5204.0.55.009 - Information Paper: Australian National Accounts, Distribution of Household Income, Consumption and Wealth, 2009-10

Latest ISSUE Released at 11:30 AM (CANBERRA TIME) 16/08/2013 First Issue

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INTRODUCTORY NOTES

The Australian Bureau of Statistics (ABS) publish high quality aggregate (macro) and distributional measures (micro) of household economic well-being. The macro estimates are published in the Australian System of National Accounts. The ABS household distributional estimates are published in the suite of ABS publications derived from the ABS Survey of Income and Housing and Household Expenditure Survey (micro data). This information paper contains results that integrate the ABS micro and macro sources and produce distributional information of household income, consumption and wealth, consistent with the Australian System of National Accounts (ASNA) aggregates for 2009-10. The household distributional indicators presented are main source of income; equivalised income quintiles; household composition; age of reference person in household; and equivalised net worth quintiles.

INQUIRIES

For further information about these and related statistics, contact Amanda Seneviratne on Canberra (02) 6252 5338 or email <amanda.seneviratne@abs.gov.au> or the National Information and Referral Service on 1300 135 070.

Chapter 1 - Introduction

CHAPTER 1 — INTRODUCTION

Widely used macroeconomic measures of the economy such as the National Accounts provide vital information on the size and structure of the economy. However they do not provide information on the distribution of income and wealth or the individual access to goods and services. These issues of equity are widely recognised as crucial to an understanding of material well-being, and have been of increasing focus over recent years. Issues of distribution and access are also central to targeting, and improving the efficiency of, economic policies.

The Australian Bureau of Statistics (ABS) publish high quality aggregate (macro) and distributional measures (micro) of household economic well-being. The macro estimates are published in the Australian System of National Accounts. The national accounts estimates present estimates for total household, and metrics produced from the national accounts such as household income per capita do not give any information about how available resources are distributed. The ABS household distributional estimates are published in the suite of ABS publications derived from the ABS Survey of Income and Housing and Household Expenditure Survey (micro data).

Due to differences in concepts, definitions and statistical practices, micro data may yield results that diverge from national accounts aggregates, and therefore distributional measures created using micro data sources may not be consistent with the aggregate figures in the national accounts (macro data). This information paper contains results that integrate the ABS micro and macro sources and produce distributional information of household income, consumption and wealth, consistent with the Australian System of National Accounts (ASNA) concepts and aggregates.

INTERNATIONAL AND DOMESTIC DRIVERS

The report of the Commission on the Measurement of Economic Performance and Social Progress (September 2009), the "Stiglitz-Sen-Fitoussi Commission", stressed the importance of a greater focus on the household to provide better measures of people's well-being. The report stressed the importance of formulating metrics that presented the distributional aspects of households such as median income and income quintiles consistent with the System of National Accounts. The report recognised the complexity in formulating such metrics but encouraged countries to do so to obtain the complete picture of what is happening to individuals in our society.

In November 2009, the Group of Twenty (G-20) Finance Ministers and Central Bank Governors played a key role in responding to the global financial crisis of 2008-09 by devising a list of 20 recommendations, as part of the group's Data Gaps Initiative (DGI). Recommendation 16 of the DGI states **"As the recommended improvements to data sources and categories are implemented, statistical experts to seek to compile distributional information (such as ranges and quartile information) alongside aggregate figures, wherever this is relevant"**.

In Australia, the importance of distributional analysis of household aggregates such as saving and wealth for economic and social policy has been recognised in addresses made by the Reserve Bank of Australia (RBA). In 2005, then assistant RBA Governor, Glenn Stevens addressed the Irving Fisher Committee for Financial Statistics of the International Statistical Institute, on "The Changing Statistical Needs of Central Banks" and asked the following, "how are debt and wealth distributed across the population by income or by age or by region?". A 2011 address to the Australian Economic Forum by assistant governor Philip Lowe, titled " Changing Patterns in Household Saving and Spending" utilised aggregate ABS national accounts data and micro data from the Melbourne Institute survey of "Household Income and Labour Dynamics in Australia" (HILDA), to produce analysis such as change in median saving ratios by income quintile for the period 2006-2009.

In early 2011, Australia along with 25 other countries took part in the Organisation for Economic Cooperation and Development (OECD) and Eurostat (European Union statistical commission) expert group, measuring disparities in a national accounts framework. The role of the expert group was to devise robust and internationally comparable methodology to allow the integration of distributional information using existing micro information on different household groups that are consistent with the System of National Accounts (SNA) concepts and aggregates. The results produced in this information paper are based on (and expand upon) the work undertaken by the ABS with the OECD-Eurostat Expert Group.

RESULTS

Current price household estimates for income, consumption and wealth from the Australian System of National Accounts, 2011-12 (cat. no. 5204.0), for the year 2009-10 were distributed for five household distributional indicators using data from the ABS Survey of Income and Housing and ABS Household Expenditure Survey. Estimates for non-profit institutions serving households (NPISH) included in the household sector in the 5204.0 estimates were removed from the household national accounts in this information paper.

Tables produced in the information paper are:

- Distribution of the Australian System of National Accounts (ASNA) household income, consumption and wealth components based on household distributional indicators derived from ABS household surveys. The household distributional indicators presented are main source of income; equivalised income quintiles; household composition; age of reference person in household; and equivalised net worth quintiles (electronic table 1).
- Analysis of the ASNA household distributions:
  - income, consumption and wealth components, share of total household, by household distributional indicator (electronic table 2);
  - income, consumption and wealth components, per household, by household distributional indicator (electronic table 3);
  - income, consumption and wealth components, ratio of the average of all households, by household distributional indicator (electronic table 4);
  - income and consumption components, share of gross disposable income, by household distributional indicator (electronic table 5);
  - consumption components, share of actual individual consumption, by household distributional indicator (electronic table 6);
  - wealth components, share of total assets, by household distributional indicator (electronic table 7); and
  - impact of redistribution measures by government and non-profit institutions serving households (NPISH), by household distributional indicator (electronic table 8).
- Coverage ratios: ratios of micro (ABS surveys) and macro (ASNA) aggregates of household income, consumption and wealth components. Where applicable, ratios for the adjusted macro and or micro components (to enable the most relevant common scope for comparison) are presented (electronic table 9).

STRUCTURE OF THE INFORMATION PAPER

The paper contains graphical presentations of the main components of ASNA household income, consumption and wealth by equivalised household income and net worth quintiles (chapter 2); and by main source of income, household composition, and age of household reference person (chapter 3). Chapter 4 outlines the data sources and methodology used in the distribution of the ASNA estimates. Chapter 5 provides some conclusions from the current study and Chapter 6 discusses the future directions of the analysis presented.

Chapter 2 - Analysis and Comments: Income and Wealth Quintiles

CHAPTER 2 — ANALYSIS AND COMMENTS: INCOME AND WEALTH QUINTILES

This chapter presents graphs and tables with accompanying text for the distributions of the ASNA household income, consumption and wealth estimates by household distributional indicators, equivalised household income and net worth quintiles. The chapter uses the ASNA term 'total household' throughout the text, total household has an equivalent term in the ABS micro publications, which is 'all households'. Included in the chapter are ratios of the total value of the highest to the lowest quintile, the ratios are a measure of the spread of income, consumption and wealth across the population. The ratios are a summary indicator of inequality.
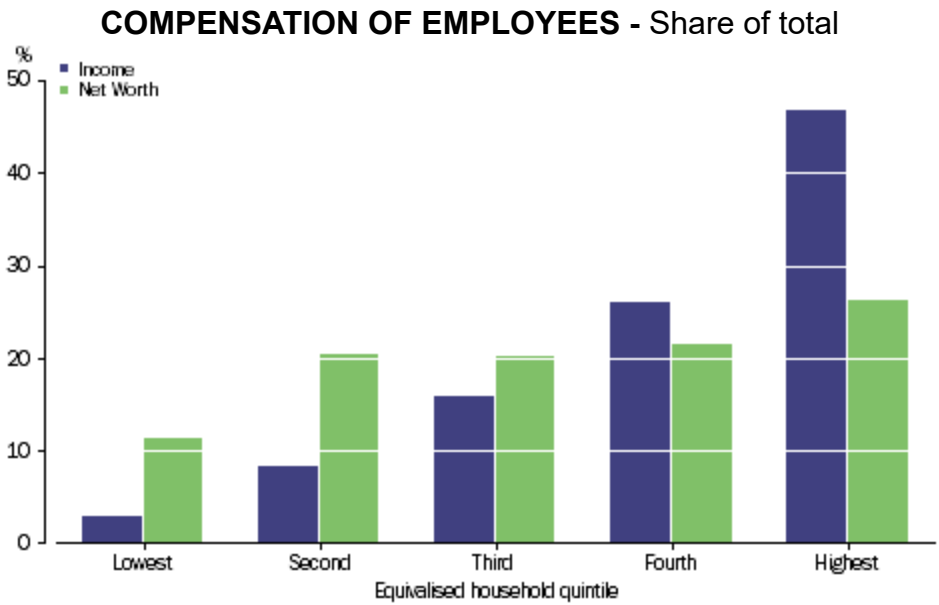

INCOME

Table 2.1 below presents the 2009-10 values of the ASNA total household income components that were distributed into equivalised income and wealth quintiles. The income graphs below are based on the detail distributional information published in electronic tables 1, 2 and 8.

Table 2.1, ASNA total household income (excluding NPISH), 2009-10

Income	$m
Compensation of employees	614 582
Gross mixed income	99 862
Gross operating surplus - dwellings owned by persons	91 215
Property income receivable	124 354
Social Assistance benefits	100 841
Interest payable	74 857
Income tax payable	130 100
Social transfers in kind	178 864
Superannuation benefits received (memorandum item)	62 186
Gross disposable income	822 069
Adjusted disposable income	1 000 933

(a) Compensation of Employees

The total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the employee during the accounting period. It is further classified into two sub-components: wages and salaries; and employers' social contributions (payments by employers which are intended to secure for their employees the entitlement to social benefits, such as employer superannuation contributions).


COMPENSATION OF EMPLOYEES - Share of total

In 2009-10, total household compensation of employees (COE) was $614,582m . COE for households in the highest income and net worth quintile was 47% and 26% of total household COE, by comparison for households in the lowest income and net worth quintile it was 3% and 11% of total household COE. There was an increase in the share of total household COE by households in each income quintile from the lowest to the highest. The ratio of the value of the highest to lowest quintile was 16.3 and 2.3 for income and net worth for COE.

(b) Gross Mixed Income

The surplus or deficit accruing from production by unincorporated enterprises. It includes elements of both compensation of employees and operating surplus (returns on capital inputs).
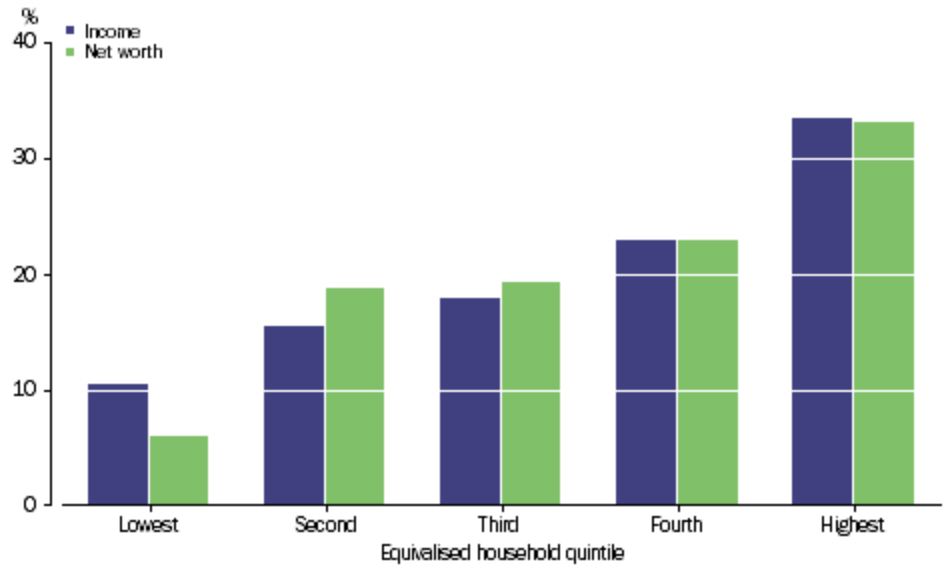

GROSS MIXED INCOME - Share of total
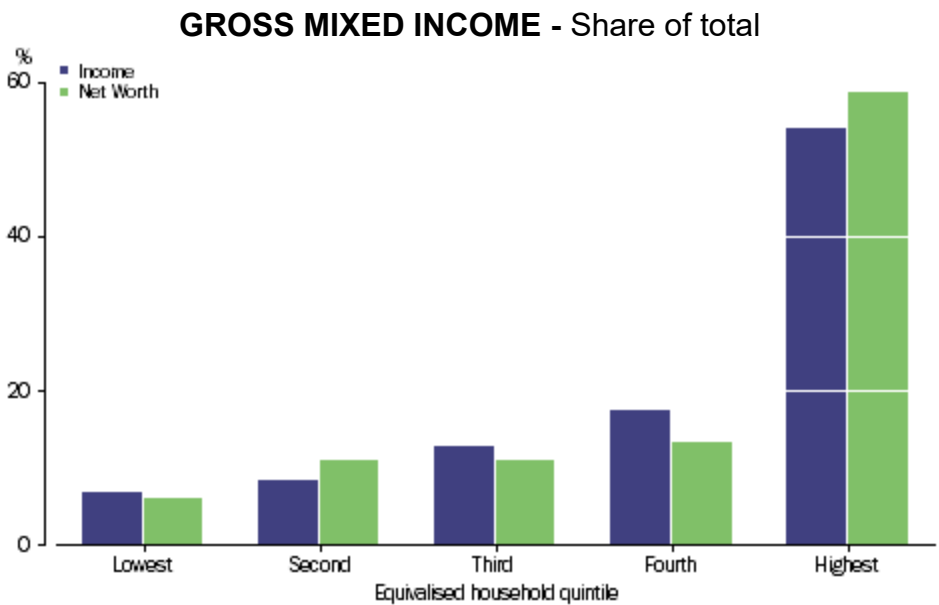
In 2009-10, total household gross mixed income (GMI) was $99,862m. GMI for households in the highest income and net worth quintile was 54% and 59% of total household GMI, by comparison for households in the lowest income and net worth quintile it was 7% and 6% of total household GMI. There was an increase in the share of total household GMI by households in each quintile from the lowest to the highest for both income and net worth quintiles. The ratio of the value of the highest to lowest quintile was 7.7 and 9.7 for income and net worth for GMI.

(c) Gross Operating Surplus - Dwellings Owned by Persons

Dwelling "GOS" is the surplus resulting from deduction of intermediate inputs from output. Output is the sum of actual and imputed rent on dwellings owned by households. Intermediate inputs are the goods and services consumed in the process of production (for example maintenance costs and body corporate fees). These inputs exclude property income payments such as interest.

**GROSS OPERATING SURPLUS - DWELLINGS OWNED BY PERSONS - Share of total**

In 2009-10, total household gross operating surplus, dwellings owned by persons (GOS Dwellings) was $91,215m. GOS Dwellings for households in the highest income and net worth quintile was 33% of total household GOS Dwellings in both the highest income and net worth quintiles. By comparison for households in the lowest income and net worth quintiles it was 10% and 6% of total household GOS dwellings. There was an increase in the share of total household GOS Dwellings by households in each quintile from the lowest to the highest, for both income and net worth quintiles. The ratio of the value of the highest to lowest quintile was 3.2 and 5.6 for income and net worth for GOS Dwellings.

(d) Property Income Receivable

Property income receivable is the income receivable by the owners of a financial asset or a tangible non-produced asset in return for providing funds. Household property income mainly consists of dividend and interest income earned directly and through superannuation and insurance reserves.

PROPERTY INCOME RECEIVABLE - Share of total
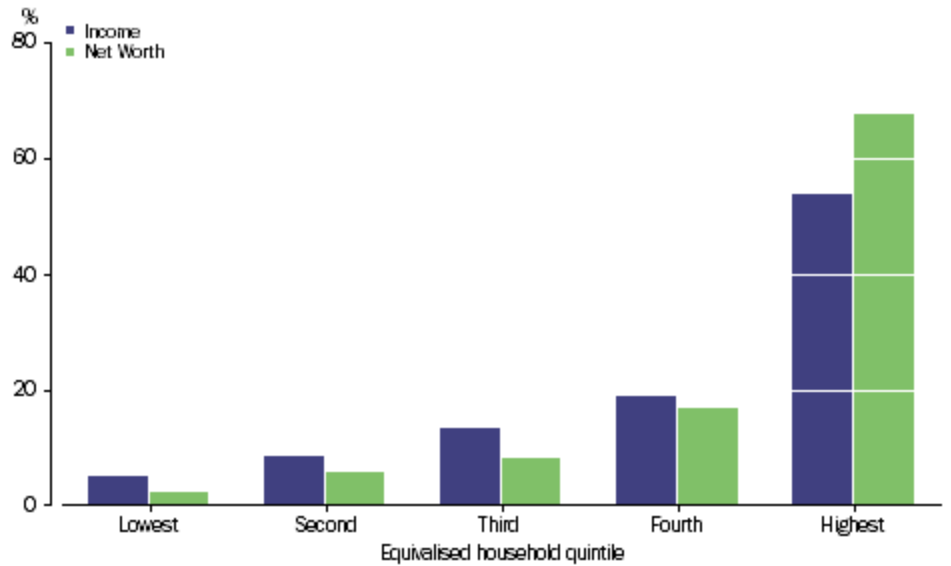
In 2009-10, total household property income was $124,354m. Property income for households in the highest income and net worth quintile was 54% and 67% of total household property income, by comparison for households in the lowest income and net worth quintile it was 5% and 2% of total household property income. There was an increase in the share of total household property income by households in each quintile from the lowest to the highest for both income and net worth quintiles, with the increase being particular steep from the fourth to the highest quintile. The ratio of the value of the highest to lowest quintile was 10.5 and 31.2 for income and net worth quintiles for property income receivable.

(e) Social Assistance Benefits

Includes current transfers to persons from general government in return for which no services are rendered or goods supplied. Principal components include: scholarships; maternity, sickness and unemployment benefits; family allowances; and widows', age, invalid and repatriation pensions.

SOCIAL ASSISTANCE BENEFITS - Share of total
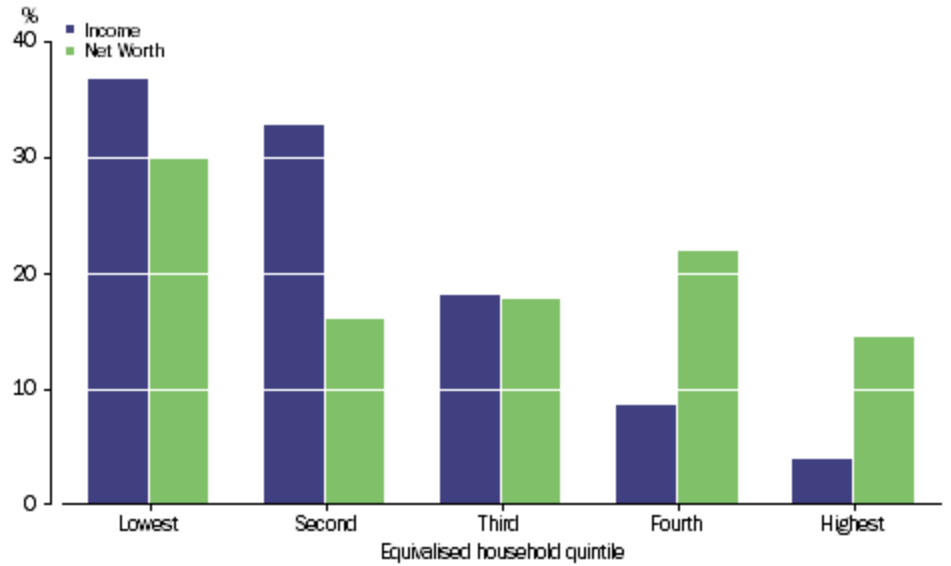
In 2009-10, total household social assistance benefits received was $100,841m. Social assistance benefits received by households in the lowest income and net worth quintile was 37% and 30% of total household social assistance benefits, by comparison for households in the highest income and net worth quintile it was 4% and 14% of total household social assistance benefits. There was a decrease in the share of total household social assistance benefits received by households in each income quintile from the lowest to the highest, the pattern for the net worth quintiles is not as clear. For example, households in the lowest net worth quintile received the highest share of total household social assistance benefits, and the fourth net worth quintile received the next highest share of the total, 22%. The ratio of the value of the highest to lowest quintile was 0.1 and 0.5 for income and net worth quintiles for social assistance benefits.

(f) Interest Payable

Household interest payable mainly consists of interest payable on loans on dwellings (mortgages).

INTEREST PAYABLE - Share of total
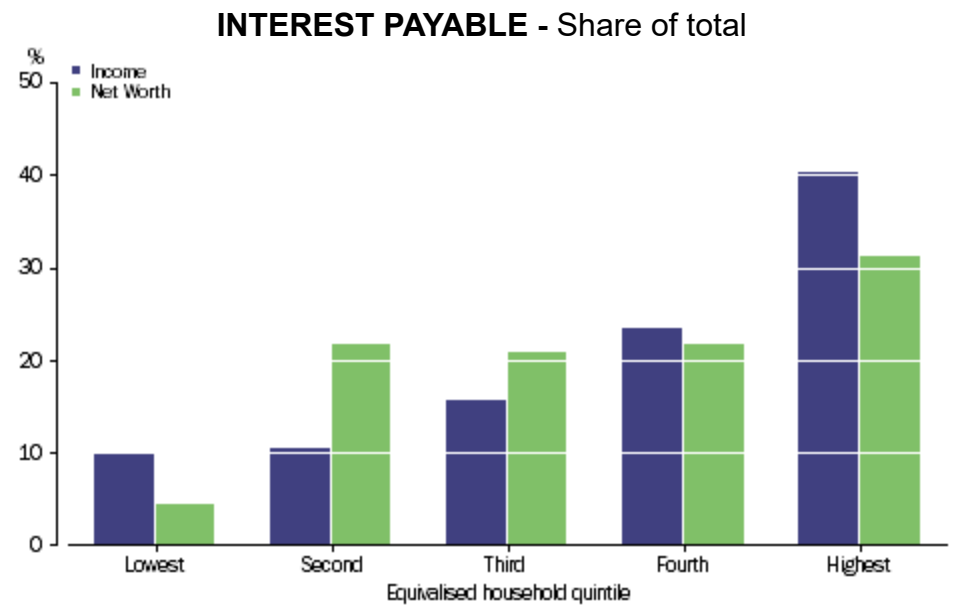
In 2009-10, total household interest payable was $74,857m. Household interest payable in the highest income and net worth quintile was 40% and 31% of total household interest payable, by comparison for households in the lowest income and net worth quintile it was 10% and 4% of total household interest payable. There was an increase in the share of total household interest payable by households in each income quintile from the lowest to the highest, the pattern for the net worth quintiles is not as clear. The ratio of the value of the highest to lowest quintile was 4.1 and 7.2 for income and net worth quintiles for interest payable.

**(g) Income Tax Payable**

INCOME TAX PAYABLE - Share of total
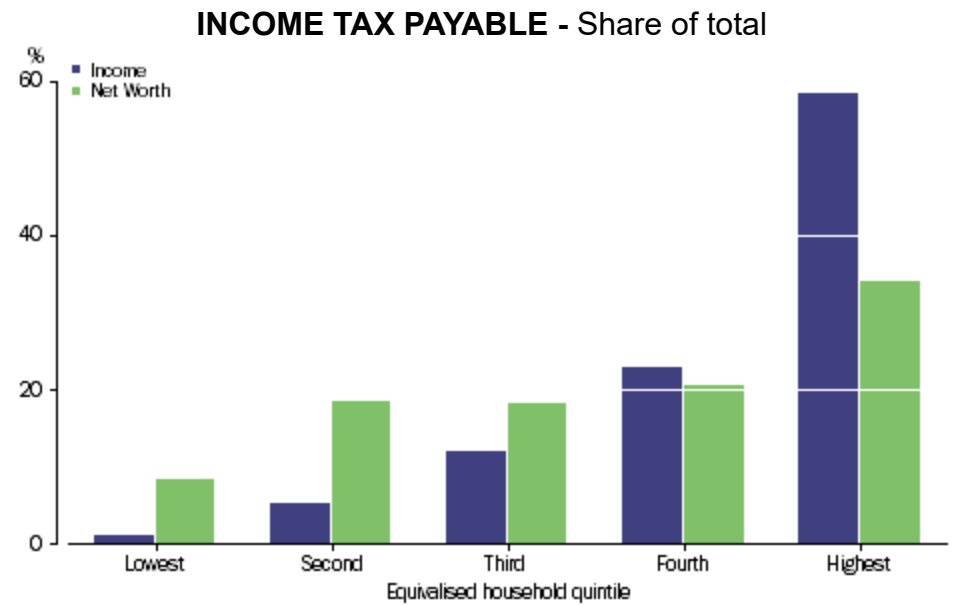
In 2009-10, total household income tax payable was $130,100m. Household income tax payable in the highest income and net worth quintile was 58% and 34% of total household income tax payable, by comparison for households in the lowest income and net worth quintile it was 1% and 8% of total household income tax payable. There was an increase in the share of total household income tax payable by households in each income quintile from the lowest to the highest, with the increase being particular steep from the fourth to the highest quintile. The pattern is not as clear for the net worth quintiles, for example households in the second and third net worth quintiles each paid 18% of total household income tax payable. The ratio of the value of the highest to lowest quintile was 44.1 and 4.0 for income and net worth quintiles for income tax payable.

