

## CHAPTER 16

# NATIONAL ACCOUNTS

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

Estimates of national income and expenditure have been compiled by the Bureau since 1944-45 and have been published annually as papers entitled *National Income and Expenditure* accompanying the Commonwealth Budgets. Detailed annual estimates of national income and expenditure on a revised basis were published in *Australian National Accounts, National Income and Expenditure, 1974-75* (7.1). Preliminary estimates (less detailed) for 1974-75 were published earlier in a Budget Paper. Quarterly estimates are published in *Quarterly Estimates of National Income and Expenditure* (7.5). A supplement to the December quarter 1975 issue of *Quarterly Estimates of National Income and Expenditure* (7.10) presented historical quarterly series of gross domestic product and related aggregates at current and constant prices consistent with the 1974-75 Australian National Accounts bulletin.

*Australian National Accounts, Gross Product by Industry at Current and Constant Prices, 1962-63 to 1973-74* was published in November 1975. The Bureau also compiles input-output tables for the Australian economy. Preliminary tables for the year 1968-69 were published in *Australian National Accounts, Input-Output Tables (Preliminary) 1968-69* (7.9) and the final results will be published in *Australian National Accounts, Input-Output Tables 1968-69* (7.11), to be issued in 1977.

The figures shown on pages 498-503 are as published in *Australian National Accounts, National Income and Expenditure, 1974-75*.

## NATIONAL INCOME AND EXPENDITURE

### Description of National Income and Expenditure Accounts

A brief description of the conceptual basis of national accounts is given in this section, but for a more detailed treatment of the concepts and structure of the Australian National Accounts reference should be made to *Australian National Accounts, National Income and Expenditure, 1974-75*.

#### 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 domestic 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 fixed capital. Thus gross domestic product, as here defined, is 'at market prices'. It is equivalent to gross national expenditure plus exports of goods and services less imports of goods and services. *Gross farm product* is that part of gross domestic product which derives from production in rural industries. *Gross non-farm product* arises from production in all other industries.

*Gross domestic product at factor cost* is that part of the cost of producing the gross domestic 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 domestic product less indirect taxes plus subsidies.

*Domestic factor incomes* is that 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 fixed capital. It is equivalent to gross domestic 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 plus indirect taxes less subsidies. It is equivalent to domestic factor incomes plus indirect taxes less subsidies and net income paid overseas.

*National disposable income* is the net income accruing within a given period to Australian residents from their services in supplying factors of production, from net indirect taxes and from re-distributive transfers. It is equivalent to national income less net transfers overseas.

*Gross national expenditure* is the total expenditure within a given period on final goods and services (i.e. excluding goods and services used up during the period in the process of production) bought by Australian residents. It is equivalent to the gross domestic product plus imports of goods and services less exports of goods and services.

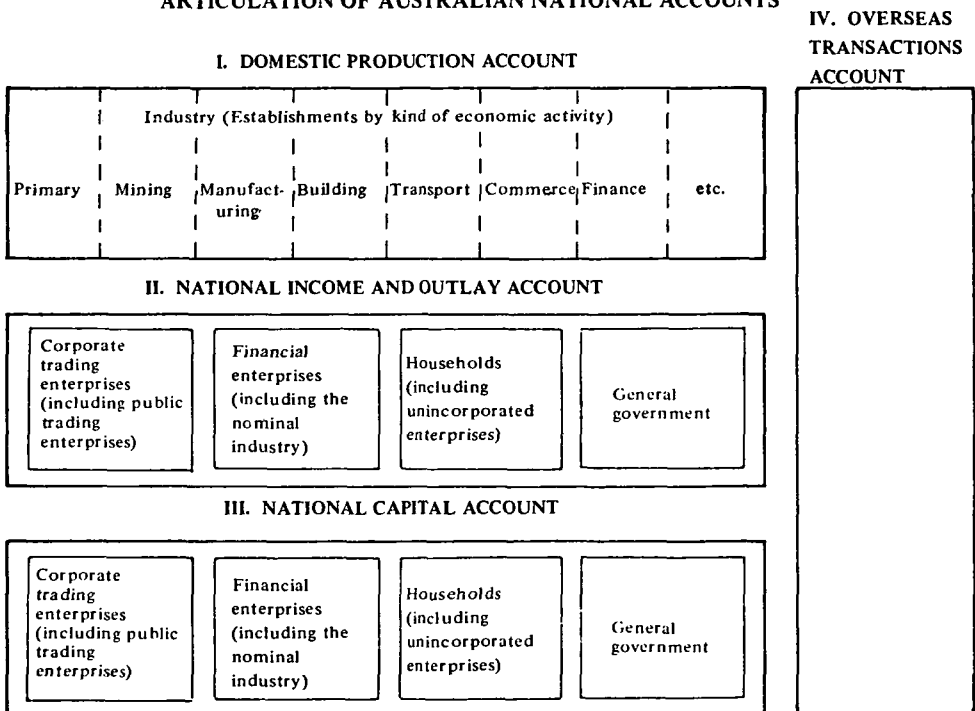
*Household income* is the total income whether in cash or kind, received by persons normally resident in Australia in return for productive activity (such as wages, salaries and supplements, incomes of unincorporated enterprises, etc.) and transfer incomes (such as cash social service benefits, interest, etc.). It includes the imputed interest of life offices and superannuation funds, which is the benefit accruing to policy holders and members from investment income of the funds. It also includes third party motor vehicle and public risk insurance claims paid to persons in respect of policies taken out by enterprises. However, it excludes any income which might be said to accrue to persons in the form of undistributed company income. It also includes any property income received by non-profit organisations such as private schools, churches, charitable organisations, etc.

**Framework of accounts and sectors**

In the accounts shown in this Year Book four internal institutional sectors are distinguished—corporate trading enterprises (including public trading enterprises), financial enterprises (including the nominal industry), households (including their unincorporated enterprises) and general government. All of these internal sectors engage in production activity, receive and disburse income and accumulate assets. Without distinguishing between internal sectors, their transactions are summarised in three accounts, a domestic production account (Table 1), a national income and outlay account (Table 3) and a national capital account (Table 4). In addition there is an overseas sector having an account (Table 6) which shows a summary of the transactions into which overseas governments, persons and businesses enter with Australian residents. These four accounts form a system which though not detailed is complete in that, in principle, a credit in any account is matched by a debit in some other account. Income and outlay accounts are shown also for each of the four domestic sectors. The national income and outlay account is a consolidation of the income and outlay accounts of the four domestic sectors. The sector income and outlay accounts can together take the place of the national income and outlay account to provide a more detailed system.

