

PRIVATE FINANCE

BANKING

Banking in 1977

The Commonwealth Government's continuing commitment to reducing inflation substantially through policies of monetary restraint remained the dominant influence on the banking and finance sector during 1977. Throughout the year, the authorities were called upon to utilise a wide range of measures in order to maintain control over domestic liquidity. In the first half of the year, this meant acting to restrain growth in liquidity but, following unexpected tightness later in the year, the authorities' role was reversed to go some way towards easing the liquidity situation. At the same time, the authorities had to ensure that domestic financial conditions did not hinder any economic recovery.

Liquidity

With a marked improvement in the inflow of overseas capital immediately following the November 1976 devaluation and the seasonal rise before the tax drain period in the cumulative government deficit during the early months of 1977, private sector liquidity peaked towards the end of February. A relatively low level of subscriptions to the February Commonwealth Government loan (\$171m of which \$134m was provided by the non-bank private sector) did not greatly affect existing liquidity conditions and the Major Trading Banks (MTBs) ratio of liquid and government securities (LGS) assets to deposits continued to rise during the first quarter of 1977, to average 30.3 per cent in March (7.3 per cent above the minimum LGS convention).

Anticipating an excessive build-up in liquidity early in the year, the Commonwealth Government and monetary authorities had introduced several measures aimed at dampening the growth in the volume of money. Principal among these was the imposition of controls on capital inflow. As from 17 January 1977, the embargo on short-term borrowings from overseas residents was extended to those borrowings which were repayable in under two years (applicable to amounts exceeding \$100,000). In addition, the variable deposit requirement (VDR) was reactivated to apply to overseas borrowings for two or more years and exceeding \$100,000 in any 12 months, other than for capital investment directly in the mining and manufacturing sectors. (The new controls did not apply to normal trade financing transactions and certain non-resident investment in domestic fixed interest securities.)

In order to ensure that the level of bank lending would be consistent with slower growth in the financial aggregates, the Statutory Reserve Deposit Ratio (SRD) of the MTBs was increased by one percentage point to 9 per cent on 25 January and then again to 10 per cent on 21 February. Bank lending also slowed as the banks increased their liquidity in response to warnings by the Reserve Bank that, despite the very large amount of tax to be paid at the end of 1976-77, support from the central monetary authorities on the large scale scale of the previous June quarter would not be forthcoming in 1977.

With the commencement of company and provisional tax payments in March, liquidity began to tighten. Over the entire tax drain period, there was a marked reduction in Treasury Notes outstanding, especially during March and April. At the same time, short-

term private sector interest rates began to edge upwards; rates on 90 day bank-accepted commercial bills, for example, increased by about one percentage point to around 11 per cent during April. Liquidity was strained further by heavy subscriptions to the Commonwealth Government cash loan in May totalling \$453m (\$384m from the non-bank private sector) and by net subscriptions to Australian Savings Bonds of \$139m in the three months to May.

The financial sector's passage through the seasonal rundown in liquidity, was assisted by the reduction (as planned) in the minimum LGS convention of the MTBs from 23 per cent to 18 per cent from 1 April. In an attempt to further ease liquidity conditions, on 5 May the exemption from the VDR was extended to overseas funds borrowed by Australian financial intermediaries for lending to the mining and manufacturing industries to finance capital investment. (The controls on overseas borrowings were relaxed further on 6 July, the VDR being suspended and the embargo on borrowings for less than two years being reduced to apply to funds borrowed for less than six months. The new regulations also changed the upper limit for funds free from embargo from \$100,000 to \$200,000.)

By mid-June, almost all tax payable had been paid and no major difficulties had been encountered, although during the month, liquidity contracted sharply with the MTB LGS ratio falling from 22.9 per cent in May to 21.5 per cent in June. To help relieve the situation, the SRD ratio was reduced by one percentage point to 9 per cent from 20 June and then to 8 per cent from 1 July.

Unlike previous years, when a build-up in liquidity normally occurred after the rundown in the tax period, in 1977 the liquidity situation failed to improve in the September quarter. This was attributable to a number of factors including an extension of late company tax payments into July, a lower level of tax refunds than in the previous year (reflecting the change to the tax rebate system), and continued substantial non-bank purchases of government securities. With rates on long-term bonds still at historically high levels, subscriptions to the July Commonwealth Government cash loan raised \$610m (\$375m from the non-bank sector), while net subscriptions to Australian Savings Bonds totalled \$233m in the September quarter (\$38m in the previous September quarter). More importantly, however, the liquidity position was being aggravated by a growing deficit on the current account and particularly by a steady decline, from April onwards, in the level of net private capital inflow, culminating in September when a net outflow of \$319m was recorded.

In early August, this continued deterioration in the balance of payments prompted the monetary authorities to change the method of valuing official gold holdings to reflect the prevailing market value for gold. This resulted in an increase of about \$685m in the official reserves of gold and foreign exchange. In addition, on 3 August, the Australian dollar was devalued against the "basket" of currencies by around 1.5 per cent, the trade-weighted index being varied from 92.5 to 91.1 (May 1970=100). This was the first alteration in the trade-weighted index since 18 February and marked an effective shift in policy towards more frequent but minor adjustments in the exchange rate. The Commonwealth Government also announced (in September) that it intended to embark on an expanded official overseas borrowing programme—with loans in 1977-78 anticipated to total around \$1,700m—to help boost Australia's international reserves and to maintain the exchange rate. The Commonwealth Government's adherence to this policy eventually helped stem the tide of capital outflow.

In a further attempt to free bank liquidity, the SRD ratio was reduced by 1.5 percentage points to 6.5 per cent, effective from 9 September, although part of this release was to replenish Term and Farm Development Loan Funds. However, with the payment of the first company tax instalment in November (following the partial reintroduction of quarterly payments in 1977-78), a continuing drain of funds through private sector overseas transactions and the seasonal requirements for cash holdings towards Christmas, fairly tight monetary conditions persisted to the end of the year. Even with some company tax having been paid in November 1977 and a further instalment due in February 1978, the prospective size of the tax flow at the end of 1977-78 was still very large. With no real build up in liquidity having occurred by the end of 1977, the outlook for the June quarter 1978 was one of extreme tightness—unless, in the interim, there was a significant turnaround on the balance of payments.

Money supply

Largely as a result of continuing official controls on bank lending, substantial purchases of government securities by the non-bank private sector, and a deterioration in the private sector balance of payments, the growth in the volume of money, broadly defined (M3), declined markedly during the year. In June 1977, M3 was 11 per cent higher than a year earlier and within the 10 to 12 per cent target set previously for 1976-77 by the Federal Treasurer. The target range for M3 growth in 1977-78 was set at 8 to 10 per cent in the 1977-78 Budget. However, by December 1977, the annual increase in M3 had declined to about 6 per cent (12 per cent in December 1976), although the underlying rate of growth would have been slightly higher than this because of effects associated with the shift to quarterly company tax payments in November.

Interest rates

In line with the Commonwealth Government's need to finance its deficit and the determination of the authorities to curtail the growth in the money supply, interest rates generally remained high throughout most of 1977. Yields on two year government bonds remained at about 9.9 per cent until August before declining gradually to 9.3 per cent in December. Yields on bonds at the long end of the market also remained fairly steady at their high levels until about September when rates began to decrease in response to Commonwealth Government objectives to effect a substantial reduction in interest rates throughout the remainder of 1977-78. Yields on Treasury Notes and Australian Savings Bonds followed a similar pattern. Expectations that official rates would fall during the year were held from about May, and this, in part at least, contributed to the strong demand for government securities by the non-bank sector.

Short-term private sector interest rates increased fairly steadily from the beginning of the year until about mid-May, by which time most of the normal seasonal tax payments had been made. However, with unusually tight liquidity conditions persisting after June, short-term rates began to rise again. Average yields on Certificates of Deposit and bank-accepted commercial bills were about 10.6 per cent and 10.9 per cent, respectively, in August, marginally below the peak levels reached in the June quarter. Rates generally declined from September onwards, apart from a temporary rise associated with the quarterly company tax payment in November.

Trading Bank fixed deposit rates and Savings Bank deposit rates remained substantially unchanged throughout the year. However, towards the end of 1977, the Commonwealth Government and monetary authorities clearly foreshadowed a move towards an overall reduction in some bank rates early in 1978.

Savings bank regulations

During 1977, the monetary authorities notified financial institutions, including the banks, that they were expected to pursue policies consistent with increased lending for housing. To assist banks in this regard, the Banking (Savings Bank) Regulations were amended on 26 May, reducing the level of prescribed assets required to be held by the savings banks from 50 per cent to 45 per cent of depositors' balances. Further amendments to the Regulations came into force on 15 June, permitting savings banks to widen the scope of investments eligible for inclusion as prescribed assets.

