

## CHAPTER 19

# NATIONAL ACCOUNTS

### NATIONAL INCOME AND EXPENDITURE

National accounting aims at providing a systematic summary of the transactions taking place in the economy, especially of those that relate to the production and use of goods and services, and to transfers of income or capital between sectors of the economy.

Estimates of national income and expenditure have been compiled by the Bureau since 1944-45 and have been published annually as papers entitled *National Income and Expenditure* accompanying the Commonwealth Budgets. Detailed annual estimates of national income and expenditure on a revised basis were published in *Australian National Accounts, National Income and Expenditure, 1948-49 to 1964-65*. Preliminary estimates for 1965-66 were published in a Budget Paper. Quarterly estimates are published in *Quarterly Estimates of National Income and Expenditure*.

The figures shown on pages 659-66 are as published in *Australian National Accounts, National Income and Expenditure, 1948-49 to 1964-65*.

### Description of the National Accounts

A brief description of the conceptual basis of national accounts is given in this section, but for a more detailed treatment of the concepts and structure of the Australian National Accounts reference should be made to *Australian National Accounts, National Income and Expenditure, 1948-49 to 1964-65* or to Year Book No. 50, pages 1253-68.

#### Definition and relationship of the concepts of product, income and expenditure

The main concepts of product, income and expenditure in the Australian National Accounts are defined and expressed in equivalents as follows.

*Gross national expenditure* within a given period is the total expenditure on final goods and services (i.e. excluding goods and services produced or imported and used up in the process of further production) bought for use in the Australian economy. It is equivalent to gross national product, plus imports of goods and services, less exports of goods and services.

*National turnover of goods and services* is the total flow of final goods and services within a given period in the Australian economy as a whole (i.e. excluding goods and services produced or imported and used up in the process of further production) derived from production in Australia and imports. This value is equivalent to gross national product plus imports of goods and services or, alternatively, to gross national expenditure plus exports of goods and services.

*Gross national product* is the total market value of goods and services produced in Australia within a given period after deduction of the cost of goods and services, other than capital equipment, used in the process of production. Thus gross national product, as here defined, is 'at market prices'. It is equivalent to gross national expenditure, plus exports of goods and services, less imports of goods and services.

*Gross national product at factor cost* is that part of the cost of producing the gross national product which consists of gross payments to factors of production (labour, land, capital, or enterprise). It represents the value added by these factors in the process of production and is equivalent to gross national product, less indirect taxes, plus subsidies.

*Net national product* is the part of the value added within a given period by factors of production (labour, land, capital, or enterprise) which accrues as income to their suppliers after allowing for the depreciation of capital equipment. It is equivalent to gross national product at factor cost less allowance for depreciation.

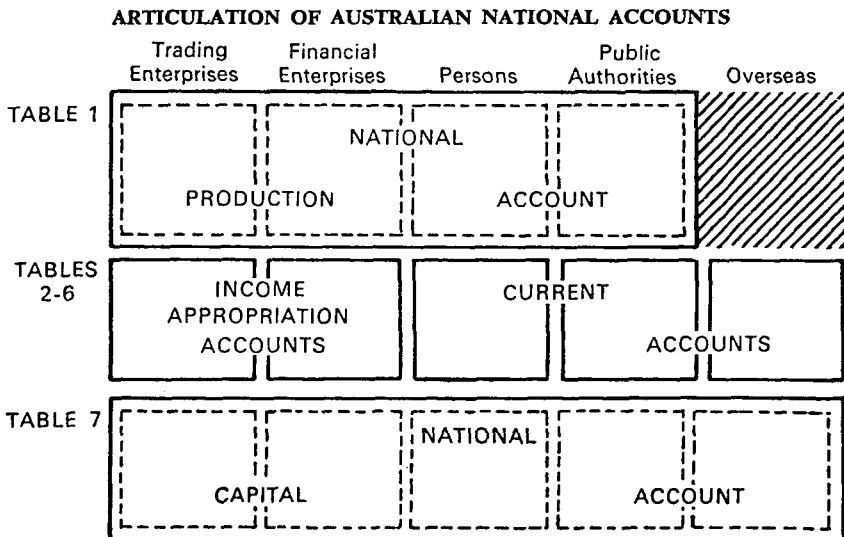
*National income* is the net income accruing within a given period to Australian residents from their services in supplying factors of production (labour, land, capital, or enterprise) in Australia or overseas. It is equivalent to net national product, plus income receivable from overseas, less income payable overseas.

*Personal income* is the total income, whether in cash or kind, received by persons normally resident in Australia. It includes both income received in return for productive activity (such as wages, salaries and supplements, incomes of unincorporated enterprises, etc.) and transfer incomes (such as cash social service benefits, interest, etc.). Personal income also includes any property income received by non-taxable organizations such as private schools, churches, charitable organizations, etc. However, it excludes any income which might be said to accrue to persons in the form of undistributed company income and retained investment income of life insurance, etc., funds.

#### Framework of accounts and sectors

In the accounts shown in Tables 1 to 7 four internal sectors are distinguished—persons, public authorities, financial enterprises, and trading enterprises. In addition, there is an overseas sector which shows a summary of the transactions into which overseas governments, persons and businesses enter with Australian residents. All the sectors (except the overseas sector) engage in productive activity, but in the tables a national production account for the whole economy is shown instead of separate accounts for each sector. Similarly, the tables show only a national capital account for the economy, but a current (or income appropriation) account is shown for each sector. The system of accounts as thus envisaged is a completely articulated system in that a credit in any account must be matched with a corresponding debit in some other account—or in the same account if a complete consolidation of the transactions appropriate to that account has not been carried through.

The framework of sectors and accounts underlying the form of social accounts shown in this Year Book is set out in the following diagram. As stated in the previous paragraph, each sector could be envisaged as having separate production, appropriation and capital accounts, but in the tables compiled for Australia the production and capital accounts have been combined. In the diagram the solid rectangles depict the actual form of the tables, and the remaining rectangles show the full amount of detail which would be needed to provide the complete articulation of the accounts. The appropriate number of each table on pages 659–63 is shown on the left of the diagram.



