

CHAPTER 17

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, 1953-54 to 1966-67*. Preliminary estimates for 1966-67 were published in a Budget Paper. Quarterly estimates are published in *Quarterly Estimates of National Income and Expenditure*.

The figures shown on pages 621-8 are as published in *Australian National Accounts, National Income and Expenditure, 1953-54 to 1966-67*.

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, 1953-54 to 1966-67* 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 is the total expenditure within a given period 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, 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. *Gross farm product at factor cost* is that part of gross national product at factor cost arising from production in rural industries (excluding forestry). *Gross non-farm product at factor cost* arises from production in all other industries.

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 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, and enterprise), in Australia or overseas. It is equivalent to net national product, plus income receivable from overseas, less income payable overseas.

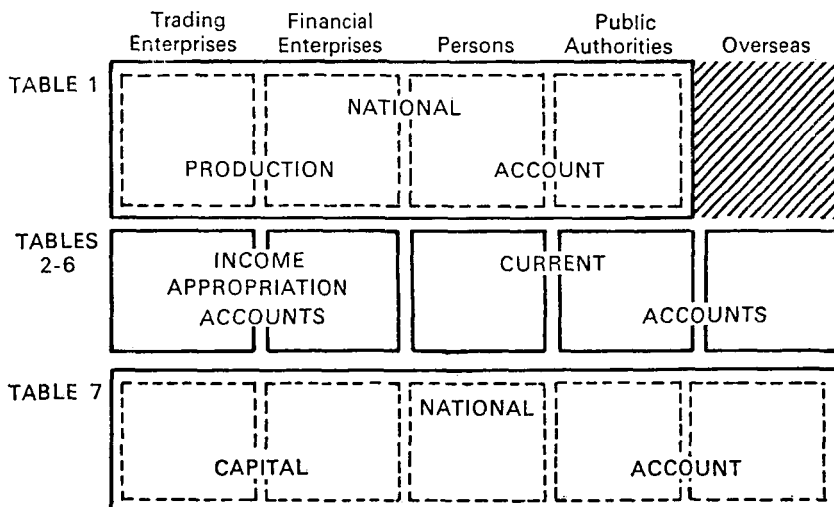
Personal income is the total income, whether in cash or kind, received by persons normally resident in Australia. It includes both income received in return for productive activity (such as wages, salaries and supplements, incomes of unincorporated enterprises, etc.) and transfer incomes (such as cash, social service benefits, interest, etc.). Personal income also includes any property income received by non-taxable 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 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 a complete articulation of the accounts. The appropriate number of each table on pages 621–5 is shown on the left of the diagram.

ARTICULATION OF AUSTRALIAN NATIONAL ACCOUNTS



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 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.

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, interests, 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 personal 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 analysed 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 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 public authority surplus on current account. Net apparent capital inflow from overseas and withdrawal from monetary reserves are also 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 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 over the period under review. Such estimates, conventionally described as 'at constant prices', are presented in Table 8 for gross national product, gross national expenditure, and the principal components of the latter.

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.

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 8.

For a considerable part of personal consumption expenditure, exports, and imports, it is possible to identify specific units of quantity and price and to 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.

For gross fixed capital expenditure, some components are revalued by means of appropriate price or volume indexes; but where homogeneous or standard units of quantity do not exist, the values are divided by indexes of prices of labour and materials. This latter method of revaluation is also applied to current expenditure by financial enterprises and public authorities. The resulting estimates have considerable limitations for many uses, for example in studies of productivity.

The information available on which to base an estimate of changes in stocks at constant prices is very limited, and hence any 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 opening stocks with equivalent new stocks at different prices, or because of the practice of revaluing stocks at the end of the period.

Part I of *Australian National Accounts, National Income and Expenditure, 1953-54 to 1966-67* 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 aspects, 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, 1953-54 to 1966-67*.

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 629-32. 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)

