

1962-63.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

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# NATIONAL INCOME AND EXPENDITURE 1962-63.

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PRESENTED BY THE RIGHT HONORABLE HAROLD HOLT, M.P., FOR THE  
INFORMATION OF HONORABLE MEMBERS ON THE OCCASION  
OF THE BUDGET 1963-64.

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*Presented by Command; ordered to be printed, 13th August, 1963.*

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[*Cost of Paper*:—Preparation, not given; 765 copies; approximate cost of printing and publishing, £35.]

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Printed and Published for the GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA by  
E. J. ARTHUR, Commonwealth Government Printer, Canberra.  
(Printed in Australia.)



## FOREWORD.

This Paper gives estimates of gross national product, income and expenditure during the five years 1958-59 to 1962-63 on a basis consistent with those shown in *Australian National Accounts, National Income and Expenditure, 1948-49 to 1961-62*, published by the Commonwealth Bureau of Census and Statistics on 1st July, 1963. That publication contained considerably more detail than earlier Budget Papers on National Income and Expenditure, and also made substantial changes in the form of the estimates; reference should be made to it for a description of the conceptual framework and structure of the national accounts, and full definitions of items in the accounts. The main changes compared with previous Budget Papers on National Income and Expenditure are summarized on page 18 of this Paper. Estimates for each quarter of 1962-63 will be published shortly by the Commonwealth Bureau of Census and Statistics.

The estimates have been prepared in the Commonwealth Bureau of Census and Statistics from a wide range of intricate statistical information. 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 1962-63, 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.

Since the *Australian National Accounts, National Income and Expenditure, 1948-49 to 1961-62* was published, some of the figures for 1961-62 and recent earlier years have been revised in the light of new information. The main revisions, based on recently available taxation statistics for 1960-61, affect gross operating surpluses of companies (item 2a) and unincorporated enterprises (item 2b), depreciation allowances (item 14), private gross fixed capital expenditure (item 8) and stocks (item 11). Some public authority items have been revised, following the full tabulation of 1961-62 figures.

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## INTRODUCTION.

There were substantial increases in most components of national expenditure and output in 1962-63, following comparatively small changes in 1961-62. In what follows, references to changes in a particular year indicate a comparison between that year and the one preceding it.

Gross national expenditure, which is the total market value of goods and services bought for use within the Australian economy, increased in 1962-63 by £752 million, or about 10 per cent., following a decrease in 1961-62. Exports of goods and services showed a small increase in 1962-63, following an increase of £146 million, or 14 per cent., in 1961-62.

The total increase in expenditure on goods and services in 1962-63 was accompanied by an increase of £196 million, or 18 per cent., in imported goods and services from the low level of 1961-62, and an increase of £567 million, or about 8 per cent., in gross national product, which is the measure of the market value of all goods and services produced in Australia after deducting the cost of goods and services used in production.

The main components of gross national product and gross national expenditure, together with the value of imports and exports of goods and services, are shown in the following table. More detailed figures in respect of the past five years are shown in the next section, including estimates of national income in Table 9. Tables 10 to 14 include classifications of public authority transactions between Commonwealth and State authorities, and according to major functions.

NATIONAL PRODUCTION ACCOUNT.  
(£ million.)

	1960-61.	1961-62.	1962-63.		1960-61.	1961-62.	1962-63.
Wages, salaries and supplements ..	3,679	3,755	3,965	Net current expenditure on goods and services—			
Gross operating surplus of trading enterprises—				Personal consumption .. ..	4,611	4,748	4,993
Companies .. ..	959	962	(1,061)	Financial enterprises .. ..	92	100	103
Unincorporated enterprises ..	1,366	1,341	(1,455)	Public authorities .. ..	717	777	837
Dwellings owned by persons ..	247	268	287	Gross fixed capital expenditure—			
Public enterprises .. ..	189	186	240	Private .. ..	1,177	1,088	1,228
Gross National Product at Factor Cost .. ..	6,440	6,512	7,008	Public enterprises .. ..	320	358	377
Indirect taxes less subsidies .. ..	812	787	858	Public authorities .. ..	274	301	311
Gross National Product .. ..	7,252	7,299	7,866	Increase in value of stocks .. ..	252	-117	(147)
Imports of goods and services .. ..	1,292	1,090	1,286	Statistical discrepancy(a) .. ..	31	-82	-71
National Turnover of Goods and Services .. ..	8,544	8,389	9,152	Gross National Expenditure ..	7,474	7,173	7,925
				Exports of goods and services ..	1,070	1,216	1,227
				National Turnover of Goods and Services .. ..	8,544	8,389	9,152

(a) See Note to item 12, page 16.

Most price changes in 1961-62 and 1962-63 were comparatively small and, when all the necessary data are available, estimates of gross national expenditure at constant prices are expected to show increases in 1962-63 not greatly different from those expressed in current prices. However, the estimate of gross national product at constant prices, which takes into account changes in average prices of exports and imports, is expected to show a slightly smaller rise than the estimate in current prices.

## EXPENDITURE.

*Personal Consumption.*

By far the largest component of gross national expenditure is expenditure on personal consumption. In 1962-63 it increased by £245 million, or about 5 per cent., following a 3 per cent. increase in 1961-62. The consumer price index showed only a very small rise of 0.2 per cent. in 1962-63, suggesting that personal consumption expenditure at constant prices also rose by about 5 per cent.

All items of consumption expenditure shown in the table below increased in 1962-63. The largest increases occurred in purchases of motor vehicles, £63 million; "other services", £59 million; food, £37 million; and dwelling rent (chiefly that imputed to owner-occupiers), £29 million. The increase in expenditure on motor vehicles amounted to 28 per cent., and on rent and "other services" to 6 per cent.

PERSONAL CONSUMPTION EXPENDITURE.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
Food .. .. .	994	1,053	1,121	1,156	1,193
Tobacco, cigarettes, alcoholic drinks .. .. .	422	451	473	481	498
Clothing, footwear, drapery .. .. .	464	509	530	531	540
Dwelling rent—					
Imputed .. .. .	250	273	302	329	353
Other .. .. .	100	106	118	124	129
Household durables .. .. .	330	384	381	376	389
Purchase of motor vehicles .. .. .	183	233	236	226	289
Other goods .. .. .	406	438	472	498	516
Other services .. .. .	847	920	978	1,027	1,086
Total .. .. .	3,996	4,367	4,611	4,748	4,993

*Public Authorities Current Expenditure on Goods and Services.*

Current expenditure on goods and services by public authorities increased by £60 million, or 8 per cent., in 1962-63, much the same rate of increase as in other recent years. Expenditure by Commonwealth authorities increased by £22 million, or 6 per cent.; defence expenditure accounted for £8 million of the increase. Expenditure by State authorities increased by £38 million, or 9 per cent., including increases totalling £28 million in expenditure on education, health and welfare.