The framework of sectors and accounts underlying the form of social accounts shown in this publication is set out in the following diagram. The heavy rectangles depict the minimum system of

**ARTICULATION OF AUSTRALIAN NATIONAL ACCOUNTS**



four accounts which represent the consolidated accounts of the nation. The light rectangles represent the accounts for institutional sectors. The sector income and outlay accounts are shown in this Year Book. The sector capital accounts are published in *Australian National Accounts, National Income and Expenditure, 1974-75* (Reference 7.1). The sub-division of the domestic production account represents production accounts for establishments classified according to industry. Selected transactions from such production accounts are shown in Reference 7.1 mentioned above, and such production accounts can be developed in detail to produce input-output accounts.

#### Description of the accounts

The *domestic production account* is a consolidation of the production accounts of all producers regardless of sector. The production account is shown as receiving revenue from the sale of goods and services to final buyers; all intermediate 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 less subsidies, 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 may be divided into depreciation allowances and net operating surplus. Depreciation allowances is carried to the national capital account (or the sector capital accounts) and net operating surplus, together with wages and salaries and indirect taxes less subsidies, is carried to the national income and outlay account (or sector income and outlay accounts). In input-output tables, the domestic production account is broken up into accounts for separate industries, and transactions associated with intermediate usage of goods and services are shown in the production accounts for the separate industries.

The *national income and outlay account* is shown as receiving wages, salaries and supplements, net operating surplus and indirect taxes less subsidies from the domestic production account. From this income are deducted net payments of income and miscellaneous transfers to overseas, and the remainder is the national disposable income. The outlay side of the account shows this disposable income is largely used for final consumption expenditure and the balance is the nation's saving. The national income and outlay account is a consolidation of the sector income and outlay accounts.

The *national capital account* is a consolidation of the sector capital accounts. It shows on the receipts side depreciation allowances transferred from the domestic production account and saving transferred from the national income and outlay account (or from the sector income and outlay accounts). On the payments side are shown purchases by all sectors of new buildings and capital equipment, the increase in stocks of all sectors and a balance described as net lending to overseas. This concept of net lending to overseas includes increases (and, negatively, decreases) in Australia's overseas monetary reserves. The net lending to overseas is also the balance on current transactions in the overseas transactions account.

The *overseas transactions account* records all transactions of a current nature between Australian and overseas residents. Although this is an account for the overseas sector, the items are named from the Australian viewpoint. The account shows that Australia's current receipts from overseas consist of the value of (Australia's) exports of goods and services, property income received from overseas and transfers from overseas. These receipts are used for (Australia's) imports of goods and services and payments of property income and transfers to overseas; and the balance of current receipts represents net lending to overseas. Positive net lending to overseas corresponds to a surplus on current transactions with overseas and negative net lending corresponds to a deficit. The transactions in property income shown in this account differ from estimates shown in balance of payments statistics because in the national accounts undistributed company income is not imputed to the beneficial owners. For this reason, also, net lending to overseas differs from the balance on current account shown in balance of payments statistics.

The *corporate trading enterprises (including public trading enterprises) income and outlay account* is shown as receiving the net operating surpluses of trading enterprise companies and public trading enterprises from the domestic production account and property income (interest, etc. and dividends) from other sectors. This total of receipts is appropriated to various transfer payments (interest, etc. paid, income tax payable, dividends paid, and public enterprise income) and undistributed income which is the saving of the sector. Public trading enterprises are not shown to have any saving. Public enterprise income is here measured by the net operating surplus and the whole amount is transferred to the general government income and outlay account. Also, as property income received and paid by public trading enterprises have not been distinguished from property income received and paid by general government, the interest and dividends shown in this account are only those received and paid by companies.

The *financial enterprises (including the nominal industry) income and outlay account* is shown receiving net operating surplus from the domestic production account and property income from

other sectors. This total of receipts is appropriated to various transfer payments (interest, etc., income tax and dividends) and the saving of the sector consisting of retained income of public financial enterprises and undistributed income of companies. The disbursements shown for the sector include interest on life and superannuation funds imputed to households. This represents earnings accumulated for policy holders and members and is shown as paid to the household income and outlay account where it contributes to household saving.

The *households (including unincorporated enterprises) income and outlay account* is shown receiving net operating surplus from the domestic production account in respect of unincorporated enterprises and dwellings owned by persons. In order to show the net income from these activities, related interest payments (which could be shown on the disbursements side) are here shown as a deduction from net operating surplus. Wages, salaries and supplements is also received from the domestic production account. In addition to these primary incomes, transfer incomes are received from other sectors (interest, etc., dividends, cash benefits from general government and transfers from overseas). On the disbursements side are shown payments for goods and services for final consumption and transfer payments (consumer debt interest, taxes and transfers overseas). The balance is the saving of the sector which is transferred to the sector capital account.

Household income includes interest on life and superannuation funds but not pensions received from superannuation funds nor claims on life insurance policies. These are treated as capital transactions involving only the exchange of one asset (equity in life insurance and superannuation funds) for another (cash). However, age and invalid pensions paid by general government are included in household income.

Estate and gift duties are treated as current receipts by general government and also as current payments by persons even though the individual payers may regard them as of a capital nature. All personal gifts and transfers to or from overseas are also treated as current. Personal transfers to and from overseas include such items as legacies and migrants' funds, which the persons concerned may think of as of a capital nature.

Net current expenditure on goods and services by non-profit organisations serving persons is included in private final consumption expenditure. Expenditure on buildings (e.g. churches, private schools, clubs) is treated as capital expenditure and excluded from this account.

The *general government income and outlay 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 current outlay 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 outlay excludes all expenditure on roads, because a satisfactory distinction between new works and maintenance cannot be made. All defence expenditure is included in current outlay.

The income from public enterprises shown in this account consists of the income actually transferred to general government by public financial enterprises, and the whole of the income of public trading enterprises as measured by their net operating surplus. The net operating surplus of public trading enterprises is derived by deducting from their gross operating surplus any depreciation shown by these enterprises in their published accounts, except in the case of enterprises which are at present analysed on the basis of cash accounts in which depreciation is not allowed (usually enterprises whose accounts are included in Commonwealth or State public accounts). As in the case of households, all overseas gifts are included in the income and outlay account. These include gifts for international relief, technical assistance, etc., grants, contributions to international organisations and expenditure in connection with the administration of Papua New Guinea.

