

# Financial Institutions

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This chapter provides information about Australia's financial institutions and their role of financial intermediation. Financial institutions intermediate between savers and borrowers. They marshal the funds of economic agents (e.g., businesses, households, governments, non-profit institutions) that generate surplus funds from their operations (savers) and make those funds available to economic agents that require funds to finance their operations or investment (borrowers). The savers and borrowers for whom the financial institutions intermediate may be located in Australia, or overseas.

Until recent years, Australian financial institutions tended to specialise in intermediation for particular types of customers or types of finance (e.g., housing finance for home buyers; seasonal finance for farmers).

However, with deregulation of the financial markets in the 1980s, most institutions have increased their range of products and services so that savers and borrowers now have available to them a wide variety of investment and borrowing choices in both domestic and international markets.

**MONEY**

**Currency**

Australia has a decimal system of currency, the unit being the dollar, which is divided into 100 cents. Australian notes are issued in the denominations of \$5, \$10, \$20, \$50 and \$100 and coins in the denominations of 1c, 2c, 5c, 10c, 20c, 50c, \$1 and \$2.

**VALUE OF AUSTRALIAN NOTES ON ISSUE**  
(\$ million)

	<i>Last Wednesday in June</i>				
	1987	1988	1989	1990	1991
\$1	40	38	36	43	43
\$2	173	154	54	75	73
\$5	213	228	241	233	249
\$10	525	576	643	691	679
\$20	2,274	2,516	2,554	2,289	2,048
\$50	3,539	3,911	4,037	4,425	5,345
\$100	2,978	3,941	4,781	5,225	6,356
<b>Total</b>	<b>9,742</b>	<b>11,364</b>	<b>12,346</b>	<b>12,981</b>	<b>14,793</b>
<b>Increase per cent</b>	<b>9.3</b>	<b>16.6</b>	<b>8.6</b>	<b>5.1</b>	<b>14.0</b>

Source: Reserve Bank of Australia.

**AUSTRALIAN DECIMAL COIN: NET ISSUES BY RESERVE BANK**  
(\$ million)

	<i>Last Wednesday in June</i>					
	1986	1987	1988	1989	1990	1991
1c	1.3	1.3	1.4	1.2	1.4	-1.5
2c	1.3	1.9	2.1	1.3	1.8	-4.0
5c	3.8	4.6	5.5	2.7	3.9	0.4
10c	3.4	4.8	5.7	2.9	3.6	-0.5
20c	3.0	2.7	5.4	-6.4	-0.9	-3.2
50c	-0.5	3.2	5.8	-3.4	0.9	-1.8
\$1	25.5	16.3	21.7	-26.3	-7.9	-1.8
\$2	—	—	62.7	239.6	31.9	16.1
<b>Total</b>	<b>37.8</b>	<b>34.7</b>	<b>110.4</b>	<b>211.5</b>	<b>34.6</b>	<b>3.7</b>

Source: Reserve Bank of Australia.

## Volume of money

Statistics of the volume of money in the following table include notes and coins in the hands of the public and deposits with banks (including the Reserve Bank). Volume of money is a measure of specified financial assets held by the non-bank public.

The financial assets included in the volume of money in the table represent only part (albeit

a major part) of the public's total holdings of liquid financial assets. An expanded view of the volume of money would include the public's holdings of such other claims as finance company debentures; deposits and shares of building societies; loans to authorised dealers in the short-term money market; and government securities.

### VOLUME OF MONEY (\$ million)

Average of weekly figures for June	Notes and coins in the hands of public	Current deposits with banks(a)	Other deposits with banks(a)			Total volume of money (b)
			Certificates of deposit	Term	Other	
1986	8,717	16,509	6,002	38,489	32,337	101,866
1987	9,598	19,418	5,704	43,017	37,398	114,896
1988	10,978	23,777	6,368	44,260	45,197	130,163
1989	12,193	28,120	21,052	63,507	41,635	166,506
1990	12,840	29,058	22,864	75,628	50,020	190,410
1991	14,620	30,223	29,578	75,955	52,604	202,981

(a) Excludes deposits of the Commonwealth and State Governments and inter-bank deposits. (b) It is not possible to exclude government deposits with those banks formerly classified as savings banks from the components prior to January 1989. As a result, these components do not sum to the total before this date.

Source: Reserve Bank of Australia.

## FINANCIAL LEGISLATION

### Commonwealth legislation

The major acts of Federal Parliament relating to the management and operations of financial institutions in Australia are as follows:

- *The Banking Act 1959* which applies to all banks operating in Australia, except the so-called State banks owned by State Governments and trading mainly in their own State. Originally the objectives of the Act were to provide a uniform legal framework for regulating the banking system; to safeguard depositors of the banks from loss; to provide for the coordination of banking policy under the direction of the Reserve Bank; to control the volume of credit in circulation and bank interest rates; and to provide the machinery for the control of foreign exchange. In recent years Australian Governments have sought to decrease the degree of regulation imposed on the financial sector and the banks in particular, such that controls on most bank interest rates and foreign exchange have been relaxed. Significant amendments were made to the Act in January 1990 which formalised supervision requirements and restructured the banking industry (e.g., abolition of the distinction between trading and savings banks).
- *The Reserve Bank Act 1959* which establishes the Reserve Bank of Australia, provides for the management of the Bank, the administration of the *Banking Act 1959* and the management of Australian note issue. Prior to 1959 central banking business was the responsibility of the Commonwealth Bank.
- *The Commonwealth Banks Act 1959* which establishes and provides for the management of the Commonwealth Banking Corporation, Commonwealth Bank of Australia, Commonwealth Savings Bank of Australia and the Commonwealth Development Bank of Australia.
- *The Financial Corporations Act 1974* which applies to non-bank financial institutions (NBFIs) such as finance companies, building societies, and money market dealers. The object of the Act is to provide a means for the Federal Government to examine and regulate the activities of non-bank financial institutions with regard to economic stability, the ensuring of adequate levels of finance for housing and the financial and economic welfare of the

people of Australia. In the current deregulated environment, the main purpose of the Act has been the additional information and statistics on NBFIs operations being made available to the relevant regulatory body, the Reserve Bank of Australia.

- *The Insurance and Superannuation Commissioner Act 1987* which created the statutory office of Insurance and Superannuation Commissioner. The Act provides for the Commissioner to assume overall responsibility (subject to the Treasurer's direction) for the supervision of the insurance industry and for the occupational superannuation standards.
- *The Life Insurance Act 1945* (amended in 1987) which regulates life insurance business in Australia. The objects of this Act are: to replace all State legislation on the subject of life insurance except that relating to life insurance operations of State government insurance offices within the State concerned and therefore to provide uniform legislation for the whole of Australia; to provide for the Insurance and Superannuation Commissioner to exercise active supervision of the activities of life insurance companies, with a view to securing the greatest possible protection for policy holders; and to set up adequate machinery for dealing with any company that fails to maintain a required minimum standard of solvency.
- *The Insurance Act 1973* which regulates the general (non-life) insurance business. This Act provides for the Insurance and Superannuation Commissioner to exercise active supervision of the financial activities of companies conducting general (non-life) insurance business with a view to securing the greatest possible protection for policy holders; and to set up adequate machinery for dealing with any company that fails to maintain a required minimum standard of solvency.
- *The Occupational Superannuation Standards Act 1987* which provides for the standards for occupational superannuation funds and approved deposit funds.
- *The Insurance (Agents and Brokers) Act 1984* which provides for the Insurance and Superannuation Commissioner to regulate the activities of insurance agents and brokers with a view to strengthening the financial stability of the overall industry.