*Fixed Capital Expenditure.*

A particularly large increase of £140 million, or 13 per cent., occurred in private fixed capital expenditure in 1962-63, bringing the total to £1,228 million, 4 per cent. greater than the previous highest total achieved in 1960-61.

Expenditure on dwellings increased by £23 million, or 8 per cent., in 1962-63 following a decrease of 10 per cent. in 1961-62. The total number of new houses and flats commenced in 1962-63 (including those commenced by public authorities) was 7 per cent. higher than in 1961-62 and 1 per cent. less than the number commenced in 1960-61.

Private expenditure on other new building increased in 1962-63 by £32 million, or 14 per cent., considerably more than the increase in expenditure on dwellings. This followed a decrease of £10 million, or 4 per cent., in 1961-62. Expenditure in 1962-63 was 9 per cent. above the previous highest level reached in 1960-61.

Other private capital expenditure increased somewhat more rapidly again, by £85 million or 15 per cent., exceeding the previous highest level in 1960-61 by 7 per cent.

Public fixed capital expenditure continued its upward trend in 1962-63. The 1962-63 figure includes expenditure amounting to £13 million which in previous years would have been charged to Post Office working expenses.

Together, private and public fixed capital expenditure have comprised about 24 per cent. of gross national expenditure in recent years, about two-thirds of it private expenditure and one-third public.

*Change in Value of Stocks.*

The value of non-farm stocks decreased in 1961-62 by £72 million, but in line with the upward movement in production and trade increased by £109 million in 1962-63. There were substantial increases in both manufacturing and in wholesale and retail trade, especially in the engineering, metals and vehicles manufacturing industries. Farm stocks also decreased in value in 1961-62 and increased in 1962-63, mainly because of fluctuations in the level of wheat stocks. In 1961-62, large exports of wheat, including those to Mainland China, caused a fall in stocks held by the Australian Wheat Board. In 1962-63, despite continued large exports, wheat stocks increased following a record harvest.

OUTPUT AND INCOMES.

*Wages and Salaries.*

The largest single component in gross national product is wages, salaries and supplements, which increased by £210 million, or 6 per cent., in 1962-63, compared with an increase of 2 per cent. in 1961-62. The increase in 1962-63 was due to an increase of about 3 per cent. in average earnings and about the same increase in the average number in employment during the year. In 1961-62 there had been a slightly larger increase in average earnings but a small decline in the average number in employment. There have been no changes in the Federal basic wage since July, 1961 and, until the increases in margins towards the end of 1962-63, only very small changes in the average award wage, so that nearly all the increase in average earnings appears to have been due to increases in overtime earnings and over-award payments. In 1961-62 a considerable part of the increase in average earnings was due to increases in average award wages, though there was some tendency towards the end of that year for earnings to increase more than award wages.

### Operating Surplus and Income of Enterprises.

The remaining incomes generated in the course of production are included in the first instance in the gross operating surpluses of trading enterprises, which increased in 1962-63 by £286 million, or 10 per cent., following a decrease of £4 million in 1961-62. These surpluses include depreciation allowances, which have been increasing steadily with the increase in the value of capital equipment in use.

Gross operating surplus of companies increased in 1962-63 by 10 per cent., exceeding the previous highest level in 1959-60 by 8 per cent. After allowing for the increase in depreciation allowances and payments of interest, rent and royalties, trading company income is estimated to have increased in 1962-63 by 11 per cent.

Total company income of both trading and financial enterprises increased by £75 million in 1962-63 to £771 million. After deducting income tax payable, the remainder is estimated to have been divided about equally between dividends payable and undistributed income. In both 1960-61 and 1961-62, the decrease in company income was reflected in decreases in undistributed income. Dividends payable and undistributed income accruing overseas totalled £119 million in 1962-63, about the same as in 1959-60 and 1960-61, and represented about one quarter of company income after deducting income tax payable.

#### COMPANY INCOME. (£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
Total company income—					
Trading enterprises (Table 2) .. .. .	620	735	678	650	(723)
Financial enterprises (Table 3) .. .. .	40	48	51	46	(48)
Total .. .. .	660	783	729	696	(771)
Appropriated as follows—					
Income tax payable .. .. .	225	291	285	278	(305)
Dividends payable and profits remitted overseas .. .. .	52	54	60	68	65
Other dividends payable <sup>(a)</sup> .. .. .	155	166	174	168	(176)
Undistributed income accruing overseas .. .. .	63	69	60	33	(54)
Undistributed income accruing to Australian residents .. .. .	165	203	150	149	(171)

(a) Includes dividends payable between trading and financial companies.

No direct information is available as to the operating surplus or income of non-farm unincorporated enterprises in 1962-63. The estimate, which is necessarily tentative, of an increase of 9 per cent. in gross operating surplus of all unincorporated enterprises is therefore based in part on indirect indicators of production and trade in non-rural industries, and in part on preliminary estimates of the value of rural production and costs. It compares with a decrease of 2 per cent. in 1961-62.

After deducting depreciation allowances and interest, &c., paid, the income of non-farm unincorporated enterprises is estimated to have increased by £24 million, or 4 per cent., in 1962-63. The income of farm unincorporated enterprises is estimated to have increased in 1962-63 by £80 million, or 17 per cent., following a 7 per cent. decrease in 1961-62. Gross value of output increased by £120 million, mainly because of higher production of wheat, sugar and meat, and higher prices for wool and sugar. Total farm costs are estimated to have increased by about 4 per cent. in both 1961-62 and 1962-63.