### **Estimates at constant prices**

For certain kinds of intertemporal comparison, it is desirable to derive measures which attempt to remove the direct effect of price changes during the periods under review. Such estimates, conventionally described as 'at constant prices', are presented in Tables 2 and 5 for gross domestic product, exports and imports of goods and services, and gross national expenditure and its principal components.

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

Gross domestic 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 domestic product at constant prices shown in Table 2. Their sub-division into gross farm product and gross non-farm product has been estimated by deriving gross farm product by the production method (revaluing farm output and farm usage of intermediate goods and services to obtain gross farm product as the difference) and deducting this from total gross domestic product to obtain gross non-farm product.

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

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

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

Part 1 of *Australian National Accounts, National Income and Expenditure, 1974-75* contains a fuller discussion of the conceptual problems involved in making these estimates and Appendix B of that publication contains a brief account of the sources and methods used in preparing the estimates.

### Reliability and revisions

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

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

It is not possible to put precise limits on the degree of revision likely to any particular series, nor to state degrees of reliability in a statistical sense. These depend in large part on the range and quality of the basic statistical data. For illustrations of common causes of revisions reference should be made to *Australian National Accounts, National Income and Expenditure, 1974-75*.

## National income and expenditure tables

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

TABLE 1  
DOMESTIC PRODUCTION ACCOUNT  
(\$ million)

	1970-71	1971-72	1972-73	1973-74	1974-75
Final consumption expenditure—					
1 Private . . . . .	19,991	22,189	24,836	29,072	34,541
2 Government . . . . .	4,198	4,760	5,441	6,756	9,092
Gross fixed capital expenditure—					
3 Private . . . . .	5,851	6,311	6,586	7,956	8,788
4 Public enterprises . . . . .	1,550	1,774	1,777	2,013	2,654
5 General government . . . . .	1,377	1,520	1,692	1,951	2,710
6 Increase in stocks . . . . .	327	-113	-340	1,602	836
7 Statistical discrepancy . . . . .	-318	-151	216	1,195	547
<i>Gross national expenditure</i> . . . . .	<i>32,976</i>	<i>36,290</i>	<i>40,208</i>	<i>50,545</i>	<i>59,168</i>
8 Exports of goods and services . . . . .	5,070	5,633	6,949	7,774	9,782
9 Less Imports of goods and services . . . . .	5,118	5,194	5,327	7,650	9,947
<b>Expenditure on gross domestic product</b> . . . . .	<b>32,928</b>	<b>36,729</b>	<b>41,830</b>	<b>50,669</b>	<b>59,003</b>
10 Wages, salaries and supplements . . . . .	17,936	20,068	22,417	27,518	35,190
Gross operating surplus—					
Trading enterprises—					
11a Companies . . . . .	4,719	5,098	5,984	6,690	6,201
11b Unincorporated enterprises . . . . .	4,223	4,731	5,796	7,499	7,005
11c Dwellings owned by persons . . . . .	1,828	2,100	2,410	2,847	3,478
11d Public enterprises . . . . .	1,077	1,218	1,270	1,244	1,146
11e Financial enterprises . . . . .	591	676	792	852	937
11f Less Imputed bank service charge . . . . .	744	853	1,068	1,331	1,625
<i>Gross domestic product at factor cost</i> . . . . .	<i>29,630</i>	<i>33,038</i>	<i>37,601</i>	<i>45,319</i>	<i>52,332</i>
12 Indirect taxes less subsidies . . . . .	3,298	3,691	4,229	5,350	6,671
<b>Gross domestic product</b> . . . . .	<b>32,928</b>	<b>36,729</b>	<b>41,830</b>	<b>50,669</b>	<b>59,003</b>
Gross farm product . . . . .	2,004	2,237	3,052	4,478	3,623
Gross non-farm product . . . . .	30,924	34,492	38,778	46,191	55,380

TABLE 2  
EXPENDITURE ON GROSS DOMESTIC PRODUCT AT AVERAGE 1966-67 PRICES  
(\$ million)

	1970-71	1971-72	1972-73	1973-74	1974-75
Final consumption expenditure—					
Private . . . . .	17,140	17,911	18,997	20,008	20,348
Government . . . . .	3,229	3,272	3,439	3,668	3,886
Gross fixed capital expenditure—					
Private . . . . .	4,983	5,020	4,964	5,353	4,842
Public . . . . .	2,455	2,600	2,534	2,571	2,823
Increase in stocks . . . . .	313	-95	-184	1,004	562
Statistical discrepancy . . . . .	-259	-110	172	815	321
<i>Gross national expenditure</i> . . . . .	<i>27,861</i>	<i>28,598</i>	<i>29,922</i>	<i>33,419</i>	<i>32,782</i>
Exports of goods and services . . . . .	5,165	5,501	5,715	5,501	5,845
Less Imports of goods and services . . . . .	4,866	4,715	4,906	6,438	6,462
<b>Expenditure on gross domestic product</b> . . . . .	<b>28,160</b>	<b>29,384</b>	<b>30,731</b>	<b>32,482</b>	<b>32,165</b>
Gross farm product . . . . .	2,528	2,748	2,459	2,544	2,738
Gross non-farm product . . . . .	25,632	26,636	28,272	29,938	29,427

TABLE 3  
NATIONAL INCOME AND OUTLAY ACCOUNT  
(S million)

	1970-71	1971-72	1972-73	1973-74	1974-75
10 Wages, salaries and supplements . . . . .	17,936	20,068	22,417	27,518	35,190
11g Net operating surplus . . . . .	8,876	9,888	11,892	14,213	13,151
<i>Domestic factor incomes</i> . . . . .	26,812	29,956	34,309	41,731	48,341
13 Less Net income paid overseas . . . . .	393	387	408	311	457
12a Indirect taxes . . . . .	3,587	4,079	4,552	5,629	6,999
12b Less Subsidies . . . . .	289	388	323	279	328
<i>National income</i> . . . . .	29,717	33,260	38,130	46,770	54,555
14 Less Net transfers to overseas . . . . .	138	152	231	319	265
<i>National disposable income</i> . . . . .	29,579	33,108	37,899	46,451	54,290
Final consumption expenditure—					
1 Private . . . . .	10,991	22,189	24,836	29,072	34,541
2 Government . . . . .	4,198	4,760	5,441	6,756	9,092
15 } Saving . . . . .	5,390	6,159	7,622	10,623	10,657
to } . . . . .					
20 } Disposal of income . . . . .	29,579	33,108	37,899	46,451	54,290

NOTE. Items in all current price tables are numbered from 1 to 26, 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 504-8. In some cases the items correspond exactly, while in other cases an entry in one table is the sum of two or more entries in other tables; here the total is given a number, and the components have a number and a letter. In the remaining type of case all entries are given the same number and a distinguishing letter, because in this group one item is not the sum of one or more entries. The relationship between these items can still be traced through because the sum of all credit entries must equal the sum of all debit entries.

