AUSTRALIA

NATIONAL INCOME AND EXPENDITURE 1973-74

PRESENTED BY
THE HONOURABLE FRANK CREAN, M.P.,
TREASURER OF AUSTRALIA
FOR THE INFORMATION OF
HONOURABLE MEMBERS ON THE OCCASION
OF THE BUDGET 1974-75

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FOREWORD

This Paper gives estimates of gross domestic product and national income and expenditure during the five years 1969–70 to 1973–74 on a basis generally consistent with those shown in *Australian National Accounts, National Income and Expenditure, 1972–73*, published earlier this year by the Australian Bureau of Statistics. Reference should be made to that publication for a description of the conceptual framework and structure of the national accounts, and for full definitions of items in the accounts (but *see also* changes referred to on page 30 of this publication). Estimates for each quarter of 1973–74 are being published by the Australian Bureau of Statistics in *Quarterly Estimates of National Income and Expenditure*.

The estimates have been prepared in the Australian Bureau of Statistics from collections of primary data from many different sources. These are available in some cases with little delay but in other cases only after periods ranging up to several years. Estimates for items based on this latter type of collection therefore remain approximate until the information is received and analysed. In particular, all figures for 1973–74 should be regarded as preliminary and subject to some revision.

Percentage changes mentioned in the Introduction in respect of items in a given year refer to a comparison between figures for that year and the preceding year.

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Note: Any discrepancies between totals and sums of components in the tables are due to rounding.

All estimates for 1973-74, in particular, should be regarded as preliminary.

.. Means nil or less than half the final digit shown.

INTRODUCTION

The main flows of income and expenditure associated with the production of goods and services in the economy are summarised in the estimates of gross domestic product, imports, exports and gross national expenditure presented in this White Paper. These aggregates and their component items for the last five years are shown in tables 1–18 on pages 13–22. Estimates of national income appear in table 3.

In terms of current prices, gross domestic product—the market value of final goods and services produced in Australia—increased by 21 per cent in 1973–74. Gross farm product rose by 47 per cent, while gross non-farm product increased by nearly 19 per cent. Gross national expenditure—the total market value of expenditure on final goods and services—increased by 25 per cent. When the effects of changes in prices are allowed for, these increases are, of course, substantially reduced. The estimates in table 2 at constant (average 1966–67) prices show that gross domestic product increased by 5.4 per cent in 1973–74 and gross national expenditure by 11.6 per cent. Estimates of this type are subject to a number of approximations and assumptions and are also subject to revision following any revisions to the current price estimates. Estimates at both current and constant prices for the latest year, in particular, should be regarded as preliminary and subject to revision.

The increases in gross domestic product at constant prices in recent years have been as follows.

INCREASE IN GROSS DOMESTIC PRODUCT AND IN ITS FARM AND NON-FARM COMPONENTS

(average 1966–67 prices)

—	1969–70	1970–71	1971–72	1972–73	1973–74
	per cent	per cent	per cent	per cent	per cent
Gross non-farm product	6.6	4.7	3.7	5.6	5.5
Gross farm product	−3.6	0.2	6.7	−11.7	4.5
Gross domestic product	5.5	4.3	4.0	4.0	5.4

The increase of 11.6 per cent in gross national expenditure at constant prices in 1973–74 compared with an increase of 3.8 per cent in the preceding year. This faster rate of growth was due to a very large increase in stocks, a strong recovery in the level of private gross fixed capital expenditure and an increase in the rate of growth in government final consumption expenditure. These contributions were to some extent offset by a slightly lower rate of growth in private final consumption expenditure and there was no growth in public gross fixed capital expenditure. The estimates of gross national expenditure include the statistical discrepancy. The increase in the statistical discrepancy in the last three years indicates that either the growth in some of the identified expenditures is understated or the growth in gross domestic product is overstated. Expressed as a percentage of gross domestic product, at constant prices, the change in the statistical discrepancy was about ¾ per cent in 1972–73 and about 1¼ per cent in 1973–74.

At constant prices, exports of goods and services fell by 4.6 per cent and imports of goods and services rose by 30.4 per cent for the year.

THE DOMESTIC PRODUCTION ACCOUNT

This account shows how the flow (expressed at current prices) of goods and services absorbed in domestic expenditure and exports is supplied by imports and domestic production.

The preliminary estimates for 1973–74, shown here with revised figures for the two previous years, indicate substantial increases in the value of production (represented in the account in terms of the incomes arising from production) and in expenditure.

On the demand side, gross national expenditure increased by 25 per cent in 1973–74 compared with a 10 per cent increase in 1972–73. All components of gross national expenditure contributed to this increased rate of growth. There was a large increase in the level of stocks. Of the other components government final consumption expenditure and private fixed capital expenditure recorded the largest percentage increases. Exports of goods and services increased in value by $934 million, or 13 per cent, in 1973–74 following an increase of $1,295 million, or 23 per cent, in 1972–73.

Imports of goods and services increased in 1973–74 by $2,337 million, or 44 per cent, compared with a small increase of 2 per cent in 1972–73. The balance of expenditure was met by an increase in gross domestic product of $8,603 million, or 21 per cent, compared with a 13 per cent increase in 1972–73.

DOMESTIC PRODUCTION ACCOUNT

($ million)

—	1971–72	1972–73	1973–74 (a)	—	1971–72	1972–73	1973–74 (a)
Wages, salaries and supplements ..	20,241	22,612	27,712	Final consumption expenditure—			
Gross operating surplus—				Private	21,912	24,453	28,618
Trading enterprises—				Government	4,825	5,489	6,869
Companies	4,919	5,620	6,104	Gross fixed capital expenditure—			
Unincorporated enterprises ..	4,605	5,585	7,232	Private	6,128	6,189	7,606
Dwellings owned by persons ..	1,908	2,146	2,475	Public enterprises	1,762	1,741	1,939
Public enterprises	1,201	1,249	1,218	General government	1,515	1,699	1,953
Financial enterprises	647	737	906	Increase in stocks	−85	−253	1,710
Less Imputed bank service charge	833	1,025	1,258	Statistical discrepancy	−48	272	901
				Gross national expenditure	36,009	39,590	49,596
Gross domestic product at factor cost	32,688	36,924	44,389	Exports of goods and services ..	5,624	6,919	7,853
Indirect taxes less subsidies ..	3,708	4,254	5,392	National turnover of goods and services	41,633	46,509	57,449
				Less Imports of goods and services	5,237	5,331	7,668
Gross domestic product ..	36,396	41,178	49,781	Expenditure on gross domestic product	36,396	41,178	49,781

(a) Preliminary.

PRODUCTION

The table below provides for the past five years a breakdown at current prices of gross domestic product into its farm and non-farm components.

GROSS DOMESTIC PRODUCT

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74(a)
Gross farm product	2,179	2,000	2,229	3,064	4,502
Gross non-farm product	27,634	30,763	34,167	38,114	45,279
Gross domestic product	29,813	32,763	36,396	41,178	49,781

(a) Preliminary.