Bank deposits

Deposit growth over the year clearly reflected the prevailing monetary conditions. Total MTB deposits in Australia rose by only \$152m (0.9 per cent) to reach \$17,860m at the end of 1977. This compares with increases of \$2,208m (14.2 per cent) and \$2,993m (23.9 per cent) during 1976 and 1975, respectively. During 1977, term deposits, including Certificates of Deposit, fell by 1 per cent, while current deposits rose by only 3.6 per cent—well below the annual increases recorded in 1976 of 20.1 per cent for term deposits and 6.8 per cent for current deposits. As a result, the ratio of term to total deposits fell from 58.7 per cent at the end of 1976, to 57.6 per cent at the end of 1977.

Savings bank deposits in Australia increased by \$1,414m (8.9 per cent) to \$17,248m after having risen by \$1,750m (12.4 per cent) in 1976. Investment type accounts rose by 13.9 per cent and represented 38 per cent of deposits at the end of the year (36.3 per cent 12 months earlier), while other deposits, comprising mainly ordinary pass-book accounts,

grew at a slower rate. The rate of savings bank deposit growth quickened during October, largely as a result of some temporary troubles affecting permanent building societies.

Bank lending

New lending by the MTBs continued at relatively low levels during the first half of the year but improved during the second half, MTB new and increased lending commitments peaking at \$135m a week in November 1977.

MTB loans, advances, and bills discounted rose by \$1,229m (10.5 per cent) during 1977, following rises of \$1,563m (15.4 per cent) and \$905m (9.8 per cent) in 1976 and 1975, respectively.

During 1977, the level of all savings bank housing and other loans outstanding increased by \$1,166m (15.6 per cent) to \$8,649m, compared with a rise of \$1,510m in 1976. The proportion of housing and other loans outstanding to total deposits rose from 47.3 per cent to 50.1 per cent over the year.

Banking in Victoria

Deposits of the MTBs in Victoria totalled \$4,887m at the end of 1977 which represented a decline of \$95m (1.9 per cent) over the year, compared with a rise of \$646m during 1976. Victoria's share of Australia's MTB deposits fell from 28.1 per cent to 27.4 per cent over the year.

Total savings bank deposits in Victoria increased by \$474m (8.2 per cent) to \$6,284m after rising by 14.5 per cent in 1976. Victoria's share of Australian savings bank deposits fell slightly from 36.7 per cent at the end of 1976, to 36.4 per cent at the end of 1977.

The average level of deposits in Victoria held in savings banks was \$1,658 a head at the end of 1977 (5.2 per cent more than a year earlier) and 35.6 per cent higher than the national average for December 1977 of \$1,222.

MTB loans, advances, and bills discounted in Victoria totalled \$3,657m at the end of 1977, \$306m (9.1 per cent) higher than a year earlier. This compared with an increase of \$535m (19 per cent) during 1976.

Further reference: History of banking in Victoria, *Victorian Year Book* 1961, pp. 625-9

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.

Further reference: *Victorian Year Book* 1978, p. 511

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

Particulars	1973-74	1974-75	1975-76	1976-77	1977-78
Liabilities—					
Capital and reserves	48	46	46	46	46
Special reserve—					
IMF Special Drawing Rights	185	202	205	217	222
Australian notes on issue	1,958	2,374	2,762	3,172	3,549
Statutory Reserve Deposit accounts					
of trading banks	1,026	462	909	1,304	1,121
Other deposits of trading banks	54	52	42	69	42
Deposits of savings banks	1,311	1,057	1,090	1,213	1,123
Other liabilities	1,210	1,200	748	1,255	2,282
Total	5,792	5,393	5,802	7,276	8,385

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

Particulars	1973-74	1974-75	1975-76	1976-77	1977-78
Assets—					
Gold and foreign exchange	3,768	3,111	2,779	2,612	2,720
Australian notes and coin	19	22	21	27	35
Cheques and bills of other banks	9	7	7	6	5
Commonwealth Government securities—					
Redeemable in Australia—					
Treasury bills and notes	72	147	1,290	1,758	2,315
Other	730	1,041	907	2,190	2,453
Bills receivable and remittances in transit	46	48	69	78	82
Loans, advances, and all other assets	1,148	1,017	729	605	775
Total	5,792	5,393	5,802	7,276	8,385

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

Particulars	1973-74	1974-75	1975-76	1976-77	1977-78
Liabilities (excluding capital and contingencies)	167.3	147.3	201.2	289.0	483.1
Assets (loans, advances, etc.)	217.1	200.2	258.5	350.3	549.3

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 of Australia is a member bank of the Commonwealth Banking Corporation which has a network of more than 1,200 branches and agencies throughout Australia. It also has a comprehensive network of agents and correspondent banks overseas, including branches in London, Papua New Guinea, the Solomon Islands, and Norfolk Island, and an agency in New York.

The Bank is one of the largest Australian trading banks; it offers a full range of domestic and international banking facilities including portfolio management, nominee and share registry, travel, and Bankcard services. It also provides general finance services through CBFC Limited (jointly owned with the Commonwealth Savings Bank of Australia) and merchant bank facilities through Australian European Finance Corporation Limited (23 per cent owned).

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
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
1977	2,673	1,314	3,987	2,544	1,622
1978	2,942	1,218	4,160	3,002	1,685

Commonwealth Savings Bank of Australia

The Commonwealth Savings Bank of Australia (CSB) is the largest savings bank in Australia, having total assets at 30 June 1978 of \$6,930m. Deposits with the CSB are guaranteed by the Commonwealth Government.

The CSB offers a full range of savings bank deposit services, including personal savings accounts, joint accounts, trust accounts, Savings Investment Accounts (which offer an interest rate higher than normal savings bank interest), and passbook or cheque accounts for clubs and societies. The Bank operates a Christmas Club, deposits in which, plus interest, are repaid by cheque in December of each year. At 30 June 1978, the 1978 Christmas Club had over 324,000 contributing members whose balances had reached \$30m. Jointly with the Commonwealth Trading Bank, the CSB provides a full travel booking service as well as a range of personal and commercial financial services through its jointly owned subsidiary CBFC Ltd.

At 30 June 1978, amounts on deposit with the CSB totalled \$6,564m. The CSB was conducting 8,192,000 active accounts and its services were available through an Australia-wide network of 1,174 branches and sub-branches as well as nearly 6,000 agencies.

The CSB maintains the largest commercial on-line computer system in Australia with 1,174 terminals installed at branches and nearly eight million accounts being processed by computer.

The CSB's depositors' balances are invested widely in the development of Australia; apart from advances (mainly for housing) of \$3,191m outstanding at 30 June 1978, investments in Commonwealth and State Government securities totalled \$1,264m, and in local and semi-governmental securities amounted to \$1,694m.

During 1977-78, the CSB remained Australia's largest lender for housing and approved housing loans totalling \$723m, thereby enabling 34,000 families to buy their own homes and providing 34 per cent of all housing loan finance made available by savings banks. A feature of the CSB's housing lending programme in 1977-78 was the continuing demand for its house insurance scheme. Housing loan borrowers may, if they choose, insure their homes against fire and certain other risks with the CSB's insurance scheme, the premiums being paid monthly with the housing loan instalment.

In 1977-78, the CSB continued its long-established programme of support to local and semi-government bodies by providing loans of \$269m for the supply of community services.

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, Migrant Information Services 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	Commonwealth and other securities held
	'000	\$m	\$m	\$m
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
1977	8,156	5,961	2,811	2,749
1978	8,192	6,564	3,191	2,958

Commonwealth Development Bank

The Commonwealth Development Bank of Australia, which commenced operations on 14 January 1960, provides finance for purposes of primary production and for the establishment or development of business undertakings (including undertakings relating to primary production), particularly small undertakings. In fulfilling its lending function, the

Bank provides finance which, in its opinion, would not otherwise be available on reasonable and suitable terms and conditions. It therefore supplements the lending activities of other banks or sources of finance.

Within the above broad outlines, an overriding consideration in determining the administrative policy of the Bank is the need to ensure that the funds it has available for lending are applied towards those proposals which have the more important developmental and economic features.

Finance is usually made available by means of medium-to-long-term loans, repayable over a period suited to the circumstances of each individual borrower.

With regard to rural activities, loans are made available for a wide range of rural purposes, including restructuring unsuitable private mortgage debts or helping with probate or similar payments. Assistance is given to purchase of properties for farm build-up and other appropriate circumstances. The Bank normally expects applicants for rural loans to be actually or prospectively engaged in rural production as a principal activity.