TABLE 4  
NATIONAL CAPITAL ACCOUNT  
(S million)

	1970-71	1971-72	1972-73	1973-74	1974-75
11h Depreciation allowances . . . . .	2,818	3,082	3,292	3,588	3,991
Saving—					
15 Increase in income tax provisions . . . . .	27	142	491	990	-452
16 Undistributed (company) income . . . . .	838	849	1,028	961	-179
17 Retained income of public financial enterprises . . . . .	108	112	174	181	209
18 Household saving . . . . .	2,213	2,593	3,789	5,413	7,728
19 General government surplus on current transactions . . . . .	2,153	2,408	2,065	2,991	3,000
20 General government grants for private capital purposes . . . . .	51	55	75	87	133
26 Extraordinary insurance claims paid . . . . .	..	..	..	..	218
<i>Finance of gross accumulation</i> . . . . .	8,208	9,241	10,914	14,211	14,648
Gross fixed capital expenditure—					
Private—					
3a Dwellings . . . . .	1,549	1,785	2,122	2,583	2,501
3b Other building and construction . . . . .	1,392	1,451	1,364	1,592	1,978
3c All other . . . . .	2,910	3,075	3,100	3,781	4,309
4 Public enterprises . . . . .	1,550	1,774	1,777	2,013	2,654
5 General government . . . . .	1,377	1,520	1,692	1,951	2,710
<i>Total gross fixed capital expenditure</i> . . . . .	8,778	9,605	10,055	11,920	14,152
Increase in stocks—					
6a Farm and miscellaneous . . . . .	-46	-142	-264	776	359
6b Private non-farm . . . . .	373	29	-76	826	477
7 Statistical discrepancy . . . . .	-318	-151	216	1,195	547
21 Net lending to overseas . . . . .	-579	-100	983	-506	-887
<i>Gross accumulation</i> . . . . .	8,208	9,241	10,914	14,211	14,648

TABLE 5  
GROSS FIXED CAPITAL EXPENDITURE AND INCREASE IN STOCKS AT  
AVERAGE 1966-67 PRICES  
(\$ million)

	1970-71	1971-72	1972-73	1973-74	1974-75
Gross fixed capital expenditure—					
Private—					
Dwellings . . . . .	1,342	1,438	1,577	1,598	1,257
Other building and construction . . . . .	1,162	1,128	993	1,010	995
All other . . . . .	2,479	2,454	2,394	2,746	2,590
<i>Total private</i> . . . . .	<i>4,983</i>	<i>5,020</i>	<i>4,964</i>	<i>5,353</i>	<i>4,842</i>
Public . . . . .	2,455	2,600	2,534	2,571	2,823
<b>Total</b> . . . . .	<b>7,438</b>	<b>7,620</b>	<b>7,498</b>	<b>7,924</b>	<b>7,665</b>
Increase in stocks—					
Farm and miscellaneous . . . . .	-20	-122	-123	415	245
Private non-farm . . . . .	333	27	-61	589	317
<b>Total</b> . . . . .	<b>313</b>	<b>-95</b>	<b>-184</b>	<b>1,004</b>	<b>562</b>

TABLE 6  
OVERSEAS TRANSACTIONS ACCOUNT  
(\$ million)

	1970-71	1971-72	1972-73	1973-74	1974-75
9a Imports f.o.b. . . . .	3,790	3,792	3,808	5,753	7,658
9b Transportation . . . . .	832	804	841	1,169	1,465
9c Travel . . . . .	199	264	321	341	388
9d Government transactions . . . . .	127	124	122	116	150
9e Other goods and services . . . . .	170	210	235	271	286
<i>9 Imports of goods and services</i> . . . . .	<i>5,118</i>	<i>5,194</i>	<i>5,327</i>	<i>7,650</i>	<i>9,947</i>
13a Property income to overseas . . . . .	544	593	704	719	827
14a Personal transfers overseas . . . . .	134	172	217	253	235
14b General government transfers overseas . . . . .	185	206	252	289	350
21 Net lending to overseas . . . . .	-579	-100	983	-506	-887
<b>Use of current receipts.</b> . . . .	<b>5,402</b>	<b>6,065</b>	<b>7,483</b>	<b>8,405</b>	<b>10,472</b>
8a Exports f.o.b. . . . .	4,230	4,741	6,015	6,694	8,463
8b Transportation . . . . .	474	498	571	680	827
8c Travel . . . . .	135	131	123	162	210
8d Government transactions . . . . .	82	90	90	93	107
8e Other goods and services . . . . .	149	173	150	145	175
<i>8 Exports of goods and services</i> . . . . .	<i>5,070</i>	<i>5,633</i>	<i>6,949</i>	<i>7,774</i>	<i>9,782</i>
13b Property income from overseas . . . . .	151	206	296	408	370
Transfers from overseas—					
14c Personal . . . . .	181	226	238	223	245
14d Extraordinary insurance claims . . . . .	..	..	..	..	75
<b>Current receipts from overseas</b> . . . . .	<b>5,402</b>	<b>6,065</b>	<b>7,483</b>	<b>8,405</b>	<b>10,472</b>



TABLE 7  
CORPORATE TRADING ENTERPRISES (INCLUDING PUBLIC TRADING ENTERPRISES)  
INCOME AND OUTLAY ACCOUNT  
(\$ million)

	1970-71	1971-72	1972-73	1973-74	1974-75
Net operating surplus—					
11i Trading enterprise companies . . . . .	3,416	3,623	4,429	4,980	4,218
11j Public trading enterprises . . . . .	630	729	737	665	555
13c Interest, etc. received . . . . .	216	235	267	399	496
13d Dividends received . . . . .	72	82	101	144	133
<b>Receipts . . . . .</b>	<b>4,334</b>	<b>4,669</b>	<b>5,534</b>	<b>6,188</b>	<b>5,402</b>
13e Interest etc. paid . . . . .	803	900	1,038	1,251	1,683
25a Third party insurance transfers to persons . . . . .	39	44	50	66	83
22a Public enterprise income . . . . .	630	729	737	665	555
Company income—					
15a Income tax payable . . . . .	1,367	1,448	1,885	2,408	n.a.
13f Dividends paid . . . . .	834	885	980	1,011	n.a.
16a Undistributed income . . . . .	661	663	844	787	n.a.
	2,862	2,996	3,709	4,206	3,081
<b>Disbursements . . . . .</b>	<b>4,334</b>	<b>4,669</b>	<b>5,534</b>	<b>6,188</b>	<b>5,402</b>