The year was marked by rising prices in the non-farm component of gross domestic product and higher prices for wheat, other grains and meat, and high but falling prices for wool. The growth in total gross domestic product at current prices was faster in 1973–74 than in 1972–73. The non-farm component increased by 19 per cent after an increase of 11½ per cent in 1972–73. The farm component increased by 47 per cent in 1973–74 after a rise of 37 per cent in 1972–73. The derivation of gross farm product is shown below. The gross value of farm production increased by 31 per cent in 1973–74. Although wool prices fell during the financial year, average prices and quantities were about the same as those in 1972–73. While the quantities of other pastoral products fell there were increases in prices resulting in an overall increase in value of production. The value of wheat and other grains increased because of a good harvest and very high prices. Estimated production costs (those deducted from the gross value of farm production to arrive at gross farm product at factor cost) increased by 18½ per cent.

GROSS FARM PRODUCT(a)

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74(b)
Gross value of farm production (all farms)—					
Wool (including skin wool)	735	538	660	1,239	1,230
Other pastoral products	807	791	904	1,305	1,473
Sugar cane	148	173	207	230	216
Wheat	531	404	457	357	1,246
Other grain crops	151	250	237	213	1,357
Other crops	665	685	708	791	
Dairy products, poultry, etc.	736	767	814	849	991
Total	3,773	3,608	3,987	4,984	6,513
Less Stock valuation adjustment	−21	6	50	129	−28
Production costs other than wages and depreciation	1,711	1,688	1,766	1,984	2,355
Gross farm product at factor cost	2,083	1,914	2,171	2,871	4,186
Plus Indirect taxes *less* subsidies	96	86	58	193	316
Gross farm product	2,179	2,000	2,229	3,064	4,502

(a) *See* note, page 29. (b) Preliminary.

INCOMES

Of the total gross product in 1973–74, \$5,392 million (11 per cent) accrued to the government as indirect taxes less subsidies, while the remainder (i.e. gross domestic product at factor cost) consisted of wages, salaries and supplements, \$27,712 million (56 per cent), and gross operating surplus, \$16,677 million (33 per cent).

Wages, salaries and supplements

The growth in wages, salaries and supplements was about 22½ per cent in 1973–74 compared with about 11½ per cent in 1972–73. The growth in average employment (in male-unit terms) rose from about 2½ per cent in 1972–73 to about 5 per cent in 1973–74. Average earnings, which increased by about 9 per cent in 1972–73, grew by about 16½ per cent in 1973–74.

Gross operating surplus

The remainder of gross domestic product at factor cost accrues in the first instance as the gross operating surplus of trading and financial enterprises. As measured from income data, this surplus, which increased by 15 per cent in 1972–73, is tentatively estimated to have risen by 16 per cent in 1973–74. The increase in 1973–74 reflects a large increase in farm income together with increases in the gross operating surpluses of trading enterprise companies and financial enterprises. There was a decline in the gross operating surplus of public trading enterprises.

After deduction of net payments of interest, etc., and of allowances for the depreciation of capital equipment, the balance of gross operating surplus accrues as income to enterprises. In the case of trading companies income is estimated to have risen in 1973–74 by 10 per cent following a rise of 15 per cent in 1972–73. The estimates of company income in each year are after providing for stock valuation adjustment, which was large in both 1972–73 and in 1973–74 because of the rate of price increases. If provision were not made for this adjustment, company income would be shown to have increased by 19 per cent in the latest year (14 per cent in 1972–73). At this time it is not possible to make estimates of the appropriation of company income during 1973–74 and in the table below those figures are therefore not shown for that year.

COMPANY INCOME

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74(*a*)
Total company income—					
Trading companies (Table 7)	2,970	2,839	2,918	3,366	3,702
Financial companies (Table 8)	304	354	403	435	466
Less Dividends paid between trading and financial companies	116	124	132	149	168
Total	3,158	3,069	3,189	3,652	4,000
Appropriated as follows—					
Income tax payable	1,455	1,477	1,563	1,908	4,000
Dividends paid overseas and profits remitted overseas	271	282	298	384	
Other dividends paid	498	502	540	573	
Undistributed income	934	808	788	787	

(*a*) Preliminary.

The income of non-farm unincorporated enterprises after allowance for stock valuation adjustment increased by 11 per cent in 1972–73 and is estimated, on the basis of indirect indicators of production, trade and other activity, to have increased by about 12 per cent in 1973–74.

As a result of the increase in the gross value of farm production, the income of farm unincorporated enterprises increased from \$1,778 million in 1972–73, to \$2,932 million in 1973–74 (an increase of 65 per cent). The total of farm wages, depreciation, net rent and interest paid (which are included in gross farm product) is estimated to have risen by 13 per cent in 1973–74. The division of the farm income of \$2,993 million between that earned by companies and that earned by unincorporated enterprises is very tentative. The assets with marketing organisations are estimated to have increased by \$560 million in 1973–74 and consequently realised income of farm unincorporated enterprises showed a smaller increase than accrued income.

INCOME OF FARM UNINCORPORATED ENTERPRISES(*a*)

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74(b)
Gross farm product at factor cost (*see* Table, page 7)	2,083	1,914	2,171	2,871	4,186
Less Wages, depreciation, net rent and interest paid	1,008	1,032	1,013	1,054	1,193
Company income	34	1	25	39	61
Income of farm unincorporated enterprises	1,041	881	1,133	1,778	2,932
Less Increase in assets with marketing organisations	60	15	−23	−142	560
Realised income of farm unincorporated enterprises	981	866	1,156	1,920	2,372

(*a*) *See* note, page 29. (*b*) Preliminary.

The gross operating surpluses of public trading enterprises are estimated to have fallen in 1973–74 because of losses in the operation of government railways. The income of public trading enterprises is estimated to have decreased by 9 per cent to \$668 million in 1973–74.

EXPENDITURES

The principal expenditure aggregates are shown at constant (average 1966–67) prices in Table 2.

Private final consumption

Private final consumption expenditure increased at current prices by \$4,165 million, or 17 per cent, in 1973–74. This is the highest percentage increase since 1951–52. A major part of the increase was due to price rises; the constant-price estimate rose by just over 5 per cent following a rise of 6 per cent in the previous year. The proportion of household disposable income devoted to final consumption dropped from 87 per cent 1972–73 to 84 per cent in 1973–74. This partly reflects the fact that the large increase in farm income would not have been matched by increased consumption expenditure. Likewise the increase in farm income accounts for a large part of the substantial increase in household saving (which is, however, estimated only as a balancing item in Table 9).

The principal components of private final consumption expenditure at current prices have moved as follows over the last five years.

