AUSTRALIA

NATIONAL INCOME AND EXPENDITURE 1974-75

1975-76 BUDGET PAPER No. 11

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NATIONAL INCOME AND EXPENDITURE 1974-75

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FOREWORD

This Paper gives estimates of gross domestic product and national income and expenditure during the five years 1970–71 to 1974–75. A description of the conceptional framework and structure of the national accounts and full definitions of items are given in *Australian National Accounts, National Income and Expenditure* (Reference No. 7.1). The 1973–74 issue of that bulletin will be published shortly. Selected tables from that bulletin were published in mimeographed *Preliminary Statements* (Reference Nos 7.2, 7.3 and 7.4) issued in May. Estimates for each quarter of 1974–75 are being published in *Quarterly Estimates of National Income and Expenditure*.

The estimates have been prepared 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 1974–75 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 1974–75, 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 Budget 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 16 per cent in 1974–75. Gross farm product fell by 21 per cent, while gross non-farm product increased by 19 per cent. Gross national expenditure—the total market value of expenditure on final goods and services—increased by 16 per cent. When the effects of changes in prices are allowed for, these movements are, of course, substantially different. The estimates in Table 2 at constant (average 1966–67) prices show that gross domestic product fell by 1.8 per cent in 1974–75 and gross national expenditure by 2.4 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)

—	1970–71	1971–72	1972–73	1973–74	1974–75
	per cent	per cent	per cent	per cent	per cent
Gross non-farm product	4.9	3.8	6.4	5.7	−2.6
Gross farm product	..	8.3	−11.9	4.9	7.7
Gross domestic product	4.4	4.2	4.7	5.6	−1.8

The fall of 2.4 per cent in gross national expenditure at constant prices in 1974–75 compared with an increase of 11.4 per cent in the preceding year. This decrease was due to a much smaller increase in stocks in 1974–75 than in 1973–74, a large fall in private gross fixed capital expenditure and a change in the statistical discrepancy from a large positive in 1973–74 to a small negative in 1974–75. Partly offsetting these falls were increases in private and government final consumption expenditure and public gross fixed capital expenditure. The statistical discrepancy is included in the estimates of gross national expenditure by convention, but its size and movement supply an indication of the imprecision of the national accounts estimates. The increase in the statistical discrepancy between 1972–73 and 1973–74 was equivalent to 1.4 per cent of gross domestic product and the decrease between 1973–74 and 1974–75 was equivalent to 2.4 per cent. It should be borne in mind that this latter change is greater than the decrease shown for gross domestic product at constant prices.

At constant prices, exports of goods and services rose by 6.3 per cent and imports of goods and services rose by 1.9 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 1974–75, 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 16 per cent in 1974–75 compared with a 25 per cent increase in 1973–74. While most components rose more rapidly in 1974–75, falls in increase in stocks and the statistical discrepancy and a lower rate of increase in private gross fixed capital expenditure resulted in a lower overall rise in the gross national expenditure aggregate. All three components of government expenditure rose significantly, their combined increase being 34 per cent compared with a 20 per cent increase in 1973–74. Private final consumption expenditure increased by 19 per cent following a rise of 17 per cent in 1973–74 while private gross fixed capital expenditure increased by only 12 per cent after a 23 per cent increase in the previous year. There was a substantial increase in stocks of $817 million in 1974–75 although this represented only about half the value of the stock accumulation of the previous year. Exports of goods and services increased in value by $2,048 million, or 26 per cent, in 1974–75 following an increase of $860 million, or 12 per cent, in 1973–74.

Imports of goods and services increased in 1974–75 by $2,397 million, or 31 per cent, compared with an increase of 43 per cent in 1973–74. The balance of expenditure was met by an increase in gross domestic product of $7,869 million, or 16 per cent, compared with a 21 per cent increase in 1973–74.

DOMESTIC PRODUCTION ACCOUNT
($ million)

—	1972–73	1973–74	1974–75 (a)	—	1972–73	1973–74	1974–75 (a)
Wages, salaries and supplements	22,384	27,502	35,177	Final consumption expenditure—			
Gross operating surplus—				Private	24,887	29,136	34,758
Trading enterprises—				Government	5,429	6,733	9,000
Companies	6,026	6,740	5,912	Gross fixed capital expenditure—			
Unincorporated enterprises	5,773	7,404	6,733	Private	6,465	7,955	8,878
Dwellings owned by persons	2,398	2,839	3,510	Public enterprises	1,752	1,992	2,605
Public enterprises	1,268	1,247	1,135	General government	1,727	1,993	2,778
Financial enterprises	792	829	911	Increase in stocks	–329	1,659	817
Less Imputed bank service charge	1,085	1,351	1,625	Statistical discrepancy	264	932	–218
				Gross national expenditure	40,195	50,400	58,618
Gross domestic product at factor cost	37,556	45,210	51,753	Exports of goods and services	6,947	7,807	9,855
Indirect taxes less subsidies	4,227	5,347	6,673	National turnover of goods and services	47,142	58,207	68,473
				Less Imports of goods and services	5,359	7,650	10,047
Gross domestic product	41,783	50,557	58,426	Expenditure on gross domestic product	41,783	50,557	58,426

(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)

—	1970–71	1971–72	1972–73	1973–74	1974–75(a)
Gross farm product	2,009	2,242	3,053	4,449	3,500
Gross non-farm product	30,882	34,392	38,730	46,108	54,926
Gross domestic product	32,891	36,634	41,783	50,557	58,426

(a) Preliminary.