## State legislation

In each State, legislation exists to regulate the activities and monitor the solvency position of particular types of financial institutions, such as permanent building societies, credit cooperatives and cooperative housing societies, which operate on a cooperative basis and lend predominantly to members or consumers. Permanent building societies and credit cooperatives must provide statistical information on their operations to State regulatory bodies as well as to the Reserve Bank as part of their obligations under the *Financial Corporations Act 1974*.

In some States there is also legislation for the incorporation of State government bodies which operate as banks or insurance offices. Again these institutions provide statistical information to both State and Federal regulatory bodies.

## BANKS

### Reserve Bank of Australia

The Reserve Bank of Australia 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 general functions of the Reserve Bank are set out in section 10 of the *Reserve Bank Act 1959*, which states:

'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 regulations under that Act are exercised in such a manner as, in the opinion of the Board, will best contribute to:

- (a) the stability of the currency of Australia;
- (b) the maintenance of full employment in Australia; and
- (c) the economic prosperity and welfare of the people of Australia.'

**RESERVE BANK OF AUSTRALIA: LIABILITIES AND ASSETS**  
(\$ million)

LIABILITIES							
<i>Deposits by banks(a)</i>							
<i>30 June</i>	<i>Capital and reserve funds</i>	<i>Special reserve—IMF special drawing right</i>	<i>Australian notes on issue</i>	<i>Non-callable deposits/ Statutory Reserve Deposit accounts</i>	<i>Other</i>	<i>All other liabilities</i>	<i>Total</i>
1986	182	349	8,890	3,301	76	10,206	23,004
1987	200	366	9,801	3,455	18	12,702	26,541
1988	247	324	11,135	3,557	283	10,307	25,853
1989	248	295	12,159	3,178	159	8,597	24,636
1990	248	265	12,837	2,733	921	8,719	25,723
1991	248	238	14,621	2,541	24	10,457	28,129

  

ASSETS					
<i>30 June</i>	<i>Gold and foreign exchange (b)</i>	<i>Commonwealth government securities</i>	<i>Loans, advances and bills discounted</i>	<i>All other assets</i>	<i>Total</i>
1986	12,016	9,732	215	1,041	23,004
1987	17,120	8,295	110	1,016	26,541
1988	19,644	4,975	130	1,104	25,853
1989	19,950	3,797	86	803	24,636
1990	22,086	2,874	85	678	25,723
1991	24,308	2,960	89	772	28,129

(a) The Statutory Reserve Deposit ratio was set at zero on 27 September 1988 and the balances transferred to non-callable deposit accounts. Further details are provided in the Reserve Bank press release of 23 September 1988 which was reprinted in the October 1988 Reserve Bank Bulletin. (b) Includes IMF Special Drawing Rights.

Source: Reserve Bank of Australia.

## Commercial banks

Commercial banking in Australia is conducted by 46 banks, including the development banks. Of these, three large private banks and the Commonwealth Bank of Australia are responsible for over half the total assets of all banks. These banks provide widespread banking services and an extensive retail branch network throughout Australia. The remaining banks, all privately-owned except for four State banks (as at 30 June 1991), provide similar banking services through limited branch networks.

All banks operate under the *Banking Act 1959* as amended, except for State banks which operate under respective State legislation. One of the results of the significant amendments made to the Act in January 1990 was the abolition of the distinction between trading and savings banks.

At 30 June 1991, the banks operated 6,917 branches and 7,300 agencies. Of the total branches, 3,960 were located in metropolitan areas. Banking facilities were also available at 3,126 metropolitan agencies throughout Australia.

**BANKS: LIABILITIES AND ASSETS**  
(*\$ million*)

	<i>June</i>		
	<i>1989</i>	<i>1990</i>	<i>1991</i>
<b>Liabilities</b>			
Deposits repayable in Australia			
Residents(a)	155,020	177,961	189,481
Non-residents	4,287	5,468	5,560
<i>Total</i>	<i>159,307</i>	<i>183,430</i>	<i>195,041</i>
Other borrowings			
Banks(b)	10,976	6,860	11,857
Other(b)	—	10,400	13,948
Bill acceptance liabilities	53,797	56,184	55,071
All other \$A liabilities	10,867	10,320	12,939
Total resident \$A liabilities	230,516	252,939	272,426
Total non-resident \$A liabilities	4,431	14,255	16,430
<i>Total \$A liabilities</i>	<i>234,947</i>	<i>267,194</i>	<i>288,856</i>
Foreign currency liabilities	23,734	28,581	33,661
<b>Total liabilities(c)</b>	<b>258,681</b>	<b>295,776</b>	<b>322,517</b>
<b>Assets</b>			
Coin, Australian notes and cash			
with Reserve Bank	1,280	2,114	1,244
Non-callable deposits with Reserve Bank	3,179	2,733	2,541
Public sector securities	26,573	22,098	23,437
Loans, advances and bills held	167,322	201,496	225,272
Bills receivable	52,620	54,293	53,573
Premises	5,045	5,824	6,657
All other \$A assets	14,704	17,640	23,650
Total resident \$A assets	270,135	304,697	335,170
Total non-resident \$A assets	587	1,501	1,203
<i>Total \$A assets</i>	<i>270,722</i>	<i>306,199</i>	<i>336,373</i>
Foreign currency assets(d)	12,950	19,648	17,888
<b>Total assets</b>	<b>283,672</b>	<b>325,847</b>	<b>354,261</b>

(a) All certificates of deposits issued by banks have been shown as resident deposits. (b) Includes issues of term subordinated debt, loan capital and similar instruments. Not separately available before January 1990. (c) Excludes shareholders' funds. (d) Prior to January 1990, excludes non-resident foreign currency assets.

Source: Reserve Bank of Australia Bulletin.

## Interest rates

Interest rates are the return offered on money deposited/invested or the charge on money borrowed. The following are a selection of

rates offered to individuals and businesses by banks for deposits and overdrafts.

The table below shows the substantial decrease in the level of interest rates between 30 June 1990 and 1991.

### INTEREST RATES AT 30 JUNE 1990 AND 1991

	<i>Per cent per annum</i>	
	<i>1990</i>	<i>1991</i>
<b>Fixed deposits (less than \$50,000)</b>		
30 days	13.25	9.25
3 months	14.00	10.00
6 months	14.00	9.75
12 months	14.25	10.00
<b>Overdrafts</b>		
Less than \$100,000	18.75/20.75	14.25/16.50
\$100,000 and over	18.25/18.75	14.00/14.25

Source: Reserve Bank of Australia Bulletin.

## NON-BANK FINANCIAL INSTITUTIONS

In addition to banks, there are a number of other categories of financial institutions which play an important part in financial activities in

Australia. The following table displays summary data on the assets and liabilities of each type of financial corporation covered by the *Financial Corporations Act 1974*, plus cooperative housing societies which are covered by State legislation.