PRIVATE FINAL CONSUMPTION EXPENDITURE
($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74(a)
Food	3,570	3,819	4,101	4,533	5,370
Cigarettes, tobacco and alcoholic drinks	1,692	1,862	2,021	2,229	2,533
Clothing, footwear and drapery	1,667	1,814	1,987	2,224	2,680
Dwelling rent—Imputed rent of owner-occupiers	1,586	1,810	2,034	2,282	2,620
Other	640	734	829	924	1,064
Household durables	1,324	1,451	1,635	1,850	2,299
Purchase of motor vehicles	975	1,040	1,120	1,210	1,435
Fares	618	679	761	821	942
Gas, electricity and fuel	452	479	527	556	620
Other goods and services	5,461	6,086	6,898	7,823	9,055
Total	17,985	19,773	21,912	24,453	28,618

(a) Preliminary

At current prices, all components increased at a faster rate in 1973–74 than in 1972–73. The faster rates of growth were particularly evident in food, the clothing group, household durables and motor vehicle purchases.

Government final consumption expenditure

As Table 14 shows, government final consumption expenditure increased by $1,380 million, or 25 per cent, in 1973–74 (7 per cent at constant prices) following a smaller increase (5 per cent at constant prices) in 1972–73. Authorities of the Australian Government increased their expenditure by $513 million, or 22 per cent, while the increase for State and local authorities was $867 million, or 28 per cent. Expenditures on education, and health and welfare, showed continued strong increases of 29 and 34 per cent respectively. Defence expenditure (adjusted for the difference between deliveries of major items of imported equipment and cash payments in respect of them which rose by $128 million in 1973–74) increased by $169 million or 14 per cent as compared with an increase of 6 per cent in 1972–73.

Private gross fixed capital expenditure

Private gross fixed capital expenditure rose by almost 23 per cent in 1973–74. Even after allowance for price rises, the aggregate rose by nearly 10 per cent following falls in the previous two years. At current prices, expenditure on dwellings rose by 25 per cent while expenditure on other building and construction rose by 18 per cent. However, significant cost increases in the building industry reduced these rises at constant prices in 1973–74 to 4 per cent for dwellings and about 3½ per cent for other building and construction. Expenditure on other capital equipment rose strongly in both current and constant-price terms after falling during the preceding year.

Public capital expenditure

At current prices, gross fixed capital expenditure by all public authorities rose by 13 per cent in 1973–74 (but showed no increase at constant prices). Expenditure by authorities of the Australian Government increased by 21 per cent, and that by State and local authorities by 11 per cent. Significant increases in expenditure were recorded in the fields of education (18 per cent), health (31 per cent), civil aviation (47 per cent) and communication (18 per cent).

Changes in stocks

The increase in stocks dissected into two components, private non-farm stocks and farm and miscellaneous stocks is shown for the past five years in the following table.

INCREASE IN STOCKS
($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74(a)
Farm and miscellaneous—					
Increase in book value	60	–29	–62	–95	638
Less Stock valuation adjustment	–21	2	72	165	–35
Increase in stocks	81	–31	–134	–260	673
Private non-farm—					
Increase in book value	621	751	563	572	2,128
Less Stock valuation adjustment	207	372	514	565	1,091
Increase in stocks	414	379	49	7	1,037
Total increase in stocks	495	348	–85	–253	1,710

(a) Preliminary.

There was a large increase in the book value of private non-farm stocks during 1973–74. All industries within the manufacturing and commerce sectors contributed to the rise and the build-up was particularly large in the latter half of the financial year. As indicated by the stock valuation adjustment, about half of the increase in book value of private non-farm stocks was due to price rises. Significant increases in wheat and other grain stocks contributed to the large rise in the farm and miscellaneous component. Stocks of the Australian Wool Corporation (which are included in farm and miscellaneous) showed an increase after reductions in the previous two years. A negative stock valuation adjustment due to falling wool prices was partly offset by a positive stock valuation adjustment for wheat.

OVERSEAS TRANSACTIONS

In 1973–74 exports of goods and services increased by 13 per cent (but fell by 4.6 per cent at constant prices) while imports of goods and services increased by 44 per cent (up 30.4 per cent at constant prices).

An analysis of overseas transactions is shown at current prices in the Overseas Transactions Account (Table 4). There was a surplus of exports of goods and services over imports of goods and services of $185 million, compared with a surplus of $1,588 million in 1972–73; net income paid overseas (net property income, excluding undistributed income) was $270 million, a drop of $159 million from 1972–73; and net transfers to overseas were $274 million. The balance on these current transactions resulted in net borrowing from overseas of $359 million in 1973–74, compared to net lending of $932 million in 1972–73. The net borrowing from overseas consisted of a decrease in official reserve assets of $481 million and other negative net monetary movements of $198 million offset by net capital outflow of $319 million (excluding undistributed income).

Exports f.o.b. in 1973–74 rose by $781 million, or 13 per cent, to $6,764 million. A significant proportion of this rise was accounted for by the near doubling in the value of wheat exports which, due to substantial price rises, increased from $274 million to $530 million. Exports of beef and veal declined from the record levels of 1972–73 while wool exports maintained their 1972–73 levels. Among non-rural products, substantial increases were recorded in the value of exports of ores and concentrates, coal and petroleum products and manufactured metals. Exports of services rose by $153 million, or 16 per cent, to $1,089 million with rises in transportation, up $140 million to $705 million, and travel up $33 million to $165 million, offset by a drop in other goods and services of $19 million.

Imports f.o.b. in 1973–74 rose strongly by $1,945 million, or 51 per cent, to $5,742 million. Substantial rises occurred in the value of imports of petroleum and petroleum products, textiles, chemicals and machinery and transport equipment. The value of services provided by non-residents during 1973–74 increased by $392 million, or 26 per cent, to $1,926 million. Major rises were in transportation, up $331 million to $1,205 million, and in other goods and services, up $37 million to $259 million.

PUBLIC AUTHORITY FINANCE

Income Account

Current outlays other than final consumption expenditure (*see* above under EXPENDITURES) increased by $707 million, or 17 per cent, in 1973–74, following a similar increase in 1972–73. The main contributor to this increase was cash benefits to persons, which rose by $545 million, or 21 per cent, compared with an increase of 24 per cent in 1972–73. Subsidies fell by $51 million, or 17 per cent, mainly in respect of wheat stabilisation and payments for dairy products and ship construction.

The receipts of public authorities available to meet current outlays increased by $2,960 million, or 25 per cent. Receipts from taxation were 28 per cent higher, compared with an increase of 10 per cent in 1972–73. Income tax on individuals rose by 34 per cent, compared with a rise of 8 per cent in 1972–73. The increase in 1973–74 reflects the increase in incomes and the progressive tax structure while the relatively small rise in 1972–73 reflected a reduction in tax rates. Income tax on companies rose by 25 per cent, compared with a rise of 6 per cent in 1972–73. Income from public enterprises was 11 per cent lower than in 1972–73, reflecting smaller transfers of income from public financial enterprises and increased deficits on public transport. The surplus on current account of all public authorities was $2,967 million, $873 million higher than in 1972–73.

Capital Account

The gross fixed capital expenditure of public authorities has already been referred to (*see* above under EXPENDITURES). Among the other uses of capital funds, stocks rose by $60 million following a decline of $35 million in 1972–73, reflecting, together with other stock changes, an increase in stocks of the Australian Wool Corporation for the first year since 1970–71. The principal sources of funds, apart from the surplus on current account, were depreciation allowances of $550 million and a net sale of securities in excess of $1,400 million. The increase in cash and bank balances was substantially higher than the figure recorded for 1972–73.