(h) Social Transfers in Kind

Social transfers in kind are individual goods and services provided to individual households by general government units and non-profit institutions either free or at prices that are not economically significant, examples are education and health services.

SOCIAL TRANSFERS IN KIND - Share of total
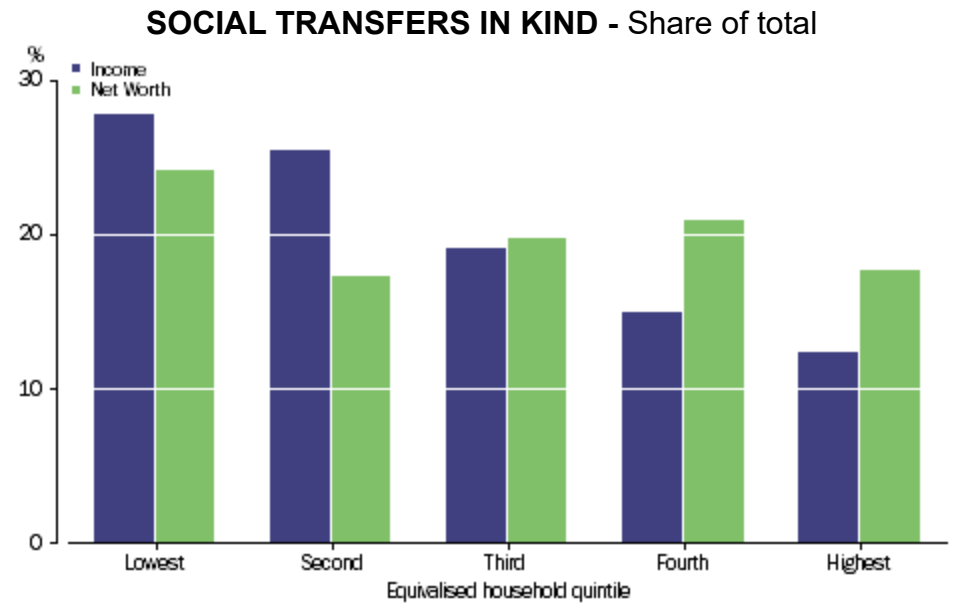
In 2009-10, total household social transfers in kind (STiK) was $178,864m. STiK for households in the lowest income and net worth quintile was 28% and 24% of total household STiK, by comparison for households in the highest income and net worth quintile it was 12% and 18% of total household STiK. There was a decrease in the share of total household STiK by households in each income quintile from the lowest to the highest, the pattern for the net worth quintiles is not as clear. For example, households in the lowest net worth quintile received the highest share of total household STiK and households in the fourth net worth quintile received the next highest share of the total, 21%. The ratio of the value of the highest to lowest quintile was 0.4 and 0.7 for income and net worth quintiles for social transfers in kind.

(i) Superannuation Benefits Received (memorandum item)

Superannuation benefits received are recorded in this information paper as a memorandum item of the household income account. Superannuation benefits received in the ASNA are treated as financial transactions of households and are not recorded as income, instead they are recorded in the financial account and balance sheet.

**SUPERANNUATION BENEFITS RECEIVED,** (Memorandum Item) **-** Share of total
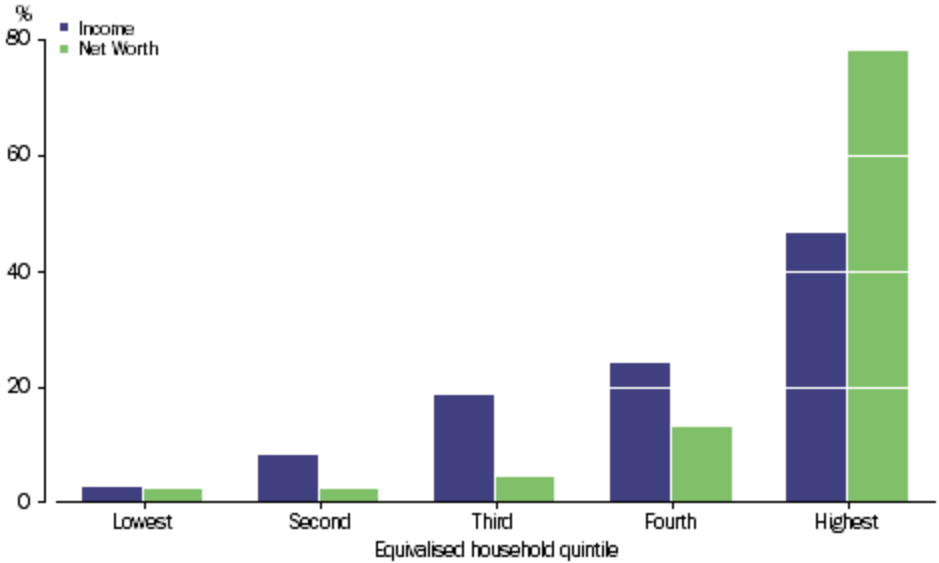
In 2009-10, total household superannuation benefits received was $62,186m. Households in the highest income and net worth quintile received 47% and 78% of total household superannuation benefits, by comparison households in the lowest income and net worth quintile received 3% and 2% of total household superannuation benefits. There was an increase in the share of total household superannuation benefits received by households in each quintile from the lowest to the highest for both income and net worth quintiles, with the increase being particularly steep from the fourth to the highest net worth quintile. The ratio of the value of the highest to lowest quintile was 16.8 and 34.8 for income and net worth quintiles for superannuation benefits received.
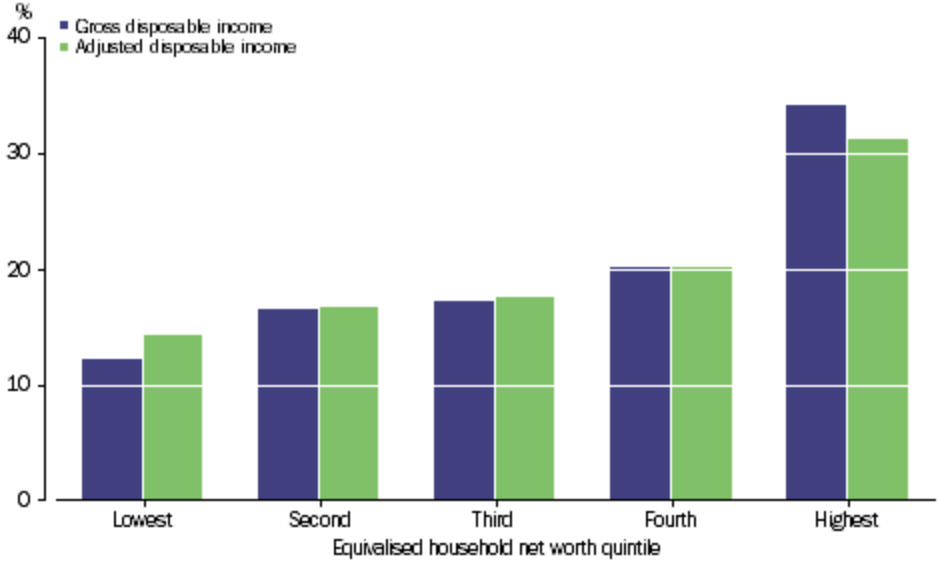
(j) Disposable Income

GROSS AND ADJUSTED DISPOSABLE INCOME - Share of total, income quintiles
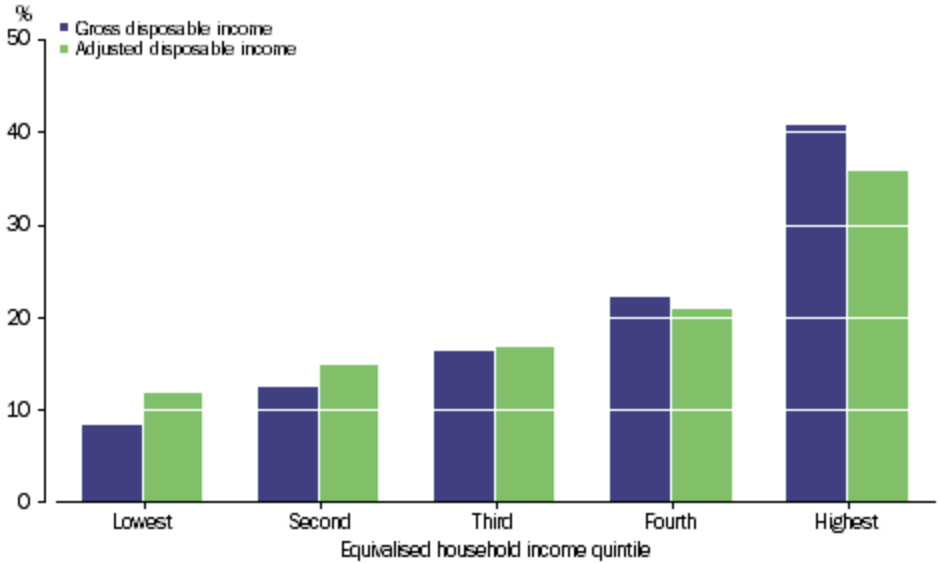
In 2009-10, total household gross and adjusted disposable income was $822,069m and $1,000,933m respectively. The difference between the two income measures is that adjusted disposable income includes social transfers in kind and gross disposable income excludes these transfers. Gross and adjusted disposable income in the highest income quintile was 41% and 36% of total household gross and adjusted disposable income respectively, by comparison for households in the lowest income quintile it was 8% and 12% of the total household gross and adjusted disposable income. There was an increase in the share of total household gross and adjusted disposable income by households in each income quintile from the lowest to the highest quintiles. The ratio of the value of the highest to lowest income quintiles was 4.9 and 3.0 for gross and adjusted disposable income respectively.

GROSS AND ADJUSTED DISPOSABLE INCOME - Share of total, net worth quintiles

Gross and adjusted disposable income in the highest net worth quintile was 34% and 31% of total household gross and adjusted disposable income respectively, by comparison for households in the lowest income quintile it was 12% and 14% of the total household gross and adjusted disposable income. There was an increase in the share of total household gross and adjusted disposable income by households in each net worth quintile from the lowest to the highest quintiles. The ratio of the value of the highest to lowest net worth quintile was 2.8 and 2.2 for gross and adjusted disposable income respectively.

(k) Impact of redistribution measures by government and non-profit institution serving household (NPISH)

Table 2.2 and the graphs below presents total household gross disposable income (GDI) and the share of total household GDI in a step by step format, each step includes an income receivable or payable component that illustrate the impact of the redistribution of income by government and NPISH. The graphs below are based on the detail distributional information published in electronic table 8.

- Step 1: gross disposable income (GDI) before the addition of income from government social assistance benefits (cash) and the payment of income tax;
- Step 2: step 1 GDI less income taxes payable;
- Step 3: step 2 GDI plus income from government social assistance benefits (cash);
- Step 4: step 3 GDI plus government and NPISH payments to household from social transfers in kind (STiK).

Table 2.2, ASNA total household gross disposable income, impact of government and NPISH redistribution - 2009-10

Steps	$m
GDI (before tax and social assistance benefits)	855 298
GDI (after tax and before social assistance benefits)	721 228
GDI (after tax and social assistance benefits)	822 069
GDI (after tax, social assistance benefits and social transfers in kind)	1 000 933

IMPACT OF REDISTRIBUTION MEASURES BY GOVERNMENT AND NPISH - Share of total household income, income quintiles
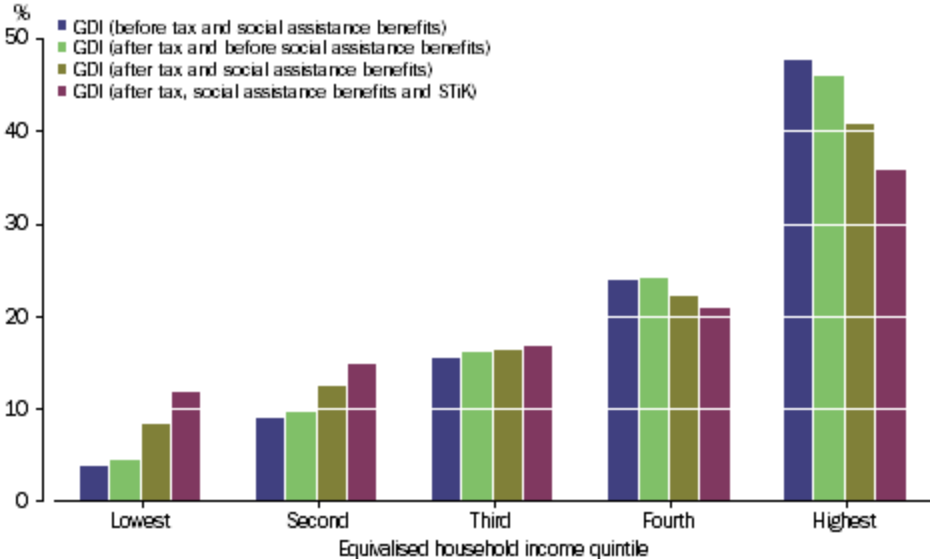
For households in the lowest, second and third income quintiles, the share of total household income increased with each step. For households in the highest income quintile, the share of total household income decreased in each step. For households in the fourth income quintile, the share of total household income increased by step 2 (payment of income taxes), and declined in step 3 and 4 (transfer payments in cash and kind).

IMPACT OF REDISTRIBUTION MEASURES BY GOVERNMENT AND NPISH - Share of total household income, net worth quintiles
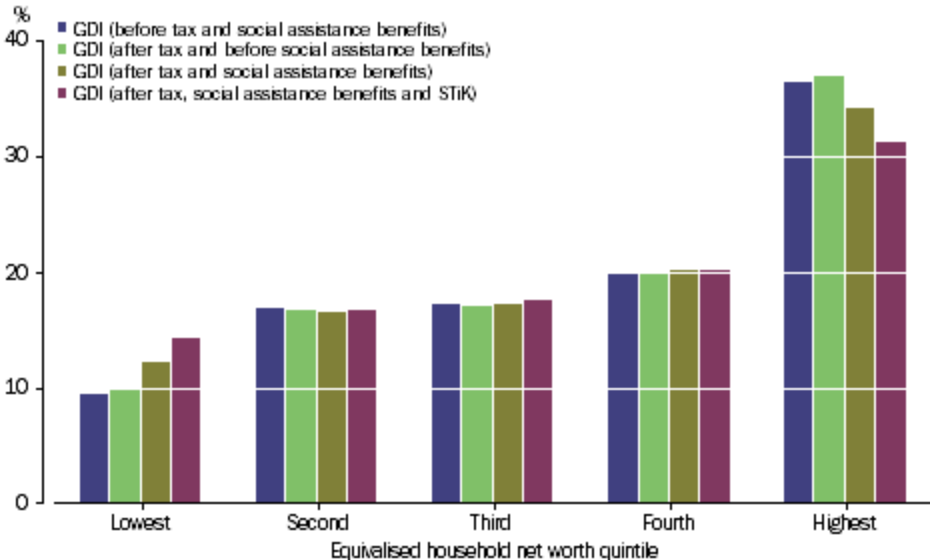
For households in the lowest net worth quintile, the share of total household income increased with each step. For households in the highest net worth quintile, the total share of total household income increased by step 2 (payment of income taxes), and declined in step 3 and 4 (transfer payments in cash and kind). For households in the fourth net worth quintile, the share of total household income decreased by step 2 (payment of income taxes), and increased in step 3 and 4 (transfer payments in cash and kind).

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CONSUMPTION AND SAVING

Table 2.3 below presents the 2009-10 values of the ASNA income and consumption components, and gross saving, by income and net worth quintiles, to assist the interpretability of the equivalised income and net worth quintile graphs presented below. The consumption and gross saving graphs below are based on the detail distributional information published in electronic tables 1, 2 and 5.

Table 2.3, ASNA household income and consumption (excluding NPISH) - 2009-10

Income and Consumption, $m	Lowest	Second	Third	Fourth	Highest	Total
Income quintiles						
Gross disposable income	68 286	102 205	134 438	182 582	334 559	822 069
Household final consumption expenditure	85 926	101 911	121 424	149 728	217 428	676 416
Health	4 365	7 098	5 540	7 143	8 777	32 922
Social transfers in kind	49 858	45 589	34 310	26 854	22 253	178 864
Health	18 593	20 472	15 230	13 209	12 453	79 958
Adjusted disposable income	118 144	147 794	168 748	209 436	356 812	1 000 933
Gross saving	-17 639	294	13 014	32 853	117 131	145 654
Net worth quintiles						
Gross disposable income	100 158	135 935	140 823	165 196	279 957	822 069
Household final consumption expenditure	92 478	107 704	128 394	143 529	204 311	676 416
Health	3 461	4 714	8 206	7 131	9 411	32 922
Social transfers in kind	43 257	30 891	35 479	37 427	31 810	178 864
Health	13 756	11 734	15 694	19 430	19 344	79 958
Adjusted disposable income	143 415	166 826	176 302	202 622	311 766	1 000 933
Gross saving	7 681	28 231	12 429	21 667	75 646	145 654

(a) Consumption

FINAL CONSUMPTION EXPENDITURE - Share of total
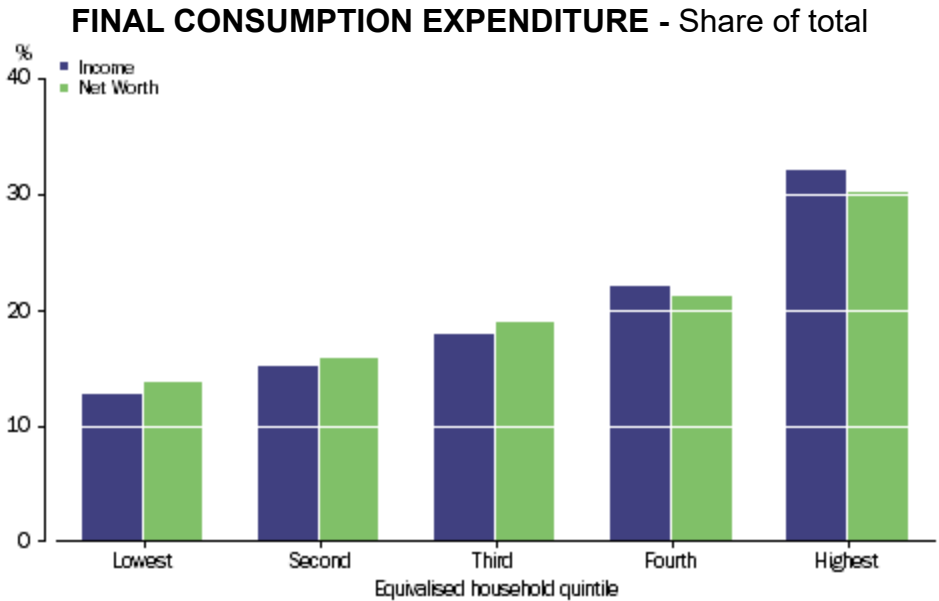
In 2009-10, total household final consumption expenditure (HFCE) was $676,416m. HFCE for households in the highest income and net worth quintile was 32% and 30% of total HFCE, by comparison for households in the lowest income and net worth quintile it was 13% and 14% of total HFCE. There was an increase in the share of total HFCE by in each quintile from the lowest to the highest for both income and net worth quintiles. The ratio of the value of the highest to lowest quintile was 2.5 and 2.2 for income and net worth quintiles for HFCE.

SELECTED FINAL CONSUMPTION EXPENDITURE - Share of gross disposable income
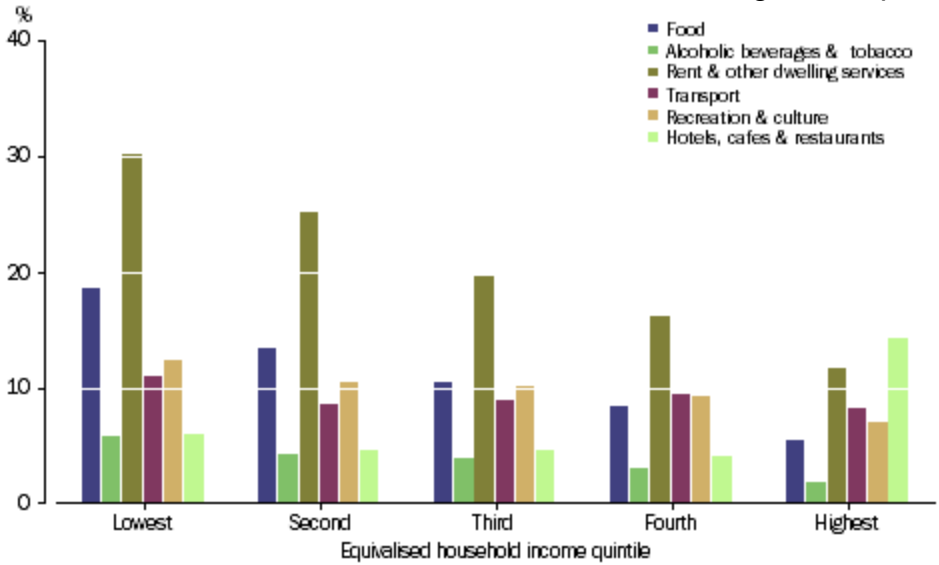
In 2009-10, gross disposable income (GDI) of households in the lowest and highest income quintile was $68,286m and $334,559m respectively. Households in the lowest income quintile consumed approximately 60% of their GDI, $40,869, on key expenditure components, while households in the highest income quintile consumed 25%, $84,420, of their GDI on the same key expenditure components. The key expenditure components included: rent and other dwelling services, 30% and 12%, food 19% and 5%, and transport 11% and 8%, respectively, for the lowest and highest income quintiles.
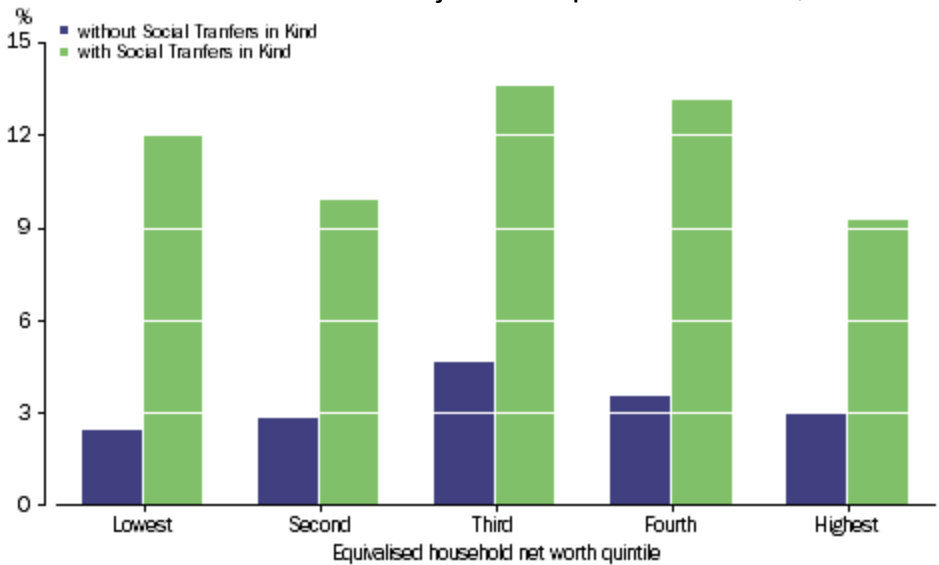
HEALTH CONSUMPTION - Share of adjusted disposable income, income quintiles
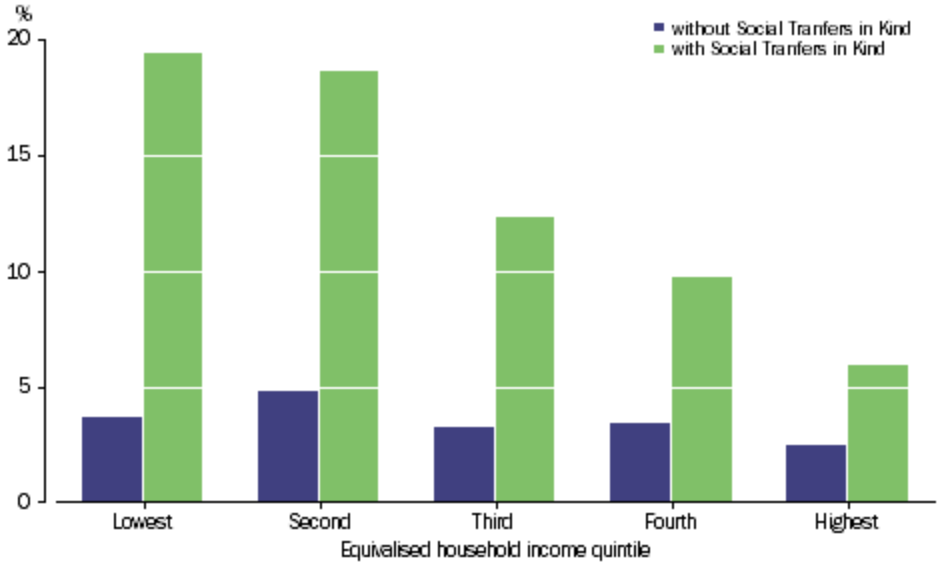
In 2009-10, adjusted disposable income (ADI) of households in the lowest and highest income quintile was $118,144m and $356,812m respectively. Households in the lowest income quintile consumed 19% of their ADI in health services, of this 4% was in direct payments and 15% in transfers in kind. In comparison, households in the highest income quintile consumed 6% of their ADI in health services, of this 2% was in direct payments and 4% in transfers in kind. There was a decrease in the consumption of health plus STiK health as a share of ADI by households in each income quintile from the lowest to the highest.