### Description of the accounts

The *national production account* is a consolidation of the production accounts of each sector. The production account is shown as receiving revenue from the sale of goods and services to final buyers; all intermediate goods and services are cancelled out, since they represent a cost to one producer to offset the revenue of the other. On the payments side are shown the payments of indirect taxes, and, since the accounts are presented from the point of view of the producing unit, the wages and salaries paid to employees. The balance is the gross operating surplus which is carried to the trading enterprises income appropriation account.

The *trading enterprises income appropriation account* is shown as receiving the gross operating surpluses from the national production account, and dividends, non-dwelling rent and interest from other sectors. The allocation of this total to depreciation allowances and to various transfer payments (taxes, dividends, interest, etc.) is shown on the appropriation side. All net income of unincorporated enterprises is treated as being transferred to persons. Any income of trading companies not distributed but retained for use in the business is shown as undistributed income and transferred to the national capital account either directly or by way of the overseas current account (when it accrues to non-residents).

The *financial enterprises income appropriation account* is in the main similar to the preceding account. There is, however, no operating surplus, as property income (which is treated as transfer income, not as income of factors of production) is the sole receipt.

The *personal current account* records all receipts on current account whether of factor incomes (wages and salaries) or transfer incomes (interest, etc., dividends, net business incomes, cash benefits from public authorities, and remittances from overseas). On the payments side are shown current payments for goods and services and transfer payments (taxes, interest, etc., remittances to overseas). The balance is transferred to the national capital account under the heading of saving.

The *public authorities current account* reflects a distinction between current and capital expenditure, which is necessarily arbitrary in some measure and has been made on the basis of excluding from the current account expenditure on public works and increase in stocks. Expenditure on public works is taken to include new buildings, construction, plant and machinery, and any replacement of assets charged to loan funds or capital works votes. It includes capital expenditure of public enterprises, including replacements of assets charged to depreciation reserves but not those charged directly to working expenses. It includes all expenditure on roads for which a satisfactory distinction between new works and maintenance cannot be made, but excludes all defence expenditure, which is included in the current account.

The income of public enterprises shown in this account is derived by deducting from their operating surplus any depreciation shown by these enterprises in their published accounts, except in the case of enterprises (e.g. railways and Postmaster-General's Department) whose accounts are included in the Commonwealth or State budgets and are for the present analyzed on the basis of these cash accounts in which depreciation is not deducted. The depreciation allowances set aside by the enterprises whose accounts are not included in Commonwealth or State budgets are shown in the capital account. As in the case of persons, all overseas gifts are included in the current account. These include gifts for international relief, technical assistance, etc., grants, and other expenditure in connection with the administration of Papua and New Guinea.

The *overseas current account* records all transactions of a current nature between Australian and overseas residents. It should be emphasized that this account is shown here from the point of view of overseas residents, i.e. receipts from Australia are shown as credits, and payments to Australia as debits. Australians temporarily overseas are regarded as residents, and visitors to Australia as non-residents.

Capital transactions of the four domestic sectors and the net deficit on current account with overseas are shown in the *national capital account*. On the receipts side are shown the savings of the various sectors—saving by enterprises, personal saving, the retained investment income of insurance funds, and the public authority surplus on current account. Net apparent capital inflow from overseas and withdrawal from monetary reserves is also reflected in the item 'deficit on current account with overseas'. On the payments side are shown the purchases by all sectors of new buildings and capital equipment and the increase in the value of stocks. The private component of capital expenditure includes new dwellings and major alterations to dwellings and expenditure of a capital nature by private non-profit institutions (churches, schools, clubs, etc.), but excludes motor vehicles for personal use and other durable consumer goods, which are included in personal consumption expenditure.

### Estimates at constant prices

For certain types of economic analysis it is useful to examine estimates of the principal flows of goods and services in the economy revalued in such a way as to remove the direct effects of changes in their prices which have occurred between the years under review. Such estimates, conventionally described as 'at constant prices', are presented in Table 8 (at both current and average 1959-60 prices) for gross national product, gross national expenditure, personal consumption expenditure, and certain of their components.

Constant price estimates amount to an attempt to express every component item of expenditure as the product of a price and a quantity, instead of only as a value, and to substitute for the actual current prices the prices that ruled in the chosen base year. Such estimates can be made only on the basis of approximations and assumptions, and this should be borne in mind in the interpretation and use of the results.

*Estimates of gross national expenditure at constant prices.* Where possible, a direct revaluation is made of each item at constant prices instead of using the prices at which quantities are bought or consumed. However, where it is not possible to express the values in successive years as the product of prices and standard units of quantity (e.g. for many items of capital expenditure by public and private sectors, for which homogeneous and standard components of expenditure do not exist), the values are divided by an appropriate price index, or by a substitute index of cost of production based on materials and wages. The estimates resulting from the application of this method, therefore, have considerable limitations for many uses, for example in studies of productivity. A broadly similar treatment is applied to current expenditure by public authorities, including expenditure on defence.

The information available on which to base an estimate of changes in stocks at constant prices is very limited, and the estimate made is subject to an appreciable margin of error. The method used involves an adjustment for stock revaluation, arising out of the replacement during the year of trading stocks with equivalent new stocks different in value from those held at the beginning of the year.

*Estimation of gross national product at constant prices.* The essential nature of gross national product is that it is the value added to goods and services by productive activity in the economy. The measure of gross national product obtained by adding up the major forms of income, namely, wages and salaries and gross operating surplus, is not in itself the measure of a flow of goods and services, and in these terms gross national product cannot be expressed at constant prices since it has no units of quantity to be revalued.

Gross national product, however, is the difference between the value of output and the value of materials used in production, that is, the difference between the values of two flows of goods and services. By revaluing each of these flows it is possible to express, in these terms, gross national product at constant prices. This relationship has been used in the estimation of gross national product at constant prices in Table 8.

Part I. of *Australian National Accounts, National Income and Expenditure, 1948-49 to 1964-65* contains a fuller discussion of the conceptual problems involved in making these estimates, and Appendix B of that publication contains a brief account of the sources and methods used in preparing the estimates.

### Reliability and future revisions

Estimates of national income and expenditure are necessarily prepared from a very wide range of information, some of which is available quickly, some of it with a delay of several years after the period to which it relates. Some of it is closely related to the desired national income concepts, while some of it is not completely satisfactory in various respects, including coverage, concepts and timing. Estimates, in particular for the most recent years, are therefore subject to revision.