TABLES

TABLE 1

Domestic Production Account
($ million)

	—	1969–70	1970–71	1971–72	1972–73	1973–74 (*a*)
	Final consumption expenditure—					
1	Private	17,985	19,773	21,912	24,453	28,618
2	Government	3,686	4,252	4,825	5,489	6,869
	Gross fixed capital expenditure—					
3	Private	5,208	5,822	6,128	6,189	7,606
4	Public enterprises	1,491	1,533	1,762	1,741	1,939
5	General government	1,252	1,385	1,515	1,699	1,953
6	Increase in stocks	495	348	−85	−253	1,710
7	Statistical discrepancy(*b*)	−297	−288	−48	272	901
	Gross national expenditure	29,820	32,825	36,009	39,590	49,596
8	Exports of goods and services	4,757	5,057	5,624	6,919	7,853
	National turnover of goods and services	34,577	37,882	41,633	46,509	57,449
9	*Less* Imports of goods and services	4,764	5,119	5,237	5,331	7,668
	Expenditure on gross domestic product	29,813	32,763	36,396	41,178	49,781
10	Wages, salaries and supplements	15,735	18,056	20,241	22,612	27,712
	Gross operating surplus—					
	Trading enterprises—					
11*a*	Companies	4,551	4,622	4,919	5,620	6,104
11*b*	Unincorporated enterprises	4,158	4,186	4,605	5,585	7,232
11*c*	Dwellings owned by persons	1,453	1,692	1,908	2,146	2,475
11*d*	Public enterprises	1,070	1,061	1,201	1,249	1,218
11*e*	Financial enterprises	464	562	647	737	906
11*f*	*Less* Imputed bank service charge	646	730	833	1,025	1,258
	Gross domestic product at factor cost	26,785	29,449	32,688	36,924	44,389
12	Indirect taxes less subsidies	3,028	3,314	3,708	4,254	5,392
	Gross domestic product	29,813	32,763	36,396	41,178	49,781
	Gross farm product	2,179	2,000	2,229	3,064	4,502
	Gross non-farm product	27,634	30,763	34,167	38,114	45,279

(*a*) Preliminary. (*b*) *See* note to item 7, page 24.

TABLE 2

Expenditure on Gross Domestic Product at Average 1966–67 Prices(*a*)
($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (*b*)
Final consumption expenditure—					
Private	16,339	16,965	17,719	18,795	19,781
Government	3,134	3,270	3,325	3,476	3,727
Gross fixed capital expenditure—					
Private	4,716	4,963	4,877	4,653	5,096
Public	2,435	2,444	2,578	2,504	2,506
Increase in stocks	479	353	−115	−200	1,118
Statistical discrepancy	−259	−242	−30	214	620
Gross national expenditure	26,844	27,753	28,353	29,442	32,847
Exports of goods and services	4,723	5,128	5,538	5,789	5,520
Less Imports of goods and services	4,705	4,865	4,760	4,945	6,450
Expenditure on gross domestic product	26,862	28,015	29,132	30,286	31,918
Gross farm product	2,550	2,555	2,727	2,407	2,516
Gross non-farm product	24,312	25,461	26,405	27,879	29,402

(*a*) *See* note, page 28. (*b*) Preliminary.

TABLE 3

NATIONAL INCOME AND OUTLAY ACCOUNT

($ million)

	—	1969-70	1970-71	1971-72	1972-73	1973-74 (a)
10	Wages, salaries and supplements	15,735	18,056	20,241	22,612	27,712
11g	Net operating surplus	8,399	8,540	9,330	10,946	13,054
	Domestic factor incomes	24,134	26,596	29,571	33,558	40,766
13	*Less* Net income paid overseas	386	392	391	429	270
12a	Indirect taxes	3,290	3,592	4,082	4,561	5,648
12b	*Less* subsidies	262	278	374	307	256
	National income	26,776	29,518	32,888	37,383	45,888
14	*Less* Net transfers to overseas	107	138	152	227	274
	National disposable income	26,669	29,380	32,736	37,156	45,614
	Final consumption expenditure—					
1	Private	17,985	19,773	21,912	24,453	28,618
2	Government	3,686	4,252	4,825	5,489	6,869
15 to 20	Saving	4,998	5,355	5,999	7,214	10,127
	Disposal of income	26,669	29,380	32,736	37,156	45,614

(a) Preliminary.

TABLE 4

OVERSEAS TRANSACTIONS ACCOUNT

($ million)

	—	1969-70	1970-71	1971-72	1972-73	1973-74 (a)
9a	Imports f.o.b.	3,553	3,790	3,791	3,797	5,742
9b	Transportation	754	833	846	874	1,205
9c	Travel	186	199	266	316	340
9d	Government transactions	124	127	124	122	122
9e	Other goods and services	147	170	210	222	259
9	Total imports of goods and services	4,764	5,119	5,237	5,331	7,668
13a	Property income to overseas	517	543	596	718	682
14a	Personal transfers overseas	114	134	172	210	220
14b	General government transfers overseas	179	185	206	252	289
21	Net lending to overseas	−500	−592	−156	932	−359
	Use of current receipts	5,074	5,389	6,055	7,443	8,500
8a	Exports f.o.b.	3,969	4,216	4,726	5,983	6,764
8b	Transportation	445	474	496	565	705
8c	Travel	120	136	139	132	165
8d	Government transactions	87	82	90	90	89
8e	Other goods and services	136	149	173	149	130
8	Total exports of goods and services	4,757	5,057	5,624	6,919	7,853
13b	Property income from overseas	131	151	205	289	412
14c	Personal transfers from overseas	186	181	226	235	235
	Current receipts from overseas	5,074	5,389	6,055	7,443	8,500

(a) Preliminary.

TABLE 5

NATIONAL CAPITAL ACCOUNT

($ million)

	—	1969-70	1970-71	1971-72	1972-73	1973-74 (a)
11h	Depreciation allowances	2,651	2,853	3,117	3,366	3,623
	Saving—					
15	Increase in income tax provisions	292	16	115	317	535
16	Undistributed (company) income	934	808	788	787	726
17	Retained income of public financial enterprises	81	99	103	172	285
18	Household saving	1,589	2,223	2,525	3,772	5,527
19	General government surplus on current transactions	2,049	2,158	2,414	2,094	2,967
20	General government grants for private capital purposes	53	51	54	72	87
	Finance of gross accumulation	7,649	8,208	9,116	10,580	13,750
	Gross fixed capital expenditure—					
	Private—					
3a	Dwellings	1,489	1,538	1,756	2,078	2,597
3b	Other building and construction	1,119	1,394	1,457	1,361	1,609
3c	All other	2,600	2,890	2,915	2,750	3,400
4	Public enterprises	1,491	1,533	1,762	1,741	1,939
5	General government	1,252	1,385	1,515	1,699	1,953
	Total gross fixed capital expenditure	7,951	8,740	9,405	9,629	11,498
	Increase in stocks—					
6a	Farm and miscellaneous	81	−31	−134	−260	673
6b	Private non-farm	414	379	49	7	1,037
7	Statistical discrepancy(b)	−297	−288	−48	272	901
21	Net lending to overseas	−500	−592	−156	932	−359
	Gross accumulation	7,649	8,208	9,116	10,580	13,750

(a) Preliminary. (b) *See* note to item 7, page 24.