HEALTH CONSUMPTION - Share of adjusted disposable income, net worth quintiles

In 2009-10, adjusted disposable income (ADI) of households in the lowest and highest net worth quintile was $143,415m and $311,766m respectively. People in the lowest net worth quintile consumed 12% of their ADI in health services, of this 2% was in direct payments and 10% in transfers in kind. In comparison, households in the highest net worth quintile consumed 9% of their ADI in health services, of this 3% was in direct payments and 6% in transfers in kind. The pattern of health services consumption in the net worth quintiles is not clear, for example, households in the third net worth quintile consumed largest share of health plus STiK health, 14% of ADI, followed by people in the fourth net worth quintile, 13% of ADI.

(b) Gross saving

GROSS SAVING - Percentage share of total
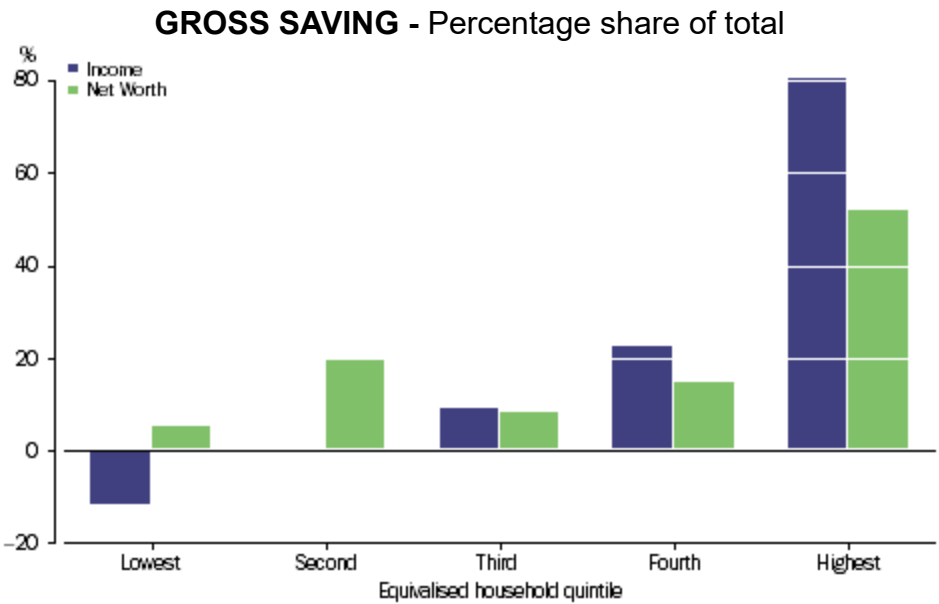
In 2009-10, total household gross saving was $145,653m. Gross saving for households in the highest income and net worth quintile was 80% and 52% of total household gross saving. The total share of gross savings by households in the second, third and fourth income quintiles was 32% of total household gross saving, in terms of net worth, gross savings by households in the second, third and fourth quintiles was 43% of total household gross saving. By comparison, households in the lowest income quintile were dis-savers, with -12% of total household gross saving, and households in the lowest net worth quintile saved 5% of total household gross saving.

WEALTH

Table 2.4 below presents the 2009-10 values of the ASNA total household wealth components that were distributed into equivalised income and wealth quintiles. The wealth graphs below are based on the detail distributional information published in electronic tables 1 and 2.

Table 2.4, ASNA total household wealth (excluding NPISH) - 2009-10

| Wealth	$m
Dwellings and residential land	4 161 271
Financial assets	2 822 905
Currency and deposits	599 360
Shares and other equity	610 860
Superannuation and insurance reserves	1 523 313
Loan liabilities	1 395 554
Net Worth	6 311 373

(a) Residential Dwelling and Land

RESIDENTIAL DWELLING AND LAND - Share of total
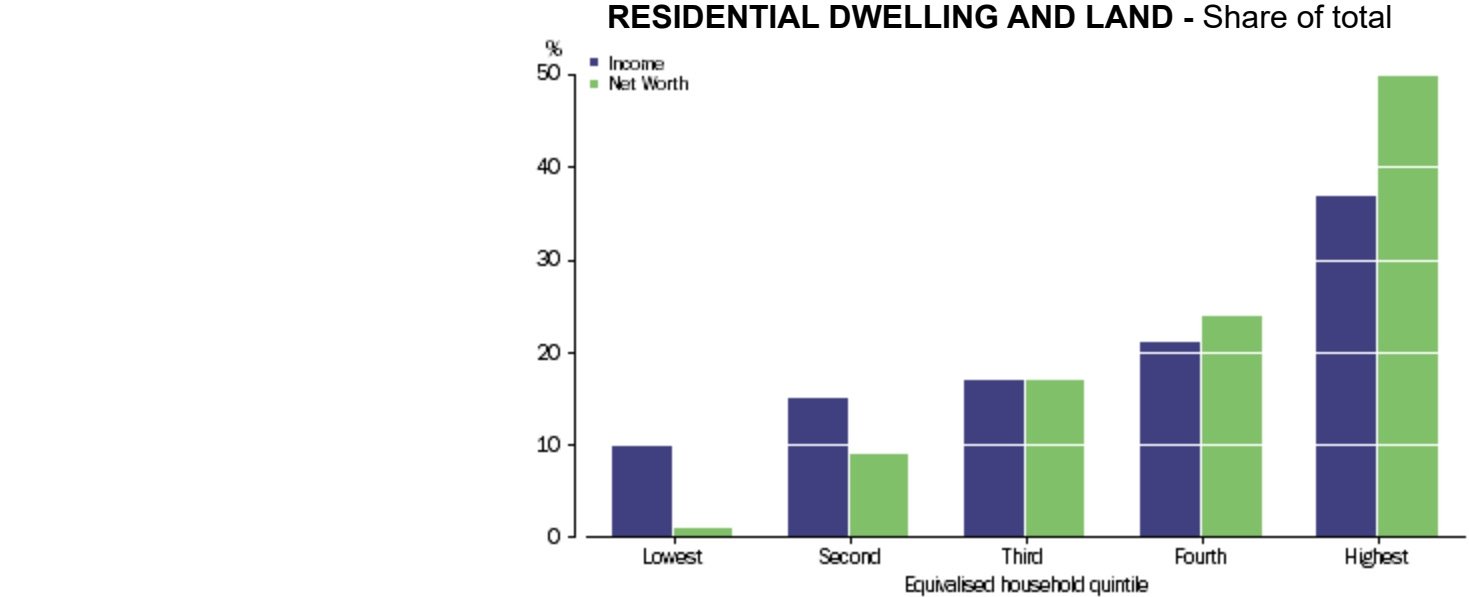

In 2009-10, the value of total household residential dwelling and land was $4,161,271m. The share of total household residential dwelling and land held by households in the highest income and net worth quintile was 37% and 50%, by comparison 10% and 1% of total household residential dwelling and land was held by households in the lowest income and net worth quintile. There was an increase in the share of total household residential dwelling and land held by households in each quintile from the lowest to the highest for both income and net worth quintiles. The ratio of the value of the highest to lowest quintile was 3.7 and 75.5 for income and net worth quintiles for residential dwelling and land.

(b) Financial Assets- Currency and Deposits, Shares and Other Equity, and Superannuation and Insurance Reserves

FINANCIAL ASSETS - Share of total

FINANCIAL ASSETS - Share of total
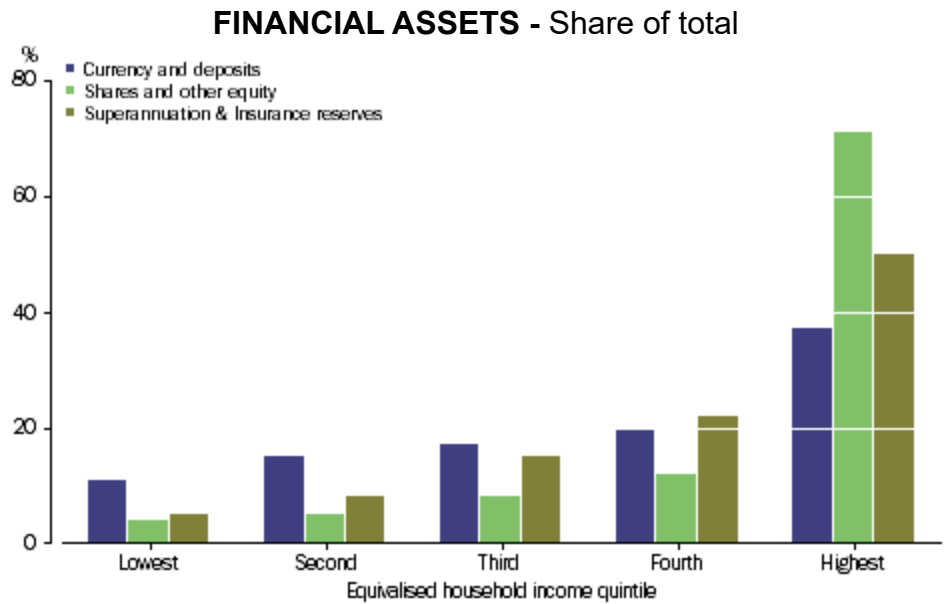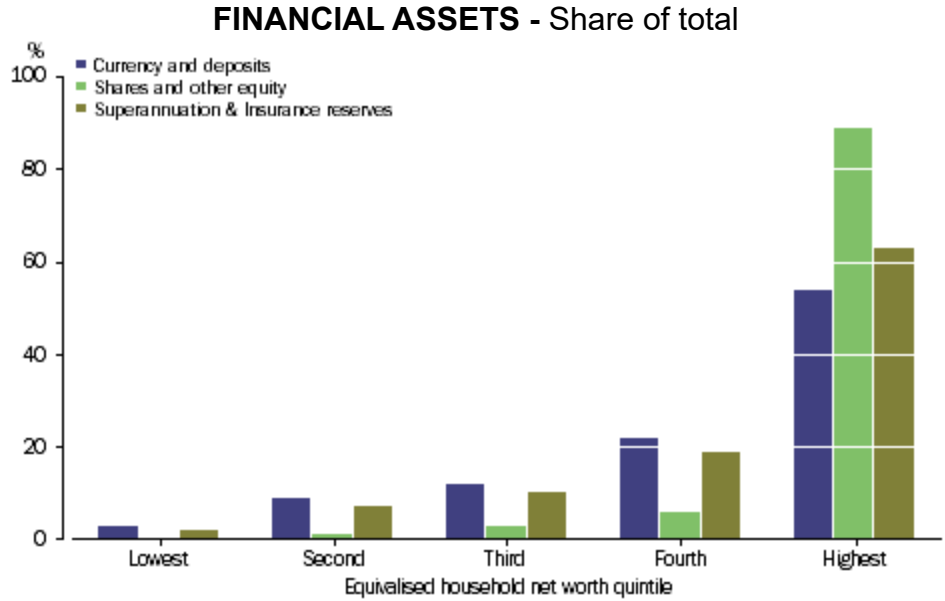
In 2009-10, total household holdings of, currency and deposits was $599,360m , shares and other equity was $610,860m, and superannuation and insurance reserve was $1,523,133m, these financial assets accounted for 97% of total household financial assets. Households in the highest income and net worth quintile held 37% and 54% of total household currency and deposits, 71% and 89% of total household shares and other equity, and 50% and 63% of total household superannuation and insurance reserves, respectively. Households in the lowest income and net worth quintile held 11% and 3% of total household currency and deposits, 4% and 0% of total household shares and other equity, and 5% and 2% of total household superannuation and insurance reserves, respectively. The ratio of the value of the highest to lowest quintile was 7.6 and 37.6 for income and net worth quintiles for total financial assets.

(c) Liabilities - Loans

LIABILITIES - LOANS - Share of total
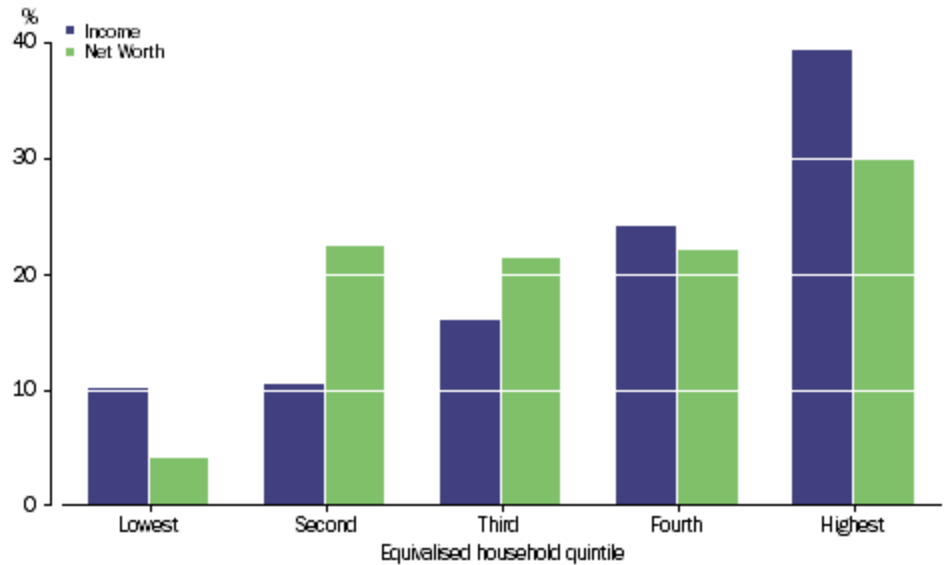
In 2009-10, total household loan liabilities was $1,395,554m, majority of the household loans were mortgage loans. Loan liabilities of households in the highest income and net worth quintile was 39% and 30% of total household loan liabilities, by comparison loan liabilities of households in the lowest income and net worth quintile was 10% and 4% of total household loan liabilities. The ratio of the value of the highest to lowest quintile was 3.9 and 7.2 for income and net worth quintiles for loan liabilities.

(d) Net Worth

NET WORTH - Share of total
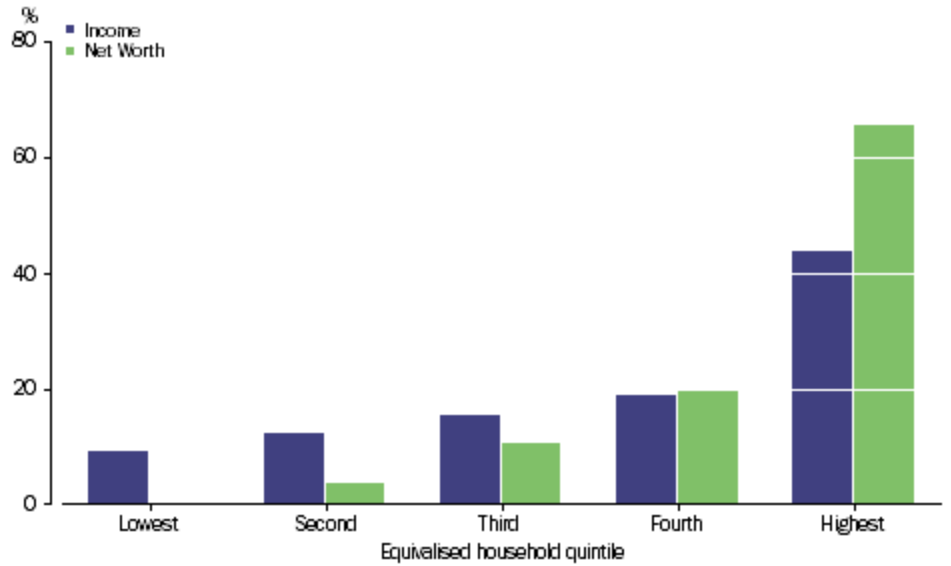
In 2009-10, total household net worth was $6,311,373. Net worth of households in the highest income and net worth quintile was 44% and 66% of total household net worth, by comparison net worth of households in the lowest income and net worth quintile was 9% and 0% of total household net worth. There was an increase in the share of total household net worth by households in each quintile from the lowest to the highest for both income and net worth quintiles. The ratio of the value of the highest to lowest quintile was 4.7 and 196.3 for income and net worth quintiles for net worth.

INCOME, CONSUMPTION AND WEALTH - RATIOS

Appendix 1 provides ratios of the highest to lowest income and net worth quintiles for the ASNA income, consumption and wealth components.

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Chapter 3 - Results: Main Source of Income, Household Composition and Age of Reference Person

CHAPTER 3 — RESULTS: MAIN SOURCE OF INCOME, HOUSEHOLD COMPOSITION AND AGE OF REFERENCE PERSON

This chapter presents graphs and tables with accompanying text for the distributions of the ASNA household income, consumption and wealth estimates by household distributional indicators: main source of income; household composition; and age of household reference person. As stated in chapter 2, the term 'total household' and the term 'all households' (term used by ABS micro publications) have equivalent meaning in this information paper. To assist with the interpretability of the graphs below, the item 'average of all household' is introduced, it is derived by dividing the ASNA total household estimate by the total number of households in Australia.

INCOME

The income graphs below are based on the detail distributional information published in electronic tables 3,4 and 8.

(a) Compensation of Employees

COMPENSATION OF EMPLOYEES - Household average, main source of income


(a) includes imputed income from owner occupied dwellings
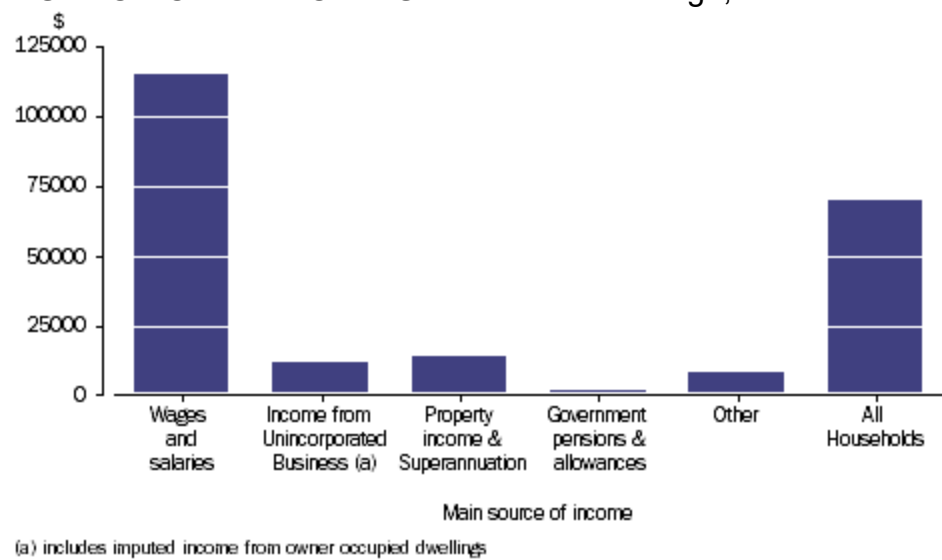
In 2009-10, compensation of employees (COE) averaged $70,173 for all households. Households where main source of income (MSI) was wages and salaries, received on average, $114,850 in COE, which was 1.64 times the average for all households. Households with MSI from property income and superannuation, and income from unincorporated business (includes the imputed income from owner occupied dwellings) received 19% and 17%, respectively of the average COE for all households.

COMPENSATION OF EMPLOYEES - Household average, household composition
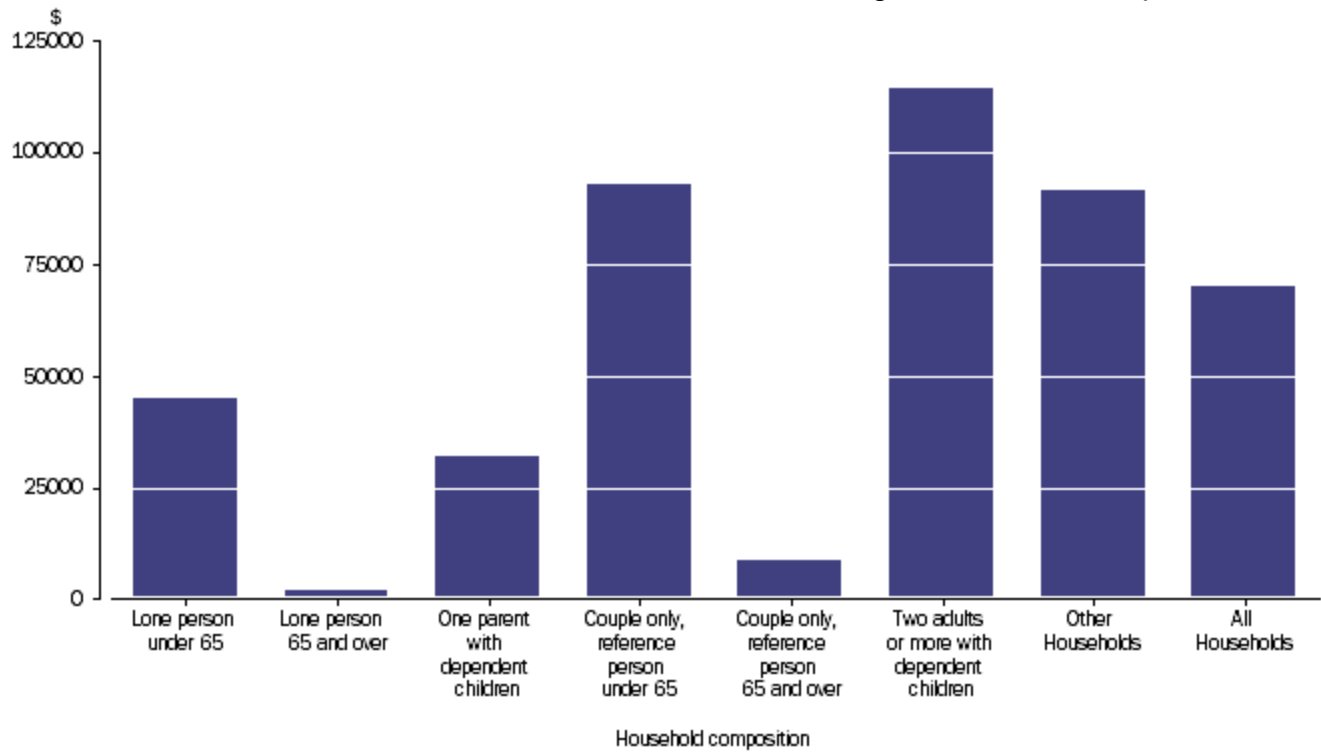
Households with two adults or more with dependent children, on average received $114,547 in COE, which was 1.63 times the average for all households, $70,173. Lone person households where the reference person was under 65 years, and one parent households with dependent children, received, 64% and 46% of the average COE for all households.

**COMPENSATION OF EMPLOYEES -** Household average, age of household reference person
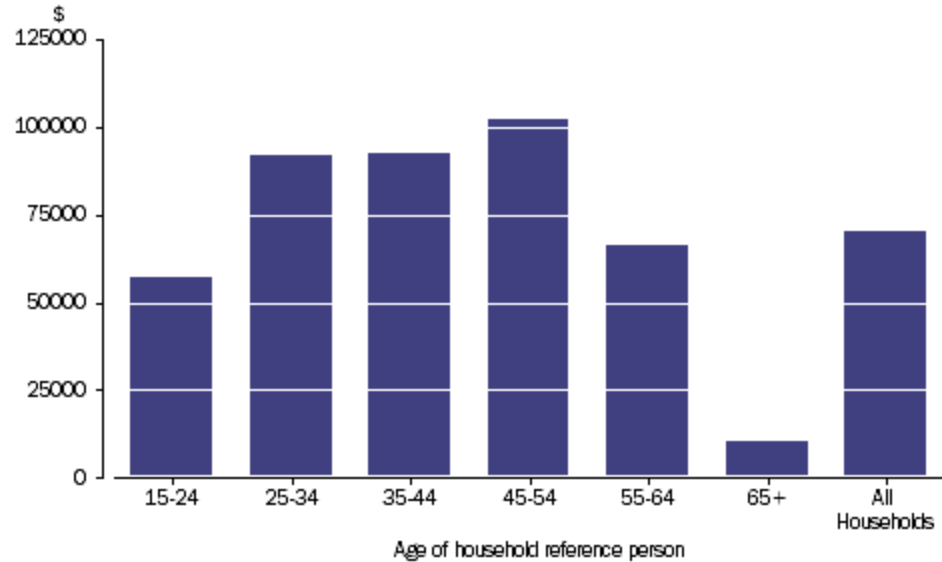
Households where the age of reference person was 45-54 years, on average received $102,518 in COE, which was 1.46 times the average for all households, $70,173. Households where the age of reference person was 15-24 years, received 82% of the average COE for all households.

