.4	17.3	6.9	16.4	16.5	n.a.
Australian Capital Territory	12.6	11.7	16.5	13.9	10.2	n.a.
Australia	8.6	12.0	10.6	12.0	10.5	12.2
	Percentage share of total					
New South Wales	35.4	34.9	34.3	34.3	34.5	n.a.
Victoria	27.0	27.4	27.2	27.5	27.3	27.4
Queensland	15.2	15.0	15.1	15.0	14.9	n.a.
South Australia	7.6	8.1	8.2	8.0	7.8	n.a.
Western Australia	9.4	9.1	9.7	9.6	9.7	n.a.
Tasmania	2.4	2.4	2.4	2.4	2.4	n.a.
Northern Territory	1.1	1.1	1.1	1.1	1.2	n.a.
Australian Capital Territory	2.0	2.0	2.1	2.1	2.1	n.a.
Australia	100.0	100.0	100.0	100.0	100.0	100.0

(a) Source: Department of Management and Budget, Victoria.

**TABLE 5.3 AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT
FACTOR COST BY INDUSTRY**
(\$m)

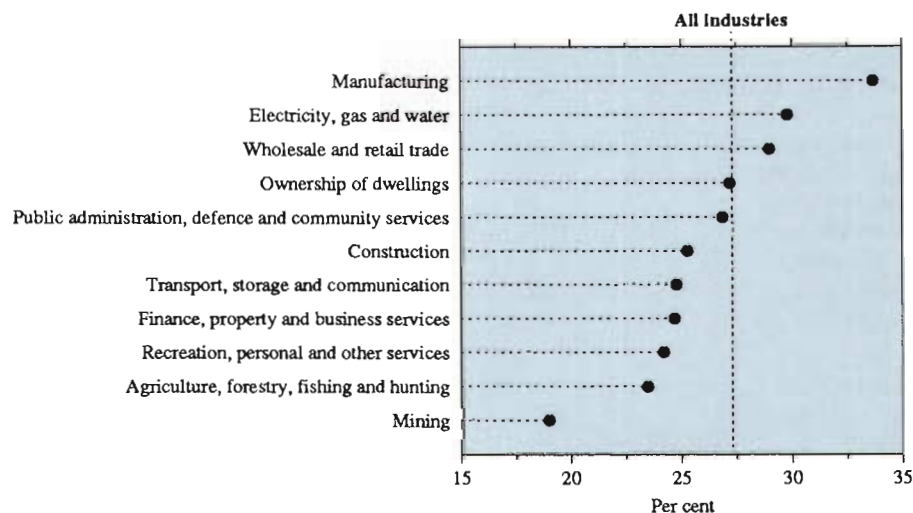
<i>Industry</i>	<i>1982-83</i>	<i>1983-84</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>
VICTORIA						
Agriculture, forestry, fishing, and hunting	1,183	2,168	1,829	1,950	2,389	n.a.
Mining	1,701	2,323	2,908	3,084	2,306	n.a.
Manufacturing	9,345	10,591	11,577	12,515	13,446	n.a.
Electricity, gas, and water	1,563	1,963	2,124	2,332	2,720	n.a.
Construction	2,401	2,618	3,039	3,607	4,122	n.a.
Wholesale and retail trade	5,452	5,799	6,773	8,045	9,140	n.a.
Transport, storage, and communication	3,182	3,429	3,843	4,360	5,054	n.a.
Finance, property, and business services	2,631	2,903	2,606	3,764	4,115	n.a.
Public administration, defence, and community services	7,179	7,724	8,600	9,381	10,406	n.a.
Recreation, personal, and other services	1,367	1,510	1,751	2,023	2,138	n.a.
Ownership of dwellings	3,457	3,925	4,425	5,026	5,676	n.a.
General government gross operating surplus	997	1,060	1,115	1,211	1,304	n.a.
All industries	40,458	46,013	50,590	57,298	62,816	(a)70,611
AUSTRALIA						
Agriculture, forestry, fishing, and hunting	5,723	9,025	9,019	9,101	10,179	12,144
Mining	6,910	8,278	9,687	12,085	12,118	12,644
Manufacturing	27,813	31,041	33,993	37,261	39,888	45,390
Electricity, gas, and water	5,887	6,766	7,378	8,251	9,122	9,873
Construction	10,306	10,904	12,563	14,278	16,281	18,227
Wholesale and retail trade	19,779	21,631	25,051	28,592	31,532	36,111
Transport, storage, and communication	12,937	14,672	16,527	18,350	20,407	22,801
Finance, property, and business services	10,382	11,627	12,130	14,357	16,693	19,373
Public administration, defence, and community services	27,390	29,279	32,114	34,804	38,734	41,852
Recreation, personal, and other services	5,728	6,149	6,947	7,961	8,847	10,135
Ownership of dwellings	13,151	14,428	16,004	18,256	20,844	23,812
General government gross operating surplus	4,057	4,333	4,583	5,010	5,440	5,806
All industries	150,063	168,133	185,996	208,306	230,085	258,168

(a) Source: Department of Management and Budget, Victoria.

