

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, 1967–68*. Preliminary estimates (less detailed) for 1967–68 were published earlier in a Budget Paper. Quarterly estimates are published in *Quarterly Estimates of National Income and Expenditure*.

The figures shown on pages 599–606 are as published in *Australian National Accounts, National Income and Expenditure, 1967–68*.

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, 1967–68*, 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 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 goods and services used up during the period in the process of production) 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 goods and services used up in the process of production 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 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 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-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—trading enterprises, financial enterprises, persons and public authorities. 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 599–603 is shown on the left of the diagram.

ARTICULATION OF AUSTRALIAN NATIONAL ACCOUNTS

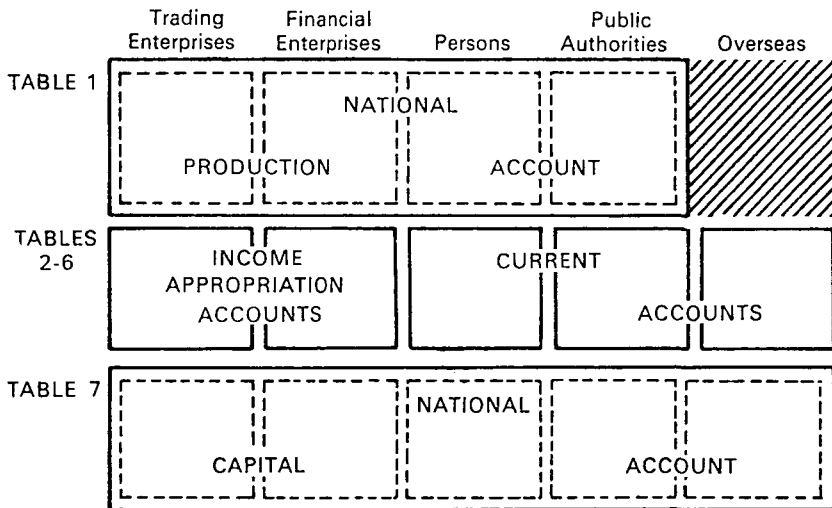


PLATE 35

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 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 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. Current account excludes capital expenditure of public enterprises (including replacement of assets charged to depreciation reserves but not those, if any, charged directly to working expenses) and 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 whose accounts are included in the Commonwealth or State budgets and are at present analysed on the basis of cash accounts in which depreciation is not allowed. These depreciation allowances are included 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, contributions to international organisations and 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 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, 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 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, 1967-68* 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 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 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, 1967-68*.

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 607-10. 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)

	1963-64	1964-65	1965-66	1966-67	1967-68
1 Wages, salaries, and supplements	8,798	9,818	10,584	11,512	12,494
Gross operating surplus of trading enterprises—					
2a Companies	2,543	2,914	2,966	3,235	3,578
2b Unincorporated enterprises	3,436	3,523	3,395	3,855	3,530
2c Dwellings owned by persons	817	890	957	1,039	1,134
2d Public enterprises	575	638	684	715	800
Gross national product at factor cost	16,169	17,783	18,586	20,356	21,536
3 Indirect taxes less subsidies	1,832	2,062	2,236	2,381	2,616
Gross national product	18,001	19,845	20,822	22,737	24,152
4 Imports of goods and services	2,866	3,480	3,629	3,701	4,131
<i>National turnover of goods and services</i>	20,867	23,325	24,451	26,438	28,283
Net current expenditure on goods and services—					
5 Personal consumption	11,084	11,964	12,651	13,576	14,685
6 Financial enterprises	236	258	281	308	335
7 Public authorities	1,778	2,040	2,383	2,690	3,032
Gross fixed capital expenditure—					
8 Private	2,898	3,369	3,639	3,725	4,046
9 Public enterprises	863	1,009	1,122	1,191	1,328
10 Public authorities	745	838	920	974	1,030
11 Increase in value of stocks	176	684	238	512	308
12 Statistical discrepancy	-75	115	80	-7	-31
Gross national expenditure	17,705	20,277	21,314	22,969	24,733
13 Exports of goods and services	3,162	3,048	3,137	3,469	3,550
<i>National turnover of goods and services</i>	20,867	23,325	24,451	26,438	28,283
Gross national product at factor cost	16,169	17,783	18,586	20,356	21,536
of which—					
Farm	2,153	2,070	1,839	2,212	1,747
Non-farm	14,016	15,713	16,747	18,144	19,789