(b) Gross Mixed Income

GROSS MIXED INCOME - Household average, main source of income


(a) includes imputed income from owner occupied dwellings
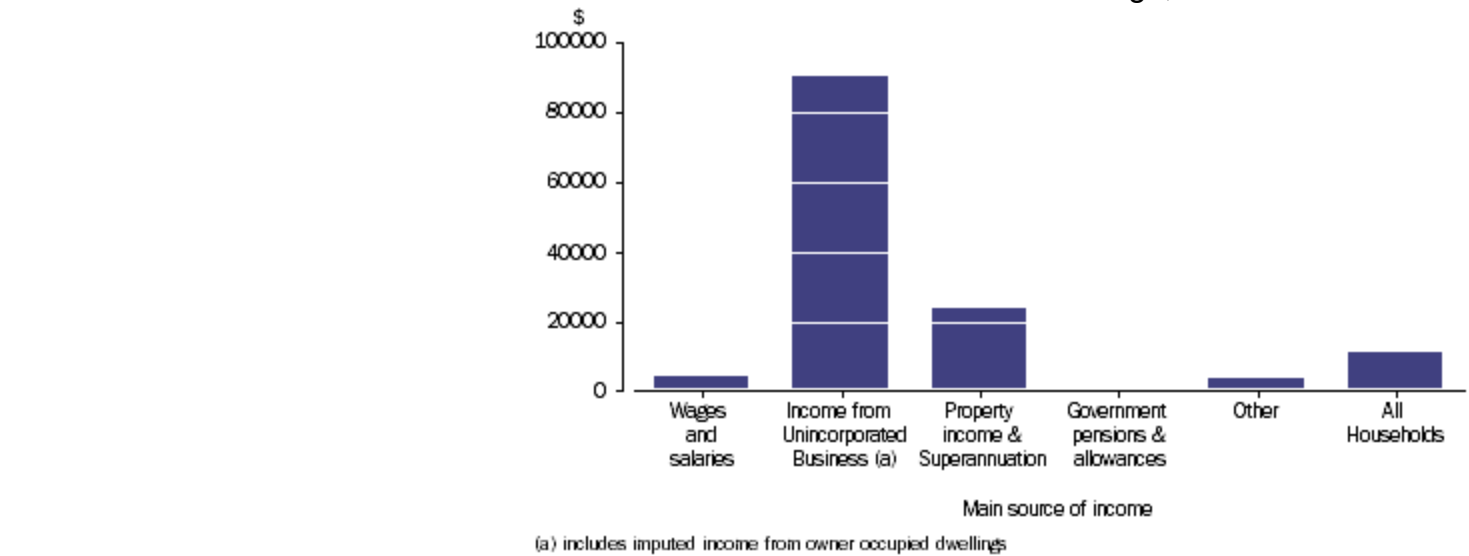
In 2009-10, gross mixed income (GMI) averaged $11,402 for all households, GMI includes both operating surplus for unincorporated enterprises and returns for the proprietors' own labour. Households where main source of income (MSI) was income from unincorporated business (includes the imputed income from owner occupied dwellings) received, on average, $90,237 in GMI, which was 7.91 times the average for all households. Households whose MSI was from property income and superannuation, received 2.08 times the average GMI for all households.

GROSS MIXED INCOME - Average Household, household composition
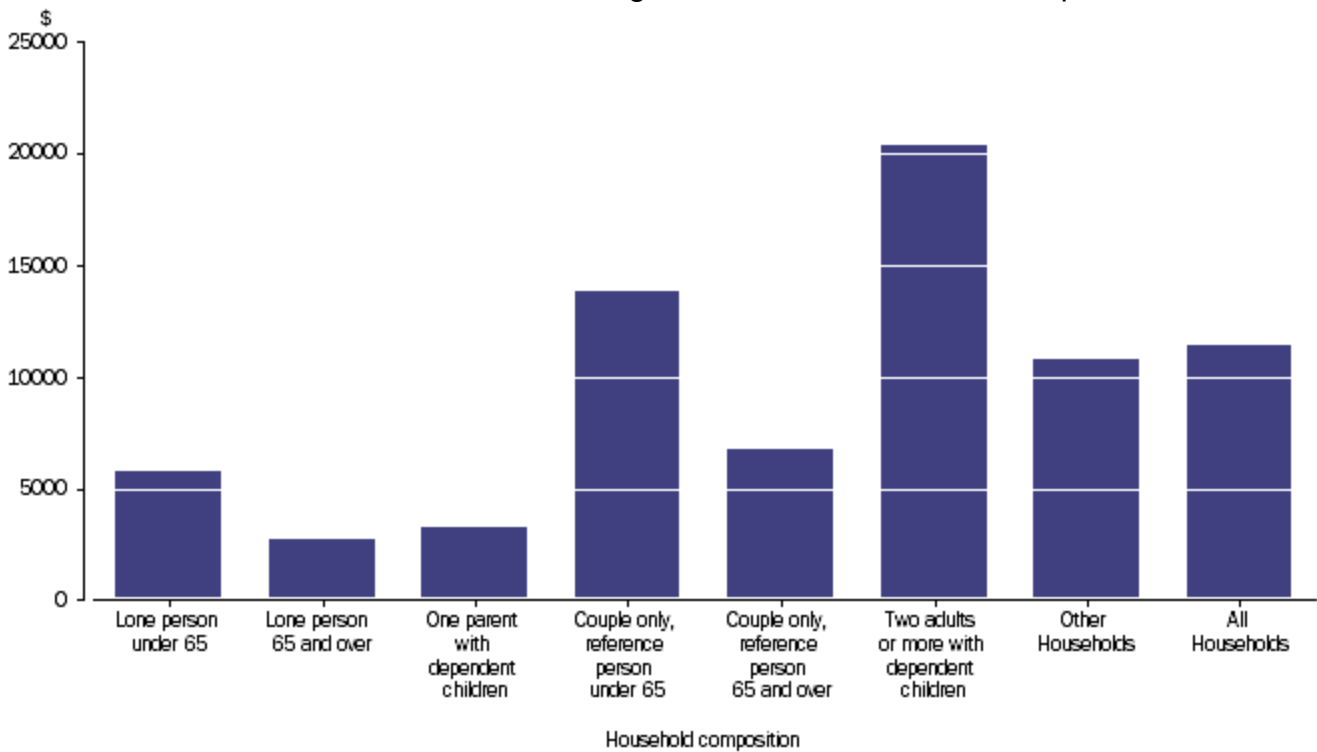
Households with two adults or more with dependent children, on average received $20,316 in GMI, which was 1.78 times the average for all households, $11,402. Lone person households where the reference person was under 65 years, and one parent households with dependent children, received, 51% and 29% of the average GMI for all households.

GROSS MIXED INCOME - Household average, age of household reference person
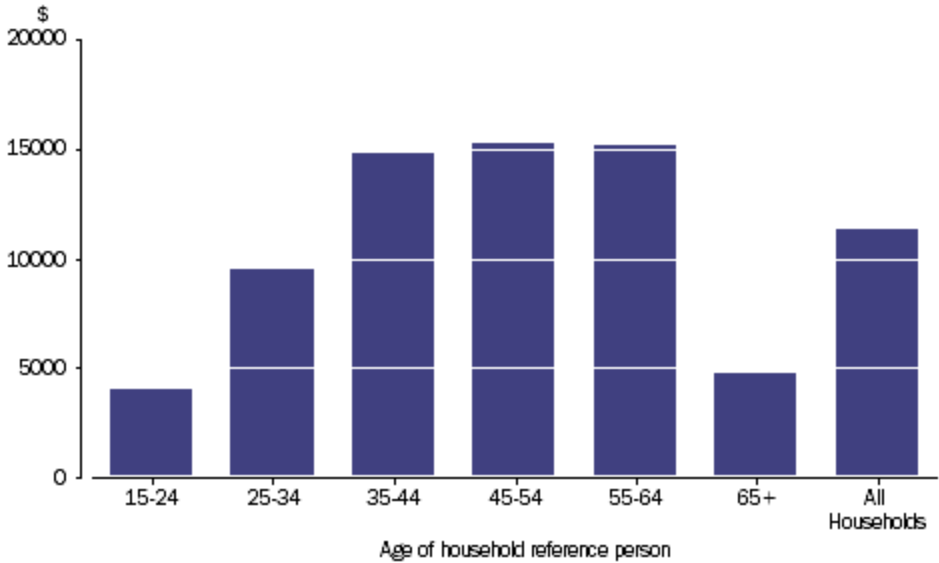

Similar distributions are displayed for GMI for households where the age of reference person was 35-44 years, 45-54 years and 55-64 years, these households on average received, $14,844, $15,270, and $15,173, respectively in GMI. These three categories of households were approximately 1.3 times the average GMI for all households.

(c) Gross Operating Surplus - Dwellings Owned by Persons

**GROSS OPERATING SURPLUS - DWELLINGS OWNED BY PERSONS -** Household average, main source of income

(a) includes imputed income from owner occupied dwellings
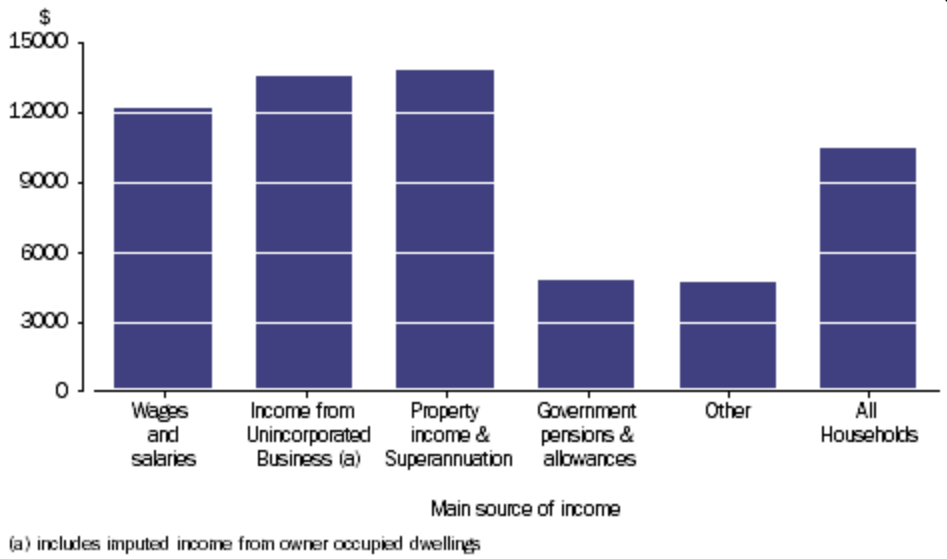
In 2009-10, gross operating surplus, dwellings owned by persons (GOS Dwellings), averaged $10,415 for all households, GOS Dwellings relates to the operating surplus of households from the ownership of their dwelling. Households where the main source of income (MSI) was property income and superannuation, and income from unincorporated business (includes the imputed income from owner occupied dwelling), recorded on average, $13,814 and $13,536 in GOS Dwellings, respectively, both groups of households recorded 1.3 times the average GOS Dwellings for all households.

GROSS OPERATING SURPLUS - DWELLINGS OWNED BY PERSONS - Household average, household composition
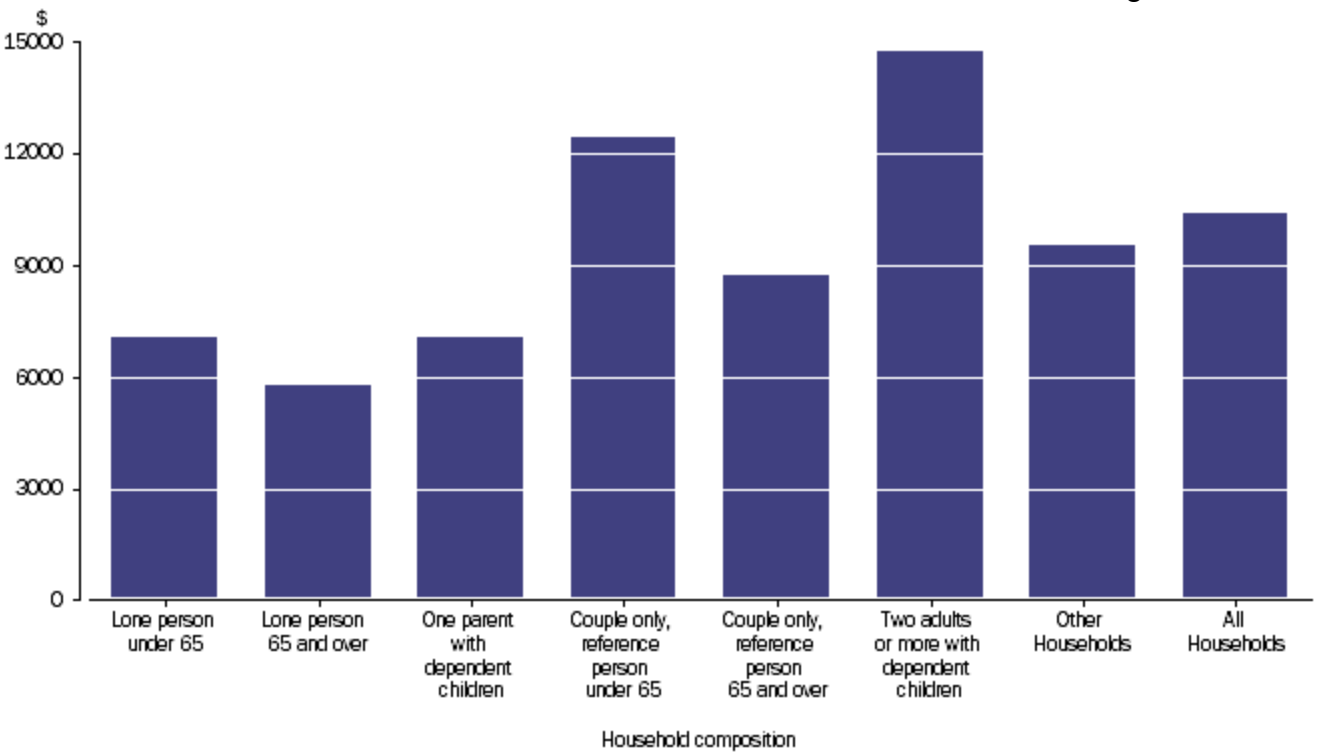
Households with two adults or more with dependent children, on average recorded, $14,759 in GOS Dwellings, which was 1.42 times the average for all households, $10,415. Lone person households where the reference person was under 65 years and one parent households with dependent children, both recorded 68% of the average GOS Dwellings for all households.

GROSS OPERATING SURPLUS - DWELLINGS OWNED BY PERSONS - Household average, age of household reference person
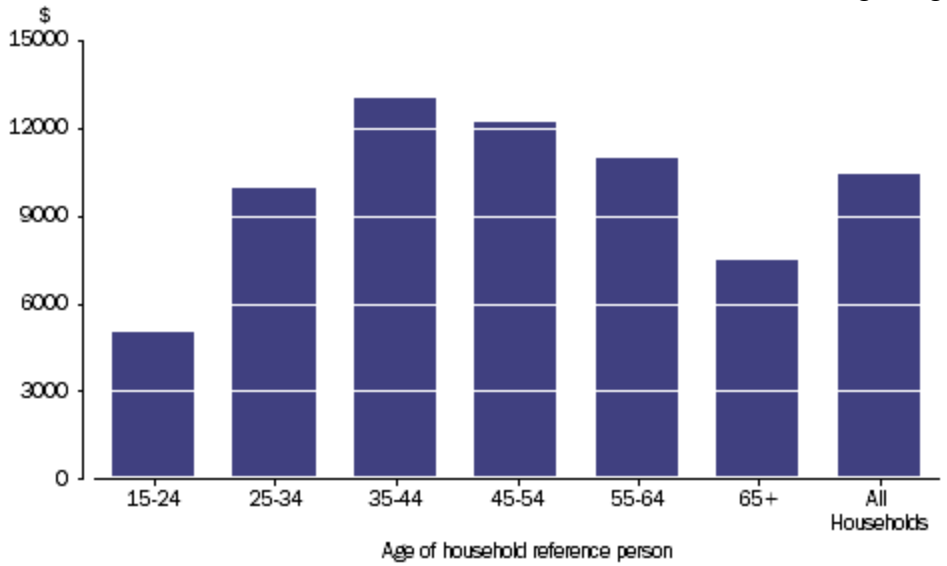
Households where the age of reference person was 35-44 years, on average received, $13,007 in GOS Dwellings, which was 1.25 times the average for all households, $10,415. Households where the age of reference person was 15-24 years, received 48% of the average GOS Dwellings for all households.

(d) Property Income Receivable

PROPERTY INCOME RECEIVABLE - Household average, main source of income

(a) includes imputed income from owner occupied dwellings

In 2009-10, property income receivable, averaged $14,199 for all households, household property income mainly consists of dividend and interest income earned directly and through superannuation and insurance reserves. Households where main source of income (MSI) was from property income and superannuation, recorded on a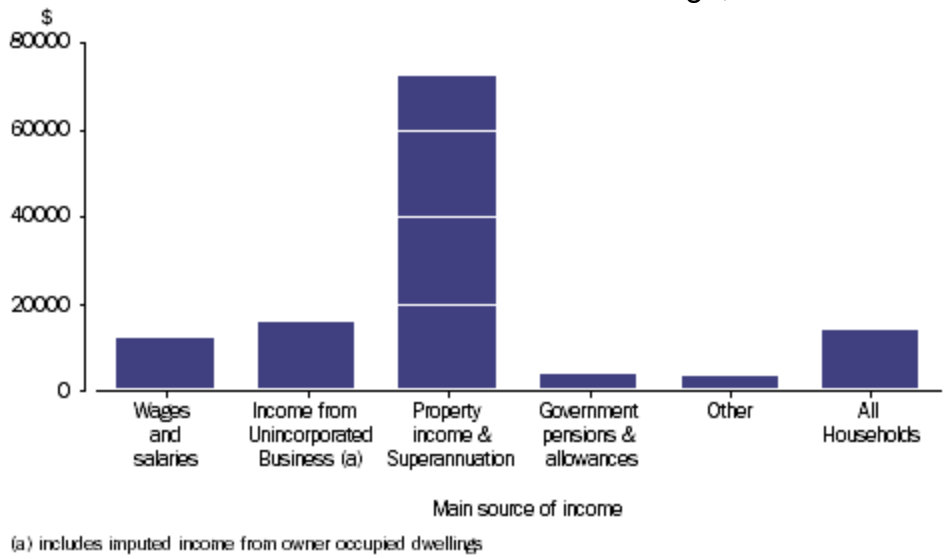verage, $72,087 in property income, which was 5.08 times the average for all households. Households with MSI from wages and salaries, recorded 87% of the average property income for all households.

PROPERTY INCOME RECEIVABLE - Household average, household composition
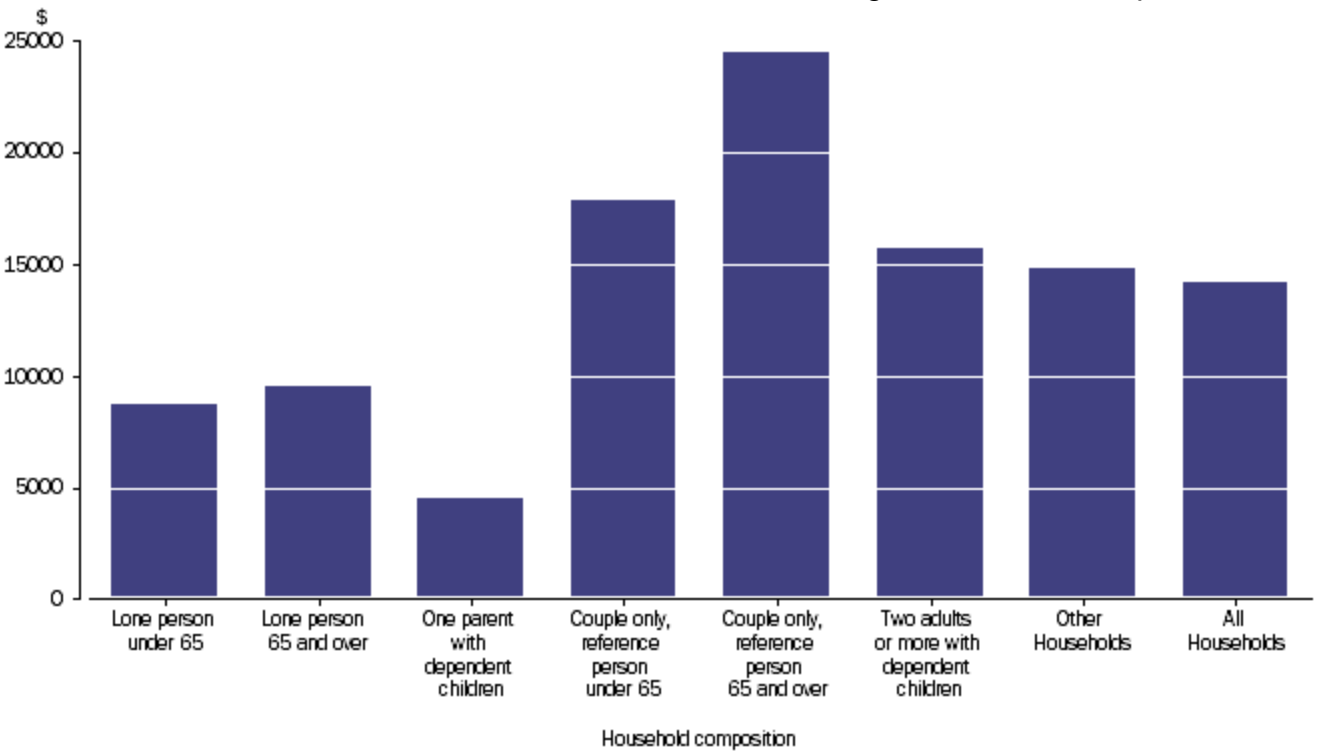
Couple only households where the reference person was 65 years and over, on average recorded $24,448, in property income, which was 1.72 times the average for all households, $14,199. By comparison a lone person households where the reference person was 65 years and over recorded 67% of the average property income for all households.

PROPERTY INCOME RECEIVABLE - Household average, age of household reference person
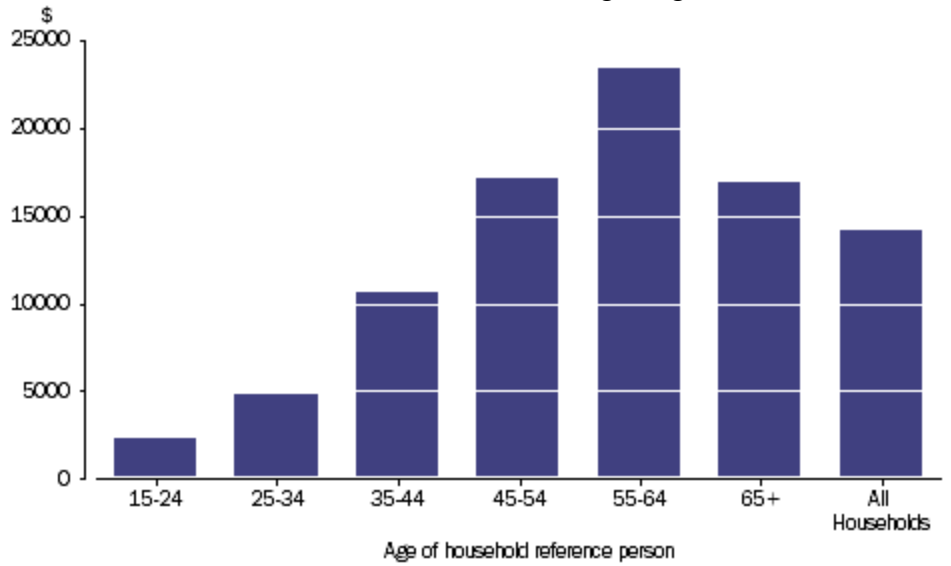
Households where the age of reference person was 55-64 years, on average recorded $ 23,401, in property income, which was 1.65 times the average for all households, $14,199. Households where the age of reference person was 25-34 years, recorded 34% of the average property income for all households.

