NATIONAL INCOME AND EXPENDITURE 1967-68

PRESENTED BY THE
RIGHT HONOURABLE WILLIAM MCMAHON, M.P.,
FOR THE INFORMATION OF
HONOURABLE MEMBERS ON THE OCCASION
OF THE BUDGET 1968-69

COMMONWEALTH OF AUSTRALIA

1968

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BY AUTHORITY
A. J. ARTHUR, COMMONWEALTH GOVERNMENT PRINTER
CANBERRA: 1968

FOREWORD

This Paper gives estimates of gross national product, income and expenditure during the five years 1963–64 to 1967–68 on a basis consistent with those shown in *Australian National Accounts, National Income and Expenditure, 1953-54 to 1966-67*, published earlier this year by the Commonwealth Bureau of Census and 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. Estimates for each quarter of 1967–68 will be published shortly by the Commonwealth Bureau of Census and Statistics in the next issue of *Quarterly Estimates of National Income and Expenditure.*

The estimates have been prepared in the Commonwealth Bureau of Census and Statistics from a very large body of primary data items from many different sources. The information on which estimates for some items are based is available with very little delay, but for other items the full information becomes available only after periods ranging up to several years. Estimates for some items therefore remain approximate until this information has been compiled and analysed, but all figures for 1967–68, in particular, should be regarded as preliminary and subject to revision in some degree. In some cases where current information is inadequate, figures have been placed in brackets to indicate their tentative nature at this point of time.

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.

INTRODUCTION

The estimates of gross national expenditure, exports, imports and gross national product presented in this White Paper summarise the main flows of income and expenditure associated with the production of goods and services in the economy. Detailed figures in respect of the last five years are shown in tables 1–16 on pages 11–21. Estimates of national income appear in table 9, which shows the relationship of the main aggregates of the accounts.

In terms of current prices, gross national product—the market value of final goods and services produced in Australia—is estimated to have increased by 6 per cent in 1967–68 while gross national expenditure—the total market value of expenditure on final goods and services for use within the Australian economy—is estimated to have increased by 8 per cent. The relatively faster rate of increase in gross national expenditure was balanced by a much faster rate of increase in imports than in exports.

Estimates of the main aggregates at constant (average 1959–60) prices are shown in table 8. Estimates of this type are subject to a number of approximations and assumptions and are also affected by revisions to the current price estimates. The estimates for the latest year, in particular, should be regarded as preliminary and subject to revision. For 1967–68, the preliminary estimate is that gross national product at constant (average 1959–60) prices increased by 3.7 per cent. Rounded to the nearest whole number, the increases in gross national product at constant prices in recent years have been as follows:—

Increase in gross national product
(average 1959–60 prices)

	Per cent
1963–64	7
1964–65	7
1965–66	1
1966–67	6
1967–68	4

NATIONAL PRODUCTION ACCOUNT

The national production account below shows the detailed current price estimates in respect of 1967–68 (preliminary) and the two previous years.

Gross national expenditure increased in 1967–68 by an estimated $1,794 million, or 8 per cent, about the same rate of increase as in 1966–67. The increase in net current expenditure on goods and services was $1,448 million or 9 per cent (8 per cent in 1966–67). As in 1966–67 the rate of increase was faster in respect of public authority expenditure (13 per cent) than private expenditure (8 per cent). The increase in gross fixed capital expenditure in 1967–68 was $473 million, or about 8 per cent (3 per cent in 1966–67). Private gross fixed capital expenditure increased in 1967–68 by 8 per cent, whereas in 1966–67 there was an increase of less than 1 per cent. Public gross fixed capital expenditure rose by 9 per cent. The value of stocks increased by $311 million in 1967–68, or $183 million less than the increase in the previous year.

This increased domestic expenditure, together with an increase of 2 per cent in exports of goods and services, was met by an increase in domestic production of 6 per cent and an increase of 12 per cent in imports of goods and services. Imports of goods and services exceeded exports of goods and services by $618 million in 1967–68, compared with $228 million in 1966–67.

NATIONAL PRODUCTION ACCOUNT
($ million)

——	1965–66	1966–67	1967–68 (a)	——	1965–66	1966–67	1967–68 (a)
Wages, salaries and supplements	10,579	11,504	12,464	Net current expenditure on goods and services—			
Gross operating surplus of trading enterprises—				Personal consumption	12,629	13,498	14,583
Companies	2,975	(3,273)	(3,615)	Financial enterprises	283	316	346
Unincorporated enterprises	3,443	(3,915)	(3,626)	Public authorities	2,383	2,690	3,028
Dwellings owned by persons	959	1,044	1,131				
Public enterprises	657	688	758	Gross fixed capital expenditure—			
				Private	3,654	(3,683)	(3,968)
				Public enterprises	1,104	1,170	1,307
Gross National Product at Factor Cost	18,613	20,424	21,594	Public authorities	880	935	986
				Increase in value of stocks	232	494	(311)
Indirect taxes less subsidies	2,238	2,386	2,620	Statistical discrepancy(b)	176	252	303
Gross National Product	20,851	22,810	24,214	Gross National Expenditure	21,341	23,038	24,832
Imports of goods and services	3,627	3,702	4,159	Exports of goods and services	3,137	3,474	3,541
National Turnover of Goods and Services	24,478	26,512	28,373	National Turnover of Goods and Services	24,478	26,512	28,373

	1965–66	1966–67	1967–68 (a)
Gross National Product at Factor Cost— of which—	18,613	20,424	21,594
Farm	1,842	2,193	1,730
Non-farm	16,771	18,231	19,864

(a) Preliminary. (b) See note to item 12, page 23.

Gross national product at factor cost rose in 1967–68 by an estimated $1,170 million, or 6 per cent, compared with about 10 per cent in the previous year. The slower growth in 1967–68 is attributable to the severe drought in south-eastern Australia which resulted in a fall of 21 per cent in gross farm product at factor cost. Gross non-farm product at factor cost increased by 9 per cent in 1967–68, the same as in 1966–67. With output from the non-farm sector continuing to expand rapidly and that from the farm sector contracting, the contribution of farm production to gross national product at factor cost fell from 11 per cent in 1966–67 to 8 per cent in 1967–68. The gross operating surplus of farms (companies and unincorporated enterprises) decreased by 25 per cent in 1967–68 compared with an increase of 22 per cent in the previous year, while the gross operating surplus of non-farm enterprises increased by 10 per cent in 1967–68 compared with an increase of about 8 per cent in the previous year. Wages, salaries and supplements increased fractionally less rapidly in 1967–68 than in 1966–67.

EXPENDITURE

In 1967–68 gross fixed capital expenditure increased by about 8 per cent, compared with an increase of only 3 per cent in 1966–67. The private sector recorded an increase of 8 per cent in 1967–68, compared with an increase of less than 1 per cent in 1966–67, while the rate of increase in the public sector was about 9 per cent in 1967–68 compared with 6 per cent in 1966–67.

Expenditure on new building and construction other than dwellings was the fastest growing component of private fixed capital expenditure in 1967–68, showing an increase of about 20 per cent compared with a decrease of 3 per cent in 1966–67. Expenditure on dwellings

increased by 11 per cent in 1967–68, following an 8 per cent increase in 1966–67. Expenditure on business vehicles, plant and machinery, which accounts for over a half of private fixed capital expenditure, increased by about 2 per cent in 1967–68 whereas in 1966–67 it decreased by 1 per cent.

Fixed capital expenditure by public authorities and public enterprises increased, as mentioned, faster in 1967–68 than in 1966–67. The increase was about 23 per cent in the case of Commonwealth authorities and enterprises and only about 5 per cent in the case of State and local authorities and enterprises. A dissection by function is shown in table 16. The figures for 1967–68, especially those for State and local authorities, are still subject to revision. The State and local government authorities and enterprises capital account (table 14) shows an addition of $47 million to cash and bank balances in 1967–68, following an addition in the previous year of $38 million. The main increases in the Commonwealth sector were in the Post Office, civil aviation and other transport. In the State and local government sector the main increases were in water supply and sewerage, forestry, etc., and other transport.

