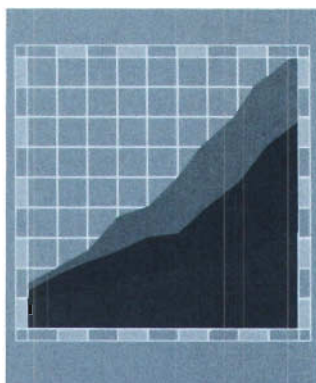


5 Victoria: A Broad Economic Overview



INTRODUCTION

This Chapter contains a range of National and State Accounts and labour force statistics for the period 1984-85 to 1989-90. It presents a broad overview of the Victorian economy and provides a basis for comparison with the National economy. In addition, this Chapter serves as an introduction to Chapters 6 to 11, which deal with specific sectors of the Victorian economy.

General trends from 1984-85 to 1989-90

In general terms, the Victorian economy grew at a similar rate to the Australian economy during the period 1984-85 to 1989-90. During that period, Gross Domestic Product (GDP) at factor cost increased by 72.8 per cent for Victoria and by 72.4 per cent for Australia. The growth for the 1989-90 financial year was 9.8 per cent for Victoria and 9.4 per cent for Australia.

Household disposable income for Victoria grew by 63.3 per cent over the five year period, compared with 66.2 per cent for Australia. In 1989-90 the Victorian growth in household income was 11.8 per cent, compared with 11.6 per cent for Australia.

Trends in industries

Victoria's share of national economic activity did not vary greatly over the 1984-85 to 1989-90 period with GDP at factor cost fluctuating between 27.2 per cent in 1986-87 and 27.7 per cent in 1987-88. In 1989-90 the percentage share was 27.4 per cent.

Between 1984-85 and 1989-90, in terms of GDP at factor cost, Victoria's share of the national Finance, property and business services sector increased from 23.2 per cent to 27.6 per cent. Victoria's share also increased for Electricity, gas and water (from 29.3 to 31.7 per cent); Construction (from 24.3 to 26.3 per cent); Wholesale and retail trade (from 27.0 to 28.5 per cent) and Manufacturing (from 34.0 to 34.8 per cent). Agriculture, forestry, fishing and hunting increased from 19.8 per cent to 22.5 per cent over the period, while Transport, storage and communication rose from 23.4 per cent to 24.1 per cent.

Decreases in Victoria's share of national industry activity occurred in Mining (down from 30.1 to 19.3 per cent); Ownership of dwellings (from 27.7 to 25.3 per cent); and Recreation, personal and other services (from 25.1 to 21.8 per cent). General government gross operating surplus decreased by 1.0 per cent, from 24.3 per cent in 1984-85 to 23.3 per cent in 1989-90.

Within Victoria, in 1989-90 Manufacturing remained the most significant industry in terms of its contribution to the State's GDP at factor cost, with a share of 20.7 per cent, notwithstanding that its

contribution declined from 22.9 per cent in 1984-85. Wholesale and retail trade was the second most significant industry, having increased its contribution to Victoria's GDP from 13.7 per cent in 1984-85 to 15.5 per cent in 1989-90. Public administration, defence and community services ranked third, despite having declined from 16.4 per cent in 1984-85 to 15.3 per cent in 1989-90.

TABLE 5.1 AUSTRALIAN NATIONAL ACCOUNTS, VICTORIA IN RELATION TO AUSTRALIA

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
VICTORIA (\$m)						
GDP at factor cost	52,002	57,674	63,469	72,761	81,795	89,847
Non farm GDP at market prices	60,399	66,699	71,367	81,966	91,544	100,476
Household disposable income	37,977	42,011	46,244	50,675	55,493	62,020
Farm income	476	455	736	976	1,196	1,152
Private final consumption	33,993	38,225	42,291	46,512	50,852	55,709
AUSTRALIA (\$m)						
GDP at factor cost	190,257	211,611	233,422	262,809	299,921	328,032
Non farm GDP at market prices	207,354	231,604	255,879	288,441	327,245	358,191
Household disposable income	140,035	155,224	168,835	187,003	208,581	232,680
Farm income	2,704	1,435	1,887	3,222	4,388	3,849
Private final consumption	128,265	143,828	157,612	175,746	194,847	216,530
VICTORIA AS A PERCENTAGE OF AUSTRALIA						
GDP at factor cost	27.3	27.3	27.2	27.7	27.3	27.4
Non farm GDP at market prices	29.1	28.8	27.9	28.4	28.0	28.1
Household disposable income	27.1	27.1	27.4	27.1	26.6	26.7
Farm income	17.6	31.7	39.0	30.3	27.3	29.9
Private final consumption	26.5	26.6	26.8	26.5	26.1	25.7