(e) Social Assistance Benefits

SOCIAL ASSISTANCE BENEFITS - Household average, main source of income

(a) includes imputed income from owner occupied dwellings

In 2009-10, social assistance benefits averaged $11,514 for all households, social assistance benefits consists of cash payments from government for such things as unemployment benefits, family allowances and age and invalid pensions. Households where main source of income (MSI) was government pensions and allowances, received on average, $27,827 in social assistance benefits, which was 2.42 times the average for all households. Households with MSI from wages and salaries received 50% of the average social assistance benefits for all households.
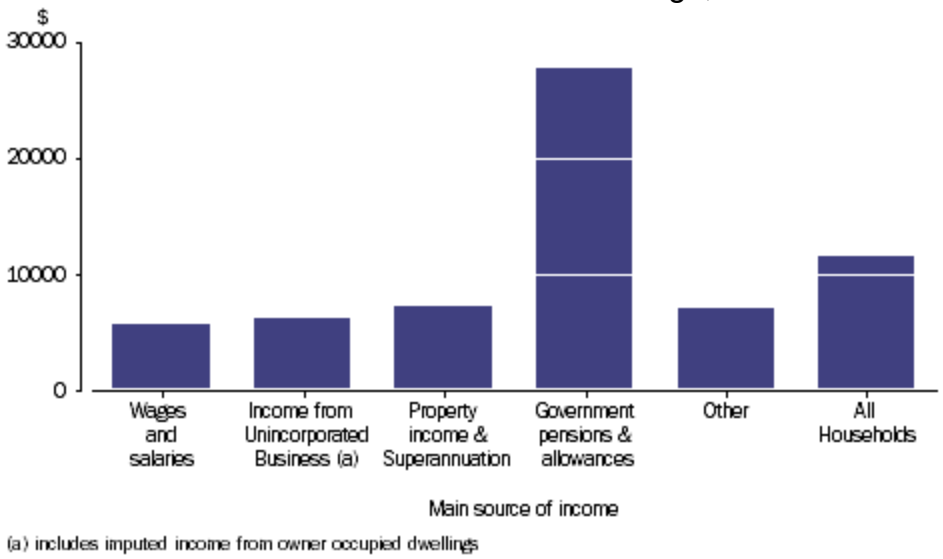
SOCIAL ASSISTANCE BENEFITS - Household average, household composition
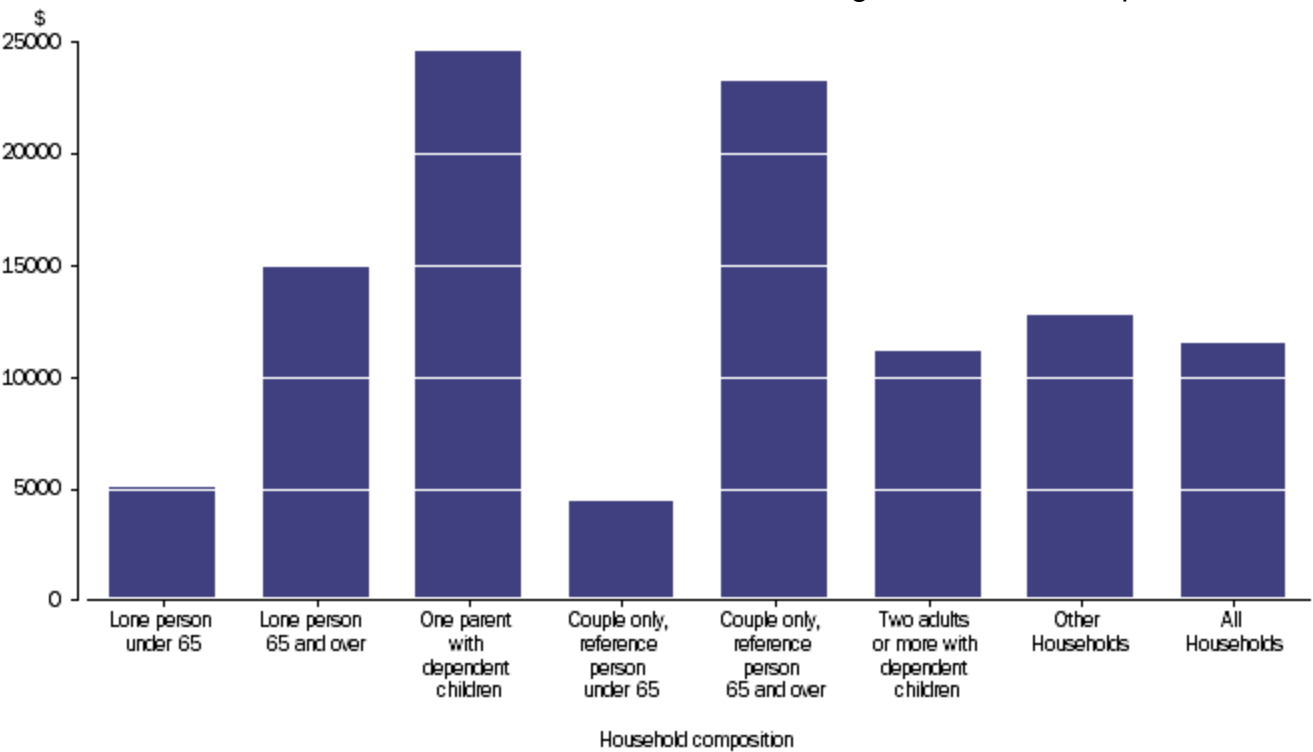
One parent households with dependent children and couple only households where the reference person was 65 years and over, on average, received $24,594 and $23,189 in social assistance benefits, which was 2.14 and 2.01 times, respectively the average for all households, $11,514. The smallest amount of social assistance benefits on average was received by couple only households where the reference person was under 65 years and lone person households where reference person was under 65 years, they received 39% and 44% of the average social assistance benefits for all households.

SOCIAL ASSISTANCE BENEFITS - Household average, age of household reference person
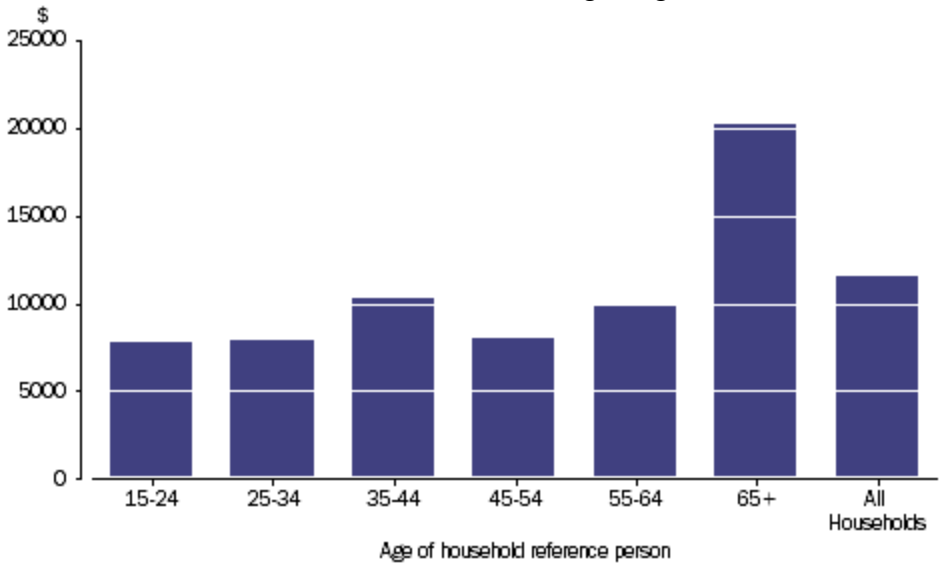
Households with a reference person 65 years or more, on average received, $20,186 from social assistance benefits, which was 1.75 times the average for all households, $11,514. Households where the age of reference person was 35-44 years, received 90% of the average social assistance benefits for all households.

(f) Interest Payable

INTEREST PAYABLE - Household average, main source of income

(a) includes imputed income from owner occupied dwellings
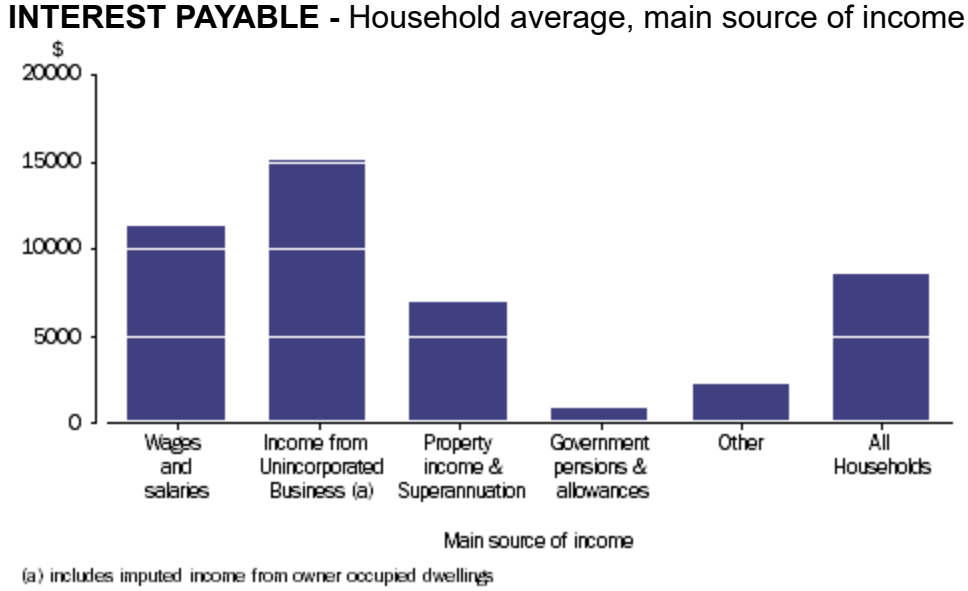
In 2009-10, interest payable, averaged $8,547 for all households, household interest payable mainly consists of mortgage interest. Households where main source of income (MSI) was unincorporated business (includes the imputed income from owner occupied dwelling), recorded on average, $15,096 in interest payable which was 1.77 times the average for all households. Households with MSI from wages and salaries, recorded on average, $11,296, which was 1.32 times of the average interest payable for all households.

INTEREST PAYABLE - Household average, household composition
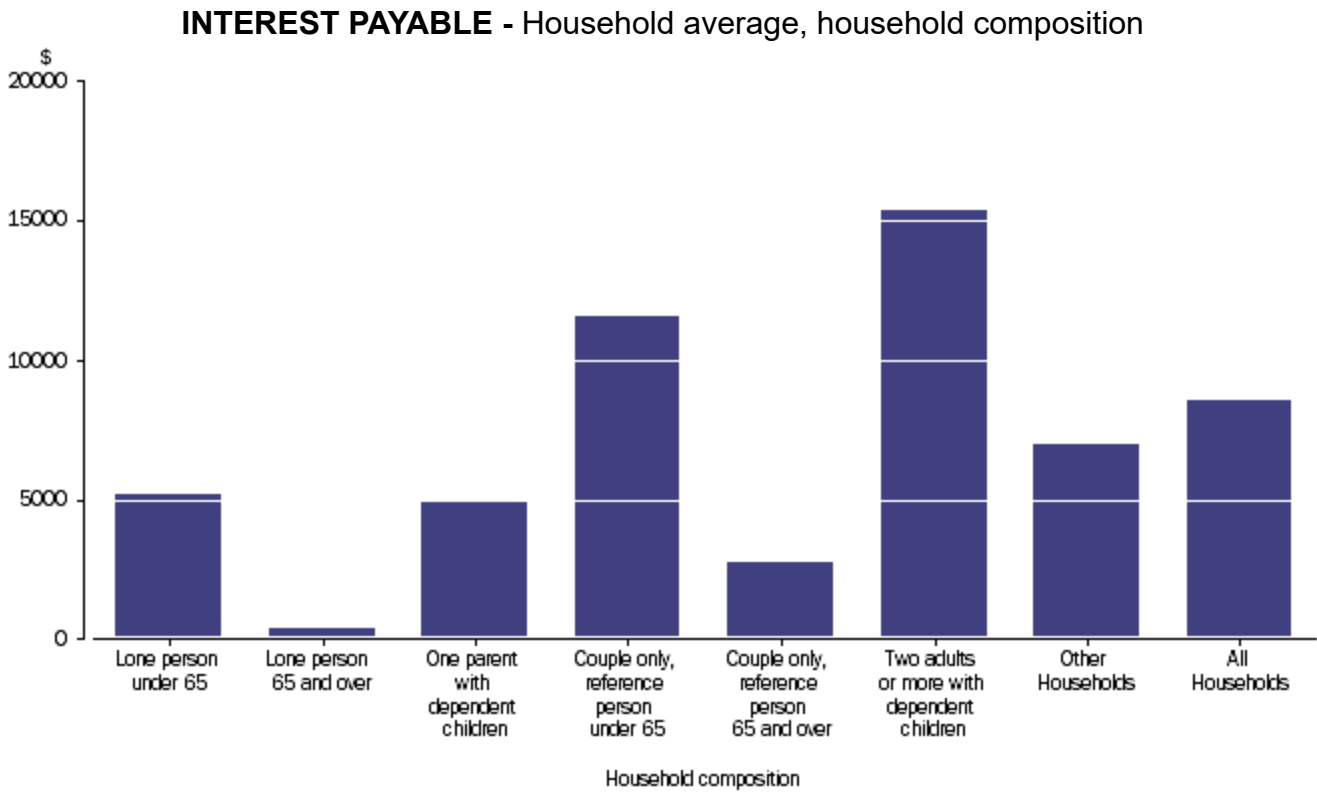
Households with two adults or more with dependent children, on average recorded, $15,384 in interest payable, which was 1.8 times the average interest payable for all households, $8,547. Lone person households where the reference person was under 65 years, and one parent households with dependent children, recorded 61% and 58% of the average interest payable for all households.

INTEREST PAYABLE - Household average, age of household reference person
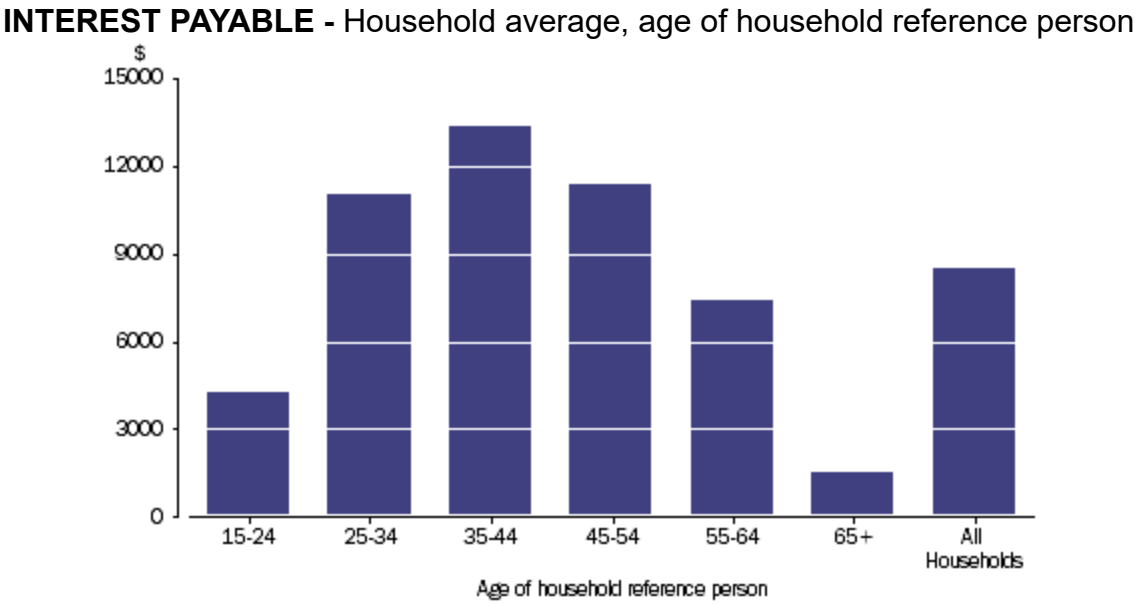
Households with a reference person 35-44 years, on average recorded $13,373 of interest payable, which was 1.56 times the average for all households, $8,547. Similar distributions are recorded in interest payable by households with the age of reference person 25-34 years and 45-54 years, 1.29 and 1.33 times, respectively the average interest payable for all households.

(g) Income Tax Payable

INCOME TAX PAYABLE - Household average, main source of income

$

Main source of income

(a) includes imputed income from owner occupied dwellings

In 2009-10, income tax payable, averaged $14,855 for all households. Household where main source of income (MSI) was wages and salaries, recorded on average, $22,477 in income tax payable, which was 1.51 times the average income tax payable for all households. Households with MSI from property income and superannuation, recorded on average, $9,496 in income tax payable, which was 64% the average income tax payable for all households.

INCOME TAX PAYABLE - Household average, household composition

$

Household composition
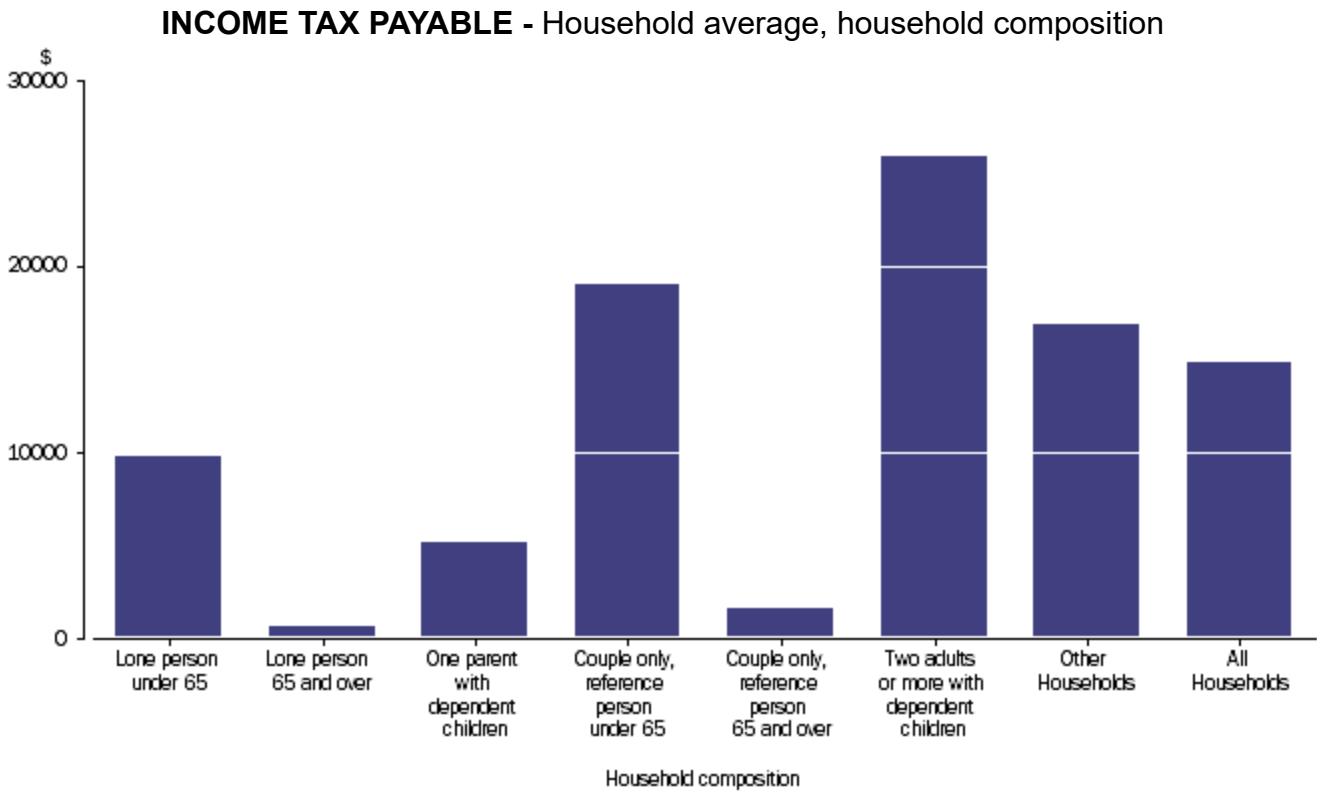
Households with two adults or more with dependent children, on average recorded, $25,995 of income tax payable, which was 1.75 times the average for all households, $14,855. Lone person households where the reference person was under 65 years, and one parent households with dependent children, recorded 66% and 35% of the average income tax payable for all households.

INCOME TAX PAYABLE - Household average, age of household reference person

$

Age of household reference person
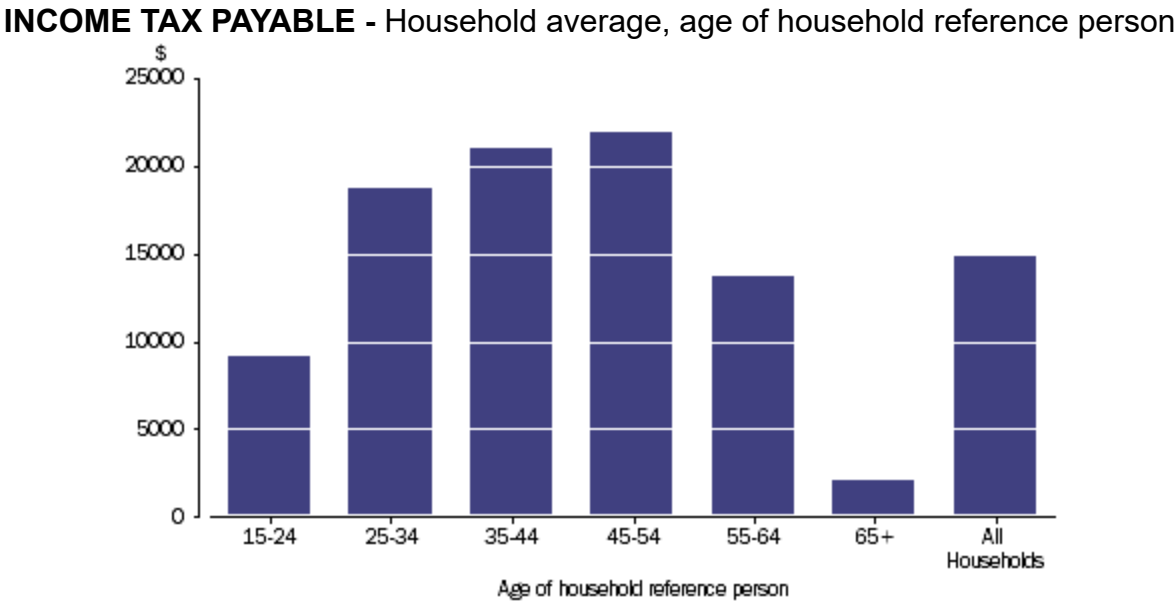
Households with a reference person 45-54 years, on average recorded $21,922 in income tax payable, which was 1.48 times the average income tax payable for all households, $14,855. A similar distribution is displayed by households with the age of reference person 35-44 years, 1.42 times the average income tax payable for all households.

(h) Social Transfers in Kind

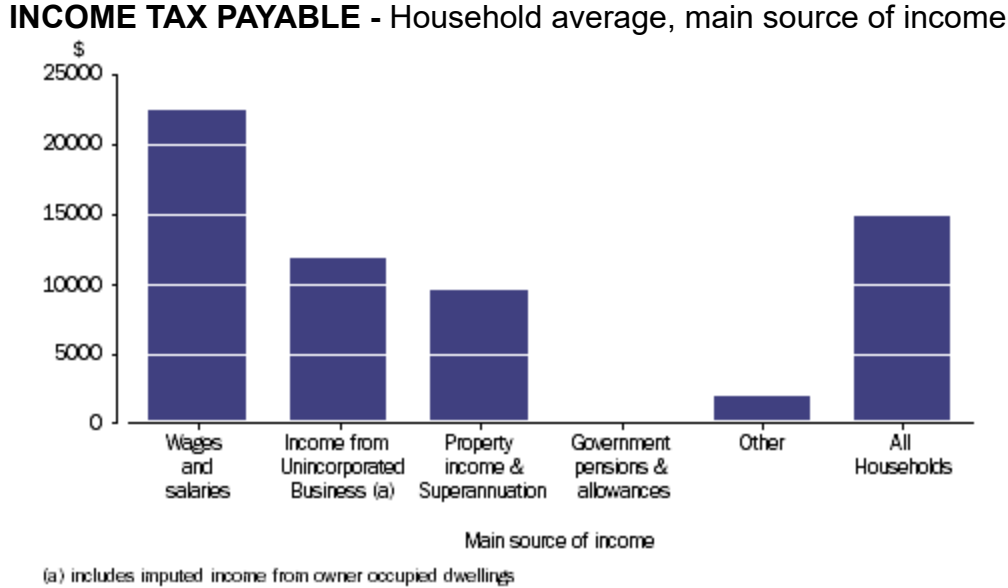**SOCIAL TRANSFERS IN KIND -** Household average, main source of income

(a) includes imputed income from owner occupied dwellings
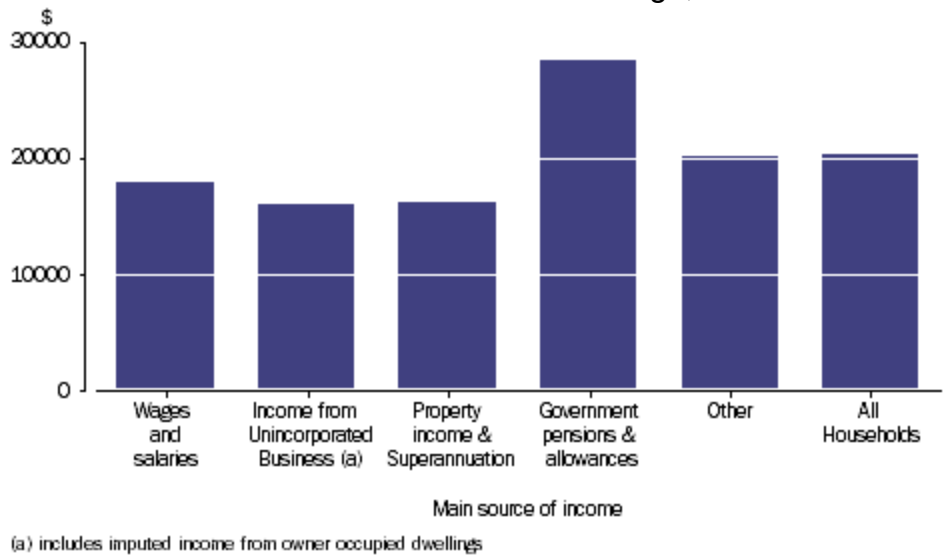
In 2009-10, social transfers in kind (STiK), averaged $20,423 for all households, STiK consists of in kind payments by government and non-profit institutions, either free of charge or at prices not economically significant, examples are education and health services. Households where main source of income (MSI) was government pensions and allowances, received on average, $28,437 in STiK, which was 1.39 times the average STiK for all households. Households with MSI from wages and salaries, received on average, $18,029 in STiK, which was 88% the average STiK received for all households.

