

CHAPTER 16

NATIONAL ACCOUNTS

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, 1970–71* (7.1). Preliminary estimates (less detailed) for 1970–71 were published earlier in a Budget Paper. Quarterly estimates are published in *Quarterly Estimates of National Income and Expenditure* (7.5). A supplement to the December quarter 1971 issue of *Quarterly Estimates of National Income and Expenditure* (7.10) included the first presentation of quarterly series of gross national product and related aggregates at constant prices seasonally adjusted.

More recently, the Bureau has been engaged in the compilation of input-output tables for the Australian economy. Preliminary tables for the year 1962–63 were published in *Australian National Accounts, Input-Output Tables 1962–63 (Preliminary)* (7.9) issued in February 1971. Additional tables and a final report are in the course of preparation.

The figures shown on pages 473–9 are as published in *Australian National Accounts, National Income and Expenditure, 1970–71*.

NATIONAL INCOME AND EXPENDITURE

Description of National Income and Expenditure 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, 1970–71*.

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 is the total expenditure within a given period on final goods and services (i.e. excluding goods and services used up in the process of 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 within a given period of final goods and services (i.e. excluding any intermediate usage of goods and services entering the Australian economy from production 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 intermediate usage of goods and services but before deducting allowances for the consumption of capital equipment. 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 farm product (at market prices)* is that part of gross national product which derives from production in rural industries excluding forestry. *Gross non-farm product (at market prices)* arises from production in all other industries.

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, and 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, and 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 depreciation allowances.

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, and 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-profit organisations such as private schools, churches, charitable organisations, 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 and 3 to 8 four internal sectors are distinguished—trading enterprises, financial enterprises, persons and general government. 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 internal sectors 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 a complete articulation of the accounts. The appropriate number of each table on pages 473–7 is shown on the left of the diagram.

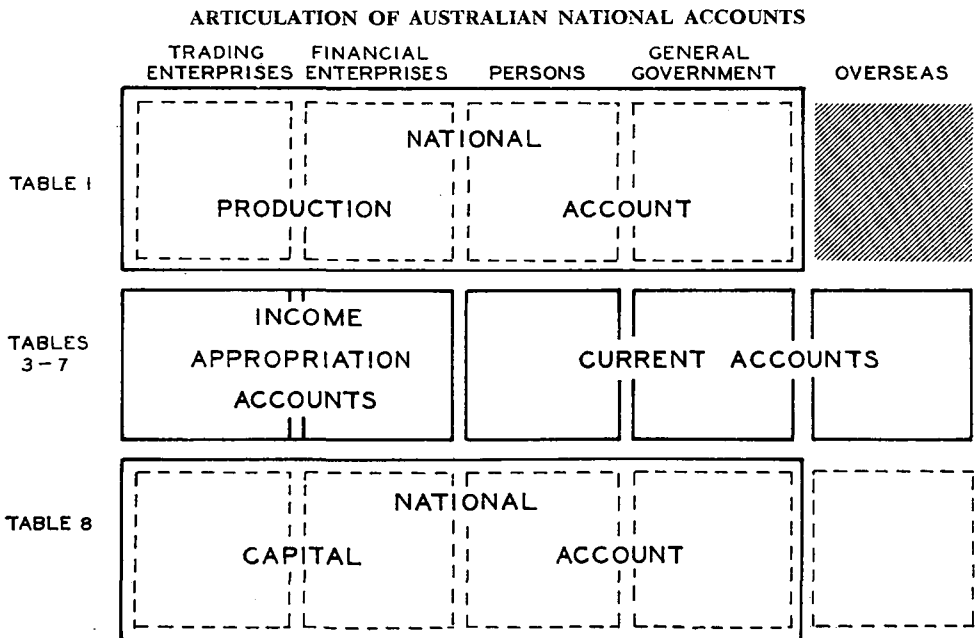


PLATE 30

Description of the accounts

The *national production account* is a consolidation of the production accounts of all producers regardless of sector. The production account is shown as receiving revenue from the sale of goods and services to final buyers; all intermediate usage of goods and services is cancelled out, since it represents 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 account is 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. In input-output tables, the national production account is broken up into accounts for separate industries, and transactions associated with intermediate usage of goods and services are shown in the production accounts for the separate industries.