	1962-63	1963-64	1964-65	1965-66	1966-67
1 Wages, salaries, and supplements	8,064	8,792	9,812	10,582	11,509
Gross operating surplus of trading enterprises—					
2a Companies	2,237	2,540	2,887	2,987	3,249
2b Unincorporated enterprises	2,996	3,477	3,563	3,463	3,888
2c Dwellings owned by persons	729	817	890	959	1,044
2d Public enterprises	489	564	621	657	700
Gross national product at factor cost	14,515	16,190	17,773	18,648	20,390
3 Indirect taxes less subsidies	1,719	1,831	2,065	2,238	2,392
Gross national product	16,234	18,021	19,838	20,886	22,782
4 Imports of goods and services	2,616	2,864	3,478	3,627	3,690
<i>National turnover of goods and services</i>	<i>18,850</i>	<i>20,885</i>	<i>23,316</i>	<i>24,513</i>	<i>26,472</i>
Net current expenditure on goods and services—					
5 Personal consumption	10,281	11,077	11,943	12,621	13,504
6 Financial enterprises	207	233	255	283	317
7 Public authorities	1,626	1,778	2,041	2,373	2,684
Gross fixed capital expenditure—					
8 Private	2,531	2,884	3,371	3,685	3,692
9 Public enterprises	778	847	993	1,099	1,204
10 Public authorities	638	719	806	880	926
11 Increase in value of stocks	319	147	681	201	451
12 Statistical discrepancy	-21	39	178	234	219
Gross national expenditure	16,359	17,724	20,268	21,376	22,997
13 Exports of goods and services	2,491	3,161	3,048	3,137	3,475
<i>National turnover of goods and services</i>	<i>18,850</i>	<i>20,885</i>	<i>23,316</i>	<i>24,513</i>	<i>26,472</i>
Gross national product at factor cost—					
Farm	1,796	2,153	2,070	1,844	2,160
Non-farm	12,719	14,037	15,703	16,804	18,230
<i>Total</i>	<i>14,515</i>	<i>16,190</i>	<i>17,773</i>	<i>18,648</i>	<i>20,390</i>

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

	1962-63	1963-64	1964-65	1965-66	1966-67	
2	Gross operating surplus	6,451	7,398	7,961	8,066	8,881
15b, 17b	Interest, etc., and dividends received	111	124	132	139	154
18b	Undistributed income accruing from overseas	9	14	19	18	17
	<i>Total receipts</i>	<i>6,571</i>	<i>7,536</i>	<i>8,112</i>	<i>8,223</i>	<i>9,052</i>
14a	Depreciation allowances	1,255	1,418	1,559	1,710	1,871
15a	Interest, etc., paid	655	724	840	953	1,052
	Company income—					
16a	Income tax payable	584	683	749	750	
17a	Dividends payable	492	512	522	524	
18a	Undistributed income	491	595	752	730	
	<i>Total company income</i>	<i>1,567</i>	<i>1,790</i>	<i>2,023</i>	<i>2,004</i>	<i>2,152</i>
19	Unincorporated enterprises income	2,319	2,729	2,743	2,567	2,922
20	Personal income from dwelling rent	410	462	494	521	558
21a	Public enterprises income	365	413	453	468	497
	<i>Total outlay</i>	<i>6,571</i>	<i>7,536</i>	<i>8,112</i>	<i>8,223</i>	<i>9,052</i>

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

	1962-63	1963-64	1964-65	1965-66	1966-67	
15d	Interest, etc., received	891	1,002	1,134	1,249	1,371
17d, 18d	Dividends received and undistributed income accruing from overseas	22	27	31	34	36
	<i>Total receipts</i>	<i>913</i>	<i>1,029</i>	<i>1,165</i>	<i>1,283</i>	<i>1,407</i>
14b	Depreciation allowances	13	15	19	25	29
6	Net current expenditure on goods and services	207	233	255	283	317
15c	Interest paid	290	319	381	433	476
	Company income—					
16b	Income tax payable	43	50	52	54	
17c	Dividends payable	40	42	41	45	
18c	Undistributed income	10	21	26	24	
	<i>Total company income</i>	<i>93</i>	<i>113</i>	<i>119</i>	<i>123</i>	<i>139</i>
21b	Public enterprises income	95	107	127	124	130
22	Retained investment income of life insurance funds, etc.	215	242	264	295	316
	<i>Total outlay</i>	<i>913</i>	<i>1,029</i>	<i>1,165</i>	<i>1,283</i>	<i>1,407</i>

TABLE 4
PERSONAL CURRENT ACCOUNT
(\$ million)

	1962-63	1963-64	1964-65	1965-66	1966-67
1 Wages, salaries and supplements	8,064	8,792	9,812	10,582	11,509
15f Interest, etc., received	409	434	500	566	616
17e Dividends	352	383	377	366	388
19a Unincorporated enterprises—Farm	1,106	1,390	1,283	1,019	1,282
19b Other	1,213	1,339	1,460	1,548	1,640
20 Income from dwelling rent	410	462	494	521	558
23b Remittances from overseas	70	104	115	121	133
25 Cash benefits from public authorities	951	1,045	1,098	1,178	1,271
<i>Total receipts</i>	<i>12,575</i>	<i>13,949</i>	<i>15,139</i>	<i>15,901</i>	<i>17,397</i>
5 Personal consumption expenditure	10,281	11,077	11,943	12,621	13,504
15e Interest paid	138	167	181	188	197
16c Income tax payable	1,088	1,272	1,497	1,650	1,869
16d Estate and gift duties	122	137	140	137	154
23a Remittances overseas	54	62	66	74	78
24 Saving	892	1,234	1,312	1,231	1,595
<i>Total outlay</i>	<i>12,575</i>	<i>13,949</i>	<i>15,139</i>	<i>15,901</i>	<i>17,397</i>