SOCIAL TRANSFERS IN KIND - Household average, household composition
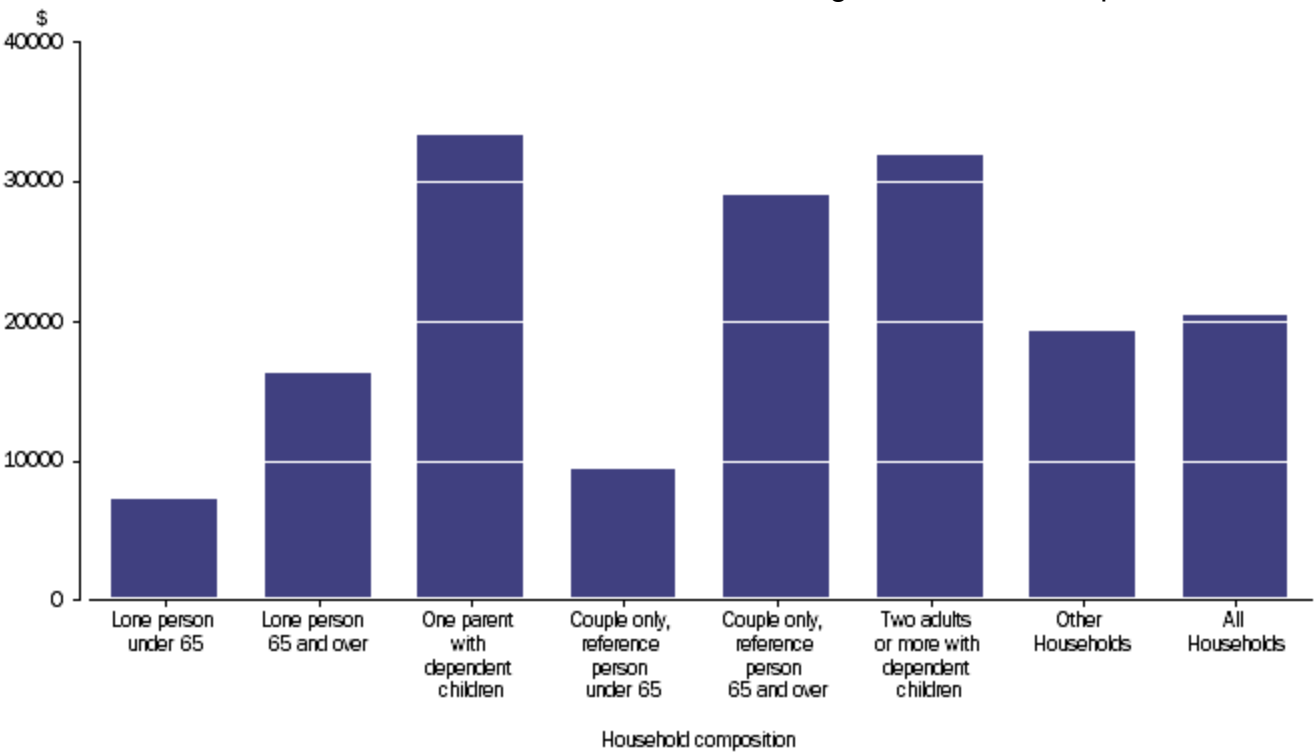
Households with one parent with dependent children, on average received $33,339 in social transfers in kind (STiK), which was 1.63 times the average STiK for all households, $20,423. This household group was closely followed by households with two adults or more with dependent children, who received 1.56 times the average STiK for all households, $31,827. Lone person households where the reference person was under 65 years, and lone person households where the reference person was over 65 years, received 36% and 79% respectively of the average STiK for all households.

SOCIAL TRANSFERS IN KIND - Household average, age of household reference person
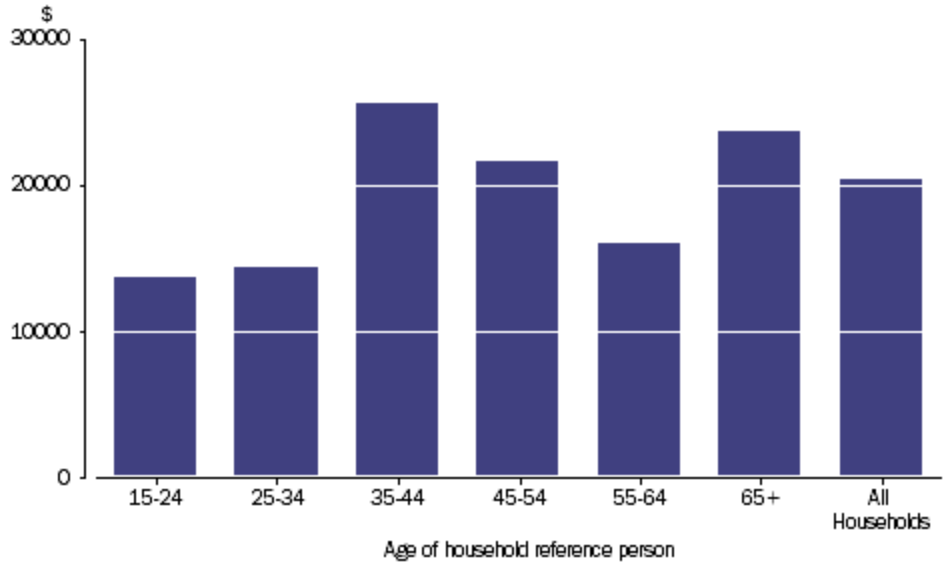
Households with a reference person 35-44 years, on average received, $25,695 in STiK, which was 1.26 times the average STiK for all households, $20,423. These households were followed by households with the age of reference person 65 years or older, 1.16 times the average STiK of all households. By comparison the least amount of STiK was received by households with reference person 15-24 years and 25-34 years, 67% and 70% respectively, of the average STiK of all households.

(i) Superannuation Benefits Received (memorandum item)

SUPERANNUATION BENEFITS RECEIVED - Household average, main source of income

Main source of income

(a) includes imputed income from owner occupied dwellings
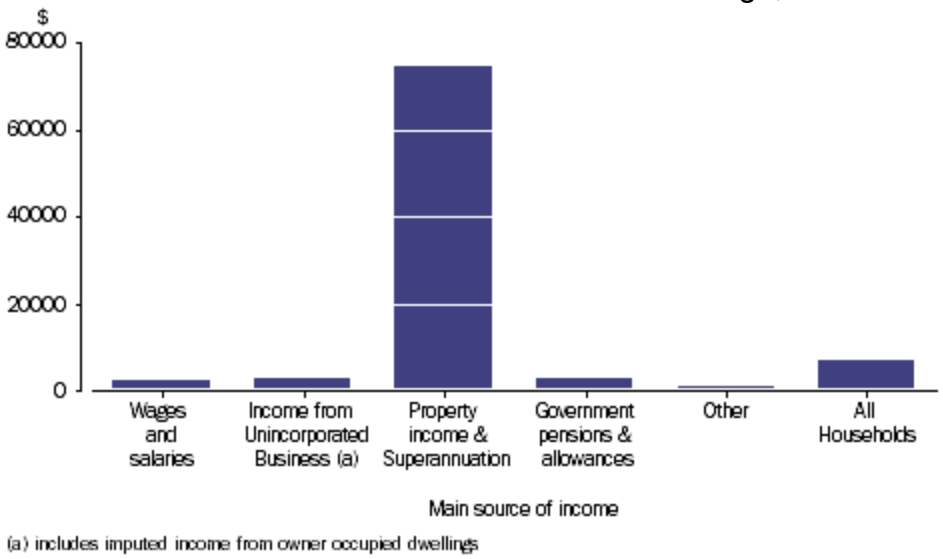
In 2009-10, superannuation benefits received by households, averaged $7,100 for all households. Households where main source of income (MSI) was property income and superannuation, received on average, $74,528 in superannuation benefits, which was 10.5 times the average for all households. Households with MSI from government pensions and allowances received 40% of the average superannuation benefits received for all households.

SUPERANNUATION BENEFITS RECEIVED - Household average, household composition

Household composition
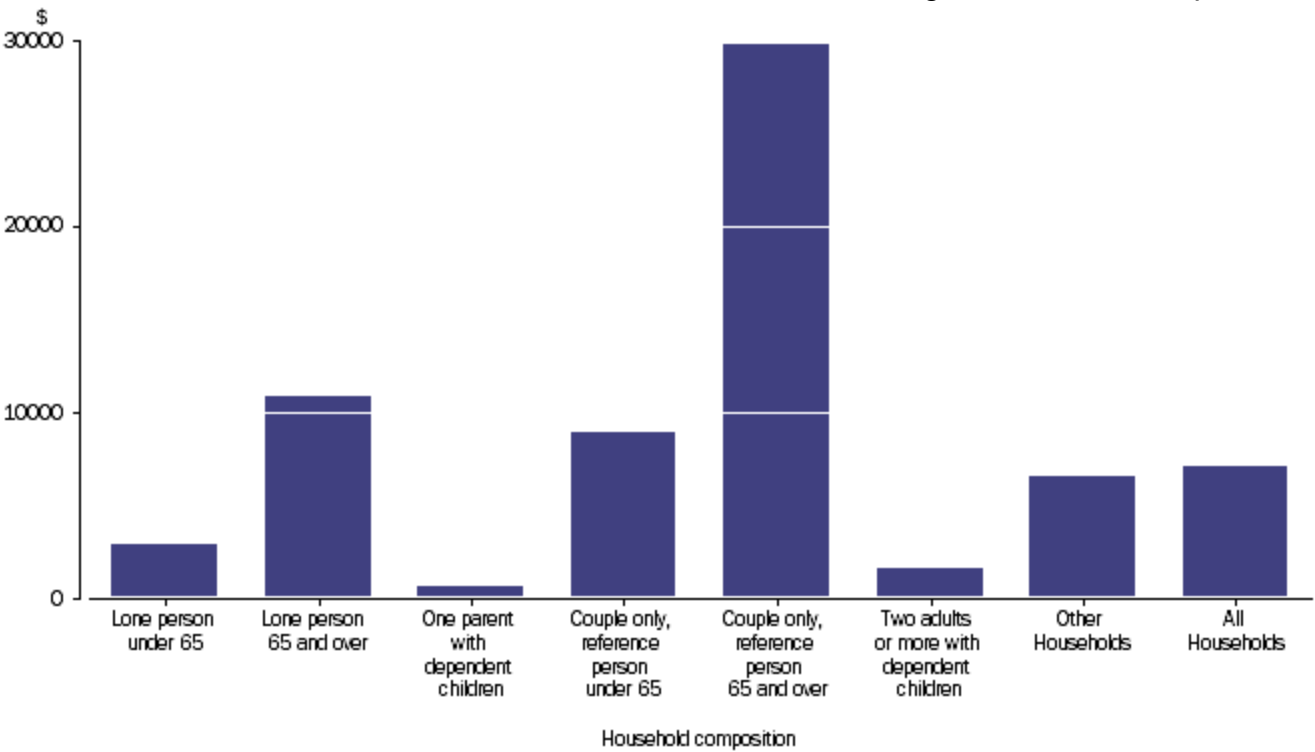
Couple only households where the reference person was 65 years and older, on average received $29,826 in superannuation benefits, which was 4.2 times the average for all households, $7,100. Lone person households where the reference person was over 65 years, received on average, $10,844, which was 1.53 times the average superannuation benefits paid for all households.

SUPERANNUATION BENEFITS RECEIVED - Household average, age of household reference person

Age of household reference person
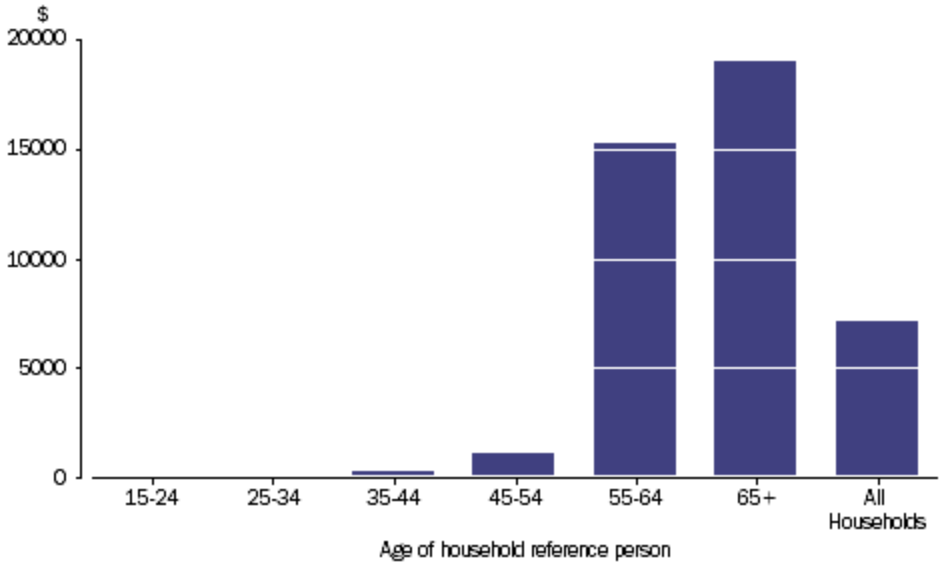
In 2009-10, superannuation benefits received, averaged $7,100 for all households. Households with a reference person 65 years and older, received 2.67 times the average superannuation benefits for all households, these households were followed by households with a reference person 55-64 years, who received 2.15 times the average for all households.

(j) Disposable Income

GROSS AND ADJUSTED DISPOSABLE INCOME - Household average, main source of income

(a) includes imputed income from owner occupied dwellings

In 2009-10, gross and adjusted disposable income averaged $93,864 and $114,287, respectively for all households. The difference between the two income measures is that adjusted disposable income includes social transfers in kind and gross disposable income excludes these transfers. Households with main source of income (MSI) wages and salaries, received 1.22 and 1.16 times, respectively the average gross and adjusted disposable income for all households. Households with main source of income, government pensions and allowances, received 41% and 59%, respectively of the average gross and adjusted disposable income for all households.

GROSS AND ADJUSTED DISPOSABLE INCOME - Household average, household composition

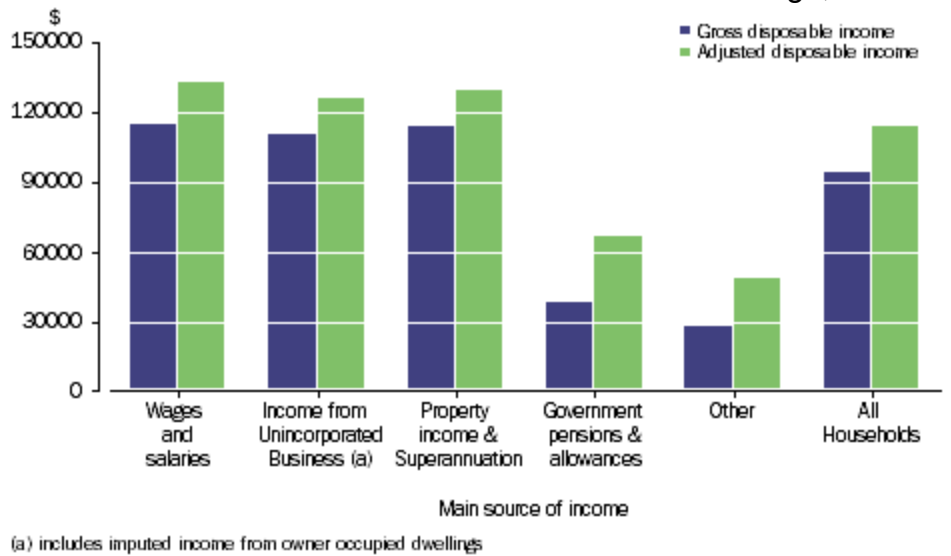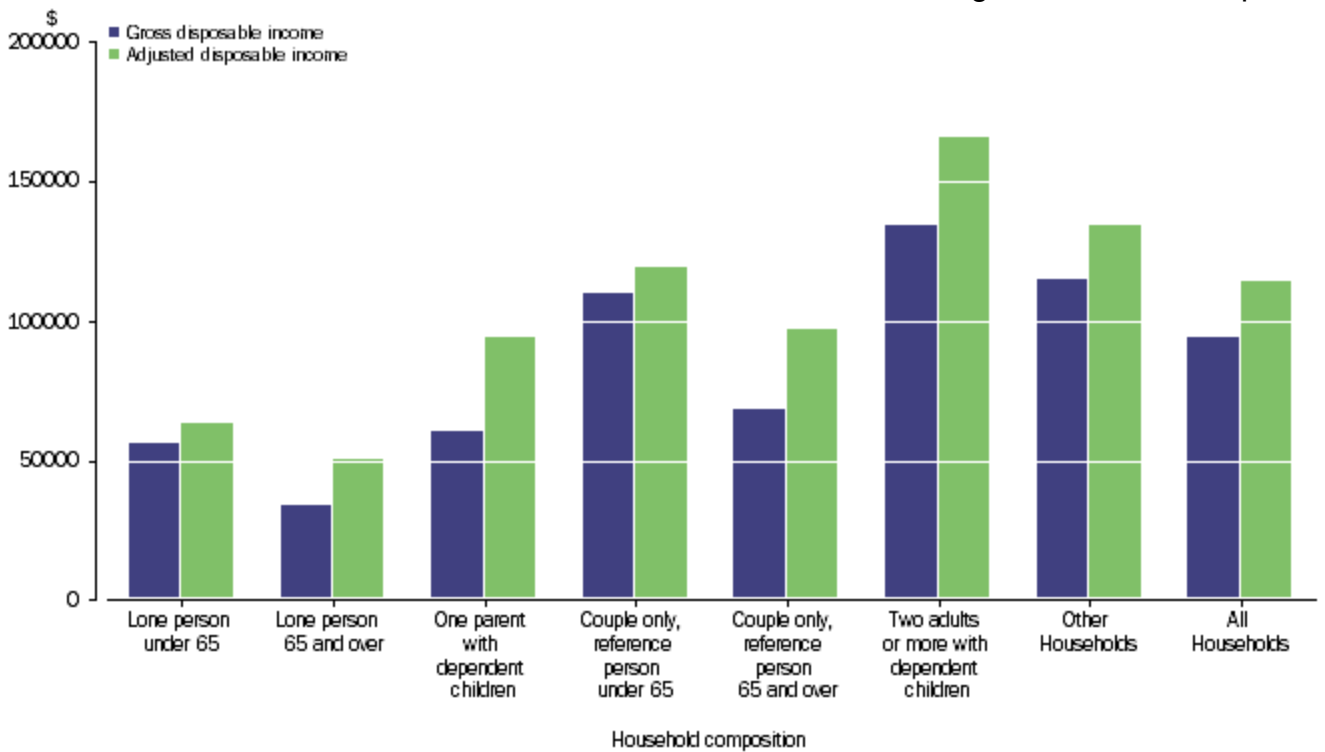In 2009-10, gross and adjusted disposable income averaged $93,864 and $114,287, respectively for all households. Households with two adults or more with dependent children received 1.43 and 1.45 times, respectively the average gross and adjusted disposable income for all households. Lone person households with the reference person over 65 years, received 36% and 44%, respectively of the average gross and adjusted disposable of all households.

GROSS AND ADJUSTED DISPOSABLE INCOME - Household average, age of household reference person
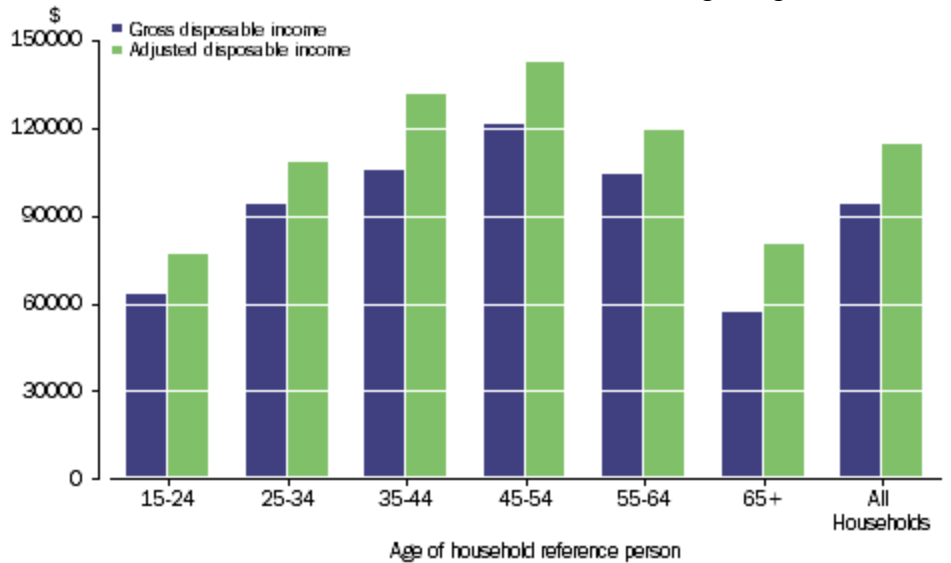
In 2009-10, gross and adjusted disposable income averaged $93,864 and $114,287, respectively for all households. Households with the reference person 45-55 years received, 1.29 and 1.25 times, respectively the average gross and adjusted disposable income for all households. Households with reference person 15-24 years received 67% of the average gross and adjusted disposable income for all households.

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(k) Impact of redistribution measures by government and non-profit institution serving household (NPISH)

Table 3.1 and the graphs below presents total household gross disposable income (GDI) and the share of total household GDI in a step by step format, each step includes an income receivable or payable component that illustrate the impact of the redistribution of income by government and NPISH. The graphs below are based on the detail distributional information published in electronic table 8.

- Step 1: gross disposable income (GDI) before the addition of income from government social assistance benefits (cash) and the payment of income tax;
- Step 2: step 1 GDI less income taxes payable;
- Step 3: step 2 GDI plus income from government social assistance benefits (cash);
- Step 4: step 3 GDI plus government and NPISH payments to household from social transfers in kind (STiK).

Table 3.1, ASNA total household gross disposable income, impact of government and NPISH redistribution - 2009-10

Steps	$m
GDI (before tax and social assistance benefits)	855 298
GDI (after tax and before social assistance benefits)	721 228
GDI (after tax and social assistance benefits)	822 069
GDI (after tax, social assistance benefits and social transfers in kind)	1 000 933

IMPACT OF REDISTRIBUTION MEASURES BY GOVERNMENT AND NPISH - Share of total household income, main source of income

(a) includes imputed income from owner occupied dwellings
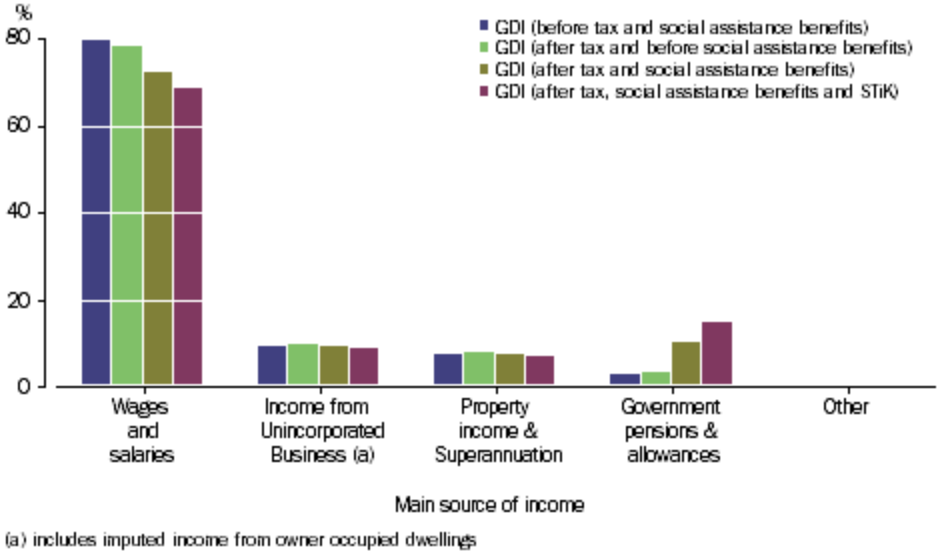
Households with main source of income (MSI) wages and salaries, the share of total household income decreased with each step, by comparison households with MSI government pensions and allowances, the share of total household income increased in each step. For households with MSI property income and superannuation, the share of total household income increased by step 2 (payment of income taxes), and declined in step 3 and 4 (transfer payments in cash and kind).

IMPACT OF REDISTRIBUTION MEASURES BY GOVERNMENT AND NPISH - Share of total household income, household composition
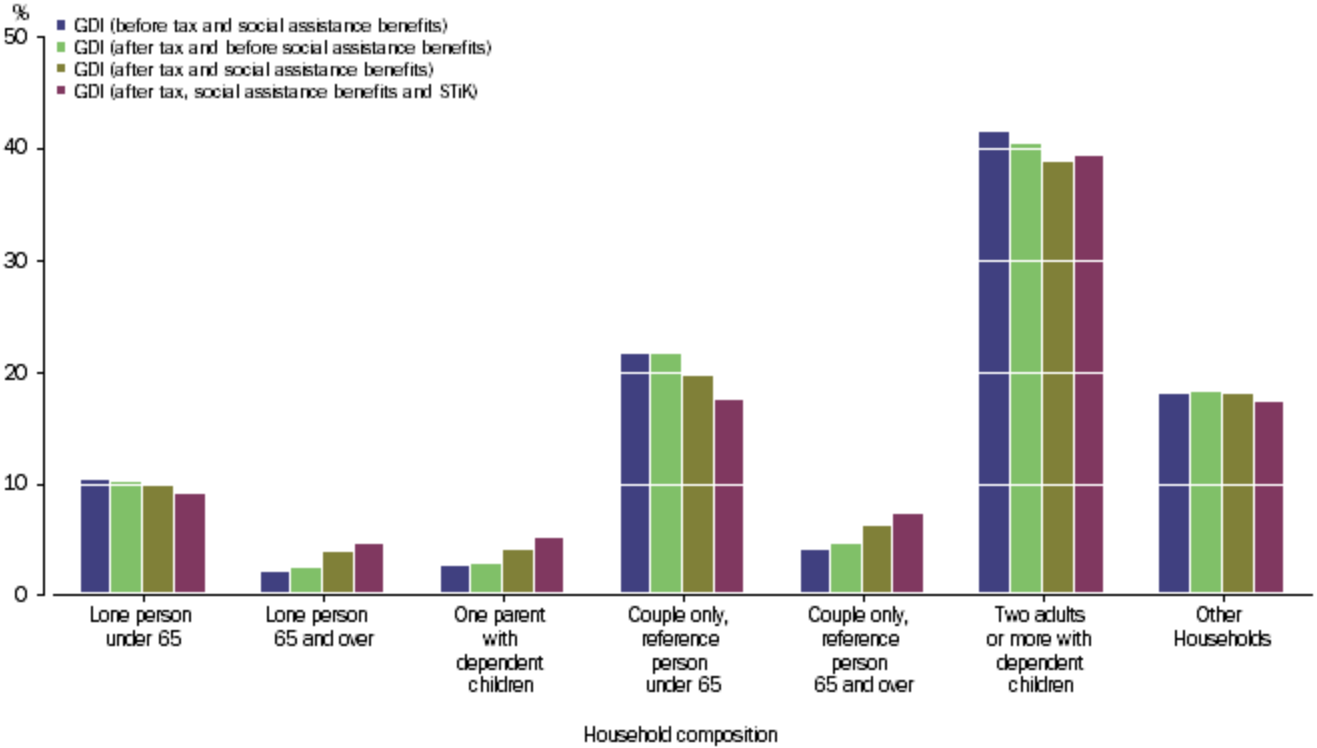
Lone person households where the reference person was over 65 years, one parent households with dependent children, and couple only households where the reference person was 65 years and over, the share of total household income increased with each step. For lone person households where reference person was under 65 years, the share of total household income decreased in each step. For households with two adults or more with dependent children, the share of total household income decreased in each step up to step 3, and then increased in step 4 (StiK payments).

