

PRIVATE FINANCE

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## BANKING

**Banking in 1974**

There were two distinct phases in Australian monetary policy during 1974. The first three quarters of the year were marked by restrictive official policies, aimed at reducing inflationary pressures and relieving the strain on resources. The latter part of the year saw a reversal of these policies as the Government sought to counteract rising unemployment.

The restrictive policies of late 1973 and early 1974 led to a rapid reduction in the rate of growth of the money supply and severe liquidity pressures within the private sector.

The process was accentuated by the payment in January of the first instalment of company tax under the Government's newly-introduced system of quarterly tax payments. Company tax receipts in January 1974 totalled \$262m, compared with \$14m in January 1973. The monetary tightness was further aggravated by a strong growth in imports; import payments for the first six months of the year were more than 60 per cent higher than in the corresponding period of the previous year. A further drain in private sector liquidity occurred in February when the Government's cash and conversion loan attracted a record subscription of \$511m.

Financial conditions tightened further with the June quarter payments of company tax and non-PAYE personal tax. Interest rates increased to very high levels. Treasury note yields were increased twice in May and again in June.

The banking sector sought to attract funds by competing strongly for Certificates of Deposit (C.D.s). The removal of the official interest rate ceiling on C.D.s in September 1973 gave the banks greater flexibility in competing in the market place for large funds, and for a brief period rates were pushed up to about 20 per cent. Certificates of Deposit on issue from the major trading banks jumped from \$755m in December 1973 to \$1,671m in March 1974; by July 1974, they had reached \$2,520m. Nevertheless, some banks found it necessary to borrow from the Reserve Bank to keep their L.G.S. ratio above the required minimum of 18 per cent. The lending ability of all banks was severely curtailed.

During the September quarter, the usually strong seasonal upturn in trading bank and finance sector liquidity failed to eventuate, mainly because of a large deficit (\$585m) in the balance of payments, and a smaller than normal seasonal deficit in the Australian Government's accounts. As a result, the money supply actually declined by \$577m (after allowance for seasonal influences) in July and August.

From June to October, the Statutory Reserve Deposit (S.R.D.) ratio of the major trading banks was progressively reduced from 9.0 per cent to 3.0 per cent. However, these releases initially served only to prevent the banks' liquidity deteriorating further; no easing of monetary policy was involved.

A significant change occurred on 8 October, when the S.R.D. ratio was reduced from 4.0 per cent to 3.0 per cent, and a special drawing facility from

the Reserve Bank (equal to 1.0 per cent of deposits) was made available to the major trading banks, with a request to the banks to increase their lending. The Deputy Governor of the Reserve Bank said: "These moves were intended to enable banks to provide appreciably more finance by way of new lending towards meeting the immediate basic needs of the economy for finance, and banks were increasing their lending accordingly".

Treasury note yields were progressively reduced in the December quarter by a total of about 2.7 percentage points. At the same time, yields on short and medium term Government bonds also declined, effectively making investment in Government securities relatively less attractive, and boosting the competitive position of private sector securities.

Government reaction to rising unemployment resulted in further fiscal and monetary measures in November and December. These included a release of \$150m for lending by savings banks for housing, and the option for companies to defer the February 1975 quarterly payment of company tax until the last quarter of the financial year. On 10 November, the embargo on overseas borrowings was eased (to veto only borrowings for terms up to six months) and the variable deposit requirement was suspended.

The expansionary economic policy of the latter part of 1974 was reflected in a strong increase in the money supply from October 1974 onwards. This was accompanied by an easing in some short term interest rates. The stronger growth in domestic liquidity enabled banks to increase their lending substantially. New loan approvals of both trading and savings banks in the December quarter 1974 were about double the level of approvals in the September quarter.

#### *Deposits*

Total deposits of the major trading banks in Australia increased by only \$441m to \$12,508m during the year to December 1974, compared with increases of \$1,940m and \$2,517m in 1972 and 1973, respectively. A very strong increase in the December quarter partly offset the \$1,267m decline which occurred in the six months to September.

As mentioned earlier, Certificates of Deposit grew very strongly in 1974, increasing by 148 per cent over the year, while current deposits fell by \$451m, a fall of almost 8 per cent. Consequently, the ratio of term deposits (including Certificates of Deposit) to total deposits rose from 51.0 per cent in December 1973 to 56.3 per cent in December 1974.

Deposits with Australian savings banks rose by \$975m to \$11,816m in 1974, compared with an increase of \$1,580m in 1973. Deposit growth in the early months of the year was sluggish, but improved dramatically towards the end of the year as savers switched funds from non-bank financial institutions. Investment accounts/deposit stock showed the strongest growth, increasing by 79 per cent in the eight months from April 1974 (when statistics for this category of deposits first became available). During this period, other savings bank deposits fell by 7.2 per cent, illustrating the increased interest rate consciousness of depositors.

In Victoria, total deposits of the major trading banks fell by \$58m to \$3,377m, compared with an increase of \$728m in 1973. Victoria's share of total Australian deposits with the major trading banks showed a strong decline between December 1973 and December 1974, from 28.5 per cent to 27.0 per cent. The large manufacturing sector in Victoria would have contributed to this decline. (In a period of downswing in manufacturing activity, Victoria is more adversely affected than most other States.)

Victorian savings bank deposits increased by \$438m to \$4,241m in the year to December 1974, compared with an increase of \$578m in 1973. Victoria's share of total Australian savings bank deposits increased from 35.1 per cent in December 1973 to 35.9 per cent in December 1974. At the end of 1974, Victorians had \$1,164 each, on average, in savings bank accounts, compared with a national average of \$881.

*Lending*

As a consequence of official restraints, major trading banks' new and increased lending commitments fell from an average of \$98m a week in April 1974 to a low point of \$34m a week in September 1974, the lowest average rate for three years. As a result, overdrafts outstanding fell each month from July to October, the first such fall for many years. In response to the easing of official monetary policy, and the subsequent increase in liquidity, the banks were able to increase their new lending in the December quarter 1974 to almost double the rate in the previous quarter. However, the weekly rate of approvals for 1974 averaged only \$65m, well below the weekly average of \$106m in 1973.

Mainly because of very rapid growth in the first half of the year, and despite the subdued level of overdraft limit approvals, major trading bank advances outstanding increased over the year by \$1,377m to \$9,272m at December 1974. In 1973, the increase had been \$2,190m.

The percentage of overdraft limits utilised in actual lending rose from 61.9 per cent in December 1973 to 73.7 per cent in December 1974.

Major trading bank total advances in Victoria increased by \$481m to \$2,518m in the year to December 1974. This represented a 27.2 per cent share of the Australian total, compared with 25.8 per cent in December 1973.

Housing loans outstanding by all savings banks in Victoria increased by \$201m to \$1,386m in 1974. The Victorian share of total Australian housing loans outstanding by all savings banks at that date was 37.0 per cent, almost the same share as in December 1973.

**Further reference, 1975 ; History of banking in Victoria, 1961**

**Reserve Bank of Australia**

The Reserve Bank is Australia's central bank and acts as banker and financial agent of the Australian Government. The *Reserve Bank Act* 1959-1966 preserved and continued in existence the original body corporate known as the Commonwealth Bank of Australia under the new name, Reserve Bank of Australia, and also preserved within it the special departments of Note Issue and Rural Credits.

*Financial statements*

The Bank's liabilities and assets, for the years 1970-71 to 1974-75, follow:

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

Particulars	1970-71	1971-72	1972-73	1973-74	1974-75
<b>Liabilities—</b>					
Capital and reserve funds	173	241	263	233	248
Australian notes on issue	1,309	1,449	1,633	1,958	2,374
Statutory Reserve Deposit accounts of trading banks	644	590	642	1,026	462
Other deposits of trading banks	57	96	84	54	52
Deposits of savings banks	551	745	1,201	1,311	1,057
Other liabilities	400	785	1,454	1,210	1,200
<b>Total</b>	<b>3,134</b>	<b>3,906</b>	<b>5,277</b>	<b>5,792</b>	<b>5,393</b>
<b>Assets—</b>					
Gold and foreign exchange	1,493	2,775	4,122	3,768	3,111
Australian notes and coin	10	11	19	19	22
Cheques and bills of other banks	4	4	5	9	7
Australian Government securities— Redeemable in Australia—					
Treasury bills and notes	293	193	98	72	147
Other	855	524	407	730	1,041
Bills receivable and remittances in transit	41	45	39	46	48
Loans, advances, and all other assets	438	354	587	1,148	1,017
<b>Total</b>	<b>3,134</b>	<b>3,906</b>	<b>5,277</b>	<b>5,792</b>	<b>5,393</b>

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

Particulars	1970-71	1971-72	1972-73	1973-74	1974-75
Liabilities (excluding capital and contingencies)	342.2	253.7	202.2	167.3	147.3
Assets (loans, advances, etc.)	384.8	299.2	250.0	217.1	200.2

**Further reference, 1966****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 Banking Corporation**

The Commonwealth Banking Corporation, established under the *Commonwealth Banks Act* 1959, came into being on 14 January 1960, and is the controlling body for the Commonwealth Trading Bank of Australia, the Commonwealth Savings Bank of Australia, and the Commonwealth Development Bank of Australia.