The Commonwealth Development Bank also assists the Australian fishing industry by way of loans for the purchase or construction of new fishing vessels, assistance with the purchase of gear and ancillary equipment, and loans to improve the operating performance and functional activity of older fishing vessels. It provides loans to finance change of ownership of fishing vessels in appropriate circumstances as well as to finance the repayment of existing debts on fishing vessels arranged on unsuitable terms and conditions.

In assisting the forestry industry, the Bank expects that the finance it provides would lead to increased production or improved efficiency.

The words "business undertakings" are interpreted by the Commonwealth Development Bank as applying to all kinds of business including mining and undertakings relating to primary production. The Bank is obliged to ensure that the finance it provides to business undertakings will assist in their establishment or development and is particularly concerned with assisting smaller undertakings. Within this concept the Bank does not approve loans, except in special circumstances, which merely involve change of ownership of assets or the taking over of debts from another lender, nor does it provide finance for working capital except in cases where the need for such assistance clearly arises from a developmental project being financed by the Bank.

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

The Commonwealth Development Bank has a well qualified staff of specialist rural officers, investigating accountants, and engineering consultants, and under its charter provides advice and assistance with a view to promoting the efficient organisation and conduct of primary production and business undertakings.

Loan approvals for the year ended 30 June 1978 numbered 1,813 for a total amount of \$64.2m and equipment finance approvals numbered 5,114 for a total amount of \$52.3m.

**AUSTRALIA—COMMONWEALTH DEVELOPMENT BANK:
OUTSTANDING LOAN BALANCES OUTSTANDING AT 30 JUNE 1978
(\$'000)**

Rural loans		Non-rural loans	
Type of industry	Amount	Type of industry	Amount
Beef cattle	80,919	Food processing	9,486
Sheep	71,032	Engineering	8,254
Dairying	25,423	Building materials	3,966
Other livestock	12,887	Sawmilling	2,201
Wheat	43,616	Printing	2,167
Other grain crops	18,288	Other manufacturing	14,696
Fruit	11,825	Fishing	9,872
Other rural industry	15,803	Other non-rural industry	5,463
Total	279,793		56,105

Further reference: Australian Resources Development Bank Ltd., *Victorian Year Book* 1970, pp. 688-9

Trading banks

The following tables show operations of trading banks in Victoria:

VICTORIA—TRADING BANKS: NUMBER OF BRANCHES AND AGENCIES

Bank	At 30 June 1976		At 30 June 1977	
	Branches	Agencies	Branches	Agencies
Major trading banks—				
Commonwealth Trading Bank of Australia	162	88	201	39
Australia and New Zealand Banking Group Ltd	310	55	308	52
The Bank of Adelaide	2	—	2	—
Bank of New South Wales	196	8	199	9
The Commercial Bank of Australia Ltd	180	26	182	24
The Commercial Banking Co. of Sydney Ltd	155	31	155	28
The National Bank of Australasia Ltd	245	61	245	56
Total major trading banks	1,250	269	1,292	208
Other trading banks—				
Bank of New Zealand	1	—	1	—
Banque Nationale de Paris	1	—	1	—
Total other trading banks	2	—	2	—
Total all trading banks	1,252	269	1,294	208
Melbourne metropolitan area	755	135	800	88
Remainder of Victoria	497	134	494	120

VICTORIA—MAJOR TRADING BANKS: AVERAGES (a) OF DEPOSITS
AND ADVANCES, MONTH OF JUNE 1977
(\$'000)

Bank	Deposits repayable in Australia			Loans (b), advances and bills discounted
	Not bearing interest	Bearing interest	Total	
Commonwealth Trading Bank of Australia	255,544	415,626	671,169	589,109
Private trading banks—				
Australia and New Zealand Banking Group Ltd	540,582	789,497	1,330,079	991,341
The Bank of Adelaide	6,162	6,406	12,567	9,781
Bank of New South Wales	225,283	449,640	674,922	485,456
The Commercial Bank of Australia Ltd	236,241	419,625	655,865	468,842
The Commercial Banking Co. of Sydney Ltd	137,677	268,367	406,044	259,314
The National Bank of Australasia Ltd	345,300	654,141	999,441	604,328
Total	1,746,788	3,003,300	4,750,088	3,408,171

(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	
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
1977	1,746,788	3,003,300	4,750,088	3,408,171

(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—				
	1973	1974	1975	1976	1977
Resident borrowers—					
Business advances—					
Agriculture, grazing, and dairying	210.7	238.5	261.3	276.9	290.8
Manufacturing	311.0	529.5	571.0	595.9	620.5
Transport, storage, and communication	31.6	48.9	63.0	54.5	56.9
Finance	249.1	168.7	315.3	214.9	224.4
Commerce	236.8	333.8	330.3	368.7	409.0
Building and construction	67.0	84.0	94.1	108.8	121.2
Other businesses	301.5	362.0	431.4	486.8	579.4
Unclassified	19.6	19.5	28.4	57.9	70.6
Total business advances	1,427.3	1,785.0	2,094.7	2,164.5	2,372.8
Advances to public authorities	15.5	25.3	63.3	71.0	113.2
Personal advances	423.9	525.0	614.5	821.6	1,037.6
Advances to non-profit organisations	18.8	24.4	32.3	32.8	35.5
Total advances to resident borrowers	1,885.5	2,359.7	2,804.8	3,090.0	3,559.2
Non-resident borrowers	1.3	1.9	4.6	5.4	5.7
Grand total	1,886.8	2,361.6	2,809.5	3,095.4	3,564.9

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 465) 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
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
1971-72	1,808.7	1976-77	4,725.6

(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 passbook, 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 \$3,509m at 30 June 1978. The deposits of its 3,691,115 operative accounts, held at 532 branches and sub-branches and 512 agencies, amounted to \$3,127m 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 1978, the Bank held 414,646 cheque accounts with balances of \$251m.

At 30 June 1978, 305 branches were served by a computer complex at the Bank's Head Office. These included 276 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 1978, \$26m was paid out to members of the Christmas Club, and \$7m to members of the Calendar Club.

Secured and unsecured personal loans were introduced in November 1963. At 30 June 1978, 100,282 borrowers owed \$306m.

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 530 in 1978. 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 \$3,128m at 30 June 1978.

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 1978, 110,741 housing loan borrowers owed a total debt of \$1,440m.

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 1978, \$5.8m was owed to the Bank by co-operative societies. The Bank also provides funds to the Home Finance Trust which, at 30 June 1978, owed the bank \$8.8m.

Rural interests are well served by long-term mortgage loans or short-term personal loans. Advances to farmers totalled \$4.1m in 1977-78 and at 30 June 1978, \$30.4m was outstanding from 1,593 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 1978 was \$757.5m

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 1977-78 totalled \$1.1m.

School banking

The State Bank's school bank system was introduced in 1912. At 30 June 1978, banking was provided at 2,417 schools for 463,192 depositors whose balances totalled \$11.7m.

Other facilities

The Bank also provides other services such as industrial savings facilities, Bankcard, 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
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
1977-78	3,691	3,127,894	13,391,690	13,166,107	163,599

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.			
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
1977-78	356.8	4.1	1.1	0.1	1,453.4	50.1

(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 1977-78 were: 1973-74, \$63.8m; 1974-75, \$67.2m; 1975-76, \$74.5m; 1976-77, \$89.4m; and 1977-78, \$107.7m.