This applies especially to estimates based on income tax statistics—income of companies, non-farm unincorporated enterprises, depreciation, and part of gross private fixed investment—which are subject to substantial revisions for the last two years, as tabulations of income tax statistics do not become available until about twenty-two months after the end of each financial year.

It is not possible to put precise limits on the degree of revision likely in any particular series, nor to state degrees of reliability in a statistical sense. These depend in large part on the range and quality of the basic statistical data. For illustrations of common causes of revisions reference should be made to *Australian National Accounts, National Income and Expenditure, 1948-49 to 1964-65*.

## National accounts and tables

Items in tables 1 to 7 are consecutively numbered from 1 to 28, with or without the addition of a letter, and this system is used to identify the corresponding credit and debit entries in the accounts and as a key to the notes on pages 667-70. In some cases the items correspond exactly, while in other cases an entry in one table is the sum of two or more entries in other tables; here the total is given a number, and the components have a number and a letter. In the remaining type of case all entries are given the same number and a distinguishing letter, because in this group one item is not the sum of one or more entries. The relationship between these items can still be traced through because the sum of all credit entries must equal the sum of all debit entries.

TABLE 1  
NATIONAL PRODUCTION ACCOUNT  
(\$ million)

	1960-61	1961-62	1962-63	1963-64	1964-65
1 Wages, salaries, and supplements . . . . .	7,420	7,639	8,064	8,795	9,821
Gross operating surplus of trading enterprises—					
2a Companies . . . . .	1,869	1,948	2,209	2,461	2,692
2b Unincorporated enterprises . . . . .	2,748	2,730	2,981	3,447	3,461
2c Dwellings owned by persons . . . . .	569	642	730	822	896
2d Public enterprises . . . . .	372	392	487	556	612
Gross national product at factor cost . . . . .	12,978	13,351	14,471	16,081	17,482
3 Indirect taxes less subsidies . . . . .	1,623	1,578	1,719	1,831	2,062
Gross national product . . . . .	14,601	14,929	16,190	17,912	19,544
4 Imports of goods and services . . . . .	2,578	2,180	2,588	2,837	3,439
<i>National turnover of goods and services</i> . . . . .	<i>17,179</i>	<i>17,109</i>	<i>18,778</i>	<i>20,749</i>	<i>22,983</i>
Net current expenditure on goods and services—					
5 Personal consumption . . . . .	9,282	9,576	10,248	11,002	11,834
6 Financial enterprises . . . . .	184	191	199	217	241
7 Public authorities . . . . .	1,403	1,536	1,633	1,793	2,055
Gross fixed capital expenditure—					
8 Private . . . . .	2,388	2,295	2,529	2,819	3,274
9 Public enterprises . . . . .	644	738	768	831	966
10 Public authorities . . . . .	554	599	637	711	789
11 Increase in value of stocks . . . . .	521	-205	319	120	608
12 Statistical discrepancy . . . . .	66	-51	1	148	218
Gross national expenditure . . . . .	15,042	14,679	16,334	17,641	19,985
13 Exports of goods and services . . . . .	2,137	2,430	2,444	3,108	2,998
<i>National turnover of goods and services</i> . . . . .	<i>17,179</i>	<i>17,109</i>	<i>18,778</i>	<i>20,749</i>	<i>22,983</i>

TABLE 2  
 TRADING ENTERPRISES INCOME APPROPRIATION ACCOUNT  
 (\$ million)

	1960-61	1961-62	1962-63	1963-64	1964-65
2 Gross operating surplus . . . . .	5,558	5,712	6,407	7,286	7,661
15b, 17b Interest, etc. and dividends received . . . . .	93	94	109	119	126
18b Undistributed income accruing from overseas . . . . .	7	9	9	15	15
<i>Total receipts</i> . . . . .	<i>5,658</i>	<i>5,815</i>	<i>6,525</i>	<i>7,420</i>	<i>7,802</i>
14a Depreciation allowances . . . . .	1,125	1,182	1,260	1,355	1,445
15a Interest, etc., paid . . . . .	475	535	587	666	761
Company income—					
16a Income tax payable . . . . .	520	519	582	675	n.a.
17a Dividends payable . . . . .	416	470	506	560	n.a.
18a Undistributed income . . . . .	412	368	477	513	n.a.
<i>Total company income.</i>	<i>1,348</i>	<i>1,357</i>	<i>1,565</i>	<i>1,748</i>	<i>1,889</i>
19 Unincorporated enterprises income . . . . .	2,119	2,082	2,306	2,740	2,711
20 Personal income from dwelling rent . . . . .	336	379	444	504	544
21a Public enterprises income . . . . .	255	273	363	407	452
<i>Total outlay</i> . . . . .	<i>5,658</i>	<i>5,815</i>	<i>6,525</i>	<i>7,420</i>	<i>7,802</i>

TABLE 3  
 FINANCIAL ENTERPRISES INCOME APPROPRIATION ACCOUNT  
 (\$ million)

	1960-61	1961-62	1962-63	1963-64	1964-65
15d Interest, etc. received . . . . .	748	818	877	1,003	1,127
17d, 18d Dividends received and undistributed income accruing from overseas . . . . .	29	31	36	41	48
<i>Total receipts</i> . . . . .	<i>777</i>	<i>849</i>	<i>913</i>	<i>1,044</i>	<i>1,175</i>
14b Depreciation allowances . . . . .	11	13	15	16	18
6 Net current expenditure on goods and services . . . . .	184	191	199	217	241
15c Interest paid . . . . .	223	266	272	302	356
Company income—					
16b Income tax payable . . . . .	42	38	43	51	n.a.
17c Dividends payable . . . . .	45	46	53	52	n.a.
18c Undistributed income . . . . .	23	18	21	48	n.a.
<i>Total company income.</i>	<i>110</i>	<i>102</i>	<i>117</i>	<i>151</i>	<i>153</i>
21b Public enterprises income . . . . .	91	90	96	111	122
22 Retained investment income of life insurance funds, etc. . . . .	158	187	214	247	285
<i>Total outlay</i> . . . . .	<i>777</i>	<i>849</i>	<i>913</i>	<i>1,044</i>	<i>1,175</i>

TABLE 4  
PERSONAL CURRENT ACCOUNT  
(\$ million)

