

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 Australian Government Budgets. Detailed annual estimates of national income and expenditure on a revised basis were published in *Australian National Accounts, National Income and Expenditure*, 1972-73 (7.1). Preliminary estimates (less detailed) for 1972-73 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 1973 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 1972-73 Australian National Accounts bulletin.

More recently, the Bureau has been engaged in the compilation of input-output tables for the Australian economy. Preliminary tables for the year 1962-63 were published in February 1971 and the final results were published in *Australian National Accounts, Input-Output Tables 1962-63* (7.11) issued in May 1973.

The figures shown on pages 502-7 are as published in *Australian National Accounts, National Income and Expenditure*, 1972-73.

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*, 1972-73.

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 intermediate usage of goods and services 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.

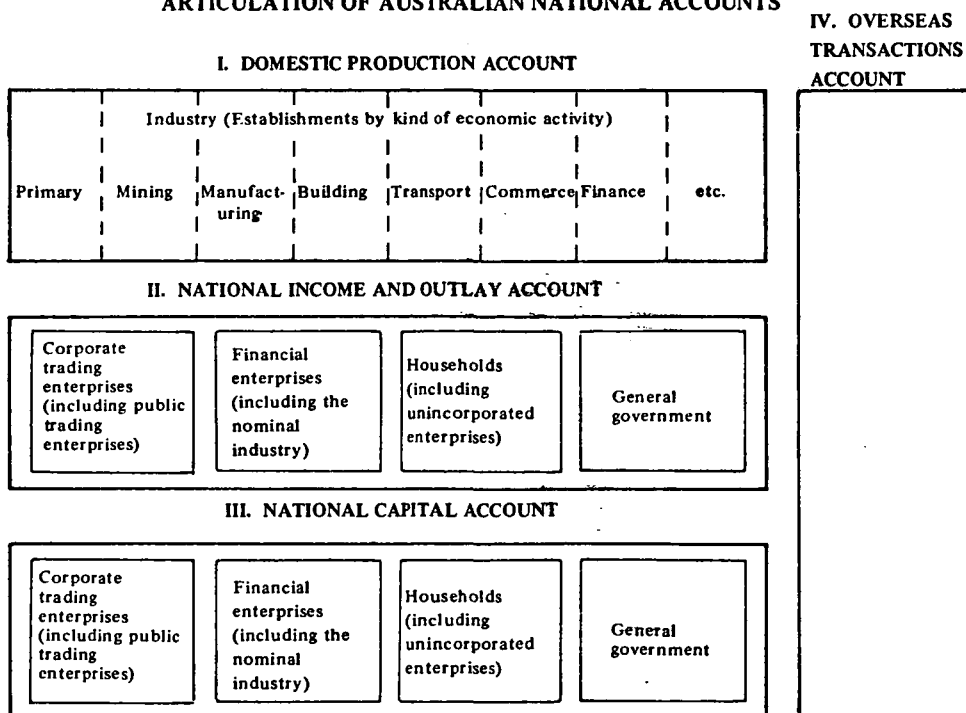
Household income is the total income whether in cash or kind, received by persons normally resident in Australia in return for productive activity (such as wages and supplements, incomes of unincorporated enterprises etc.) and transfer incomes (such as cash social service benefits, interest etc.). It 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. 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, 1972-73* (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 Australian Government 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 types of economic analysis it is useful to examine estimates of the principal flows of goods and services in the economy revalued in such a way as to remove the direct effects of changes in their prices which have occurred over the period under review. Such estimates, conventionally described as 'at constant prices', are presented in Tables 2 and 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, 1972-73* 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, 1972-73*.

National income and expenditure tables

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

TABLE 1
DOMESTIC PRODUCTION ACCOUNT
(\$ million)