FINANCIAL CORPORATIONS: ASSETS AND LIABILITIES(a), 1989-90  
(\$ million)

ASSETS					
Category	Amount owing on loans	Cash placements and deposits	Bills, bonds and other securities	Other assets	Total assets
Permanent building societies	16,374.4	1,443.5	3,663.5	946.8	22,428.4
Cooperative housing societies	2,507.4	70.3	—	7.5	2,585.2
Credit cooperatives	6,977.9	1,009.7	344.5	376.6	8,708.7
Authorised money market dealers	1.0	243.1	5,763.6	17.7	6,025.4
Money market corporations	26,044.7	9,128.8	10,987.3	5,074.0	51,234.8
Finance companies	26,120.0	1,586.1	952.2	10,487.5	39,145.8
General financiers	4,707.4	711.5	1,300.3	3,875.3	10,594.5
Other financial corporations	1,490.3	322.6	2,435.3	145.8	4,394.0
<b>Total</b>	<b>84,223.1</b>	<b>14,515.6</b>	<b>25,446.7</b>	<b>20,931.2</b>	<b>145,116.8</b>
LIABILITIES					
Category	Share capital and reserves	Borrowings	Other liabilities	Total liabilities	
Permanent building societies	6,864.4	15,145.6	418.4	22,428.4	
Cooperative housing societies	39.8	2,528.9	16.6	2,585.3	
Credit cooperatives	605.3	8,013.2	90.2	8,708.7	
Authorised money market dealers	95.7	5,878.2	51.4	6,025.4	
Money market corporations	2,282.4	45,767.9	3,184.4	51,234.8	
Finance companies	3,282.2	34,032.9	1,830.6	39,145.8	
General financiers	621.7	9,284.7	688.1	10,594.5	
Other financial corporations	292.4	4,066.4	35.3	4,394.0	
<b>Total</b>	<b>14,083.9</b>	<b>124,717.8</b>	<b>6,315.0</b>	<b>145,116.8</b>	

(a) At the balance date of corporations within the year shown.

Source: See the tables which follow for each category.

The definitions, assets, liabilities, income and expenditure of each category are summarised below.

### Permanent building societies

A permanent building society is defined as an organisation that:

- is registered under relevant State or Territory legislation;
- has not by its rules any fixed date or certain event or result when it is to terminate;
- is authorised to accept money on deposit; and

- operates on a cooperative basis by borrowing predominantly from its members and providing finance to its members principally in the form of housing loans.

The statistics below provide information in total on the 54 permanent building societies balancing in the 1989-90 financial year.

Information relating to the housing finance operations of permanent building societies is provided in the chapter, Construction and Housing.

#### PERMANENT BUILDING SOCIETIES: ASSETS, LIABILITIES, INCOME AND EXPENDITURE(a) (\$ million)

	1987-88	1988-89	1989-90
<b>Liabilities</b>			
Share Capital	8,209.1	6,357.7	6,299.1
Reserves	727.3	852.1	565.3
Deposits	11,188.6	14,556.6	13,264.6
Loans	1,242.5	1,825.7	1,881.0
Other liabilities	312.2	406.2	418.4
<b>Total liabilities</b>	<b>21,679.7</b>	<b>23,998.3</b>	<b>22,428.4</b>
<b>Assets</b>			
Amount owing on loans	14,717.2	17,925.1	16,374.4
Cash on hand	61.4	78.4	86.3
Deposits with:			
Banks	790.6	1,138.5	989.4
Other	458.1	230.5	367.8
Bills, bonds, etc.	4,921.9	3,766.1	3,663.5
Physical assets	578.4	670.1	519.3
Other assets	152.1	189.7	427.5
<b>Total assets</b>	<b>21,679.7</b>	<b>23,998.3</b>	<b>22,428.4</b>
<b>Expenditure</b>			
Interest on:			
Shares	871.9	618.2	682.4
Deposits	1,125.2	1,570.4	1,896.9
Interest on loans	109.2	160.0	296.9
Wages and salaries	190.9	221.9	225.6
Administrative expenses	272.2	233.9	406.9
Other expenditure	212.1	201.4	375.6
<b>Total expenditure</b>	<b>2,781.4</b>	<b>3,005.8</b>	<b>3,884.3</b>
<b>Income</b>			
Interest from:			
Loans	2,085.2	2,343.5	2,686.2
Deposits	138.9	130.1	221.4
Income from bills, bonds, etc.	591.0	556.4	518.6
Other income	220.5	218.2	237.9
<b>Total income</b>	<b>3,035.7</b>	<b>3,248.2</b>	<b>3,664.0</b>

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

Source: *Permanent Building Societies: Assets, Liabilities, Income and Expenditure, Australia (5632.0)*.

## Cooperative housing societies

A cooperative housing society is defined as an organisation that:

- is registered under the relevant State or Territory legislation;
- is not authorised to accept money on deposit;
- is only allowed to raise money on loans;

- only provides finance to its members in the form of housing loans; and
- does not cause or permit applicants for loans to ballot for precedence or in any way make the granting of a loan dependent on any chance or lot.

The statistics below summarise information on the 1,804 cooperative housing societies balancing within the 1989-90 financial year.

### COOPERATIVE HOUSING SOCIETIES: ASSETS, LIABILITIES, INCOME AND EXPENDITURE(a) (\$ million)

	1987-88	1988-89	1989-90
<b>Liabilities</b>			
Share capital and reserves	29.5	33.0	39.8
Borrowings	2,084.7	2,239.4	2,528.9
Other liabilities	15.3	11.2	16.6
<b>Total liabilities</b>	<b>2,129.4</b>	<b>2,283.5</b>	<b>2,585.3</b>
<b>Assets</b>			
Loan outstanding	2,067.5	2,205.6	2,507.4
Placements and deposits	57.6	72.5	70.3
Physical assets	0.5	0.7	0.8
Other assets	3.8	4.7	6.7
<b>Total assets</b>	<b>2,129.4</b>	<b>2,283.5</b>	<b>2,585.2</b>
<b>Expenditure</b>			
Interest paid	223.9	247.5	307.1
Administrative expenses	15.9	19.0	25.7
Other expenditure	5.5	7.4	9.8
<b>Total expenditure</b>	<b>245.4</b>	<b>273.8</b>	<b>342.6</b>
<b>Income</b>			
Interest on loans	229.8	253.4	316.2
Other income	21.5	26.6	36.0
<b>Total income</b>	<b>251.3</b>	<b>280.0</b>	<b>352.2</b>

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

Source: *Co-operative Housing Societies: Assets, Liabilities, Income and Expenditure, Australia (5633.0)*.

## Credit cooperatives

A credit cooperative (or credit union) is defined as an organisation that:

- is registered under relevant State or Territory legislation; and
- operates on a cooperative basis by predominantly borrowing from and providing finance to its own members.

Credit cooperative annual financial account statistics were first collected on a national basis from all registered credit cooperatives for the year 1974-75 when there were 738 credit cooperatives with a total of 909,547 members. By comparison the number of credit cooperatives operating in 1989-90 was 386 with 2,609,122 members.

**CREDIT COOPERATIVES: ASSETS, LIABILITIES, INCOME AND EXPENDITURE(a)**  
(\$ million)

	1987-88	1988-89	1989-90
<b>Liabilities</b>			
Share capital	26.2	27.4	28.5
Reserves	404.1	507.2	576.8
Deposits	6,708.9	6,871.1	7,884.3
Loans	93.1	174.4	128.9
Other liabilities	68.0	80.4	90.2
<b>Total liabilities</b>	<b>7,300.3</b>	<b>7,660.6</b>	<b>8,708.7</b>
<b>Assets</b>			
Amount owing on loans(b)	5,581.2	6,273.8	6,977.9
Cash on hand	42.2	48.9	47.7
Deposits with:			
Banks	145.3	111.8	145.9
Other	793.5	578.5	816.1
Bills, bonds, etc.	410.0	297.9	344.5
Physical assets	232.2	250.9	268.5
Other assets	95.2	98.8	108.1
<b>Total assets</b>	<b>7,299.6</b>	<b>7,660.6</b>	<b>8,708.7</b>
<b>Expenditure</b>			
Interest on:			
Deposits	707.0	698.1	909.8
Loans	5.5	13.1	15.6
Wages and salaries	135.2	164.6	178.9
Administrative expenses	136.2	182.0	159.0
Other expenditure	144.6	114.4	174.4
<b>Total expenditure</b>	<b>1,128.4</b>	<b>1,172.1</b>	<b>1,437.7</b>
<b>Income</b>			
Interest from:			
Loans	994.0	1,041.1	1,260.7
Deposits	103.0	109.1	131.4
Income from bills, bonds, etc.	45.5	49.5	42.8
Other income	63.9	78.5	67.4
<b>Total income</b>	<b>1,206.5</b>	<b>1,278.1</b>	<b>1,502.3</b>

(a) At the balance of credit cooperatives within the financial year shown. (b) Net of unearned interest and allowance for doubtful debts.