Labour force

In 1991 Victoria's share of persons employed in Australia decreased to 25.7 per cent. This compared with a share of over 26.0 per cent during the late 1980's, and a peak of 27.1 per cent in 1987. In the six years to August 1991, Victoria's employment grew by 7.8 per cent compared with Australia's 10.8 per cent. In 1991, Victorian and Australian employment decreased for the first time since 1986, by 4.9 per cent and 2.0 per cent, respectively.

In the late 1980's the employment participation rate increased each year, except for 1988 in the case of Victoria, and in each year for Australia. In Victoria the rate increased from 60.9 per cent in 1986 to 64.4 per cent in 1990, while for Australia the rate increased from 61.1 per cent to 63.3 per cent over the same period. In 1991, however, the rate decreased to 62.8 per cent for Victoria and to 62.7 per cent for Australia.

In 1991, the unemployment rate in Victoria increased to 9.7 per cent, the highest rate over the 1986 to 1991 period. Similarly for Australia, a rate of 9.5 per cent was recorded in 1991, compared with the next highest rate over the period of 8.0 per cent in 1986. With the exception of 1991, Victoria's unemployment rate was consistently lower than Australia's throughout the six year period.

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

<i>Industry</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>
VICTORIA						
Agriculture, forestry, fishing, and hunting	1,723	1,875	2,246	2,630	3,007	3,143
Mining	3,041	2,709	1,978	2,283	2,255	2,949
Manufacturing	11,895	12,638	13,486	15,020	16,852	18,615
Electricity, gas, and water	2,154	2,357	2,785	2,944	3,198	3,412
Construction	3,202	3,774	4,292	4,748	5,679	6,453
Wholesale and retail trade	7,119	8,399	9,525	10,844	13,426	13,931
Transport, storage, and communication	3,895	4,406	5,118	5,977	6,380	6,626
Finance, property, and business services	3,076	3,793	4,485	6,784	7,437	8,944
Public administration, defence, and community services	8,535	9,443	10,527	11,432	12,600	13,735
Recreation, personal, and other services	1,811	2,042	2,072	2,505	2,740	3,004
Ownership of dwellings	4,434	5,019	5,650	6,216	6,766	7,494
General government gross operating surplus	1,117	1,215	1,305	1,378	1,455	1,541
All industries	52,002	57,674	63,469	72,761	81,795	89,847
AUSTRALIA						
Agriculture, forestry, fishing, and hunting	8,712	8,714	9,613	11,269	13,664	13,996
Mining	10,116	11,270	11,441	11,679	11,888	15,249
Manufacturing	34,942	37,773	39,747	44,091	50,091	53,535
Electricity, gas, and water	7,343	8,124	8,961	9,660	10,612	10,753
Construction	13,198	14,876	16,876	18,629	22,195	24,494
Wholesale and retail trade	26,322	30,276	33,125	37,641	45,620	48,954
Transport, storage, and communication	16,678	18,486	20,508	23,896	25,836	27,477
Finance, property, and business services	13,250	15,724	19,158	23,790	28,131	32,451
Public administration, defence, and community services	31,897	35,081	39,173	42,388	47,044	51,158
Recreation, personal, and other services	7,213	8,145	8,811	10,561	12,066	13,771
Ownership of dwellings	15,986	18,110	20,554	23,396	26,591	29,586
General government gross operating surplus	4,600	5,032	5,455	5,809	6,183	6,608
All industries	190,257	211,611	233,422	262,809	299,921	328,032



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SOCIAL

Above: Children observing wildlife and undertaking environmental studies - *Healsville Sanctuary, Education Section*

Below: National Heart Foundation "Walk around the Block" campaign, Chinese group participants. Inset: "Skip Rope for Heart" in the City Square. - *National Heart Foundation*