TABLE 8  
FINANCIAL ENTERPRISES (INCLUDING THE NOMINAL INDUSTRY) INCOME AND  
OUTLAY ACCOUNT  
(\$ million)

	1970-71	1971-72	1972-73	1973-74	1974-75
11k Net Operating Surplus . . . . .	494	571	676	713	775
11f Less imputed bank service charge . . . . .	744	853	1,068	1,331	1,625
13g Interest etc. received . . . . .	2,086	2,407	2,889	3,791	4,820
13h Dividends received . . . . .	106	117	130	145	148
14d Extraordinary insurance claims from overseas . . . . .	..	..	..	..	75
<b>Receipts . . . . .</b>	<b>1,942</b>	<b>2,242</b>	<b>2,627</b>	<b>3,318</b>	<b>4,193</b>
13i Interest on life and superannuation funds imputed to households . . . . .	531	604	689	755	877
13j Other interest etc. paid . . . . .	853	1,017	1,218	1,811	2,417
15b Income tax on life and superannuation funds . . . . .	19	21	25	53	62
26 Extraordinary insurance claims paid . . . . .	..	..	..	..	218
Public enterprise income—					
22b Paid to general government . . . . .	57	64	40	26	12
17 Retained income . . . . .	108	112	174	181	209
	165	176	214	207	221
Company income—					
15c Income tax payable . . . . .	120	142	179	192	n.a.
13k Dividends paid . . . . .	77	96	118	126	n.a.
16b Undistributed income . . . . .	177	186	184	174	n.a.
	374	424	481	492	398
<b>Disbursements . . . . .</b>	<b>1,942</b>	<b>2,242</b>	<b>2,627</b>	<b>3,318</b>	<b>4,193</b>

TABLE 9  
HOUSEHOLD (INCLUDING UNINCORPORATED ENTERPRISES) INCOME AND  
OUTLAY ACCOUNT  
(\$ million)

	1970-71	1971-72	1972-73	1973-74	1974-75
Net operating surplus—					
11/ Dwellings owned by persons . . . . .	1,561	1,803	2,084	2,479	3,069
11m Unincorporated enterprises . . . . .	3,519	4,015	5,034	6,707	6,159
13/ Less Interest, etc., paid relating thereto . . . . .	924	1,038	1,244	1,685	2,169
25b Third party insurance transfers to persons . . . . .	30	36	39	51	65
Income from unincorporated enterprises and dwellings owned by persons . . . . .					
10 Wages, salaries and supplements . . . . .	4,126	4,744	5,835	7,450	6,994
13i Interest on life and superannuation funds (imputed) . . . . .	17,936	20,068	22,417	27,518	35,190
13m Other interest, etc., received . . . . .	531	604	689	755	877
13n Dividends received . . . . .	856	975	1,155	1,574	2,098
Transfers from general government—					
23a Cash benefits . . . . .	536	583	593	606	595
23b Unfunded employee retirement benefits . . . . .	1,854	2,168	2,694	3,256	4,531
25 Third party insurance transfers . . . . .	..	..	..	65	88
14c Transfers from overseas . . . . .	69	80	89	117	148
	181	226	238	223	245
<b>Receipts . . . . .</b>	<b>26,089</b>	<b>29,448</b>	<b>33,710</b>	<b>41,564</b>	<b>50,766</b>
Disbursements					
1 Private final consumption expenditure . . . . .	19,991	22,189	24,836	29,072	34,541
13o Consumer debt interest . . . . .	220	239	277	432	538
15d Income tax payable . . . . .	3,123	3,815	4,103	5,835	7,144
24 Other direct taxes, fees, fines, etc. . . . .	408	440	488	559	580
14a Transfers overseas . . . . .	134	172	217	253	235
18 Saving . . . . .	2,213	2,593	3,789	5,413	7,728
<b>Disbursements . . . . .</b>	<b>26,089</b>	<b>29,448</b>	<b>33,710</b>	<b>41,564</b>	<b>50,766</b>

TABLE 10  
GENERAL GOVERNMENT INCOME AND OUTLAY ACCOUNT  
(\$ million)

	1970-71	1971-72	1972-73	1973-74	1974-75
22 Income from public enterprises . . . . .	687	793	777	691	567
13p Interest, etc., received . . . . .	278	298	340	414	524
12a Indirect taxes . . . . .	3,587	4,079	4,552	5,629	6,999
Direct taxes on income—					
15e Companies, etc. . . . .	1,427	1,519	1,617	2,013	2,431
15f Households . . . . .	3,175	3,765	4,084	5,485	7,709
24 Other direct taxes, fees, fines, etc. . . . .	408	440	488	559	580
<b>Receipts . . . . .</b>	<b>9,562</b>	<b>10,894</b>	<b>11,858</b>	<b>14,791</b>	<b>18,810</b>
Disbursements					
2 Final consumption expenditure . . . . .	4,198	4,760	5,441	6,756	9,092
12b Subsidies . . . . .	289	388	323	279	328
13q Interest, etc., paid . . . . .	832	909	1,008	1,068	1,288
Transfers to persons—					
23a Cash benefits . . . . .	1,854	2,168	2,694	3,256	4,531
23b Unfunded employee retirement benefits . . . . .	..	..	..	65	88
20 Grants for private capital purposes . . . . .	51	55	75	87	133
14b Transfers overseas . . . . .	185	206	252	289	350
19 Surplus on current transactions . . . . .	2,153	2,408	2,065	2,991	3,000
<b>Disbursements . . . . .</b>	<b>9,562</b>	<b>10,894</b>	<b>11,858</b>	<b>14,791</b>	<b>18,810</b>

TABLE 11  
MAIN AGGREGATES AT CURRENT PRICES, 1951-52 TO 1974-75  
(\$ million)