TABLE 6

GROSS FIXED CAPITAL EXPENDITURE AND INCREASE IN STOCKS AT AVERAGE 1966–67 PRICES

($ million)

—	1969-70	1970-71	1971-72	1972-73	1973-74 (a)
Gross fixed capital expenditure—					
Private—					
Dwellings	1,352	1,332	1,415	1,544	1,606
Other building and construction	994	1,164	1,133	990	1,024
All other	2,370	2,467	2,329	2,119	2,466
Total private	4,716	4,963	4,877	4,653	5,096
Public	2,435	2,444	2,578	2,504	2,506
Total	7,151	7,407	7,455	7,156	7,602
Increase in stocks—					
Farm and miscellaneous	92	9	−156	−198	377
Private non-farm	387	344	41	−1	741
Total	479	353	−115	−200	1,118

(a) Preliminary.

TABLE 7

CORPORATE TRADING ENTERPRISES(a) INCOME AND OUTPUT ACCOUNT

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (b)
Net operating surplus—					
11i Trading enterprise companies	3,371	3,325	3,459	4,020	4,369
11j Public trading enterprises	652	631	730	735	668
13c Interest, etc., received	185	211	234	278	400
13d Dividends received	70	72	80	76	141
Receipts	4,278	4,239	4,503	5,109	5,578
13e Interest, etc., paid	656	769	855	1,008	1,208
22a Public enterprise income	652	631	730	735	668
Company income—					
15a Income tax payable	1,353	1,364	1,428	1,734	} 3,702
13f Dividends paid	808	830	875	1,001	
16a Undistributed income	809	645	615	631	
	2,970	2,839	2,918	3,366	3,702
Disbursements	4,278	4,239	4,503	5,109	5,578

(a) Including public trading enterprises. (b) Preliminary.

TABLE 8

FINANCIAL ENTERPRISES(a) INCOME AND OUTLAY ACCOUNT

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (b)
11k Net operating surplus	387	465	542	621	778
11j *Less* Imputed bank service charge	646	730	833	1,025	1,258
13g Interest, etc., received	1,769	2,068	2,379	2,872	3,767
13h Dividends received	103	111	118	133	149
Receipts	1,613	1,914	2,206	2,601	3,436
13i Interest on life and superannuation funds imputed to households	474	536	615	713	819
13j Other interest, etc., paid	699	849	1,001	1,217	1,792
15b Income tax on life and superannuation funds	18	19	21	23	55
Public enterprise income—					
22b Paid to general government	37	57	63	41	19
17 Retained income	81	99	103	172	285
	118	156	166	213	304
Company income—					
15c Income tax payable	102	113	135	174	} 466
13k Dividends paid	77	78	95	105	
16b Undistributed income	125	163	173	156	
	304	354	403	435	466
Disbursements	1,613	1,914	2,206	2,601	3,436

(a) Including the nominal industry. (b) Preliminary.

TABLE 9

HOUSEHOLDS(a) INCOME AND OUTLAY ACCOUNT

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (b)
Net operating surplus—					
11l Dwellings owned by persons	1,209	1,424	1,609	1,818	2,109
11m Unincorporated enterprises	3,426	3,425	3,823	4,777	6,388
13l *Less* interest, etc., paid relating thereto	804	920	1,027	1,213	1,628
Unincorporated enterprises income—Farm	1,041	881	1,133	1,778	2,932
Non-farm	2,053	2,183	2,320	2,580	2,898
Income from dwelling rent	737	865	952	1,024	1,039
	3,831	3,929	4,405	5,382	6,869
10 Wages, salaries and supplements	15,735	18,056	20,241	22,612	27,712
13i Interest on life and superannuation funds (imputed)	474	536	615	713	819
13m Other interest, etc., received	765	858	959	1,148	1,586
13n Dividends received	505	509	546	580	640
Transfers from general government—					
23a Cash benefits	1,628	1,806	2,107	2,620	3,165
23b Unfunded employee retirement benefits	..	..	..	..	65
14c Transfers from overseas	186	181	226	235	235
Receipts	23,124	25,875	29,099	33,290	41,091
1 Private final consumption expenditure	17,985	19,773	21,912	24,453	28,618
13o Consumer debt interest	184	214	235	282	397
15d Income tax payable	2,861	3,123	3,815	4,084	5,729
24 Other direct taxes, fees, fines, etc.	391	408	440	489	600
14a Transfers overseas	114	134	172	210	220
18 Saving	1,589	2,223	2,525	3,772	5,527
Disbursements	23,124	25,875	29,099	33,290	41,091

(a) Including unincorporated enterprises. (b) Preliminary.

TABLE 10

HOUSEHOLD DISPOSABLE INCOME

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (a)
Household income (Table 9)	23,124	25,875	29,099	33,290	41,091
Less Income tax, other direct taxes, fees, fines, etc., consumer debt interest and transfers overseas	3,550	3,879	4,662	5,065	6,946
Household disposable income	19,574	21,996	24,437	28,225	34,145

(a) Preliminary.

TABLE 11

General Government Income and Outlay Account

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (a)
22 Income from public enterprises	689	688	793	776	687
13p Interest, etc., received	224	273	292	330	376
12a Indirect taxes	3,290	3,592	4,082	4,561	5,648
Direct taxes on income—					
15e Companies, etc.	1,187	1,428	1,519	1,614	2,018
15f Households	2,855	3,175	3,765	4,084	5,485
24 Other direct taxes, fees, fines, etc.	391	408	440	489	600
Receipts	8,636	9,564	10,891	11,854	14,814
2 Final consumption expenditure	3,686	4,252	4,825	5,489	6,869
12b Subsidies	262	278	374	307	256
13q Interest, etc., paid	779	834	911	1,020	1,116
Transfers to persons—					
23a Cash benefits	1,628	1,806	2,107	2,620	3,165
23b Unfunded employee retirement benefits	..	..	..	..	65
20 Grants for private capital purposes	53	51	54	72	87
14b Transfers overseas	179	185	206	252	289
19 Surplus on current transactions	2,049	2,158	2,414	2,094	2,967
Disbursements	8,636	9,564	10,891	11,854	14,814

(a) Preliminary.