The Corporation Board consists of three *ex officio* members, namely, the Managing Director and Deputy Managing Director of the Corporation and the Secretary to the Treasury, plus eight members (who include the Chairman and Deputy Chairman) appointed from private enterprise other than the private banking industry.

It is the duty of the Board, within the limits of its powers, to ensure that the policy of the Corporation and the banking policy of the Trading Bank, of the Savings Bank, and of the Development Bank are directed to the advantage of the people of Australia and have due regard to the stability and balanced development of the Australian economy.

*Commonwealth Trading Bank of Australia*

The Commonwealth Trading Bank is one of the three member banks comprising the Commonwealth Banking Corporation and has a history of over fifty years of banking experience. It accepts interest bearing deposits, issues Certificates of Deposit, and provides cheque account facilities, a wide range of loans, lease financing, nominee facilities, and the usual trading bank services including the acceptance of safe custody lodgments. The Bank also provides house insurance for customers who have borrowed from it to purchase a home and, in association with the Commonwealth Savings Bank, operates a fully integrated travel service.

The Commonwealth Trading Bank is now one of the largest trading banks. At June 1975 advances to customers were \$2,180m; customers' deposits were \$3,128m or 22.9 per cent of the total deposits of all major Australian trading banks; customers' accounts numbered 1,556,000; and the Bank had 1,258 branches and agencies throughout Australia.

**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
1971	832	670	1,502	955	1,154
1972	979	748	1,727	1,105	1,216
1973	1,388	971	2,359	1,534	1,287
1974	1,667	928	2,595	1,887	1,357
1975	2,060	1,068	3,128	2,180	1,556

*Commonwealth Savings Bank of Australia*

The Commonwealth Savings Bank of Australia was established in July 1912. It is the largest savings bank in Australia, having total assets at June 1975 of \$5,074m.

At the end of June 1975 amounts on deposit with the Savings Bank within Australia totalled \$4,840m and it was conducting 7,865,000 active accounts. The Savings Bank's depositors' balances are widely invested in the development of Australia; apart from advances (mainly for housing) of \$1,940 outstanding in June 1975, investments in Australian and State Government securities totalled \$1,557m and in local and semi-governmental securities amounted to \$1,019m.

Between 1960 and June 1975 over \$2,800m has been provided for housing, assistance having been provided to more than 340,000 families.

The following table shows details of Commonwealth Savings Bank activities for the years 30 June 1971 to 1975:

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

At 30 June—	Number of active accounts	Amount at credit of depositors	Loans and advances outstanding	Common- wealth and other securities held
	'000	\$m	\$m	\$m
1971	7,462	3,142	1,095	1,744
1972	7,633	3,421	1,175	1,862
1973	7,780	4,023	1,290	2,018
1974	7,569	4,333	1,476	2,367
1975	7,865	4,840	1,940	2,576

*Commonwealth Development Bank of Australia*

The Commonwealth Development Bank of Australia, which commenced operations on 14 January 1960, provides finance for the purpose of primary production and for establishment or development of industrial undertakings, particularly small undertakings. It supplements the lending activities of the trading banks and other institutional lenders and may only provide assistance in circumstances where, in the opinion of the Bank, the finance sought would not otherwise be available on reasonable and suitable terms and conditions.

Loan and equipment finance approvals for the year ended 30 June 1975 were:

**COMMONWEALTH DEVELOPMENT BANK :  
LOAN AND EQUIPMENT FINANCE  
APPROVALS, 1974-75**

Particulars	Number	Amount
		\$m
Loans	2,316	57.8
Equipment finance	6,736	39.4

Outstanding loans by the Commonwealth Development Bank to rural and other industries in Australia at 30 June 1975 were as follows:

AUSTRALIA—COMMONWEALTH DEVELOPMENT BANK : OUTSTANDING  
LOAN BALANCES AT 30 JUNE 1975  
(\$'000)

Rural loans		Non-rural loans	
Type of industry	Amount	Type of industry	Amount
Sheep	62,987	Engineering	6,723
Dairying	24,556	Chemicals	1,210
Cattle	83,851	Foodstuffs and preservation	8,857
Wheat	24,910	Electrical and allied manufacturing	1,457
Fruit growing	9,313	Building materials and fittings	3,417
Poultry	3,429	Other manufacturing	4,069
Grain crops other than wheat	7,459	Transport, storage, and communication	882
Other rural industries	15,183	Fishing	5,424
		Other non-rural industries	14,112
Total	231,688	Total	46,151

Further reference, 1975 ; Australian Resources Development Bank Ltd, 1970

### Trading banks

The following table shows the number of branches and agencies in Victoria conducted by individual trading banks at 30 June 1973 and 1974 :

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

Bank	At 30 June 1973		At 30 June 1974	
	Branches	Agencies	Branches	Agencies
<b>Major trading banks—</b>				
Commonwealth Trading Bank of Australia	142	89	146	83
Australia and New Zealand Banking Group Ltd	334	91	325	84
The Bank of Adelaide	2	..	2	..
Bank of New South Wales	185	11	185	10
The Commercial Bank of Australia Ltd	168	54	177	48
The Commercial Banking Co. of Sydney Ltd	149	37	153	37
The National Bank of Australasia Ltd	247	75	250	85
Total major trading banks	1,227	357	1,238	347
<b>Other trading banks—</b>				
Bank of New Zealand	1	..	1	..
Banque Nationale de Paris	1	..	1	..
Total other trading banks	2	..	2	..
Total all trading banks	1,229	357	1,240	347
Metropolitan area	728	167	739	160
Remainder of Victoria	501	190	501	187

The following tables show particulars of the averages of deposits with, and advances by, trading banks in Victoria during the month of June 1974. Comparable figures for the month of June for each of the preceding four years are also shown in the second table. The monthly averages are obtained by recording the amounts of deposits and advances at the close of business on Wednesday of each week.

VICTORIA—MAJOR TRADING BANKS: AVERAGES OF DEPOSITS  
AND ADVANCES, MONTH OF JUNE 1974  
(\$'000)

Bank	Deposits repayable in Australia			Loans (a), advances, and bills discounted
	Not bearing interest	Bearing interest	Total	
Commonwealth Trading Bank of Australia	176,540	272,279	448,819	344,791
Private trading banks—				
Australia and New Zealand Banking Group				
Ltd	433,346	549,058	982,404	758,168
The Bank of Adelaide	4,480	2,286	6,766	9,212
Bank of New South Wales	175,832	236,566	412,397	374,523
The Commercial Bank of Australia Ltd	177,427	243,882	421,308	338,699
The Commercial Banking Co. of Sydney Ltd	100,871	126,816	227,685	141,633
The National Bank of Australasia Ltd	259,607	403,960	663,566	428,355
<b>Total</b>	<b>1,328,101</b>	<b>1,834,843</b>	<b>3,162,943</b>	<b>2,395,379</b>

(a) Excludes loans to authorised dealers in the short-term money market.

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

Month of June—	Deposits repayable in Australia			Loans (a), advances, and bills discounted
	Not bearing interest	Bearing interest	Total	
1970	946,468	990,144	1,936,611	1,206,903
1971	988,424	978,679	1,967,103	1,369,305
1972	1,065,861	1,163,039	2,228,898	1,434,696
1973	1,389,221	1,572,730	2,961,949	1,824,796
1974	1,328,101	1,834,843	3,162,943	2,395,379

(a) Excludes loans to authorised dealers in the short-term money market.

A classification of persons and authorities in receipt of trading bank advances is given in the following table. Business advances are classified according to the main industry of the borrower.

VICTORIA—MAJOR TRADING BANKS: CLASSIFICATION OF ADVANCES  
(\$m)

Classification	At second Wednesday of July—				
	1970	1971	1972	1973	1974
Resident borrowers—					
Business advances—					
Agriculture, grazing, and dairying	209.1	203.3	197.2	210.7	238.5
Manufacturing	258.1	309.9	298.8	311.0	529.5
Transport, storage, and communication	22.8	23.5	23.2	31.6	48.9
Finance	77.3	84.8	137.2	249.1	168.7
Commerce	194.8	199.2	193.9	236.8	333.8
Building and construction	44.2	42.6	41.8	67.0	84.0
Other businesses	152.0	235.9	262.4	301.5	362.0
Unclassified	12.6	16.7	14.1	19.6	19.5
<b>Total business advances</b>	<b>971.0</b>	<b>1,115.9</b>	<b>1,168.6</b>	<b>1,427.3</b>	<b>1,785.0</b>
Advances to public authorities	23.7	36.7	30.8	15.5	25.3
Personal advances	199.3	202.6	246.5	423.9	525.0
Advances to non-profit organisations	19.6	18.3	17.0	18.8	24.4
<b>Total advances to resident borrowers</b>	<b>1,213.6</b>	<b>1,373.5</b>	<b>1,462.9</b>	<b>1,885.5</b>	<b>2,359.7</b>
Non-resident borrowers	1.2	1.9	1.6	1.3	1.9
<b>Grand total</b>	<b>1,214.7</b>	<b>1,375.3</b>	<b>1,464.5</b>	<b>1,886.8</b>	<b>2,361.6</b>

The preceding classification for bank deposits is available only on an Australian basis, and can be found in the publication *Banking and Currency* issued annually by the Central Office of the Australian Bureau of Statistics.