Source: *Credit Co-operatives: Assets, Liabilities, Income and Expenditure, Australia (5618.0)*.

### Authorised money market dealers

For some years prior to 1959, leading stockbrokers were actively engaged in operations which formed the basis of a short-term money market in Australia. The stockbrokers' operations involved the acceptance of short-term funds which were secured against government securities. These operations were severely limited by the lack of suitable short-term securities and by liquidity constraints. In February 1959, the

Central Bank established the Official Short-Term Money Market by making available 'lender of last resort' facilities to selected dealers. In May 1989 the arrangement was changed to an end-of-day repurchase facility such that now dealers are expected to use the facility only after reasonable effort has been made to raise the funds in the market. The repurchase agreements are set by the Bank usually with terms aimed at discouraging excessive use of the facility.

The eight authorised dealers are required by the Reserve Bank to:

- accept loans overnight, at call or for fixed periods, in minimum amounts of \$50,000 and invest these funds in Commonwealth Government and other approved securities;
- at all times be willing traders in the buying and selling of approved securities;
- have a minimum capital (i.e., paid-up capital, share premium reserves and retained earnings) level of \$10 million;
- adhere to a gearing limit whereby the aggregate risk weighted assets cannot exceed 33 times shareholders' funds; and
- consult regularly with the Reserve Bank on all money market matters and furnish detailed information about their portfolios, operations, interest rates, balance sheets and profit and loss accounts.

**AUTHORISED MONEY MARKET DEALERS: ASSETS, LIABILITIES,  
INCOME AND EXPENDITURE(a)**  
(\$ million)

	1987-88	1988-89	1989-90
<b>Liabilities</b>			
Paid up capital	73.2	61.8	64.5
Reserves	11.4	17.4	18.3
Accumulated surplus (net)	14.7	6.5	12.9
Subordinated loans	2.0	—	—
Borrowings from residents			
Banks	2,901.5	2,399.5	4,533.3
Other financial institutions	172.5	175.1	340.3
Government and public authorities	301.2	16.7	36.6
Other	378.2	236.2	966.3
Borrowings from non-residents	—	1.0	1.7
Other liabilities	29.9	36.3	51.4
<b>Total liabilities</b>	<b>3,884.6</b>	<b>2,950.5</b>	<b>6,025.4</b>
<b>Assets</b>			
Amount owing on loans	1.0	0.8	1.0
Cash and bank deposits	145.3	80.9	202.4
Other placements and deposits	1.0	98.3	40.7
Bills, bonds and other securities	3,722.2	2,753.2	5,763.6
Other financial assets	13.9	16.2	17.1
Other assets	1.3	1.1	0.5
<b>Total assets</b>	<b>3,884.6</b>	<b>2,950.5</b>	<b>6,025.4</b>
<b>Expenditure</b>			
Interest on borrowings	354.9	522.9	680.6
Wages and salaries	4.6	2.0	4.7
Administrative expenses	17.9	15.9	15.7
Other expenditure	8.2	3.8	3.1
<b>Total expenditure</b>	<b>385.7</b>	<b>544.5</b>	<b>704.0</b>
<b>Income</b>			
Interest on loans	21.7	39.9	62.8
Income from placements and other deposits	44.1	129.1	232.8
Income from holdings of:			
Government and public authority securities	216.3	276.0	306.3
Other securities	110.6	54.9	83.3
Other income	17.0	53.8	32.0
<b>Total income</b>	<b>409.6</b>	<b>553.7</b>	<b>717.2</b>

(a) At the balance dates of companies within the financial year shown. Included are only those corporations registered under the *Financial Corporations Act 1974* and categorised as authorised money market dealers during the reference periods.

Source: *Authorised Dealers and Money Market Corporations: Assets, Liabilities, Income and Expenditure, Australia (5650.0)*.

## Money market corporations

There are also companies without Reserve Bank end-of-day repurchase facilities which operate in a similar manner to authorised dealers. These companies are recognised under the *Financial Corporations Act 1974* in the category of money market corporations. This category consists of registered corporations whose short-term borrowings are a substantial proportion of their total outstanding provision of finance, which is mainly in the form of

loans to authorised dealers in the short-term money market and other liquidity placements, business loans and investments in government, commercial and corporate paper.

Corporations providing short-term finance but which are themselves financed by related corporations with funds raised on a short-term basis, are also classified as money market corporations, as are corporations which borrow principally short term and lend predominantly to related money market corporations.

### MONEY MARKET CORPORATIONS: ASSETS, LIABILITIES, INCOME AND EXPENDITURE(a) (\$ million)

	1987-88	1988-89	1989-90
<b>Liabilities</b>			
Paid up capital	2,077.8	2,386.5	2,539.0
Reserves	501.8	402.5	667.6
Accumulated surplus (net)	408.9	86.0	-924.2
Subordinated loans	166.4	186.8	211.8
<b>Borrowings from residents</b>			
By issue of securities	2,823.1	3,853.1	3,704.4
Banks	3,333.4	5,358.7	6,153.0
Other financial institutions	3,298.0	3,315.5	3,637.4
Other	19,826.3	19,289.3	15,508.9
<b>Borrowings from non-residents</b>	9,673.4	11,551.7	16,552.4
Other liabilities	1,636.4	2,761.4	3,184.4
<b>Total liabilities</b>	<b>43,745.6</b>	<b>49,191.6</b>	<b>51,234.8</b>
<b>Assets</b>			
Amount owing on loans	18,588.8	20,560.2	26,044.7
Finance lease receivables	1,166.1	1,394.2	2,025.5
Cash and bank deposits	1,156.2	1,404.1	2,120.2
Other placements and deposits	7,844.8	9,708.5	7,008.6
Bills, bonds and other securities	12,906.0	13,747.7	10,987.3
Other financial assets	1,169.6	1,612.4	1,809.1
Other assets	914.2	764.5	1,239.4
<b>Total assets</b>	<b>43,745.6</b>	<b>49,191.6</b>	<b>51,234.8</b>
<b>Expenditure</b>			
Interest on borrowings	5,409.8	5,730.6	8,103.4
Wages and salaries	294.7	319.8	(b)502.6
Administrative expenses	280.3	372.1	488.4
Other expenditure	804.3	1,257.6	2,290.5
<b>Total expenditure</b>	<b>6,789.1</b>	<b>7,680.0</b>	<b>11,384.8</b>
<b>Income</b>			
Interest on loans	2,621.4	2,878.9	4,031.5
Income from finance leasing	249.4	192.1	677.4
Income from placements and other deposits	1,279.1	1,499.1	1,844.9
Income from bills, bonds, etc.	1,940.1	1,747.7	2,081.3
Other income	1,195.3	1,176.2	1,747.1
<b>Total income</b>	<b>7,285.2</b>	<b>7,494.0</b>	<b>10,382.2</b>

(a) At the balance dates of companies within the financial year shown. Included are only those corporations registered under the *Financial Corporations Act 1974* and categorised as authorised money market dealers during the reference periods. (b) Includes directors' fees.

Source: *Authorised Dealers and Money Market Corporations: Assets, Liabilities, Income and Expenditure, Australia (5650.0)*.