Year	1		2	3	4	5	6	7
	<i>Final consumption expenditure</i>		<i>Private gross fixed capital expenditure</i>	<i>Public gross fixed capital expenditure</i>	<i>Increase in stocks</i>	<i>Statistical discrepancy</i>	<i>(1 to 6)</i> <i>Gross national expenditure</i>	
	<i>Private</i>	<i>Government</i>						
1951-52	5,023	803	1,132	806	377	70	8,211	
1952-53	5,334	925	1,143	794	-294	-239	7,661	
1953-54	5,860	874	1,320	808	109	-107	8,864	
1954-55	6,375	936	1,482	871	166	42	9,872	
1955-56	6,852	1,043	1,640	927	229	-52	10,639	
1956-57	7,327	1,086	1,717	950	-45	-158	10,877	
1957-58	7,682	1,121	1,858	998	56	-7	11,708	
1958-59	8,089	1,223	1,922	1,100	253	-71	12,516	
1959-60	8,874	1,312	2,191	1,214	168	111	13,870	
1960-61	9,416	1,410	2,415	1,256	478	42	15,017	
1961-62	9,703	1,529	2,328	1,402	-219	-74	14,669	
1962-63	10,400	1,634	2,580	1,443	253	-102	16,205	
1963-64	11,225	1,785	2,913	1,603	120	-96	17,550	
1964-65	12,145	2,043	3,403	1,866	560	17	20,034	
1965-66	12,920	2,384	3,660	2,059	113	-114	21,022	
1966-67	13,954	2,702	3,829	2,180	363	-223	22,805	
1967-68	15,258	3,052	4,168	2,366	146	-329	24,661	
1968-69	16,507	3,334	4,731	2,531	669	-335	27,437	
1969-70	18,156	3,634	5,167	2,746	448	-195	29,956	
1970-71	19,991	4,198	5,851	2,927	327	-318	32,976	
1971-72	22,189	4,760	6,311	3,294	-113	-151	36,290	
1972-73	24,836	5,441	6,586	3,469	-340	216	40,208	
1973-74	29,072	6,756	7,956	3,964	1,602	1,195	50,545	
1974-75	34,541	9,092	8,788	5,364	836	547	59,168	

Year	8		9	10	11	12	13	14
	<i>Exports of goods and services</i>		<i>Imports of goods and services</i>	<i>Gross domestic product</i>	<i>Gross domestic product at factor cost</i>	<i>National income</i>	<i>Household income</i>	<i>Wages, salaries and supplements</i>
				(7 + 8 - 9)				
1951-52	1,493	2,437	7,267	6,453	6,852	6,297	3,935	
1952-53	1,893	1,312	8,242	7,452	7,753	7,047	4,255	
1953-54	1,750	1,601	9,013	8,118	8,419	7,377	4,534	
1954-55	1,714	1,983	9,603	8,623	8,908	7,897	4,964	
1955-56	1,719	1,953	10,405	9,342	9,612	8,572	5,444	
1956-57	2,191	1,736	11,332	10,135	10,472	9,158	5,758	
1957-58	1,805	1,925	11,588	10,291	10,546	9,163	5,980	
1958-59	1,892	1,960	12,448	11,100	11,306	9,864	6,273	
1959-60	2,134	2,286	13,718	12,243	12,472	10,834	6,961	
1960-61	2,177	2,603	14,591	13,020	13,228	11,644	7,500	
1961-62	2,464	2,205	14,928	13,382	13,490	12,052	7,722	
1962-63	2,504	2,620	16,089	14,446	14,530	12,816	8,148	
1963-64	3,169	2,873	17,846	16,074	16,133	14,196	8,860	
1964-65	3,049	3,485	19,598	17,641	17,713	15,498	9,906	
1965-66	3,151	3,629	20,544	18,407	18,479	16,251	10,674	
1966-67	3,477	3,711	22,571	20,305	20,298	17,954	11,636	
1967-68	3,577	4,155	24,063	21,586	21,575	18,850	12,645	
1968-69	3,913	4,276	27,074	24,338	24,337	21,101	13,974	
1969-70	4,749	4,764	29,941	26,922	26,912	23,275	15,654	
1970-71	5,070	5,118	32,928	29,630	29,717	26,089	17,936	
1971-72	5,633	5,194	36,729	33,038	33,260	29,448	20,068	
1972-73	6,949	5,327	41,830	37,601	38,130	33,710	22,417	
1973-74	7,774	7,650	50,669	45,319	46,770	41,564	27,518	
1974-75	9,782	9,947	59,003	52,332	54,555	50,766	35,190	

### Description of items in the National Income and Expenditure Accounts

*Item 1. Final consumption expenditure—private.* Net expenditure on goods and services for purposes of consumption by persons and private non-profit organisations serving households. This item excludes the purchase of dwellings and capital expenditure by unincorporated businesses and non-profit organisations (included in item 3), and maintenance of dwellings (treated as expenses of private enterprises), but includes personal expenditure on motor vehicles and other durable goods and the imputed rent of owner-occupied dwellings. Purchase of motor vehicles is the estimated expenditure by persons on new motor vehicles, second-hand motor vehicles purchased from business enterprises and general government, and net dealers' margins on purchases and sales of motor vehicles between persons. Motor vehicles include cars, station wagons, motor cycles, and motor scooters bought for personal use. The value of food produced and consumed on farms is included, and the payment of wages and salaries in kind (e.g. food and lodging provided free to employees) is included in both household income and private final consumption expenditure. Goods and services purchased by business or general government, e.g. as expense-account allowances to employees, are excluded.

*Item 2. Final consumption expenditure—government.* Expenditure by public authorities (other than those classified as public enterprises) which does not result in the creation of fixed tangible assets or in the acquisition of land, buildings or second-hand goods. It comprises expenditure on wages, salaries, and supplements, and on goods and services other than fixed assets and stocks. Fees, etc., charged by general government for goods sold and services rendered are offset against purchases. Net expenditure overseas by general government and purchases from public enterprises are included. All government expenditure on defence is classified as final consumption expenditure.

*Item 3. Gross fixed capital expenditure—private.* Expenditure on fixed assets whether for additions or replacements. This item includes expenditure on dwellings (item 3a), other building and construction (item 3b), and vehicles, plant machinery, etc. (item 3c). It includes also expenditure on second-hand assets as well as new assets, less sales of existing assets. Expenditure on ordinary repair and maintenance of fixed assets is excluded as being chargeable to current account. Major additions are, however, regarded as capital expenditure. Dwellings purchased by persons from public housing authorities, including previously rented houses, are included in private capital expenditure. Net purchases of other land and buildings are not included.

*Item 4. Gross fixed capital expenditure—public enterprises.* Expenditure on new fixed assets whether for additions or replacements, including wages and salaries paid by public enterprises in connection with capital works. Expenditure on houses and flats is estimated by deducting the cost of previously rented dwellings sold to the private sector from the estimated expenditure on construction of dwellings. The sales value of these previously rented dwellings is included in private capital expenditure.