	1960-61	1961-62	1962-63	1963-64	1964-65
1 Wages, salaries and supplements . . . . .	7,420	7,639	8,064	8,795	9,821
15f Interest, etc. received . . . . .	315	367	395	422	491
17e Dividends . . . . .	317	344	352	406	435
19a Unincorporated enterprises income—Farm	987	926	1,106	1,424	1,281
19b . . . . . Other . . . . .	1,132	1,156	1,200	1,316	1,430
20 Income from dwelling rent . . . . .	336	379	444	504	544
23b Remittances from overseas . . . . .	69	71	78	113	127
25 Cash benefits from public authorities . . . . .	834	915	952	1,046	1,100
<i>Total receipts</i> . . . . .	<i>11,410</i>	<i>11,797</i>	<i>12,591</i>	<i>14,026</i>	<i>15,229</i>
5 Personal consumption expenditure . . . . .	9,282	9,576	10,248	11,002	11,834
15e Interest paid . . . . .	192	182	194	226	247
16c Income tax payable . . . . .	1,006	984	1,088	1,272	1,513
16d Estate and gift duties . . . . .	103	115	122	137	140
23a Remittances overseas . . . . .	54	53	60	69	76
24 Saving . . . . .	773	887	879	1,320	1,419
<i>Total outlay</i> . . . . .	<i>11,410</i>	<i>11,797</i>	<i>12,591</i>	<i>14,026</i>	<i>15,229</i>

TABLE 5  
PUBLIC AUTHORITIES CURRENT ACCOUNT  
(\$ million)

	1960-61	1961-62	1962-63	1963-64	1964-65
3a Indirect taxes . . . . .	1,693	1,668	1,798	1,941	2,158
16e Income tax, estate and gift duties received . . . . .	1,715	1,768	1,740	2,009	2,433
15h Interest, etc. received . . . . .	69	76	71	80	100
21 Public enterprises income . . . . .	346	363	459	518	574
<i>Total receipts</i> . . . . .	<i>3,823</i>	<i>3,875</i>	<i>4,068</i>	<i>4,548</i>	<i>5,265</i>
7 Net current expenditure on goods and services	1,403	1,536	1,633	1,793	2,055
3b Subsidies . . . . .	70	90	79	110	96
15g Interest, etc. paid . . . . .	370	400	437	471	510
23c Oversea grants . . . . .	46	53	66	76	96
25 Cash benefits to persons . . . . .	834	915	952	1,046	1,100
26 Grants towards private capital expenditure . . . . .	8	12	11	10	30
27 Surplus on current account . . . . .	1,092	869	890	1,042	1,378
<i>Total outlay</i> . . . . .	<i>3,823</i>	<i>3,875</i>	<i>4,068</i>	<i>4,548</i>	<i>5,265</i>

TABLE 6  
OVERSEA CURRENT ACCOUNT  
(\$ million)

	1960-61	1961-62	1962-63	1963-64	1964-65
4a Imports f.o.b. . . . .	2,066	1,710	2,076	2,250	2,755
4b Transportation . . . . .	331	283	313	351	400
4c Travel . . . . .	83	82	90	102	113
4d Government transactions . . . . .	51	54	56	68	86
4e Other goods and services . . . . .	47	51	53	66	85
4 Total imports of goods and services	2,578	2,180	2,588	2,837	3,439
15j, 17g Interest, etc. paid and dividends payable and profits remitted overseas . . . . .	213	231	254	263	280
18f Undistributed income accruing to oversea residents . . . . .	114	66	106	130	130
23a Personal remittances overseas . . . . .	54	53	60	69	76
23c Public authority grants . . . . .	46	53	66	76	96
<i>Total credits to non-residents . . . . .</i>	<i>3,005</i>	<i>2,583</i>	<i>3,074</i>	<i>3,375</i>	<i>4,021</i>
13a Exports f.o.b. . . . .	1,851	2,134	2,130	2,739	2,586
13b Transportation . . . . .	158	157	167	194	220
13c Travel . . . . .	30	34	33	41	51
13d Government transactions . . . . .	40	45	47	62	59
13e Other goods and services . . . . .	58	60	67	72	82
13 Total exports of goods and services	2,137	2,430	2,444	3,108	2,998
15i, 17f Interest, etc. received and dividends receivable from overseas . . . . .	55	71	67	80	97
18e Undistributed income accruing from over- seas . . . . .	7	9	9	15	15
23b Personal remittances from overseas . . . . .	69	71	78	113	127
28 Oversea balance on current account. . . . .	737	2	476	59	784
<i>Total debits to non-residents . . . . .</i>	<i>3,005</i>	<i>2,583</i>	<i>3,074</i>	<i>3,375</i>	<i>4,021</i>



TABLE 7  
NATIONAL CAPITAL ACCOUNT  
(\$ million)

—		1960-61	1961-62	1962-63	1963-64	1964-65
14	Depreciation allowances . . . . .	1,136	1,202	1,275	1,371	1,463
16f, 17h	Increase in dividend and income tax provisions . . . . .	-52	-103	117	149	16
18g	Undistributed company income accruing to residents . . . . .	321	320	392	431	480
22	Retained investment income of life insurance funds, etc. . . . .	158	187	214	247	285
24	Personal saving . . . . .	773	887	879	1,320	1,419
26	Public authority grants towards private capital expenditure . . . . .	8	12	11	10	30
27	Public authorities surplus on current account . . . . .	1,092	869	890	1,042	1,378
	Deficit on current account with overseas—					
28a	Withdrawal from oversea monetary reserves(a) . . . . .	80	-178	-148	-459	294
28b	Net apparent capital inflow . . . . .	657	180	624	518	490
	<i>Total capital funds accruing</i> . . . . .	<i>4,173</i>	<i>3,376</i>	<i>4,254</i>	<i>4,629</i>	<i>5,855</i>
	Gross fixed capital expenditure—					
8a	Private—Dwellings . . . . .	656	587	642	748	880
8b	Other new building . . . . .	477	458	521	571	614
8c	All other . . . . .	1,254	1,250	1,367	1,500	1,780
9	Public enterprises . . . . .	644	738	768	831	966
10	Public authorities . . . . .	554	599	637	711	789
	<i>Total gross fixed capital expenditure</i> . . . . .	<i>3,586</i>	<i>3,632</i>	<i>3,934</i>	<i>4,361</i>	<i>5,029</i>
11a	Increase in value of stocks—Farm . . . . .	71	-89	88	-26	98
11b	Other . . . . .	450	-116	231	146	510
	<i>Total use of funds</i> . . . . .	<i>4,107</i>	<i>3,427</i>	<i>4,253</i>	<i>4,481</i>	<i>5,637</i>
12	Statistical discrepancy . . . . .	66	-51	1	148	218
	<i>Total capital funds accruing</i> . . . . .	<i>4,173</i>	<i>3,376</i>	<i>4,254</i>	<i>4,629</i>	<i>5,855</i>

(a) Minus sign (-) indicates an addition to reserves.