## Finance companies

Finance companies are defined as corporations which rely substantially on borrowing in financial markets in Australia and/or from

abroad and whose provision of finance is predominantly in the form of business and commercial lending, instalment credit to finance retail sales by others and/or other loans to individuals.

### FINANCE COMPANIES: ASSETS, LIABILITIES, INCOME AND EXPENDITURE(a) (\$ million)

	1987-88	1988-89	1989-90
<b>Liabilities</b>			
Paid up capital	1,659.1	1,419.5	1,394.1
Reserves	655.6	662.0	731.0
Accumulated surplus (net)	826.1	1,030.4	1,157.1
Subordinated loans	90.5	100.4	84.4
Borrowings from residents			
By issue of securities	15,216.2	15,793.4	20,362.4
Banks	1,754.8	1,539.6	2,684.3
Other	6,046.7	8,214.2	7,474.7
Borrowings from non-residents	2,030.8	1,783.4	3,427.1
Other liabilities	1,842.0	1,795.7	1,830.6
<b>Total liabilities</b>	<b>30,121.9</b>	<b>32,338.6</b>	<b>39,145.8</b>
<b>Assets</b>			
Amount owing on loans	17,637.2	20,966.2	26,120.0
Finance lease receivables	8,355.0	8,582.9	9,540.4
Cash and bank deposits	217.5	114.2	462.8
Other placements and deposits	1,394.4	712.2	1,123.3
Bills, bonds and other securities	1,497.3	1,049.0	952.2
Other financial assets	573.4	476.2	453.9
Other assets	447.0	438.0	493.2
<b>Total assets</b>	<b>30,121.9</b>	<b>32,338.6</b>	<b>39,145.8</b>
<b>Expenditure</b>			
Interest on borrowings	3,382.9	3,349.8	4,182.7
Wages and salaries	342.2	358.9	37.4
Administrative expenses	373.5	415.8	570.0
Other expenditure	712.8	582.1	658.7
<b>Total expenditure</b>	<b>4,811.3</b>	<b>4,706.6</b>	<b>5,785.4</b>
<b>Income</b>			
Interest on loans	3,264.5	3,338.6	4,047.7
Income from finance leasing	1,378.9	1,382.6	1,439.5
Income from placements and deposits	178.8	143.5	168.2
Income from bills, bonds, etc.	186.0	179.4	112.2
Other income	280.5	303.6	398.0
<b>Total income</b>	<b>5,288.6</b>	<b>5,347.8</b>	<b>6,165.6</b>

(a) At the balance dates of companies within the financial year shown. Included are only those corporations registered under the *Financial Corporations Act 1974* and categorised as finance companies during the reference periods.

Source: *Finance Companies: Assets, Liabilities, Income and Expenditure, Australia (5616.0)*.

## General financiers

General financiers are defined as corporations which lend predominantly for business and commercial purposes, instalment credit finance

retail sales of others and/or other loans to individuals but which do not rely substantially on borrowings in financial markets in Australia and from abroad.

### GENERAL FINANCIERS: ASSETS, LIABILITIES, INCOME AND EXPENDITURE(a) (\$ million)

	1987-88	1988-89	1989-90
<b>Liabilities</b>			
Paid up capital	453.9	421.4	490.5
Reserves	107.6	119.1	131.7
Accumulated surplus (net)	-1.0	68.7	-0.5
Subordinated loans	166.3	95.9	198.3
Borrowings from residents			
By issue of securities	45.1	85.8	919.0
Banks	1,795.7	1,671.4	1,888.5
Other financial institutions	774.1	661.2	1,347.9
Other	3,551.6	4,002.6	3,659.8
Borrowings from non-residents	579.2	1,234.5	1,271.4
Other liabilities	217.0	365.6	688.1
<b>Total liabilities</b>	<b>7,689.6</b>	<b>8,726.2</b>	<b>10,594.5</b>
<b>Assets</b>			
Amount owing on loans	3,626.2	3,743.0	4,707.4
Finance lease receivables	2,070.1	2,359.4	2,998.3
Cash and bank deposits	180.5	298.8	507.6
Other placements and deposits	491.0	529.8	203.9
Bills, bonds and other securities	926.2	1,166.9	1,300.3
Other financial assets	146.0	179.0	236.9
Other assets	249.6	449.1	640.2
<b>Total assets</b>	<b>7,689.6</b>	<b>8,726.2</b>	<b>10,594.5</b>
<b>Expenditure</b>			
Interest on borrowings	778.7	940.4	1,400.7
Wages and salaries	48.2	48.7	68.5
Administrative expenses	68.4	76.3	91.8
Other expenditure	160.9	153.5	437.4
<b>Total expenditure</b>	<b>1,056.2</b>	<b>1,218.9</b>	<b>1,998.4</b>
<b>Income</b>			
Interest on loans	521.0	550.4	778.4
Income from finance leasing	287.0	328.6	525.4
Income from placements and deposits	46.9	111.5	143.4
Income from bills, bonds, etc.	131.0	141.7	241.0
Other income	94.5	151.4	291.1
<b>Total income</b>	<b>1,080.3</b>	<b>1,283.6</b>	<b>1,979.3</b>

(a) At the balance dates of companies within the financial year shown. Included are only those corporations registered under the *Financial Corporations Act 1974* and categorised as general financiers during the reference periods.

Source: *General Financiers and Other Financial Corporations: Assets, Liabilities, Income and Expenditure, Australia (5648.0)*.

### Other financial corporations

Under the *Financial Corporations Act 1974*, other financial corporations are defined as registered corporations that are not categorised

as building societies, authorised money market dealers, money market dealers, finance companies, credit cooperatives, pastoral finance companies, general financiers or intra-group financiers.

#### OTHER FINANCIAL CORPORATIONS: ASSETS, LIABILITIES, INCOME AND EXPENDITURE(a) (\$ million)

	1987-88	1988-89	1989-90
<b>Liabilities</b>			
Paid up capital	5.3	5.5	75.4
Reserves	3.8	4.2	207.9
Accumulated surplus (net)	2.0	2.6	9.1
Borrowings from residents			
Banks	9.8	12.7	18.5
Other	525.3	678.3	4,047.9
Borrowings from non-residents	—	1.1	—
Other liabilities	23.9	22.4	35.3
<b>Total liabilities</b>	<b>570.1</b>	<b>726.8</b>	<b>4,394.0</b>
<b>Assets</b>			
Amount owing on loans	76.1	138.1	1,490.3
Finance lease receivables	0.6	0.3	24.8
Cash and bank deposits	52.3	88.5	99.0
Other placements and deposits	118.2	167.5	223.6
Bills, bonds and other securities	297.9	303.8	2,435.3
Other financial assets	17.9	20.6	97.2
Other assets	7.1	8.0	24.0
<b>Total assets</b>	<b>570.1</b>	<b>726.8</b>	<b>4,394.0</b>
<b>Expenditure</b>			
Interest on borrowings	55.7	104.6	587.2
Wages and salaries	7.0	6.6	20.4
Administrative expenses	6.0	7.5	58.2
Other expenditure	6.8	7.9	10.8
<b>Total expenditure</b>	<b>75.5</b>	<b>126.6</b>	<b>676.6</b>
<b>Income</b>			
Interest on loans	8.6	15.3	166.2
Income from finance leasing	0.4	0.4	2.4
Income from placements and deposits	20.5	44.0	57.4
Income from bills, bonds, etc.	33.0	50.7	435.1
Other income	15.4	17.4	39.4
<b>Total income</b>	<b>77.9</b>	<b>127.8</b>	<b>700.4</b>

(a) At the balance dates of companies within the financial year shown. Included are only those corporations registered under the *Financial Corporations Act 1974* and categorised as other financial corporations during the reference periods.