As shown in table 12, public authority current expenditure on goods and services increased in 1967–68 by $338 million, or 13 per cent, the same rate of increase as occurred in the previous year. Commonwealth authorities increased their expenditures by $213 million, or 16 per cent. These totals include an adjustment in respect of defence expenditure, which is equivalent to the difference between deliveries of major items of imported equipment and cash payments in respect of them. Defence expenditure excluding this adjustment—as shown in the first line of table 12 and in Statement No. 6 attached to the Treasurer's Budget Speech—increased by $164 million to $1,040 million in 1967–68, an increase of 19 per cent. State and local authorities increased their current expenditure on goods and services in 1967–68 by $126 million, or 9 per cent. Education, with an increase of 13 per cent, showed the largest increase in the State and local government sector.

The increase in personal consumption expenditure in 1967–68, at 8 per cent, was higher than that in 1966–67 (7 per cent). Personal saving can only be estimated as a balancing item and on this basis is tentatively estimated to have decreased by about $532 million, or 32 per cent, compared with an increase of 36 per cent in 1966–67. A factor in this apparent sharp turnabout in trend undoubtedly was the very different experience of the farm sector in the two years.

The principal components of personal consumption expenditure are shown in the following table—

PERSONAL CONSUMPTION EXPENDITURE
($ million)

——	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
Food	2,510	2,695	2,870	3,050	3,230
Tobacco, cigarettes, alcoholic drinks	1,051	1,135	1,255	1,340	1,446
Clothing, footwear, drapery	1,197	1,268	1,313	1,379	1,460
Dwelling rent—Imputed rent of owner-occupiers	888	972	1,066	1,169	1,276
Other	337	357	375	399	419
Household durables	872	947	945	975	1,052
Purchase of motor vehicles	680	730	660	678	790
Fares	367	400	427	467	498
Gas and electricity	254	267	286	307	323
Other goods and services	2,919	3,172	3,431	3,735	4,089
Total	11,076	11,943	12,629	13,498	14,583

(a) Preliminary.

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The remaining component of gross national expenditure is the change in the value of stocks. Farm stocks increased in value by $222 million in 1966–67, but they decreased in value by $172 million in 1967–68. The value of stocks of most major farm commodities decreased due to lower production caused by drought. The largest decrease was in the value of wheat stocks ($109 million). Non-farm stocks are estimated to have increased in value by $483 million in 1967–68 compared with increases of $272 million in 1966–67 and $313 million in 1965–66.

OVERSEAS TRANSACTIONS

Commodity exports increased in value in 1967–68 by $18 million, or less than 1 per cent. Decreases in the value of exports of rural products were offset by increases in the value of mineral exports. Despite poor harvests and lower wheat prices in 1967–68 the value of exports of cereal grains and cereal preparations fell by only 9 per cent due to the large carryover of stocks of grain from the good harvests during 1966–67. The value of exports of greasy wool fell from $726 million in 1966–67 to $644 million in the current year, reflecting a fall of 13 per cent in the average export price. The value of mineral exports continued to increase: iron ore and concentrates from $46 million to $101 million; coal from $72 million to $87 million. Chemical elements and compounds (including alumina) increased from $20 million to $58 million. The value of other goods and services provided to non-residents increased by $49 million.

Commodity imports increased in value in 1967–68 by $345 million or 12 per cent, and payments for other goods and services during the year increased by $112 million.

In addition to transactions in goods and services, the overseas current account (table 6) includes a number of income transfers. Those in respect of property income resulted in a net deficit for Australia of $378 million in 1967–68, compared with $329 million in 1966–67. In 1967–68, total credits to non-residents on current account exceeded total debits by $1,081 million, compared with $654 million the previous year. As shown in table 7, the deficit of $1,081 million in Australia's balance of payments on current account was matched by a net capital inflow of $1,159 million, and there was a favourable net monetary movement of $78 million.

INCOMES

Wages, salaries and supplements increased by 8.3 per cent in 1967–68, compared with an increase of 8.7 per cent in 1966–67. In 1967–68 the average number in employment increased by more than 2 per cent and average earnings are estimated to have increased by about 6 per cent.

The remainder of gross national product at factor cost as measured from income data accrues in the first instance as the gross operating surplus of trading enterprises. This surplus increased by 11 per cent in 1966–67 but is tentatively estimated to have increased by only about 2 per cent in 1967–68, almost entirely because of the depressing effects of the drought.

The income of companies and other enterprises consists of operating surplus less net interest paid and allowances for the depreciation of capital equipment used in the process of production. Income of trading companies is estimated to have increased by 11 per cent in 1967–68 compared with an increase of 8 per cent in the preceding year. At this time it is possible only to make assumptions regarding the appropriation of total company income during 1967–68 and figures are therefore not shown for that year.

COMPANY INCOME
($ million)

—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
Total company income—					
Trading companies (Table 2)	1,790	2,041	1,955	(2,110)	(2,335)
Financial companies (Table 3)	111	113	114	135	(152)
Less Dividends payable between trading and financial companies	33	37	41	45	50
Total	1,868	2,117	2,028	2,200	2,437
Appropriated as follows—					
Income tax payable	735	794	800	880	(2,437)
Dividends payable overseas and profits remitted overseas	138	152	163	186	
Other dividends payable	379	364	357	429	
Undistributed income accruing overseas	132	119	117	98	
Undistributed income accruing to Australian residents	484	688	591	(607)	

(*a*) Preliminary.

The income of non-farm unincorporated enterprises increased by 7 per cent in 1966–67 and, on the basis of indirect indicators of production and trade, is estimated to have increased by almost 8 per cent in 1967–68.

The income of farm unincorporated enterprises is tentatively estimated to have decreased by 36 per cent to $867 million, the lowest for a decade. Drought and lower prices both contributed to this fall. Costs rose by 2 per cent in 1967–68 compared with an increase of 7 per cent in 1966–67. The slower rate of increase was due mainly to lower marketing costs associated with the heavy reduction in the volume of farm production.

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

—	1963–64	1964–65	1965–66	1966–67	1967–68 (b)
Gross Value of Farm Production (all farms)—					
Wool (including skin wool)	1,023	841	808	812	717
Other pastoral products	565	642	690	674	689
Sugar cane	159	131	119	140	137
Wheat	467	518	385	690	438
Other grain crops	127	136	133	195	684
Other crops	476	535	547	619	
Dairying, poultry, etc.	608	648	667	693	711
Total	3,425	3,451	3,349	3,823	3,376
Less Production costs other than wages and depreciation	1,272	1,381	1,507	1,630	1,646
Gross Farm Product at Factor Cost	2,153	2,070	1,842	2,193	1,730
Less Wages, depreciation, net rent and interest paid	698	747	772	808	841
Company income	65	40	18	27	22
Income of Farm Unincorporated Enterprises	1,390	1,283	1,052	1,358	867
Less Increase in assets of marketing authorities	−2	37	−3	72	17
Realised Income of Farm Unincorporated Enterprises	1,392	1,246	1,055	1,286	850

(*a*) *See* note, page 27. (*b*) Preliminary.

PUBLIC AUTHORITIES

Reference has already been made to the increase in public authority current expenditure on goods and services of $338 million in 1967–68. In addition other public authority current expenditure increased by $139 million. Interest payments increased by $58 million, payments of cash benefits to persons by $51 million, and grants to primary industry marketing authorities for decreased returns in Australian currency resulting from sterling devaluation amounted to $21 million.