	1968-69	1969-70	1970-71	1971-72	1972-73
Final consumption expenditure—					
1 Private	16,220	17,791	19,540	21,579	24,052
2 Government	3,360	3,673	4,235	4,802	5,524
Gross fixed capital expenditure—					
3 Private	4,688	5,208	5,822	6,128	6,189
4 Public enterprises	1,359	1,484	1,517	1,741	1,743
5 General Government	1,172	1,257	1,392	1,526	1,721
6 Increase in stocks	668	495	352	-115	-250
7 Statistical discrepancy	-120	-168	-131	138	422
<i>Gross national expenditure</i>	<i>27,347</i>	<i>29,740</i>	<i>32,727</i>	<i>35,799</i>	<i>39,401</i>
8 Exports of goods and services	3,901	4,757	5,052	5,627	6,915
9 Less Imports of goods and services	4,276	4,764	5,123	5,224	5,333
Expenditure on gross domestic product	26,972	29,733	32,656	36,202	40,983
10 Wages, salaries and supplements	14,028	15,735	18,056	20,241	22,518
Gross operating surplus—					
Trading enterprises—					
11a Companies	3,982	4,477	4,523	4,727	5,379
11b Unincorporated enterprises	4,135	4,157	4,185	4,621	5,680
11c Dwellings owned by persons	1,277	1,453	1,692	1,909	2,146
11d Public enterprises	943	1,055	1,045	1,179	1,180
11e Financial enterprises	426	474	568	650	808
11f Less Imputed bank service charge	569	648	729	831	997
<i>Gross domestic product at factor cost</i>	<i>24,222</i>	<i>26,703</i>	<i>29,340</i>	<i>32,496</i>	<i>36,714</i>
12 Indirect taxes less subsidies	2,750	3,030	3,316	3,706	4,269
Gross domestic product	26,972	29,733	32,656	36,202	40,983
Gross farm product	2,333	2,182	2,002	2,226	3,084
Gross non-farm product	24,639	27,551	30,654	33,976	37,899

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

	1968-69	1969-70	1970-71	1971-72	1972-73
Final consumption expenditure—					
Private	15,280	16,163	16,765	17,437	18,459
Government	3,054	3,123	3,256	3,305	3,493
Gross fixed capital expenditure—					
Private	4,417	4,716	4,963	4,877	4,655
Public	2,354	2,433	2,438	2,571	2,523
Increase in stocks	703	480	356	-142	-229
Statistical discrepancy	-108	-142	-101	122	336
<i>Gross national expenditure</i>	<i>25,700</i>	<i>26,772</i>	<i>27,676</i>	<i>28,170</i>	<i>29,236</i>
Exports of goods and services	3,960	4,723	5,123	5,536	5,792
Less Imports of goods and services	4,271	4,709	4,871	4,761	4,970
Expenditure on gross domestic product	25,389	26,786	27,928	28,944	30,058
Gross farm product	2,644	2,550	2,555	2,730	2,449
Gross non-farm product	22,745	24,235	25,373	26,214	27,609

TABLE 3
NATIONAL INCOME AND OUTLAY ACCOUNT
(\$ million)

	1968-69	1969-70	1970-71	1971-72	1972-73
10 Wages, salaries and supplements	14,028	15,735	18,056	20,241	22,518
11g Net operating surplus	7,763	8,321	8,435	9,167	10,877
Domestic factor incomes	21,791	24,056	26,491	29,408	33,395
13 Less Net income paid overseas	305	387	392	391	415
12a Indirect taxes	2,973	3,292	3,594	4,080	4,583
12b Less Subsidies	223	262	278	374	314
National income	24,236	26,699	29,415	32,723	37,249
14 Less Net transfers to overseas	83	107	138	152	227
National disposable income	24,153	26,592	29,277	32,571	37,022
Final consumption expenditure—					
1 Private	16,220	17,791	19,540	21,579	24,052
2 Government	3,360	3,673	4,235	4,802	5,524
15 } Saving	4,573	5,128	5,502	6,190	7,446
20 } Disposal of income	24,153	26,592	29,277	32,571	37,022

NOTE. Items in all current price tables are numbered from 1 to 24, 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 508-11. 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
(\$ million)