TABLE 8  
 VALUE OF MAIN AGGREGATES AT CURRENT AND AVERAGE 1959-60 PRICES  
 (\$ million)

	1960-61	1961-62	1962-63	1963-64	1964-65
<b>AT CURRENT PRICES</b>					
Personal consumption expenditure . . . . .	9,282	9,576	10,248	11,002	11,834
Current expenditure by financial enterprises and public authorities . . . . .	1,587	1,727	1,832	2,010	2,296
Gross fixed capital expenditure—					
Public . . . . .	1,198	1,337	1,405	1,542	1,755
Private—Dwellings . . . . .	656	587	642	748	880
Other . . . . .	1,732	1,708	1,887	2,071	2,394
Increase in value of stocks . . . . .	521	-205	319	120	608
Statistical discrepancy . . . . .	66	-51	1	148	218
<b>Total gross national expenditure . . . . .</b>	<b>15,042</b>	<b>14,679</b>	<b>16,334</b>	<b>17,641</b>	<b>19,985</b>
Gross national expenditure after stock valuation adjustment . . . . .	15,066	14,717	16,248	17,520	19,817
Plus Exports of goods and services . . . . .	2,137	2,430	2,444	3,108	2,998
Less Imports of goods and services . . . . .	2,578	2,180	2,588	2,837	3,439
<b>Gross national product after stock valuation adjustment . . . . .</b>	<b>14,625</b>	<b>14,967</b>	<b>16,104</b>	<b>17,791</b>	<b>19,376</b>
<b>AT AVERAGE 1959-60 PRICES(a)</b>					
Personal consumption expenditure . . . . .	8,916	9,130	9,717	10,179	10,571
Current expenditure by financial enterprises and public authorities . . . . .	1,531	1,625	1,693	1,758	1,922
Gross fixed capital expenditure—					
Public . . . . .	1,153	1,235	1,281	1,367	1,489
Private—Dwellings . . . . .	627	549	591	676	770
Other . . . . .	1,690	1,652	1,817	1,968	2,211
Statistical discrepancy . . . . .	64	-48	1	136	193
Gross national expenditure after stock valuation adjustment . . . . .	14,511	13,981	15,327	16,077	17,564
Plus Exports of goods and services . . . . .	2,258	2,547	2,506	2,923	2,948
Less Imports of goods and services . . . . .	2,645	2,237	2,717	2,976	3,525
<b>Gross national product after stock valuation adjustment . . . . .</b>	<b>14,124</b>	<b>14,291</b>	<b>15,116</b>	<b>16,024</b>	<b>16,987</b>

(a) See page 658.

TABLE 9  
RELATIONSHIP OF MAIN AGGREGATES  
(\$ million)

	1960-61	1961-62	1962-63	1963-64	1964-65
Net current expenditure on goods and services	10,869	11,303	12,080	13,012	14,130
Gross fixed capital expenditure . . . . .	3,586	3,632	3,934	4,361	5,029
Increase in value of stocks . . . . .	521	-205	319	120	608
Statistical discrepancy . . . . .	66	-51	1	148	218
<b>Gross national expenditure . . . . .</b>	<b>15,042</b>	<b>14,679</b>	<b>16,334</b>	<b>17,641</b>	<b>19,985</b>
Plus Exports of goods and services . . . . .	2,137	2,430	2,444	3,108	2,998
<b>National turnover of goods and services . . . . .</b>	<b>17,179</b>	<b>17,109</b>	<b>18,778</b>	<b>20,749</b>	<b>22,983</b>
Less Imports of goods and services . . . . .	2,578	2,180	2,588	2,837	3,439
<b>Gross national product . . . . .</b>	<b>14,601</b>	<b>14,929</b>	<b>16,190</b>	<b>17,912</b>	<b>19,544</b>
Less Indirect taxes less subsidies . . . . .	1,623	1,578	1,719	1,831	2,062
<b>Gross national product at factor cost . . . . .</b>	<b>12,978</b>	<b>13,351</b>	<b>14,471</b>	<b>16,081</b>	<b>17,482</b>
Less Depreciation allowances of trading enterprises . . . . .	1,125	1,189	1,260	1,355	1,445
<b>Net national product . . . . .</b>	<b>11,853</b>	<b>12,162</b>	<b>13,211</b>	<b>14,726</b>	<b>16,037</b>
Less Net income payable overseas . . . . .	265	217	284	298	298
<b>National income . . . . .</b>	<b>11,588</b>	<b>11,945</b>	<b>12,927</b>	<b>14,428</b>	<b>15,739</b>
Plus Net income payable overseas . . . . .	265	217	284	298	298
<b>Net national product . . . . .</b>	<b>11,853</b>	<b>12,162</b>	<b>13,211</b>	<b>14,726</b>	<b>16,037</b>
Less Net operating surplus of companies and public enterprises . . . . .	1,687	1,741	2,049	2,303	2,533
Less Interest, etc. paid by unincorporated enterprises and dwellings owned by persons . . . . .	291	321	348	384	428
Plus Interest received by persons . . . . .	315	367	395	422	491
Dividends received by persons . . . . .	317	344	352	406	435
Cash benefits to persons . . . . .	834	915	952	1,046	1,100
Remittances from overseas . . . . .	69	71	78	113	127
<b>Personal income . . . . .</b>	<b>11,410</b>	<b>11,797</b>	<b>12,591</b>	<b>14,026</b>	<b>15,229</b>
Less Income tax payable and estate and gift duties . . . . .	1,109	1,099	1,210	1,409	1,653
<b>Personal disposable income . . . . .</b>	<b>10,301</b>	<b>10,698</b>	<b>11,381</b>	<b>12,617</b>	<b>13,576</b>

TABLE 10  
 MAIN AGGREGATES AT CURRENT PRICES, 1948-49 TO 1964-65  
 (\$ million)