#### FARM INCOME.<sup>(a)</sup> (£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
Gross Value of Farm Production—					
Wool .. .. .	311	390	340	373	405
Other pastoral products .. .. .	226	248	225	221	245
Wheat .. .. .	151	143	196	186	224
Other grain crops .. .. .	79	48	70	58	56
Other crops .. .. .	237	224	270	260	277
Farmyard and dairy .. .. .	257	275	274	272	283
Total .. .. .	1,261	1,328	1,375	1,370	1,490
Less Costs—					
Marketing costs .. .. .	142	139	157	157	} 926
Seed and fodder .. .. .	107	136	136	146	
Depreciation .. .. .	133	137	143	149	
Wages and salaries .. .. .	118	122	122	126	
Other costs .. .. .	276	286	300	310	
Total .. .. .	776	820	858	888	926
Farm Income .. .. .	485	508	517	482	564
Less Company income .. .. .	10	21	18	17	19
Income of Farm Unincorporated Enterprises .. .. .	475	487	499	465	545
Less Increase in assets of marketing authorities .. .. .	11	15	6	12	-10
Realized Income of Farm Unincorporated Enterprises .. .. .	464	472	493	453	555

(a) See Note, page 18.

## PUBLIC AUTHORITIES.

Public authorities receipts from taxation, public enterprises income, &c., exceeded current expenditure on goods and services, interest, cash benefits to persons, &c., by £427 million in 1962-63, compared with £420 million in both 1961-62 and 1959-60, and £537 million in 1960-61.

Commonwealth authorities "surplus on current account" decreased by £114 million in 1961-62 and by a further £7 million in 1962-63. In the latter year it amounted to £265 million, mainly reflecting the financing from revenue of capital expenditure, and grants and advances to the States for capital purposes. Statements attached to the Budget Speech give full details of Commonwealth Government receipts and expenditures, including in Statement No. 6 receipts and outlays in national accounts form.

State and local government authorities "surplus on current account" decreased by £3 million in 1961-62, but increased by £14 million in 1962-63. In the latter year it amounted to £162 million, mainly reflecting the financing from revenue of expenditure on roads (all of which is treated as capital expenditure) and of some capital expenditure by semi-governmental authorities. Taxation receipts in 1962-63 increased by £26 million, public enterprises income by £24 million and current grants from the Commonwealth by £20 million. Current expenditure on goods and services by State and local government authorities increased by £38 million and interest payments by £17 million. Capital grants to the States from the Commonwealth increased by £8 million in 1962-63 and State and local government authorities increased their cash and bank balances by £29 million.

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## TABLES.

TABLE 1.  
NATIONAL PRODUCTION ACCOUNT.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
1 Wages, salaries and supplements .. .. .	3,097	3,440	3,679	3,755	3,965
Gross operating surplus of trading enterprises—					
2a Companies .. .. .	836	979	959	962	(1,061)
2b Unincorporated enterprises .. .. .	1,262	1,331	1,366	1,341	(1,455)
2c Dwellings owned by persons .. .. .	205	221	247	268	287
2d Public enterprises .. .. .	132	153	189	186	240
Gross National Product at Factor Cost ..	5,532	6,124	6,440	6,512	7,008
3 Indirect taxes less subsidies .. .. .	693	770	812	787	858
Gross National Product .. .. .	6,225	6,894	7,252	7,299	7,866
4 Imports of goods and services .. .. .	973	1,132	1,292	1,090	1,286
National Turnover of Goods and Services ..	7,198	8,026	8,544	8,389	9,152
Net current expenditure on goods and services—					
5 Personal consumption .. .. .	3,996	4,367	4,611	4,748	4,993
6 Financial enterprises .. .. .	71	88	92	100	103
7 Public authorities .. .. .	608	665	717	777	837
Gross fixed capital expenditure—					
8 Private .. .. .	951	1,066	1,177	1,088	1,228
9 Public enterprises .. .. .	311	325	320	358	377
10 Public authorities .. .. .	225	246	274	301	311
11 Increase in value of stocks .. .. .	165	108	252	-117	(147)
12 Statistical discrepancy(a) .. .. .	-51	101	31	-82	-71
Gross National Expenditure .. .. .	6,276	6,966	7,474	7,173	7,925
13 Exports of goods and services .. .. .	922	1,060	1,070	1,216	1,227
National Turnover of Goods and Services ..	7,198	8,026	8,544	8,389	9,152

(a) See Note to item 12, page 16.

TABLE 2.  
TRADING ENTERPRISES INCOME APPROPRIATION ACCOUNT.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
2 Gross operating surplus .. .. .	2,435	2,684	2,761	2,757	(3,043)
15b, 17b, 18b Interest, &c., and dividends received and oversea profits receivable .. .. .	26	26	31	34	(36)
Total Receipts .. .. .	2,461	2,710	2,792	2,791	3,079
14a Depreciation allowances .. .. .	467	503	553	586	619
15a Interest, &c., paid .. .. .	182	208	233	252	275
Company income—					
16a Income tax payable .. .. .	210	272	264	257	} (723)
17a Dividends payable .. .. .	189	202	215	217	
18a Undistributed income .. .. .	221	261	199	176	
Total Company Income .. .. .	620	735	678	650	(723)
19 Unincorporated enterprises income .. .. .	986	1,042	1,063	1,034	(1,138)
20 Personal income from dwelling rent .. .. .	116	121	135	143	149
21a Public enterprises income .. .. .	90	101	130	126	175
Total Outlay .. .. .	2,461	2,710	2,792	2,791	3,079

TABLE 3.  
FINANCIAL ENTERPRISES INCOME APPROPRIATION ACCOUNT.  
(£ million.)

		1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
15d, 17d, 18d Interest, &c., and dividends received and overseas profits receivable .. .. .		286	333	380	416	445
Total Receipts .. .. .		286	333	380	416	445
14b	Depreciation allowances .. .. .	3	4	5	5	5
6	Net current expenditure on goods and services .. .. .	71	88	92	100	103
15c	Interest paid .. .. .	75	88	106	128	142
Company income—						
16b	Income tax payable .. .. .	15	19	21	21	} (48)
17c	Dividends payable .. .. .	18	18	19	19	
18c	Undistributed income .. .. .	7	11	11	6	
Total Company Income .. .. .		40	48	51	46	(48)
21b	Public enterprises income .. .. .	35	35	46	45	44
22	Retained investment income of assurance funds .. .. .	62	70	80	92	103
Total Outlay .. .. .		286	333	380	416	445

TABLE 4.  
PERSONAL CURRENT ACCOUNT.  
(£ million.)