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

	1963-64	1964-65	1965-66	1966-67	1967-68	
2	Gross operating surplus	7,371	7,965	8,002	8,844	9,042
15b, 17b	Interest, etc., and dividends received	125	133	138	149	160
18b	Undistributed income accruing from overseas	14	19	18	13	17
	<i>Total receipts</i>	<i>7,510</i>	<i>8,117</i>	<i>8,158</i>	<i>9,006</i>	<i>9,219</i>
14a	Depreciation allowances	1,481	1,635	1,780	1,933	2,091
15a	Interest, etc., paid	731	839	960	1,078	1,205
	Company income—					
16a	Income tax payable	687	758	746	806	
17a	Dividends payable	505	510	515	638	
18a	Undistributed income	597	772	679	641	
	<i>Total company income</i>	<i>1,789</i>	<i>2,040</i>	<i>1,940</i>	<i>2,085</i>	<i>2,312</i>
19	Unincorporated enterprises income	2,676	2,702	2,533	2,917	2,520
20	Personal income from dwelling rent	460	496	522	556	602
21a	Public enterprises income	373	405	423	437	489
	<i>Total outlay</i>	<i>7,510</i>	<i>8,117</i>	<i>8,158</i>	<i>9,006</i>	<i>9,219</i>

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

	1963-64	1964-65	1965-66	1966-67	1967-68	
15d	Interest, etc., received	1,006	1,131	1,244	1,385	1,515
17d, 18d	Dividends received and undistributed income accruing from overseas	27	31	35	40	44
	<i>Total receipts</i>	<i>1,033</i>	<i>1,162</i>	<i>1,279</i>	<i>1,425</i>	<i>1,559</i>
14b	Depreciation allowances	15	18	23	27	30
6	Net current expenditure on goods and services	236	258	281	308	335
15c	Interest paid	322	382	429	469	497
	Company income—					
16b	Income tax payable	48	50	51	60	
17c	Dividends payable	42	42	43	47	
18c	Undistributed income	24	27	26	36	
	<i>Total company income</i>	<i>114</i>	<i>119</i>	<i>120</i>	<i>143</i>	<i>157</i>
21b	Public enterprises income	104	120	124	135	161
22	Retained investment income of life insurance funds, etc.	242	265	302	343	379
	<i>Total outlay</i>	<i>1,033</i>	<i>1,162</i>	<i>1,279</i>	<i>1,425</i>	<i>1,559</i>

TABLE 4
PERSONAL CURRENT ACCOUNT
(\$ million)

	1963-64	1964-65	1965-66	1966-67	1967-68
1 Wages, salaries and supplements	8,798	9,818	10,584	11,512	12,494
15f Interest, etc., received	435	498	564	593	666
17e Dividends	379	372	351	442	459
19a Unincorporated enterprises income—Farm	1,373	1,272	1,044	1,342	827
19b Other	1,303	1,430	1,489	1,575	1,693
20 Income from dwelling rent	460	496	522	556	602
23b Remittances from overseas	104	115	121	134	154
25 Cash benefits from public authorities	1,046	1,098	1,179	1,271	1,324
<i>Total receipts</i>	<i>13,898</i>	<i>15,099</i>	<i>15,854</i>	<i>17,425</i>	<i>18,219</i>
5 Personal consumption expenditure	11,084	11,964	12,651	13,576	14,685
15e Interest paid	166	176	180	182	195
16c Income tax payable	1,272	1,496	1,655	1,885	2,038
16d Estate and gift duties	137	140	137	155	182
23a Remittances overseas	62	66	74	79	84
24 Saving	1,177	1,257	1,157	1,548	1,035
<i>Total outlay</i>	<i>13,898</i>	<i>15,099</i>	<i>15,854</i>	<i>17,425</i>	<i>18,219</i>

TABLE 5
PUBLIC AUTHORITIES CURRENT ACCOUNT
(\$ million)