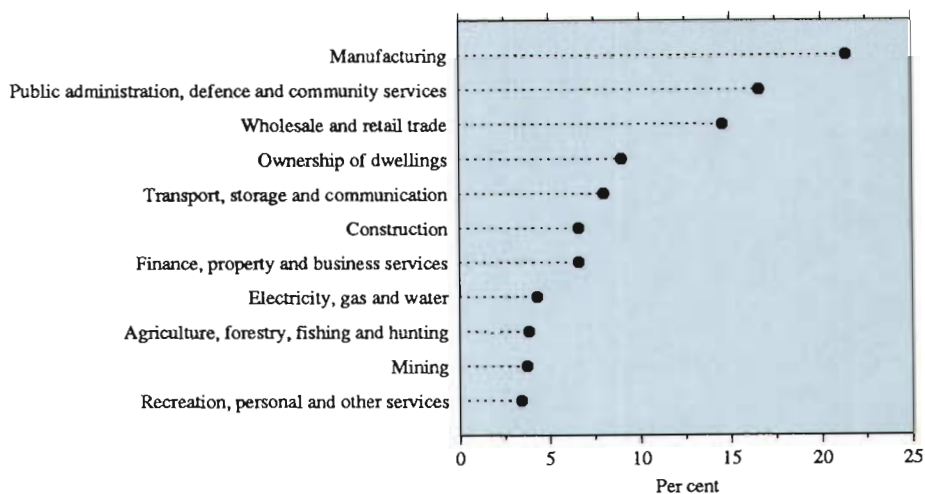
TABLE 5.4 AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY, VICTORIA AS A PERCENTAGE OF AUSTRALIA
(per cent)

Industry	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Agriculture, forestry, fishing, and hunting	20.7	24.0	20.3	21.4	23.5	n.a.
Mining	24.6	28.1	30.0	25.5	19.0	n.a.
Manufacturing	33.6	34.1	34.1	33.6	33.7	n.a.
Electricity, gas, and water	26.6	29.0	28.8	28.3	29.8	n.a.
Construction	23.3	24.0	24.2	25.3	25.3	n.a.
Wholesale and retail trade	27.6	26.8	27.0	28.1	29.0	n.a.
Transport, storage, and communication	24.6	23.4	23.3	23.8	24.8	n.a.
Finance, property, and business services	25.3	25.0	21.5	26.2	24.7	n.a.
Public administration, defence, and community services	26.2	26.4	26.8	27.0	26.9	n.a.
Recreation, personal, and, other services	23.9	24.6	25.2	25.4	24.2	n.a.
Ownership of dwellings	26.3	27.2	27.6	27.5	27.2	n.a.
General government gross operating surplus	24.6	24.5	24.3	24.2	24.0	n.a.
All industries	27.0	27.4	27.2	27.5	27.3	27.4

AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY, VICTORIA AS A PERCENTAGE OF AUSTRALIA, 1986-87



**AUSTRALIAN NATIONAL ACCOUNTS, INDIVIDUAL INDUSTRIES AS
A PERCENTAGE OF GROSS DOMESTIC PRODUCT AT FACTOR COST,
VICTORIA, 1986-87**



**AUSTRALIAN NATIONAL ACCOUNTS, INDIVIDUAL INDUSTRIES AS
A PERCENTAGE OF GROSS DOMESTIC PRODUCT AT FACTOR COST,
AUSTRALIA, 1987-88**