Further reference: *History of the State Savings Bank, Victorian Year Book 1961, pp. 630-4*

Private savings banks

Private savings banks have been operating in Victoria since January 1956, when two banks commenced operations in this field, and by July 1962, seven banks were participating in this business. The number was 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
1973	1,139,113	32.2
1974	1,214,312	30.9
1975	1,386,568	29.7
1976	1,685,462	31.3
1977	1,885,959	31.6

At 30 June 1977, private savings banks had 1,092 branches and 654 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 1973 to 1977:

VICTORIA—SAVINGS BANKS: DEPOSITS

Savings bank	Depositors' balances at 30 June—				
	1973	1974	1975	1976	1977
	\$'000	\$'000	\$'000	\$'000	\$'000
State Savings Bank of Victoria (a)	1,615,145	1,861,972	2,303,497	2,574,500	2,849,284
Commonwealth Savings Bank of Australia	784,549	853,858	978,443	1,117,655	1,242,289
Private savings banks—					
Australia and New Zealand Savings Bank Ltd.	416,187	437,132	479,483	565,534	620,913
The Bank of Adelaide Savings Bank Ltd.	2,366	2,383	2,976	3,737	3,933
Bank of New South Wales Savings Bank Ltd.	243,889	255,167	295,282	365,440	414,550
Bank of New Zealand Savings Bank Ltd.	330	494	508	512	591
The Commercial Savings Bank of Australia Ltd.	134,978	148,414	181,162	219,125	248,270
C.B.C. Savings Bank Ltd.	126,329	136,536	154,612	194,868	225,287
The National Bank Savings Bank Ltd.	215,034	234,186	272,545	336,246	372,415
Total deposits	3,538,807	3,930,142	4,668,508	5,377,617	5,977,532
	\$	\$	\$	\$	\$
Deposits per head of population	987	1,082	1,270	1,464	1,584

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

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—				
	1972	1973	1974	1975	1976 (c)
	AMOUNT OF TOTAL ASSETS				
	\$m	\$m	\$m	\$m	\$m
Trading banks	9,640	12,573	15,352	18,097	20,578
Savings banks	8,873	10,730	11,766	13,647	15,569
Other banking institutions	677	669	737	872	1,040
Banks (consolidated) (a)	18,572	23,409	26,941	31,775	36,478
Reserve Bank	4,451	5,600	6,360	5,576	6,237
Life insurance offices	6,724	7,577	8,282	8,909	9,703
Public pension funds	2,204	2,506	2,633	2,984	3,400
Private pension funds	1,937	2,132	2,384	2,700	3,095
Non-life insurance offices	2,313	2,625	3,062	3,430	4,594
Finance companies (b)	5,690	7,889	9,688	10,286	12,520
Merchant banks	1,520	2,118	2,249	2,442	2,664
Building societies	2,918	3,825	4,521	5,200	6,197
Authorised money market dealers	1,103	878	488	889	1,042
Credit co-operatives	249	365	484	633	823
Pastoral finance companies	654	764	850	837	883
Unit trusts, land trusts, and mutual funds	294	349	393	387	395
Investment companies	338	394	418	381	407
Other financial institutions	556	708	859	1,005	1,234
Total	49,526	61,139	69,611	77,434	89,672
	PROPORTION OF TOTAL ASSETS				
	per cent	per cent	per cent	per cent	per cent
Trading banks	19.4	20.5	21.9	23.4	22.9
Savings banks	17.8	17.5	16.8	17.6	17.4
Other banking institutions	1.4	1.1	1.1	1.1	1.2
Banks (consolidated) (a)	37.8	38.4	39.1	41.0	40.7
Reserve Bank	8.9	9.1	9.1	7.2	7.0
Life insurance offices	13.5	12.4	11.8	11.5	10.8
Public pension funds	4.4	4.1	3.7	3.9	3.8
Private pension funds	3.9	3.5	3.5	3.5	3.4
Non-life insurance offices	4.7	4.3	4.4	4.4	5.1
Finance companies (b)	11.4	12.9	13.8	13.3	13.9
Merchant banks	3.1	3.5	3.2	3.2	3.0
Building societies	5.9	6.2	6.5	6.7	6.9
Authorised money market dealers	2.2	1.4	0.7	1.2	1.2
Credit co-operatives	0.5	0.6	0.7	0.8	0.9
Pastoral finance companies	1.3	1.2	1.2	1.1	1.0
Unit trusts, land trusts, and mutual funds	0.6	0.6	0.6	0.5	0.5
Investment companies	0.7	0.6	0.5	0.5	0.5
Other financial institutions	1.1	1.2	1.2	1.3	1.3
Total	100.0	100.0	100.0	100.0	100.0

(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.

(c) Preliminary.

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 commercial 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 the mid 1970s. 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-oriented. 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 on 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. In the 1977-78 Budget, the General Rebate was abolished and a free threshold income was introduced. Concessional expenditure over \$1,590 was allowed as a rebate at the basic tax rate, 32 cents in the dollar. The 1978-79 Budget raised the basic rate to 33.5 cents in the dollar, 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 1970-72 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 shown 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* (catalogue number 5615.0), issued by the Central Office of the Australian Bureau of Statistics. 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, while 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 473). 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 superannuation 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)						
1972-73	254.9	83.5	305.8	678.6	54.9	1,377.7
1973-74	(b) 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
1976-77	343.0	193.0	980.9	962.1	119.7	2,598.6
BALANCES OUTSTANDING AT 30 JUNE						
1973	422.2	109.9	43.3	676.9	15.4	1,267.8
1974	(b) 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
1977	576.9	311.7	245.5	1,743.8	34.1	2,912.0
COLLECTIONS AND OTHER LIQUIDATIONS OF BALANCES (c)						
1972-73	329.5	87.1	316.1	593.1	61.6	1,387.4
1973-74	(b) 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
1976-77	410.6	211.3	899.8	945.2	127.6	2,594.5

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

(c) 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 page 472), 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) 1976-77

(\$m)

Group	Finance companies	Other business	All business
Motor vehicles, etc.	276.8	0.9	277.8
Household and personal goods	66.2	84.4	150.6
Total	343.0	85.3	428.4

(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		
1975-76	65.9	82.1	22.0	170.0	54.5	224.5
1976-77	71.9	100.1	23.8	195.7	64.9	260.6

(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	1974	1975	1976	1977	1978
All trading banks	130.4	243.5	392.9	132.4	335.0
Savings banks	51.6	80.5	71.5	68.1	135.8
Insurance offices	12.1	50.2	44.1	53.3	68.4
Superannuation, pension, and provident funds	11.8	26.8	17.3	14.8	25.4
Hire purchase and other instalment credit companies	1.5	14.9	2.8	6.7	17.4
Companies, n.e.c.	63.7	180.5	178.7	309.7	364.8
Commonwealth and State Governments	57.6	110.5	137.3	43.2	150.6
Local and semi-government authorities, n.e.c.	72.0	115.5	115.9	121.3	175.8
All other lenders (including marketing boards and trustee companies)	38.9	27.6	38.0	47.2	92.1
Total	439.5	850.0	998.4	796.8	1,365.3

(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	
December 1976	0.10	14.75	1.50	12.50	5.84
March 1977	1.00	17.00	3.00	13.50	7.16
June 1977	3.00	15.30	5.00	13.80	9.33
September 1977	1.50	18.35	4.00	12.80	9.36
December 1977	2.00	18.85	4.00	14.00	8.99
March 1978	2.00	18.30	5.00	11.01	8.15
June 1978	0.50	18.86	3.00	11.50	9.05

(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 around \$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 (b)
	Treasury notes	Other	Total		
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
June 1977	54.6	774.9	829.5	129.8	21.6
September 1977	19.1	995.2	1,014.3	124.1	27.9
December 1977 (d)	46.2	1,069.2	1,115.4	137.0	14.5
March 1978	52.0	1,160.0	1,212.0	111.5	7.8
June 1978	57.9	1,085.6	1,143.5	153.5	15.8

(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 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 can be found on pages 891-5 of the *Victorian Year Book 1977*.

VICTORIA—COMPANIES REGISTERED, ETC.

Particulars	1973	1974	1975	1976	1977
	number	number	number	number	number
New companies registered—					
Victorian	6,359	5,047	6,651	12,225	13,267
Other	461	451	391	342	457
Total	6,820	5,498	7,042	12,567	13,724
	\$'000	\$'000	\$'000	\$'000	\$'000
Nominal capital of new companies—					
Victorian	202,019	112,135	89,974	173,163	357,921
Other	138,157	225,582	104,120	136,152	57,541
Total	340,175	337,717	194,094	309,315	415,462
	'000	'000	'000	'000	'000
Approximate number of existing companies (at end of year)—					
Victorian	74	77	82	91	102
Other	5	6	6	6	6
Total	79	83	88	97	108
	\$'000	\$'000	\$'000	\$'000	\$'000
Increase in nominal capital of Victorian companies during year	650,134	778,507	544,912	757,885	757,729

The Stock Exchange of Melbourne Limited

The Stock Exchange of Melbourne was established in 1884, since which time there has been continuous growth 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 Victoria. 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 "call room" style of trading to the present post trading method which is practiced 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 1978, membership of the Exchange totalled 194, with seven new members being admitted and three resigning. The number of member firms at 30 June 1978, totalled 29.

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

A Joint Committee of the Stock Exchanges of Melbourne and Sydney came into existence in December 1976 after considerable discussion between the Committees of the two Exchanges, and work extending over three years. The establishment of the Joint Committee is a very important move in the closer integration of the two Exchanges and it is regarded as a first step in the establishment of a national stock exchange. Extensive alterations were necessary and have been made to the Articles, Rules, and Regulations of both Exchanges with the Rules being identical in both centres. Joint access has been facilitated for members of the two Stock Exchanges to have the right to operate on both trading floors.