		1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
1	Wages, salaries and supplements .. .. .	3,097	3,440	3,679	3,755	3,965
15f	Interest, &c., received .. .. .	115	128	142	160	179
17e	Dividends .. .. .	142	157	161	163	(166)
Unincorporated enterprises income—						
19a	Farm .. .. .	475	487	499	465	545
19b	Other .. .. .	511	555	564	569	(593)
20	Income from dwelling rent .. .. .	116	121	135	143	149
23b	Remittances from overseas .. .. .	27	31	34	35	39
25	Cash benefits from public authorities .. .. .	349	377	418	458	478
Total Receipts .. .. .		4,832	5,296	5,632	5,748	6,114
5	Personal consumption expenditure .. .. .	3,996	4,367	4,611	4,748	4,993
15e	Interest paid .. .. .	44	61	72	72	77
16c	Income tax payable .. .. .	385	433	502	499	546
16d	Estate and gift duties .. .. .	42	50	52	57	62
23a	Remittances overseas .. .. .	24	25	27	26	28
24	Saving .. .. .	341	360	368	346	(408)
Total Outlay .. .. .		4,832	5,296	5,632	5,748	6,114

TABLE 5.  
PUBLIC AUTHORITIES CURRENT ACCOUNT.  
(£ million.)

		1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
3a	Indirect taxes .. .. .	718	795	846	831	894
16e	Income tax, estate and gift duties received .. .. .	650	720	858	884	871
15h	Interest, &c., received .. .. .	30	32	35	39	38
21	Public enterprises income .. .. .	125	136	176	171	219
Total Receipts .. .. .		1,523	1,683	1,915	1,925	2,022
7	Net current expenditure on goods and services .. .. .	608	665	717	777	837
3b	Subsidies .. .. .	25	25	34	44	36
15g	Interest, &c., paid .. .. .	161	176	186	200	215
23c	Overseas grants .. .. .	18	20	23	26	29
25	Cash benefits to persons .. .. .	349	377	418	458	478
26	Surplus on current account .. .. .	362	420	537	420	427
Total Outlay .. .. .		1,523	1,683	1,915	1,925	2,022

TABLE 6.  
OVERSEA CURRENT ACCOUNT.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
4a Imports f.o.b. . . . .	781	911	1,035	857	1,034
4b Transportation . . . . .	122	136	167	139	154
4c Travel . . . . .	29	36	41	41	44
4d Government transactions . . . . .	22	29	26	27	27
4e Other goods and services . . . . .	19	20	23	26	27
4 Total imports of goods and services . . . . .	973	1,132	1,292	1,090	1,286
15j, 17g Interest, &c., paid, and dividends payable and profits remitted overseas . . . . .	91	99	106	118	117
18f Undistributed income accruing to overseas residents . . . . .	63	69	60	33	54
23a Personal remittances overseas . . . . .	24	25	27	26	28
23c Public authority grants . . . . .	18	20	23	26	29
Total Credits to Non-residents . . . . .	1,169	1,345	1,508	1,293	1,514
13a Exports f.o.b. . . . .	808	932	925	1,067	1,067
13b Transportation . . . . .	66	70	82	81	88
13c Travel . . . . .	8	10	14	16	15
13d Government transactions . . . . .	15	22	20	22	24
13e Other goods and services . . . . .	25	26	29	30	33
13 Total exports of goods and services . . . . .	922	1,060	1,070	1,216	1,227
15i, 17f, 18e Interest, &c., received, and dividends and profits receivable from overseas . . . . .	28	26	31	40	34
23b Personal remittances from overseas . . . . .	27	31	34	35	39
27 Oversea deficit on current account . . . . .	192	228	373	2	214
Total Debits to Non-residents . . . . .	1,169	1,345	1,508	1,293	1,514

TABLE 7.  
NATIONAL CAPITAL ACCOUNT.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
14 Depreciation allowances . . . . .	470	507	558	591	624
16f, 17h Increase in dividend and income tax provisions . . . . .	9	58	-12	-52	(45)
18g Undistributed company income accruing to residents . . . . .	165	203	150	149	(171)
22 Retained investment income of assurance funds . . . . .	62	70	80	92	103
24 Personal saving . . . . .	341	360	368	346	(408)
26 Public authorities surplus on current account . . . . .	362	420	537	420	427
Deficit on current account with overseas—					
27a Withdrawal from overseas monetary reserves(a) . . . . .	- 7	- 8	40	-89	-74
27b Net apparent capital inflow . . . . .	199	236	333	91	288
Total Capital Funds Accruing . . . . .	1,601	1,846	2,054	1,548	1,992
Gross fixed capital expenditure—					
Private—					
8a Dwellings . . . . .	269	304	333	299	322
8b Other new building . . . . .	168	211	239	229	261
8c All other . . . . .	514	551	605	560	645
9 Public enterprises . . . . .	311	325	320	358	377
10 Public authorities . . . . .	225	246	274	301	311
Total Gross Fixed Capital Expenditure . . . . .	1,487	1,637	1,771	1,747	1,916
Increase in value of stocks—					
11a Farm . . . . .	88	-12	34	-45	38
11b Other . . . . .	77	120	218	-72	(109)
Total Use of Funds . . . . .	1,652	1,745	2,023	1,630	2,063
12 Statistical discrepancy(b) . . . . .	-51	101	31	-82	-71
Total Capital Funds Accruing . . . . .	1,601	1,846	2,054	1,548	1,992

(a) Minus sign (-) indicates an addition to reserves.

(b) See Note to item 12, page 16.



TABLE 8.  
VALUE OF MAIN AGGREGATES AT CURRENT AND AVERAGE 1959-60 PRICES.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
AT CURRENT PRICES.					
Personal consumption expenditure .. .. .	3,996	4,367	4,611	4,748	4,993
Current expenditure by financial enterprises and public authorities ..	679	753	809	877	940
Gross fixed capital expenditure—					
Public .. .. .	536	571	594	659	688
Private—					
Dwellings .. .. .	269	304	333	299	322
Other .. .. .	682	762	844	789	906
Increase in value of stocks .. .. .	165	108	252	-117	147
Statistical discrepancy .. .. .	-51	101	31	-82	-71
<b>Total Gross National Expenditure .. .. .</b>	<b>6,276</b>	<b>6,966</b>	<b>7,474</b>	<b>7,173</b>	<b>7,925</b>
Gross National Expenditure after stock valuation adjustment ..	6,251	6,826	7,488	7,205	(b)
Plus Exports of goods and services .. .. .	922	1,060	1,070	1,216	1,227
Less Imports of goods and services .. .. .	973	1,132	1,292	1,090	1,286
<b>Gross National Product after stock valuation adjustment ..</b>	<b>6,200</b>	<b>6,754</b>	<b>7,266</b>	<b>7,331</b>	<b>(b)</b>

AT AVERAGE 1959-60 PRICES(a).