Year	1 Personal consumption	2 Net current expenditure on goods and services by public authorities and financial enterprises	3 Private gross fixed capital expenditure	4 Public gross fixed capital expenditure	5 Increase in value of stocks	6 Statistical discrepancy	7 (1 to 6) Gross national expenditure
1948-49 . . . . .	2,992	393	498	283	148	-6	4,308
1949-50 . . . . .	3,442	468	644	399	315	44	5,312
1950-51 . . . . .	4,185	634	919	576	531	-31	6,814
1951-52 . . . . .	4,986	867	1,128	793	775	97	8,646
1952-53 . . . . .	5,289	997	1,136	775	-181	-199	7,817
1953-54 . . . . .	5,807	958	1,309	797	42	-80	8,833
1954-55 . . . . .	6,310	1,029	1,469	846	278	91	10,023
1955-56 . . . . .	6,780	1,152	1,624	902	345	-18	10,785
1956-57 . . . . .	7,238	1,202	1,690	931	49	-107	11,003
1957-58 . . . . .	7,592	1,242	1,839	974	2	22	11,671
1958-59 . . . . .	7,985	1,358	1,896	1,072	332	-69	12,574
1959-60 . . . . .	8,761	1,484	2,161	1,165	236	156	13,963
1960-61 . . . . .	9,282	1,587	2,388	1,198	521	66	15,042
1961-62 . . . . .	9,576	1,727	2,295	1,337	-205	-51	14,679
1962-63 . . . . .	10,248	1,832	2,529	1,405	319	1	16,334
1963-64 . . . . .	11,002	2,010	2,819	1,542	120	148	17,641
1964-65 . . . . .	11,834	2,296	3,274	1,755	608	218	19,985

Year	8 Exports of goods and services	9 Imports of goods and services	10 (7 + 8 - 9) Gross national product	11 National income	12 Personal income	13 Wages, salaries and supple- ments	14 Net income payable overseas
1948-49 . . . . .	1,141	978	4,471	3,735	3,746	2,169	81
1949-50 . . . . .	1,302	1,259	5,355	4,409	4,429	2,467	102
1950-51 . . . . .	2,084	1,724	7,174	6,057	6,058	3,103	120
1951-52 . . . . .	1,477	2,437	7,686	6,402	6,328	3,921	126
1952-53 . . . . .	1,845	1,309	8,353	7,032	7,001	4,238	119
1953-54 . . . . .	1,784	1,598	9,019	7,465	7,267	4,512	159
1954-55 . . . . .	1,693	1,975	9,741	8,008	7,791	4,937	163
1955-56 . . . . .	1,725	1,947	10,563	8,629	8,473	5,409	189
1956-57 . . . . .	2,173	1,728	11,448	9,301	9,055	5,722	189
1957-58 . . . . .	1,829	1,915	11,585	9,176	9,006	5,930	187
1958-59 . . . . .	1,844	1,946	12,472	9,877	9,700	6,211	254
1959-60 . . . . .	2,120	2,265	13,818	10,963	10,640	6,887	284
1960-61 . . . . .	2,137	2,578	14,601	11,588	11,410	7,420	265
1961-62 . . . . .	2,430	2,180	14,929	11,945	11,797	7,639	217
1962-63 . . . . .	2,444	2,588	16,190	12,927	12,591	8,064	284
1963-64 . . . . .	3,108	2,837	17,912	14,428	14,026	8,795	298
1964-65 . . . . .	2,998	3,439	19,544	15,739	15,229	9,821	298

## Description of items in the National Accounts

## Tables 1 to 7

*Item 1. Wages, salaries and supplements.* Payments in the nature of wages and salaries as defined for pay-roll tax, including allowances for income in kind (board and quarters, etc.), together with supplements to wages, and pay and allowances of members of the forces. In addition to wages and salaries paid by employers subject to pay-roll tax, this item includes wages and salaries paid by employers not subject to pay-roll tax, based on estimates of employment and average earnings. Supplements consist of employers' contributions to pension and superannuation funds, direct payments of pensions and retiring allowances, and amounts paid as workers' compensation for injuries. Pay and allowances of members of the forces consist of active pay, field allowances, subsistence allowances, dependants' allowances, and the value to the members of the forces of food, clothing, normal medical attention, etc. supplied in kind.

*Item 2. Gross operating surplus of trading enterprises.* The operating surplus, before deduction of depreciation provisions, dividends, interest, rent and royalties, and direct taxes payable of all trading enterprises operating in Australia. Trading enterprises include all companies, public enterprises, partnerships, and self-employed persons engaged in the production of goods and services for sale, but exclude financial enterprises. Public trading enterprises are government undertakings which attempt to recover all, or a substantial part, of their costs through charges made to the public for the sale of goods and services. All owners of dwellings are included whether they let the dwellings or occupy them themselves. Trading enterprises' gross operating surplus is shown separately for companies (item 2a), unincorporated enterprises (item 2b), dwellings owned by persons (item 2c), and public enterprises (item 2d).

*Item 3. Indirect taxes less subsidies.* Indirect taxes comprise taxes on purchases, sales or other transactions, or on the ownership of property, etc., paid by enterprises, public authorities and persons. They include licence fees in respect of rights conferred, such as liquor licences, etc. Subsidies are transfer payments made with the object of assisting certain industries. Such payments may take the form of bounties on goods produced, subsidies to producers to ensure a guaranteed price, payments to transport undertakings to permit a reduction of freights on certain classes of goods, assistance to producers, etc.

*Item 4. Imports of goods and services.* The value of goods imported from overseas and amounts payable overseas for services. In Table 6 this item is sub-divided into the following components.

*Item 4a. Imports f.o.b.* Recorded trade figures adjusted for the purpose of balance of payments estimates. The principal adjustments are the addition of unrecorded imports, including ships and aircraft for use on overseas routes, the subtraction of films imported on a rental basis, imports of gold, goods for repair and goods intended for re-export, and the deduction of a 'valuation adjustment' representing the excess of the recorded value of imports (based on value for duty) over the estimated selling price to the importer as shown on invoices accompanying customs entries.

*Item 4b. Transportation.* Freight payable to foreign carriers on goods imported into Australia and transported between Australian ports, fares payable in Australia, the overseas expenditure of Australian ships, remittances to foreign airlines, and premiums (less claims) on marine insurance payable overseas on imports into Australia, less the net earnings on marine insurance business undertaken by Australian firms in respect of both exports and imports.