Quote sheets will be provided for the Joint Exchange recording market information in both centres and a Joint Exchange Share Price Index will replace the existing separate Melbourne and Sydney indices.

Official List Requirements

The Listing Manual of the Australian Associated Stock Exchanges prescribes the conditions under which company securities are granted and retain listing. It includes a

Company Secretary's Guide which details the action required with reference to listing regulations. In order to provide for changing conditions, Official List Requirements are continually updated and expanded. The most recent changes have been incorporated in a second complete reprint of the *Official List Requirements of the Australian Associated Stock Exchanges (Reprint No. 2)* issued in July 1978. Some of the changes in the second reprint include the following:

- (1) An introductory paragraph has been added. It is now a pre-requisite for admission to the Official List:
 - (i) that the company shall have all shares of the same nominal value; and
 - (ii) that a company's Articles of Association provide voting rights on the principle of one vote for one share;
- (2) new trust deed requirements came into effect on 1 July 1979. Existing trust deeds for the issue of loan securities complying with the provisions of existing Listing Requirements relating to trust deeds need not be altered to comply with the new Listing Requirements. All new trust deeds executed after 1 July 1979 must comply with the new Listing Requirement if Official Quotation is sought for loan securities to be issued;
- (3) certificates are to be dispatched within 10 business days of the date of allotment of an issue of securities for which quotation is sought. In addition, upon transfer of securities, new certificates (and balance certificates) are also required to be dispatched within 10 business days of the lodgement of a registerable transfer. Where a company declines to register a transfer, it is required to give written notice for the refusal within 10 business days after the date on which the transfer was lodged;
- (4) companies making a rights issue are required to advise shareholders how the company proposes to deal with entitlements not taken up by shareholders; and
- (5) a mining company is now required to include in a prospectus a report by an independent qualified engineer as to the state of the equipment proposed to be used by the company.

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

Total value of turnover (share securities and loan securities) on the Exchange fell 10 per cent to \$1,023.4m. All three categories of share securities recorded higher turnover however, 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.

Stock market during 1977-78

The All Ordinaries index opened the year at 165.17, reached a low of 151.23 on 6 October 1977 and closed the June year at 177.46, an increase of 7 per cent for the 12 months. The 50 Leaders followed a similar pattern and closed the June year at 178.25, an increase of 2 per cent for the 12 months.

Only the Metals and Minerals index fell for the 12 months to June 1978. All other indexes rose, the highest being Group 8—Textiles and Clothing, with a rise of 39 per cent.

Total turnover by value rose 72 per cent to \$1,758m. All three categories of share securities recorded higher turnover, the total value being 17 per cent higher at \$844.7m. The value of industrial turnover exceeded that of mining for the seventh consecutive year.

Total loan securities rose 200 per cent reflecting the large increase in Commonwealth loans of 245 per cent.

The total volume of turnover also rose; loan securities rose 170 per cent and share securities rose 31 per cent.

Official List

At 30 June 1978, 3,654 separate securities (including options) with nominal value of \$28,401m and a market value of \$40,692m were quoted on the Exchange. The market value was 3 per cent higher than at 30 June 1977.

Five new companies were added to the list. Their combined capital was \$112m, and new capital issues by companies already listed totalled \$1,141m. At the close of the year, the Official List comprised 1,158 companies—868 industrial, 225 mining, 31 preference shares, and 34 companies with debentures and notes listed only. During the year, 77 companies were removed from the Official List due to takeovers and mergers, etc.

Industrial companies issued equity securities totalling \$654m, including 111 bonus issues amounting to \$191m—29 per cent of the total (last year 30 per cent). The new mining securities totalled \$72m, a decrease of 45 per cent on the previous year's figure of \$130m.

A total of 3,654 issues were listed at 30 June 1978 compared with 3,808 a year earlier.

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	1972-73	1973-74	1974-75	1975-76	1976-77
Number of societies	52	56	253	55	51
Number of shareholders (b)	163,636	154,882	151,972	134,481	n.a.
Number of borrowers	38,789	47,008	48,866	48,597	n.a.
Value of transactions—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Interest on mortgage loans	21,896	35,972	56,759	72,533	103,827
Other	5,055	7,573	11,393	20,084	25,273
Total	26,951	43,545	68,153	92,617	129,100
Expenditure—					
Interest payable	11,711	20,474	43,524	71,451	98,086
Administration, etc.	4,800	18,328	13,594	16,360	22,820
Total	16,511	38,802	57,119	87,811	120,906
Loans and advances—					
Paid	176,923	176,610	133,426	n.a.	n.a.
Repaid	30,187	60,442	69,461	n.a.	n.a.
Deposits—					
Received	274,949	443,308	633,039	n.a.	n.a.
Repaid	191,851	335,126	503,585	n.a.	n.a.
Liabilities—					
Investing members' funds—					
Paid-up capital	174,922	212,364	186,189	232,866	284,196
Reserves, etc.	7,082	8,428	9,802	12,265	14,946
Borrowing members' funds—					
Share subscriptions	484	674	596	n.a.	n.a.
Other	33	84	95	n.a.	n.a.
Deposits	195,535	302,924	432,640	623,416	825,928
Loans (including bank overdraft)	18,474	37,944	20,958	27,587	21,066
Other	6,689	9,237	8,598	6,608	8,562
Total	403,219	571,657	658,878	902,742	1,154,698
Assets—					
Loans on mortgage	337,936	454,658	518,099	694,275	901,423
Land and house property	2,437	3,393	6,087	13,143	17,241
Other investments	39,896	80,301	87,437	31,695	52,680
Cash and deposits	19,382	28,345	41,622	155,410	174,842
Other	3,569	4,958	5,634	8,219	8,512
Total	403,219	571,657	658,878	902,742	1,154,698

(a) Excludes Starr-Bowkett Societies.

(b) Includes 16,355 shareholders holding borrowers' shares in 1972-73, 24,295 in 1973-74, 29,671 in 1974-75. 1975-76 and 1976-77 figures are 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 1977, 614 guarantees were in force, the amount involved being \$9,271,936.

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	1973	1974	1975	1976	1977
Producer	65	65	66	70	71
Trading	72	73	78	84	91
Community settlement	5	7	10	13	19
Community advancement	756	798	826	854	869
Credit	211	211	221	220	218
Associations	2	2	2	3	3
Total	1,111	1,156	1,203	1,244	1,271

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 page 272. 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	1972-73	1973-74	1974-75	1975-76	1976-77
Number of societies	152	149	137	135	163
Number of members	167,410	168,505	174,860	178,150	183,858
Value of transactions during the year—					
	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Sales	234,225	261,439	300,105	274,304	270,359
Other	5,508	5,699	8,810	12,020	12,992
Total	239,734	267,138	308,915	286,324	283,351
Expenditure—					
Purchases	171,861	194,651	228,075	192,400	188,734
Working expenses, etc.	58,637	61,550	83,601	80,988	77,082
Interest	2,985	2,664	6,603	7,772	6,091
Rebates and bonuses	2,122	2,092	985	808	839
Total	235,605	260,958	319,264	281,968	272,747
Dividend on share capital	2,548	2,794	3,225	2,519	2,797

VICTORIA—CO-OPERATIVE ORGANISATIONS: PRODUCER AND
CONSUMER SOCIETIES—*continued*

Particulars	1972-73	1973-74	1974-75	1975-76	1976-77
Liabilities—					
Share capital	33,195	34,912	35,610	35,270	37,648
Loan capital	14,651	23,959	30,789	35,076	31,898
Bank overdraft	25,264	30,983	39,199	34,650	30,976
Profit and loss (<i>Cr.</i>)	3,371	4,281	4,279	3,801	4,049
Reserve funds	29,574	32,596	36,995	39,104	37,683
Sundry creditors	38,494	42,011	46,024	43,954	30,910
Other	9,245	12,584	13,233	11,382	14,591
Total	153,793	181,327	206,128	203,238	187,755
Assets—					
Land and buildings	}	63,961	81,349	88,758	92,941
Fittings, plant and machinery		27,648	27,367	38,882	36,235
Stock	50,103	58,141	55,645	53,172	50,662
Sundry debtors					
Cash in bank, on hand, or on deposit	4,246	4,704	3,381	4,820	6,616
Profit and loss (<i>Dr.</i>)	2,454	1,449	5,649	5,471	3,609
Other	5,383	8,318	13,813	10,599	13,313
Total	153,793	181,327	206,128	203,238	187,755