*Item 5. Gross fixed capital expenditure—general government.* Expenditure on new fixed assets whether for additions or replacements, other than for defence purposes. Because it has not been possible to make a satisfactory dissection, all expenditure on roads, including maintenance, is classified as fixed capital expenditure.

*Item 6. Increase in stocks.* The increase in stocks of enterprises and general government. The increase in stocks is calculated on a quarterly basis as the difference between the beginning and end-of-quarter estimates of stock levels, both revalued at average current-quarter prices by means of appropriate price indexes. In Tables 4 and 5 this item is subdivided into two components:

*Item 6a. Farm and miscellaneous.* This consists of increases in farm stocks and public authority stocks.

*Item 6b. Private non-farm.* This is the increase in stocks of private non-farm enterprises.

*Item 7. Statistical discrepancy.* The difference between the sum of the direct estimates of gross domestic 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 domestic production account implies nothing as to the relative accuracy of the estimates of gross domestic product and national 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 8. 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 8a. Exports f.o.b.* The recorded trade figures adjusted for balance of payments purposes. The adjustments are similar to those made to the recorded import figures except that no change is made to the basis of valuation.

*Item 8b. Transportation (receipts).* The expenditure of overseas carriers in Australian ports, the overseas earnings of Australian shipping and airline operators in respect of passenger fares, and their earnings from freight on exports from Australia, carriage of goods between foreign ports, etc.

*Item 8c. Travel (receipts).* Expenditure in Australia of persons visiting for pleasure or business, including expenditure in Australia of students studying under the Colombo Plan.

*Item 8d. Government transactions (receipts).* Includes receipts for services rendered by the Commonwealth government to other governments and international organisations, including services provided under joint defence projects and payments in Australia by foreign governments on diplomatic, consular and trade representation and for pensions.

*Item 8e. Other goods and services (receipts).* The value of Australian production of gold (including recoveries from scrap) less net industrial usage, business expenses of overseas firms in Australia, and commissions, brokerage, etc.

*Item 9. 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 9a. Imports f.o.b.* Recorded trade figures adjusted for the purpose of balance of payments estimates. The principal adjustments are 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, the addition of unrecorded imports including ships and aircraft for use on overseas routes, and the subtraction of films imported on a rental basis, imports of gold, passengers' personal effects, goods for repair and goods intended for re-export.

*Item 9b. Transportation (payments).* Freight payable to foreign carriers on goods imported into Australia and transported between Australian ports and fares payable in Australia to overseas shipping and airline companies. It also includes the overseas expenditure of Australian ships and aircraft, and net marine insurance payable overseas in respect of both exports and imports.

*Item 9c. Travel (payments).* Expenditure in other countries by Australians visiting overseas for pleasure or business.

*Item 9d. Government transactions (payments).* Expenditure overseas for defence, including the pay and allowances of personnel serving overseas, expenditure overseas on diplomatic, consular and trade representation, government pensions paid abroad, administrative expenditure overseas on immigration, and other miscellaneous payments for services.

*Item 9e. Other goods and services (payments).* Administrative and promotional expenditure overseas by Australian firms, cinema and television film rentals and commissions, brokerage, etc., payable overseas, and the value of repairs on goods previously exported for repair and return.

*Item 10. Wages, salaries and supplements.* Payments by producers to their employees 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. Employees cover all persons engaged in the activities of incorporated business units and in the production of government services and services of non-profit organisations, members of the armed forces, and all persons engaged in the activities of unincorporated enterprises except the proprietors and unpaid members of the family. 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. To be consistent with the definition of the workforce, payments to trainee teachers are excluded from estimates of wages and salaries. 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. Employers' contributions to pension and superannuation funds, in general, reflect the accruing liability to employees. Some governments contribute to their superannuation funds only as payments of benefits are made. In such cases it would be proper to impute payments as the liability accrues. This has not been done in these estimates except in respect of the Postal and Telecommunications Commissions where, in their commercial accounts, the accruing liability is debited as a working expense. 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 23.

*Item 11. Gross operating surplus.* The operating surplus, before deduction of depreciation provisions, dividends, interest, royalties and land rent, and direct taxes payable, but after deducting stock valuation adjustment, of all enterprises, trading and financial, from operations in Australia. It is the excess of gross output over the sum of intermediate consumption, wages, salaries and supplements, and indirect taxes less subsidies. Gross operating surplus includes third party motor vehicle and public risk insurance claims paid to persons in respect of policies taken out by enterprises. 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 11a), unincorporated enterprises (item 11b), dwellings owned by persons (item 11c), and public enterprises (item 11d). Financial enterprises comprise banks, insurance offices, superannuation funds and other enterprises primarily engaged in incurring liabilities and acquiring financial assets in the market. The gross operating surplus of financial enterprises (item 11e) includes an imputed bank service charge which represents a reclassification of a part of interest receipts as a charge for organising finance in contrast to a pure interest element. The imputed bank service charge (item 11f) is not allocated among customers (which would have the effect of reducing their respective operating surpluses), but is shown in the production account as a negative adjustment to operating surpluses generally. *Net operating surplus* (item 11g) is, in principle, the operating surplus after providing for the consumption of fixed capital, and is estimated by deducting depreciation allowances from gross operating surplus. Net operating surplus is shown separately for trading enterprise companies (item 11i), public trading enterprises (item 11j), financial enterprises (item 11k), dwellings owned by persons (item 11l) and unincorporated enterprises (item 11m). *Depreciation allowances* (item 11h) are financial provisions made for depreciation and 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.

*Item 12. Indirect taxes less subsidies.* Indirect taxes (item 12a) are taxes assessed on producers, i.e. enterprises and general government, in respect of the production, sale, purchase or use of goods and services, which are charged to the expenses of production. Subsidies (item 12b) are grants made by general government to enterprises which are credited to their production accounts. These grants may take the form of bounties on goods produced, payments to ensure a guaranteed price or to enable maintenance of prices of goods or services below cost of production, and other forms of assistance to producers. Losses of public trading enterprises are included in *income from public enterprises*.

*Item 13. Dividends and interest, etc.* Receipts and payments of dividends including dividends paid overseas and the remitted profits of Australian branches of overseas enterprises; and receipts and payments of interest, royalties and land rent. In most tables dividends are shown separately from interest etc. The items are shown net of intra-sector receipts and payments. *Net income paid overseas* comprises payments of dividends and interest etc. to overseas less receipts of dividends and interest etc. from overseas. *Interest on life and superannuation funds imputed to households* (13i), represents the net earnings after tax, of these funds from dividends, interest, rental charges and other income which are accumulated for the benefit of policy holders and members.