Personal consumption expenditure .. .. .	4,114	4,367	4,449	4,544	(b)
Current expenditure by financial enterprises and public authorities ..	735	753	778	825	
Gross fixed capital expenditure—					
Public .. .. .	550	571	570	622	
Private—					
Dwellings .. .. .	274	304	317	279	
Other .. .. .	697	762	823	759	
Statistical discrepancy .. .. .	-53	101	30	-78	
Gross National Expenditure after stock valuation adjustment ..	6,469	6,826	7,225	6,861	
Plus Exports of goods and services .. .. .	992	1,060	1,138	1,266	
Less Imports of goods and services .. .. .	970	1,132	1,325	1,105	
<b>Gross National Product after stock valuation adjustment ..</b>	<b>6,491</b>	<b>6,754</b>	<b>7,038</b>	<b>7,022</b>	

(a) See Note, page 17.

(b) Not yet available.

TABLE 9.  
RELATIONSHIP OF MAIN AGGREGATES.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
Net current expenditure on goods and services .. .. .	4,675	5,120	5,420	5,625	5,933
Gross fixed capital expenditure .. .. .	1,487	1,637	1,771	1,747	1,916
Increase in value of stocks .. .. .	165	108	252	-117	147
Statistical discrepancy .. .. .	-51	101	31	-82	-71
<b>Gross National Expenditure .. .. .</b>	<b>6,276</b>	<b>6,966</b>	<b>7,474</b>	<b>7,173</b>	<b>7,925</b>
Plus Exports of goods and services .. .. .	922	1,060	1,070	1,216	1,227
<b>National Turnover of Goods and Services .. .. .</b>	<b>7,198</b>	<b>8,026</b>	<b>8,544</b>	<b>8,389</b>	<b>9,152</b>
Less Imports of goods and services .. .. .	973	1,132	1,292	1,090	1,286
<b>Gross National Product .. .. .</b>	<b>6,225</b>	<b>6,894</b>	<b>7,252</b>	<b>7,299</b>	<b>7,866</b>
Less Net indirect taxes .. .. .	693	770	812	787	858
<b>Gross National Product at Factor Cost .. .. .</b>	<b>5,532</b>	<b>6,124</b>	<b>6,440</b>	<b>6,512</b>	<b>7,008</b>
Less Depreciation allowances of trading enterprises .. .. .	467	503	553	586	619
<b>Net National Product .. .. .</b>	<b>5,065</b>	<b>5,621</b>	<b>5,887</b>	<b>5,926</b>	<b>6,389</b>
Less Net income payable overseas .. .. .	126	142	135	111	137
<b>National Income .. .. .</b>	<b>4,939</b>	<b>5,479</b>	<b>5,752</b>	<b>5,815</b>	<b>6,252</b>
Plus Net income payable overseas .. .. .	126	142	135	111	137
<b>Net National Product .. .. .</b>	<b>5,065</b>	<b>5,621</b>	<b>5,887</b>	<b>5,926</b>	<b>6,389</b>
Less Net operating surplus of companies and public enterprises ..	756	895	876	850	979
Less Interest, &c., paid by unincorporated enterprises (including dwellings owned by persons) .. .. .	110	123	134	144	158
Plus Interest received by persons .. .. .	115	128	142	160	179
Dividends received by persons .. .. .	142	157	161	163	166
Cash benefits to persons .. .. .	349	377	418	458	478
Remittances from overseas .. .. .	27	31	34	35	39
<b>Personal Income .. .. .</b>	<b>4,832</b>	<b>5,296</b>	<b>5,632</b>	<b>5,748</b>	<b>6,114</b>



TABLE 10.  
COMMONWEALTH AUTHORITIES CURRENT ACCOUNT (a).  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
Taxation .. .. .	1,133	1,252	1,425	1,416	1,440
Interest, &c., received .. .. .	14	14	16	20	19
Public enterprises income .. .. .	35	44	63	60	84
<b>Total Receipts .. .. .</b>	<b>1,182</b>	<b>1,310</b>	<b>1,504</b>	<b>1,496</b>	<b>1,543</b>
Net current expenditure on goods and services .. .. .	291	315	330	347	369
Subsidies .. .. .	22	21	30	41	33
Interest, &c., paid .. .. .	24	25	23	20	18
Oversea grants .. .. .	18	20	23	26	29
Cash benefits to persons .. .. .	344	371	412	452	471
Grants to States .. .. .	245	273	300	338	358
Surplus on current account .. .. .	238	285	386	272	265
<b>Total Outlay .. .. .</b>	<b>1,182</b>	<b>1,310</b>	<b>1,504</b>	<b>1,496</b>	<b>1,543</b>

(a) Including the Australian Capital Territory and the Northern Territory.

TABLE 11.  
STATE AND LOCAL GOVERNMENT AUTHORITIES CURRENT ACCOUNT.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
Taxation .. .. .	235	263	279	299	325
Interest, &c., received .. .. .	16	18	19	19	19
Public enterprises income .. .. .	90	92	113	111	135
Grants from Commonwealth Government authorities .. .. .	245	273	300	338	358
<b>Total Receipts .. .. .</b>	<b>586</b>	<b>646</b>	<b>711</b>	<b>767</b>	<b>837</b>
Net current expenditure on goods and services .. .. .	317	350	387	430	468
Subsidies .. .. .	3	4	4	3	3
Interest, &c., paid .. .. .	137	151	163	180	197
Cash benefits to persons .. .. .	5	6	6	6	7
Surplus on current account .. .. .	124	135	151	148	162
<b>Total Outlay .. .. .</b>	<b>586</b>	<b>646</b>	<b>711</b>	<b>767</b>	<b>837</b>