VICTORIA—CO-OPERATIVE ORGANISATIONS: CREDIT SOCIETIES

Particulars	1972-73	1973-74	1974-75	1975-76	1976-77
Number of societies	207	201	205	205	201
Number of members	98,828	123,283	r145,895	r178,066	204,808
Transactions during the year—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Interest	4,212	7,182	9,513	r14,186	21,031
Other income	199	241	1,061	r1,466	2,239
Total	4,411	7,423	10,574	r15,652	23,270
Expenditure—					
Interest on deposits	2,333	3,864	5,732	r8,380	12,255
Working expenses	2,146	3,786	5,248	r7,532	10,256
Total	4,479	7,650	10,981	r15,915	22,511
Liabilities—					
Share capital	861	1,092	1,305	1,591	1,865
Reserve					
Accumulated surplus	-362	-685	-1,214	r-1,607	-1,276
Other	277	513	677	r938	1,377
Depositors	53,970	78,240	98,511	r139,685	192,733
Other	2,928	5,343	5,616	r6,830	8,544
Total	57,673	84,503	104,894	r147,436	203,243
Assets—					
Loans to members	47,552	71,206	88,935	r124,941	173,928
Cash at bank or on hand	1,940	2,042	3,168	r4,917	7,069
Deposits, other loans and investments	7,261	8,841	9,180	r12,643	15,653
Other assets	919	2,414	3,612	r4,935	6,592
Total	57,673	84,503	104,894	r147,436	203,243

Life insurance

History

The first Australian life office was formed in 1836, but it was not until the second half of the nineteenth century that life insurance gathered strength in Australia. The first mutual office with headquarters in Victoria was established in 1869. Several North American offices established operations in Australia during the 1880s, but they were

forced to transfer their policies to Australian offices and to withdraw from the market in the early 1920s by changes in the New York law under which they operated. Since 1945, several United States of America companies, not subject to New York law, have opened up or acquired life offices in Australia. By 1901, Australian life offices were competing in many parts of the then British Empire; several offices still operate in Great Britain, New Zealand, and South Africa.

Structure

The life insurance industry in Australia is organised largely along mutual, or co-operative lines. More than 65 per cent of the business is handled by mutual offices—with no shareholders—where the policyholders themselves own the business and where all surplus funds accrue to them.

A significant part of life insurance, however, is conducted by proprietary companies—those owned by shareholders—which offer life insurance services to the public. There are statutory limitations on the funds which these offices may pass on to shareholders rather than to policyholders.

Most of the mutual offices are Australian controlled and several proprietary offices are Australian-owned or controlled. However, many proprietary offices are owned by foreign insurance groups. The majority of life offices, particularly the major mutual offices, offer Australia-wide facilities. There are 48 registered life offices in Australia and, in addition there are government life offices in New South Wales, Queensland, and South Australia, the latter having begun operations in March 1978.

There are several industry associations which aim to maintain and promote high standards within the industry. They include:

- (1) The Australian Insurance Institute—the professional, educational, and examining body associated with both the general and life insurance industries. It co-ordinates the activities of the various State institutes, which include the Insurance Institute of Victoria;
- (2) The Life Offices' Association of Australia—22 members Australia-wide, with all represented in Victoria. As a group these offices account for about 90 per cent of Australian life insurance business; and
- (3) The Association of Independent Life Offices—13 members with most represented in Victoria.

Economic and social significance

The economic and social significance of life insurance lies in the substantial funds which represent protection for, and the savings of, more than 3.5 million policyholders in Australia. The number of persons actually covered by life insurance is greater than this figure, when allowance is also made for policyholders' dependants.

As a major medium of contractual savings and thus of the marshalling of capital in Australia, life insurance has traditionally been supported because the protection it gives relieves governments of certain social welfare responsibilities and because its inbuilt compulsive element provides both the public and the private sector of the economy with access to a predictable supply of long-term investment funds.

Statistics

The State-by-State break-down of life insurance figures is not reliable. The figures are distorted by many policyholders placing their policies on the Australian Capital Territory register, which are shown in the published statistics as A.C.T. business.

Care should also be shown in using the figures for "Policies discontinued or reduced". This term includes claims, maturities, surrenders, forfeitures, and transfers to other States.

Products

There are three main forms of life insurance: whole of life, endowment, and term. There are also two quasi-life insurance policies: pure endowment, and annuity.

Whole of life. These policies give lifetime protection, with the sum insured and any accrued bonuses paid on death. It provides basically for dependants.

Endowment. In these policies the sum insured and any accrued bonuses are payable on survival to a specified age or on prior death. They give family protection and a systematic method of saving for retirement, repayment of loans, educational expenses, etc.

Whole of life and endowment policies may be "with profit" (participating in the distribution of bonuses) or "non-profit" (not participating in the distribution of bonuses), the choice depending on the level of premium paid.

Term. These policies provide cheap, death only, cover within a specified period. The policies expire if the insured life survives the period, and no benefit is paid. There are several variants: renewable term, decreasing term, and convertible term, with the option to convert to whole of life or endowment insurance at a later date with no need of proof of medical fitness.

Pure endowment. In these policies the sum insured is payable only if a person lives to a pre-determined age. On prior death, premiums plus interest are returned.

Annuities. These are contracts under which a life office pays a fixed regular amount from a particular date until the death of the annuitant or to some earlier pre-arranged date. The premium, or consideration, is paid as a lump sum, or by instalments if the commencement of the annuity is deferred.

Ordinary life insurance. These are policies on which premiums are paid annually, half-yearly, quarterly, or monthly.

Industrial (Collector) life insurance. These are policies where premiums are collected periodically (usually monthly) by life office agents from policyholders' homes. They constitute a costly operation which has lost popularity in recent years.

Superannuation. These are benefits provided either by lump sum payments on retirement or pensions to retired employees or their surviving dependants. Superannuation schemes conducted by life offices account for about one third of total Australian superannuation business.

Marketing

The bulk of life insurance is sold on commission through agents, or representatives, of life offices. The most common variant of this theme is the practice of the major Australian life offices selling through tied or in-house agents. Other intermediaries are free to direct business to these offices but no commission is paid.

Some sectors of the industry operate through brokers, virtually independent agents, who place business on behalf of their clients. The broking system in life insurance is not as developed as it is in general insurance.

Assets

The following table shows the distribution of selected life office assets in Australia and the changes since 1965:

AUSTRALIA—LIFE INSURANCE BUSINESS WITHIN AUSTRALIA:
SELECTED ASSETS HELD IN AUSTRALIA BY LIFE INSURANCE COMPANIES (a)
(\$m)

Class of assets	At end of December—				
	1965	1970	1975	1976	1977
Fixed assets—					
Property	314.7	748.4	1,981.0	2,275.4	2,542.9
Furniture	5.2	10.4	23.4	24.7	30.3
Total fixed assets	319.9	758.8	2,004.4	2,300.1	2,573.2
Loans (excluding advances of premiums)—					
On mortgage—					
Rural	72.4	130.2	100.4	91.1	83.8
Housing	350.2	437.0	491.8	494.9	505.4
Other	496.1	661.1	735.2	717.8	708.7
On policies	120.5	224.8	276.2	277.4	292.0
To controlled companies	13.0	22.2	32.5	36.9	54.3
To building or housing societies	22.0	14.1	7.9	5.8	6.2
Other	6.5	13.2	22.0	22.9	24.9
Total loans	1,080.5	1,502.6	1,666.1	1,646.8	1,675.3

AUSTRALIA—LIFE INSURANCE BUSINESS WITHIN AUSTRALIA
SELECTED ASSETS HELD IN AUSTRALIA BY LIFE INSURANCE COMPANIES (a)—*continued*
(\$m)

Class of assets	At end of December—				
	1965	1970	1975	1976	1977
Investments—					
Government securities	798.8	1,316.2	2,063.6	2,283.6	2,507.8
Local and semi-governmental securities	272.9	500.4	801.6	873.5	995.5
Debentures	218.9	457.4	720.2	760.1	755.7
Secured and unsecured notes	120.5	123.5	137.2	156.4	164.5
Preference shares	70.1	82.8	85.5	81.9	69.9
Ordinary shares	367.7	822.7	1,399.4	1,629.6	1,831.5
Holdings in controlled companies	12.9	22.7	66.3	70.0	76.7
Other	0.6	19.8	3.7	3.4	85.6
Total investments	1,862.4	3,345.5	5,277.4	5,858.5	6,487.2
Cash—					
On deposit—					
Banks	—	1.9	20.5	12.8	0.4
Other	1.8	17.2	51.9	55.2	55.7
On current account and in hand	0.8	2.8	6.3	6.3	6.1
Total cash	2.6	21.9	78.6	74.3	62.2
Total selected assets	3,265.4	5,628.7	9,026.6	9,879.7	10,797.9

(a) Items shown are the balances according to the companies' ledgers in respect of the statutory funds as at the date for which the information was supplied, without adjustment for any accrued or outstanding interest or other items which had not been brought into account as at that date.