*Item 14. Transfers to and from overseas.* 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 14a. Personal transfers overseas.* Gifts of money by resident persons and private institutions, payments for sustenance, and transfers of emigrants' funds and legacies from Australia to overseas, together with the value of goods exported as gifts.

*Item 14b. General government transfers overseas.* Grants to, and payments made on behalf of Papua New Guinea and expenditure overseas in respect of technical assistance and relief under the Colombo Plan and United Nations and other aid projects. Includes contributions to United Nations and other international organisations due by virtue of membership of these organisations.

*Item 14c. Personal transfers from overseas.* Gifts of money received from non-resident persons and private institutions, receipts for sustenance, and transfers of immigrants' funds and legacies from overseas to Australia, together with the value of goods imported as gifts.

*Item 14d. Extraordinary insurance claims from overseas.* Claims arising out of the Darwin cyclone of 25 December 1974. See also note to item 26.

*Item 15. Income tax.* Income tax payable by trading and financial companies (15a and 15c), life and superannuation funds (15b) and households (15d) are amounts payable at rates of taxation applicable in each year. Income tax payable by households includes the total income tax payable

by individuals on all forms of income, whether wages, business income or property income. *Increase in income tax provisions*, the difference between the amounts of income tax payable in respect of the income of the year and the cash receipts by general government during the year, is a component of the savings of the nation.

*Item 16. Undistributed income.* The undistributed income of companies comprising trading enterprise companies (item 16a) and financial enterprise companies (item 16b) is the balance of company income, including dividends received from other sectors (items 13d and 13h) after deduction of income tax payable and dividends paid. No imputation is made to the beneficial owners and therefore the whole of the undistributed income is regarded as saving by resident enterprises. The income, and consequently the undistributed income, of financial enterprise companies includes increases in provisions for unexpired risks of casualty insurance companies and health insurance funds.

*Item 17. Retained income of public financial enterprises.* The net income of public financial enterprises (mainly government banks and insurance offices) less payments from net income to general government. The payments to general government may be described in the accounts of the enterprises as dividends, income tax, payments in lieu of income tax or transfers of profit. The retained income of public financial enterprises includes increases in provisions for unexpired risks of government insurance offices on casualty insurance, but excludes net earnings on life insurance funds (item 13i).

*Item 18. Household saving.* The excess of household income over the sum of private final consumption expenditure, interest paid, income tax payable, other direct taxes, fees, fines, etc., and transfers overseas. Household saving is estimated as the balancing item in the household income and outlay account. It includes saving through life insurance and superannuation funds (including net earnings on these funds) and the increase in assets with marketing boards. Household 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 households and the increase in the equity of households in dwellings and in capital equipment, buildings and stocks of unincorporated enterprises.

*Item 19. Surplus on general government current transactions.* The excess of income, including the whole of the net income of public trading enterprises, over current outlay. Current outlay includes final consumption expenditure, as defined in item 2, and transfer payments (interest, cash benefits, subsidies, grants for private capital purposes, and transfers overseas). The surplus is transferred to the general government capital account where it is shown as part of total funds available for financing capital accumulation.

*Item 20. General government grants for private capital purposes.* Grants to meet part of the costs of private capital expenditure, e.g. Home Savings grants, grants towards construction of science laboratories and libraries in private schools and of houses for aged persons, payments under the Currency Act in relation to the conversion of accounting and other machines following introduction of decimal currency; and compensation to primary industry marketing authorities for losses on overseas debts resulting from sterling devaluation.

*Item 21. Net lending.* The excess of net acquisition of financial assets by transactors over their net incurrence of liabilities. The net lending to overseas is the balance on current transactions in the overseas transactions account. However, it should be noted that it differs from the balance on current account shown in the balance of payments statistics by the net amount of undistributed income accruing overseas. The concept of net lending to overseas includes additions to overseas monetary reserves.

*Item 22. Public enterprise income paid to general government.* Includes the whole of the income of public trading enterprises and that part of the income of public financial enterprises which is paid to general government whether described by the enterprises as dividends, transfer of profits or as income tax. *Public enterprise income* for trading enterprises (item 22a) is equal to net operating surplus, being exclusive of interest received and before charging interest costs relating to the enterprises. (In principle interest receipts and payments of public corporate enterprises should be included in account 7 and only actual transfers to general government in account 10, but all interest costs and interest receipts of public trading enterprises are included with other interest transactions in the general government income and outlay account pending satisfactory identification of the interest relating to public trading enterprises.) *Public enterprise income* for financial enterprises (items 22b plus 17) is the net income after depreciation allowances, interest paid and working expenses are

deducted from receipts of interest and charges for services. Depreciation allowances deducted in arriving at the income of public trading and financial enterprises are those shown in their published accounts, except in the case of some trading enterprises whose accounts, included in the Commonwealth or State budgets, are analysed on the basis of their cash accounts (in which depreciation is not charged).

*Item 23. Transfers to persons.* Consists of *cash benefits* (item 23a) and *unfunded employee retirement benefits* (item 23b). *Cash benefits* includes current transfers to persons from general government in return for which no services are rendered or goods supplied. Principal components are scholarships, hospital, medical, pharmaceutical, maternity, sickness and unemployment benefits; child endowment, widows', age, invalid and repatriation pensions; payments to trainee teachers; and attendance money for waterside workers. *Unfunded employee retirement benefits* covers direct payments of pensions, etc., to employees by way of unfunded retirement benefit schemes.

*Item 24. Other direct taxes, fees, fines, etc.* Estate and gift duties paid and all other taxes, fees for services of a regulatory character, fines and gifts paid by persons to general government. Also included are employee contributions to unfunded retirement benefit schemes.

*Item 25. Third party insurance transfers.* These are amounts which are indirectly transferred from insured enterprises to persons in respect of claims paid to persons on third party motor vehicle and public risk insurance policies taken out by enterprises. The estimates of these claims have been allocated between trading enterprise companies (item 25a) and unincorporated enterprises (item 25b). No amount has been allocated to financial and public enterprises.

*Item 26. Extraordinary insurance claims paid.* Claims paid by casualty insurance companies relate to the excess of actual claims over 'normal' claims for the year 1974-75. This excess resulted from claims for damages caused by the Darwin cyclone of 25 December 1974. These insurance claims are given special treatment in the accounts in order not to distort the estimates (by sector) of gross operating surplus, depreciation and disposable income.