Measured in current-price terms gross non-farm product rose by 19 per cent but in constant-price terms there was a fall of 3 per cent. Gross farm product at current prices fell by 21 per cent in 1974–75 following a rise of 46 per cent in 1973–74. The derivation of gross farm product is shown below. With generally favourable seasonal conditions there was an increase in output of farm commodities but this was more than offset by lower prices. Prices of meat fell sharply and the price of wool was also substantially lower. There was, however, a strong rise in the price for sugar. While there was a fall in the value of production of wheat, the result for wheat was again favourable in terms of both prices and the quantity produced. Farm production costs other than wages and depreciation rose by 16 per cent. Included in these production costs was a rise in indirect taxes which related mainly to the wheat price stabilisation scheme and the reserve price scheme for wool.

GROSS FARM PRODUCT(a)
($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75(b)
Gross value of farm production (all farms)—					
Wool (including skin wool)	538	660	1,243	1,229	949
Other pastoral products	791	904	1,292	1,337	689
Sugar cane	173	207	230	219	479
Wheat	404	457	348	1,264	1,187
Other grain crops	250	237	218	403	445
Other crops	650	682	765	916	990
Dairy products, poultry, etc.	767	814	843	984	1,038
Total	3,573	3,961	4,939	6,352	5,777
Less Stock valuation adjustment	6	50	129	–36	54
Production costs other than wages and depreciation	1,657	1,740	1,963	2,259	2,628
Gross farm product at factor cost	1,910	2,171	2,847	4,129	3,095
Plus Indirect taxes *less* subsidies	99	71	206	320	405
Gross farm product	2,009	2,242	3,053	4,449	3,500

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

INCOMES

The estimate of gross domestic product in 1974–75 was $58,426 million (an increase of 16 per cent). Of this total $35,177 million or 60 per cent (54 per cent in 1973–74) accrued to persons as wages, salaries and supplements, $16,576 million or 28 per cent (35 per cent in 1973–74) to business enterprises as gross operating surplus and $6,673 million or 11 per cent (11 per cent in 1973–74) to governments as indirect taxes less subsidies.

Wages, salaries and supplements

The growth in wages, salaries and supplements was about 28 per cent in 1974–75 compared with about 23 per cent in 1973–74. The growth in total employment was about ½ per cent in 1974–75 compared with 4½ per cent in 1973–74. Average earnings per employed male unit increased by about 25½ per cent compared with 16½ per cent in 1973–74. In 1974–75 wage rates for females increased significantly faster than those for males.

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 17 per cent in 1973–74, is tentatively estimated to have fallen by 6 per cent in 1974–75. The gross operating surpluses of trading enterprise companies, unincorporated enterprises and public enterprises all fell by substantial amounts whilst those attributable to dwellings owned by persons and financial enterprises rose. The imputed bank service charge is tentatively estimated to have risen by 20 per cent.

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 fallen in 1974–75 by 30 per cent. The estimates of company income in each year are after providing for stock valuation adjustment, which was large in both 1973–74 and in 1974–75 because of the rate of price increases. If provision were not made for this adjustment, company income would be shown to have decreased by 8 per cent in 1974–75 and to have increased by 23 per cent in 1973–74. At this time it is not possible to make estimates of the appropriation of company income during 1974–75. However, a tentative figure has been shown for undistributed income on the assumption of unchanged rates of company tax.

COMPANY INCOME
($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75(*a*)
Trading companies income before stock valuation adjustment	3,200	3,463	4,206	5,162	4,755
Less Stock valuation adjustment	333	478	521	989	1,820
Trading companies income (Table 7)	2,867	2,985	3,685	4,173	2,935
Financial companies income (Table 8)	356	412	486	448	404
Less Dividends paid between trading and financial companies	121	131	146	163	169
Total company income	3,102	3,266	4,025	4,458	3,170
Appropriated as follows—					
Income tax payable	1,477	1,583	2,034	2,482	}
Dividends paid overseas and profits remitted overseas	263	273	375	389	} 3,327
Other dividends paid	529	576	586	596	}
Undistributed income	833	834	1,030	991	−157

(*a*) Preliminary.

The income of non-farm unincorporated enterprises after allowance for stock valuation adjustment increased by 14 per cent in 1973–74 and is tentatively estimated to have increased by 8 per cent in 1974–75.

As a result of the decrease in the gross value of farm production, the income of farm unincorporated enterprises declined from $2,703 million in 1973–74, to $1,539 million in 1974–75 (a decrease of 43 per cent). The total of farm wages, depreciation, etc. (which are included in gross farm product) is estimated to have risen by 16 per cent in 1974–75. The estimates of farm income of companies for 1973–74 and 1974–75 are very tentative. The assets with marketing organisations are estimated to have increased by $200 million in 1974–75 compared with $571 million in 1973–74 and consequently realised income of farm unincorporated enterprises showed a smaller decrease than accrued income.

INCOME OF FARM UNINCORPORATED ENTERPRISES(*a*)
($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75(*b*)
Gross farm product at factor cost (*see* Table, page 7)	1,910	2,171	2,847	4,129	3,095
Less Wages, depreciation, net rent and interest paid and third party insurance transfers	1,009	1,002	1,072	1,300	1,512
Company income	1	24	79	126	44
Income of farm unincorporated enterprises	900	1,145	1,696	2,703	1,539
Less Increase in assets with marketing organisations	15	−23	−142	571	200
Realised income of farm unincorporated enterprises	885	1,168	1,838	2,132	1,339

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

The gross operating surpluses of public trading enterprises are estimated to have fallen in 1974–75 to $1,135 million. The income of public trading enterprises after allowance for stock valuation adjustment is estimated to have decreased by 19 per cent in 1974–75.