There is no official direction of life office investment in relation to the safeguarding of policyholders' funds, although there are statutory taxation requirements for investment in government securities (see *Taxation*, below). The Life Insurance Commissioner, nevertheless, maintains a surveillance over the industry (see *Regulation of the industry*, page 484).

Cash Flows

The following table gives an indication of the source and application of industry cash flows:

AUSTRALIA—SOURCE AND APPLICATION OF LIFE OFFICE FUNDS

Year	Source			Application			
	Premium income	Investment income	Total	Payments to policyholders	Invested on behalf of policyholders	Expenses including tax	Total
	per cent	per cent	per cent	per cent	per cent	per cent	per cent
1972-73	68	32	100	37	46	17	100
1973-74	67	33	100	41	42	17	100
1974-75	68	32	100	43	38	19	100
1975-76	68	32	100	44	40	16	100
1976-77	67	33	100	44	39	17	100

NOTE: The item "Invested on behalf of policyholders" includes actuarial reserves against future policy liabilities, and surplus held for policyholders' bonuses. The Australian premium income of the industry in 1976-77 amounted to \$1,564m and \$1,004m was paid out in claims and surrenders.

Taxation

Life offices

Life offices are taxed on the basis of their investment income (as distinct from premium income), less associated expenses and a deduction deemed necessary to meet long-term policy liabilities.

In its 1973-74 Budget, the Commonwealth Government reduced the allowable deduction for policy liabilities under section 115 of the Income Tax Assessment Act from 3 per cent

to 2 per cent. In the 1974-75 Budget, this deduction was further reduced to 1 per cent and the rate at which tax was levied was increased to the normal rate for companies.

Policyholders

In the 1975-76 Budget, the Commonwealth Government replaced the system of concessional deductions, including those for certain levels of life insurance premiums and superannuation contributions, from taxable income with a General Rebate which credited taxpayers with expenditure of \$1,350 on what were previously concessional deductions—for medical, educational, and other expenses, and life insurance premiums and superannuation contributions. A 40 per cent tax rebate was applied.

In the 1977-78 Budget, the General Rebate disappeared with the introduction of a tax-free threshold income. Nevertheless, concessional expenditure over a total of \$1,590 was allowed as a rebate at the basic rate of tax—32 cents in the dollar. In the 1978-79 Budget, this basic rate was raised to 33.5 cents in the dollar. The components of the concessional expenditure allowance remain unchanged, including \$1,200 for life assurance premiums and superannuation contributions.

The proceeds of life insurance policies are tax-free in policyholders' hands, the income having been taxed at the life office stage. One twentieth of a lump sum superannuation benefit is treated as taxable income in the hands of the recipient in the year it is received, but investment income from the re-invested sum is taxable as normal income. Superannuation benefits in the form of a regular pension are treated as fully taxable income.

Regulation of the industry

The life insurance industry is regulated by the Commonwealth *Life Insurance Act 1945* which gives the Life Insurance Commissioner control over the registration of offices and wide-ranging powers over life office affairs in the interests of policyholders. Investigations can range from company financial matters to the treatment of individual policyholders' complaints. The State Government insurance offices in New South Wales, Queensland, and South Australia do not come under the jurisdiction of the Life Insurance Act, although the New South Wales and Queensland offices voluntarily supply the statistics which the Act requires from the private offices.

Current problems

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. Continued rising pressure on policyholders' cash flows, the growth of superannuation and increasing attention to short-term investment avenues have led many policyholders to switch to cheaper term insurance (which contains no savings element). This has long-term implications for the industry's ability to accumulate and generate investment funds for both the public and private sectors of the economy.

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

Year	Premiums received (including single premiums)	Payments			Total
		Claims	Surrenders	Annuities and cash bonuses	
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
1976	428,600	139,400	126,900	4,000	270,300

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

Particulars		1972	1973	1974	1975	1976
Ordinary business—						
Number of policies		151,758	155,241	133,278	126,780	120,891
Sum insured	\$m	1,369.9	1,704.2	1,726.3	2,086.1	2,365.1
Annual premiums	\$m	27.8	26.9	24.9	27.1	27.4

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

Particulars		1972	1973	1974	1975	1976
Superannuation business—						
Number of policies		13,126	16,592	21,295	19,016	22,039
Sum insured	\$m	892.0	1,103.2	1,740.8	1,924.7	2,190.4
Annual premiums	\$m	22.0	27.6	41.0	52.8	49.6
Industrial business—						
Number of policies		36,755	36,082	20,868	14,739	13,330
Sum insured	\$m	69.1	76.0	50.1	41.1	45.6
Annual premiums	\$m	2.4	2.7	1.7	1.4	1.5

Sums insured under new policies issued during 1976 averaged \$19,564 in the ordinary department, \$99,387 in the superannuation department, and \$3,421 in the industrial department.

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

Cause of discontinuance	1974		1975		1976	
	Number of policies	Sum insured	Number of policies	Sum insured	Number of policies	Sum insured
ORDINARY BUSINESS						
		(\$m)		(\$m)		(\$m)
Death or disability	6,770	21.2	7,837	26.2	6,363	24.7
Maturity, expiry, etc.	45,412	114.4	30,653	147.5	28,625	125.3
Surrender	55,393	285.0	79,671	435.1	74,770	495.9
Forfeiture	23,654	203.6	26,480	289.6	21,528	286.0
Other (a)	-797	-0.9	-10,022	-49.6	11,988	353.5
Total	130,432	623.3	134,619	848.8	143,274	1,285.5
SUPERANNUATION BUSINESS						
Death or disability	497	11.4	727	14.0	471	15.2
Maturity, expiry, etc.	1,820	82.2	2,121	209.1	1,320	92.1
Surrender	6,828	401.7	12,984	630.8	7,922	641.6
Forfeiture	760	10.3	1,224	16.5	970	20.7
Other (a)	7,616	95.3	4,124	122.7	2,797	347.5
Total	17,521	600.9	21,180	993.1	13,480	1,116.9
INDUSTRIAL BUSINESS						
Death or disability	3,730	1.3	3,478	1.2	3,251	1.2
Maturity, expiry, etc.	39,103	7.4	36,012	7.2	35,077	7.4
Surrender	16,289	20.3	17,423	21.9	17,299	21.9
Forfeiture	12,388	26.1	5,263	12.8	4,069	10.8
Other (a)	2,776	2.3	-485	0.7	2,475	1.3
Total	74,286	57.4	61,691	43.8	62,171	42.6

(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		1972	1973	1974	1975	1976
Ordinary business—						
Number of policies		1,409,358	1,539,929	1,542,775	1,534,936	1,512,553
Sum insured	\$m	6,937.1	8,336.2	9,439.1	10,676.3	11,755.9
Annual premiums	\$m	161.3	r179.6	191.0	203.0	209.7
Superannuation business—						
Number of policies		105,013	110,266	114,040	111,876	120,434
Sum insured	\$m	3,433.3	3,986.9	5,126.8	6,058.4	7,131.9
Annual premiums	\$m	86.7	r102.7	129.7	162.6	185.7
Industrial business—						
Number of policies		692,821	672,357	618,939	571,987	523,146
Sum insured	\$m	419.5	454.2	446.9	444.3	447.3
Annual premiums	\$m	16.0	17.3	16.8	16.6	16.5

In 1976, the average amount of policy held in the ordinary department was \$7,772, in the supernannuation department, \$59,218, and in the industrial department, \$855.