The *trading enterprises income appropriation account* is shown as receiving the gross operating surpluses from the national production account and property incomes (dividends, non-dwelling rent and interest) from other sectors. This total of receipts is appropriated to depreciation allowances and to various transfer payments (interest, etc., paid, income tax payable, dividends payable and undistributed income). All net income of unincorporated enterprises is treated as being transferred to persons and the same is true of personal income from dwelling rent. 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 (where accruing to non-residents).

The *financial enterprises income appropriation account* is, in the main, similar to the preceding account. However, there is 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 transfers from overseas). On the payments side are shown current payments for goods and services and transfer payments (taxes, interest, etc., transfers overseas). The balance is transferred to the national capital account under the heading of personal saving.

The *general government 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. Current account excludes all expenditure on roads, because a satisfactory distinction between new works and maintenance cannot be made. All defence expenditure 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 which are at present analysed on the basis of cash accounts in which depreciation is not allowed (usually enterprises whose accounts are included in Commonwealth or State public accounts). These depreciation allowances are included in the public authorities 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, contributions to international organisations and expenditure in connection with the administration of Papua New Guinea.

The *overseas current account* records all transactions of a current nature between Australian and overseas residents. It should be emphasised 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 surplus on general government current account. Net apparent capital inflow from overseas and withdrawal from monetary reserves are reflected in the item 'overseas balance on current account'. On the payments side are shown the purchases by all sectors of new buildings and capital equipment and the value of physical changes in stocks. The private component of capital expenditure includes new dwellings, additions 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 over the period under review. Such estimates, conventionally described as 'at constant prices', are presented in Tables 2 and 9 for gross national product, exports and imports of goods and services, and gross national expenditure and its principal components.

In concept, constant price estimates may be thought of as being derived by expressing the value of every component commodity as the product of a price and a quantity, and by substituting for each actual current price the corresponding price in the chosen base year. Aggregates at constant prices for each year are then obtained by summation. In practice, the quality and quantity of the available data are such that a number of methods are used in the preparation of estimates at constant prices. These estimates involve approximations and assumptions, and this should be borne in mind in the interpretation and use of the results.

Gross national product is equivalent to gross national expenditure, plus exports of goods and services, less imports of goods and services. This relationship has been used in deriving the estimates of gross national product at constant prices shown in Table 2. A supplement to the bulletin *Australian National Accounts, National Income and Expenditure, 1953-54 to 1966-67* entitled *Estimates of Gross Product by Industry at Current and Constant Prices, 1959-60 to 1965-66* contains estimates of gross national product measured by the 'production method'.

For a considerable part of personal consumption expenditure and exports and imports of goods and services, it is possible to identify specific units of quantity and price, and revalue the quantities at base year prices. Where it is not possible to express the values in successive years as the product of prices and homogeneous units of quantity, the treatment generally adopted is to divide values by appropriate price indexes.

With the remaining components of gross national expenditure, a greater degree of approximation and assumption is involved. For example, when information about the commodity content of a flow is limited (e.g. various components of gross fixed capital expenditure), special purpose price indexes relating to selected commodities are applied to the expenditure on the full range of commodities they represent. In other cases, for instance, where the expenditure relates to 'unique' goods (e.g. goods not homogeneous from year to year), revaluation is achieved by use of an index reflecting the price change of the direct materials and direct labour components of the unique goods in question. This method of revaluation is also applied to current expenditure by financial enterprises and general government. The resulting estimates have, therefore, considerable limitations for many uses, for example in studies of productivity.

The method used to estimate the value of physical changes in stocks involves first reducing the increase in book values of stocks by an estimate of the stock valuation adjustment to obtain the measures at current prices, and then revaluing the latter to arrive at the estimates at constant prices. The stock valuation adjustment has to be made because existing stocks are sometimes explicitly revalued (for example, such revaluations are sometimes made by business enterprises so as to show stocks at the lower of cost or market value for balance sheet purposes) or more commonly, because stocks used or disposed of are replaced by new stocks of the same goods but at different prices.

Part 1 of *Australian National Accounts, National Income and Expenditure, 1970-71* 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 revisions

Estimates of national income and expenditure are necessarily prepared from a very wide range of statistical information, some of which is available quickly, some of it only 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, but 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 particularly 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 to 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, 1970-71*.