EXPENDITURES

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

Private final consumption expenditure

Private final consumption expenditure increased at current prices by $5,622 million, or 19 per cent, in 1974–75. This is the highest percentage increase since 1950–51. A major part of the increase was due to price rises; the constant-price estimate rose by just over 2 per cent following a rise of 5 per cent in the previous year. The proportion of household disposable income devoted to final consumption dropped from 85 per cent in 1973–74 to 83 per cent in 1974–75. Despite a substantial fall in farm income, household saving (which is, however, estimated only as a balancing item in Table 9) increased by 34½ per cent in 1974–75 following an increase of 42 per cent in the previous year.

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)

—	1970–71	1971–72	1972–73	1973–74	1974–75(*a*)
Food	3,819	4,144	4,569	5,351	6,121
Cigarettes, tobacco and alcoholic drinks	1,862	2,021	2,267	2,566	2,966
Clothing, footwear and drapery	1,814	1,987	2,224	2,666	2,974
Dwelling rent—Imputed rent of owner-occupiers	1,838	2,081	2,362	2,758	3,400
Other	842	972	1,107	1,280	1,575
Household durables	1,451	1,638	1,878	2,397	2,825
Purchase of motor vehicles	1,040	1,120	1,210	1,435	1,715
Fares	679	760	828	963	1,154
Gas, electricity and fuel	479	527	555	622	769
Other goods and services	6,149	6,980	7,887	9,098	11,259
Total	19,973	22,230	24,887	29,136	34,758

(*a*) Preliminary.

At current prices, most components increased at a faster rate in 1974–75 than in 1973–74. The rates of increase were lower in food, the clothing group and household durables.

Government final consumption expenditure

As Table 14 shows, government final consumption expenditure increased by $2,267 million, or 34 per cent, in 1974–75 (5 per cent at constant prices). Authorities of the Australian Government increased their expenditure by $717 million, or 25 per cent, while the increase for State and local authorities was $1,550 million, or 40 per cent. Expenditures on education, and health and welfare, showed continued strong increases of 43 per cent and 46 per cent respectively as compared with 31 per cent and 33 per cent respectively in 1973–74. Defence expenditure (adjusted for the difference between deliveries of major items of imported equipment and cash payments in respect of them which fell by $119 million in 1974–75) increased by $103 million or 8 per cent as compared with an increase of 14 per cent in 1973–74.

Private gross fixed capital expenditure

Private gross fixed capital expenditure rose by 11½ per cent in 1974–75 but after allowance for price rises, the aggregate declined by 8½ per cent following a rise of 10 per cent in 1973–74. At current prices, expenditure on dwellings was unchanged while expenditure on other building and construction rose by 17 per cent and expenditure on other capital equipment rose by 17½ per cent. However, at constant prices, there were falls in all components of private gross fixed capital expenditure: Expenditure on dwellings fell by 19 per cent following a rise of 2½ per cent in 1973–74; expenditure on other building and construction fell by 7 per cent following a rise of 2 per cent in 1973–74; and expenditure on other capital equipment fell by 3 per cent following a large rise of 18 per cent in 1973–74.

Public gross fixed capital expenditure

At current prices, gross fixed capital expenditure by all public authorities rose by 35 per cent in 1974–75 (10 per cent at constant prices). Expenditure by authorities of the Australian Government increased by 34 per cent, and that by State and local authorities by 36 per cent. Significant increases in expenditure were recorded in the fields of education (68 per cent), health (55 per cent) and water supply (31 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)

—	1970–71	1971–72	1972–73	1973–74	1974–75(*a*)
Farm and miscellaneous—					
Increase in book value	–41	–94	–142	703	406
Less Stock valuation adjustment	6	50	129	–36	54
Increase in stocks	–47	–144	–271	739	352
Private non-farm—					
Increase in book value	758	550	514	2,026	2,462
Less Stock valuation adjustment	372	522	572	1,106	1,997
Increase in stocks	386	28	–58	920	465
Total increase in stocks	339	–116	–329	1,659	817

(*a*) Preliminary.

The large increase in the book value of private non-farm stocks during 1974–75, was almost entirely confined to the first half of the financial year and occurred mainly in the manufacturing and commerce sectors. All industries within the manufacturing sector except textiles and clothing contributed to the increase in book value of stocks with the largest rises being in engineering and metals, chemicals and oil refining and food, drink and tobacco. As indicated by the stock valuation adjustment, about 80 per cent of the increase in book value of private non-farm stocks was due to price rises. An increase in wheat stocks more than offset falls in other farm stocks while there was a large increase in the stocks of the Australian Wool Corporation in 1974–75.

OVERSEAS TRANSACTIONS

In 1974–75, exports of goods and services increased by 26 per cent (up 6.3 per cent at constant prices), while imports of goods and services increased by 31 per cent (up 1.9 per cent at constant prices).

An analysis of overseas transactions at current prices is shown in the Overseas Transactions Account (Table 4). Exports of goods and services were less than imports of goods and services by $192 million, compared with a surplus of exports of goods and services of $157 million in 1973–74; net income paid overseas (net property income, excluding undistributed income) was $340 million, an increase of $17 million from 1973–74; and net transfers to overseas were $236 million. The balance on these current transactions resulted in net borrowing from overseas of $768 million in 1974–75, compared with net borrowing of $471 million in 1973–74. The net borrowing from overseas consisted of a decrease in official reserve assets of $459 million, other negative monetary movements of $4 million and a net capital inflow of $305 million (excluding undistributed income).

Exports f.o.b. in 1974–75 rose by $1,785 million, or 27 per cent, to $8,479 million. Preliminary export figures for the eleven months ended May 1975 indicate strong rises in wheat, sugar, coal, iron and steel and falls in wool, meat and meat preparations. Exports of services rose by $263 million, or 24 per cent, to $1,376 million with rises in transportation, up $175 million to $895 million, travel up $48 million to $210 million and other goods and services up $28 million.