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 second table on page 541) and, in addition, the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank. Debits to Australian 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
1965-66	847.7	1970-71	1,647.3
1966-67	940.0	1971-72	1,808.7
1967-68	1,041.8	1972-73	2,373.2
1968-69	1,214.1	1973-74	2,719.0
1969-70	1,413.3	1974-75	3,000.8

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

**State Savings Bank of Victoria**

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 Government appointed board of seven commissioners, who exercise control through the general manager. The business of the Bank is conducted in two departments, the Savings Bank Department and the Credit Foncier Department.

The Savings Bank Department accepts interest-bearing deposits through pass-book, school bank, coupon club accounts, and fixed deposit stock and term deposits, and provides cheque accounts, safe deposits, and a wide range of other banking services. The funds are principally invested in loans to semi-governmental, municipal, and other public authorities within Victoria; loans on the security of first mortgage over freehold land for houses and farms either directly or through investment in the debentures of the Credit Foncier Department; secured and unsecured loans for personal and other purposes; and in Australian 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 Savings Bank of Victoria is the largest savings bank in Victoria, having assets of \$2,510m at 30 June 1975. The deposits of its 3.4 million operative accounts, held at 522 branches and sub-branches and 634 agencies, amounted to \$2,226m which represented approximately 48.5 per cent of all savings bank balances in Victoria.

In the past twenty years the State Savings Bank has made some significant changes in accounting procedures, range of services, and the architectural style of premises. Some of these changes have been evolutionary, but others have been dictated by external circumstances.

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 1975 the Bank held 344,794 cheque accounts with balances of \$198m.

The installation of a computer in 1962, the first computer in any Australian bank, made it possible to centralise the transactions of large branches at the data processing centre at the Bank's head office. At 30 June 1975, 253 branches were linked to the computer, which also processed many head office transactions.



The computer made it possible for the Bank to introduce a Christmas Club in November 1964 and a Calendar Club with a variable term arrangement in 1971. The Christmas Club has been well received and the idea has spread. For the year ending 30 June 1975, \$27.5m was paid out to members.

Secured and unsecured loans were introduced in November 1963. At 30 June 1975, 75,579 borrowers owed \$179m.

A 1973 Act amendment altered the provisions relating to the fixing of interest rates. Previously, changes in rates required the approval of the Governor in Council. Such a procedure involved some administrative delay, and sometimes placed the Bank at a competitive disadvantage compared with other banks announcing interest rate rises on deposits. The amendment removed the need for Governor in Council approval.

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 following 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. At the amendment Bill's second reading, the Victorian Treasurer pointed out that 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 Savings Bank increased the number of its branches and sub-branches from 267 in 1956 to 522 in 1975. In the same period many of the Bank's older branches were re-built or modernised to provide attractive premises for clients and staff.

Depositors' balances have increased from \$528.6m at 30 June 1956, the year in which private banks entered the savings field, to \$2,226m at 30 June 1975.

#### *Housing and farm loans*

The State Savings Bank has been the largest single source of housing finance in Victoria since it introduced low cost long-term mortgage loans. These were first offered in 1894 to farmers and pastoralists to rescue them from the difficulties caused by the financial excesses of the 1880s and were extended to city home buyers in 1910. Since then the Bank has helped more than 260,000 Victorian families to purchase their own homes. At 30 June 1975, 89,523 housing loan borrowers owed a total debt of \$817m.

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 1975, \$4.4m was owed to the Bank by co-operative societies. The Bank also provides funds to the Home Finance Trust which, at 30 June 1975, owed the bank \$8.9m.

Rural interests are well served by long-term mortgage loans or short-term personal loans. Advances to farmers totalled \$3.6m in 1974-75 and at 30 June 1975, \$26.7m was outstanding from 1,542 borrowers.

#### *Loans for housing 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 1975 was \$589.4m.

*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 1974-75 totalled \$0.9m.

*School banking*

The State Savings Bank's school bank system was introduced in 1912. At 30 June 1975 banking was provided at 2,469 schools for 463,179 depositors whose balances totalled \$9.0m.

*Other facilities*

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

The following table shows the number of accounts open and the amount remaining on deposit for the years ended 30 June 1971 to 1975 :

**VICTORIA—STATE SAVINGS BANK :  
DEPOSITORS' ACCOUNTS**

At 30 June—	Number	Amount
	'000	\$'000
1971	2,866	1,235,641
1972	2,961	1,344,716
1973	3,090	1,615,431
1974	3,209	1,862,302
1975	3,406	2,225,639

The following table shows the transactions of the Bank for each year from 1970-71 to 1974-75 :

**VICTORIA—STATE SAVINGS BANK : TRANSACTIONS  
(\$'000)**

Year	Deposits	Withdrawals	Interest paid
1970-71	2,395,170	2,358,006	34,881
1971-72	2,800,250	2,725,990	37,313
1972-73	3,619,360	3,387,172	56,271
1973-74	5,165,430	4,962,023	76,166
1974-75	8,492,067	8,169,974	114,256

The following table shows the amounts advanced by the State Savings Bank during each of the years 1970-71 to 1974-75 and the balances outstanding at the end of each year :

**VICTORIA—STATE SAVINGS 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.			
1970-71	68.6	2.6	1.2	11.8	305.3	160.5
1971-72	82.0	2.3	1.0	8.0	363.3	146.4
1972-73	114.5	4.6	0.7	3.7	434.9	126.7
1973-74	167.6	6.6	0.7	1.5	550.7	107.0
1974-75	277.3	3.6	0.9	0.4	766.2	91.2

(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 Savings Bank at the end of each of the five years to 1974-75 were: 1970-71, \$48.1m; 1971-72, \$53.3m; 1972-73, \$60.6m; 1973-74, \$63.8m; and 1974-75, \$67.2m.

Further reference, 1975; History of the State Savings Bank, 1961

#### Private savings banks

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

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

At 30 June—	Deposits in Victoria	Proportion of deposits with all savings banks in Victoria
	\$'000	per cent
1970	686,409	28.8
1971	756,321	29.4
1972	855,606	30.0
1973	1,139,113	32.2
1974	1,214,312	30.9

At 30 June 1974 private savings banks had 1,093 branches and 867 agencies throughout Victoria.

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

The next table shows the amount of depositors' balances in each savings bank in Victoria at 30 June 1970 to 1974:

#### VICTORIA—SAVINGS BANKS: DEPOSITS

Savings bank	Depositors' balances at 30 June—				
	1970	1971	1972	1973	1974
	\$'000	\$'000	\$'000	\$'000	\$'000
State Savings Bank of Victoria (a)	1,163,381	1,235,368	1,344,404	1,615,145	1,861,972
Commonwealth Savings Bank of Australia	536,971	583,663	651,944	784,549	853,858
Private savings banks—					
Australia and New Zealand Savings Bank Ltd (b)	176,569	284,390	317,221	416,187	437,132
The Bank of Adelaide Savings Bank Ltd	1,345	1,519	1,754	2,366	2,383
Bank of New South Wales Savings Bank Ltd	157,070	171,510	191,148	243,889	255,167
Bank of New Zealand Savings Bank Ltd (c)	..	..	..	330	494
The Commercial Savings Bank of Australia Ltd	73,693	81,926	95,758	134,978	148,414
C.B.C. Savings Bank Ltd	74,255	80,137	91,740	126,329	136,536
E.S. and A. Savings Bank Ltd (b)	83,880	..	..	..	..
The National Bank Savings Bank Ltd	119,597	136,839	157,987	215,034	234,186
<b>Total deposits</b>	<b>2,386,761</b>	<b>2,575,352</b>	<b>2,851,956</b>	<b>3,538,807</b>	<b>3,930,142</b>
<b>Deposits per head of population</b>	<b>\$ 693</b>	<b>\$ 735</b>	<b>\$ 804</b>	<b>\$ 987</b>	<b>\$ 1,087</b>

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

(b) As from 1 October 1970 the Australia and New Zealand Savings Bank Ltd took over the banking business of the E.S. and A. Savings Bank Ltd.

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

## INSURANCE

## Life insurance

The first purely mutual life office with headquarters in Victoria was established in 1869, although branches of other Australian and overseas insurance offices were operating in the Colony before this time. In 1973 there were forty-three companies transacting life business in Victoria, compared with twenty in 1946, with assets throughout Australia of more than \$7,800.8m.

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

In general, there are five main types of life policy: whole of life, under which the amount of the policy, plus any bonuses, is payable on death; endowment insurance, which provides for payment of the sum insured, plus any bonuses, when the life insured reaches a specified age or date, or if death occurs before; "pure" endowment, under which the amount of the policy is payable, plus any bonuses, only if the life insured reaches a specified age or date (if death occurs before, all premiums paid are generally returned, plus compound interest); temporary insurance for short terms; and annuities. There are many variations of these five basic types available. Since 1946 the number of ordinary and superannuation life policies in force in Victoria has more than doubled to 1,653,504 at the end of 1973, and the total sum insured increased during the same period from \$379m to \$12,349m.