IMPACT OF REDISTRIBUTION MEASURES BY GOVERNMENT AND NPISH - Share of total household income, age of household reference person
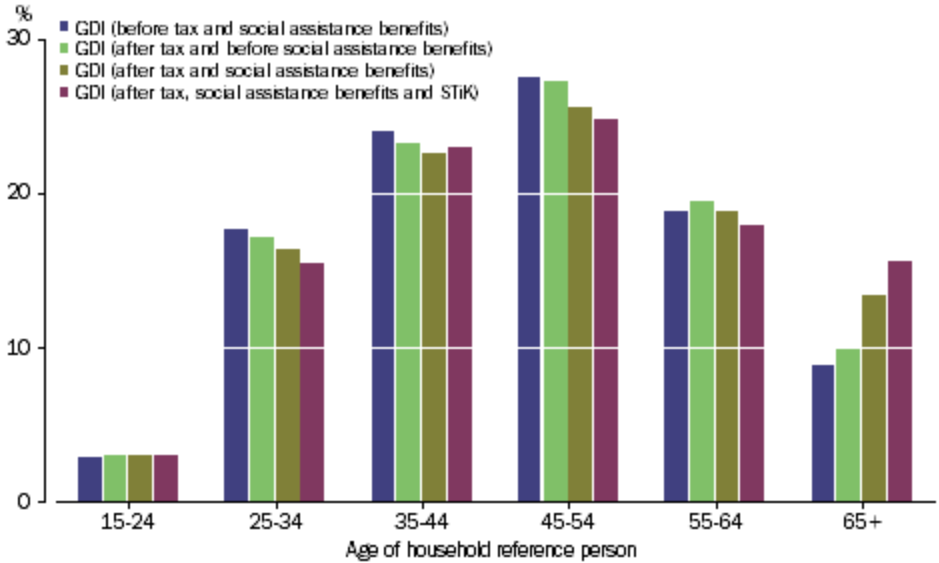
Households with age of reference person 65 and over, the share of total household income increased with each step. By comparison, households with age of reference person 25-34 years and 45-54 years, the share of total household income decreased with each step. For households with age of reference person 35-44 years, the share of total household income decreased in each step up to step 3, and then increased in step 4 (StiK payments).

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CONSUMPTION AND SAVING

The consumption and savings graphs below are based on the detail distributional information published in electronic tables 3, 4 and 6.

(a) Final Consumption Expenditure

FINAL CONSUMPTION EXPENDITURE - Household average, main source of income
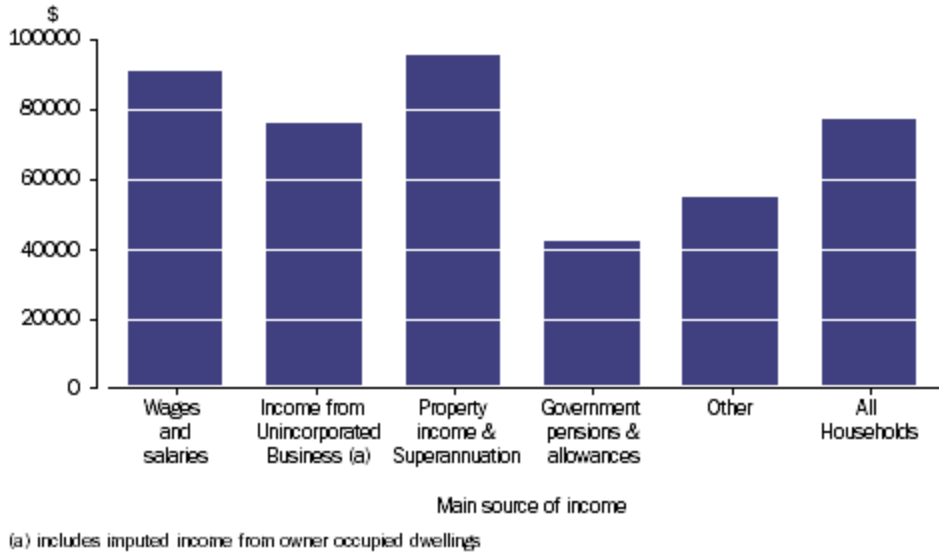
In 2009-10, final consumption expenditure (FCE) averaged $77,233 for all households. Households where main source of income (MSI) was wages and salaries, consumed on average $90,915 in FCE, which was 1.18 times the average for all households. Households with MSI from government pensions and allowances, consumed 55% of the average FCE for all households.

FINAL CONSUMPTION EXPENDITURE - Household average, household composition
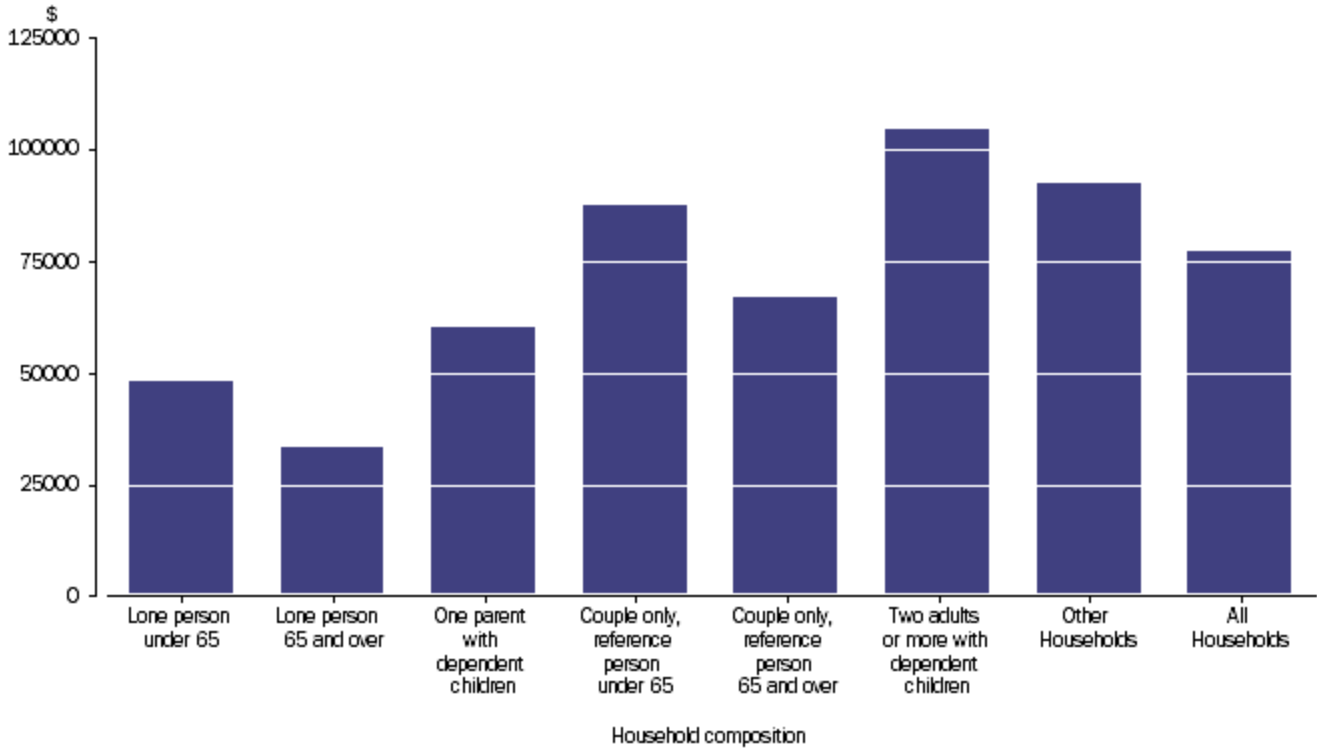
Households with two adults or more with dependent children, on average consumed $104,738 in FCE, which was 1.36 times the average FCE for all households, $77,233. One parent households with dependent children, consumed $59,997 in FCE, which was 78% of the average FCE for all households, and lone person households where the reference person was under 65 years, consumed on average, $48,015, which was 62% the average FCE for all households.

FINAL CONSUMPTION EXPENDITURE - Household average, age of household reference person
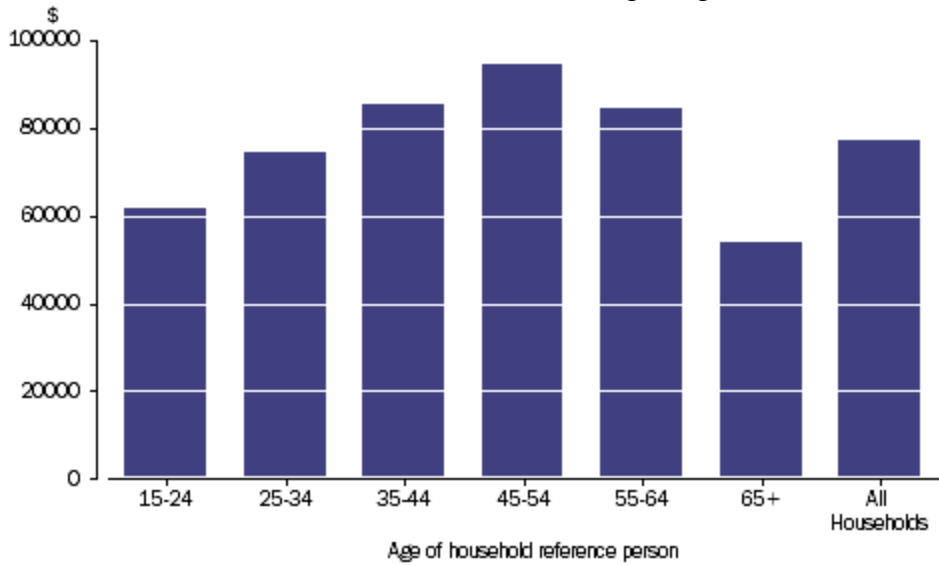
Households where the age of reference person was 45-54 years, on average consumed $94,586 in FCE, which was 1.22 times the average FCE for all households, $77,233. Households where the age of reference person was 65 years and older consumed 70% of the average FCE for all households.

(b) Actual Individual Consumption

To allow for the fact that the consumption of goods and services by households may be paid for, in cash or in kind, by the general government sector an alternative measure of consumption called actual consumption has been defined. It is measured by first separating government final consumption expenditure (GFCE) into individual and collective consumption. Individual consumption refers to services that are provided by general government to households which are consumed individually, for example health and education. Collective consumption, on the other hand, relates to the provision of public services such as policing and defence. Household actual consumption is measured as household final consumption expenditure plus individual consumption within GFCE.

Table 3.2, Share of actual individual consumption by household composition

			Household Composition				
Lone person under 65	Lone person 65 and over	One parent with dependent children	Couple only, reference person under 65	Couple only, reference person 65 and over	Two adults or more with	Other Households	Total

	%	%	%	%	%	dependent children %	%	%
Actual individual consumption;	**100**	**100%**	**100**	**100**	**100**	**100**	**100**	**100**
Food	7	8	9	9	8	9	8	9
Alcoholic beverages and tobacco	4	2	3	3	2	2	4	3
Clothing and footwear	2	2	3	3	2	3	3	3
Rent and other dwelling services	23	23	14	18	18	14	16	17
Electricity, gas and other fuel	2	2	2	2	2	2	2	2
Furnishings and household equipment	4	2	3	5	3	4	4	4
Health	3	5	3	4	4	3	5	4
Transport	10	4	6	11	5	9	9	9
Communication	3	2	2	2	1	2	3	2
Recreation and culture	9	5	8	10	7	9	9	9
Education services	1	0	1	1	0	3	2	2
Hotels, cafes and restaurants	6	2	4	7	3	5	7	5
Miscellaneous goods and services	13	10	7	16	15	11	11	12
Social transfers in kind	13	33	36	10	30	23	17	21
Health	6	22	7	7	21	7	10	9
Education	1	1	19	1	0	12	3	7
Other	6	10	9	2	9	4	5	5
Health including STiK	10	27	11	11	25	10	15	13
Education including STiK	2	1	20	2	0	15	4	8

For Lone person households where reference person was under 65 years, couple only households where the reference person was under 65 years, and for other households, the largest share of actual individual consumption was in rent and other dwelling services, 23%, 18% and 16%, respectively.

For Lone person households where reference person was over 65 years, and couple only households where the reference person was 65 years and over, the largest share of actual individual consumption was in health including health provided by STiK, 27% and 25%, respectively.

For one parent households with dependent children, and households with two adults or more with dependent children, the largest share of actual individual consumption was in education including education provided by STiK, 20% and 15%, respectively.

Similar analysis on actual individual consumption presented above may be derived for household groups, main source of income and age of household reference person.

(c) Saving

GROSS SAVINGS - Household average, main source of income

(a) includes imputed income from owner occupied dwellings
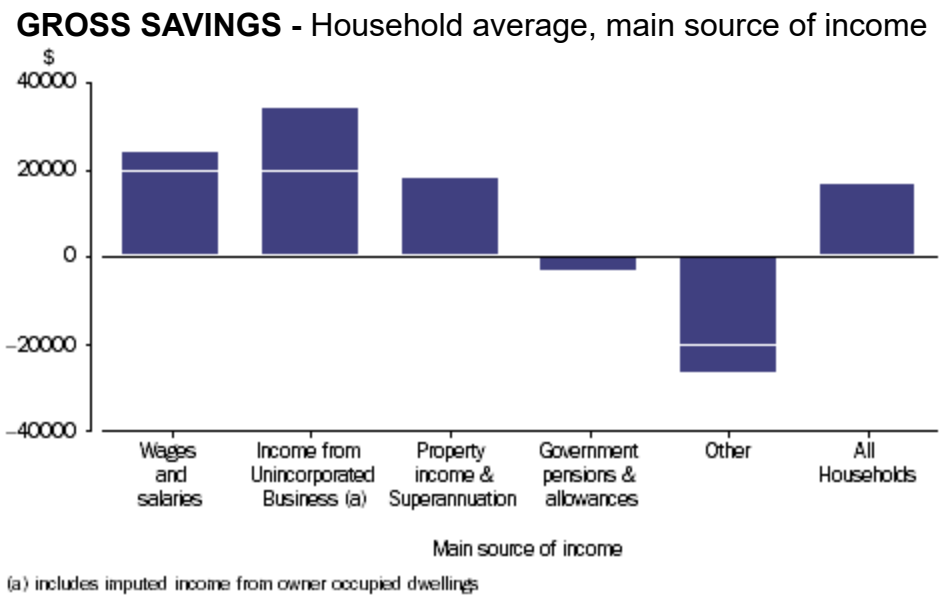
In 2009-10, gross saving averaged $16,631 for all households. Households where main source of income (MSI) was wages and salaries, on average, gross saving was $23,905, for MSI income from unincorporated business (including the imputed income from owner occupied dwelling), on average, gross saving was $33, 976, and for MSI income from property income and superannuation, on average, gross saving was $17,808. By comparison, households with MSI government pensions and allowances, and other households, were dis-savers, on average, gross saving was -$3,540 and -$29,946, respectively.

The large dis-saving result for 'other' households is related to over half of the MSI income for other households being derived from other family members not living in the household. These intra household flows are not recorded in the ASNA total household income account, at the total household income level, the intra flows would be consolidated out. However, the ASNA final consumption expenditure estimates are based on consumption that includes the intra household income (pragmatically it is not possible to exclude consumption measures by source of intra household income), and therefore the total household gross saving estimate in the ASNA is marginally under estimated. In this distributional study, when the household sector is sub categorised into sub sectors by MSI, the under estimate of gross saving is magnified and seen in the 'other' category.

GROSS SAVING - Household average, household composition
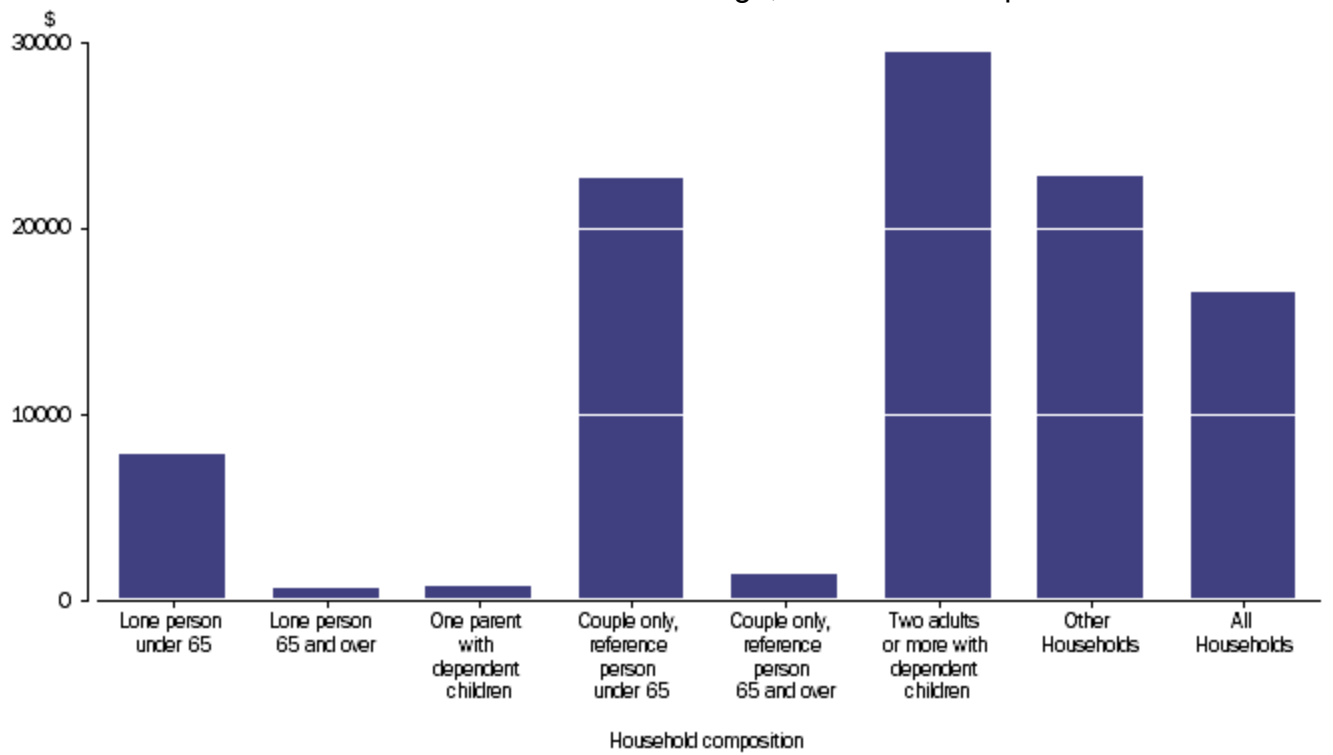
For households with two adults or more with dependent children, on average, gross saving was $29,479, which was 1.77 times the average gross saving for all households, $16,631. Lone person households where the reference person was over 65 years, and one parent households with dependent children, gross saving was 4% and 5%, respectively of the average gross saving for all households.

GROSS SAVING - Household average, age of household reference person
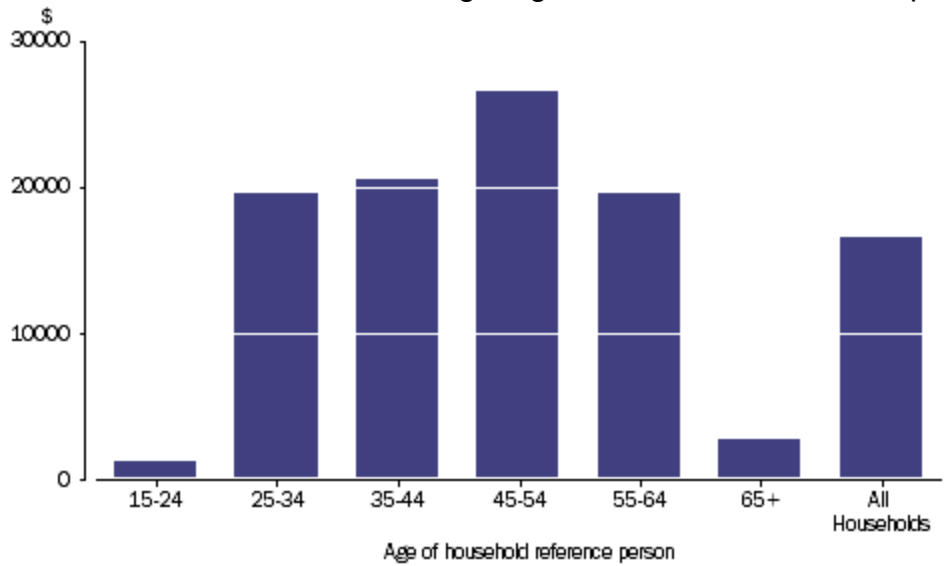
For households where the age of reference person was 45-54 years, on average gross saving was $26,534, which was 1.6 times the average gross saving for all households, $16,631. Households where the age of reference person was 65 years and older, on average, gross saving was $2,890, which was 17% of average gross saving for all households.

WEALTH

The wealth graphs below are based on the detail distributional information published in electronic tables 3 and 4.

(a) Residential Dwelling and Land

RESIDENTIAL DWELLING AND LAND - Household average, main source of income
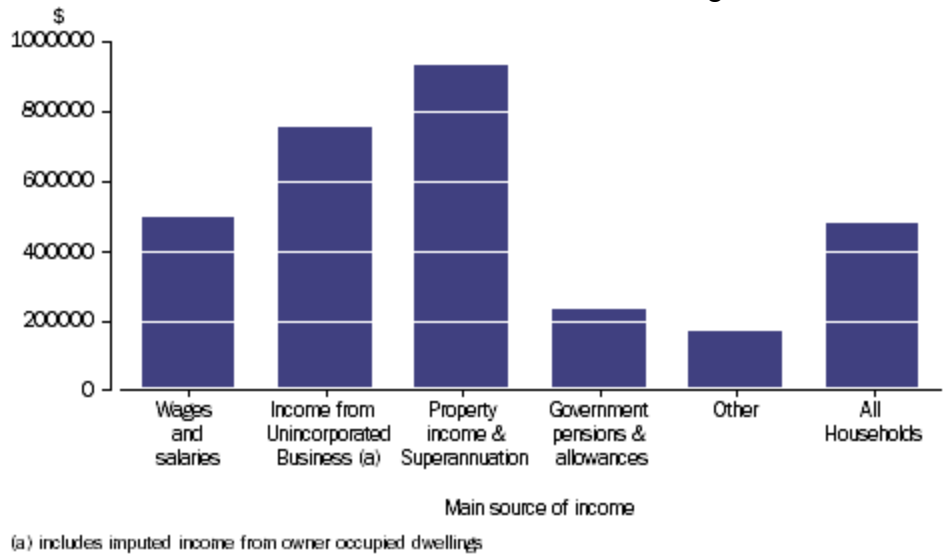
In 2009-10, the value of dwellings and residential land, averaged, $475,135, for all households. Households where main source of income (MSI) was property income and superannuation, the value of dwellings and residential land, on average, was $931,130, which was 1.96 times the average for all households. Households with MSI from wages and salaries, the value of dwellings and residential land, on average, was $498, 789, which was 1.05 times the average for all households.