*Item 4c. Travel.* Net remittances in the form of travellers' cheques, etc. by Australians visiting overseas for pleasure and for business.

*Item 4d. Government transactions.* Expenditure overseas for defence, including the pay and allowances of personnel serving overseas, expenditure overseas on diplomatic, consular and trade representation, contributions to international organizations, government pensions paid abroad, overseas expenditure on immigration, and miscellaneous payments for services.

*Item 4e. Other goods and services.* Cinema and television film rentals payable overseas, expenses of Australian firms transacting business overseas, commissions, brokerage, etc., and the value of repairs on goods previously exported for repair and return, etc.

*Item 5. Net current expenditure on goods and services—personal consumption.* Net expenditure on goods and services for purposes of consumption by persons and private non-profit making bodies serving persons. This item excludes the purchase of dwellings and capital expenditure by non-profit making bodies (included in item 8), and maintenance of dwellings (treated as expenses of private enterprises), but includes personal expenditure on motor vehicles and other durable goods and the imputed rent of owner-occupied dwellings. Purchase of motor vehicles is the estimated expenditure by persons on new motor vehicles, secondhand motor vehicles purchased

from business enterprises and public authorities, and net dealers' margins on purchases and sales of motor vehicles within the personal sector. Motor vehicles include cars, station wagons, motor cycles, and motor scooters bought on personal account. The value of income in kind (e.g. food produced and consumed on farms, board and lodging provided free to employees) is included in both personal income and personal consumption expenditure, but goods chargeable to business (expense) accounts are excluded.

*Item 6. Net current expenditure on goods and services—financial enterprises.* The current expenditure of banks, instalment credit companies, short-term money market companies, and building societies after deduction of bank charges to customers. Charges by instalment credit companies are treated as interest receipts and therefore not offset against expenditure. This item includes wages, salaries and supplements, indirect taxes, and other payments for goods and services. Public financial enterprises are government businesses (mainly banks, including the Reserve Bank) which operate in a manner analogous to other financial enterprises, in that their current expenditure is largely financed by the net receipt of interest. The interest received by government housing authorities is treated as a receipt by public financial enterprises, but their other receipts, including net profit on sale of houses, and all their expenditure, are included in those of public trading enterprises.

*Item 7. Net current expenditure on goods and services—public authorities.* Expenditure by public authorities (not public enterprises) which does not result in the creation of fixed tangible assets or in the acquisition of land, buildings or secondhand goods (other than imported). It comprises expenditure on wages, salaries, and supplements, and on goods and services other than fixed assets and stocks; fees, etc., charged by public authorities for goods sold and services rendered are offset against purchases. Net expenditure overseas by public authorities and purchases from public enterprises are included. All expenditure on defence is classified as current.

*Item 8. Gross fixed capital expenditure—private.* Expenditure on fixed assets whether for additions or replacements. This item includes expenditure on dwellings (item 8a), other building and construction (item 8b), and vehicles, plant, machinery, etc. (item 8c). It includes also expenditure on secondhand assets (other than houses purchased from public authorities) as well as new assets, less sales of existing assets. Expenditure on ordinary repair and maintenance of fixed assets is excluded as being chargeable to current account. Major additions are, however, regarded as capital expenditure. New dwellings purchased by persons from public housing authorities are included in private capital expenditure.

*Item 9. Gross fixed capital expenditure—public enterprises.* Expenditure on fixed assets whether for additions or replacements, including wages and salaries paid by public enterprises in connection with capital works.

*Item 10. Gross fixed capital expenditure—public authorities.* Expenditure on fixed assets whether for additions or replacements other than for defence purposes. Because it has not been possible to make a satisfactory dissection, all expenditure on roads, including maintenance, is classified as fixed capital expenditure. Expenditure on housing, included in this item, includes the estimated expenditure on construction of dwellings for rental purposes and hostels for migrants and others, but excludes houses built for sale, which are included in private capital expenditure. Advances by War Service Homes Division and other authorities for financing home purchase schemes are also excluded.

*Item 11. Increase in value of stocks.* The change in book value of non-farm stocks held by trading enterprises and public authorities (item 11b) and the change in the value of farm stocks (item 11a).

*Item 12. Statistical discrepancy.* The difference between the sum of the direct estimates of gross national product and imports of goods and services on the one hand and the sum of the estimates of components of gross national expenditure and exports of goods and services on the other hand. Conceptually these two totals are the same. Inclusion of the discrepancy on the expenditure side of the national production account implies nothing as to the relative accuracy of the estimates of gross national product and expenditure. Similarly its inclusion in the capital account does not imply that estimates in this table are less accurate than those in other tables, or that capital expenditure estimates are less accurate than estimates on the receipts side of this account.

*Item 13. Exports of goods and services.* The value of goods exported overseas and receipts from overseas for other goods and services. In Table 6 this item is sub-divided into the following components.

*Item 13a. Exports f.o.b.* The recorded trade figures adjusted for balance of payments purposes. The adjustments are similar to those made to the recorded import figures but no change is made to the basis of valuation. The adjustment for unrecorded exports includes exports of uranium ores.

*Item 13b. Transportation.* The expenditure of oversea carriers in Australian ports, the oversea earnings of ships owned or chartered by Australian operators, the remittances from overseas to Australian domestic and international airline operators.

*Item 13c. Travel.* Net receipts of travellers' cheques, etc. from persons visiting Australia for pleasure and for business.

*Item 13d. Government transactions.* Receipts for services rendered by the Australian Government to other governments and other payments in Australia by foreign governments on defence and other projects, on diplomatic, consular and trade representation, and for pensions paid in Australia.

*Item 13e. Other goods and services.* The value of Australian production of gold less net industrial usage, business expenses of oversea firms in Australia, and commissions, brokerage etc.

*Item 14. Depreciation allowances.* The financial provisions made for depreciation which are deducted to obtain net income. The estimates represent, in the main, amounts allowed under income tax legislation, but include also the estimated depreciation on tenanted and owner-occupied dwellings owned by persons and provisions made by public enterprises. This item is divided into depreciation allowances of trading enterprises (item 14a) and of financial enterprises (item 14b).