TABLE 12.  
NET CURRENT EXPENDITURE ON GOODS AND SERVICES, BY FUNCTION, ALL PUBLIC AUTHORITIES.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
<b>Commonwealth Government—</b>					
War and defence .. .. .	181	188	191	197	205
Repatriation .. .. .	18	20	22	24	26
Development and conservation of national resources .. .. .	20	23	26	30	33
Civil aviation .. .. .	9	10	10	9	10
Immigration .. .. .	10	11	10	10	11
All other .. .. .	53	63	71	77	84
<b>Total .. .. .</b>	<b>291</b>	<b>315</b>	<b>330</b>	<b>347</b>	<b>369</b>
<b>State and Local Governments—</b>					
Law, order and public safety .. .. .	40	43	48	51	54
Education .. .. .	117	131	152	169	183
Public health and welfare .. .. .	75	85	91	101	115
Development and conservation of national resources .. .. .	23	27	27	28	29
All other .. .. .	62	64	69	81	87
<b>Total .. .. .</b>	<b>317</b>	<b>350</b>	<b>387</b>	<b>430</b>	<b>468</b>
<b>All Public Authorities—</b>					
Law, order and public safety .. .. .	42	46	50	53	56
Education .. .. .	120	134	156	174	188
Public health and welfare .. .. .	84	96	103	116	130
War and defence .. .. .	181	188	191	197	205
Repatriation .. .. .	18	20	22	24	26
Development and conservation of national resources .. .. .	43	50	53	58	62
All other .. .. .	120	131	142	155	170
<b>Total .. .. .</b>	<b>608</b>	<b>665</b>	<b>717</b>	<b>777</b>	<b>837</b>

TABLE 13.  
PUBLIC AUTHORITIES CAPITAL ACCOUNT.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
Depreciation allowances .. .. .	42	52	59	60	65
Net sale of securities—					
Commonwealth securities—					
Securities other than Treasury Bills and Notes—					
Australia .. .. .	84	30	— 1	124	164
Overseas—					
I.B.R.D. .. .. .	2	— 7	— 8	— 8	6
Other .. .. .	33	42	21	15	42
Treasury Bills and Notes .. .. .	31	30	—15	22	—15
Local and semi-governmental securities .. .. .	62	72	62	71	82
Increase in private trust funds .. .. .	12	17	23	21	25
Surplus on public authorities current account .. .. .	362	420	537	420	427
Other funds available (including errors and omissions) .. .. .	7	4	20	17	17
Less Increase in cash and bank balances .. .. .	18	19	14	—11	32
Total Sources of Funds .. .. .	617	641	684	753	781
Fixed capital expenditure on new assets—					
Public enterprises .. .. .	311	325	320	358	377
Other .. .. .	225	246	274	301	311
Expenditure on existing assets .. .. .	— 7	— 8	—14	— 2	— 3
Increase in value of stocks .. .. .	— 7	— 4	3	— 1	— 2
Advances to public financial enterprises .. .. .	69	63	84	81	76
Advances to overseas .. .. .	20	15	4	8	19
Net increase in financial assets of public financial enterprises .. .. .	6	4	13	8	3
Total Uses of Funds .. .. .	617	641	684	753	781

TABLE 14.  
PUBLIC EXPENDITURE ON FIXED CAPITAL EQUIPMENT, BY FUNCTION, ALL PUBLIC AUTHORITIES AND ENTERPRISES.  
(£ million.)

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
Education .. .. .	32	40	45	49	49
Public health .. .. .	19	19	20	24	25
Water supply and sewerage .. .. .	53	58	66	72	70
Irrigation .. .. .	14	12	12	13	15
Forestry, land settlement, &c. .. .. .	19	19	20	18	20
Post Office .. .. .	36	39	42	45	61
Railways .. .. .	32	36	37	43	39
Roads .. .. .	112	130	144	155	158
Other transport .. .. .	42	44	32	34	26
Power, fuel and light .. .. .	120	117	114	126	136
Housing .. .. .	23	22	22	27	25
All other .. .. .	34	35	40	53	64
Total .. .. .	536	571	594	659	688
Of which—					
Commonwealth .. .. .	117	123	108	123	136
State and Local .. .. .	419	448	486	536	552

## 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, &c.), 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, it 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 allowances, subsistence allowances, dependants' allowances and the value to the members of the forces of food, clothing, normal medical attention, &c., supplied in kind.

*Item 2. Gross operating surplus of trading enterprises.*—The operating surplus, before deduction of depreciation charges and net payments of 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 excludes financial enterprises. Public trading enterprises are Government businesses 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 2a), unincorporated enterprises (item 2b), dwellings owned by persons (item 2c) and public enterprises (item 2d).

*Item 3. Indirect taxes less subsidies.*—Indirect taxes comprise taxes on expenditure paid by enterprises, public authorities and persons, together with export charges, land tax, rates, &c. Subsidies are transfer payments made with the object of assisting certain industries. 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, &c.

*Item 4. Imports of goods and services.*—The value of goods imported from overseas and payments due overseas for other goods and services. The item is shown sub-divided into the following:

*Item 4a. Imports f.o.b.* are the 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 oversea routes, the subtraction from the trade figures of films imported on a rental basis, imports of goods for repair and goods intended for re-export, 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" value to the importer as shown on invoices accompanying customs entries.

*Item 4b. Transportation* includes freight payable to foreign carriers and shipping companies on goods imported into Australia and transported between Australian ports, fares payable in Australia, the oversea expenditure of Australian ships, and premiums (less claims) on marine insurance payable overseas on imports into Australia, less the net earnings on marine insurance business undertaken by Australian firms in respect of both exports and imports.

*Item 4c. Travel* is the net remittances in the form of travellers' cheques, &c., by Australians visiting overseas for pleasure and for business.

*Item 4d. Government transactions* comprises defence expenditure overseas, including the pay and allowances of personnel serving overseas, &c., expenditure overseas on diplomatic, consular and trade representation, contributions to international organizations, government pensions paid abroad, oversea expenditure on immigration and miscellaneous payments for services.

*Item 4e. Other goods and services* includes cinema and television film rentals payable overseas, business expenses of Australian firms transacting business overseas, commissions, brokerage, value of repairs on goods previously exported for repair and return, &c.