Imports f.o.b. in 1974–75 increased by $1,948 million, or 34 per cent, to $7,701 million. Substantial rises occurred in the value of imports of petroleum and petroleum products (up 92 per cent to $723 million), chemicals, machinery and transport equipment and miscellaneous manufactured articles, especially clothing and scientific instruments. The value of services provided by non-residents during 1974–75 increased by $449 million, or 24 per cent, to $2,346 million. Major rises were in transportation, up $321 million to $1,495 million, travel, up $59 million to $400 million and in other goods and services, up $47 million to $313 million.

PUBLIC AUTHORITY FINANCE

Income Account

Current outlays other than final consumption expenditure (*see* above under EXPENDITURES) increased by $1,674 million, or 33 per cent, in 1974–75, compared with only 16 per cent in 1973–74. The main contributors to this increase were interest and cash benefits to persons, which rose by $218 million (20 per cent) and $1,274 million (39 per cent) respectively, compared with increases of 6 per cent and 21 per cent respectively in 1973–74. Subsidies increased by $47 million, or 17 per cent. Increases in subsidies for apprenticeship training, export incentive and shipbuilding were partly offset by reductions in respect of dairy products, wheat, superphosphate and petrol price equalisation.

The receipts of public authorities available to meet current outlays increased by $4,005 million, or 27 per cent. Receipts from taxation were 29 per cent higher, compared with an increase of 27 per cent in 1973–74. Income tax on individuals rose by 41 per cent, compared with a rise of 34 per cent in 1973–74. The increase in 1974–75 reflects the increase in incomes and the progressive tax structure the effects of which were partly offset by reductions in tax rates. Income tax on companies rose by 21 per cent, compared with a rise of 24 per cent in 1973–74. Income from public enterprises was 20 per cent lower than in 1973–74, 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 $3,078 million, $64 million higher than in 1973–74.

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 $340 million following an increase of $57 million in 1973–74, reflecting, together with other stock changes, an increase in stocks of the Australian Wool Corporation. The principal sources of funds, apart from the surplus on current account, were depreciation allowances of $591 million and a net sale of securities in excess of $2,000 million. There was an apparent substantial reduction in cash and bank balances during the year compared with an increase of $732 million in 1973–74.

TABLES

TABLE 1

DOMESTIC PRODUCTION ACCOUNT

($ million)

	—	1970–71	1971–72	1972–73	1973–74	1974–75 (*a*)
	Final consumption expenditure—					
1	Private	19,973	22,230	24,887	29,136	34,758
2	Government	4,194	4,754	5,429	6,733	9,000
	Gross fixed capital expenditure—					
3	Private	5,834	6,285	6,465	7,955	8,878
4	Public enterprises	1,528	1,746	1,752	1,992	2,605
5	General government	1,405	1,554	1,727	1,993	2,778
6	Increase in stocks	339	−116	−329	1,659	817
7	Statistical discrepancy(*b*)	−334	−217	264	932	−218
	Gross national expenditure	32,939	36,236	40,195	50,400	58,618
8	Exports of goods and services	5,070	5,636	6,947	7,807	9,855
	National turnover of goods and services	38,009	41,872	47,142	58,207	68,473
9	*Less* Imports of goods and services	5,118	5,238	5,359	7,650	10,047
	Expenditure on gross domestic product	32,891	36,634	41,783	50,557	58,426
10	Wages, salaries and supplements	17,912	20,037	22,384	27,502	35,177
	Gross operating surplus—					
	Trading enterprises—					
11*a*	Companies	4,720	5,079	6,026	6,740	5,912
11*b*	Unincorporated enterprises	4,226	4,715	5,773	7,404	6,733
11*c*	Dwellings owned by persons	1,825	2,094	2,398	2,839	3,510
11*d*	Public enterprises	1,080	1,220	1,268	1,247	1,135
11*e*	Financial enterprises	573	661	792	829	911
11*f*	*Less* Imputed bank service charge	743	861	1,085	1,351	1,625
	Gross domestic product at factor cost	29,593	32,945	37,556	45,210	51,753
12	Indirect taxes less subsidies	3,298	3,689	4,227	5,347	6,673
	Gross domestic product	32,891	36,634	41,783	50,557	58,426
	Gross farm product	2,009	2,242	3,053	4,449	3,500
	Gross non-farm product	30,882	34,392	38,730	46,108	54,926

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

TABLE 2

EXPENDITURE ON GROSS DOMESTIC PRODUCT AT AVERAGE 1966–67 PRICES(*a*)

($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (*b*)
Final consumption expenditure—					
Private	17,118	17,951	19,044	20,044	20,485
Government	3,225	3,268	3,433	3,656	3,849
Gross fixed capital expenditure—					
Private	4,970	4,999	4,871	5,349	4,899
Public	2,461	2,605	2,541	2,584	2,842
Increase in stocks	322	−98	−177	1,057	556
Statistical discrepancy	−272	−162	207	648	−104
Gross national expenditure	27,824	28,564	29,918	33,338	32,527
Exports of goods and services	5,165	5,501	5,715	5,483	5,830
Less Imports of goods and services	4,866	4,764	4,956	6,417	6,540
Expenditure on gross domestic product	28,123	29,301	30,678	32,405	31,817
Gross farm product	2,507	2,714	2,390	2,506	2,698
Gross non-farm product	25,616	26,587	28,288	29,899	29,119

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

TABLE 3

NATIONAL INCOME AND OUTLAY ACCOUNT

($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (a)
10 Wages, salaries and supplements	17,912	20,037	22,384	27,502	35,177
11g Net operating surplus	8,860	9,830	11,847	14,068	12,646
Domestic factor incomes	26,772	29,867	34,231	41,570	47,823
13 *Less* Net income paid overseas	393	388	423	323	340
12a Indirect taxes	3,587	4,077	4,550	5,626	6,999
12b *Less* Subsidies	289	388	323	279	326
National income	29,677	33,168	38,035	46,594	54,156
14 *Less* Net transfers to overseas	138	152	231	305	236
National disposable income	29,539	33,016	37,804	46,289	53,920
Final consumption expenditure—					
1 Private	19,973	22,230	24,887	29,136	34,758
2 Government	4,194	4,754	5,429	6,733	9,000
15 to 20, 26 Saving	5,372	6,032	7,488	10,420	10,162
Disposal of income	29,539	33,016	37,804	46,289	53,920

(a) Preliminary.