National income and expenditure tables

(For explanatory note on item numbers see Note following Table 3.)

TABLE I
NATIONAL PRODUCTION ACCOUNT
(\$ million)

	1966-67	1967-68	1968-69	1969-70	1970-71
<i>Net current expenditure on goods and services—</i>					
5 Personal consumption	13,676	14,867	15,959	17,430	19,062
6 Financial enterprises	307	328	374	414	467
7 General government	2,732	3,084	3,367	3,683	4,233
<i>Gross fixed capital expenditure—</i>					
8 Private	3,829	4,156	4,688	5,161	5,787
9 Public enterprises	1,175	1,313	1,382	1,503	1,543
10 General government	965	1,034	1,137	1,228	1,369
11 Value of physical changes in stocks	360	131	674	500	423
12 Statistical discrepancy	-62	-46	9	155	245
<i>Gross national expenditure</i>	<i>22,982</i>	<i>24,867</i>	<i>27,590</i>	<i>30,074</i>	<i>33,129</i>
13 Exports of goods and services	3,478	3,559	3,892	4,748	5,054
4 less Imports of goods and services	3,703	4,147	4,267	4,751	5,096
Gross national product	22,757	24,279	27,215	30,071	33,087
1 Wages, salaries and supplements	11,674	12,696	14,046	15,763	18,061
<i>Gross operating surplus of trading enterprises—</i>					
2a Companies	3,164	3,588	4,027	4,580	4,715
2b Unincorporated enterprises	3,884	3,549	4,191	4,226	4,262
2c Dwellings owned by persons	1,034	1,147	1,276	1,454	1,692
2d Public enterprises	720	807	927	1,024	1,024
<i>Gross national product at factor cost</i>	<i>20,476</i>	<i>21,787</i>	<i>24,467</i>	<i>27,047</i>	<i>29,754</i>
3 Indirect taxes less subsidies	2,281	2,492	2,748	3,024	3,333
Gross national product	22,757	24,279	27,215	30,071	33,087
Gross farm product (at market prices)	2,358	1,840	2,336	2,175	2,033
Gross non-farm product (at market prices)	20,399	22,439	24,879	27,896	31,054

TABLE 2
VALUE OF MAIN AGGREGATES AT AVERAGE 1966-67 PRICES
(\$ million)

	1966-67	1967-68	1968-69	1969-70	1970-71
<i>Net current expenditure on goods and services—</i>					
Personal consumption	13,676	14,413	15,050	15,872	16,357
Financial enterprises	307	308	338	335	360
General government	2,732	2,944	3,055	3,146	3,290
<i>Gross fixed capital expenditure—</i>					
Private	3,829	4,055	4,417	4,675	4,932
Public	2,140	2,267	2,344	2,418	2,434
Value of physical changes in stocks	360	142	712	488	421
Statistical discrepancy	-62	-45	8	148	220
<i>Gross national expenditure</i>	<i>22,982</i>	<i>24,084</i>	<i>25,924</i>	<i>27,082</i>	<i>28,014</i>
Exports of goods and services	3,478	3,689	3,961	4,720	5,111
Less Imports of goods and services	3,703	4,144	4,264	4,698	4,842
Gross national product	22,757	23,629	25,621	27,104	28,283
Gross farm product	2,358	1,948	2,645	2,509	2,572
Gross non-farm product	20,399	21,681	22,976	24,595	25,711

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

	1966-67	1967-68	1968-69	1969-70	1970-71
2 Gross operating surplus	8,802	9,091	10,421	11,284	11,693
15b, 17b Interest, etc., and dividends received	164	184	210	226	232
18b Undistributed income accruing from overseas	13	20	20	25	16
Total receipts	8,979	9,295	10,651	11,535	11,941
14a Depreciation allowances	1,988	2,182	2,364	2,570	2,772
15a Interest, etc., paid	1,061	1,195	1,357	1,588	1,835
Company income—					
16a Income tax payable	812	954	1,101	1,372	n.a.
17a Dividends payable	641	685	780	866	n.a.
18a Undistributed income	555	670	737	730	n.a.
<i>Total company income</i>	<i>2,008</i>	<i>2,309</i>	<i>2,618</i>	<i>2,968</i>	<i>2,849</i>
19 Unincorporated enterprises income	2,931	2,507	3,070	3,017	2,973
20 Personal income from dwelling rent	552	611	674	772	915
21a Public enterprises income	439	491	568	620	597
Total outlay	8,979	9,295	10,651	11,535	11,941