	1963-64	1964-65	1965-66	1966-67	1967-68
3a Indirect taxes	1,942	2,158	2,375	2,540	2,783
16e Income tax, estate and gift duties received	2,009	2,431	2,681	2,881	3,213
15h Interest, etc., received	81	104	113	115	100
21 Public enterprises income	477	525	547	572	650
<i>Total receipts</i>	<i>4,509</i>	<i>5,218</i>	<i>5,716</i>	<i>6,108</i>	<i>6,746</i>
7 Net current expenditure on goods and services	1,778	2,040	2,383	2,690	3,032
3d Subsidies	110	96	139	159	167
15g Interest, etc., paid	470	505	542	571	629
23c Overseas grants and contributions	87	107	127	151	158
25 Cash benefits to persons	1,046	1,098	1,179	1,271	1,324
26a Grants towards private capital expenditure	11	30	56	55	49
26b Devaluation compensation . . . . .	..	..	..	..	21
27 Surplus on current account	1,007	1,342	1,290	1,211	1,366
<i>Total outlay</i>	<i>4,509</i>	<i>5,218</i>	<i>5,716</i>	<i>6,108</i>	<i>6,746</i>

TABLE 6
OVERSEAS CURRENT ACCOUNT
(\$ million)

	1963-64	1964-65	1965-66	1966-67	1967-68
4a Imports f.o.b.	2,237	2,739	2,822	2,837	3,161
4b Transportation	417	488	520	548	632
4c Travel	102	114	122	133	140
4d Government transactions	44	53	68	85	101
4e Other goods and services	66	86	97	98	97
4 Total imports of goods and services	2,866	3,480	3,629	3,701	4,131
15j, 17g Interest, etc., paid and dividends payable and profits remitted overseas	261	286	313	353	402
18f Undistributed income accruing to overseas residents	132	119	117	98	115
23a Personal remittances overseas	62	66	74	79	84
23c Public authority grants and contributions	87	107	127	151	158
Total credits to non-residents	3,408	4,058	4,260	4,382	4,890
13a Exports f.o.b.	2,730	2,574	2,626	2,926	2,942
13b Transportation	254	279	295	312	359
13c Travel	43	54	58	70	87
13d Government transactions	63	59	77	82	71
13e Other goods and services	72	82	81	79	91
13 Total exports of goods and services	3,162	3,048	3,137	3,469	3,550
15i, 17f Interest, etc., received and dividends receivable from overseas	80	100	96	109	111
18e Undistributed income accruing from overseas	14	19	18	13	17
23b Personal remittances from overseas	104	115	121	134	154
28 Overseas balance on current account	48	776	888	657	1,058
Total debits to non-residents	3,408	4,058	4,260	4,382	4,890

TABLE 7
NATIONAL CAPITAL ACCOUNT
(\$ million)

		1963-64	1964-65	1965-66	1966-67	1967-68
14	Depreciation allowances	1,496	1,653	1,803	1,960	2,121
16f, 17h	Increase in dividend and income tax provisions	137	12	-85	42	24
18g	Undistributed company income accruing to residents	489	680	588	579	628
22	Retained investment income of life insurance funds, etc.	242	265	302	343	379
24	Personal saving	1,177	1,257	1,157	1,548	1,035
26a	Public authority grants towards private capital expenditure	11	30	56	55	49
26b	Devaluation compensation . . . . .	..	..	..	..	21
27	Public authorities surplus on current account	1,007	1,342	1,290	1,211	1,366
	Overseas balance on current account—					
28a	Withdrawal from overseas monetary reserves(a)	-447	296	-61	120	-78
28b	Net apparent capital inflow	495	480	949	537	1,136
	<i>Total capital funds accruing</i>	<i>4,607</i>	<i>6,015</i>	<i>5,999</i>	<i>6,395</i>	<i>6,681</i>
	Gross fixed capital expenditure—					
8a	Private—Dwellings	754	891	888	968	1,085
8b	Other building and construction	577	631	757	735	879
8c	All other	1,567	1,847	1,994	2,022	2,082
9	Public enterprises	863	1,009	1,122	1,191	1,328
10	Public authorities	745	838	920	974	1,030
	<i>Total gross fixed capital expenditure</i>	<i>4,506</i>	<i>5,216</i>	<i>5,681</i>	<i>5,890</i>	<i>6,404</i>
11a	Increase in value of stocks—Farm	-26	107	-82	232	-195
11b	Other	202	577	320	280	503
	<i>Total use of funds</i>	<i>4,682</i>	<i>5,900</i>	<i>5,919</i>	<i>6,402</i>	<i>6,712</i>
12	Statistical discrepancy	-75	115	80	-7	-31
	<i>Total capital funds accruing</i>	<i>4,607</i>	<i>6,015</i>	<i>5,999</i>	<i>6,395</i>	<i>6,681</i>