TABLE 4

OVERSEAS TRANSACTIONS ACCOUNT

($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (a)
9a Imports f.o.b.	3,790	3,792	3,808	5,753	7,701
9b Transportation	832	848	884	1,174	1,495
9c Travel	199	264	321	341	400
9d Government transactions	127	124	122	116	138
9e Other goods and services	170	210	224	266	313
9 Total imports of goods and services	5,118	5,238	5,359	7,650	10,047
13a Property income to overseas	544	594	719	731	707
Transfers to overseas—					
14a Personal	134	172	217	223	248
14b General government	185	206	252	289	350
21 Net lending to overseas	−579	−142	934	−471	−768
Use of current receipts	5,402	6,068	7,481	8,422	10,584
8a Exports f.o.b.	4,230	4,744	6,010	6,694	8,479
8b Transportation	474	498	574	720	895
8c Travel	135	131	123	162	210
8d Government transactions	82	90	90	93	105
8e Other goods and services	149	173	150	138	166
8 Total exports of goods and services	5,070	5,636	6,947	7,807	9,855
13b Property income from overseas	151	206	296	408	367
Transfers from overseas—					
14c Personal	181	226	238	207	217
14d Extraordinary insurance claims	..	..	..	..	145
Current receipts from overseas	5,402	6,068	7,481	8,422	10,584

(a) Preliminary.

TABLE 5

NATIONAL CAPITAL ACCOUNT

($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (a)
11h Depreciation allowances	2,821	3,078	3,325	3,640	3,930
Saving—					
15 Increase in income tax provisions	17	135	441	894	−374
16 Undistributed (company) income	833	834	1,030	991	−157
17 Retained income of public financial enterprises	107	110	170	175	198
18 Household saving	2,207	2,487	3,700	5,259	7,074
19 General government surplus on current transactions	2,157	2,411	2,072	3,014	3,078
20 General government grants for private capital purposes	51	55	75	87	138
26 Extraordinary insurance claims paid	..	..	..	..	205
Finance of gross accumulation	8,193	9,110	10,813	14,060	14,092
Gross fixed capital expenditure—					
Private—					
3a Dwellings	1,532	1,755	2,089	2,582	2,577
3b Other building and construction	1,392	1,455	1,361	1,592	1,866
3c All other	2,910	3,075	3,015	3,781	4,435
4 Public enterprises	1,528	1,746	1,752	1,992	2,605
5 General government	1,405	1,554	1,727	1,993	2,778
Total gross fixed capital expenditure	8,767	9,585	9,944	11,940	14,261
Increase in stocks—					
6a Farm and miscellaneous	−47	−144	−271	739	352
6b Private non-farm	386	28	−58	920	465
7 Statistical discrepancy(b)	−334	−217	264	932	−218
21 Net lending to overseas	−579	−142	934	−471	−768
Gross accumulation	8,193	9,110	10,813	14,060	14,092

(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)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (a)
Gross fixed capital expenditure—					
Private—					
Dwellings	1,329	1,414	1,552	1,593	1,292
Other building and construction	1,162	1,132	991	1,010	941
All other	2,479	2,454	2,328	2,746	2,666
Total private	4,970	4,999	4,871	5,349	4,899
Public	2,461	2,605	2,541	2,584	2,842
Total	7,431	7,604	7,412	7,933	7,741
Increase in stocks—					
Farm and miscellaneous	−21	−123	−130	396	245
Private non-farm	344	25	−47	661	312
Total	322	−98	−177	1,057	556

(a) Preliminary

TABLE 7

CORPORATE TRADING ENTERPRISES(a) INCOME AND OUTLAY ACCOUNT
($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (b)
Net operating surplus—					
11i Trading enterprise companies	3,416	3,609	4,417	4,976	3,990
11j Public trading enterprises	631	729	737	673	544
13c Interest, etc., received	215	233	264	406	559
13d Dividends received	73	82	99	143	133
Receipts	4,335	4,653	5,517	6,198	5,226
13e Interest, etc., paid	798	895	1,045	1,286	1,664
25a Third party insurance transfers to persons	39	44	50	66	83
22a Public enterprise income	631	729	737	673	544
Company income—					
15a Income tax payable	1,365	1,448	1,851	2,305	
13f Dividends paid	836	885	993	1,027	2,935
16a Undistributed income	666	652	841	841	
	2,867	2,985	3,685	4,173	2,935
Disbursements	4,335	4,653	5,517	6,198	5,226