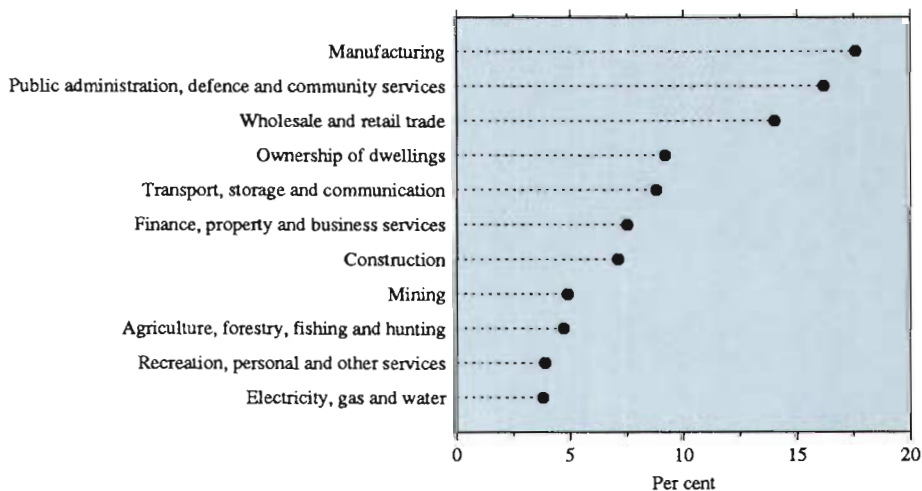


TABLE 5.6 EMPLOYED PERSONS BY INDUSTRY (a)
(^{'000})

August	Agriculture forestry, fishing, and hunting	Mining	Manufacturing	Construction	Wholesale and retail trade	Transport and storage	Finance property, and business services	Community services	Recreational, personal, and other services	Other industries (b)	Total
VICTORIA											
1983 (c)	91.5	6.0	390.7	95.6	314.9	95.4	147.5	279.5	94.6	159.5	1,675.1
1984 (c)	98.1	5.1	391.8	95.0	330.8	86.3	161.2	297.7	96.4	160.5	1,722.8
1985	99.6	6.0	399.4	110.2	342.3	85.7	171.0	308.0	98.1	165.9	1,786.2
1986	97.1	5.8	371.7	126.6	341.1	99.7	197.2	324.5	97.1	167.8	1,828.6
1987	96.4	7.7	392.1	128.0	367.5	95.0	198.0	356.0	113.4	169.4	1,923.6
1988 (c)	95.8	5.6	407.2	132.2	381.3	89.8	214.5	338.9	110.9	154.1	1,930.5
AUSTRALIA											
1983 (c)	411.7	94.3	1,132.0	388.0	1,217.1	365.2	574.5	1,077.3	390.8	590.3	6,241.1
1984 (c)	399.6	92.2	1,142.2	423.5	1,271.1	354.9	620.3	1,139.3	420.6	602.4	6,466.1
1985	415.1	101.6	1,113.2	471.2	1,324.7	377.4	668.0	1,160.4	430.9	613.2	6,675.6
1986	415.5	95.5	1,131.6	493.4	1,390.7	396.4	703.2	1,222.2	457.7	612.5	6,918.6
1987	402.4	98.5	1,154.4	487.9	1,411.6	375.3	771.1	1,283.7	496.3	611.1	7,092.3
1988 (c)	428.2	95.3	1,203.6	529.2	1,502.2	379.1	805.5	1,308.6	530.2	571.4	7,353.4

See footnotes at end of Table 5.8.

TABLE 5.7 EMPLOYED PERSONS BY INDUSTRY AS A PERCENTAGE OF TOTAL PERSONS EMPLOYED (a)

August -	Agriculture forestry, fishing and hunting	Mining	Manufacturing	Construction	Wholesale and retail trade	Transport and storage	Finance, property, and business services	Community services	Recreational, personal, and other services	Other industries (b)	Total
VICTORIA											
1983 (c)	5.5	0.4	23.3	5.7	18.8	5.7	8.8	16.7	5.6	9.5	100.0
1984 (c)	5.7	0.3	22.7	5.5	19.2	5.0	9.4	17.3	5.6	9.3	100.0
1985	5.6	0.3	22.4	6.2	19.2	4.8	9.6	17.2	5.5	9.3	100.0
1986	5.3	0.3	20.3	6.9	18.7	5.5	10.8	17.7	5.3	9.2	100.0
1987	5.0	0.4	20.4	6.7	19.1	4.9	10.3	18.5	5.9	8.8	100.0
1988 (c)	5.0	0.3	21.1	6.8	19.8	4.7	11.1	17.6	5.7	8.0	100.0
AUSTRALIA											
1983 (c)	6.6	1.5	18.1	6.2	19.5	5.9	9.2	17.3	6.3	9.5	100.0
1984 (c)	6.2	1.4	17.7	6.5	19.7	5.5	9.6	17.6	6.5	9.3	100.0
1985	6.2	1.5	16.7	7.1	19.8	5.7	10.0	17.4	6.5	9.2	100.0
1986	6.0	1.4	16.4	7.1	20.1	5.7	10.2	17.7	6.6	8.9	100.0
1987	5.7	1.4	16.3	6.9	19.9	5.3	10.9	18.1	7.0	8.6	100.0
1988 (c)	5.8	1.3	16.4	7.2	20.4	5.2	11.0	17.8	7.2	7.8	100.0

See footnotes at end of Table 5.8.