	1968-69	1969-70	1970-71	1971-72	1972-73
11h Depreciation allowances	2,431	2,647	2,849	3,088	3,319
Saving—					
15 Increase in income tax provisions	205	292	15	135	211
16 Undistributed (company) income	903	872	710	626	819
17 Retained income of public financial enterprises	82	85	103	105	181
18 Household saving	1,715	1,772	2,463	2,859	4,138
19 General government surplus on current transactions	1,621	2,054	2,159	2,411	2,028
20 General government grants for private capital purposes	47	53	52	54	69
Finance of gross accumulation	7,004	7,775	8,351	9,278	10,765
Gross fixed capital expenditure—					
Private—					
3a Dwellings	1,299	1,489	1,538	1,756	2,078
3b Other building and construction	1,014	1,119	1,394	1,457	1,361
3c All other	2,375	2,600	2,890	2,915	2,750
4 Public enterprises	1,359	1,484	1,517	1,741	1,743
5 General government	1,172	1,257	1,392	1,526	1,721
Total gross fixed capital expenditure	7,219	7,949	8,731	9,395	9,653
Increase in stocks—					
6a Farm	348	78	-111	-133	-214
6b Non-farm	320	417	463	18	-36
7 Statistical discrepancy	-120	-168	-131	138	422
21 Net lending to overseas	-763	-501	-601	-140	940
Gross accumulation	7,004	7,775	8,351	9,278	10,765

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

	1968-69	1969-70	1970-71	1971-72	1972-73
Gross fixed capital expenditure—					
Private—					
Dwellings	1,226	1,352	1,332	1,415	1,545
Other building and construction	942	994	1,164	1,133	991
All other	2,249	2,370	2,467	2,329	2,119
<i>Total private</i>	<i>4,417</i>	<i>4,716</i>	<i>4,963</i>	<i>4,877</i>	<i>4,655</i>
Public	2,354	2,433	2,438	2,571	2,523
<i>Total</i>	<i>6,771</i>	<i>7,149</i>	<i>7,401</i>	<i>7,448</i>	<i>7,178</i>
Increase in stocks—					
Farm	310	414	477	-31	-98
Non-farm	394	66	-121	-111	-131
<i>Total</i>	<i>703</i>	<i>480</i>	<i>356</i>	<i>-142</i>	<i>-229</i>

TABLE 6
OVERSEAS TRANSACTIONS ACCOUNT
(\$ million)

	1968-69	1969-70	1970-71	1971-72	1972-73
9a Imports f.o.b.	3,203	3,553	3,790	3,791	3,797
9b Transportation	699	754	837	833	876
9c Travel	157	186	199	266	316
9d Government transactions	111	124	127	124	122
9e Other goods and services	106	147	170	210	222
<i>9 Imports of goods and services</i>	<i>4,276</i>	<i>4,764</i>	<i>5,123</i>	<i>5,224</i>	<i>5,333</i>
13a Property income to overseas	435	518	543	596	718
14a Personal transfers overseas	92	114	134	172	210
14b General government transfers overseas	159	179	185	206	252
21 Net lending to overseas	-763	-501	-601	-140	940
<i>Use of current receipts.</i>	<i>4,199</i>	<i>5,074</i>	<i>5,384</i>	<i>6,058</i>	<i>7,453</i>
8a Exports f.o.b.	3,217	3,969	4,216	4,729	5,990
8b Transportation	392	445	469	496	553
8c Travel	107	120	136	139	132
8d Government transactions	80	87	82	90	91
8e Other goods and services	105	136	149	173	149
<i>8 Exports of goods and services</i>	<i>3,901</i>	<i>4,757</i>	<i>5,052</i>	<i>5,627</i>	<i>6,915</i>
13b Property income from overseas	130	131	151	205	303
14c Personal transfers from overseas	168	186	181	226	235
<i>Current receipts from overseas</i>	<i>4,199</i>	<i>5,074</i>	<i>5,384</i>	<i>6,058</i>	<i>7,453</i>

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

	1968-69	1969-70	1970-71	1971-72	1972-73
Net operating surplus—					
11i Trading enterprise companies	2,904	3,297	3,226	3,304	3,834
11j Public trading enterprises	576	641	619	712	681
13c Interest, etc. received	167	194	228	253	289
13d Dividends received	67	69	71	80	87
Receipts	3,714	4,201	4,144	4,349	4,891
13e Interest etc. paid	550	656	781	869	982
22a Public enterprise income	576	641	619	712	681
Company income—					
15a Income tax payable	1,081	1,350	1,362	1,439	n.a.
13f Dividends paid	720	801	827	879	n.a.
16a Undistributed income	787	753	555	450	n.a.
	2,588	2,904	2,744	2,768	3,228
Disbursements	3,714	4,201	4,144	4,349	4,891