The following table gives some indication of the growth and volume of life insurance conducted in Victoria for the years 1969 to 1973:

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

Year	Premiums received (including single premiums)	Payments			
		Claims	Surrenders	Annuities and cash bonuses	Total
1969	184,696	59,655	32,413	2,132	94,201
1970	209,873	69,723	41,084	2,201	113,008
1971	240,512	77,696	44,098	2,396	124,191
1972	294,485	90,360	49,031	3,001	142,392
1973	304,587	99,112	54,631	2,772	156,515

The following table contains summarised information about new business written in Victoria by all life insurance companies during each of the years 1969 to 1973:

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

Particulars		1969	1970	1971	1972	1973
Ordinary business—						
Number of policies		117,981	129,778	153,098	151,758	155,241
Sum insured	\$'000	755,927	917,392	1,198,701	1,369,940	1,704,167
Annual premiums	\$'000	16,970	19,834	25,522	27,753	26,919
Superannuation business—						
Number of policies		15,373	15,795	14,621	13,126	16,483
Sum insured	\$'000	533,588	798,199	886,587	892,012	1,101,842
Annual premiums	\$'000	12,085	19,376	22,044	21,959	27,595
Industrial business—						
Number of policies		36,370	37,621	37,302	36,755	36,082
Sum insured	\$'000	45,579	55,286	63,007	69,103	76,083
Annual premiums	\$'000	1,734	1,995	2,229	2,443	2,676

Sums insured under new policies issued during 1973 averaged \$10,977 in the ordinary department, \$66,847 in the superannuation department, and \$2,108 in the industrial department.

The following table gives particulars of the policies which were discontinued or reduced during each of the years 1971 to 1973 :

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

Cause of discontinuance	1971		1972		1973	
	Number of policies	Sum insured (\$'000)	Number of policies	Sum insured (\$'000)	Number of policies	Sum insured (\$'000)
<b>ORDINARY BUSINESS</b>						
Death or disability	6,468	16,885	6,500	18,000	6,614	22,079
Maturity, expiry, etc.	22,516	72,391	22,932	78,719	23,872	105,325
Surrender	33,080	132,835	37,496	163,074	40,169	188,625
Forfeiture	15,786	107,624	16,544	133,976	16,675	153,419
Other (a)	1,892	2,103	4,659	9,074	-21,006	-5,033
<b>Total</b>	<b>79,742</b>	<b>331,838</b>	<b>88,131</b>	<b>402,843</b>	<b>66,324</b>	<b>464,415</b>
<b>SUPERANNUATION BUSINESS</b>						
Death or disability	522	7,859	496	9,532	442	9,654
Maturity, expiry, etc.	1,767	49,765	1,352	43,658	1,785	157,952
Surrender	13,513	228,690	8,568	249,378	7,678	325,373
Forfeiture	331	6,917	259	4,092	497	6,856
Other (a)	6,289	109,283	4,717	223,043	4,703	134,156
<b>Total</b>	<b>22,422</b>	<b>402,513</b>	<b>15,392</b>	<b>529,703</b>	<b>15,105</b>	<b>633,990</b>
<b>INDUSTRIAL BUSINESS</b>						
Death or disability	3,931	1,077	3,649	1,023	3,504	1,032
Maturity, expiry, etc.	21,171	4,008	35,868	6,631	41,999	7,711
Surrender	14,303	10,770	13,994	11,874	12,932	12,554
Forfeiture	7,785	14,561	9,639	17,924	8,274	19,222
Other (a)	882	678	904	806	-10,163	798
<b>Total</b>	<b>48,072</b>	<b>31,093</b>	<b>64,054</b>	<b>38,257</b>	<b>56,546</b>	<b>41,318</b>

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

The following table shows, for each of the years 1969 to 1973, particulars of life insurance business in existence in the relevant departments of the companies :

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

Particulars	1969	1970	1971	1972	1973	
<b>Ordinary business—</b>						
Number of policies		1,215,130	1,272,375	1,345,731	1,409,358	1,543,217
Sum insured \$'000		4,485,109	5,101,723	5,969,986	6,937,083	8,360,630
Annual premiums \$'000		111,092	124,389	142,442	161,326	180,315
<b>Superannuation business—</b>						
Number of policies		121,010	115,080	107,280	105,013	110,287
Sum insured \$'000		2,114,374	2,586,963	3,071,038	3,433,347	3,988,577
Annual premiums \$'000		52,951	63,725	75,966	86,663	102,744
<b>Industrial business—</b>						
Number of policies		743,268	730,890	720,120	692,821	672,357
Sum insured \$'000		329,395	356,720	388,633	419,471	454,194
Annual premiums \$'000		13,057	13,940	14,978	15,982	17,303

In 1973 the average amount of policy held in the ordinary department was \$5,443, in the superannuation department, \$36,129, and in the industrial department, \$675.

Further reference, 1967

**Fire, marine, and general insurance**

*Statistics*

Selected statistics relating to all classes of fire, marine, and 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 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.

(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 fire, marine, and general insurance business transacted in Victoria during each of the years 1969-70 to 1973-74 should not be construed as a "profit and loss statement" or a "revenue account" as it contains selected items of statistics only :

VICTORIA—FIRE, MARINE, AND GENERAL INSURANCE :  
TOTAL REVENUE AND SELECTED ITEMS OF EXPENDITURE (a) :  
CLASS OF BUSINESS  
(\$'000)

Class of business	1969-70	1970-71	1971-72	1972-73	1973-74
PREMIUMS (LESS RETURNS, REBATES, AND BONUSES)					
Fire	34,604	37,812	44,096	47,163	52,678
Householders' comprehensive	19,934	22,611	26,327	31,000	37,185
Sprinkler leakage	106	97	122	106	105
Loss of profits	6,151	7,642	8,915	9,883	11,518
Hailstone	967	922	1,108	952	1,942
Marine	12,769	15,493	17,502	17,179	20,681
Motor vehicles (other than motor cycles)	65,927	75,400	88,605	92,752	105,773
Motor cycles	118	225	443	590	646
Compulsory third party (motor vehicles)	35,820	43,572	50,334	56,208	69,589
Employers' liability and workers compensation (b)	62,586	70,222	83,624	97,728	122,339
Personal accident	10,094	11,472	13,178	12,992	15,676
Public risk third party	6,414	7,704	9,667	10,003	11,795
General property	434	649	661	1,060	831
Plate glass	1,180	1,271	1,404	1,399	1,480
Boiler	610	924	882	1,075	1,129
Livestock	534	527	489	617	1,036
Burglary	5,394	5,818	6,663	7,028	7,725
Guarantee	655	868	690	805	878
Pluvius	43	41	54	55	66
Aviation	872	1,991	5,023	2,298	1,308
All risks	2,925	3,946	4,145	5,064	5,903
Contractors' all risks	2,063	2,516	3,175	3,258	4,132
Television	91	48	36	31	34
Other	4,724	4,911	7,184	11,106	11,750
<b>Total premiums</b>	<b>275,014</b>	<b>316,682</b>	<b>374,327</b>	<b>410,353</b>	<b>486,197</b>

VICTORIA—FIRE, MARINE, AND GENERAL INSURANCE:  
 TOTAL REVENUE AND SELECTED ITEMS OF EXPENDITURE (a):  
 CLASS OF BUSINESS—continued  
 (\$'000)

Class of business	1969-70	1970-71	1971-72	1972-73	1973-74
OTHER REVENUE (NET OF EXPENSES)					
Interest, dividends, rents, etc.	15,614	20,461	24,900	29,235	36,699
TOTAL REVENUE					
Total	290,627	337,143	399,227	439,588	522,896
GROSS CLAIMS (LESS AMOUNTS RECOVERABLE)					
Fire	16,063	12,787	18,326	17,882	26,204
Householders' comprehensive	6,175	7,181	9,759	11,441	12,554
Sprinkler leakage	89	89	137	104	64
Loss of profits	1,286	1,274	1,859	3,360	8,641
Hailstone	1,380	601	1,323	348	1,421
Marine	8,433	7,431	8,065	8,143	11,859
Motor vehicles (other than motor cycles)	49,724	53,066	64,122	59,713	66,569
Motor cycles	83	92	156	189	211
Compulsory third party (motor vehicles)	45,282	42,704	60,063	73,813	98,403
Employers' liability and workers compensation (b)	39,358	39,148	50,534	77,996	103,308
Personal accident	4,436	4,799	4,875	5,437	6,107
Public risk third party	3,360	3,504	3,801	6,234	8,416
General property	138	238	324	390	326
Plate glass	748	824	952	978	1,017
Boiler	206	330	279	448	404
Livestock	272	338	346	372	396
Burglary	2,895	3,191	3,984	3,899	3,271
Guarantee	105	111	191	77	134
Pluvius	30	32	20	24	24
Aviation	486	1,155	624	768	420
All risks	2,050	2,284	2,495	2,425	3,473
Contractors' all risks	947	1,801	1,129	1,601	1,557
Television	48	26	19	4	10
Other	1,625	1,561	2,605	3,032	6,263
Total claims	185,219	184,567	235,988	278,677	361,053
Contributions to fire brigades	6,871	8,231	9,515	10,433	13,698
Commission and agents' charges	26,982	28,965	32,122	33,603	39,555
Expenses of management	43,452	50,090	59,169	63,477	71,048
Total	262,523	271,854	336,793	386,191	485,354

(a) Excludes taxation, etc.