Source: *General Financiers and Other Financial Corporations: Assets, Liabilities, Income and Expenditure, Australia (5648.0)*.

## MANAGED FUNDS

A major development in the financial sector in the last decade has been the significant growth in managed funds. A managed fund is an arrangement whereby the funds of a number of investors are pooled together to invest in a particular type or mix of financial asset, with a view to receiving an on-going return. It excludes funds of a speculative nature that do not offer redemption facilities (e.g., agriculture and film trusts) and funds not established for investment purposes (e.g., health funds, general insurance funds).

Managed funds offer a wide range of products to small and institutional investors based on the underlying asset, specialist managers, income returns, taxation benefits and investment strategy. These fund products can also be structured to satisfy individual investor

requirements such as the degree of risk, the mix of capital and income growth and the degree of asset diversification.

The major types of managed funds are cash management trusts, public unit trusts, common funds, superannuation funds and approved deposit funds, friendly societies, and statutory funds of life offices.

### Cash management trusts

A cash management trust is a unit trust which is governed by a trust deed, is open to the public, generally confines its investments to financial securities available through the short-term money market and whose units are redeemable by the trustee to the unit holder on demand.

The following table summarises the financial operations of cash management trusts.

### CASH MANAGEMENT TRUSTS

June	Number of trusts	Units in issue at end of period (\$ million)	Weighted average net yield at end of period (% per annum)	Assets (\$ million)					
				Cash and deposits with banks	All other deposits and loans	Bills of exchange purchased and held	Promissory notes purchased and held	Other assets	Total assets
1989	19	3,646.1	16.79	667.2	777.0	1,917.0	354.5	33.5	3,749.2
1990	21	4,561.0	14.07	1,476.1	473.8	2,475.9	215.1	38.5	4,679.4
1991	19	5,659.8	9.68	1,100.9	365.7	3,214.1	1,059.6	14.7	5,755.0

Source: *Cash Management Trusts, Australia (5635.0)*.

## Public unit trusts

A public unit trust is defined as an arrangement (fund) which is governed by a trust deed between a management company and a trustee company; is open to the public within Australia for the purpose of investing the pooled funds of unit holders to yield returns in the form of income and/or capital gains; and allows unit holders to dispose of their units within a relatively short period of time. The statistics cover property, equity, mortgage, trading, public securities and gold

trusts, while cash management trusts, private trusts and trusts exempted from providing redemption facilities (e.g., agriculture and film trusts) are excluded.

The major distinction between a listed and an unlisted unit trust is that a listed unit trust's units must be listed on Australian stock exchanges and adhere to listing requirements similar to those for company shares.

The following table summarises the financial operations of public unit trusts.

### PUBLIC UNIT TRUSTS

Quarter	Number of trusts	Units in issue at end of the period (\$ million)	Assets (\$ million)				
			Shares	Property at the end of the quarter	Loan out-standings secured by mortgages on land and buildings	Other assets	Total assets
<b>UNLISTED</b>							
1989							
June	393	13,042.1	3,177.7	6,082.0	1,950.7	3,646.9	14,857.3
Sept.	378	13,617.1	3,547.0	6,429.7	1,953.7	3,544.4	15,474.8
Dec.	379	14,108.0	3,553.5	6,872.3	1,949.7	3,695.0	16,070.5
1990							
March	381	14,904.2	3,512.9	6,948.1	1,819.4	4,355.9	16,636.3
June	369	14,791.0	3,643.8	6,909.6	1,456.4	4,657.4	16,667.2
Sept.	362	14,369.3	3,158.3	6,770.9	1,351.9	4,432.9	15,714.0
Dec.	360	13,864.6	3,186.0	6,572.3	1,377.3	4,289.7	15,425.3
1991							
March	360	13,787.2	3,781.0	5,937.5	1,348.3	4,211.4	15,278.2
June	362	13,729.1	3,883.5	5,471.1	1,379.8	4,511.8	15,246.2
<b>LISTED</b>							
1989							
June	51	7,474.2	391.4	6,254.9	33.0	4,139.0	10,818.3
Sept.	49	7,705.6	448.0	6,369.3	33.0	4,117.1	10,967.4
Dec.	47	7,542.7	483.4	6,474.5	33.0	4,134.9	11,125.8
1990							
March	43	7,431.3	471.0	6,359.9	33.0	4,102.4	10,966.3
June	41	7,531.3	306.9	6,384.5	33.0	4,263.0	10,987.4
Sept.	41	7,554.8	301.1	6,376.6	39.2	4,243.1	10,960.0
Dec.	40	7,123.0	188.5	6,331.0	58.7	4,115.3	10,693.5
1991							
March	40	7,118.7	223.1	6,206.2	70.0	4,014.8	10,514.1
June	39	7,230.4	417.1	6,264.4	90.3	3,663.4	10,435.2
<b>TOTAL</b>							
1989							
June	444	20,516.3	3,569.1	12,336.9	1,983.7	7,785.9	25,675.6
Sept.	427	21,322.7	3,995.0	12,799.0	1,986.7	7,661.5	26,442.2
Dec.	426	21,650.7	4,036.9	13,346.8	1,982.7	7,829.9	27,196.3
1990							
March	424	22,335.5	3,983.9	13,308.0	1,852.4	8,458.3	27,602.6
June	410	22,322.3	3,950.7	13,294.1	1,489.4	8,920.3	27,654.5
Sept.	403	21,924.1	3,459.4	13,147.5	1,391.1	8,675.9	26,673.9
Dec.	400	20,987.6	3,374.5	12,903.3	1,436.0	8,405.0	26,118.8
1991							
March	400	20,905.9	4,004.1	12,143.8	1,418.3	8,226.1	25,792.3
June	401	20,959.5	4,300.6	11,735.5	1,470.1	8,175.3	25,681.5

Source: Public Unit Trusts, Australia (5645.0).

## Common funds

Common funds comprise cash funds, equity funds, mortgage funds, property funds and other funds (where the primary asset is other than those specified, e.g., interest bearing securities).

Common funds are set up to enable trustee companies (the managers of common funds) to combine depositors' funds and other funds held in trust in an investment pool with the intention of investing in specific types of securities and/or assets.

### COMMON FUNDS, ASSETS (\$ million)

Assets	Quarter					
	1990				1991	
	March	June	September	December	March	June
Cash & deposits—banks	724	686	1,106	988	967	920
Cash & deposits—other financial institutions	869	587	421	290	536	205
Loans and placements	858	859	822	786	782	782
Short-term assets	3,924	4,149	3,841	4,197	3,934	4,009
Long-term assets	162	48	39	43	42	38
Equities and other investments	360	375	362	328	376	491
Other assets	251	254	290	265	351	200
<b>Total assets</b>	<b>7,148</b>	<b>6,958</b>	<b>6,881</b>	<b>6,897</b>	<b>6,988</b>	<b>6,645</b>

Source: *Common Funds, Australia* (5657.0).

## Superannuation funds and approved deposit funds

Superannuation funds are funds which have been constituted to provide retirement benefits for their members. The funds are made up of contributions paid by employers (on behalf of employees) or by employers, or both. Most superannuation arrangements are a mixture of employer/employee contributions with the employer either contributing regularly to the fund or, as is the case with many public sector funds, when the benefit falls due. The contributions are used by fund managers to

purchase investments and the resulting assets finance the retirement payments to fund members.

Approved deposit funds were established in 1984 for recipients of eligible termination payments (ETPs) to preserve their benefits until retirement age. Approved deposit funds accept individual ETPs and pool them into a fund for investment purposes.

The following table presents statistics on the assets of public and private superannuation funds and approved deposit funds.