Against the total increase in current expenditure of $477 million, receipts of public authorities increased by $640 million. Income tax receipts increased by $306 million, or 11 per cent, indirect taxes by $242 million, or about 10 per cent, and other receipts increased by $93 million, also about 10 per cent. The surplus on current account of $1,435 million in 1967–68 was $163 million more than the surplus in 1966–67.

Fixed capital expenditure by public authorities and enterprises amounted to $2,293 million in 1967–68, an increase of 9 per cent on that of the previous year. Other uses of capital funds amounted to $273 million, an increase of $28 million compared with the previous year. The main sources of funds, in addition to the surplus on current account, were net sales of securities of $904 million and depreciation allowances of $214 million. Cash and bank balances increased by $39 million. Included in net sales of securities in 1967–68 are the proceeds from the drawings under the credit arrangements for defence purchases and purchases of civil aircraft in the United States of America. Public authority capital accounts are shown in tables 13–15.

Total current account expenditure by Commonwealth authorities increased in 1967–68 by $393 million and current receipts by $492 million, the latter increase being largely accounted for by a rise of $459 million in receipts from taxation. Public enterprises income increased by $51 million compared with a $12 million decrease in the previous year. The surplus on current account of Commonwealth authorities increased by $99 million, also following a decrease ($140 million) in the previous year.

Total use of funds on capital account by Commonwealth authorities and enterprises increased by $186 million to $1,139 million. The largest increase was in fixed capital expenditure on new assets, particularly in the fields of civil aviation (up by $48 million) and the Post Office (up by $31 million). Grants to the States for capital purposes rose by $37 million. More detail on Commonwealth transactions is presented in Statement No. 6 attached to the Treasurer's Budget Speech referred to on page 7 and in the Supplement to the Treasury Information Bulletin.

Total current account expenditure by State and local government authorities increased in 1967–68 by $178 million. Current receipts increased by $241 million, including an increase of $115 million in receipts from taxation and an increase of $92 million in grants for current purposes from the Commonwealth Government. The increase in the surplus on current account was $63 million, compared with an increase of $72 million in the previous year.

The 'total uses of funds' on capital account by State and local government authorities and enterprises amounted to $1,827 million in 1967–68, an increase of $76 million on 1966–67. Apart from the increase in surplus on current account, the major movement in capital funds available was in respect of the grants from the Commonwealth for capital purposes. Net sales of securities rose by $16 million compared with an increase of $72 million in 1966–67, and cash and bank balances rose by $47 million following a $38 million increase in the previous year.

TABLES

TABLE 1

National Production Account

($ million)

	—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
1	**Wages, salaries and supplements**	8,792	9,812	10,579	11,504	12,464
	Gross operating surplus of trading enterprises—					
2a	**Companies**	2,540	2,904	2,975	(3,273)	(3,615)
2b	**Unincorporated enterprises**	3,477	3,563	3,443	(3,915)	(3,626)
2c	**Dwellings owned by persons**	817	890	959	1,044	1,131
2d	**Public enterprises**	562	618	657	688	758
	Gross National Product at Factor Cost	16,188	17,787	18,613	20,424	21,594
3	**Indirect taxes less subsidies**	1,832	2,065	2,238	2,386	2,620
	Gross National Product	18,020	19,852	20,851	22,810	24,214
4	**Imports of goods and services**	2,864	3,478	3,627	3,702	4,159
	National Turnover of Goods and Services	20,884	23,330	24,478	26,512	28,373
	Net current expenditure on goods and services—					
5	**Personal consumption**	11,076	11,943	12,629	13,498	14,583
6	**Financial enterprises**	233	255	283	316	346
7	**Public authorities**	1,778	2,041	2,383	2,690	3,028
	Gross fixed capital expenditure—					
8	**Private**	2,884	3,371	3,654	(3,683)	(3,968)
9	**Public enterprises**	846	990	1,104	1,170	1,307
10	**Public authorities**	719	806	880	935	986
11	**Increase in value of stocks**	174	681	232	494	(311)
12	**Statistical discrepancy**(b)	12	195	176	252	303
	Gross National Expenditure	17,722	20,282	21,341	23,038	24,832
13	**Exports of goods and services**	3,162	3,048	3,137	3,474	3,541
	National Turnover of Goods and Services	20,884	23,330	24,478	26,512	28,373

	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
Gross National **Product** at Factor Cost	16,188	17,787	18,613	20,424	21,594
of which—					
Farm	2,153	2,070	1,842	2,193	**1,730**
Non-farm	14,035	15,717	16,771	18,231	**19,864**

(a) Preliminary. (b) *See* note to **item 12, page 23.**

TABLE 2

TRADING ENTERPRISES INCOME APPROPRIATION ACCOUNT

($ million)

	—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
2	Gross operating surplus	7,396	7,975	8,034	(8,920)	(9,130)
15b, 17b, 18b	Interest, etc., and dividends received and undistributed income accruing from overseas	139	152	158	165	187
	Total Receipts	7,535	8,127	8,192	9,085	9,317
14a	Depreciation allowances	1,418	1,562	1,721	1,871	2,019
15a	Interest, etc. paid	725	837	954	1,074	1,205
	Company income—					
16a	Income tax payable	685	742	748	(818)	
17a	Dividends payable	508	511	514	(610)	(2,335)
18a	Undistributed income	597	788	693	(682)	
	Total Company Income	1,790	2,041	1,955	(2,110)	(2,335)
19	Unincorporated enterprises income ..	2,729	2,743	2,573	(2,988)	(2,622)
20	Personal income from dwelling rent ..	462	494	521	552	592
21a	Public enterprises income	411	450	468	490	544
	Total Outlay	7,535	8,127	8,192	9,085	9,317

(a) Preliminary.

TABLE 3

FINANCIAL ENTERPRISES INCOME APPROPRIATION ACCOUNT

($ million)

	—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
15d, 17d, 18d	Interest, etc., and dividends received and undistributed income accruing from overseas ..	1,029	1,166	1,290	1,438	1,579
	Total Receipts	1,029	1,166	1,290	1,438	1,579
14b	Depreciation allowances	15	19	23	27	30
6	Net current expenditure on goods and services	233	255	283	316	346
15c	Interest paid	318	382	436	475	497
	Company income—					
16b	Income tax payable	50	52	52	62	
17c	Dividends payable	42	42	47	50	(152)
18c	Undistributed income	19	19	15	23	
	Total Company Income	111	113	114	135	(152)
21b	Public enterprises income	107	128	128	141	168
22	Retained investment income of life insurance funds, etc.	245	269	306	344	386
	Total Outlay	1,029	1,166	1,290	1,438	1,579

(a) Preliminary.

TABLE 4

PERSONAL CURRENT ACCOUNT

($ million)

	—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
1	Wages, salaries and supplements	8,792	9,812	10,579	11,504	12,464
15f	Interest, etc., received	434	499	564	596	663
17e	Dividends	380	376	355	(416)	(431)
19a	Unincorporated enterprises income—Farm	1,390	1,283	1,052	1,358	867
19b	Other	1,339	1,460	1,521	(1,630)	(1,755)
20	Income from dwelling rent	462	494	521	552	592
23b	Remittances from overseas	104	115	121	134	158
25	Cash benefits from public authorities	1,046	1,098	1,179	1,271	1,322
	Total Receipts	13,947	15,137	15,892	17,461	18,252
5	Personal consumption expenditure	11,076	11,943	12,629	13,498	14,583
15e	Interest paid	168	181	189	196	211
16c	Income tax payable	1,272	1,496	1,655	1,889	2,081
16d	Estate and gift duties	137	140	137	156	182
23a	Remittances overseas	62	66	74	79	84
24	Saving	1,232	1,311	1,208	(1,643)	(1,111)
	Total Outlay	13,947	15,137	15,892	17,461	18,252

(a) Preliminary.