(b) See references, pages 278-80.

**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, 1973-74

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	849,363	458,030	1,307,393
Goods carrying	105,160	141,761	246,921
Hire	4,296	1,865	6,161
Hire and drive yourself	1,344	549	1,893
Passenger transport	366	510	876
Miscellaneous	11,750	57,897	69,647
Motor cycle	21,843	24,373	46,216
Total	994,122	684,985	1,679,107

### State Motor Car Insurance Office

The 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. The Office is managed and controlled by the Insurance Commissioner, and the policies issued are guaranteed by the Victorian Government.

The proportion of total Victorian motor insurance business underwritten by the Office for the year 1973-74 represented 8.2 per cent of comprehensive and 48.2 per cent of third party premiums received in Victoria.

The following table shows the trading results for each of the five years 1969-70 to 1973-74. At 30 June 1974 accumulated losses were \$48,841,163.

#### VICTORIA—STATE MOTOR CAR INSURANCE OFFICE: PREMIUMS RECEIVED, CLAIMS PAID, ETC. (\$'000)

Year	Premiums received less reinsurance, rebates, etc.	Increase in unearned premium provision	Claims paid and outstanding	Expenses	Underwriting loss
1969-70	19,625	829	31,149	1,472	13,825
1970-71	21,711	1,157	22,392	1,606	3,445
1971-72	24,073	717	27,397	1,768	5,811
1972-73	29,185	3,170	34,601	1,986	10,572
1973-74	41,593	7,857	54,920	2,608	23,792

### State Accident Insurance Office

The 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 Office is managed and controlled by the Insurance Commissioner, and the policies issued are guaranteed by the Victorian Government. The Office is conducted on a mutual basis so that all profits, exclusive of amounts transferred to reserves and to the Consolidated Fund, are refunded as bonuses to policy holders.

For the year ended 30 June 1974 the premium income of the Office represented 20.7 per cent of the total premiums received by all insurance companies in Victoria on account of employers' liability and workers compensation insurance.

The following table shows the trading results for each of the five years 1969-70 to 1973-74:

#### VICTORIA—STATE ACCIDENT INSURANCE OFFICE: PREMIUMS RECEIVED, CLAIMS PAID, ETC. (\$'000)

Year	Premiums received less reinsurance, rebates, etc.	Increase in unearned premium provision	Claims paid and outstanding	Expenses	Underwriting profit
1969-70	9,760	27	7,228	755	1,751
1970-71	11,780	121	8,748	775	2,136
1971-72	12,899	-24	9,792	888	2,243
1972-73	16,741	275	15,851	889	(a) 274
1973-74	25,690	3,819	21,317	769	(a) 215

(a) Loss.

NOTE. Minus ( - ) sign denotes a reduction in unearned premium provision.

The accumulated funds at 30 June 1974 were: General Reserve, \$11,893,297; and Building and Other Reserves, \$301,021.



## OTHER FINANCIAL INSTITUTIONS

**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.

The following table shows details of the operations of building societies in Victoria for the financial years 1969-70 to 1973-74 :

## VICTORIA—PERMANENT BUILDING SOCIETIES (a)

Particulars	1969-70	1970-71	1971-72	1972-73	1973-74
Number of societies	46	46	48	52	55
Number of shareholders (b)	16,188	30,783	74,682	163,636	154,882
Number of borrowers	19,330	21,144	26,935	38,789	47,008
Value of transactions—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Interest on mortgage loans	6,786	8,586	13,151	21,896	35,820
Other	692	1,020	2,692	5,055	7,543
Total	7,478	9,606	15,843	26,951	43,363
Expenditure—					
Interest payable	3,950	5,081	7,302	11,711	20,433
Administration, etc.	1,047	1,334	2,694	4,800	18,297
Total	4,997	6,414	9,996	16,511	38,730
Loans and advances—					
Paid	33,020	36,191	86,921	176,923	176,610
Repaid	12,974	12,922	16,841	30,187	60,442
Deposits—					
Received	62,065	73,558	138,400	274,949	443,308
Repaid	49,880	56,952	108,045	191,851	335,126
Liabilities—					
Investing members' funds—					
Paid-up capital	27,218	40,974	99,396	174,922	212,364
Reserves, etc.	4,375	4,492	5,882	7,082	8,428
Borrowing members' funds—					
Share subscriptions	169	191	291	484	674
Other	20	21	27	33	84
Deposits	65,190	81,850	112,436	195,535	302,924
Loans (including bank overdraft)	7,585	8,435	10,056	18,474	37,944
Other	1,608	1,829	3,929	6,689	9,237
Total	106,164	137,792	232,017	403,219	571,657
Assets—					
Loans on mortgage	98,799	121,376	191,419	337,936	454,658
Land and house property	944	998	2,334	2,437	3,393
Other investments	3,580	9,408	10,862	39,896	80,301
Cash and deposits	2,335	5,203	26,115	19,382	28,345
Other	507	807	1,287	3,569	4,958
Total	106,164	137,792	232,017	403,219	571,657

(a) Excludes Starr-Bowkett Societies.

(b) Includes 1,204 shareholders holding borrowers' shares in 1969-70, 2,734 in 1970-71, 8,188 in 1971-72, 16,355 in 1972-73, and 25,689 in 1973-74.

**Co-operative organisations**

Co-operative organisations operating in Victoria are registered under the provisions of the Companies Act, the Industrial and Provident Societies Act, the Co-operation Act, and the Co-operative Housing Societies Act. They are engaged

in a number of activities, chief among which are the production, marketing, and distribution of goods, and in the provision of finance for home building. 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.

Particulars of producer and consumer societies for the year 1973-74 are shown in the following table :

**VICTORIA—CO-OPERATIVE ORGANISATIONS : PRODUCER AND  
CONSUMER SOCIETIES, 1973-74**

Particulars	Societies—			Total all societies
	Producers	Consumers	Producers and consumers	
Number of societies	84	58	7	149
Number of members	83,552	51,061	34,892	169,505
Value of transactions during the year—	\$'000	\$'000	\$'000	\$'000
Income—				
Sales	106,605	17,872	136,962	261,437
Other	3,965	764	969	5,698
<b>Total</b>	<b>110,570</b>	<b>18,636</b>	<b>137,931</b>	<b>267,137</b>
Expenditure—				
Purchases	72,049	14,624	107,978	194,651
Working expenses, etc.	28,938	3,484	26,646	59,068
Interest on loans, etc.	1,368	200	1,096	2,664
Rebates and bonuses	3,938	366	269	4,573
<b>Total</b>	<b>106,293</b>	<b>18,673</b>	<b>135,989</b>	<b>260,956</b>
Dividend on share capital	1,029	55	1,711	2,795
Liabilities—				
Share capital	15,481	2,082	17,348	34,911
Loan capital	14,454	3,232	6,273	23,958
Bank overdraft	19,393	743	10,847	30,981
Accumulated profits	2,646	931	705	4,280
Reserve funds	23,194	1,119	8,283	32,595
Sundry creditors	17,625	1,361	23,025	42,010
Other	9,683	589	2,313	12,583
<b>Total</b>	<b>102,476</b>	<b>10,057</b>	<b>68,794</b>	<b>181,322</b>
Assets—				
Land and buildings	} 43,069	4,212	34,067	81,347
Fittings, plant, and machinery				
Stock	14,376	2,056	10,935	27,366
Sundry debtors	35,455	1,432	21,254	58,140
Cash in bank, on hand, or on deposit	3,477	343	884	4,700
Profit and loss account	797	651	..	1,448
Other	5,302	1,362	1,654	8,317
<b>Total</b>	<b>102,476</b>	<b>10,056</b>	<b>68,794</b>	<b>181,326</b>

**Further reference, 1966**

*Co-operative credit societies*

Since the passing of the *Co-operation Act 1954*, co-operative credit societies have made steady progress. The following table illustrates the growth of these societies during the period 1969-70 to 1973-74 :

## VICTORIA—CO-OPERATIVE ORGANISATIONS: CREDIT SOCIETIES

Particulars	1969-70	1970-71	1971-72	1972-73	1973-74
Number of societies	172	180	196	207	203
Number of members	43,857	57,646	77,154	98,828	124,403
Transactions during the year—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Interest	1,046	1,591	2,615	4,212	7,216
Other income	64	97	143	199	236
Total	1,110	1,687	2,758	4,411	7,452
Expenditure—					
Interest on deposits	587	890	1,421	2,333	3,890
Working expenses	476	884	1,326	2,146	5,945
Total	1,064	1,774	2,747	4,479	9,835
Liabilities—					
Share capital	406	514	653	861	1,098
Reserves	144	191	215	277	513
Depositors	13,541	20,699	32,181	53,970	78,273
Sundry creditors	72	80	143	278	293
Other	700	873	1,228	2,711	5,183
Total	14,862	22,356	34,421	58,096	85,360
Assets—					
Loans to members	12,616	19,267	29,801	47,792	71,659
Cash at bank or on hand	677	749	922	1,940	2,066
Other	1,570	2,340	3,698	8,364	11,635
Total	14,862	22,356	34,421	58,096	85,360