NOTE. Items in Tables 1 and 3 to 8 are 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 480-3. 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 4
 FINANCIAL ENTERPRISES INCOME APPROPRIATION ACCOUNT
 (\$ million)

	1966-67	1967-68	1968-69	1969-70	1970-71
15d Interest, etc., received	1,372	1,532	1,735	1,992	2,295
17d, 18d Dividends received and undistributed income accruing from overseas	42	48	58	67	76
Total receipts	1,414	1,580	1,793	2,059	2,371
14b Depreciation allowances	33	42	55	67	78
6 Net current expenditure on goods and services	307	328	374	414	467
15c Interest paid	465	497	589	678	793
Company income—					
16b Income tax payable	60	77	90	102	n.a.
17c Dividends payable	47	46	51	59	n.a.
18c Undistributed income	32	49	43	61	n.a.
<i>Total company income</i>	<i>139</i>	<i>172</i>	<i>184</i>	<i>222</i>	<i>255</i>
21b Public enterprises income	134	161	172	196	230
22 Retained investment income of life insurance funds, etc.	336	380	419	482	548
Total outlay	1,414	1,580	1,793	2,059	2,371

TABLE 5
PERSONAL CURRENT ACCOUNT
(\$ million)

	1966-67	1967-68	1968-69	1969-70	1970-71
1 Wages, salaries and supplements	11,674	12,090	14,040	15,703	18,061
15f Interest, etc., received	578	631	706	783	863
17e Dividends	434	486	506	564	585
19a Unincorporated enterprises income	2,931	2,507	3,070	3,017	2,973
20 Income from dwelling rent	552	611	674	772	915
23b Transfers from overseas	136	156	165	182	177
25 Cash benefits from general government	1,271	1,323	1,444	1,640	1,818
Total receipts	17,576	18,410	20,611	22,721	25,392
5 Consumption expenditure	13,676	14,867	15,959	17,430	19,062
15e Interest paid	186	200	226	251	280
16c Direct taxes (payable) on income	1,886	2,032	2,368	2,721	2,981
16d Other direct taxes, fees, fines, etc.	285	322	366	391	404
23a Transfers overseas	79	84	90	111	132
24 Saving	1,464	905	1,602	1,817	2,533
Total outlay	17,576	18,410	20,611	22,721	25,392

TABLE 6
GENERAL GOVERNMENT CURRENT ACCOUNT
(\$ million)

	1966-67	1967-68	1968-69	1969-70	1970-71
3a Indirect taxes	2,450	2,685	2,971	3,287	3,593
16e Direct taxes (paid) on income	2,725	3,031	3,411	4,046	4,606
16d Other direct taxes, fees, fines, etc.	285	322	366	391	404
15h Interest, etc., received	115	100	117	142	183
21 Public enterprises income	573	652	740	816	827
Total receipts	6,148	6,790	7,605	8,682	9,613
7 Net current expenditure on goods and services	2,732	3,084	3,367	3,683	4,233
3b Subsidies	169	193	223	264	260
15g Interest, etc., paid	574	632	676	736	783
23c Transfers overseas	151	154	159	180	185
25 Cash benefits to persons	1,271	1,323	1,444	1,640	1,818
26 Grants for private capital purposes	56	76	46	51	53
27 Surplus on current account	1,195	1,328	1,690	2,128	2,281
Total outlay	6,148	6,790	7,605	8,682	9,613

TABLE 7
OVERSEAS CURRENT ACCOUNT
(\$ million)