TABLE 5

PUBLIC AUTHORITIES CURRENT ACCOUNT

($ million)

	—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
3a	Indirect taxes	1,942	2,161	2,377	2,545	2,787
16e	Income tax, estate and gift duties received	2,009	2,431	2,682	2,881	3,213
15h	Interest, etc., received	81	104	113	116	101
21	Public enterprises income	518	578	596	631	712
	Total Receipts	4,550	5,274	5,768	6,173	6,813
7	Net current expenditure on goods and services ..	1,778	2,041	2,383	2,690	3,028
3b	Subsidies	110	96	139	159	167
15g	Interest, etc., paid	472	506	544	574	632
23c	Overseas grants and contributions	87	107	128	152	159
25	Cash benefits to persons	1,046	1,098	1,179	1,271	1,322
26a	Grants towards private capital expenditure	10	30	56	55	49
26b	Devaluation compensation	..	..	..	..	21
27	Surplus on current account	1,047	1,396	1,339	1,272	1,435
	Total Outlay	4,550	5,274	5,768	6,173	6,813

(a) Preliminary.

TABLE 6

Overseas Current Account

($ million)

—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
4a Imports f.o.b.	2,237	2,739	2,822	2,837	3,182
4b Transportation	417	488	520	552	647
4c Travel	102	114	122	133	139
4d Government transactions	42	51	66	82	95
4e Other goods and services	66	86	97	98	96
Total imports of goods and services	2,864	3,478	3,627	3,702	4,159
15j Interest, etc., paid overseas 17g Dividends payable and profits remitted overseas	261	286	313	353	394
18f Undistributed income accruing to overseas residents	132	119	117	98	115
23a Personal remittances overseas	62	66	74	79	84
23c Public authority grants and contributions	87	107	128	152	159
Total Credits to Non-residents	3,406	4,056	4,259	4,384	4,911
13a Exports f.o.b.	2,730	2,574	2,626	2,926	2,944
13b Transportation	254	279	295	317	357
13c Travel	43	54	58	70	87
13d Government transactions	63	59	77	82	69
13e Other goods and services	72	82	81	79	84
13 Total exports of goods and services	3,162	3,048	3,137	3,474	3,541
15i Interest, etc., received from overseas 17f Dividends receivable from overseas	80	100	96	109	114
18e Undistributed income accruing from overseas	14	19	18	13	17
23b Personal remittances from overseas	104	115	121	134	158
28 Overseas balance on current account	46	774	887	654	1,081
Total Debits to Non-residents	3,406	4,056	4,259	4,384	4,911

(a) Preliminary.

TABLE 7

National Capital Account

($ million)

—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
14 Depreciation allowances	1,433	1,581	1,744	1,898	2,049
16f, 17h Increase in dividend and income tax provisions	138	−6	−85	61	(33)
18g Undistributed company income accruing to residents	484	688	591	(607)	(710)
22 Retained investment income of life insurance funds, etc.	245	269	306	344	386
24 Personal saving	1,232	1,311	1,208	(1,643)	(1,111)
26a Public authority grants towards private capital expenditure	10	30	56	55	49
26b Devaluation compensation		..	..	..	21
27 Public authorities surplus on current account	1,047	1,396	1,339	1,272	1,435
Deficit on current account with overseas—					
28a Withdrawal from overseas monetary reserves(b)	−447	296	−61	120	−78
28b Net apparent capital inflow	493	478	948	534	1,159
Total Finance for Capital Expenditure	4,635	6,043	6,046	6,534	6,875
Gross fixed capital expenditure—					
8a Private—Dwellings	754	890	886	959	1,066
8b Other new building	572	626	748	729	872
8c All other	1,558	1,855	2,020	(1,995)	(2,030)
9 Public enterprises	846	990	1,104	1,170	1,307
10 Public authorities	719	806	880	935	986
Total Gross Fixed Capital Expenditure	4,449	5,167	5,638	5,788	6,261
11a Increase in value of stocks—Farm	−26	107	−81	222	(−172)
11b Other	200	574	313	272	(483)
Total Capital Expenditure	4,623	5,848	5,870	6,282	6,572
12 Statistical discrepancy(c)	12	195	176	252	303
Total Finance for Capital Expenditure	4,635	6,043	6,046	6,534	6,875

(a) Preliminary. (b) Minus sign (−) indicates an addition to reserves. (c) *See* note to item 12, page 23.

TABLE 8

VALUE OF MAIN AGGREGATES AT CURRENT AND AVERAGE 1959-60 PRICES

($ million)

——	1963-64	1964-65	1965-66	1966-67	1967-68 (a)
AT CURRENT PRICES					
Personal consumption expenditure	11,076	11,943	12,629	13,498	14,583
Current expenditure by financial enterprises and public authorities	2,011	2,296	2,666	3,006	3,374
Gross fixed capital expenditure—					
Public	1,565	1,796	1,984	2,105	2,293
Private—Dwellings	754	890	886	959	1,066
Other	2,130	2,481	2,768	(2,724)	(2,902)
Increase in value of stocks	174	681	232	494	(311)
Statistical discrepancy	12	195	176	252	303
Total Gross National Expenditure	17,722	20,282	21,341	23,038	24,832
Gross National Expenditure after stock valuation adjustment	17,601	20,111	21,138	22,763	24,621
Plus Exports of goods and services	3,162	3,048	3,137	3,474	3,541
Less Imports of goods and services	2,864	3,478	3,627	3,702	4,159
Gross National Product after stock valuation adjustment	17,899	19,681	20,648	22,535	24,003
AT AVERAGE 1959-60 PRICES(*b*)					
Personal consumption expenditure	10,351	10,825	11,072	11,538	12,102
Current expenditure by financial enterprises and public authorities	1,761	1,917	2,165	2,300	2,450
Gross fixed capital expenditure—					
Public	1,387	1,542	1,653	1,686	1,784
Private—Dwellings	712	817	788	830	900
Other	2,050	2,319	2,520	(2,420)	(2,526)
Statistical discrepancy	11	175	153	212	(247)
Gross National Expenditure after stock valuation adjustment	16,319	18,066	18,371	19,186	20,085
Plus Exports of goods and services	2,930	2,928	2,967	3,337	3,549
Less Imports of goods and services	2,969	3,503	3,639	3,689	4,111
Gross National Product after stock valuation adjustment	16,280	17,491	17,699	18,834	19,523

(*a*) Preliminary. (*b*) See note, page 26.

TABLE 9

RELATIONSHIP OF MAIN AGGREGATES

($ million)

——	1963-64	1964-65	1965-66	1966-67	1967-68 (a)
Net current expenditure on goods and services	13,087	14,239	15,295	16,504	17,957
Gross fixed capital expenditure	4,449	5,167	5,638	5,788	6,261
Increase in value of stocks	174	681	232	494	311
Statistical discrepancy	12	195	176	252	303
Gross National Expenditure	**17,722**	**20,282**	**21,341**	**23,038**	**24,832**
Plus Exports of goods and services	3,162	3,048	3,137	3,474	3,541
National Turnover of Goods and Services	**20,884**	**23,330**	**24,478**	**26,512**	**28,373**
Less Imports of goods and services	2,864	3,478	3,627	3,702	4,159
Gross National Product	**18,020**	**19,852**	**20,851**	**22,810**	**24,214**
Less Indirect taxes *less* subsidies	1,832	2,065	2,238	2,386	2,620
Gross National Product at Factor Cost	**16,188**	**17,787**	**18,613**	**20,424**	**21,594**
Less Depreciation allowances of trading enterprises	1,418	1,562	1,721	1,871	2,019
Net National Product	**14,770**	**16,225**	**16,892**	**18,553**	**19,575**
Less Net income payable overseas	299	286	316	329	378
National Income	**14,471**	**15,939**	**16,576**	**18,224**	**19,197**
Plus Net income payable overseas	299	286	316	329	378
Net National Product	**14,770**	**16,225**	**16,892**	**18,553**	**19,575**
Less Net operating surplus of companies and public enterprises	2,365	2,700	2,686	2,915	3,229
Less Interest, etc., paid by unincorporated enterprises and dwellings owned by persons	422	476	533	594	668
Plus Interest received by persons	434	499	564	596	663
Dividends received by persons	380	376	355	416	431
Cash benefits to persons	1,046	1,098	1,179	1,271	1,322
Remittances from overseas	104	115	121	134	158
Personal Income	**13,947**	**15,137**	**15,892**	**17,461**	**18,252**
Less Income tax payable, and estate and gift duties	1,409	1,636	1,792	2,045	2,263
Personal Disposable Income	**12,538**	**13,501**	**14,100**	**15,416**	**15,989**

(*a*) Preliminary.