TABLE 12

General Government Income and Outlay Account: Australian Government's Authorities

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (a)
Income from public enterprises	209	232	306	314	274
Interest, etc., received	51	61	62	77	84
Indirect taxes	2,211	2,454	2,518	2,629	3,248
Direct taxes on income	4,042	4,603	5,284	5,698	7,503
Other direct taxes, fees, fines, etc.	127	126	137	140	170
Receipts	6,640	7,475	8,307	8,858	11,279
Final consumption expenditure—					
Payments basis	1,814	1,975	2,180	2,372	2,757
Overseas adjustment—Defence	−28	4	−28	−22	106
Subsidies paid	214	260	377	323	294
Adjustment of subsidies to payable basis	27	2	−18	−28	−52
Interest, etc., paid	24	13	−14	18	4
Transfers to persons—					
Cash benefits	1,587	1,759	2,041	2,533	3,078
Unfunded employee retirement benefits	..	..	..	..	65
Grants for private capital purposes	35	35	41	55	66
Grants to States	1,324	1,671	1,768	2,076	2,533
Transfers overseas	179	185	206	252	289
Surplus on current transactions	1,464	1,572	1,754	1,280	2,139
Disbursements	6,640	7,475	8,307	8,858	11,279

(a) Preliminary.

TABLE 13

General Government Income and Outlay Account: State and Local Authorities

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (a)
Income from public enterprises	480	457	487	462	412
Interest, etc., received	173	213	230	253	293
Indirect taxes	1,079	1,137	1,564	1,932	2,400
Direct taxes, fees, fines, etc.	264	282	303	349	430
Grants from Australian Government	1,324	1,671	1,768	2,076	2,533
Receipts	3,320	3,760	4,352	5,072	6,068
Final consumption expenditure	1,899	2,273	2,672	3,139	4,006
Subsidies paid	21	16	16	12	14
Interest, etc., paid	755	821	925	1,002	1,112
Transfers to persons—cash benefits	41	48	65	87	87
Grants for private capital purposes	19	16	13	18	21
Transfers overseas	..	..	..	..	..
Surplus on current transactions	585	586	661	814	828
Disbursements	3,320	3,760	4,352	5,072	6,068

(a) Preliminary.

TABLE 14

Government Final Consumption Expenditure, by Purpose

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (a)
Australian Government's authorities—					
General public services	310	355	421	477	613
Defence	1,017	1,069	1,135	1,190	1,231
Overseas adjustment	−28	4	−28	−22	106
Health, social security and welfare	145	167	199	234	313
Economic services—					
Transport and communication	41	47	56	65	78
Other	182	196	205	208	249
All other	119	142	163	198	273
Total	1,786	1,979	2,152	2,350	2,863
State and local authorities—					
Law, order and public safety	203	236	277	323	394
Other general public services	206	238	269	288	n.a.
Education	838	1,008	1,206	1,429	1,843
Health, social security and welfare	418	514	598	700	942
Economic services	147	176	204	245	310
All other	89	102	118	154	n.a.
Total	1,899	2,273	2,672	3,139	4,006
All public authorities—					
General public services	718	829	968	1,089	1,347
Defence	990	1,073	1,108	1,168	1,337
Education	880	1,063	1,270	1,509	1,953
Health	474	578	668	772	1,051
Social security and welfare	88	103	130	162	204
Housing and community amenities	27	32	36	49	69
Recreation and related cultural services	137	154	177	210	259
Economic services—					
Agriculture, forestry, fishing	143	162	186	211	
Other	227	256	278	307	637
All other	1	3	4	12	n.a.
Total	3,686	4,252	4,825	5,489	6,869

(a) Preliminary.

TABLE 15

PUBLIC AUTHORITIES CAPITAL ACCOUNT(*a*)

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (*b*)
Depreciation allowances	419	432	472	515	550
Net sale of securities—					
Australian Government securities—					
Securities other than treasury bills and notes—					
Australia	245	258	725	763	(*c*)
Overseas—					
International Bank for Reconstruction and Development	–20	–16	–16	–9	–7
Credit arrangements	–3	7	–16	–8	–54
Other	–108	–36	–15	–48	–69
Treasury bills and notes	33	18	–10	165	–38
Other general government securities	12	32	28	9	(*c*)
Local authority and public corporation securities	332	331	506	488	
Surplus on current transactions	2,049	2,158	2,414	2,094	2,967
Other funds available (including errors and omissions)	199	123	51	40	(*d*)775
Reduction in cash and bank balances	–62	–161	–665	–496	
Total sources of funds	3,094	3,145	3,474	3,512	4,124
Gross fixed capital expenditure on new assets—					
Public trading enterprises	1,456	1,485	1,714	1,687	1,891
General government	1,252	1,385	1,515	1,699	1,953
Expenditure on existing assets	12	24	100	37	81
Increase in stocks	9	67	–24	–35	60
Advances to overseas	63	61	23	30	–75
Advances to the private sector	280	63	86	36	148
Advances to public financial enterprises	22	60	60	59	65
Total uses of funds	3,094	3,145	3,474	3,512	4,124

(*a*) Excluding financial enterprises. (*b*) Preliminary. (*c*) Included in Other funds available. (*d*) See note (*c*).

TABLE 16

PUBLIC AUTHORITIES CAPITAL ACCOUNT(*a*): AUSTRALIAN GOVERNMENT'S AUTHORITIES

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (*b*)
Depreciation allowances	177	192	207	229	255
Net sale of securities—					
Australian Government securities—					
Securities other than treasury bills and notes—					
Australia	263	228	732	747	869
Overseas—					
International Bank for Reconstruction and Development	–20	–16	–16	–9	–7
Credit arrangements	–3	7	–16	–8	–54
Other	–108	–36	–15	–48	–69
Treasury bills and notes	33	18	–10	165	–38
Public corporation securities	19	–7	6	37	–76
Surplus on current transactions	1,464	1,572	1,754	1,280	2,139
Other funds available (including errors and omissions)	108	18	2	7	147
Reduction in cash and bank balances	–37	–103	–585	–273	–475
Total sources of funds	1,896	1,871	2,058	2,126	2,691
Gross fixed capital expenditure on new assets—					
Public trading enterprises	484	501	646	587	727
General government	160	191	189	218	262
Expenditure on existing assets	–5	–9	–6	–22	11
Increase in stocks	2	52	–25	–48	37
Advances to overseas	63	61	23	30	–75
Advances to the private sector	201	–26	–9	–29	63
Advances to public financial enterprises	..	25	23	17	20
Advances to States	680	522	591	668	749
Grants to States	312	555	626	706	897
Total uses of funds	1,896	1,871	2,058	2,126	2,691

(*a*) Excluding financial enterprises. (*b*) Preliminary.

TABLE 17

PUBLIC AUTHORITIES CAPITAL ACCOUNT(*a*): STATE AND LOCAL AUTHORITIES

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (*b*)
Depreciation allowances	242	240	265	286	295
Net sale of securities—					
Australian Government securities(*c*)	–19	30	–6	16	(*d*)
Other general government securities	12	32	28	9	
Local authority and public corporation securities	314	338	500	452	
Advances from Australian Government—					
Loan works programs	518	336	550	601	448
Other	162	156	41	67	301
Grants from Australian Government	312	555	626	706	897
Surplus on current transactions	585	586	661	814	820
Other funds available (including errors and omissions)	90	105	48	33	(*e*)317
Reduction in cash and bank balances	–26	–57	–80	–223	
Total sources of funds	2,190	2,351	2,632	2,760	3,079
Gross fixed capital expenditure on new assets—					
Public trading enterprises	972	983	1,067	1,100	1,165
General government	1,092	1,194	1,326	1,481	1,691
Expenditure on existing assets	17	33	105	59	70
Increase in stocks	6	16	1	13	23
Advances to the private sector	81	90	95	65	85
Advances to public financial enterprises	22	35	38	42	45
Total uses of funds	2,190	2,351	2,632	2,760	3,079

(*a*) Excluding financial enterprises. (*b*) Preliminary. (*c*) Change in securities held as investments. (*d*) Included in Other funds available. (*e*) See note (*d*).