	1966-67	1967-68	1968-69	1969-70	1970-71
4a Imports f.o.b.	2,837	3,159	3,203	3,553	3,790
4b Transportation	554	655	699	754	826
4c Travel	133	140	150	176	187
4d Government transactions	81	95	111	124	127
4e Other goods and services	98	98	104	144	166
4 Imports of goods and services	3,703	4,147	4,267	4,751	5,096
15j Interest, etc. paid overseas	167	186	212	243	258
17g Dividends payable and profits remitted	183	188	223	266	245
18f Undistributed income accruing to overseas residents	115	229	280	295	322
23a Personal transfers overseas	79	84	90	111	132
23c General government transfers	151	154	159	180	185
Total credits to non-residents	4,398	4,988	5,231	5,846	6,238
13a Exports f.o.b.	2,926	2,942	3,217	3,967	4,213
13b Transportation	320	362	392	445	480
13c Travel	70	88	108	124	144
13d Government transactions	83	76	80	87	81
13e Other goods and services	79	91	95	126	136
13 Exports of goods and services	3,478	3,559	3,892	4,748	5,054
15i, 17f Interest, etc., received and dividends receivable from overseas	110	109	130	131	137
18e Undistributed income accruing from overseas	13	20	20	25	16
23b Personal transfers from overseas	136	156	165	182	177
28 Overseas balance on current account	661	1,144	1,024	760	854
Total debits to non-residents	4,398	4,988	5,231	5,846	6,238

TABLE 8
NATIONAL CAPITAL ACCOUNT
(\$ million)

	1966-67	1967-68	1968-69	1969-70	1970-71
14 Depreciation allowances	2,021	2,224	2,419	2,637	2,850
16f, 17h Increase in dividend and income tax provisions	62	41	190	175	-82
18g Undistributed company income accruing to residents	472	490	500	496	330
22 Retained investment income of life insurance funds, etc.	336	380	419	482	548
24 Personal saving	1,464	905	1,602	1,817	2,533
26a General government grants for private capital purposes	56	76	46	51	53
27 Surplus on general government current account	1,195	1,328	1,690	2,129	2,281
Overseas balance on current account—					
28a Withdrawal from overseas monetary reserves(a)	124	-79	-148	-37	-602
28b Net apparent capital inflow	537	1,223	1,172	797	1,456
Total capital funds accruing	6,267	6,588	7,890	8,547	9,367
Gross fixed capital expenditure—					
Private—					
8a Dwellings	991	1,112	1,299	1,490	1,530
8b Other building and construction	738	884	1,014	1,114	1,387
8c All other	2,100	2,160	2,375	2,557	2,870
9 Public enterprises	1,175	1,313	1,382	1,503	1,543
10 General government	965	1,034	1,137	1,228	1,369
<i>Total gross fixed capital expenditure</i>	<i>5,969</i>	<i>6,503</i>	<i>7,207</i>	<i>7,892</i>	<i>8,699</i>
11 Value of physical changes in stocks—					
Farm	203	-156	348	75	-102
Non-farm	157	284	326	425	525
<i>Total use of funds</i>	<i>6,329</i>	<i>6,634</i>	<i>7,881</i>	<i>8,392</i>	<i>9,122</i>
12 Statistical discrepancy	-62	-46	9	155	245
Total capital funds accruing	6,267	6,588	7,890	8,547	9,367

(a) In item 28a minus sign (-) indicates an addition to reserves.

TABLE 9
GROSS FIXED CAPITAL EXPENDITURE AND VALUE OF PHYSICAL CHANGES IN STOCKS AT AVERAGE 1966-67 PRICES
(\$ million)

	1966-67	1967-68	1968-69	1969-70	1970-71
Gross fixed capital expenditure—					
Private—					
Dwellings	991	1,079	1,226	1,354	1,328
Other building and construction	738	861	942	989	1,158
All other	2,100	2,115	2,249	2,332	2,446
<i>Total private</i>	<i>3,829</i>	<i>4,055</i>	<i>4,417</i>	<i>4,675</i>	<i>4,932</i>
Public	2,140	2,267	2,344	2,418	2,434
Total	5,969	6,322	6,761	7,093	7,366
Value of physical changes in stocks—					
Farm	157	283	316	421	535
Non-farm	203	-141	396	67	-113
Total	360	142	712	488	421

TABLE 10
RELATIONSHIP OF MAIN AGGREGATES
(\$ million)