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

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

	1963-64	1964-65	1965-66	1966-67	1967-68
AT CURRENT PRICES					
Personal consumption expenditure	11,084	11,964	12,651	13,576	14,685
Current expenditure by financial enterprises and public authorities	2,014	2,298	2,664	2,998	3,367
Gross fixed capital expenditure—					
Public	1,608	1,847	2,042	2,165	2,358
Private—Dwellings	754	891	888	968	1,085
Other	2,144	2,478	2,751	2,757	2,961
Increase in value of stocks	176	684	238	512	308
Statistical discrepancy	-75	115	80	-7	-31
Total gross national expenditure	17,705	20,277	21,314	22,969	24,733
Gross national expenditure after stock valuation adjustment	17,569	20,114	21,107	22,692	24,551
<i>Plus</i> Exports of goods and services	3,162	3,048	3,137	3,469	3,550
<i>Less</i> Imports of goods and services	2,866	3,480	3,629	3,701	4,131
Gross national product after stock valuation adjustment	17,865	19,682	20,615	22,460	23,970
AT AVERAGE 1959-60 PRICES(a)					
Personal consumption expenditure	10,341	10,833	11,064	11,549	12,110
Current expenditure by financial enterprises and public authorities	1,765	1,921	2,166	2,289	2,455
Gross fixed capital expenditure—					
Public	1,427	1,588	1,705	1,739	1,840
Private—Dwellings	712	818	790	837	916
Other	2,062	2,317	2,505	2,448	2,574
Statistical discrepancy	-69	103	69	-6	-25
Gross national expenditure after stock valuation adjustment	16,272	18,066	18,319	19,070	19,955
<i>Plus</i> Exports of goods and services	2,931	2,929	2,968	3,339	3,550
<i>Less</i> Imports of goods and services	2,971	3,505	3,640	3,687	4,122
Gross national product after stock valuation adjustment	16,232	17,490	17,647	18,722	19,383

(a) See page 598.

TABLE 9
RELATIONSHIP OF MAIN AGGREGATES
(\$ million)

	1963-64	1964-65	1965-66	1966-67	1967-68
Net current expenditure on goods and services	13,098	14,262	15,315	16,574	18,052
Gross fixed capital expenditure	4,506	5,216	5,681	5,890	6,404
Increase in value of stocks	176	684	238	512	308
Statistical discrepancy	-75	115	80	-7	-31
Gross national expenditure	17,705	20,277	21,314	22,969	24,733
<i>Plus</i> Exports of goods and services	3,162	3,048	3,137	3,469	3,550
National turnover of goods and services	20,867	23,325	24,451	26,438	28,283
<i>Less</i> Imports of goods and services	2,866	3,480	3,629	3,701	4,131
Gross national product	18,001	19,845	20,822	22,737	24,152
<i>Less</i> Indirect taxes <i>less</i> subsidies	1,832	2,062	2,236	2,381	2,616
Gross national product at factor cost	16,169	17,783	18,586	20,356	21,536
<i>Less</i> Depreciation allowances of trading enterprises	1,481	1,635	1,780	1,933	2,091
Net national product	14,688	16,148	16,806	18,423	19,445
<i>Less</i> Net income payable overseas	299	286	316	329	389
National income	14,389	15,862	16,490	18,094	19,056
<i>Plus</i> Net income payable overseas	299	286	316	329	389
Net national product	14,688	16,148	16,806	18,423	19,445
<i>Less</i> Net operating surplus of companies and public enterprises	2,327	2,655	2,634	2,845	3,165
<i>Less</i> Interest, etc. paid by unincorporated enterprises and dwellings owned by persons	427	477	533	593	664
<i>Plus</i> Interest received by persons	435	498	564	593	666
Dividends received by persons	379	372	351	442	459
Cash benefits to persons	1,046	1,098	1,179	1,271	1,324
Remittances from overseas	104	115	121	134	154
Personal income	13,898	15,099	15,854	17,425	18,219
<i>Less</i> Income tax payable and estate and gift duties	1,409	1,636	1,792	2,040	2,220
Personal disposable income	12,489	13,463	14,062	15,385	15,999

TABLE 10
 MAIN AGGREGATES AT CURRENT PRICES, 1948-49 TO 1967-68
 (\$ million)