*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. Excludes purchases of dwellings and capital expenditure by non-profit making bodies (included in item 8) but includes personal expenditure on motor vehicles and other durable goods. 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 the net dealers' margins on purchases and sales of motor vehicles within the personal sector. Motor vehicles include cars and station wagons, commercial vehicles bought by persons, motor cycles and motor scooters. The value of income in kind (e.g. food produced and consumed on farms, board and lodging provided 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, hire purchase companies, short-term money market companies and building societies after deduction of bank charges to customers. Charges by hire purchase companies are treated as interest receipts and therefore not offset against expenditure. 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, &c., and on currently produced

goods and services; fees, &c., charged by public authorities for goods sold and services rendered are offset against purchases. Net expenditure overseas on behalf of public authorities and purchases from public enterprises are included. All expenditure on defence is classified as current. For a functional classification of this expenditure *see* Table 12.

*Item 8. Gross fixed capital expenditure—private.*—Expenditure on fixed capital assets whether for replacement of, or addition to, existing assets. Includes expenditure on dwellings (item 8a), other new building (item 8b), and vehicles, plant, machinery, &c. (item 8c). Includes expenditure on secondhand assets (other than dwellings and land) 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 expenditure.

*Item 9. Gross fixed capital expenditure—public enterprises.*—Expenditure on fixed capital assets, including wages and salaries paid in connexion with capital works, by public enterprises.

*Item 10. Gross fixed capital expenditure—public authorities.*—Expenditure on durable fixed assets other than for defence purposes. All expenditure on roads, including maintenance, is classified as capital expenditure. Expenditure on housing, included in this item, comprises only the estimated expenditure on construction of dwellings for rental purposes, such as construction under Commonwealth-State housing agreements, other government rental housing schemes, and staff housing of all public authorities. Houses built for resale are included in private capital expenditure.

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

*Item 12. Statistical discrepancy.*—The difference between the sum of the 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 should be the same. Inclusion of the discrepancy on the expenditure side of the national production account does not indicate that the expenditure estimates are thought to be less accurate than those of gross national product and imports. Similarly its inclusion in the capital account does not indicate that the estimates in this table are less accurate than those in other tables, or that capital expenditure estimates are less accurate than the estimates on the receipts side of this account.

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

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

*Item 13b. Transportation* comprises the overseas earnings of ships owned or chartered by Australian operators, the overseas remittances to Australian domestic and international airline operators and the expenditure of overseas carriers in Australian ports.

*Item 13c. Travel* is net receipts of travellers' cheques, &c., from persons visiting Australia for pleasure and for business.

*Item 13d. Government transactions* includes receipts by the Australian Government from other governments, and other payments in Australia by foreign governments on diplomatic, consular and trade representation and for pensions paid in Australia.

*Item 13e. Other goods and services* includes the value of Australian mine production of gold, as estimated for the purpose of the balance of payments, business expenses of overseas firms in Australia and commissions, brokerage, &c.

*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. Includes the estimated depreciation on tenanted and owner-occupied dwellings owned by persons. This item is divided into depreciation allowances of trading enterprises (item 14a) and of financial enterprises (item 14b).

*Item 15. Interest, &c.*—Interest, non-dwelling rent and royalties. This item appears in most accounts as receipts and payments of interest, &c., but in the case of some entries the amounts are combined with dividends and overseas profits. The item is shown net of intra-account receipts and payments. Payments of interest, &c., by public enterprises is included in item 15g. Payments of interest, &c., by trading enterprises (item 15a) includes interest charged on borrowing 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. It is estimated net of the expenses of the owner of the premises on rates, maintenance, &c., 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, &c., paid overseas.

*Item 16. Income tax, estate and gift duties.*—Income tax payable by companies (items 16a and 16b) and persons (item 16c) 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 has been 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 16e) is included in item 16f. It is not possible to divide taxes payable by individuals between taxes on unincorporated enterprises income and on other personal income. Income taxes payable by persons (item 16c) includes, therefore, the total income taxes payable by individuals, with no deduction of income taxes payable on unincorporated enterprises income.

*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 is the amount of dividends declared in the current year. Receipts of dividends (other than dividends from overseas subsidiaries) are cash receipts, and the difference between the amount payable and received is included in item 17h. The items are shown net of intra-account receipts and payments.

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

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

*Item 19. Unincorporated enterprises income.*—The gross operating surplus of unincorporated enterprises less depreciation allowances and interest, &c., paid, but including income taxes payable. It is divided into the income of farm unincorporated enterprises, defined on an accrual basis and unadjusted for changes in assets of marketing authorities (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, &c., 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 the deduction of depreciation allowances; for financial enterprises it is the residue after interest paid and net current expenditure on goods and services by government banks is 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 Table 13.

*Item 22. Retained investment income of assurance funds.*—Total dividends, interest, &c., received by life assurance offices and superannuation funds less depreciation allowances, income tax and dividends payable, and estimated net undistributed company income. Undistributed income is based on taxation statistics and represents the estimated undistributed taxable income of non-mutual companies.

*Item 23. Oversea gifts.*—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, &c.

*Personal remittances overseas (item 23*a*)* includes 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 personal effects and gifts.

*Personal remittances from overseas (item 23*b*)* includes gifts of money received from non-resident persons and private institutions, receipts for sustenance and transfers of immigrants' funds and legacies from overseas to Australia, together with the value of goods imported as personal effects and gifts.

*Public authority oversea grants (item 23*c*)* include grants to and payments made on behalf of the Territories of Papua and New Guinea, and technical assistance and relief under the Colombo Plan and United Nations projects. Payments to United Nations and other organizations due by virtue of membership of these organizations is included in net current expenditure on goods and services.

*Item 24. Personal saving.*—The balancing item in the personal current account, being the excess of personal income over personal consumption expenditure, interest paid, income tax payable and estate and gift duties paid and remittances overseas. It includes saving through assurance funds (measured as premiums, &c., paid less claims, &c., received and administrative expenses of life assurance offices) and the increase in funds of marketing authorities. It includes also changes in holdings of cash and securities, the net increase in bank deposits less advances, the reduction in the outstanding advances of hire purchase companies to persons and unincorporated enterprises, and the increase in the equity of persons in dwellings and of unincorporated enterprises in capital equipment, buildings and stocks.