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

TABLE 8

FINANCIAL ENTERPRISES(a) INCOME AND OUTLAY ACCOUNT
($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (b)
11k Net operating surplus	476	556	675	691	749
11f *Less* Imputed bank service charge	743	861	1,085	1,351	1,625
13g Interest, etc., received	2,075	2,397	2,905	3,810	4,781
13h Dividends received	107	116	127	145	150
14d Extraordinary insurance claims from overseas	..	..	..	..	145
Receipts	1,915	2,208	2,622	3,295	4,200
13i Interest on life and superannuation funds imputed to households	533	606	683	781	973
13j Other interest, etc., paid	843	995	1,218	1,807	2,358
15b Income tax on life and superannuation funds	19	21	25	58	50
26 Extraordinary insurance claims paid	..	..	..	..	205
Public enterprise income—					
22b Paid to general government	57	64	40	26	12
17 Retained income	107	110	170	175	198
	164	174	210	201	210
Company income—					
15c Income tax payable	112	135	183	177	
13k Dividends paid	77	95	114	121	404
16b Undistributed income	167	182	189	150	
	356	412	486	448	404
Disbursements	1,915	2,208	2,622	3,295	4,200

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

TABLE 9

HOUSEHOLDS(a) INCOME AND OUTLAY ACCOUNT
($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (b)
Net operating surplus—					
11l Dwellings owned by persons	1,558	1,796	2,071	2,471	3,101
11m Unincorporated enterprises	3,522	4,001	5,032	6,608	5,887
13l *Less* Interest, etc., paid relating thereto	919	1,029	1,242	1,678	2,147
25b Third party insurance transfers to persons	30	36	39	51	65
Unincorporated enterprises income—Farm	900	1,145	1,696	2,703	1,539
Non-farm	2,203	2,409	2,806	3,200	3,458
Income from dwelling rent	1,028	1,178	1,320	1,447	1,779
	4,131	4,732	5,822	7,350	6,776
10 Wages, salaries and supplements	17,912	20,037	22,384	27,502	35,177
13i Interest on life and superannuation funds (imputed)	533	606	683	781	973
13m Other interest, etc., received	840	944	1,149	1,552	1,993
13n Dividends received	536	583	593	606	595
Transfers from general government—					
23a Cash benefits	1,855	2,169	2,695	3,257	4,531
23b Unfunded employee retirement benefits	..	..	..	65	88
25 Third party insurance transfers	69	80	89	117	148
14c Transfers from overseas	181	226	238	207	217
Receipts	26,057	29,377	33,653	41,437	50,498
1 Private final consumption expenditure	19,973	22,230	24,887	29,136	34,758
13o Consumer debt interest	212	233	277	407	504
15d Income tax payable	3,123	3,815	4,084	5,852	7,334
24 Other direct taxes, fees, fines, etc.	408	440	488	560	580
14a Transfers overseas	134	172	217	223	248
18 Saving	2,207	2,487	3,700	5,259	7,074
Disbursements	26,057	29,377	33,653	41,437	50,498

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

TABLE 10

HOUSEHOLD DISPOSABLE INCOME
($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (a)
Household income (Table 9)	26,057	29,377	33,653	41,437	50,498
Less Income tax, other direct taxes, fees, fines, etc., consumer debt interest and transfers overseas	3,877	4,660	5,066	7,042	8,666
Household disposable income	22,180	24,717	28,587	34,395	41,832

(a) Preliminary.

TABLE 11

GENERAL GOVERNMENT INCOME AND OUTLAY ACCOUNT

($ million)

	—	1970–71	1971–72	1972–73	1973–74	1974–75 (a)
22	Income from public enterprises	688	793	777	699	556
13p	Interest, etc., received	279	299	339	411	524
12a	Indirect taxes	3,587	4,077	4,550	5,626	6,999
	Direct taxes on income—					
15e	Companies, etc.	1,427	1,519	1,618	2,013	2,431
15f	Households	3,175	3,765	4,084	5,485	7,709
24	Other direct taxes, fees, fines, etc.	408	440	488	560	580
	Receipts	9,564	10,893	11,856	14,794	18,799
2	Final consumption expenditure	4,194	4,754	5,429	6,733	9,000
12b	Subsidies	289	388	323	279	326
13q	Interest, etc., paid	833	910	1,010	1,070	1,288
	Transfers to persons—					
23a	Cash benefits	1,855	2,169	2,695	3,257	4,531
23b	Unfunded employee retirement benefits	..	..	..	65	88
20	Grants for private capital purposes	51	55	75	87	138
14b	Transfers overseas	185	206	252	289	350
19	Surplus on current transactions	2,157	2,411	2,072	3,014	3,078
	Disbursements	9,564	10,893	11,856	14,794	18,799

(a) Preliminary.

TABLE 12

GENERAL GOVERNMENT INCOME AND OUTLAY ACCOUNT: AUSTRALIAN GOVERNMENT'S AUTHORITIES

($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (a)
Income from public enterprises	232	306	308	283	240
Interest, etc., received	61	62	77	87	98
Indirect taxes	2,454	2,518	2,629	3,248	3,941
Direct taxes on income	4,602	5,284	5,702	7,498	10,140
Other direct taxes, fees, fines, etc.	126	137	140	171	133
Receipts	7,475	8,307	8,855	11,288	14,552
Final consumption expenditure—					
Payments basis	1,971	2,175	2,373	2,739	3,575
Overseas adjustment—Defence	4	−28	−22	100	−19
Subsidies paid	260	377	323	300	284
Adjustment of subsidies to payable basis	2	−18	−28	−52	8
Interest, etc., paid	13	−14	15	6	106
Transfers to persons—					
Cash benefits	1,759	2,041	2,533	3,077	4,323
Unfunded employee retirement benefits	..	..	..	65	88
Grants for private capital purposes	35	41	54	63	102
Grants to States and local governments	1,672	1,769	2,076	2,538	3,785
Transfers overseas	184	205	252	288	350
Surplus on current transactions	1,575	1,759	1,279	2,163	1,950
Disbursements	7,475	8,307	8,855	11,288	14,552