TABLE 5
PUBLIC AUTHORITIES CURRENT ACCOUNT
(\$ million)

	1962-63	1963-64	1964-65	1965-66	1966-67
3a Indirect taxes	1,798	1,941	2,161	2,377	2,551
16e Income tax, estate and gift duties received	1,740	2,009	2,431	2,681	2,879
15h Interest, etc., received	71	80	103	112	115
21 Public enterprises income	460	520	580	592	627
<i>Total receipts</i>	<i>4,069</i>	<i>4,550</i>	<i>5,275</i>	<i>5,762</i>	<i>6,172</i>
7 Net current expenditure on goods and services	1,626	1,778	2,041	2,373	2,684
3d Subsidies	79	110	96	139	159
15g Interest, etc., paid	437	471	505	541	579
23c Overseas grants	73	87	107	128	152
25 Cash benefits to persons	951	1,045	1,098	1,178	1,271
26 Grants towards private capital expenditure	10	10	30	56	54
27 Surplus on current account	893	1,049	1,398	1,347	1,273
<i>Total outlay</i>	<i>4,069</i>	<i>4,550</i>	<i>5,275</i>	<i>5,762</i>	<i>6,172</i>

TABLE 6
OVERSEAS CURRENT ACCOUNT
(\$ million)

	1962-63	1963-64	1964-65	1965-66	1966-67
4a Imports f.o.b.	2,065	2,237	2,739	2,822	2,843
4b Transportation	370	417	488	520	535
4c Travel	90	102	114	122	133
4d Government transactions	37	42	51	66	82
4e Other goods and services	54	66	86	97	97
4 Total imports of goods and services	2,616	2,864	3,478	3,627	3,690
15j, 17g Interest, etc., paid and dividends payable and profits remitted overseas	253	263	292	310	353
18f Undistributed income accruing to overseas residents	106	133	120	115	110
23a Personal remittances overseas	54	62	66	74	78
23c Public authority grants	73	87	107	128	152
Total credits to non-residents	3,102	3,409	4,063	4,254	4,383
13a Exports f.o.b.	2,121	2,730	2,574	2,626	2,937
13b Transportation	220	254	279	295	313
13c Travel	35	43	54	58	64
13d Government transactions	47	62	59	77	83
13e Other goods and services	68	72	82	81	78
13 Total exports of goods and services	2,491	3,161	3,048	3,137	3,475
15i, 17f Interest, etc., received and dividends receivable from overseas	67	80	100	96	110
18e Undistributed income accruing from overseas	9	14	19	18	17
23b Personal remittances from overseas	70	104	115	121	133
28 Overseas balance on current account	465	50	781	882	648
Total debits to non-residents	3,102	3,409	4,063	4,254	4,383

TABLE 7
NATIONAL CAPITAL ACCOUNT
(\$ million)

	1962-63	1963-64	1964-65	1965-66	1966-67	
14	Depreciation allowances	1,268	1,433	1,578	1,735	1,900
16f, 17h	Increase in dividend and income tax provisions	107	135	8	-86	28
18g	Undistributed company income accruing to residents	395	483	658	639	678
22	Retained investment income of life insurance funds, etc.	215	242	264	295	316
24	Personal saving	892	1,234	1,312	1,231	1,595
26	Public authority grants towards private capital expenditure	10	10	30	56	54
27	Public authorities surplus on current account	893	1,049	1,398	1,347	1,273
	Overseas balance on current account—					
28a	Withdrawal from overseas monetary reserves(a)	-151	-447	296	-61	120
28b	Net apparent capital inflow	616	497	485	943	528
	<i>Total capital funds accruing</i>	<i>4,245</i>	<i>4,636</i>	<i>6,029</i>	<i>6,099</i>	<i>6,492</i>
	Gross fixed capital expenditure—					
8a	Private—Dwellings	643	754	890	887	957
8b	Other new building	521	572	626	748	715
8c	All other	1,367	1,558	1,855	2,050	2,020
9	Public enterprises	778	847	993	1,099	1,204
10	Public authorities	638	719	806	880	926
	<i>Total gross fixed capital expenditure</i>	<i>3,947</i>	<i>4,450</i>	<i>5,170</i>	<i>5,664</i>	<i>5,822</i>
11a	Increase in value of stocks—Farm	88	-26	107	-81	181
11b	Other	231	173	574	282	270
	<i>Total use of funds</i>	<i>4,266</i>	<i>4,597</i>	<i>5,851</i>	<i>5,865</i>	<i>6,273</i>
12	Statistical discrepancy	-21	39	178	234	219
	<i>Total capital funds accruing</i>	<i>4,245</i>	<i>4,636</i>	<i>6,029</i>	<i>6,099</i>	<i>6,492</i>