TABLE 18

GROSS FIXED CAPITAL EXPENDITURE ON NEW ASSETS, BY PURPOSE: PUBLIC AUTHORITIES

($ million)

—	1969–70	1970–71	1971–72	1972–73	1973–74 (a)
Australian Government's authorities—					
General public services	32	34	36	60	66
Education	19	22	25	30	36
Health, social security and welfare	10	22	24	22	30
Economic services—					
Transport—					
Air	66	97	177	60	88
Other	68	45	55	72	105
Communication	351	374	427	460	542
Electricity and water supply	46	43	32	27	27
Other economic services	34	29	36	52	42
All other	34	40	47	50	76
Total	659	706	858	833	1,011
State and local authorities—					
General public services	77	84	85	110	n.a.
Education	205	227	268	304	358
Health, social security and welfare	86	92	103	107	137
Housing and community amenities—					
Housing	72	85	89	68	n.a.
Community and regional development	1	2	2	2	n.a.
Protection of the environment	151	183	213	247	271
Recreation and related cultural services	28	37	45	51	n.a.
Economic services—					
Transport—					
Rail	122	124	140	140	125
Sea	49	52	72	60	62
Road systems and ancillary facilities	595	635	698	761	848
Other	16	14	14	8	9
Electricity and gas	403	388	384	399	421
Water supply	123	117	141	172	198
Agriculture, forestry, fishing	103	99	104	104	107
Other	42	58	56	62	n.a.
All other	11	15	6	12	n.a.
Total	2,084	2,211	2,419	2,606	2,881
All public authorities—					
General public services	110	118	121	170	197
Education	223	249	293	334	394
Health	89	103	116	118	154
Social security and welfare	7	11	11	11	13
Housing and community amenities—					
Housing	82	93	94	70	99
Community and regional development	12	19	24	27	35
Protection of the environment	153	185	217	254	282
Recreation and related cultural services	37	50	60	65	62
Economic services—					
Road systems and ancillary facilities	614	656	716	785	875
Other transport	303	309	438	315	360
Communication	351	374	427	460	542
Agriculture, forestry, fishing	106	101	108	120	118
Electricity and gas	444	424	408	422	443
Water supply	128	124	149	176	202
Other economic services	73	85	88	98	109
All other	12	16	8	14	8
Total	2,743	2,917	3,277	3,439	3.892
of which—					
General government	1,252	1,385	1,515	1,699	1,953
Public trading enterprises	1,456	1,485	1,714	1,687	1,891
Public financial enterprises	35	48	48	54	48

(a) Preliminary.

EXPLANATORY NOTES

(a) NOTES TO TABLES

Tables 1, 3, 4 and 5 present four accounts which represent the consolidated accounts of the nation. These four accounts form a complete though very summary system. Tables 2 and 6 present estimates of expenditure at constant prices. Tables 7, 8, 9 and 11 are income and outlay accounts for the four domestic sectors. The National Income and Outlay Account (Table 3) is a consolidation of these four sector accounts. Tables 12 to 18 present further detail for public authorities.

The principal aggregates are defined below and are followed by definitions of items arranged according to the item numbers shown in the tables.

Principal Aggregates

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. *Gross farm product at factor cost* is that part of gross domestic product at factor cost arising from production in rural industries.

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. It is also equivalent to gross domestic product less depreciation allowances 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.

National turnover of goods and services is the total flow within a given period of final goods and services (i.e. excluding any goods and services used up during the period in the process of production) entering the Australian economy from production and imports. This value is equivalent to gross domestic product plus imports of goods and services or, alternatively, to gross national expenditure plus exports of goods and services.

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 gross domestic product plus imports of goods and services less exports of goods and services.

Tables 1, 3 to 5, 7 to 9 and 11

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 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 dealers' net margins on purchases and sales of motor vehicles between persons. Motor vehicles includes 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 supplied free to employees) is counted in both household income and private final consumption expenditure. Goods and services purchased by businesses 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 secondhand 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 bodies for goods sold and services rendered are offset against purchases. Net expenditure overseas by general government bodies and purchases from public enterprises are included. All expenditure on defence is classified as final consumption expenditure. Net expenditure overseas on major items of defence equipment is included in the period the equipment is delivered; the timing difference between payments for and delivery of such equipment is adjusted in the item *advances to overseas* in the Public Authorities Capital Account (Table 15). The adjustment to final consumption expenditure is shown explicitly in the General Government Income and Outlay Account of Australian Government's authorities and in the classification by purpose of government final consumption expenditure (*see* Tables 12 and 14). The adjustment comprises deliveries of major items of defence equipment procured overseas less payments for such equipment. The value of military equipment and facilities transferred to civilian use or to overseas countries as gifts is offset against expenditure on defence. For expenditure classified by purpose *see* Table 14.

Item 3. Gross fixed capital expenditure—private. Expenditure on fixed assets whether for additions or replacements. This item includes expenditure on dwellings, other building and construction, vehicles, plant, machinery, etc. It includes 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. All 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 entreprises 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. For a classification by purpose of gross fixed capital expenditure of public authorities *see* Table 18.

Item 6. Increase in stocks. The increase in stocks held by enterprises and general government. The increase in stocks is obtained after adjusting the increase in book value of stocks by the stock valuation adjustment. *See* notes to Table 2 for a discussion of the stock valuation adjustment. In Tables 5 and 6, this item is subdivided into two components:

Item 6a. Farm and miscellaneous. This consists of farm stocks, public authority stocks and wool sold and awaiting shipment.

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 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 components of gross national expenditure. Similarly, its inclusion in the national 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 to overseas and receipts from overseas for other goods and services. In Table 4, this item is subdivided into the following components:

Item 8a. Exports f.o.b. This is 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 adjustment is made to the basis of valuation.

Item 8b. Transportation (receipts) comprises 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) is the 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) includes 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 4, this item is sub-divided into the following components:

Item 9a. Imports f.o.b. This is the 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) includes freight payable to foreign carriers on goods imported into Australia or 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) is the expenditure in other countries by Australians visiting overseas for pleasure or business.