**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.

Consequent on the passing of the *Public Trustee Act 1948*, the Public Trustee Fund at the State 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	1969-70	1970-71	1971-72	1972-73	1973-74
Proceeds of realisations, rents, interest, etc.	15,364	15,195	17,896	18,675	22,629
Investments, distributions, claims, etc.	13,572	13,172	15,801	15,509	18,748
Cash variation	1,792	2,023	2,095	3,166	3,881
Balance at 1 July	24,383	26,175	28,198	30,293	33,459
Balance at 30 June	26,175	28,198	30,293	33,459	37,340

**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
1969-70	1,083	2,951
1970-71	987	2,535
1971-72	1,045	2,737
1972-73	1,056	3,543
1973-74	1,219	3,866

**Trustee companies**

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

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

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

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

Particulars	1970	1971	1972	1973	1974
Stock and debentures	131.7	126.0	133.3	143.9	141.0
Advances on mortgages	65.9	71.5	78.6	90.2	108.3
Property and livestock	78.4	76.2	81.7	103.2	110.7
Shares	232.4	202.8	227.3	251.7	208.3
Fixed and other deposits	20.9	22.8	26.8	20.8	41.5
Cash at bank	12.4	12.5	13.8	19.9	14.9
Other	26.8	26.7	28.9	53.2	45.1
Total	568.5	538.5	590.4	682.9	669.8

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.

**Further reference, 1964**

### Probate

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

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

Provision is made in Part III of the *Administration and Probate Act* 1958 for the sealing by the Supreme Court of probates or letters of administration which have been granted in Great Britain, Australia (other than Victoria), New Zealand, or certain British possessions, when the deceased has left real or personal estate in Victoria. The object of this provision is simply to put the executor or administrator under it in the same position as if he were an original executor or administrator.

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

### VICTORIA—PROBATES, LETTERS OF ADMINISTRATION, ETC.

Year	Number of estates	Gross value of estates—		Liabilities	Net value of estates	Average net value per estate
		Real	Personal			
		\$'000	\$'000	\$'000	\$'000	\$
MALES						
1970	12,897	113,851	198,500	36,218	276,134	21,411
1971	12,426	98,053	185,591	33,996	249,648	20,091
1972	12,033	92,244	171,951	36,351	227,843	18,935
1973	12,206	118,336	193,927	41,232	271,030	22,205
1974	12,640	140,537	191,112	53,464	278,184	22,008
FEMALES						
1970	9,390	56,043	102,328	10,829	147,542	15,713
1971	8,995	53,183	89,252	10,473	131,962	14,671
1972	8,978	52,773	88,261	10,297	130,737	14,562
1973	9,429	66,710	111,460	12,429	165,742	17,578
1974	9,722	89,829	113,333	15,535	187,628	19,299
TOTAL						
1970	22,287	169,894	300,829	47,047	423,675	19,010
1971	21,421	151,235	274,843	44,469	381,610	17,815
1972	21,011	145,017	260,212	46,648	358,580	17,066
1973	21,635	185,045	305,387	53,660	436,772	20,188
1974	22,362	230,366	304,445	68,999	465,812	20,831

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

Group	1972		1973		1974	
	Number	Net value	Number	Net value	Number	Net value
\$	\$'000		\$'000		\$'000	
MALES						
Under 200	410	42	360	35	350	34
200- 599	877	327	647	248	678	282
600- 999	545	431	497	393	504	399
1,000- 1,999	1,006	1,480	1,057	1,538	1,024	1,510
2,000- 3,999	1,479	4,349	1,463	4,299	1,548	4,531
4,000- 5,999	1,155	5,741	1,088	5,368	1,150	5,704
6,000- 7,999	915	6,353	776	5,496	905	6,333
8,000- 9,999	827	7,448	755	6,894	785	7,030
10,000- 19,999	2,270	31,728	2,326	33,005	2,316	33,461
20,000- 29,999	815	19,727	1,004	24,623	1,138	27,481
30,000- 49,999	735	28,321	911	35,282	955	36,444
50,000- 99,999	629	42,851	861	60,909	765	52,608
100,000-199,999	260	35,664	340	45,794	389	53,827
200,000 and over	110	43,383	121	47,146	133	48,539
Total males	12,033	227,843	12,206	271,030	12,640	278,183
FEMALES						
Under 200	242	24	226	23	203	20
200- 599	534	217	406	161	437	176
600- 999	428	337	400	323	391	311
1,000- 1,999	882	1,290	763	1,120	843	1,240
2,000- 3,999	1,128	3,314	1,220	3,587	1,182	3,437
4,000- 5,999	878	4,339	833	4,126	847	4,201
6,000- 7,999	778	5,423	680	4,743	619	4,376
8,000- 9,999	711	6,404	663	5,945	601	5,396
10,000- 19,999	1,830	25,512	2,101	30,209	2,002	29,466
20,000- 29,999	603	14,683	848	20,678	1,108	27,058
30,000- 49,999	472	18,082	608	22,938	762	28,757
50,000- 99,999	342	23,129	473	31,944	476	32,938
100,000-199,999	107	14,123	156	20,749	194	26,135
200,000 and over	43	13,860	52	19,195	57	24,116
Total females	8,978	130,737	9,429	165,742	9,722	187,628
Grand total	21,011	358,580	21,635	436,772	22,362	465,812

### Transfer of land

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

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

Since 1953 there has existed in Victoria a method for the subdivision of land in strata and the issue of individual titles to flats (see pages 684-5 of the *Victorian Year Book* 1966). The *Strata Titles Act* 1967 introduced into Victoria a further method for the subdivision of land in strata. Existing methods can still be used, as registration of a plan under Part II of the Strata Titles Act is not compulsory. The Act (except as to Part IV) came into operation on 1 July 1967. Part IV of the Act operated as from 1 December 1967. Further information about the Strata Titles Act is set out on pages 695-6 of the *Victorian Year Book* 1968. During the year ended 30 June 1974, 928 plans were lodged for registration under the new Act.

*Assurance Fund*

Complementary to the certification of title there is an Assurance Fund. Out of this fund, persons who sustain loss or damage (whether by deprivation of land or otherwise) through the operation of the Transfer of Land Act may be indemnified. This fund is built up by contributions levied upon applicants first bringing land under the Act and upon grantees of Crown land at the rate of 1 cent for every \$5 of the value of the land applied for or the price paid to the Crown, and by contributions levied by the Registrar on various other applications where any uncertainty or risk is involved.

During the financial year 1973-74 receipts of the fund comprised contributions of \$28,338 and interest on stock of \$6,538. Claims of \$1,572 were met from the fund during the year. The sum of \$10,189 was paid out in accordance with section 3 of the *Special Funds Act* 1920 to provide for interest on loan moneys expended on university buildings. The balance at the credit of the Assurance Fund at 30 June 1974 was \$492,892. The total amount paid to 30 June 1974 as compensation and for judgments recovered, including costs, was \$47,786 in respect of 182 claims.

**Further reference, 1968**

*Titles of land issued*

The following table shows the number of titles of land issued during each of the years 1970 to 1974 :

## VICTORIA—NUMBER OF TITLES OF LAND ISSUED

Year	Certificates of title	Crown grants	Crown leases	Total titles
1970	54,636	988	237	55,861
1971	49,336	848	230	50,414
1972	50,711	681	149	51,541
1973	50,196	648	130	50,974
1974	61,848	1,125	129	63,102

*Land transfers, mortgages, etc.*

A summary of dealings lodged at the Titles Office under the Transfer of Land Act is given in the following table for each of the years 1970-71 to 1974-75 :

## 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					
1970-71	114,989	65,713	711,055	16,693	4,241	23,031	88,202	312,869
1971-72	127,675	71,639	862,829	16,400	4,397	22,654	95,250	338,015
1972-73	161,406	83,515	1,176,233	16,281	4,830	23,654	117,704	407,390
1973-74	180,418	85,057	1,598,686	17,130	5,800	27,711	129,895	446,011
1974-75	128,301	73,211	1,408,914	17,711	5,478	27,378	115,279	367,358

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

Mortgages, reconveyances, and conveyances registered at the Office of the Registrar-General under the *Property Law Act* 1958 are shown for each of the years 1970-71 to 1974-75 in the following table :

## VICTORIA—DEALINGS UNDER THE PROPERTY LAW ACT

Year	Mortgages (a)		Reconveyances		Conveyances	
	Number	Amount	Number	Amount (b)	Number	Amount
		\$'000		\$'000		\$'000
1970-71	971	17,749	1,378	3,203	2,622	38,878
1971-72	979	15,454	1,512	4,088	2,847	38,357
1972-73	1,016	26,806	1,887	5,877	3,437	60,401
1973-74	1,261	44,755	2,218	7,182	4,219	82,953
1974-75	971	28,866	1,817	7,209	3,541	63,120