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

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

	1962-63	1963-64	1964-65	1965-66	1966-67
AT CURRENT PRICES					
Personal consumption expenditure	10,281	11,077	11,943	12,621	13,504
Current expenditure by financial enterprises and public authorities	1,833	2,011	2,296	2,656	3,001
Gross fixed capital expenditure—					
Public	1,416	1,566	1,799	1,979	2,130
Private—Dwellings	643	754	890	887	957
Other	1,888	2,130	2,481	2,798	2,735
Increase in value of stocks	319	147	681	201	451
Statistical discrepancy	-21	39	178	234	219
Total gross national expenditure	16,359	17,724	20,268	21,376	22,997
Gross national expenditure after stock valuation adjustment	16,273	17,603	20,098	21,174	22,724
Plus Exports of goods and services	2,491	3,161	3,048	3,137	3,475
Less Imports of goods and services	2,616	2,864	3,478	3,627	3,690
Gross national product after stock valuation adjustment	16,148	17,900	19,668	20,684	22,509
AT AVERAGE 1959-60 PRICES(a)					
Personal consumption expenditure	9,773	10,346	10,818	11,083	11,536
Current expenditure by financial enterprises and public authorities	1,697	1,761	1,918	2,157	2,295
Gross fixed capital expenditure—					
Public	1,294	1,387	1,545	1,645	1,689
Private—Dwellings	619	712	817	789	828
Other	1,834	2,050	2,320	2,546	2,429
Statistical discrepancy	-20	36	160	204	184
Gross national expenditure after stock valuation adjustment	15,424	16,312	18,049	18,416	19,127
Plus Exports of goods and services	2,531	2,929	2,928	2,967	3,334
Less Imports of goods and services	2,733	2,971	3,509	3,644	3,685
Gross national product after stock valuation adjustment	15,222	16,270	17,468	17,739	18,776

(a) See page 620.

TABLE 9
RELATIONSHIP OF MAIN AGGREGATES
(\$ million)

	1962-63	1963-64	1964-65	1965-66	1966-67
Net current expenditure on goods and services	12,114	13,088	14,239	15,277	16,505
Gross fixed capital expenditure	3,947	4,450	5,170	5,664	5,822
Increase in value of stocks	319	147	681	201	451
Statistical discrepancy	-21	39	178	234	219
Gross national expenditure	16,359	17,724	20,268	21,376	22,997
Plus Exports of goods and services	2,491	3,161	3,048	3,137	3,475
National turnover of goods and services	18,850	20,885	23,316	24,513	26,472
Less Imports of goods and services	2,616	2,864	3,478	3,627	3,690
Gross national product	16,234	18,021	19,838	20,886	22,782
Less Indirect taxes less subsidies	1,719	1,831	2,065	2,238	2,392
Gross national product at factor cost	14,515	16,190	17,773	18,648	20,390
Less Depreciation allowances of trading enterprises	1,255	1,418	1,559	1,710	1,871
Net national product	13,260	14,772	16,214	16,938	18,519
Less Net income payable overseas	283	302	293	311	336
National income	12,977	14,470	15,921	16,627	18,183
Plus Net income payable overseas	283	302	293	311	336
Net national product	13,260	14,772	16,214	16,938	18,519
Less Net operating surplus of companies and public enterprises	2,084	2,367	2,689	2,735	2,944
Less Interest, etc. paid by unincorporated enterprises and dwellings owned by persons	383	422	476	533	586
Plus Interest received by persons	409	434	500	566	616
Dividends received by persons	352	383	377	366	388
Cash benefits to persons	951	1,045	1,098	1,178	1,271
Remittances from overseas	70	104	115	121	133
Personal income	12,575	13,949	15,139	15,901	17,397
Less Income tax payable and estate and gift duties	1,210	1,409	1,637	1,787	2,023
Personal disposable income	11,365	12,540	13,502	14,114	15,374