### SUPERANNUATION FUNDS AND APPROVED DEPOSIT FUNDS, ASSETS (\$ million)

Assets	Quarter					
	1990				1991	
	March	June	September	December	March	June
Assets in Australia—shares	29,500	30,116	29,621	27,574	31,424	33,754
—land and buildings	19,447	19,603	19,820	18,745	19,015	17,930
—other	56,895	59,291	61,889	62,271	63,876	66,479
Assets overseas—	15,875	15,317	13,871	14,857	17,762	17,366
Total assets—superannuation funds	114,715	117,020	117,747	115,803	124,085	127,272
—approved deposit funds	7,002	7,307	7,454	7,644	7,992	8,257
<b>Total assets</b>	<b>121,717</b>	<b>124,327</b>	<b>125,201</b>	<b>123,447</b>	<b>132,077</b>	<b>135,529</b>

Source: *Assets of Superannuation Funds and Approved Deposit Funds* (5656.0).

## Friendly societies

When founded in 1840 friendly societies were formed on the basis of group interests such as craft or religion. They have since evolved to offer a full range of financial services to the public at large, including the operation of investment funds. Friendly societies are

registered under relevant State legislation and operate in all States.

The following table summarises the assets of the 14 largest friendly societies which represent approximately 85 per cent of the assets of all societies in Australia.

### FRIENDLY SOCIETIES, ASSETS (\$ million)

Assets	Quarter					
	1990				1991	
	March	June	September	December	March	June
Cash and deposits						
With banks	807	1,226	1,315	857	728	1,707
With other financial institutions	488	455	460	502	512	542
Loans and placements	973	1,084	1,048	920	895	849
Bills of exchange	1,684	1,753	736	889	967	937
Equities and units in trusts	115	179	178	176	170	182
Government bonds and securities	989	885	1,458	1,755	1,955	1,171
Other assets	1,968	1,572	1,554	1,851	1,926	1,941
<b>Total assets</b>	<b>7,024</b>	<b>7,154</b>	<b>6,749</b>	<b>6,950</b>	<b>7,153</b>	<b>7,329</b>

Source: *Assets and Liabilities of Friendly Societies, Australia (5660.0)*.

## Life insurance

The following statistics relate to life insurance and superannuation business conducted through the statutory funds of life companies with head offices in Australia and the Australian business of life companies with head offices overseas. Also included are the life business

operations reported by four State Government Insurance Offices.

Information contained in the following table does not relate to uniform accounting periods but to the balance dates of organisations falling within the calendar year shown.

## LIFE INSURANCE

	<i>Insurance and endowment policies</i>			
	<i>Number of policies ('000)</i>	<i>Sum insured (\$ million)</i>	<i>Business issued by single premiums (\$ million)</i>	<i>Annual premiums (\$ million)</i>
<b>ORDINARY AND INDUSTRIAL BUSINESS</b>				
<b>New policies issued</b>				
1988	958	37,766	2,654.2	467.7
1989	822	43,530	1,914.7	641.4
1990	801	49,276	1,883.9	753.6
<b>Policies discounted or reduced(a)</b>				
1988	733	19,801	..	223.3
1989	798	22,937	..	269.5
1990	825	26,183	..	279.6
<b>Policies existing at end of</b>				
1988	6,398	152,535	..	1,840.6
1989	6,422	173,128	..	2,212.5
1990	6,420	189,269	..	2,537.3
<b>SUPERANNUATION BUSINESS</b>				
<b>New policies issued</b>				
1988	353	53,873	2,205.7	1,511.4
1989	460	64,917	2,796.2	1,891.8
1990	511	79,745	4,258.8	2,040.5
<b>Policies discontinued or reduced(a)</b>				
1988	96	24,546	..	564.5
1989	124	27,457	..	823.6
1990	200	31,696	..	1,426.3
<b>Policies existing at end of</b>				
1988	1,958	169,354	..	4,288.2
1989	2,294	206,814	..	5,356.4
1990	2,532	244,187	..	5,719.5

(a) Includes transfers.

Source: Insurance and Superannuation Commission Life Insurance Group, Half Yearly Financial Bulletin on Life Insurance.

## GENERAL INSURANCE

The following statistics on general insurance relate to the operations of:

- bodies corporate authorised to carry on insurance business under the *Insurance Act 1973*; and
- government instrumentalities, i.e., State Government Insurance Offices and Commonwealth and State government instrumentalities in respect of their general insurance business.

These statistics are based on the following definitions. *Premiums* comprise the full amount receivable in respect of direct insurance and

facultative reinsurance business written or renewed within Australia during the year. Premiums are not adjusted to provide for premiums unearned at the end of the year and consequently the amounts differ from 'earned premium income' appropriate to the year. *Claims* comprise, for direct insurance and facultative reinsurance business, payments made during the year. Salvage and other amounts recoverable other than reinsurance recoveries have been deducted.

Information contained in the following tables does not relate to uniform accounting periods but to the organisations' financial years which ended during the years shown.

**GENERAL INSURANCE: PREMIUMS AND CLAIMS BY PRINCIPAL CLASS OF BUSINESS**  
(\$ million)

<i>Class of business</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>
<b>PREMIUMS</b>				
Fire(a)	854.2	917.9	901.6	914.9
House Owners' and House-holders'	826.3	908.1	940.0	1,039.3
Contractors' All Risks	86.0	86.1	95.9	93.4
Marine and Aviation	240.1	255.8	268.9	286.6
Motor Vehicle Comprehensive	1,664.9	1,943.8	2,054.8	2,304.3
Compulsory Third Party (Motor Vehicle)	132.4	132.6	435.1	1,031.5
Employers Liability(b)	1,267.9	411.7	281.1	304.5
Public Liability(c)	500.1	621.5	630.9	635.0
All other	703.8	788.9	866.2	984.7
<b>Total</b>	<b>6,275.6</b>	<b>6,066.4</b>	<b>6,474.5</b>	<b>7,594.2</b>
<b>CLAIMS</b>				
Fire(a)	403.0	375.0	458.0	533.5
House Owners' and House-holders'	409.3	175.0	465.7	593.3
Contractors' All Risks	41.6	87.0	37.7	57.3
Marine and Aviation	125.8	97.3	126.0	171.8
Motor Vehicle Comprehensive	1,370.7	370.4	1,549.9	1,826.3
Compulsory Third Party (Motor Vehicle)	60.8	293.3	68.6	116.5
Employers Liability(b)	1,308.6	2,493.8	918.8	747.8
Public Liability(c)	140.2	853.3	239.9	217.6
All other	325.4	227.3	359.3	431.3
<b>Total</b>	<b>4,185.5</b>	<b>4,972.4</b>	<b>4,223.9</b>	<b>4,695.4</b>

(a) Includes sprinkler leakage, loss of profits, and crop and hailstone insurance. (b) Excludes workers' compensation insurance in the coal mining industry in NSW. (c) Includes product liability and professional indemnity insurance.

Source: Insurance and Superannuation Commission General Insurance Group, Selected Statistics on the General Insurance Industry.

## MAJOR LENDING BY FINANCIAL INSTITUTIONS

As well as showing information about the different types of financial institutions, financial statistics show information about the lending activity of all significant lenders. The measure of lending used is commitments

made. A commitment is a firm offer to provide finance which has been accepted by the client.

These lending activities are grouped into four major types of lending — housing, personal, commercial and leasing. More detail regarding housing finance is contained in the chapter, Construction and Housing.