Year	1	2	3	4	5	6	7 (1 to 6)
	<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	290	148	-11	4,312
1949-50 . . .	3,446	468	644	410	315	37	5,320
1950-51 . . .	4,186	635	920	589	531	-34	6,827
1951-52 . . .	4,988	869	1,130	809	775	86	8,657
1952-53 . . .	5,295	999	1,140	787	-181	-211	7,829
1953-54 . . .	5,811	955	1,315	822	42	-90	8,855
1954-55 . . .	6,319	1,028	1,477	875	278	65	10,042
1955-56 . . .	6,786	1,152	1,625	932	345	-27	10,813
1956-57 . . .	7,253	1,205	1,698	971	49	-140	11,036
1957-58 . . .	7,610	1,247	1,842	1,015	2	-10	11,706
1958-59 . . .	8,011	1,363	1,906	1,117	332	-113	12,616
1959-60 . . .	8,782	1,490	2,175	1,219	237	118	14,021
1960-61 . . .	9,305	1,597	2,397	1,260	524	32	15,115
1961-62 . . .	9,593	1,729	2,311	1,402	-205	-96	14,734
1962-63 . . .	10,285	1,836	2,558	1,452	317	-82	16,366
1963-64 . . .	11,084	2,014	2,898	1,608	176	-75	17,705
1964-65 . . .	11,964	2,298	3,369	1,847	684	115	20,277
1965-66 . . .	12,651	2,664	3,639	2,042	238	80	21,314
1966-67 . . .	13,576	2,998	3,725	2,165	512	-7	22,969
1967-68 . . .	14,685	3,367	4,046	2,358	308	-31	24,733

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 supple- ments</i>	<i>Net income payable overseas</i>
1948-49 . . .	1,146	979	4,479	3,742	3,743	2,170	81
1949-50 . . .	1,307	1,260	5,367	4,417	4,423	2,468	102
1950-51 . . .	2,092	1,726	7,193	6,071	6,052	3,105	120
1951-52 . . .	1,486	2,437	7,706	6,416	6,322	3,924	126
1952-53 . . .	1,855	1,312	8,372	7,045	6,999	4,242	119
1953-54 . . .	1,793	1,601	9,047	7,486	7,274	4,516	159
1954-55 . . .	1,707	1,983	9,766	8,022	7,797	4,940	164
1955-56 . . .	1,740	1,953	10,600	8,652	8,474	5,413	189
1956-57 . . .	2,190	1,736	11,490	9,328	9,055	5,725	189
1957-58 . . .	1,847	1,925	11,628	9,193	8,993	5,934	187
1958-59 . . .	1,868	1,960	12,524	9,896	9,683	6,215	254
1959-60 . . .	2,150	2,285	13,886	10,992	10,626	6,895	284
1960-61 . . .	2,175	2,604	14,686	11,622	11,396	7,428	265
1961-62 . . .	2,469	2,204	14,999	11,959	11,765	7,647	217
1962-63 . . .	2,492	2,616	16,242	12,925	12,557	8,070	281
1963-64 . . .	3,162	2,866	18,001	14,389	13,898	8,798	299
1964-65 . . .	3,048	3,480	19,845	15,862	15,099	9,818	286
1965-66 . . .	3,137	3,629	20,822	16,490	15,854	10,584	316
1966-67 . . .	3,469	3,701	22,737	18,094	17,425	11,512	329
1967-68 . . .	3,550	4,131	24,152	19,056	18,219	12,494	389

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, 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, 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 by public authorities, credited to the production accounts of enterprises, 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, 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, grants, contributions to international organisations, 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 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. Also excluded are advances under the *War Service Homes Act* and other advances for financing home purchase schemes, and expenditure on development and sub-division of land for residential purposes.

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 except that 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, 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. including 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 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 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 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 is 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 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 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 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.

Item 23c. Public authority overseas grants and contributions. Grants to, and payments made on behalf of the Territories of Papua and New Guinea, and expenditure overseas in respect of technical assistance and relief under the Colombo Plan and United Nations projects. Includes contributions to United Nations and other 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, 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 26a. 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 houses for aged persons, payments under the *Currency Act* in relation to the conversion of accounting and other machines following introduction of decimal currency, etc.

Item 26b. Devaluation compensation. Compensation to primary industry marketing authorities for losses on overseas debts outstanding at the time of sterling devaluation.

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).