AGRICULTURE

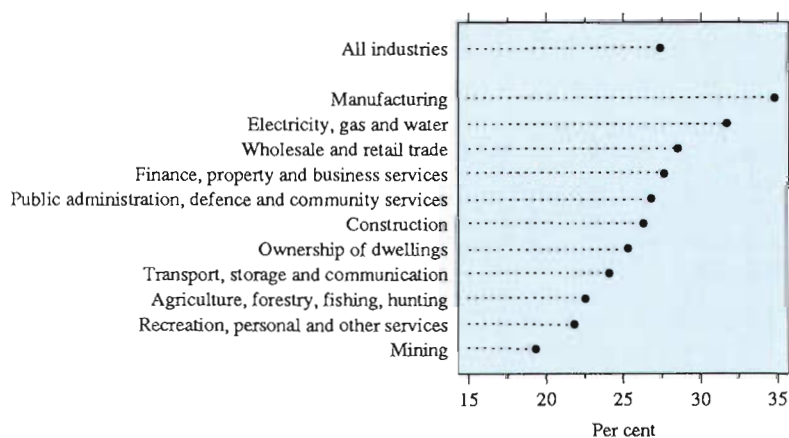
Above: Sheep grazing at the Werribee Treatment complex - Melbourne Water

Left: Gully erosion is often a consequence of over-clearing and salinity - Department of Conservation and Environment

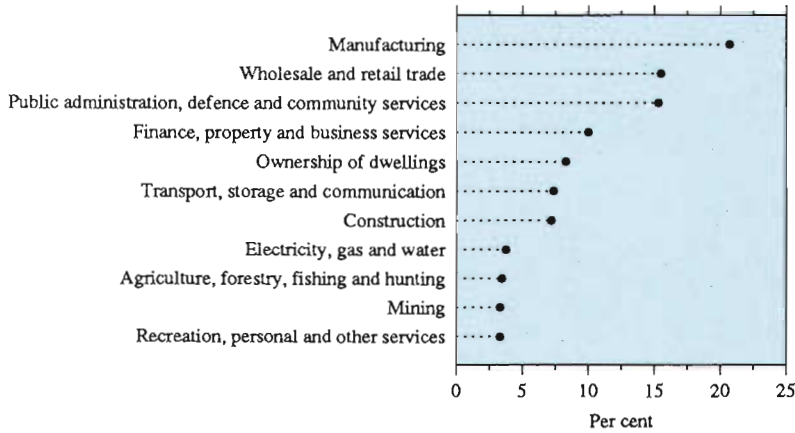
TABLE 5.4 AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY, VICTORIA AS A PERCENTAGE OF AUSTRALIA (per cent)

<i>Industry</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>
Agriculture, forestry, fishing, and hunting	19.8	21.5	23.4	23.3	22.0	22.5
Mining	30.1	24.0	17.3	19.5	19.0	19.3
Manufacturing	34.0	33.5	33.9	34.1	33.6	34.8
Electricity, gas, and water	29.3	29.0	31.1	30.5	30.1	31.7
Construction	24.3	25.4	25.4	25.5	25.6	26.3
Wholesale and retail trade	27.0	27.7	28.8	28.8	29.4	28.5
Transport, storage, and communication	23.4	23.8	25.0	25.0	24.7	24.1
Finance, property, and business services	23.2	24.1	23.4	28.5	26.4	27.6
Public administration, defence, and community services	26.8	26.9	26.9	27.0	26.8	26.8
Recreation, personal, and other services	25.1	25.1	23.5	23.7	22.7	21.8
Ownership of dwellings	27.7	27.7	27.5	26.6	25.4	25.3
General government gross operating surplus	24.3	24.1	23.9	23.7	23.5	23.3
All industries	27.3	27.3	27.2	27.7	27.3	27.4

AUSTRALIAN NATIONAL ACCOUNTS, GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY, VICTORIA AS A PERCENTAGE OF AUSTRALIA, 1989-90



AUSTRALIAN NATIONAL ACCOUNTS, INDIVIDUAL INDUSTRIES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT AT FACTOR COST, VICTORIA, 1989-90