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 1972-73 to 1976-77, 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	1972-73	1973-74	1974-75	1975-76	1976-77
PREMIUMS (LESS RETURNS, REBATES, AND BONUSES)					
Fire (including sprinkler leakage)	47,269	52,783	59,611	71,543	80,399
Householders' comprehensive	31,555	37,784	47,833	56,023	59,248
Loss of profits	9,883	11,518	11,726	15,900	17,094
Crop (including hailstone)	952	1,942	3,571	2,325	2,226
Marine	17,179	20,681	24,774	26,305	32,556
Motor vehicles (including motor cycles)	93,342	106,419	135,130	168,864	197,776
Compulsory third party (motor vehicles)	56,208	69,589	138,877	152,617	204,694
Employers' liability and workers compensation	97,728	122,339	195,202	366,243	331,159
Personal accident	12,992	15,676	15,755	19,663	22,232
Public liability	10,003	11,795	11,484	14,847	18,260
Product liability	1,060	831	1,034	870	2,434
Plate-glass	1,399	1,480	1,675	1,995	2,639
Boiler/engineering and machine breakdown	1,075	1,129	2,951	3,481	3,487
Livestock	617	1,036	798	1,131	1,502
Burglary	7,028	7,725	7,197	7,542	8,230
Guarantee	805	878	1,098	997	1,442
Aviation	2,298	1,308	1,020	2,256	2,579
All risks/baggage	5,064	5,903	6,718	7,773	8,907
Contractors' all risks	3,258	4,132	3,905	5,414	6,306
Other	11,192	11,850	12,381	17,559	25,253
Total premiums	410,908	486,796	682,738	943,348	1,028,424

VICTORIA—GENERAL INSURANCE—*continued*
(\$'000)

Class of business	1972-73	1973-74	1974-75	1975-76	1976-77
GROSS CLAIMS (LESS AMOUNTS RECOVERABLE)					
Fire (including sprinkler leakage)	17,986	26,268	32,021	27,561	43,199
Householders' comprehensive	11,562	13,281	22,529	24,367	33,175
Loss of profits	3,360	8,641	7,743	3,564	2,902
Crop (including hailstone)	348	1,421	1,347	1,180	3,187
Marine	8,143	11,859	19,068	18,244	15,988
Motor vehicles (including motor cycles)	59,902	66,780	94,954	109,588	105,201
Compulsory third party (motor vehicles)	73,813	98,403	121,293	125,029	209,207
Employers' liability and workers compensation	77,996	103,308	150,099	180,044	204,366
Personal accident	5,437	6,107	6,812	7,309	7,906
Public liability	6,234	8,416	8,342	10,698	10,620
Product liability	390	326	1,504	338	1,515
Plate-glass	978	1,017	1,288	1,414	1,681
Boiler/engineering and machine breakdown	448	404	979	1,264	1,687
Livestock	372	396	546	698	1,727
Burglary	3,899	3,271	3,384	3,376	3,644
Guarantee	77	134	376	310	876
Aviation	768	420	721	810	1,277
All risks/baggage	2,425	3,473	3,576	3,933	4,456
Contractors' all risks	1,601	1,557	746	2,774	2,886
Other	3,060	6,297	2,611	5,701	10,334
Total claims	278,798	361,780	479,939	528,203	665,835
Contributions to fire brigades	10,433	13,698	16,990	21,148	27,094
Commission and agents' charges	33,603	39,555	45,700	55,023	53,887
Expenses of management	63,477	71,048	89,247	104,569	124,683
Total (a)	386,311	486,081	631,876	708,943	871,499

(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, 1976-77

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	945,936	541,406	1,487,342
Goods carrying	107,173	150,464	257,637
Hire	3,555	2,731	6,286
Hire and drive yourself	2,003	168	2,171
Passenger transport	322	360	682
Miscellaneous	9,015	54,267	63,282
Motor cycle	20,960	23,967	44,927
Recreation vehicles	1,865	841	2,706
Total	1,090,829	774,204	1,865,033

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 1972-73 to 1976-77 are shown in the following table:

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

Particulars	1972-73	1973-74	1974-75	1975-76	1976-77
Gross premium	45,926	67,283	106,292	183,172	230,421
Net earned premium	42,481	55,608	85,325	138,077	178,065
Investment income	4,346	5,483	9,749	18,102	29,485
Net claims	50,452	76,237	101,006	140,504	178,991
Expenses and commission	2,875	3,378	5,329	4,534	9,025
Underwriting profit (loss)	-10,847	-24,008	-21,010	-6,961	-9,952
Net profit (loss)	-6,501	-18,526	-11,261	11,141	19,534
Underwriting reserves	112,447	159,825	229,478	257,552	473,620
Other reserves	-18,392	-36,918	-48,179	-37,138	-18,004

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	1973-74	1974-75	1975-76	1976-77	1977-78
Proceeds of realisations, rents, interest, etc.	22,629	25,621	31,120	37,484	41,094
Investments, distributions, claims, etc.	18,748	20,199	23,868	30,453	34,467
Cash variation	3,881	5,422	7,252	7,031	6,627
Balance at 1 July	33,459	37,340	42,762	50,014	57,045
Balance at 30 June	37,340	42,762	50,014	57,045	63,672

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
1973-74	1,219	3,866
1974-75	1,398	4,922
1975-76	1,206	3,682
1976-77	1,338	3,278
1977-78	1,296	2,780

Trustee companies

Through the *Trustee Companies Act* 1958 six companies are authorised to act as executors or administrators if named in a 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 5 per cent on capital and 6 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	1973	1974	1975	1976	1977
Stock and debentures	143.9	141.0	164.6	185.0	148.4
Advances on mortgages	90.2	108.3	116.0	126.8	147.8
Property and livestock	103.2	110.7	104.7	116.1	145.7
Shares	251.7	208.3	198.4	205.4	203.6
Fixed and other deposits	20.8	41.5	49.2	54.9	68.0
Cash at bank	19.9	14.9	46.7	8.9	6.9
Other	53.2	45.1	34.0	36.3	40.7
Total	682.9	669.8	713.6	733.4	761.1

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.

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. 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 1977, 2,310 plans were lodged for registration under the new Act.

VICTORIA—TITLES OF LAND ISSUED

Year	Certificates of title	Crown grants	Crown leases	Total titles
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
1977	66,100	842	228	67,170

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

Year	Number of transfers	Mortgages (a)		Number of—				Total dealings
		Number	Amount	Entries of executor, administrator, or survivor	Plans of subdivision	Caveats	Other dealings	
			\$'000					
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
1976-77	156,611	83,965	2,046,284	17,546	7,789	34,525	136,077	436,513

(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
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
1976-77	1,176	33,227	2,025	14,340	3,798	96,148

(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	1974-75		1975-76		1976-77	
	Number	Amount	Number	Amount	Number	Amount
		\$'000		\$'000		\$'000
Banks	33,512	551,476	34,525	626,347	37,002	739,697
Building societies	6,244	108,230	11,296	239,986	12,187	290,937
Co-operative housing societies	4,216	58,915	3,278	55,473	3,028	59,597
Friendly societies	273	3,827	99	1,650	225	4,953
Insurance companies	1,941	64,270	1,149	47,735	1,615	71,202
Government institutions	4,345	98,635	3,639	74,630	3,294	88,571
Trustee institutions	330	14,472	368	22,830	705	46,068
Finance companies	5,113	119,743	6,365	181,765	8,164	247,142
Private individuals	13,713	248,204	12,861	264,749	13,628	324,628
Other mortgagees	4,495	170,008	2,835	133,134	5,293	206,717
Total	74,182	1,437,780	76,415	1,648,300	85,141	2,079,512

(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 1973 to 1977 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	1973	1974	1975	1976	1977
Stock mortgages—					
Number	579	586	587	344	268
Amount (\$'000)	2,134	1,871	906	1,215	602
Liens on wool—					
Number	12	9	12	11	15
Amount (\$'000)	58	65	231	75	43
Liens on crops—					
Number	166	183	105	120	131
Amount (\$'000)	744	858	763	602	1,011
Total—					
Number	757	778	704	475	414
Amount (\$'000)	2,937	2,794	1,900	1,892	1,656

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 1973 to 1977:

VICTORIA—BILLS OF SALE

Security	1973	1974	1975	1976	1977
Bills of sale—					
Number	24,821	20,515	22,139	29,127	29,729
Amount (\$'000)	56,719	53,743	65,896	95,211	115,714

Further references: Assurance fund, *Victorian Year Book*, 1977, pp. 626-7; Probate, 1978, pp. 538-9

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Monthly summary of statistics (1303.2)

Mortgages of real estate lodged for registration (quarterly) (5601.2)

Central Office

Banking (monthly) (5605.0)

Banking and currency (5601.0)

Credit unions: assets, liabilities, income, and expenditure (5618.0)

Finance companies, Australia (monthly) (5614.0)

Financial corporations statistics (monthly) (5617.0)

General insurance (5620.0)

Housing finance for owner occupation (monthly) (5609.0)

Housing finance for owner occupation, permanent building societies (monthly) (5610.0)

Housing finance for owner occupation, savings banks and trading banks (monthly) (5608.0)

Instalment credit for retail sales (monthly) (5631.0)

Insurance and other private finance (5619.0)

Life insurance (monthly) (5621.0)

Major trading bank statistics (preliminary) (monthly) (5603.0)