	1966-67	1967-68	1968-69	1969-70	1970-71
Net current expenditure on goods and services	16,715	18,279	19,700	21,527	23,762
Gross fixed capital expenditure	5,969	6,503	7,207	7,892	8,699
Value of physical changes in stocks	360	131	674	500	423
Statistical discrepancy	-62	-46	9	155	245
Gross national expenditure	22,982	24,867	27,590	30,074	33,129
<i>Plus</i> Exports of goods and services	3,478	3,559	3,892	4,748	5,054
National turnover of goods and services	26,460	28,426	31,482	34,822	38,183
<i>Less</i> Imports of goods and services	3,703	4,147	4,267	4,751	5,096
Gross national product	22,757	24,279	27,215	30,071	33,087
<i>Less</i> Indirect taxes <i>less</i> subsidies	2,281	2,492	2,748	3,024	3,333
Gross national product at factor cost	20,476	21,787	24,467	27,047	29,754
<i>Less</i> Depreciation allowances of trading enterprises	1,988	2,182	2,364	2,570	2,772
Net national product	18,488	19,605	22,103	24,477	26,982
<i>Less</i> Net income payable overseas	342	474	565	648	672
National income	18,146	19,131	21,538	23,829	26,310
<i>Plus</i> Net income payable overseas	342	474	565	648	672
Net national product	18,488	19,605	22,103	24,477	26,982
<i>Less</i> Net operating surplus of companies and public enterprises	2,721	3,091	3,516	4,009	3,991
<i>Less</i> Interest, etc. paid by unincorporated enterprises and dwellings owned by persons	610	700	797	916	1,042
<i>Plus</i> Interest received by persons	578	631	706	783	863
Dividends received by persons	434	486	506	564	585
Cash benefits to persons	1,271	1,323	1,444	1,640	1,818
Transfers from overseas	136	156	165	182	177
Personal income	17,576	18,410	20,611	22,721	25,392
<i>Less</i> Direct taxes (payable) on income	1,886	2,032	2,368	2,721	2,981
Other direct taxes, fees, fines, etc.	285	322	366	391	404
Personal disposable income	15,405	16,056	17,877	19,609	22,007

TABLE 11
MAIN AGGREGATES AT CURRENT PRICES, 1948-49 TO 1970-71
(\$ million)

Year	1	2	3	4	5	6	7
	<i>Personal Consumption</i>	<i>Net current expenditure on goods and services by general government and financial enterprises</i>	<i>Private gross fixed capital expenditure</i>	<i>Public gross fixed capital expenditure</i>	<i>Value of physical changes in stocks</i>	<i>Statistical discrepancy</i>	<i>Gross national expenditure (1 to 6)</i>
1948-49	2,995	395	497	295	37	-35	4,184
1949-50	3,449	474	644	420	72	21	5,080
1950-51	4,197	642	921	603	144	-67	6,440
1951-52	5,001	877	1,132	806	384	61	8,261
1952-53	5,308	1,008	1,143	794	-256	-247	7,750
1953-54	5,828	964	1,320	808	66	-118	8,868
1954-55	6,335	1,041	1,482	871	173	27	9,929
1955-56	6,807	1,166	1,640	927	208	-64	10,684
1956-57	7,276	1,223	1,717	950	-46	-167	10,953
1957-58	7,632	1,264	1,858	998	14	-23	11,743
1958-59	8,033	1,381	1,922	1,100	277	-79	12,634
1959-60	8,803	1,508	2,191	1,208	152	97	13,959
1960-61	9,329	1,619	2,415	1,250	480	37	15,130
1961-62	9,624	1,755	2,328	1,389	-218	-103	14,775
1962-63	10,316	1,865	2,580	1,440	260	-107	16,354
1963-64	11,117	2,042	2,919	1,590	125	-104	17,689
1964-65	12,003	2,330	3,410	1,842	569	32	20,191
1965-66	12,730	2,695	3,656	2,042	117	-59	21,181
1966-67	13,676	3,039	3,829	2,140	360	-62	22,982
1967-68	14,867	3,412	4,156	2,347	131	-46	24,867
1968-69	15,959	3,741	4,688	2,519	674	9	27,590
1969-70	17,430	4,097	5,161	2,731	500	155	30,074
1970-71	19,062	4,700	5,787	2,912	423	245	33,129