(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	1971-72		1972-73		1973-74	
	Number	Amount	Number	Amount	Number	Amount
		\$'000		\$'000		\$'000
Banks	24,817	222,123	31,234	328,659	31,436	407,937
Building societies	8,690	95,297	15,926	206,150	10,448	162,553
Co-operative housing societies	2,575	22,390	2,829	26,562	3,251	36,652
Friendly societies	434	4,432	377	4,267	223	2,931
Insurance companies	2,103	44,881	2,012	47,413	2,391	67,324
Government institutions	4,032	54,079	4,853	74,921	4,748	99,950
Trustee institutions	451	15,119	475	24,453	535	32,628
Finance companies	8,449	115,131	9,266	166,821	12,486	365,523
Private individuals	15,778	177,408	12,899	182,938	15,472	291,904
Other mortgagees	5,289	127,422	4,660	140,854	5,325	176,040
Total	72,618	878,282	84,531	1,203,039	86,318	1,643,441

(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 each of the years 1970 to 1974 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		1970	1971	1972	1973	1974
Stock mortgages—						
Number		861	1,602	715	579	586
Amount	\$'000	1,174	1,160	2,427	2,134	1,871
Liens on wool—						
Number		31	140	63	12	9
Amount	\$'000	138	614	266	58	65
Liens on crops—						
Number		180	273	160	166	183
Amount	\$'000	353	715	565	744	858
Total—						
Number		1,072	2,015	938	757	778
Amount	\$'000	1,665	2,488	3,258	2,937	2,794



*Bills of sale*

The following are the numbers and amounts of bills of sale which have been filed at the Office of the Registrar-General during each of the years 1970 to 1974 :

## VICTORIA—BILLS OF SALE

Security	1970	1971	1972	1973	1974
Bills of sale—					
Number	27,133	27,323	24,427	24,821	20,515
Amount \$'000	40,850	45,618	42,267	56,719	53,743

**Companies***Company legislation*

In recent years the Victorian Parliament has given much attention to company legislation and, following the passage of a new Companies Act in Victoria in 1958, company legislation has been passed throughout Australia in substantially similar form. In Victoria the current legislation is the *Companies Act 1961* and subsequent amendments. A special article on company law in Victoria appears on pages 593-7 of the *Victorian Year Book 1974*.

The following table shows details of companies registered during each of the years 1970 to 1974 :

## VICTORIA—COMPANIES REGISTERED, ETC.

Particulars	1970	1971	1972	1973	1974
	number	number	number	number	number
New companies registered—					
Victorian	5,634	5,895	5,103	6,359	5,047
Other	552	516	503	461	451
Total	6,186	6,411	5,606	6,820	5,498
	\$'000	\$'000	\$'000	\$'000	\$'000
Nominal capital of new companies—					
Victorian	418,939	224,371	122,067	202,019	112,135
Other	559,613	361,536	291,966	138,157	225,582
Total	978,552	585,907	414,033	340,175	337,717
	'000	'000	'000	'000	'000
Approximate number of existing companies (at end of year)—					
Victorian	59	64	68	74	77
Other	4	5	5	5	6
Total	63	69	73	79	83
	\$'000	\$'000	\$'000	\$'000	\$'000
Increase in nominal capital of Victorian companies during year	803,510	832,693	518,772	650,134	778,507

**Further reference, 1966 ; Company registration fees, 1964 ; Company law in Victoria, 1974**

**Stock Exchange of Melbourne**

The Stock Exchange of Melbourne was established in 1859, since which time there has been continuous growth in share ownership and large amounts of capital have been raised for public works and for the expansion of industry. In these ways the Stock Exchange has played an important role in the economic development of Australia as well as of the State. The basic function of the

Stock Exchange is to provide the means by which investment securities, stocks, bonds, shares, etc., may be conveniently bought and sold. The type of market has varied over the years from the "callroom" style of trading to the present post trading method which is practised in most exchanges throughout the world.

The Stock Exchange of Melbourne 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 1974 membership numbered 162 and there were 52 non-member partners.

#### *Official List requirements*

In order to provide for changing conditions, amendments were made to the Official List Requirements of the Australian Associated Stock Exchanges during 1971-72, particularly in relation to mining companies which are now obliged to submit quarterly reports to the Exchange in which mining terms are to be more precisely defined and are to state whether such reports have been prepared by qualified geologists. The minimum requirements for any company seeking listing was upgraded so that it now has to have a minimum capital of \$300,000 and at least 300 shareholders.

#### *Stock market during 1973-74*

The main influences on the stock market during 1973-74 were inflation and higher interest rates. Tariff cuts have increased the competitiveness of imported goods, while the removal of new plant depreciation allowances and some export incentives have lessened the competitive capacity of Australian manufacturers. In this economic climate the market capitalisation (market price) of all listed shares on the Stock Exchange of Melbourne fell from \$36,177m in 1973 to \$29,102m in 1974.

Value of turnover on the Stock Exchange of Melbourne for the year ended 30 June 1974 decreased by 29 per cent over the previous year to \$949.4m. The volume of shares sold was 17 per cent lower at 528 million units.

There was a fall of 23 per cent in the value of industrial share turnover, and the value of mining shares traded declined by 19 per cent. The total number of transactions for the year was 413,900—a decline of 16 per cent. The number of mining transactions was down 27 per cent, and industrial transactions declined 10 per cent.

Nineteen new companies were added to the Official List for the year, eighteen being industrial companies and one a mining company. There were 1,409 companies on the List at 30 June 1974 compared with 1,473 a year previously. During the year 84 companies were delisted—36 because of takeovers and 48 due to mergers and liquidations.

Value of new securities listed for the twelve months was 41 per cent higher at \$1,331m; this figure was made up of \$636m industrial shares, \$418m mining, \$213m of debentures, and \$64m of other securities.

Of the 22 groups of companies which comprise the share price index, all group index levels declined. The All Ordinaries Industrial Index fell by 25.8 per cent.

Discussions between the Sydney and Melbourne Stock Exchanges were successful in standardising the share prices index and industrial classifications used by the exchanges. The new industrial classifications conform, as far as possible, with the Australian Standard Industrial Classification used also by the Australian Bureau of Statistics. In March 1974 a market/share performance analysis service was introduced. Subscribers receive a prompt analysis of the stocks selected.

*Official List*

At 30 June 1974, 4,276 separate securities (including options), with a nominal value of \$22,055m and a market value of \$29,102m, were quoted on the Exchange. The market value was 20 per cent lower than on 30 June 1973. The market value of \$9,150m in Commonwealth loans represents a loss of 10 per cent for the year.

Nineteen companies were added to the Official List during the year and their combined nominal capital was \$119m, and new capital issues made by companies already listed totalled \$1,212m. At the close of the year, the Official List comprised 1,409 companies—1,196 commercial and industrial, and 213 mining companies. Because of takeovers and mergers, 84 companies were removed from the Official List during the year.

MELBOURNE STOCK EXCHANGE—ISSUES LISTED (a)  
AND NOMINAL VALUE AT 30 JUNE

Class of security	1971		1972		1973		1974	
	No. of issues	Nominal value	No. of issues	Nominal value	No. of issues	Nominal value	No. of issues	Nominal value
		\$m		\$m		\$m		\$m
Australian Government loans	97	9,565	82	9,662	92	10,603	78	11,223
Semi-government and Fiji loans	972	998	1,269	1,220	1,236	1,051	1,324	1,111
Industrial company securities—								
Debentures	812	1,416	915	1,597	881	1,968	864	1,948
Unsecured notes	115	160	127	157	119	197	116	220
Preference shares	223	130	319	164	299	146	281	139
Ordinary shares	764	4,069	1,200	5,073	1,174	5,201	1,175	5,662
Mining company securities	438	1,215	562	1,509	490	1,651	438	1,752
<b>Total</b>	<b>3,421</b>	<b>17,553</b>	<b>4,474</b>	<b>19,382</b>	<b>4,291</b>	<b>20,817</b>	<b>4,276</b>	<b>22,055</b>

(a) Includes options.

*Turnover*

During 1973-74 value of turnover of all loan securities fell by 44 per cent to a total of \$228m. Sales of Commonwealth loans were 45 per cent less at \$197.3m. Turnover value of share securities fell 22 per cent to \$721.7m. Sales of mining shares decreased by 27 per cent to 206 million units, reflecting the declining interest by investors in oil, iron ore, uranium, and nickel shares. Peak turnover by value in mining and industrial shares occurred in August 1973 when the sales amounted to \$83.7m.

MELBOURNE STOCK EXCHANGE—VOLUME OF TURNOVER OF SECURITIES  
(million units)

Class of security	1969-70	1970-71	1971-72	1972-73	1973-74
Australian Government loans	139.7	257.6	379.0	347.7	209.6
Semi-government loans	15.5	22.1	30.1	20.5	18.3
Company debentures, unsecured notes	18.4	24.8	17.8	30.2	14.8
<b>Total loan securities</b>	<b>173.6</b>	<b>304.5</b>	<b>426.9</b>	<b>398.4</b>	<b>242.7</b>
Preference shares	2.2	1.7	5.7	2.0	1.1
Ordinary shares, rights, options	245.0	260.5	368.1	355.3	320.8
Mining shares	1,122.6	788.5	406.0	280.7	206.2
<b>Total share securities</b>	<b>1,369.8</b>	<b>1,050.7</b>	<b>779.8</b>	<b>638.0</b>	<b>528.1</b>

NOTE. Each unit represents the nominal value of a security. For example, \$1, \$2, or 50 cents nominal value.