TABLE 10

Current Account: Commonwealth Authorities

($ million)

—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
Taxation	3,219	3,787	4,185	4,454	4,913
Interest, etc., received	34	37	39	43	25
Public enterprises income	181	215	221	209	260
Total Receipts	3,433	4,039	4,445	4,706	5,198
Net current expenditure on goods and services	790	943	1,168	1,357	1,570
Subsidies	101	85	127	146	153
Interest, etc., paid	40	40	29	23	36
Overseas grants and contributions	86	106	128	152	159
Cash benefits to persons	1,029	1,080	1,156	1,246	1,294
Grants towards private capital expenditure	9	26	47	45	36
Devaluation compensation	..	..	..	..	21
Grants to States	753	775	876	965	1,057
Surplus on current account	625	982	914	774	873
Total Outlay	3,433	4,039	4,445	4,706	5,198

(a) Preliminary.

TABLE 11

Current Account: State and Local Government Authorities

($ million)

—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
Taxation	732	806	874	972	1,087
Interest, etc., received	47	67	74	73	76
Public enterprises income	337	363	375	421	453
Grants from Commonwealth Government authorities	753	775	876	965	1,057
Total Receipts	1,869	2,011	2,200	2,431	2,672
Net current expenditure on goods and services	988	1,098	1,215	1,332	1,458
Subsidies	9	10	12	13	14
Interest, etc., paid	432	466	515	551	597
Overseas grants and contributions	..	..	..	..	..
Cash benefits to persons	17	18	23	25	28
Grants towards private capital expenditure	1	4	8	10	14
Surplus on current account	422	414	427	499	562
Total Outlay	1,869	2,011	2,200	2,431	2,672

(a) Preliminary.

TABLE 12

Net Current Expenditure on Goods and Services, by Function: all Public Authorities

($ million)

—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
Commonwealth Government—					
War and defence	485	558	684	876	1,040
Overseas adjustment	− 38	− 16	41	− 31	− 40
Repatriation	53	56	62	68	73
Development of resources and assistance to industry	77	93	103	114	125
Civil aviation	21	23	24	27	30
Immigration	25	32	33	35	38
All other	167	197	221	266	304
Total	790	943	1,168	1,357	1,570
State and Local Governments—					
Law, order and public safety	113	120	132	149	162
Education	399	458	498	555	625
Public health and welfare	226	249	269	297	324
Development of resources and assistance to industry	67	70	77	86	93
All other	183	200	238	246	254
Total	988	1,098	1,215	1,332	1,458
All Public Authorities—					
Law, order and public safety	118	127	139	159	174
Education	412	475	518	577	653
Public health and welfare	254	280	304	337	372
War and defence	447	542	725	845	999
Repatriation	53	56	62	68	73
Development of resources and assistance to industry	144	163	180	200	218
All other	349	398	455	502	540
Total	1,778	2,041	2,383	2,690	3,028

(a) Preliminary.

TABLE 13

Capital Account: Commonwealth Authorities and Enterprises

($ million)

—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
Depreciation allowances	24	29	34	34	35
Net sale of securities—					
Commonwealth securities—					
Securities other than Treasury Bills and Notes—					
Australia	89	−184	−129	− 43	−240
Overseas—					
International Bank for Reconstruction and Development	7	− 1	− 7	− 23	− 23
Credit arrangements	..	..	..	91	144
Other	− 5	23	11	52	88
Treasury Bills and Notes	− 54	− 34	..	64	235
Local and semi-governmental securities	2	1	1	..	..
Surplus on Commonwealth authorities' current account	625	982	914	774	873
Other funds available (including errors and omissions)	..	13	9	12	20
Reduction in cash and bank balances	− 3	− 13	2	− 8	8
Total Sources of Funds	684	817	833	953	1,139
Fixed capital expenditure on new assets—					
Public enterprises	233	321	329	352	440
Other	75	88	96	106	124
Expenditure on existing assets	− 6	− 14	− 10	5	..
Increase in value of stocks	− 13	6	7	1	− 1
Advances to public financial enterprises	72	68	57	51	76
Advances to States	115	121	144	136	146
Advances to overseas	65	46	10	85	100
Grants to States	143	182	199	218	255
Total Use of Funds	684	817	833	953	1,139

(a) Preliminary.

TABLE 14

Capital Account: State and Local Government Authorities and Enterprises

($ million)

—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
Depreciation allowances	127	140	155	164	179
Net sale of securities—					
Commonwealth securities—					
Australia	315	408	428	520	516
Overseas	20	-37	-26	-92	-76
Local and semi-governmental securities	177	206	211	257	261
Advances from Commonwealth Government authorities	115	121	144	136	146
Grants from Commonwealth Government authorities	143	182	199	218	255
Surplus on State and local government authorities current account	422	414	427	499	562
Other funds available (including errors and omissions)	47	83	89	86	32
Reduction in cash and bank balances	-32	-10	41	-38	-47
Total Sources of Funds	1,333	1,507	1,668	1,751	1,827
Fixed capital expenditure on new assets—					
Public enterprises	612	669	775	818	867
Other	644	719	785	830	862
Expenditure on existing assets	-10	-9	-14	-12	-7
Increase in value of stocks		17	12	8	-6
Advances to public financial enterprises	86	112	110	107	112
Total Use of Funds	1,333	1,507	1,668	1,751	1,827

(a) Preliminary.

TABLE 15

Capital Account: All Public Authorities and Enterprises

($ million)

—	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
Depreciation allowances	151	169	189	198	214
Net sale of securities—					
Commonwealth securities—					
Securities other than Treasury Bills and Notes—					
Australia	404	224	299	477	276
Overseas—					
International Bank for Reconstruction and Development	7	-1	-7	-23	-23
Credit arrangements	..	..	..	91	144
Other	15	-14	-16	-40	11
Treasury Bills and Notes	-54	-34	..	64	235
Local and semi-governmental securities	179	207	211	257	261
Surplus on public authorities current account	1,047	1,396	1,339	1,272	1,435
Other funds available (including errors and omissions)	47	97	98	99	52
Reduction in cash and bank balances	-35	-22	43	-46	-39
Total Sources of Funds	1,760	2,021	2,158	2,350	2,566
Fixed capital expenditure on new assets—					
Public enterprises	846	990	1,104	1,170	1,307
Other	719	806	880	935	986
Expenditure on existing assets	-16	-23	-24	-7	-7
Increase in value of stocks	-13	22	19	9	-8
Advances to public financial enterprises	159	180	167	158	188
Advances to overseas	65	46	10	85	100
Total Use of Funds	1,760	2,021	2,158	2,350	2,566

(a) Preliminary.