AUSTRALIAN NATIONAL ACCOUNTS, INDIVIDUAL INDUSTRIES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT AT FACTOR COST, AUSTRALIA, 1989-90

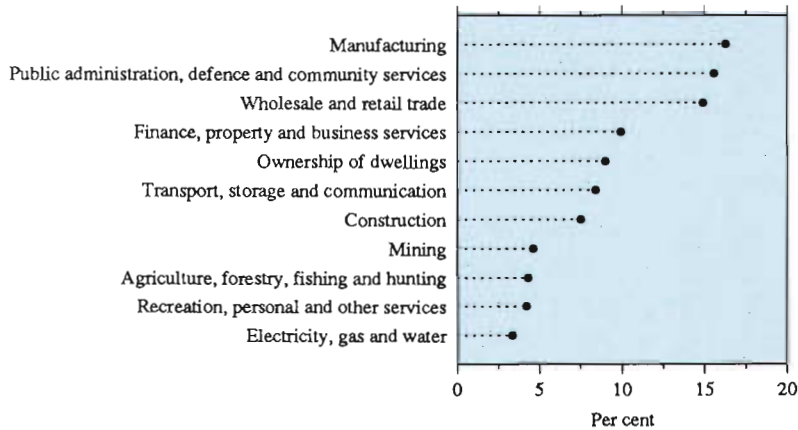


TABLE 5.6 EMPLOYED PERSONS BY INDUSTRY (a)
(^{'000})

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											
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	5.5	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	95.9	5.6	407.2	132.2	381.3	89.8	214.5	338.9	110.9	154.1	1,930.5
1989	98.7	6.8	402.9	158.1	406.1	102.1	233.3	349.2	135.1	157.6	2,049.8
1990	96.9	5.9	392.8	149.9	428.4	87.8	239.5	376.1	130.2	165.5	2,073.1
AUSTRALIA											
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	428.2	95.3	1,203.6	529.2	1,502.2	379.1	865.5	1,308.6	530.2	571.4	7,353.4
1989	406.2	103.4	1,236.0	601.4	1,606.9	407.5	875.2	1,359.9	554.7	577.2	7,727.6
1990	424.7	96.1	1,200.4	585.3	1,612.1	402.2	904.3	1,422.8	561.3	615.8	7,825.0

See footnote 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											
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	5.0	0.3	21.1	6.8	19.8	4.7	11.1	17.6	5.7	8.0	100.0
1989	4.8	0.3	19.7	7.7	19.8	5.0	11.4	17.0	6.6	7.7	100.0
1990	4.7	0.3	18.9	7.2	20.7	4.2	11.6	18.1	6.3	8.0	100.0
AUSTRALIA											
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	5.8	1.3	16.4	7.2	20.4	5.2	11.8	17.8	7.2	7.8	100.0
1989	5.3	1.4	16.0	7.8	20.7	5.3	11.3	17.6	7.2	7.5	100.0
1990	5.4	1.2	15.3	7.5	20.6	5.1	11.6	18.2	4.6	7.9	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
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	22.4	5.9	33.8	25.0	25.4	23.7	24.8	25.9	20.9	27.0	26.3
1989	24.3	6.5	32.6	26.3	25.3	25.1	26.7	25.7	24.4	27.5	26.5
1990	22.8	6.1	32.7	25.6	26.6	21.8	26.5	26.4	36.0	26.9	26.5
1991	24.3	4.2	33.1	23.2	25.0	23.0	25.4	25.0	22.4	28.0	25.7

(a) Classified according to Australian Standard Industrial Classification, and based on 1986 Census benchmarks.

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

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							
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	1,930.5	114.9	2,045.3	1,284.4	3,329.7	5.6	61.4
1989	2,049.8	93.6	2,143.4	1,241.6	3,385.0	4.4	63.3
1990	2,073.1	138.8	2,211.8	1,223.0	3,434.9	6.3	64.4
AUSTRALIA							
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	7,353.4	538.7	7,892.1	4,922.5	12,814.5	6.8	61.6
1989	7,727.6	469.4	8,197.0	4,878.5	13,075.4	5.7	62.7
1990	7,825.0	587.4	8,412.5	4,883.7	13,296.2	7.0	63.3

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 fulfil 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 to 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)