## LENDING COMMITMENTS BY FINANCIAL INSTITUTIONS

(\$ million)

<i>Type of lending activity</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
Housing finance	22,787.8	18,821.8	20,652.8
Personal finance	22,419.2	22,309.4	20,205.0
Commercial finance	115,055.9	94,947.9	87,452.2
Lease finance	8,801.7	8,217.9	5,209.4
<b>Total</b>	<b>169,064.6</b>	<b>144,297.0</b>	<b>133,519.4</b>

Source: See the tables which follow for each type.

**Personal finance**

(i.e., banks, credit co-operatives, finance companies, etc.) to individuals for their own personal (non-business) use.

The following tables present statistics of commitments made by significant lenders

**PERSONAL FINANCE COMMITMENTS(a): TYPE OF LENDER**  
(\$ million)

Year	All banks	Finance companies	Credit cooperatives	Other lenders(b)	Total
1988-89	15,420.2	4,407.4	2,188.7	403.0	22,419.2
1989-90	14,815.0	4,800.4	2,224.7	469.3	22,309.4
1990-91	13,288.4	4,154.4	2,183.8	578.5	20,205.0

(a) Includes both fixed loan facilities and new and increased lending commitments under revolving credit facilities. (b) Includes permanent building societies, general financiers and retailers.

Source: *Personal Finance, Australia* (5642.0).

**PERSONAL FINANCE COMMITMENTS: TYPE OF FACILITY, ALL LENDERS**  
(\$ million)

Year	Fixed loan commitments	New and increased credit limits	Cancellations and reductions in credit limits	Revolving credit commitments	
				Total	Credit limits Used
1988-89	14,312.1	8,107.1	5,232.1	24,492.2	10,944.0
1989-90	13,761.8	8,547.6	6,107.3	26,871.3	12,213.9
1990-91	12,622.6	7,582.4	7,041.2	27,645.9	12,947.6

Source: *Personal Finance, Australia* (5642.0).

**Commercial finance**

corporations, etc.) to government, private and public enterprises, non-profit organisations and to individuals for investment and business purposes.

The statistics in the following tables measure commitments made by significant lenders (i.e., banks, finance companies, money market

**COMMERCIAL FINANCE COMMITMENTS(a): TYPE OF LENDER**  
(\$ million)

Year	Banks	Finance companies	Money market corporations	Other lenders(b)	Total
1988-89	91,748.7	13,341.6	9,788.6	261.8	115,140.7
1989-90	74,884.7	10,553.2	8,230.6	1,283.3	94,951.9
1990-91	68,949.4	6,274.1	10,266.3	1,962.5	87,452.2

(a) Includes both fixed loan facilities and new and increased lending commitments under revolving credit facilities. (b) Includes permanent building societies, general financiers and pastoral finance companies.

Source: *Commercial Finance, Australia* (5643.0).

**COMMERCIAL FINANCE COMMITMENTS: FIXED LOAN FACILITIES**  
(\$ million)

Year	Construction	Purchase of real property	Purchase of plant and equipment	Re-financing	Other purposes	Total
1988-89	7,785.2	14,655.4	3,203.1	4,343.5	16,571.8	46,599.0
1989-90	6,062.9	10,350.5	3,410.2	3,577.9	14,102.7	37,504.3
1990-91	3,208.5	7,533.2	2,948.2	8,225.5	13,167.4	35,082.6

Source: Commercial Finance, Australia (5643.0).

**COMMERCIAL FINANCE COMMITMENTS(a): INDUSTRY OF BORROWER**  
(\$ million)

Industry of borrower	1989-90			1990-91		
	New fixed loan commitments during period	New and increased credit limits during period	Total new commitments during period	New fixed loan commitments during period	New and increased credit limits during period	Total new commitments during period
Agriculture, forestry, fishing and hunting	1,963.3	3,378.2	5,341.5	1,874.5	3,735.6	5,610.1
Mining	596.0	2,354.8	2,950.8	589.6	2,590.2	3,179.8
Manufacturing	2,150.6	8,654.3	10,804.9	2,981.2	8,811.4	11,792.6
Construction	5,720.8	4,940.6	10,661.4	2,920.2	6,740.5	9,660.7
Wholesale trade	1,507.5	2,841.4	4,348.9	1,203.4	2,742.6	3,946.0
Retail trade	3,561.4	5,162.2	8,723.6	4,073.2	3,749.6	7,822.8
Transport and storage	1,266.8	1,215.0	2,481.8	936.7	1,815.5	2,752.2
Finance, investment and insurance	4,571.2	13,860.3	18,431.5	6,768.3	9,001.2	15,769.5
Property and business services	7,282.0	7,127.6	14,409.6	6,182.9	5,575.3	11,758.2
Other industries	8,888.7	7,909.2	16,797.9	7,552.7	7,607.7	15,160.4
<b>Total industries</b>	<b>37,508.3</b>	<b>57,443.6</b>	<b>94,951.9</b>	<b>35,082.6</b>	<b>52,369.6</b>	<b>87,452.2</b>

(a) Includes both fixed loan facilities and new and increased lending commitments under revolving credit facilities.

Source: Commercial Finance, Australia (5643.0).

### Lease finance

The statistics in the following tables measure lease finance commitments made by significant lenders (i.e., banks, money market

corporations, finance companies, general financiers, etc.) to trading and financial enterprises, non-profit organisations, governments, public authorities and individuals.

**LEASE FINANCE COMMITMENTS: TYPE OF LESSOR**  
(\$ million)

Year	All banks	Money market corporations	Finance companies	General financiers	Total
1988-89	2,329.6	456.2	5,106.7	909.1	8,801.7
1989-90	2,789.8	411.3	4,064.8	950.9	8,216.7
1990-91	1,304.8	278.7	2,912.5	713.4	5,209.4

Source: Lease Finance, Australia (5644.0).

**LEASE FINANCE COMMITMENTS: TYPE OF GOODS LEASED**  
 (\$ million)

<i>Types of goods</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
Motor vehicles and other transport equipment	4,845.9	4,041.7	2,933.5
Construction and earth moving equipment	439.3	402.4	260.5
Agricultural machinery and equipment	243.0	223.9	125.9
Automatic data processing equipment and office machinery	1,138.9	1,369.9	884.1
Shop and office furniture, fittings and equipment	74.9	572.7	400.4
Other goods	1,459.7	1,607.3	605.0
<b>Total</b>	<b>8,801.7</b>	<b>8,217.9</b>	<b>5,209.4</b>

Source: Lease Finance, Australia (5644.0).

**LEASE FINANCE COMMITMENTS: INDUSTRY OF LESSEE**  
 (\$ million)

<i>Industry of lessee</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
Agriculture, forestry, fishing and hunting	547.5	430.6	277.1
Mining	133.4	193.9	109.2
Manufacturing	1,090.5	973.5	517.7
Construction	706.9	591.0	365.9
Wholesale trade	319.7	298.9	230.4
Retail trade	1,119.0	998.2	798.9
Transport and storage	1,204.9	1,242.7	598.6
Finance, investment and insurance	681.5	633.5	420.1
Property and business services	1,273.5	1,147.0	790.9
Community services	430.0	217.9	193.9
Other industries	1,294.8	1,490.6	906.8
<b>Total industries</b>	<b>8,801.7</b>	<b>8,217.9</b>	<b>5,209.4</b>

Source: Lease Finance, Australia (5644.0).

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*Reserve Bank of Australia Bulletin*

*Selected Statistics on the General Insurance Industry, Insurance and Superannuation Commission General Insurance Group*

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**FOR MORE INFORMATION**

The ABS has a far wider range of information on Australia than that contained in the *Year Book*. Information is available in the form of regular publications, electronic data services, special tables and from investigations of published and unpublished data.

For further information contact ABS Information Services at one of the addresses listed on the page facing the Introduction to the *Year Book*.

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