Item 9d. Government transactions (payments) comprises defence expenditure, including the pay and allowances of personnel serving overseas, and 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) includes 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. Employers' contributions to pensions 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 Post Office where, in its 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 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 cover 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 11*a*), unincorporated enterprises (item 11*b*), dwellings owned by persons (item 11*c*), and public enterprises (item 11*d*). 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 11*e*) 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 11*f*) 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 11*i*), public trading enterprises (item 11*j*), financial enterprises (item 11*k*), dwellings owned by persons (item 11*l*) and unincorporated enterprises (item 11*m*). *Depreciation allowances* (item 11*h*) 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 12*a*) 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 12*b*) include all 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 costs of production, and other forms of assistance to producers. Losses of public trading enterprises are included in *income from public enterprises*. Some subsidies to primary producers are not paid in the same year as that in which the subsidised goods are produced. In these cases the subsidies are estimated on a payable basis and shown on that basis in the Domestic Production Account (Table 1, item 12) and the General Government Income and Outlay Account (Table 11, item 12*b*). The actual cash payment by Australian Government's authorities together with the adjustment required to bring this to the payable basis is shown in Table 12.

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 accounts and 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* (13*i*) represent 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 14*a*. *Personal transfers overseas* includes gifts of money by resident persons and private institutions, payments for sustenance, transfers of emigrants' funds and legacies from Australia to overseas, together with the value of goods exported as gifts.

Item 14*b*. *General government transfers overseas* includes 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 14*c*. *Personal transfers from overseas* includes gifts of money received from non-resident persons and private institutions, receipts for sustenance, 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 (15*a* and 15*c*), life and superannuation funds (15*b*) and households (15*d*) 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 16*a*) and financial enterprise companies (item 16*b*) is the balance of company income, including dividends received from other sectors (items 13*d* and 13*h*) 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 13*i*).

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 households 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 public authority 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 cost 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 by the nation to overseas is the balance on current transactions in the overseas transactions account.

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 22*a*) 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 Table 7 and only actual transfers to general government in Table 11, 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 (item 22*b* plus item 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. Transfers to persons. Consists of *Cash benefits* (Item 23*a*) and *Unfunded employee retirement benefits* (item 23*b*). *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 government employees by way of unfunded retirement benefit schemes.

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

Table 2—Expenditure on Gross Domestic Product at Average 1966-67 Prices

For certain types of economic analysis it is useful to examine estimates of the principal flows of goods and services in the economy revalued in such a way as to remove the direct effects of changes in their prices which have occurred over the period under review. Such estimates, conventionally described as 'at constant prices', are presented in Table 2 for gross domestic product and its farm and non-farm components, exports and imports of goods and services, and gross national expenditure and its principal components.

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

Gross 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.

For parts of private final consumption expenditure and for a considerable part of 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 instance, 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, i.e. goods not homogeneous from year to year, revaluation is achieved by use of an index reflecting changes in prices 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 studies of productivity.

The method used to estimate the increase in stocks involves deducting from the increase in book value of stocks the stock valuation adjustment and then, for estimates at constant prices, revaluing the resulting flow at the prices of the base year. The need for the stock valuation adjustment arises because physical changes in stocks are not systematically recorded by transactors on the required basis (i.e. at the prices current each time an individual transaction takes place), and these changes have therefore to be arrived at indirectly. In essence the stock valuation adjustment arises because of a revaluation of existing stocks (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 during the year are replaced by new stocks of similar goods but at different prices.

Estimates of gross farm product at constant prices have been made by deducting from gross value of farm production at constant prices estimates of the quantum of production costs other than wages, depreciation and indirect taxes.

Part I 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.

Table 6—Gross Fixed Capital Expenditure and Increase in Stocks at Average 1966-67 Prices

This table shows estimates, at constant (average 1966-67) prices, of gross fixed capital expenditure classified by major asset group and a dissection of increase in stocks into two components, private non-farm stocks and farm and miscellaneous stocks.

Table 10—Household Disposable Income

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.

Tables on Gross Farm Product, page 7, and on Income of Farm Unincorporated Enterprises, page 9

Farm income is the difference between the gross value of farm production (after stock valuation adjustment) and total costs (i.e. production costs plus net rent and interest paid) incurred. Stock valuation adjustment here refers to the stock valuation adjustment in respect of farm stocks.

Gross farm product at factor cost is that part of gross domestic product at factor cost arising from production in rural industries and is equal to the estimated gross value of production (after stock valuation adjustment) less estimated production costs other than wages paid and depreciation for all enterprises engaged in rural production.

Production costs include all costs incurred in current production but excluding net rent and interest paid which are treated as appropriations out of operating surplus. Marketing costs are in general as shown in the statistical bulletin *Value of Production* (Ref. No. 10.26) and represent the difference between the value at farm or place of production and at the wholesale markets. Other costs include indirect taxes, fertilisers, fuel, costs associated with inter-farm transfers of livestock, and fodder, maintenance and other miscellaneous items. The estimates of depreciation allowances are based mainly on taxation data, and are at the rate of 20 per cent per annum on most plant, machinery and equipment with the exception of some motor vehicles.

Farm income of companies is included in company income and is deducted from total farm income to give an estimate of the income of farm unincorporated enterprises.

Income of farm unincorporated enterprises is the income accruing to these enterprises from their production during the year. However their cash income for the year may be substantially different from this because of time lags in payments brought about by the special marketing arrangements for farm products. Some farm products are marketed through marketing boards, co-operatives and other bodies which act as agents for the farmers. These bodies hold, on the farmers' behalf, large stocks of unsold farm produce for which, in some cases, advance payments are made in the year of delivery while the balance of the ultimate proceeds of sale, less charges, is paid in a subsequent year. The item *increase in assets with marketing organisations* is a deduction made from income of farm unincorporated enterprises in order to represent more closely the flow of cash income realised by the farmers in each year. The amounts shown on page 9 are the estimated increases in liabilities of marketing organisations to farmers, after allowance for a proportion attributable to companies. The marketing organisations for which the dates of delivery of primary produce, sales and payment to farmers differ most significantly from each other are the Australian Wheat Board, the Australian Barley Board and wool selling brokers. The item is measured as the estimated gross selling value of products received by these organisations, plus subsidies, less indirect taxes, charges for marketing and payments to farmers. Subsidies payable (e.g. for wheat price stabilisation) are credited to the year in respect of which they are payable. Any excess of accrued over actual receipts is included in the increase in assets with marketing organisations and household saving.

(b) CHANGES IN THIS ISSUE

This Paper incorporates a number of changes which were made in *Australian National Accounts, National Income and Expenditure, 1972–73*, published earlier this year. The main change was the introduction of a new purpose classification of the outlays of public authorities.

Subsequently revisions have been made to a number of items. The classification of stocks has been changed to make the component series more useful for analytical purposes. Series are now shown for *private non-farm*, and *farm and miscellaneous* stocks. *Farm and miscellaneous* stocks include public authority stocks and wool sold and awaiting shipment. Estimates of *private final consumption expenditure* have been revised. In particular, operation of motor vehicles (a component of *other goods and services*) has been adjusted using information from the Motor Vehicle Usage Survey 1971 as well as other sources, while expenditure on goods has been increased following the publication in August 1974 of revised estimates of retail sales. There have also been other revisions made as the result of more and later information mainly affecting the years 1971–72 and 1972–73.