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

	1968-69	1969-70	1970-71	1971-72	1972-73
11k Net Operating Surplus	366	397	471	533	669
11f Less imputed bank service charge	569	648	729	831	997
13g Interest etc. received	1,551	1,769	2,072	2,389	2,837
13h Dividends received	87	99	107	122	131
Receipts	1,435	1,617	1,921	2,213	2,640
13i Interest on life and superannuation funds imputed to households	427	474	536	616	711
13j Other interest etc. paid	594	698	851	1,006	1,210
15b Income tax on life and superannuation funds Public enterprise income—	16	18	19	21	22
22b Paid to general government	36	37	57	63	38
17 Retained income	82	85	103	105	181
	118	122	160	168	219
Company income—					
15c Income tax payable	89	105	114	131	n.a.
13k Dividends paid	75	81	86	95	n.a.
16b Undistributed income	116	119	155	176	n.a.
	280	305	355	402	478
Disbursements	1,435	1,617	1,921	2,213	2,640

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

	1968-69	1969-70	1970-71	1971-72	1972-73
Net operating surplus—					
11/ Dwellings owned by persons	1,054	1,209	1,424	1,610	1,818
11m Unincorporated enterprises	3,432	3,425	3,424	3,839	4,872
13/ Less Interest, etc., paid relating thereto	690	803	918	1,033	1,188
Income from unincorporated enterprises and dwellings owned by persons	3,796	3,831	3,930	4,416	5,502
10 Wages, salaries and supplements	14,028	15,735	18,056	20,241	22,518
13i Interest on life and superannuation funds (imputed)	427	474	536	616	711
13m Other interest, etc., received	659	753	854	958	1,108
13n Dividends received	479	505	519	546	564
23 Cash benefits from general government	1,432	1,630	1,810	2,113	2,623
14c Transfers from overseas	168	186	181	226	235
Receipts	20,989	23,114	25,886	29,116	33,261
1 Private final consumption expenditure	16,220	17,791	19,540	21,579	24,052
13o Consumer debt interest	167	185	218	239	281
15d Income tax payable	2,427	2,861	3,123	3,828	4,094
24 Other direct taxes, fees, fines, etc.	368	391	408	439	486
14a Transfers overseas	92	114	134	172	210
18 Saving	1,715	1,772	2,463	2,859	4,138
Disbursements	20,989	23,114	25,886	29,116	33,261

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

	1968-69	1969-70	1970-71	1971-72	1972-73
22 Income from public enterprises	612	678	676	775	719
13p Interest, etc., received	184	215	261	277	311
12a Indirect taxes	2,973	3,292	3,594	4,080	4,583
15 Direct taxes on income	3,408	4,042	4,603	5,284	5,701
24 Other direct taxes, fees, fines, etc.	368	391	408	439	486
Receipts	7,545	8,618	9,542	10,855	11,800
2 Final consumption expenditure	3,360	3,673	4,235	4,802	5,524
12b Subsidies	223	262	278	374	314
13q Interest, etc., paid	703	767	823	895	990
23 Cash benefits to persons	1,432	1,630	1,810	2,113	2,623
20 Grants for private capital purposes	47	53	52	54	69
14b Transfers overseas	159	179	185	206	252
19 Surplus on current transactions	1,621	2,054	2,159	2,411	2,028
Disbursements	7,545	8,618	9,542	10,855	11,800

TABLE 11
MAIN AGGREGATES AT CURRENT PRICES, 1948-49 TO 1972-73
(\$ million)