TABLE 16

Fixed Capital Expenditure on New Assets, by Function: All Public Authorities and Enterprises

($ million)

	1963–64	1964–65	1965–66	1966–67	1967–68 (a)
Commonwealth Government—					
Education	8	8	8	10	13
Public health	4	3	4	3	2
Post Office	136	159	179	205	236
Civil aviation	18	68	70	54	102
Other transport and communications	24	28	32	38	55
Power, fuel and light	48	51	42	51	48
Houses and flats	8	12	14	13	19
All other	64	80	76	83	90
Total	309	409	425	457	564
State and Local Governments—					
Education	114	127	155	164	172
Public health	50	57	67	67	68
Water supply and sewerage	155	165	171	181	197
Irrigation	35	40	42	42	41
Forestry, land settlement, etc.	42	54	51	52	63
Railways	79	85	106	106	109
Roads	360	392	425	458	482
Other transport	46	51	55	49	55
Power, fuel and light	248	272	324	364	377
Houses and flats	53	58	70	71	73
All other	73	86	95	93	93
Total	1,256	1,388	1,559	1,648	1,729
All Public Authorities—					
Education	121	135	164	174	185
Public health	53	61	71	69	69
Water supply and sewerage	156	172	174	195	207
Irrigation	35	41	42	42	41
Forestry, land settlement, etc.	48	64	59	61	73
Post Office	136	159	179	205	236
Civil aviation	18	68	70	54	102
Railways	85	91	114	116	123
Roads	370	402	440	472	503
Other transport and communication	54	63	62	64	75
Power, fuel and light	296	322	366	415	425
Houses and flats	61	69	84	84	92
All other	129	153	158	154	162
Total	1,565	1,796	1,984	2,105	2,293

(a) Preliminary.

EXPLANATORY NOTES

(a) NOTES TO TABLES

Tables 1 to 7

Item 1. *Wages, salaries and supplements*—Payments in the nature of wages and salaries as defined for pay-roll tax, including allowances for income in kind (board and quarters, etc.), together with supplements to wages and pay and allowances of members of the forces. In addition to wages and salaries paid by employers subject to pay-roll tax, this item includes wages and salaries paid by employers not subject to pay-roll tax, based on estimates of employment and average earnings. Supplements consist of employers' contributions to pension and superannuation funds, direct payments of pensions and retiring allowances, and amounts paid as workers' compensation for injuries. Pay and allowances of members of the forces consist of active pay, field, subsistence and dependants' allowances and the value to the members of the forces of food, clothing, normal medical attention, etc., supplied in kind: they include deferred pay, but exclude war gratuities which are included in item 25.

Item 2. *Gross operating surplus of trading enterprises*—The operating surplus, before deduction of depreciation provisions, dividends, interest, rent and royalties and direct taxes payable, of all trading enterprises operating in Australia. Trading enterprises include all companies, public enterprises, partnerships and self-employed persons engaged in the production of goods and services for sale, but exclude financial enterprises. Public trading enterprises are government undertakings which attempt to 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 2*a*), unincorporated enterprises (item 2*b*), dwellings owned by persons (item 2*c*) and public enterprises (item 2*d*).

Item 3. *Indirect taxes less subsidies*—Indirect taxes comprise taxes on purchases, sales or other transactions, or on the ownership of property, etc., paid by enterprises, public authorities and persons. They include licence fees in respect of rights conferred, such as liquor licences, etc. Subsidies are transfer payments made with the object of providing incentives to, or of assisting certain industries or activities. Such payments may take the form of bounties on goods produced, subsidies to producers to ensure a guaranteed price, payments to transport undertakings to permit a reduction of freights on certain classes of goods, assistance to producers, etc.

Item 4. *Imports of goods and services*—The value of goods imported from overseas and amounts payable overseas for services. In table 6, this item is sub-divided into the following components:

Item 4*a*. *Imports f.o.b.*—Recorded trade figures adjusted for the purpose of balance of payments estimates. The principal adjustments are the addition of unrecorded imports, including ships and aircraft for use on overseas routes and defence equipment and material, the subtraction of films imported on a rental basis, imports of gold, goods for repair, goods intended for re-export and passengers' personal effects, and the deduction of a 'valuation adjustment' representing the excess of the recorded value of imports (based on value for duty) over the estimated selling price to the importer, as shown on invoices accompanying customs entries.

Item 4*b*. *Transportation*—Freight payable to foreign carriers on goods imported into Australia and transported between Australian ports, fares payable in Australia including fares paid by the Commonwealth government for the carriage of migrants under various assisted passage schemes, the overseas expenditure of Australian ships and aircraft, and net marine insurance payable overseas in respect of both exports and imports.

Item 4*c*. *Travel*—Net remittances in the form of travellers' cheques, etc., by Australians visiting overseas for pleasure and for business.

Item 4*d*. *Government transactions*—Expenditure overseas for defence, including the pay and allowances of personnel serving overseas, expenditure overseas on diplomatic, consular and trade representation, government pensions paid abroad, administrative expenditure overseas on immigration and other miscellaneous payments for services.

Item 4*e*. *Other goods and services*—Cinema and television film rentals payable overseas, expenses of Australian firms transacting business overseas, commissions, brokerage, etc., and the value of repair on goods previously exported for repair and return, etc.

Item 5. *Net current expenditure on goods and services—personal consumption*—Net expenditure on goods and services for purposes of consumption by persons and private non-profit making bodies serving persons. This item excludes purchase of dwellings and capital expenditure by non-profit making bodies (included in item 8) and maintenance of dwellings (treated as expenses of private enterprises) but includes personal expenditure on motor vehicles and other durable goods, and the imputed rent of owner-occupied dwellings. *Purchase of motor vehicles* is the estimated expenditure by persons on new motor vehicles, secondhand motor vehicles purchased from business enterprises and public authorities and net dealers' margins on purchases and sales of motor vehicles within the personal sector. Motor vehicles include cars, station wagons, motor cycles and motor scooters bought on personal account. The value of income in kind (e.g. food produced and consumed on farms, board and lodging provided free to employees) is included in both personal income and personal consumption expenditure, but goods chargeable to business (expense) accounts are excluded.

Item 6. *Net current expenditure on goods and services—financial enterprises*—The current expenditure of banks, instalment credit companies, short-term money market companies and building societies, after deduction of bank charges to customers. Charges by instalment credit companies are treated as interest receipts and therefore not offset against expenditure. This item includes wages, salaries and supplements, indirect taxes and other payments for goods and services. Public financial enterprises are government businesses (mainly banks, including the Reserve Bank) which operate in a manner analogous to other financial enterprises, in that their current expenditure is largely financed by the net receipt of interest. The interest received by government housing authorities is treated as a receipt by government financial enterprises but their other receipts, including net profit on sale of houses, and all their expenditure, are included in those of government trading enterprises.

Item 7. *Net current expenditure on goods and services—public authorities*—Expenditure by public authorities (not public enterprises) which does not result in the creation of fixed tangible assets or in the acquisition of land, buildings or secondhand goods (other than imported). It comprises expenditure on wages, salaries and supplements, and on goods and services, other than fixed assets and stocks. Fees, etc., charged by public authorities for goods sold and services rendered are offset against purchases. Net expenditure overseas by public authorities and purchases from public enterprises are included. All expenditure on defence is classified as current. 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 table 13. The adjustment to net current expenditure is shown explicitly in the functional classification of current expenditure of public authorities (*see* table 12). The adjustment comprises deliveries of major items of defence equipment procured overseas less payments for such equipment. For a functional classification of the current expenditure of public authorities on goods and services *see* table 12.

Item 8. *Gross fixed capital expenditure—private*—Expenditure on fixed assets whether for additions or replacements. This item includes expenditure on dwellings (item 8*a*), other building and construction (item 8*b*), vehicles, plant, machinery, etc., including capital equipment, such as oil-drilling rigs, imported for the purpose of leasing to an Australian business for a period expected to exceed one year (item 8*c*). It includes, also, expenditure on secondhand assets (other than houses purchased from public authorities) as well as new assets, less sales of existing assets. Expenditure on ordinary repair and maintenance of fixed assets is excluded as being chargeable to current account. Major additions are, however, regarded as capital expenditure. New dwellings purchased by persons from public housing authorities are included in private capital expenditure.