(a) Preliminary

TABLE 13

GENERAL GOVERNMENT INCOME AND OUTLAY ACCOUNT: STATE AND LOCAL AUTHORITIES

($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (a)
Income from public enterprises	456	488	469	416	316
Interest, etc., received	218	236	263	325	426
Indirect taxes	1,133	1,559	1,921	2,378	3,058
Direct taxes, fees, fines, etc.	282	303	348	389	447
Grants from Australian Government	1,672	1,769	2,076	2,538	3,785
Receipts	3,761	4,355	5,077	6,044	8,032
Final consumption expenditure	2,219	2,607	3,078	3,894	5,444
Subsidies paid	27	30	28	32	34
Interest, etc., paid	820	924	995	1,064	1,182
Transfers to persons—cash benefits	96	127	162	181	208
Grants for private capital purposes	16	15	21	23	36
Transfers overseas	..	..	..	..	..
Surplus on current transactions	582	652	793	851	1,128
Disbursements	3,761	4,355	5,077	6,044	8,032

(a) Preliminary.

TABLE 14

GOVERNMENT FINAL CONSUMPTION EXPENDITURE, BY PURPOSE

($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (a)
Australian Government's authorities—					
General public services	359	426	485	612	804
Defence	1,062	1,127	1,178	1,222	1,444
Overseas adjustment	4	−28	−22	100	−19
Health, social security and welfare	166	199	235	311	475
Economic services—					
Transport and communication	46	56	64	78	94
Other	196	205	215	239	312
All other	141	162	196	277	447
Total	1,974	2,147	2,351	2,839	3,556
State and local authorities—					
Law, order and public safety	240	282	328	397	540
Other general public services	240	264	312	337	450
Education	963	1,149	1,362	1,774	2,530
Health, social security and welfare	494	574	668	891	1,278
Economic services	180	220	261	314	411
All other	103	118	148	182	235
Total	2,219	2,607	3,078	3,894	5,444
All public authorities—					
General public services	839	971	1,124	1,346	1,794
Defence	1,067	1,100	1,156	1,322	1,425
Education	1,018	1,213	1,443	1,885	2,699
Health	566	659	762	1,024	1,486
Social security and welfare	94	113	140	178	267
Housing and community amenities	37	42	58	85	124
Recreation and related cultural services	150	173	205	260	345
Economic services—					
Agriculture, forestry, fishing	173	199	233	264	336
Other	249	282	307	367	480
All other	1	1	1	2	45
Total	4,194	4,754	5,429	6,733	9,000

(a) Preliminary.

TABLE 15

PUBLIC AUTHORITIES CAPITAL ACCOUNT(a)
($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (b)
Depreciation allowances	450	490	531	575	591
Net sale of securities—					
Australian Government securities—					
Securities other than treasury bills and notes—					
Australia	289	744	781	873	(c)
Overseas—					
International Bank for Reconstruction and Development	–16	–16	–10	–7	–9
Credit arrangements	7	–16	–8	–54	–45
Other	–36	–15	–48	–69	55
Treasury bills and notes	18	–10	165	–38	1,689
Other general government securities	54	49	56	54	(c)
Local authority and public corporation securities	288	458	448	321	
Surplus on current transactions	2,157	2,411	2,072	3,014	3,078
Other funds available (including errors and omissions)	107	50	97	382	(d)1,182
Reduction in cash and bank balances	–144	–632	–525	–732	
Total sources of funds	3,172	3,512	3,560	4,318	6,541
Gross fixed capital expenditure on new assets—					
Public trading enterprises	1,480	1,696	1,699	1,944	2,546
General government	1,405	1,554	1,727	1,993	2,778
Expenditure on existing assets	45	108	51	195	369
Increase in stocks	62	–14	–43	57	340
Advances to overseas	61	23	29	–68	49
Advances to the private sector	58	84	31	120	286
Advances to public financial enterprises	60	61	67	79	173
Total uses of funds	3,172	3,512	3,560	4,318	6,541

(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)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (b)
Depreciation allowances	192	207	229	255	279
Net sale of securities—					
Australian Government securities—					
Securities other than treasury bills and notes—					
Australia	227	732	748	874	132
Overseas—					
International Bank for Reconstruction and Development	–16	–16	–10	–7	–9
Credit arrangements	7	–16	–8	–54	–45
Other	–36	–15	–48	–69	55
Treasury bills and notes	18	–10	165	–38	1,689
Other general government securities	1	1	21	–1	..
Public corporation securities	–8	5	15	–125	30
Surplus on current transactions	1,575	1,759	1,279	2,163	1,950
Other funds available (including errors and omissions)	18	2	6	210	111
Reduction in cash and bank balances	–103	–585	–264	–484	599
Total sources of funds	1,874	2,062	2,133	2,724	4,792
Gross fixed capital expenditure on new assets—					
Public trading enterprises	501	646	586	746	975
General government	193	192	222	256	372
Expenditure on existing assets	–9	–6	–22	13	105
Increase in stocks	52	–25	–45	38	314
Advances to overseas	61	23	29	–68	49
Advances to the private sector	–26	–9	–28	72	236
Advances to public financial enterprises	25	23	17	20	103
Advances to States and local governments	523	591	668	748	1,226
Grants to States and local governments	555	627	707	900	1,414
Total uses of funds	1,874	2,062	2,133	2,724	4,792