TABLE 5.8 EMPLOYED PERSONS BY INDUSTRY (a), VICTORIA AS A PERCENTAGE OF AUSTRALIA

August -	Agriculture forestry, fishing and hunting	Mining	Manufacturing	Construction	Wholesale and retail trade	Transport and storage	Finance, property, and business services	Community services	Recreational, personal, and other services	Other industries (b)	Total
1983 (c)	22.2	6.4	34.5	24.6	25.9	26.1	25.7	25.9	24.2	27.0	26.8
1984 (c)	24.5	5.5	34.3	22.4	26.0	24.3	26.0	26.1	22.9	26.6	26.6
1985	24.0	5.9	35.9	23.4	25.8	22.7	25.6	26.5	22.8	27.1	26.8
1986	23.4	6.1	32.8	25.7	24.5	25.2	28.0	26.6	21.2	27.4	26.4
1987	24.0	7.8	34.0	26.2	26.0	25.3	25.7	27.7	22.8	27.7	27.1
1988 (c)	22.4	5.9	33.8	25.0	25.4	23.7	26.6	25.9	20.9	27.0	26.3

(a) Classified according to Australian Standard Industrial Classification.

(b) Comprises electricity, gas, and water; communication; public administration and defence.

(c) Figures for the periods 1983, and 1984 to 1988, are based respectively, on 1981 and 1986 Population Census benchmarks.

TABLE 5.9 CIVILIAN POPULATION AGED 15 AND OVER: LABOUR FORCE STATUS

<i>August</i>	<i>Employed ('000)</i>	<i>Unemployed ('000)</i>	<i>Labour force ('000)</i>	<i>Not in the Labour force ('000)</i>	<i>Civilian population aged 15 years and over ('000)</i>	<i>Unemployment rate (per cent)</i>	<i>Participation rate (per cent)</i>
VICTORIA							
1983 (a)	1,675.1	163.2	1,838.4	1,223.7	3,062.0	8.9	60.0
1984 (a)	1,722.8	129.6	1,852.4	1,259.1	3,111.5	7.0	59.5
1985	1,786.2	117.1	1,903.3	1,260.4	3,163.7	6.2	60.2
1986	1,828.6	132.3	1,960.9	1,257.7	3,218.6	6.7	60.9
1987	1,923.6	121.5	2,045.1	1,230.4	3,275.5	5.9	62.4
1988 (a)	1,930.5	114.9	2,045.3	1,284.4	3,329.7	5.6	61.4
AUSTRALIA							
1983 (a)	6,241.1	686.8	6,927.9	4,678.3	11,606.2	9.9	59.7
1984 (a)	6,466.1	604.0	7,070.1	4,738.7	11,808.8	8.5	59.9
1985	6,675.6	572.7	7,248.3	4,783.1	12,031.4	7.9	60.2
1986	6,918.6	597.6	7,516.2	4,775.7	12,291.9	8.0	61.1
1987	7,092.3	602.0	7,694.4	4,856.8	12,551.2	7.8	61.3
1988 (a)	7,353.4	538.7	7,892.1	4,922.5	12,814.5	6.8	61.6

(a) Figures for the periods 1983, and 1984 to 1988 are based respectively on 1981 and 1986 Population Census benchmarks.

REFERENCES

Data sources

National Accounts provide a systematic statistical framework for summarising and analysing the economic transactions taking place within the nation. While other statistical systems and collections fulfill similar functions in respect of particular parts of the economy and for particular types of transactions, the national accounts provide a comprehensive picture.

For an introduction into the concepts and definitions and a description of the sources of data and methods used to derive estimates for major national accounts aggregates, reference should be made to the publication *Australian National Accounts: Concepts, Sources and Methods* (5216.0).

For additional data on national accounts refer to the following publications.

ABS publications

Australian National Accounts: National Income and Expenditure (5204.0)

Australian National Accounts: State Accounts (5220.0)

The Labour Force, Australia (6203.0)

The Labour Force, Victoria (6202.2)