**MELBOURNE STOCK EXCHANGE—NUMBER OF TRANSACTIONS AND  
VALUE OF TURNOVER OF STOCKS AND SHARES**

Class of security	1970-71		1971-72		1972-73		1973-74	
	Trans- actions	Value	Trans- actions	Value	Trans- actions	Value	Trans- actions	Value
	'000	\$m	'000	\$m	'000	\$m	'000	\$m
Australian Government loans	9.2	229.8	9.5	379.8	8.2	355.6	8.0	197.3
Semi-government loans	4.1	21.1	4.4	29.0	4.3	20.3	3.4	17.2
Company debentures, unsecured notes	5.2	21.9	3.8	17.2	4.6	30.8	3.1	13.2
<b>Total loan securities</b>	<b>18.5</b>	<b>272.8</b>	<b>17.7</b>	<b>426.0</b>	<b>17.1</b>	<b>406.7</b>	<b>14.5</b>	<b>227.7</b>
Preference shares	2.6	1.8	3.5	4.8	3.0	2.2	2.4	1.3
Ordinary shares, rights, options	295.6	391.3	325.1	615.2	311.3	694.4	267.1	533.7
Mining shares	597.5	593.2	242.3	244.1	162.1	230.3	129.9	186.7
<b>Total share securities</b>	<b>895.7</b>	<b>986.3</b>	<b>570.9</b>	<b>864.1</b>	<b>476.4</b>	<b>926.9</b>	<b>399.4</b>	<b>721.7</b>
<b>Grand total</b>	<b>914.2</b>	<b>1,259.1</b>	<b>588.6</b>	<b>1,290.1</b>	<b>493.5</b>	<b>1,333.6</b>	<b>413.9</b>	<b>949.4</b>

*Share price index*

On 1 July 1963 the Stock Exchange of Melbourne established a share price index which comprised 50 leading stocks. It has since been expanded progressively to an All Ordinaries Index comprising 22 industry groups. At the close of the financial year the All Ordinaries Index had reached a point of 135.84—a fall of 25 per cent for the twelve months. The metals and minerals index fell 30 per cent for the year to 336.69. At 30 June 1974 aggregate market value of all ordinary, industrial, and mining shares on the Official List was \$16,980m. Full details appear in the Chart Book published annually by the Exchange.

**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 there are representatives in all other State capitals, Canberra, Launceston, Darwin, and Port Moresby.

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 Australian 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 Australian 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	1970	1971	1972	1973	1974
All trading banks	158.4	189.2	369.3	212.9	130.4
Savings banks	37.3	77.7	69.0	125.5	51.6
Insurance offices	24.4	26.8	44.8	48.9	12.1
Superannuation, pension, and provident funds	16.6	22.4	19.3	16.1	11.8
Hire purchase and other instalment credit companies	7.9	6.1	11.7	7.7	1.5
Companies, n.e.c.	143.7	155.3	253.3	209.4	63.7
Australian and State Governments	47.7	91.9	100.3	75.6	57.6
Local and semi-government authorities, n.e.c.	87.7	70.0	99.8	91.2	72.0
All other lenders (including marketing boards and trustee companies)	36.2	41.5	71.1	51.0	38.9
<b>Total</b>	<b>559.9</b>	<b>680.8</b>	<b>1,038.7</b>	<b>838.2</b>	<b>439.5</b>

(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	
June 1970	3.50	8.80	4.50	8.50	6.12
June 1971	2.00	9.50	4.00	8.00	5.91
June 1972	2.00	8.25	4.25	6.60	5.18
September 1972	0.13	8.30	2.00	6.60	4.24
December 1972 (b)	0.50	7.50	3.00	5.90	4.12
March 1973	1.00	7.75	2.80	5.50	4.38
June 1973	2.00	8.75	2.00	7.00	4.70
September 1973	3.25	9.50	4.60	8.60	5.75
December 1973 (b)	2.00	9.80	4.00	9.50	6.20
March 1974	4.00	10.00	5.30	9.20	7.60
June 1974	0.50	13.00	1.00	13.00	6.82

(a) Weighted average of weekly figures.

(b) Excludes one Wednesday.

The Bank closely supervises the range of assets which the authorised dealers may acquire. The great bulk of each dealer's assets must comprise government securities maturing within five years. (It is against these securities that dealers can borrow under the last resort facility.) As well as Treasury notes and other Australian Government securities, a dealer may hold within this group of assets a limited amount of securities of public authorities (i.e., semi- and local government). Dealers may also deal in and hold bank endorsed or accepted commercial bills (without formal limit as to maturity), banks' certificates of deposit maturing within five years, and non-bank commercial bills. A very small part of a dealer's funds may be held in such other assets as the dealer chooses.

Dealers stand ready to buy and sell securities ; aggregate figures of turnover of Australian Government bonds and notes often exceed \$100m per week over the year for dealers as a whole.

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

Month	Australian Government securities (face value) (b)			Commercial bills (c)	Banks' Certificates of Deposit
	Treasury notes	Other	Total		
June 1970	7.6	567.7	575.4	38.3	3.6
June 1971	20.6	661.4	682.0	45.4	3.4
June 1972	40.9	934.1	975.0	39.8	20.8
September 1972	213.8	743.1	956.9	22.0	54.4
December 1972 (d)	287.7	763.6	1,051.3	17.6	41.3
March 1973	232.6	724.8	957.4	34.9	55.1
June 1973	111.5	620.7	732.2	40.8	79.7
September 1973	89.6	666.8	756.4	38.1	70.1
December 1973 (d)	69.9	644.9	714.8	33.5	70.9
March 1974	37.0	608.0	645.0	28.8	67.5
June 1974	131.2	154.7	285.9	79.2	42.2

(a) Average of weekly figures.

(b) Within five years of maturity.

(c) Accepted or endorsed by banks.

(d) Excludes one Wednesday.

#### 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 are provided in the publication *Finance Companies Transactions, 1973-74* (reference number 5.13). Finance companies, like other financial institutions, are distinguishable from non-financial institutions in that they deal mainly in financial assets as opposed to physical goods and non-financial services. However, 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 pages 566-7). Incorporated finance companies which are not subsidiaries of other finance companies and have total balances outstanding on finance agreements of less than \$500,000 are excluded.

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

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

Excluded from the statistics are companies lending funds to:

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

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

**VICTORIA—FINANCE COMPANIES**  
(\$m)

Year	Instalment credit for retail sales	Personal loans	Wholesale hire purchase	Other consumer and commercial loans	Factoring	Total
<b>AMOUNTS FINANCED (a)</b>						
1970-71	266.4	48.1	252.6	546.6	48.3	1,162.0
1971-72 (b)	246.2	64.2	279.9	808.0	49.1	1,447.5
1972-73	254.9	83.5	305.8	678.6	54.9	1,377.7
1973-74	(d) 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
<b>BALANCES OUTSTANDING AT 30 JUNE</b>						
1971	426.0	65.5	41.3	340.1	13.5	886.4
1972 (b)	418.9	85.4	51.2	559.4	13.1	1,128.1
1973	422.2	109.9	43.3	676.9	15.4	1,267.8
1974	(d) 393.4	164.2	66.3	1,095.2	23.4	1,742.6
1975	413.1	196.3	89.4	1,197.3	24.1	1,920.1
<b>COLLECTIONS AND OTHER LIQUIDATIONS OF BALANCES (c)</b>						
1970-71	314.4	50.6	252.2	504.3	56.9	1,178.5
1971-72 (b)	324.4	61.8	272.6	705.4	56.4	1,420.6
1972-73	329.5	87.1	316.1	593.1	61.6	1,387.4
1973-74	(d) 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

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

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

(c) 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.

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

**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 565), 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 Australia-wide. 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 is provided in the publication *Instalment Credit for Retail Sales, July-September 1973* (reference number 5.46), 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)  
(\$m)

Year	Motor vehicles, etc.	Household and personal goods	Total
FINANCE COMPANIES			
1973-74	200.5	50.1	250.6
1974-75	200.8	50.8	251.5
OTHER BUSINESSES			
1973-74	1.5	74.0	75.6
1974-75	1.5	76.4	77.9
ALL BUSINESSES			
1973-74	202.0	124.1	326.1
1974-75	202.2	127.1	329.4

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

NOTE. Balances outstanding at 30 June 1974, \$445.1m and at 30 June 1975, \$464.6m.

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		
1973-74	46.8	67.1	8.6	122.5	48.1	170.6
1974-75	49.3	52.1	13.9	115.3	43.9	159.2

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

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

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- 5.2 Banking statistics
- 5.14 Finance companies
- 5.15 Insurance and other private finance (other than banking and currency)
- 5.16 General insurance
- 5.17 Life insurance statistics
- 5.46 Instalment credit for retail sales
- 5.56 Housing finance for owner occupation