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

TABLE 17

PUBLIC AUTHORITIES CAPITAL ACCOUNT(a): STATE AND LOCAL AUTHORITIES
($ million)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (b)
Depreciation allowances	258	284	302	320	312
Net sale of securities—					
Australian Government securities(c)	62	12	34	–1	(d)
Other general government securities	53	48	35	55	
Local authority and public corporation securities	296	453	433	447	
Advances from Australian Government—					
Loan works programmes	366	550	601	448	592
Other	156	41	66	300	634
Grants from Australian Government	555	627	707	900	1,414
Surplus on current transactions	582	652	793	851	1,128
Other funds available (including errors and omissions)	88	48	92	173	(e)307
Reduction in cash and bank balances	–41	–47	–261	–249	
Total sources of funds	2,376	2,667	2,802	3,243	4,387
Gross fixed capital expenditure on new assets—					
Public trading enterprises	979	1,050	1,112	1,198	1,571
General government	1,212	1,362	1,506	1,737	2,406
Expenditure on existing assets	54	114	73	181	264
Increase in stocks	10	11	2	19	26
Advances to the private sector	85	93	59	48	50
Advances to public financial enterprises	35	38	51	60	70
Total uses of funds	2,376	2,667	2,802	3,243	4,387

(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)

—	1970–71	1971–72	1972–73	1973–74	1974–75 (a)
Australian Government's authorities—					
General public services	36	39	64	74	100
Education	22	25	30	33	47
Health, social security and welfare	22	24	22	33	49
Economic services—					
Transport—					
Air	96	176	60	85	99
Other	45	55	72	105	168
Communication	374	427	460	561	711
Electricity and water supply	43	32	27	28	24
Other economic services	25	37	52	40	55
All other	44	47	49	66	123
Total	708	862	836	1,026	1,377
State and local authorities—					
General public services	94	91	106	123	152
Education	229	266	302	351	600
Health, social security and welfare	94	106	110	140	208
Housing and community amenities—					
Housing	88	72	74	114	223
Community and regional development	2	2	2	5	26
Protection of the environment	188	227	271	311	341
Recreation and related cultural services	42	52	62	60	72
Economic services—					
Transport—					
Rail	124	139	139	142	201
Sea	53	73	61	60	69
Road systems and ancillary facilities	617	686	748	838	1,077
Other	14	14	11	8	17
Electricity and gas	386	386	396	413	526
Water supply	120	144	177	194	253
Agriculture, forestry, fishing	98	104	103	109	141
Other	75	72	78	85	98
All other	1	2	2	3	2
Total	2,225	2,438	2,642	2,959	4,006
All public authorities—					
General public services	130	130	170	198	252
Education	251	291	332	384	647
Health	103	116	119	149	231
Social security and welfare	13	14	13	24	26
Housing and community amenities—					
Housing	101	79	77	115	244
Community and regional development	19	24	28	40	72
Protection of the environment	190	231	277	322	361
Recreation and related cultural services	54	67	76	80	103
Economic services—					
Road systems and ancillary facilities	638	705	772	864	1,106
Other transport	310	439	319	376	525
Communication	374	427	460	561	711
Agriculture, forestry, fishing	100	108	119	118	149
Electricity and gas	422	409	420	437	547
Water supply	127	152	180	196	257
Other economic services	100	106	115	118	145
All other	1	2	2	3	6
Total	2,933	3,300	3,479	3,985	5,383
of which—					
General government	1,405	1,554	1,727	1,993	2,778
Public trading enterprises	1,480	1,696	1,699	1,944	2,546
Public financial enterprises	48	50	53	48	59

(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 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. 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 increases in farm stocks and public authority stocks.

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

Item 7. Statistical discrepancy. The difference between the sum of 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 comprises 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 comprises 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. To be consistent with the definition of the workforce, payments to trainee teachers are excluded from estimates of wages and salaries. Supplements consist of employers' contributions to pension and superannuation funds, direct payments of pensions and retiring allowances, and amounts paid as workers' compensation for injuries. Employers' contributions to 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. Gross operating surplus includes third party motor vehicle and public risk insurance claims paid to persons in respect of policies taken out by enterprises. Trading enterprises include all companies, public enterprises, partnerships and self-employed persons engaged in the production of goods and services for sale, but exclude financial enterprises. All owners of dwellings are included whether they let the dwellings or occupy them themselves. 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. 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 11*g*) 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* (item 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 14*d*. *Extraordinary insurance claims from overseas* are in respect of claims arising out of the Darwin cyclone of 25 December 1974.

Item 15. *Income tax.* Income tax payable by trading and financial companies (items 15*a* and 15*c*), life and superannuation funds (item 15*b*) and households (item 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; payments to trainee teachers; 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.

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

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

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 1 of *Australian National Accounts, National Income and Expenditure* (Reference No. 7.1) 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, salaries and supplements, incomes of unincorporated enterprises, etc.) and transfer incomes (such as cash social service benefits, interest, etc.). It includes the imputed interest of life offices and superannuation funds, which is the benefit accruing to policy holders and members from investment income of the funds. It also includes third party motor vehicle and public risk insurance claims paid to persons in respect of policies taken out by enterprises. However, it excludes any income which might be said to accrue to persons in the form of undistributed company income. It also includes any property income received by non-profit organisations such as private schools, churches, charitable organisations, etc.

Household disposable income is *household income* less direct taxes, fees, fines, etc. charged to persons by general government, consumer debt interest and transfers overseas.

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 and third party insurance transfers) 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 made in *Australian National Accounts, National Income and Expenditure, 1973–74*, to be published shortly. The main changes were:

(i) Payments to trainee teachers have been excluded from wages, salaries and supplements to be consistent with the exclusion of trainee teachers from the defined workforce.

(ii) Gross operating surplus now includes third party motor vehicle and public risk insurance claims paid to persons in respect of policies taken out by enterprises. This treatment is consistent with the recommendations of the United Nations, *A System of National Accounts*. These third party insurance claims are transferred to persons in the sector income and outlay accounts.

(iii) Wool sold and awaiting shipment is now included in exports of goods and services and not in increase in stocks.

There have also been other revisions made as the result of more and later information mainly affecting the years 1972–73 and 1973–74.