TABLE 10
 MAIN AGGREGATES AT CURRENT PRICES, 1948-49 TO 1966-67
 (\$ million)

Year	1	2	3	4	5	6 (1 to 6)		7
	<i>Personal Consumption</i>	<i>Net current expenditure on goods and services by public authorities and financial enterprises</i>	<i>Private gross fixed capital expenditure</i>	<i>Public gross fixed capital expenditure</i>	<i>Increase in value of stocks</i>	<i>Statistical discrepancy</i>	<i>Gross national expenditure</i>	
1948-49	2,994	393	498	283	148	-12	4,304	
1949-50	3,446	468	644	399	315	34	5,306	
1950-51	4,186	634	920	576	531	-40	6,807	
1951-52	4,987	868	1,127	793	775	87	8,637	
1952-53	5,294	997	1,136	775	-181	-211	7,810	
1953-54	5,811	954	1,309	798	42	-79	8,835	
1954-55	6,319	1,027	1,470	848	278	84	10,026	
1955-56	6,786	1,151	1,624	903	345	-22	10,787	
1956-57	7,252	1,204	1,689	934	49	-118	11,010	
1957-58	7,611	1,245	1,838	977	2	3	11,676	
1958-59	8,011	1,361	1,895	1,075	332	-90	12,584	
1959-60	8,781	1,489	2,160	1,169	236	136	13,971	
1960-61	9,302	1,594	2,381	1,203	521	72	15,073	
1961-62	9,591	1,726	2,295	1,343	-205	-59	14,691	
1962-63	10,281	1,833	2,531	1,416	319	-21	16,359	
1963-64	11,077	2,011	2,884	1,566	147	39	17,724	
1964-65	11,943	2,296	3,371	1,799	681	178	20,268	
1965-66	12,621	2,656	3,685	1,979	201	234	21,376	
1966-67	13,504	3,001	3,692	2,130	451	219	22,997	

Year	8	9	10 (7+8-9)	11	12	13	14
	<i>Exports of goods and services</i>	<i>Imports of goods and services</i>	<i>Gross national product</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	4,471	3,735	3,742	2,169	81
1949-50	1,307	1,260	5,353	4,407	4,421	2,467	102
1950-51	2,092	1,726	7,173	6,056	6,050	3,103	120
1951-52	1,486	2,437	7,686	6,402	6,319	3,921	126
1952-53	1,855	1,312	8,353	7,032	6,996	4,238	119
1953-54	1,793	1,601	9,027	7,473	7,270	4,512	159
1954-55	1,707	1,983	9,750	8,014	7,794	4,937	164
1955-56	1,740	1,953	10,574	8,638	8,470	5,409	189
1956-57	2,190	1,736	11,464	9,317	9,051	5,722	189
1957-58	1,847	1,925	11,598	9,188	8,997	5,930	187
1958-59	1,868	1,960	12,492	9,897	9,692	6,211	254
1959-60	2,150	2,285	13,836	10,980	10,632	6,887	284
1960-61	2,175	2,604	14,644	11,629	11,401	7,420	265
1961-62	2,469	2,204	14,956	11,971	11,766	7,639	217
1962-63	2,491	2,616	16,234	12,977	12,575	8,064	283
1963-64	3,161	2,864	18,021	14,470	13,949	8,792	302
1964-65	3,048	3,478	19,838	15,921	15,139	9,812	293
1965-66	3,137	3,627	20,886	16,627	15,901	10,582	311
1966-67	3,475	3,690	22,782	18,183	17,397	11,509	336

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 providing incentives to, or of assisting, certain industries or activities. 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 organisations, 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, second-hand 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 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—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 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 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 second-hand 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 overseas carriers in Australian ports, the overseas 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 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 the case of 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 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 overseas 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 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 are the unremitted part of profits earned by overseas branches of Australian companies and undistributed profits of overseas subsidiaries of Australian companies.

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 rent and interest paid, depreciation allowances, income tax and dividends payable.

Item 23. Overseas grants, contributions and remittances. 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 overseas grants. Grants to, and payments made on behalf of the Territory of Papua and New Guinea, and expenditure overseas in respect of technical assistance and relief under the Colombo Plan and United Nations projects. Contributions to United Nations and other organisations due by virtue of membership of these organisations are also included in this item.

Item 24. Personal saving. The excess of personal income over the sum of personal consumption expenditure, interest paid, income tax payable, estate and gift duties paid, and remittances 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 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 overseas 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. 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).