Year	1		2	3	4	5	6	7
	Final consumption expenditure		Private gross fixed capital expenditure	Public gross fixed capital expenditure	Increase in stocks	Statistical discrepancy	(1 to 6)	
	Private	Government					Gross national expenditure	
1948-49	3,001	354	497	295	37	-32	4,152	
1949-50	3,457	426	644	420	72	27	5,046	
1950-51	4,209	588	921	603	144	-64	6,401	
1951-52	5,017	806	1,132	806	384	66	8,211	
1952-53	5,326	929	1,143	794	-256	-246	7,690	
1953-54	5,849	878	1,320	808	66	-113	8,808	
1954-55	6,362	941	1,482	871	173	35	9,864	
1955-56	6,839	1,049	1,640	927	208	-62	10,601	
1956-57	7,312	1,093	1,717	950	-46	-167	10,859	
1957-58	7,666	1,131	1,858	998	14	-20	11,647	
1958-59	8,069	1,233	1,922	1,100	277	-84	12,517	
1959-60	8,853	1,323	2,191	1,214	152	89	13,822	
1960-61	9,391	1,422	2,415	1,256	480	17	14,981	
1961-62	9,676	1,543	2,328	1,402	-218	-115	14,616	
1962-63	10,372	1,652	2,580	1,443	260	-110	16,197	
1963-64	11,193	1,804	2,919	1,595	125	-125	17,511	
1964-65	12,110	2,066	3,410	1,850	569	-6	19,999	
1965-66	12,858	2,407	3,656	2,053	117	-103	20,988	
1966-67	13,835	2,725	3,829	2,164	360	-153	22,760	
1967-68	15,067	3,076	4,156	2,367	128	-176	24,618	
1968-69	16,220	3,360	4,688	2,531	668	-120	27,347	
1969-70	17,791	3,673	5,208	2,741	495	-168	29,740	
1970-71	19,540	4,235	5,822	2,909	352	-131	32,727	
1971-72	21,579	4,802	6,128	3,267	-115	138	35,799	
1972-73	24,052	5,524	6,189	3,464	-250	422	39,401	

Year	8	9	10	11	12	13	14
			(7 + 8 - 9)				
	Exports of goods and services	Imports of goods and services	Gross domestic product	Gross domestic product at factor cost	National income	Household income	Wages, salaries and supplements
1948-49	1,146	979	4,319	3,890	4,033	3,773	2,169
1949-50	1,307	1,260	5,093	4,588	4,691	4,421	2,471
1950-51	2,092	1,726	6,767	6,194	6,278	6,064	3,112
1951-52	1,486	2,437	7,260	6,446	6,848	6,288	3,938
1952-53	1,855	1,312	8,233	7,443	7,741	7,035	4,259
1953-54	1,793	1,601	9,000	8,105	8,406	7,362	4,538
1954-55	1,707	1,983	9,588	8,608	8,894	7,880	4,968
1955-56	1,740	1,953	10,388	9,325	9,596	8,553	5,449
1956-57	2,190	1,736	11,313	10,116	10,453	9,137	5,764
1957-58	1,847	1,925	11,569	10,272	10,527	9,141	5,987
1958-59	1,868	1,960	12,425	11,077	11,283	9,838	6,281
1959-60	2,150	2,286	13,686	12,211	12,440	10,805	6,970
1960-61	2,175	2,603	14,553	12,982	13,190	11,610	7,509
1961-62	2,470	2,205	14,881	13,335	13,442	12,015	7,732
1962-63	2,494	2,620	16,071	14,416	14,525	12,797	8,161
1963-64	3,163	2,873	17,801	16,015	16,096	14,149	8,875
1964-65	3,049	3,485	19,563	17,590	17,685	15,442	9,919
1965-66	3,138	3,629	20,497	18,344	18,440	16,192	10,687
1966-67	3,487	3,711	22,536	20,252	20,268	17,899	11,658
1967-68	3,568	4,155	24,031	21,537	21,531	18,750	12,678
1968-69	3,901	4,276	26,972	24,222	24,236	20,989	14,028
1969-70	4,757	4,764	29,733	26,703	26,699	23,114	15,735
1970-71	5,052	5,123	32,656	29,340	29,415	25,886	18,056
1971-72	5,627	5,224	36,202	32,496	32,723	29,116	20,241
1972-73	6,915	5,333	40,983	36,714	37,249	33,261	22,518

Description of items in the National Income and Expenditure Accounts

Item 1. Final consumption expenditure—private. Net expenditure on goods and services of consumption by persons and private non-profit organisations serving households. This item excludes the purchase of dwellings and capital expenditure by 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 income in kind (e.g. food produced and consumed on farms, board and lodging provided free to employees) is included in both household income and private final consumption expenditure, but goods chargeable to business (expense) accounts 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.

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 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 Australian 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. 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 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. 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. 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* 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. *Depreciation allowances* 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.

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 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 Australian Government or State budgets, are analysed on the basis of their cash accounts (in which depreciation is not charged).

Item 23. Cash benefits from general government. 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; 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.