Item 9. *Gross fixed capital expenditure—public enterprises*—Expenditure on new fixed assets whether for additions or replacements, including wages and salaries paid by public enterprises in connection with capital works.

Item 10. *Gross fixed capital expenditure—public authorities*—Expenditure on 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. The component *houses and flats* (shown separately in table 16) includes the estimated expenditure on construction of dwellings for rental purposes, but excludes houses built for sale (which are included in private capital expenditure). Also excluded are advances by the War Service Homes Division and other authorities for financing home purchase schemes, and expenditure on development and sub-division of land for residential purposes. For a functional classification of the gross fixed capital expenditure of public authorities *see* table 16.

Item 11. *Increase in value of stocks*—The change in book value of non-farm stocks held by trading enterprises and public authorities (item 11*b*), and the change in the value of farm stocks (item 11*a*).

Item 12. *Statistical discrepancy*—The difference between the sum of the direct estimates of gross national product and imports of goods and services on the one hand, and the sum of the estimates of components of gross national expenditure and exports of goods and services, on the other hand. Conceptually these two totals are the same. Inclusion of the discrepancy on the expenditure side of the national production account implies nothing as to the relative accuracy of the estimates of gross national product and expenditure. Similarly, its inclusion in the capital account does not imply that estimates in this table are less accurate than those in other tables, or that capital expenditure estimates are less accurate than estimates on the receipts side of this account.

Item 13. *Exports of goods and services*—The value of goods exported overseas, and receipts from overseas for other goods and services. In table 6, this item is sub-divided into the following components:

Item 13*a*. *Exports f.o.b.*—The recorded trade figures adjusted for balance of payments purposes. The adjustments are similar to those made to the recorded import figures except that no adjustment is made to the basis of valuation. The adjustment for unrecorded exports includes exports of uranium ores.

Item 13*b*. *Transportation*—The expenditure of overseas carriers in Australian ports, overseas earnings of ships owned or chartered by Australian operators, and overseas earnings by Australian airlines.

Item 13*c*. *Travel*—Net receipts of travellers' cheques, etc., from persons visiting Australia for pleasure and for business, including expenditure in Australia of foreign students studying under the Colombo Plan, and earnings of Australian domestic airlines for the carriage of overseas visitors over Australian domestic air routes.

Item 13*d*. *Government transactions*—Receipts for services rendered by the Australian government to other governments and international organisations, and other payments in Australia by foreign governments on defence and other projects, on diplomatic, consular and trade representation and for pensions paid in Australia.

Item 13*e*. *Other goods and services*—The value of Australian production of gold, less net industrial usage, business expenses of overseas firms in Australia and commissions, brokerage, etc.

Item 14. *Depreciation allowances*—The financial provisions made for depreciation which are deducted to obtain net income. The estimates represent, in the main, amounts allowed under income tax legislation, but include also the estimated depreciation on tenanted and owner-occupied dwellings and provisions made by public enterprises. This item is divided into depreciation allowances of trading enterprises (item 14*a*) and of financial enterprises (item 14*b*).

Item 15. *Interest, etc.*—Comprises interest, non-dwelling rent and royalties. This item appears in most accounts as receipts and payments of interest, etc., but in some entries the amounts are combined with dividends and overseas profits. The item is shown net of intra-sector receipts and payments. Payment of interest, etc., by public enterprises is included in item 15*g*. Payment of interest, etc., by trading enterprises (item 15*a*) includes interest charged on borrowings for the purchase of a house by persons, which is treated as an appropriation from the gross operating surplus of dwellings owned by persons. Non-dwelling rent includes only actual payments, and is estimated net of the expenses of the owner of the premises on rates, maintenance, etc., which are treated as working expenses of the enterprises renting the building. Royalties include mining and forestry royalties paid to public authorities, and royalties and fees for use of trade marks, patents, etc. paid overseas.

Item 16. *Income tax, estate and gift duties*—Income tax payable by trading and financial companies (items 16*a* and 16*b*) and persons (item 16*c*) are amounts payable at rates of taxation applicable in each year. Income tax payable by companies in respect of the most recent year's income is estimated on the basis of rates of tax applicable in respect of the preceding year's income. The difference between the amounts of income tax payable and the cash receipts by public authorities (part of item 16*e*) is included in item 16*f*. Income tax payable by persons (item 16*c*) includes the total income tax payable by individuals on all forms of income whether wages, business income or property income. Estate and gift duties (item 16*d*) are the amounts actually paid by persons in that year.

Item 17. *Dividends*—All receipts and payments of dividends, including dividends payable overseas and the remitted profits of Australian branches of overseas enterprises. Dividends payable (items 17*a* and 17*c*) are dividends declared by trading and financial companies in respect of the year (including an estimate of dividends to be declared in respect of the most recent year). Receipts of dividends (other than dividends receivable from overseas subsidiaries) are cash receipts, and the difference between the amounts payable and received is included in item 17*h*. The items are shown net of intra-sector receipts and payments.

Item 18. *Undistributed income*—The undistributed income of companies comprising trading enterprises (item 18*a*) and financial enterprises (item 18*c*) is the balance of total company income, including profits receivable from overseas (items 18*b* and 18*d*) after deduction of income tax and dividends payable, and is equal to the sum

of undistributed income accruing to overseas residents (item 18*f*) and undistributed company income accruing to residents (item 18*g*). Profits receivable from overseas is the unremitted part of profits earned by overseas branches of Australian companies and undistributed profits of overseas subsidiaries of Australian companies.

Item 19. *Unincorporated enterprises income*—The gross operating surplus of unincorporated enterprises less depreciation allowances, and interest, etc., paid. It comprises the income of farm unincorporated enterprises (item 19*a*), and the income of all other unincorporated enterprises (item 19*b*).

Item 20. *Personal income from dwelling rent*—The gross operating surplus accruing to dwellings owned by persons less depreciation allowances, and interest, etc., paid.

Item 21. *Public enterprises income*—Includes income of public trading enterprises (item 21*a*) and income of public financial enterprises (item 21*b*). For trading enterprises it is equal to gross operating surplus after deduction of depreciation allowances; for financial enterprises it is the net income, after depreciation allowances, interest paid and net current expenditure on goods and services by government banks are deducted from total receipts of interest and non-dwelling rent. Depreciation allowances deducted in arriving at the income of public trading enterprises are those shown in their published accounts, except in the case of enterprises whose accounts are included in the Commonwealth or State budgets and are analysed on the basis of their cash accounts in which depreciation is not deducted. In particular, no amount is included for the Post Office, or most railways since cash accounts for these enterprises have been used. The amounts deducted are shown in tables 13 to 15.

Item 22. *Retained investment income of life insurance funds, etc.*—Total dividends, interest, etc., received by life insurance and superannuation funds, less rent and interest paid, depreciation allowances, income tax and dividends payable.

Item 23. *Overseas grants, contributions and remittances*—All transfers to or from overseas on public authority or private account which are not payments for goods and services or payments of dividends, interest, etc.

Item 23*a*. *Personal remittances overseas*—Gifts of money by resident persons and private institutions, payments for sustenance and transfers of emigrants' funds and legacies from Australia to overseas, together with the value of goods exported as gifts.

Item 23*b*. *Personal remittances from overseas*—Gifts of money received from non-resident persons and private institutions, receipts for sustenance, transfers of immigrants' funds and legacies from overseas to Australia.

Item 23*c*. *Public authority overseas grants and contributions*—Grants to and payments made on behalf of the Territories of Papua and New Guinea, and expenditure overseas in respect of technical assistance and relief under the Colombo Plan and United Nations projects. It includes contributions to United Nations and other organisations due by virtue of membership of these organisations.