*Item 25. Cash benefits.*—These are 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. Public authorities surplus on current account.*—This is the excess of current revenue, including income of public enterprises, over current expenditure. It is transferred to the capital account where it becomes part of total funds available for capital outlay.

*Item 27. Oversea 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. In the National Capital Account it is shown divided into that part financed by drawing on Australia's oversea monetary reserves (item 27*a*) and net apparent capital inflow (item 27*b*).

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

This table shows estimates of gross national product and gross national expenditure and the principal components of the latter at current and average 1959-60 prices. Estimates at constant prices 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.

Where possible, the method adopted is to make a direct revaluation of each item at constant prices instead of the prices at which quantities are bought or consumed. However, particularly for many items of capital expenditure by public and private sectors, for which homogeneous and standard components of expenditure do not exist, it is not possible to express the values in successive years as the product of prices and standard units of quantity. It was therefore necessary to assume that such expenditure, other than housing, could be revalued in terms of the prices of labour and materials. The estimates resulting from such a method therefore have considerable limitations for many uses, for example in studies of productivity. A broadly similar treatment was adopted in respect of current expenditure by public authorities, including expenditure on defence.

The information available on which to base an estimate of changes in stocks at constant prices is very limited and the estimate made is subject to an appreciable margin of error.



Part I. of *Australian National Accounts, National Income and Expenditure, 1948-49 to 1961-62* contains a fuller discussion of the conceptual problems involved in making these estimates, and Appendix C 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 market value of all goods and services bought for use within the Australian economy. These goods and services are bought for current use by persons, financial enterprises and public authorities; for replacing or adding to capital equipment (gross fixed capital expenditure, public and private); and for adding to stocks.

*Gross National Product* is the total market value of goods and services produced in Australia after deducting the cost of goods and services (other than capital equipment) used in the process of production.

*Gross National Product at Factor Cost* is gross national product less indirect taxes, but with the addition of subsidies, and is the total amount of the gross national product accruing to the factors of production employed. Thus it includes the wages and salaries paid to labour and the gross operating surpluses earned by trading enterprises.

*Net National Product.*—Part of the gross national product as defined above is allocated in the form of depreciation allowances to meet the cost of capital equipment used in the process of production. Net national product is equal to gross national product at factor cost less depreciation allowances of trading enterprises.

*National Income.*—Some of the net national product accrues as income to overseas residents and similarly some Australian residents receive income from overseas. National income is defined as the net (factor) income accruing to Australian residents, and is equal to the value of net national product less income payable overseas (in the form of interest, dividends, undistributed income, &c.) and plus income receivable from 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, incomes of unincorporated enterprises, &c.) and transfer incomes (such as cash social service benefits, interest, &c.). Personal income also includes any property income received by non-taxable organizations such as private schools, churches, charitable organizations, &c.

*Table on Farm Income, page 7.*

*Farm income* represents the difference between the gross value of farm production and costs incurred.

The gross value of farm production is in general the figure published in *Primary Industries*, Part II., except for wheat, where an adjustment is made for payments to and from the Wheat Prices Stabilization Fund, which are treated here as indirect taxes or subsidies.

Gross value of farm production is valued at the wholesale prices realized in the principal markets. It 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, &c., valued at estimated realized prices.

The estimates of depreciation allowances are based mainly on taxation data, and include the special allowance of 20 per cent. per annum. "Other costs" include fertilizers, costs associated with inter-farm transfers of livestock, maintenance, rent and interest, and other miscellaneous items.

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 who may hold stocks of unsold farm produce on behalf of farmers. Total proceeds of sales less expenses are returned to the farmers, but there may be a substantial time difference between sales and payments to farmers. The principal marketing authorities 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 value of production received by these authorities (plus subsidies less taxes), less costs of marketing and payments to farmers.

#### (b) MAIN CHANGES FROM PREVIOUS BUDGET PAPERS.

The main changes from previous Budget Papers on National Income and Expenditure are as follows:

- (1) The National Income and Expenditure table has been renamed the National Production Account.
- (2) The definition of national income has been changed and is equivalent to what was previously termed resident national income. Net national product is the equivalent of the previous national income.
- (3) The account for the public authorities sector has been divided into a current and a capital account with all expenditure of a "capital" nature as well as all borrowing and lending shown in the latter account. The public authorities surplus on current account is the excess of current receipts over current expenditure.
- (4) The concept of gross operating surplus of trading enterprises (shown separately for companies, unincorporated enterprises, dwellings owned by persons, and public enterprises) differs from the previous concepts of company income, surplus of public authority business undertakings and income of unincorporated businesses. Gross operating surplus is the operating surplus, before deduction of depreciation allowances and net payments of dividends, interest, rent and royalties and direct taxes payable, of all trading enterprises operating in Australia. In previous Papers company income and income of unincorporated businesses were shown after deduction of depreciation and net interest. The income of trading companies (*see* Table 2) is similar to, but not the same as, the previous concept of company income.
- (5) Motor vehicles for personal use are now treated as personal consumption expenditure, not as private investment.
- (6) The financial enterprises sector now includes hire purchase companies, which were previously included in the trading enterprises sector. Profits of government banks are included in the income of public enterprises and their capital expenditure in the capital expenditure of public enterprises: previously, government banks were included in their entirety in the financial enterprises sector.

- (7) Consumer debt interest is now treated (in the same way as public authority interest) as a transfer and excluded from personal consumption expenditure and national income.
- (8) The national capital account replaces the private investment account, and includes also the capital expenditure of public authorities and public enterprises previously shown in the public authority account.
- (9) The statistical discrepancy item (*see* note to item 12) is shown separately. It was previously included in personal consumption expenditure.
- (10) Wireless and television licences and the operating costs of the Australian Broadcasting Commission have been treated as revenue and expenditure of business undertakings, not as indirect taxes and public authority expenditure.
- (11) Surplus of State housing commissions from rent and sales of new houses is treated as operating surplus of public enterprises, not as receipt of rent by public authorities.
- (12) Grants to the administration of Papua and New Guinea and certain other expenditure on the External Territories are classified as overseas gifts. Previously these were treated as government purchases of goods and services overseas.
- (13) A number of series (e.g. wages, salaries and supplements and income of unincorporated enterprises) has been revised.
- (14) Estimates of main aggregates at constant prices have been included for the first time but are not yet available for the most recent year.