Year	8	9	10	11	12	13	14
	<i>Exports of goods and services</i>	<i>Imports of goods and services</i>	<i>Gross national product (7+8-9)</i>	<i>National income</i>	<i>Personal income</i>	<i>Wages, salaries and supplements</i>	<i>Net income payable overseas</i>
1948-49	1,146	979	4,351	3,624	3,736	2,171	81
1949-50	1,307	1,260	5,127	4,189	4,381	2,473	102
1950-51	2,092	1,726	6,806	5,699	5,995	3,115	120
1951-52	1,486	2,437	7,310	6,037	6,242	3,941	126
1952-53	1,855	1,312	8,293	6,983	6,983	4,263	119
1953-54	1,793	1,601	9,060	7,516	7,303	4,542	159
1954-55	1,707	1,983	9,653	7,928	7,813	4,972	164
1955-56	1,740	1,953	10,471	8,543	8,476	5,454	189
1956-57	2,190	1,736	11,407	9,266	9,048	5,769	189
1957-58	1,847	1,925	11,665	9,252	9,037	5,992	187
1958-59	1,868	1,960	12,542	9,939	9,720	6,287	254
1959-60	2,150	2,286	13,823	10,978	10,675	6,977	284
1960-61	2,175	2,604	14,701	11,670	11,458	7,516	264
1961-62	2,471	2,205	15,041	12,014	11,833	7,741	217
1962-63	2,493	2,621	16,226	12,942	12,585	8,170	284
1963-64	3,163	2,873	17,979	14,383	13,912	8,886	305
1964-65	3,048	3,486	19,753	15,823	15,185	9,932	291
1965-66	3,137	3,630	20,688	16,406	15,899	10,699	319
1966-67	3,478	3,703	22,757	18,146	17,576	11,674	342
1967-68	3,559	4,147	24,279	19,131	18,410	12,696	474
1968-69	3,892	4,267	27,215	21,538	20,611	14,046	565
1969-70	4,748	4,751	30,071	23,829	22,721	15,763	648
1970-71	5,054	5,096	33,087	26,310	25,392	18,061	672

Description of items in the National Income and Expenditure Accounts

Tables 1 and 3 to 8

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, subsistence and dependants' allowances, and the value to the members of the forces of food, clothing, normal medical attention, etc. supplied in kind. They include deferred pay, but exclude war gratuities which are included in item 25.

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, but after deducting stock valuation adjustment, 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 (item 3a) are taxes assessed on producers, i.e. enterprises and general government in respect of the production, sale, purchase or use of goods and services, which are charged to the expenses of production. Subsidies (item 3b) are grants made by general government to enterprises which are credited to their production accounts. These grants may take the form of bounties on goods produced, payments to ensure a guaranteed price or to enable maintenance of prices of goods or services before cost of production, and other forms of assistance to producers.

Item 4. Imports of goods and services. The value of goods imported from overseas and amounts payable overseas for services. In table 7 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, passengers' personal effects, 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 including fares paid by the Commonwealth government for the carriage of migrants under various assisted passage schemes. It also includes the overseas expenditure of Australian ships and aircraft, 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. Expenditure less refunds, by Australians visiting overseas for pleasure and for business, which may take the form of travellers' cheques, letters of credit, etc.

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, government pensions paid abroad, administrative expenditure overseas on immigration, and other 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, second-hand motor vehicles purchased from business enterprises and general government, 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 are 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—general government. Expenditure by public authorities (other than those classified as public enterprises) which does not result in the creation of fixed tangible assets or in the acquisition of land, buildings or second-hand 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 general government for goods sold and services rendered are offset against purchases. Net expenditure overseas by general government and purchases from public enterprises are included. All government 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 second-hand assets 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. Dwellings purchased by persons from public housing authorities, including previously rented houses, are included in private capital expenditure.

Item 9. Gross fixed capital expenditure—public enterprises. Expenditure on new fixed assets whether for additions or replacements, including wages and salaries paid by public enterprises in connection with capital works. Expenditure on houses and flats is estimated by deducting the cost of previously rented dwellings sold to the private sector from the estimated expenditure on construction of dwellings. The sales value of these previously rented dwellings is included in private capital expenditure.

Item 10. Gross fixed capital expenditure—general government. Expenditure on new 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.