Item 24. *Personal saving*—The excess of personal income over the sum of personal consumption expenditure, interest paid, income tax payable, estate and gift duties paid, and remittances overseas. Personal saving is estimated as the balancing item in the personal current account. It includes saving through life insurance and superannuation funds (defined as premiums, etc., paid less claims, etc., received and administrative expenses of life insurance offices) and the increase in assets of marketing authorities. Personal saving may also take the form of increases in holdings of cash and net purchases of securities, the net increase in bank deposits less advances, the reduction in the outstanding advances of instalment credit companies to persons and unincorporated enterprises, and the increase in the equity of persons in dwellings and in capital equipment, buildings and stocks of unincorporated enterprises.

Item 25. *Cash benefits*—Current transfers to persons from public authorities in return for which no services are rendered or goods supplied. Principal components are scholarships; hospital, medical, pharmaceutical, maternity, sickness and unemployment benefits; child endowment; widows', age, invalid and repatriation pensions; and attendance money for waterside workers.

Item 26. *Grants to private sector.*

Item 26*a*. *Grants towards private capital expenditure*—Grants to meet part of the cost of private capital expenditure, e.g., Commonwealth Home Savings grants, grants towards construction of science laboratories in private schools, payments under the *Currency Act* in relation to the conversion of accounting and other machines to decimal currency, etc.

Item 26*b*. *Devaluation compensation*—Payments to primary industry marketing authorities for decreased returns in Australian currency resulting from sterling devaluation.

Item 27. *Public authorities surplus on current account*—The excess of current revenue, including income of public enterprises, over current outlay. Current outlay includes current expenditure on goods and services, as defined in item 7, and transfer payments (interest, cash benefits, subsidies, grants towards private capital expenditure and overseas grants). The surplus is transferred to the capital account where it is shown as part of total funds available for financing capital outlay.

Item 28. *Overseas balance on current account*—The excess of payments to the rest of the world on current account over receipts from the rest of the world on current account. In the National Capital Account it is shown divided into withdrawals from Australia's overseas monetary reserves (item 28*a*) and net apparent capital inflow (item 28*b*).

Table 8—Value of Main Aggregates at Current and Average 1959-60 Prices

For certain types of economic analysis it is useful to examine estimates of the principal flows of goods and services in the economy revalued in such a way as to remove the direct effects of changes in their prices which have occurred over the period under review. Such estimates, conventionally described as 'at constant prices', are presented in Table 8 for gross national product, gross national expenditure, and the principal components of the latter.

Constant price estimates amount to an attempt to express every component item of expenditure as the product of a price and a quantity, instead of only as a value, and to substitute for the actual current prices the prices that ruled in the chosen base year. Such estimates can be made only on the basis of approximations and assumptions, and this should be borne in mind in the interpretation and use of the results.

Gross national product is equivalent to gross national expenditure, plus exports of goods and services, less imports of goods and services. This relationship has been used in deriving the estimates of gross national product at constant prices shown in Table 8.

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

For gross fixed capital expenditure, some components are revalued by means of appropriate price or volume indexes; but where homogeneous or standard units of quantity do not exist, the values are divided by indexes of prices of labour and materials. This latter method of revaluation is also applied to current expenditure by financial enterprises and public authorities. The resulting estimates have considerable limitations for many uses, for example in studies of productivity.

The information available on which to base an estimate of changes in stocks at constant prices is very limited, and hence any estimate made is subject to an appreciable margin of error. The method used involves an adjustment for stock revaluation, arising out of the replacement during the year of opening stocks with equivalent new stocks at different prices, or because of the practice of revaluing stocks at the end of the period.

Part I. of *Australian National Accounts, National Income and Expenditure*, 1953–54 to 1966–67 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 9—Relationship of Main Aggregates

Gross National Expenditure is the total expenditure within a given period on final goods and services (i.e. excluding goods and services produced or imported and used up in the process of further production) bought for use in the Australian economy. It is equivalent to gross national product, plus imports of goods and services, less exports of goods and services.

National Turnover of Goods and Services is the total flow of final goods and services within a given period in the Australian economy as a whole (i.e. excluding goods and services produced or imported and used up in the process of further production), derived from production in Australia and imports. This value is equivalent to gross national product plus imports of goods and services or, alternatively, to gross national expenditure plus exports of goods and services.

Gross National Product is the total market value of goods and services produced in Australia within a given period after deduction of the cost of goods and services, other than capital equipment, used in the process of production. Thus gross national product, as here defined, is 'at market prices'. It is equivalent to gross national expenditure, plus exports of goods and services, less imports of goods and services.

Gross National Product at Factor Cost is that part of the cost of producing the gross national product which consists of gross payments to factors of production (labour, land, capital and enterprise). It represents the value added by these factors in the process of production and is equivalent to gross national product, less indirect taxes, plus subsidies.

Net National Product 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 capital equipment. It is equivalent to gross national product at factor cost less depreciation allowances.

National Income is the net income accruing within a given period to Australian residents from their services in supplying factors of production (labour, land, capital and enterprise) in Australia or overseas. It is equivalent to net national product plus income receivable from overseas, less income payable overseas.

Personal Income is the total income, whether in cash or kind, received by persons normally resident in Australia. It includes both income received in return for productive activity (such as wages, salaries and supplements, incomes of unincorporated enterprises, etc.) and transfer incomes (such as cash social service benefits, interest, etc.). Personal income also includes any property income received by non-taxable organisations such as private schools, churches, charitable organisations, etc. However, it excludes any income which might be said to accrue to persons in the form of undistributed company income and retained investment income of life insurance, etc., funds.

Table on Income of Farm Unincorporated Enterprises, page 9

Farm Income is the difference between the gross value of farm production and costs incurred.

Gross value of farm production is, in general, the figure published in the statistical bulletin, *Value of Production*. It is valued at the wholesale prices realised in the principal markets and includes the imputed value of production consumed on farms, the addition to stocks held on the farm, and the increase in unsold stocks held by marketing boards, etc., value being estimated on the basis of prices subsequently realised.

Production costs comprise marketing costs, costs of seed, fodder and other materials used, wages and salaries, depreciation, indirect taxes and all other costs other than net rent and interest paid.

Gross farm product at factor cost equals the estimated gross value of production, less estimated production costs other than wages paid and depreciation for all enterprises engaged in rural production. The estimates of depreciation allowances are based mainly on taxation data, and include the allowance of 20 per cent. per annum on plant, machinery and equipment, except motor vehicles, purchased since July, 1951. 'Other costs' include fertilisers, fuel, costs associated with inter-farm transfers of livestock, maintenance, rent and interest, and other miscellaneous items.

Income of farm unincorporated enterprises is the estimated gross value of production less all estimated costs of those engaged in rural industries and less company income.

Marketing authorities include all marketing boards and co-operative bodies which act as agents of farmers in the marketing of farm products; they also include wool-selling brokers. These bodies hold stocks of unsold farm produce on behalf of farmers. Total proceeds of sales less charges are returned to the farmers, but there may be a substantial time difference between sales and payments to farmers. The principal marketing authorities for which information is available, are the Australian Wheat Board, the Australian Barley Board and wool-selling brokers. The increase in assets of marketing authorities is measured as the gross selling value of products received by these authorities, plus subsidies less indirect taxes, and less charges for marketing and payments to farmers.

(*b*) REVISIONS TO PREVIOUS ESTIMATES

Estimates previously published for a number of items have been revised. The revisions mainly affect the years 1965–66 and 1966–67 and result from the availability of more information, particularly tabulations of income tax returns. Items affected include income, depreciation and gross operating surplus of trading enterprises, and private expenditure on fixed capital equipment.