*Item 15. Interest, etc.* Comprises interest, non-dwelling rent and royalties. This item appears in most accounts as receipts and payments of interest, etc. but in the case of some entries the amounts are combined with dividends and oversea profits. The item is shown net of intra-sector receipts and payments. Payment of interest, etc. by public enterprises is included in item 15g. Payment of interest, etc. by trading enterprises (item 15a) includes interest charged on borrowings for the purchase of a house by persons, which is treated as an appropriation from the gross operating surplus of dwellings owned by persons. Non-dwelling rent includes only actual payments. It is estimated net of the expenses of the owner of the premises on rates, maintenance, etc., which are treated as working expenses of the enterprises renting the building. Royalties include mining and forestry royalties paid to public authorities and royalties and fees for use of trade marks, patents, etc. paid overseas.

*Item 16. Income tax, estate and gift duties.* Income tax payable by trading and financial companies (items 16a and 16b) and persons (item 16c) are amounts payable at rates of taxation applicable in each year. Income tax payable by companies in respect of the most recent year's income is estimated on the basis of rates of tax applicable in respect of the preceding year's income. The difference between the amounts of income tax payable and the cash receipts by public authorities (part of item 16e) is included in item 16f. Income tax payable by persons (item 16c) includes the total income tax payable by individuals on all forms of income whether wages, business income or property income. Estate and gift duties (item 16d) are the amounts actually paid by persons in that year.

*Item 17. Dividends.* All receipts and payments of dividends, including dividends payable overseas and the remitted profits of Australian branches of oversea enterprises. Dividends payable (items 17a and 17c) are the dividends declared by trading and financial companies in respect of the year (including an estimate of dividends to be declared in respect of the most recent year). Receipts of dividends (other than dividends receivable from oversea subsidiaries) are cash receipts, and the difference between the amounts payable and received is included in item 17h. The items are shown net of intra-sector receipts and payments.

*Item 18. Undistributed income.* The undistributed income of companies comprising trading enterprises (item 18a) and financial enterprises (item 18c) is the balance of total company income, including profits receivable from overseas (items 18b and 18d) after deducting income tax and dividends payable, and is equal to the sum of undistributed income accruing to oversea residents (item 18f) and undistributed company income accruing to residents (item 18g). Profits receivable from overseas is the unremitted part of profits earned by oversea branches of Australian companies and undistributed profits of oversea subsidiaries.

*Item 19. Unincorporated enterprises income.* The gross operating surplus of unincorporated enterprises less interest, etc. paid and depreciation allowances. It comprises the income of farm unincorporated enterprises (item 19a) and the income of all other unincorporated enterprises (item 19b).

*Item 20. Personal income from dwelling rent.* The gross operating surplus of dwellings owned by persons less interest, etc. paid and depreciation allowances.

*Item 21. Public enterprises income.* Includes income of public trading enterprises (item 21a) and income of public financial enterprises (item 21b). For trading enterprises it is equal to gross operating surplus after the deduction of depreciation allowances; for financial enterprises it is

the net income after depreciation allowances, interest paid, and net current expenditure on goods and services by government banks are deducted from total receipts of interest and non-dwelling rent. Depreciation allowances deducted in arriving at the income of public trading enterprises are those shown in their published accounts, except in the case of enterprises whose accounts are included in the Commonwealth or State budgets and are analysed on the basis of their cash accounts in which depreciation is not deducted. In particular, no amount is included for the Post Office or most railways, since cash accounts for these enterprises have been used.

*Item 22. Retained investment income of life insurance funds, etc.* Total dividends, interest, etc. received by life insurance and superannuation funds, less depreciation allowances, income tax and dividends payable, and the undistributed income of non-mutual life insurance companies.

*Item 23. Oversea gifts.* All transfers to or from overseas on public authority or private account which are not payments for goods and services or payments of dividends, interest, etc.

*Item 23a. Personal remittances overseas.* Gifts of money by resident persons and private institutions, payments for sustenance, and transfers of emigrants' funds and legacies from Australia to overseas, together with the value of goods exported as personal effects and gifts.

*Item 23b. Personal remittances from overseas.* Gifts of money received from non-resident persons and private institutions, receipts for sustenance, and transfers of immigrants' funds and legacies from overseas to Australia, together with the value of goods imported as personal effects and gifts.

*Item 23c. Public authority oversea grants.* Grants, to, and payments made on behalf of, the Territories of Papua and New Guinea, and expenditure overseas in respect of technical assistance and relief under the Colombo Plan and United Nations projects. Payments to United Nations and other organizations due by virtue of membership of these organizations are included in net current expenditure on goods and services.

*Item 24. Personal saving.* The excess of personal income over the sum of personal consumption expenditure, interest paid, income tax payable and estate and gift duties paid, and remittances overseas. It includes saving through life insurance and superannuation funds (defined as premiums, etc. paid less claims, etc. received and administrative expenses of life insurance offices) and the increase in assets of marketing authorities. It includes also changes in holdings of cash and securities, the net increase in bank deposits less advances, the reduction in the outstanding advances of instalment credit companies to persons and unincorporated enterprises, and the increase in the equity of persons in dwellings and in capital equipment, buildings and stocks of unincorporated enterprises. Personal saving is estimated as the balancing item in the personal current account.

*Item 25. Cash benefits.* Current transfers to persons from public authorities in return for which no services are rendered or goods supplied. Principal components are scholarships; hospital, medical, pharmaceutical, maternity, sickness, and unemployment benefits; child endowment; widows', age, invalid, and repatriation pensions; and attendance money for waterside workers.

*Item 26. Grants towards private capital expenditure.* Grants to meet part of the costs of private capital expenditure, e.g. Commonwealth Home Savings grants, grants towards construction of science laboratories in private schools and of houses for aged persons, etc.

*Item 27. Public authorities surplus on current account.* The excess of current revenue, including income of public enterprises, over current outlay. Current outlay includes current expenditure on goods and services, as defined in item 7, and transfer payments (interest, cash benefits, subsidies, grants towards private capital expenditure, and oversea grants). The surplus is transferred to the capital account where it is shown as part of total funds available for financing capital outlay.

*Item 28. Oversea balance on current account.* The excess of payments to the rest of the world on current account over receipts from the rest of the world on current account. In the national capital account it is shown divided into drawings on Australia's oversea monetary reserves (item 28a) and net apparent capital inflow (item 28b).