Item 11. Value of physical changes in stocks. The value of physical changes in stocks of trading enterprises and general government. The value of physical changes in stocks is calculated on a quarterly basis as the difference between the beginning and end-of-quarter estimates of stock levels, both revalued at average current-quarter prices by means of appropriate price indexes.

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 7 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 except that no change is made to the basis of valuation.

Item 13b. Transportation. The expenditure of overseas carriers in Australian ports, the overseas earnings of ships owned or chartered by Australian operators, and earnings by Australian airlines overseas.

Item 13c. Travel. Expenditure less refunds by persons visiting Australia for pleasure or business, which may take the form of travellers' cheques, letters of credit, etc. Includes expenditure in Australia of foreign students studying under the Colombo Plan; and earnings of Australian domestic airlines for the carriage of overseas visitors over Australian domestic air routes.

Item 13d. Government transactions. Receipts for services rendered by the Australian Government to other governments and international organisations, 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 overseas 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 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 some entries the amounts are combined with dividends and overseas 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 houses 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 and 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 general government and royalties and fees for use of trade marks, patents, etc., paid overseas.

Item 16. Direct taxes, fees, fines, etc. Income tax payable by persons and enterprises and other direct taxes, fees, fines, etc., paid by persons. 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 persons includes the total income tax payable by individuals on all forms of income, whether wages, business income or property income. The difference between the amounts of income tax payable and the cash receipts by general government (item 16e) is included in item 16f. Other direct taxes, fees, fines, etc., (item 16d) includes estate and gift duties paid and all other taxes, fees for services of a regulatory character, fines and gifts paid by persons to general government.

Item 17. Dividends. All receipts and payments of dividends, including dividends payable overseas and the remitted profits of Australian branches of overseas enterprises. Dividends payable (items 17a and 17c) are dividends declared by trading and financial companies in respect of the year. Receipts of dividends (other than dividends receivable from overseas 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 deduction of income tax and dividends payable, and is equal to the sum of undistributed income accruing to overseas residents (item 18f) and undistributed company income accruing to residents (item 18g). Profits receivable from overseas is the unremitted part of profits earned by overseas branches of Australian companies and undistributed profits of overseas subsidiaries of Australian companies. Undistributed income accruing to residents (item 18g) is estimated as a balancing item and includes the net effect of any errors or inconsistencies in the estimation of company income and appropriations thereof, including undistributed income accruing to overseas residents.

Item 19. Unincorporated enterprises income. The gross operating surplus of unincorporated enterprises less depreciation allowances and interest, etc., paid. 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 depreciation allowances and interest, etc., paid.

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 charged).

Item 22. Retained investment income of life insurance funds, etc. Total dividends, interest, etc., received by life insurance and superannuation funds, less rent and interest paid, depreciation allowances, income tax and dividends payable.

Item 23. Overseas transfers. 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 transfers 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 gifts.

Item 23b. Personal transfers 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 gifts.

Item 23c. General government transfers overseas. Grants to, and payments made on behalf of Papua New Guinea, and expenditure overseas in respect of technical assistance and relief under the Colombo Plan and United Nations projects. Includes contributions to United Nations and other international organisations due by virtue of membership of these organisations.

Item 24. Personal saving. The excess of personal income over the sum of personal consumption expenditure, interest paid, direct taxes (payable) on income, other direct taxes, fees, fines, etc., and transfers overseas. Personal saving is estimated as the balancing item in the personal current account. 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. Personal saving may also take the form of increases in holdings of cash and net purchases of 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.

Item 25. Cash benefits. Current transfers to persons from general government 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 for private capital purposes. Grants to meet part of the costs of private capital expenditure, e.g. Commonwealth Home Savings grants, grants towards construction of science laboratories and libraries in private schools and of houses for aged persons, payments under the Currency Act in relation to the conversion of accounting and other machines following introduction of decimal currency; and compensation to primary industry marketing authorities for losses on overseas debts resulting from sterling devaluation.

Item 27. Surplus on general government 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 for private capital purposes, and transfers overseas). The surplus is transferred to the public authorities capital account where it is shown as part of total funds available for financing capital outlay.

Item 28. Overseas 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 overseas monetary reserves (item 28a) and net apparent capital inflow (item 28b).