RESIDENTIAL DWELLING AND LAND - Household average, household composition
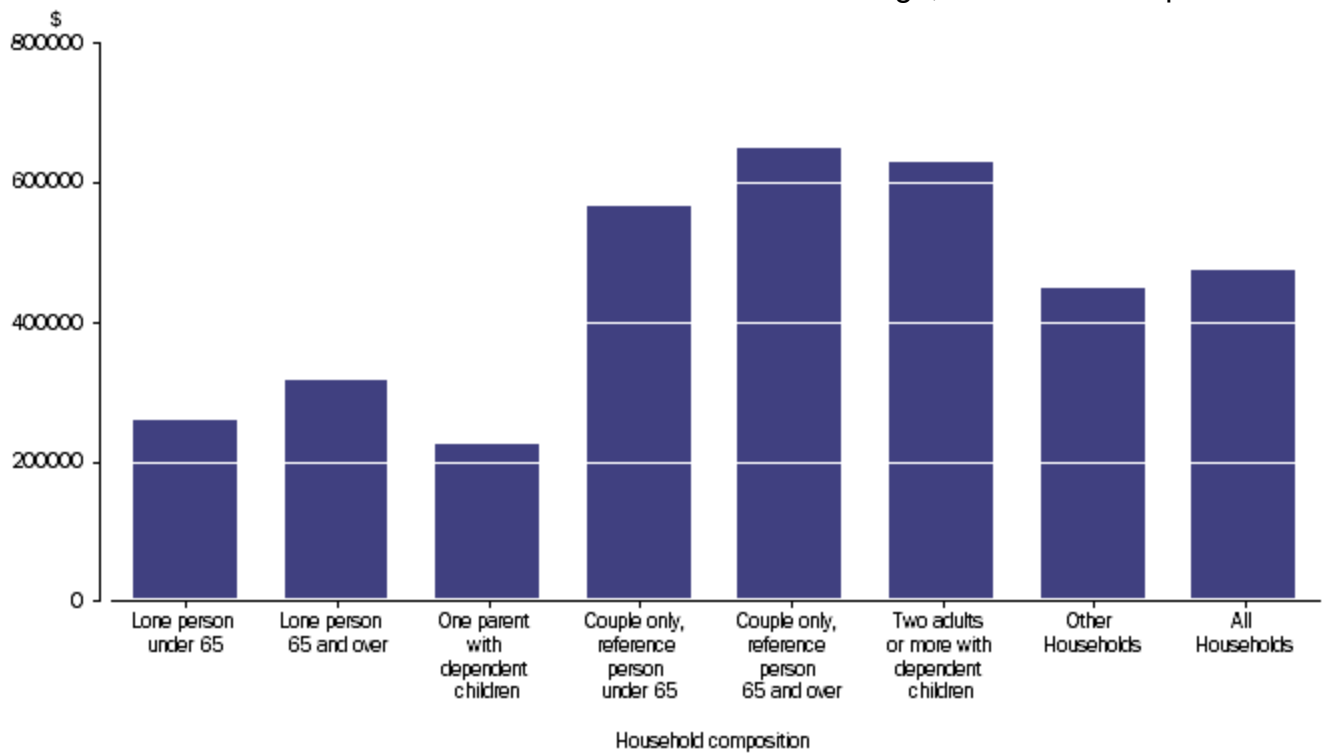
Couple only households where the reference person was 65 years and over, on average, the value of dwellings and residential land was $649,698, which was 1.37 times the average for all households, $475,135. These households were followed closely by households with two adults or more with dependent children, on average, the value of dwellings and residential land was $628,409, which was 1.32 times the average for all households. Lone person households where the reference person was under 65 years, and one parent households with dependent children, the value of dwellings and residential land was 54% and 47% respectively, of the average for all households.

RESIDENTIAL DWELLING AND LAND - Household average, age of household reference person
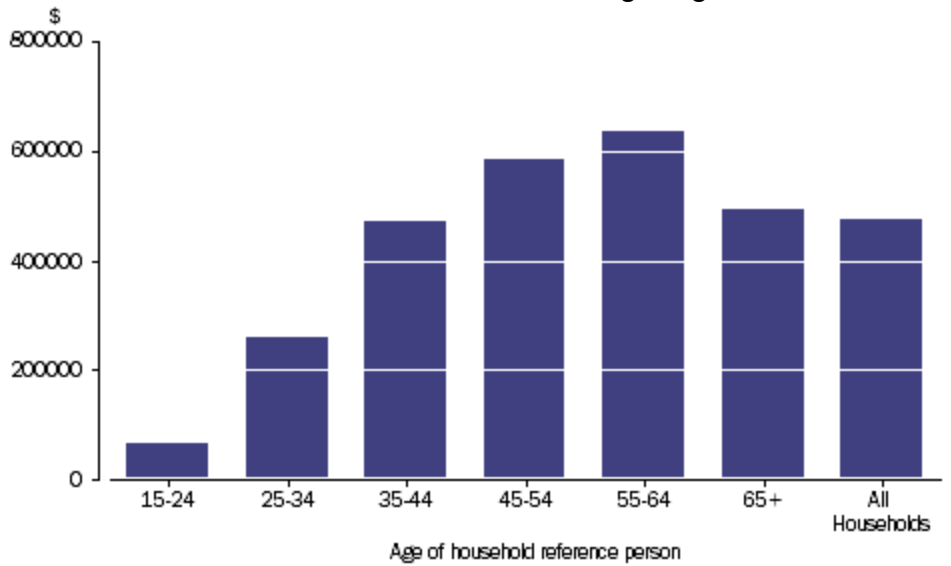
Households where the age of reference person was 55-64 years, on average, the value of dwellings and residential land was $634,881, which was 1.34 times the average for all households, $475,135. By comparison, households where the age of reference person was over 65 years, on average, the value of dwellings and residential land was $494,169, which was 1.04 times the average for all households.

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(b) Financial Assets- Currency and Deposits, Shares and Other Equity, and Superannuation and Insurance Reserves

FINANCIAL ASSETS - Household average, main source of income
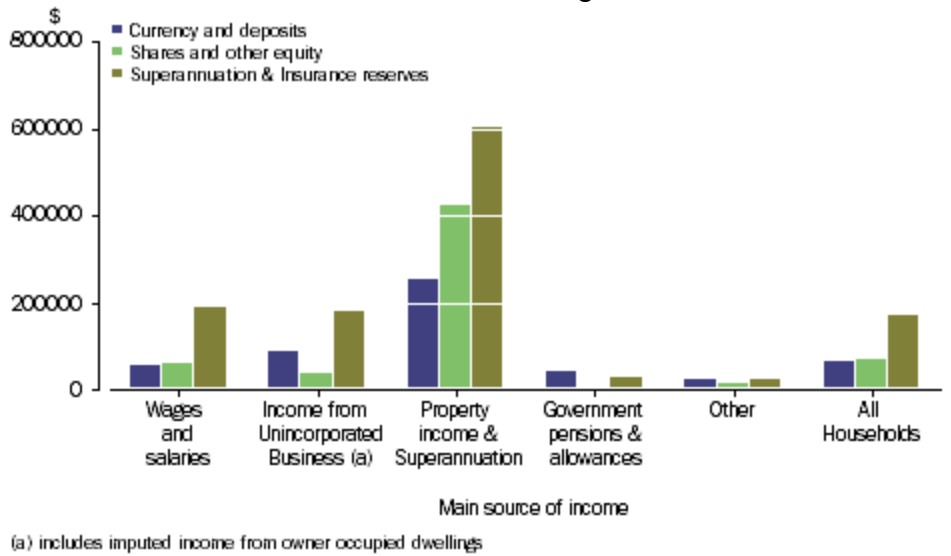
(a) includes imputed income from owner occupied dwellings

In 2009-10, currency and deposits, shares and other equity, and superannuation and insurance reserves, holdings averaged, $68,435, $69,748 and $173,932 respectively, for all households. Households where main source of income (MSI) was property income and superannuation, wages and salaries, income from unincorporated business, and government pensions and allowances, on average, the superannuation and insurance reserve balances were $603,743, $190,490, $182,434 and $32,222 respectively. Households where MSI was government pensions and allowances, the largest financial asset was currency and deposits, on average the holdings were, $44,648, which was 65% of the average currency and deposit balances for all households.

FINANCIAL ASSETS - Household average, household composition
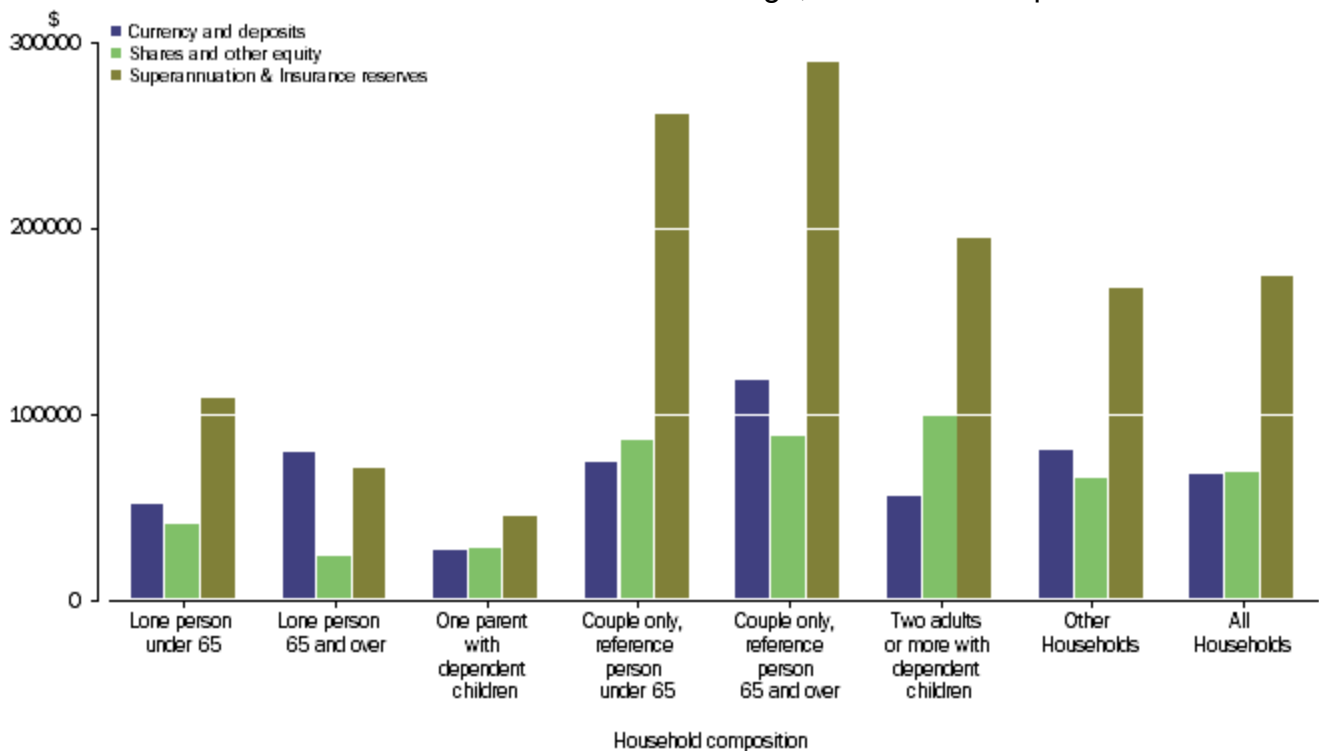
Couple only households where the reference person was 65 years and over, had the largest balances in superannuation and insurance reserves, on average, the balances were $289,770, which was 1.67 times the average for all households, $173,932. These households were followed closely by couple only households where the reference person was under 65 years, on average, their balances were $261,936, which was 1.51 times the average for all households. Lone person households where the reference person was over 65 years, on average, the superannuation and insurance reserves balances were, $71,191, which was 41% of the average for all households. Households with two adults or more with dependent children, on average superannuation and insurance reserves balances were $194,753, which was 1.12 times the average for all households.

FINANCIAL ASSETS - Household average, age of household reference person
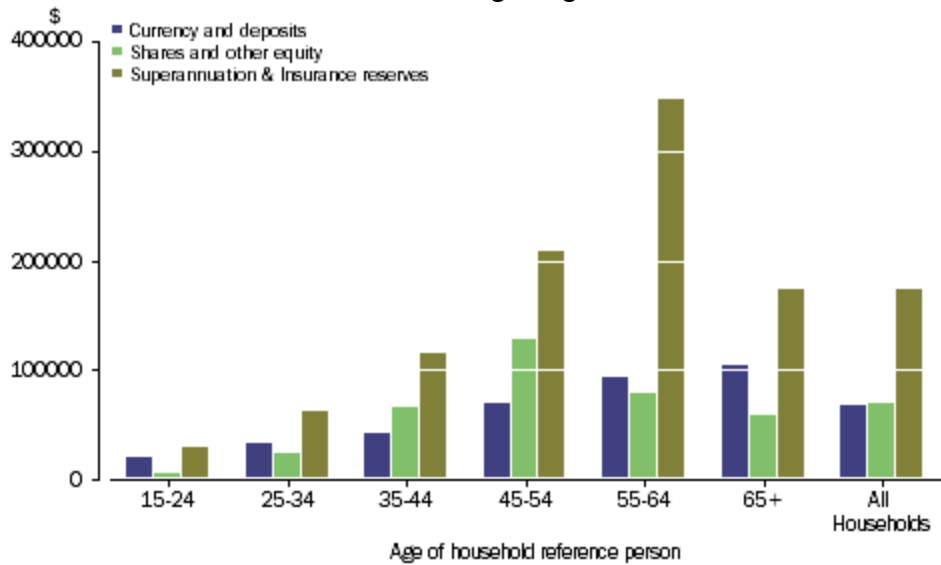
The largest holdings of shares and other equity was by households where the age of reference person was 45-54 years, on average, shares and other equity assets were $128,328, which was 1.84 times the average shares and other equity holdings for all households, $69,748. For households where the reference person was 55-64 years, shares and other equity holdings were 1.14 times the average of all households, and for households where the reference person is 65 years and more, shares and other equity holdings fell to 85% the average of all households.

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(c) Liabilities - Loans

LIABILITIES - LOANS - Household average, main source of income

(a) includes imputed income from owner occupied dwellings
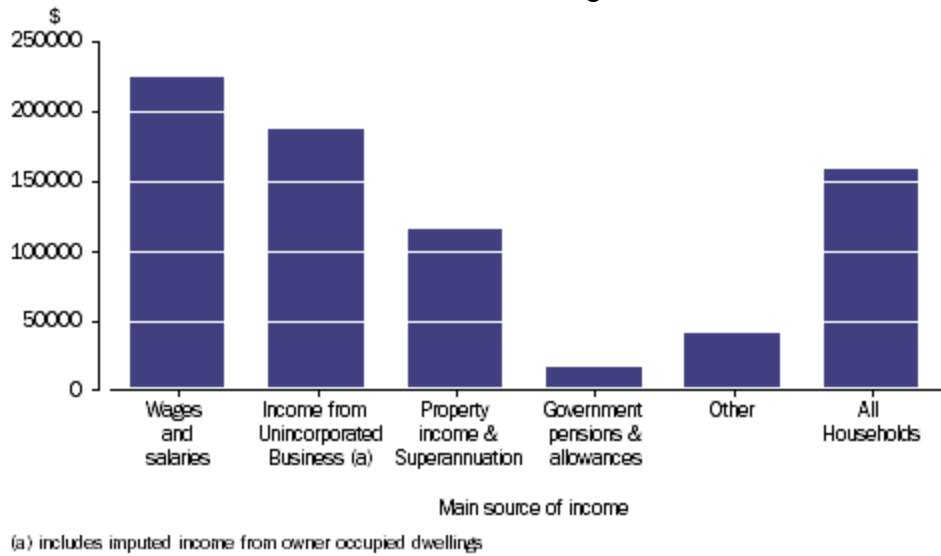
In 2009-10, loan liabilities averaged $159,345 for all households, majority of these household loans were for dwellings. Households where main source of income (MSI) was wages and salaries, loan liabilities on average were $224,224, which was 1.41 times the average for all households. Households with MSI from government pensions and allowances, loan liabilities on average were $16, 656, which was 10% of the average for all households.

LIABILITIES - LOANS - Household average, household composition
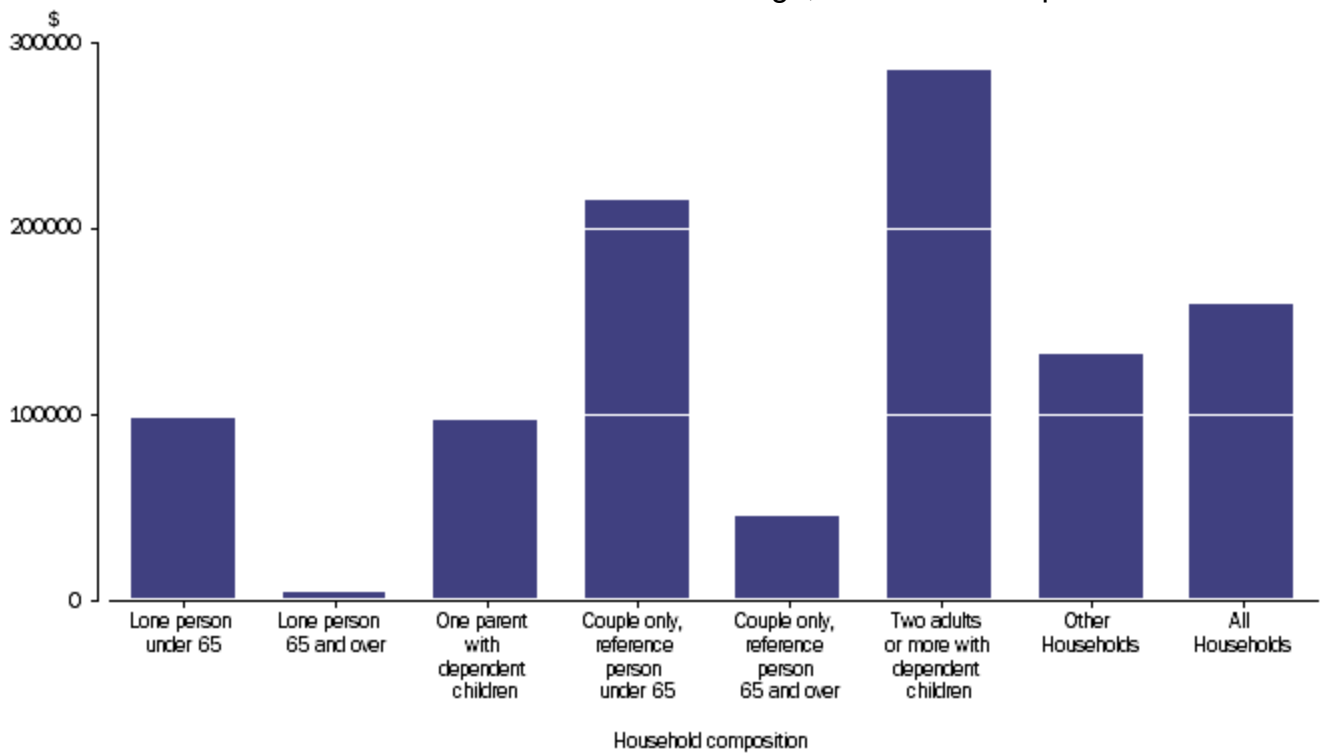
Households with two adults or more with dependent children, on average loan liabilities were $285,867, which was 1.79 times the average loans for all households, $159,345. Lone person households where the reference person was under 65 years, and one parent households with dependent children, loan liabilities were 62% and 61% respectively, of the average for all households.

LIABILITIES - LOANS - Household average, age of household reference person
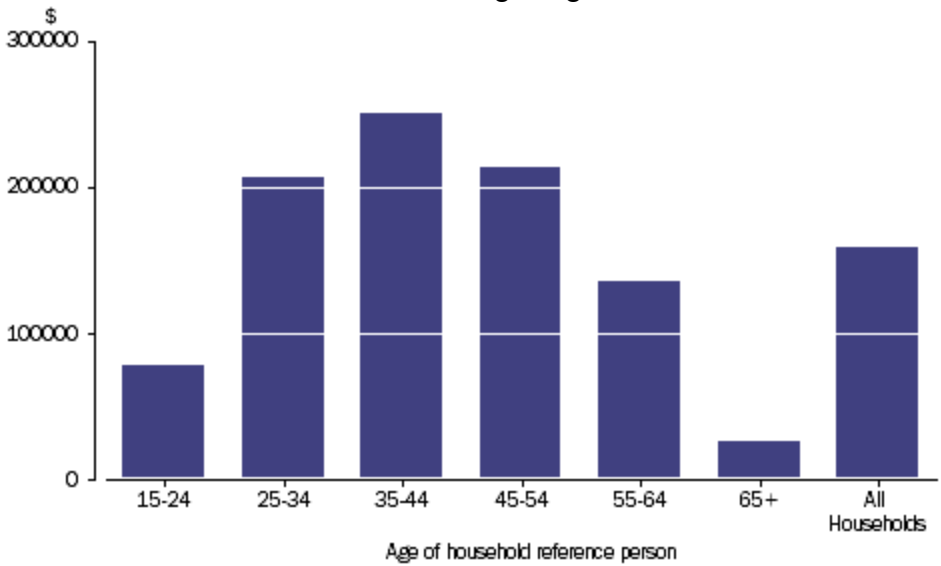
Households where the age of reference person was 35-44 years, on average the loan liabilities were $251,438, which was 1.58 times the average for all households, $159,345. Households where the age of reference person was 15-24 years, on average the loan liabilities were $78,805, which was 49% of average for all households.

(d) Net Worth

NET WORTH - Household average, main source of income

(a) includes imputed income from owner occupied dwellings
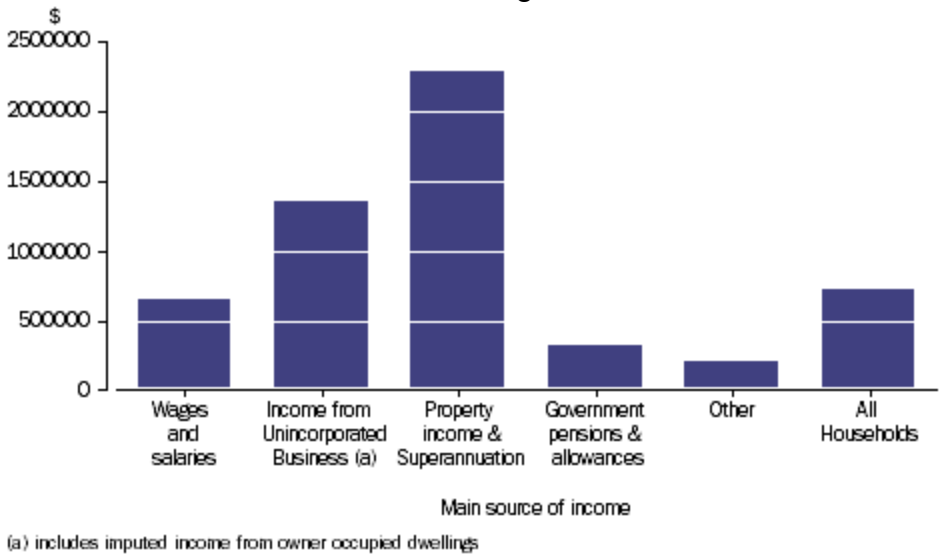
In 2009-10, net worth averaged $720,634 for all households. Households where main source of income (MSI) was property income and superannuation, net worth on average was $2,283,628, which was 3.17 times the average for all households. Households with MSI from wages and salaries, net worth on average was $647,098, which was 90% of the average net worth for all households.

NET WORTH - Household average, household composition
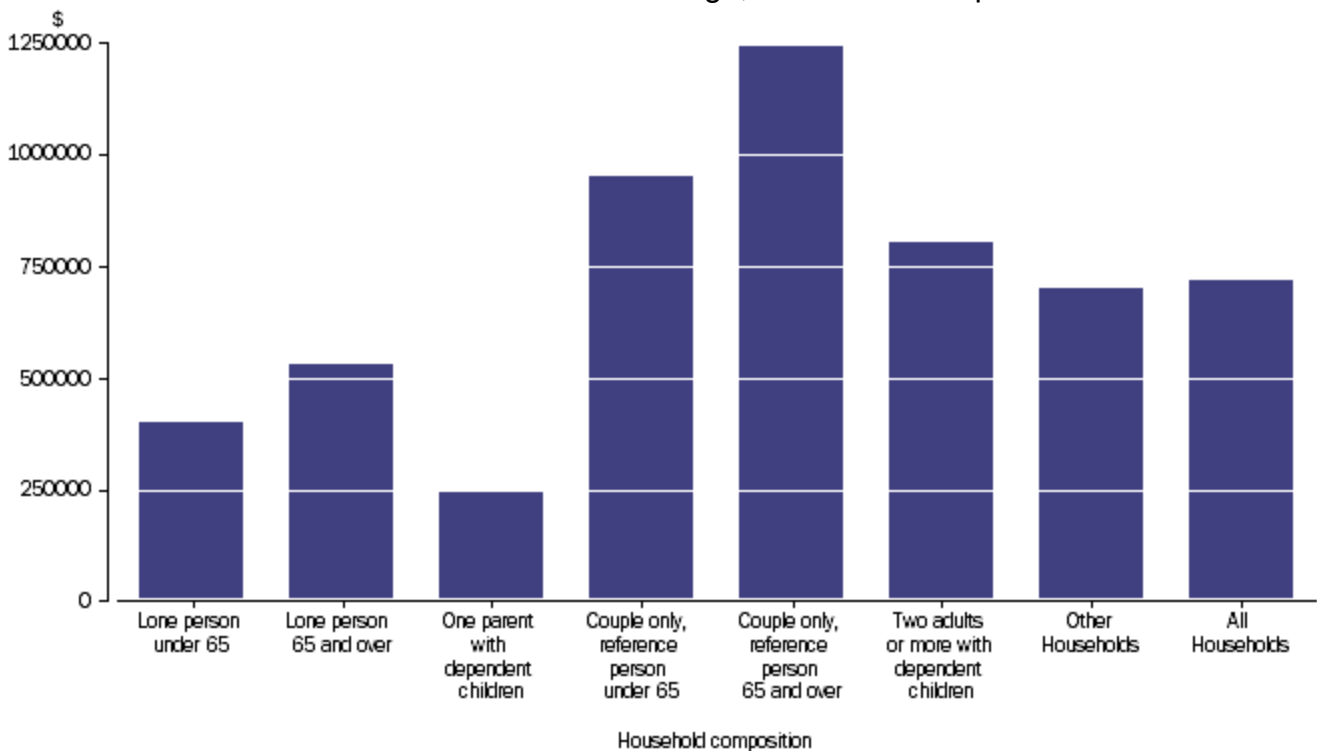
For couple only households where the reference person was 65 years and over, on average, net worth was $1,241,592, which was 1.72 times the average net worth for all households, $720,634. Lone person households where the reference person was over 65 years, and one parent households with dependent children, net worth was 73% and 34%, respectively of the average net worth for all households.

NET WORTH - Household average, age of household reference person
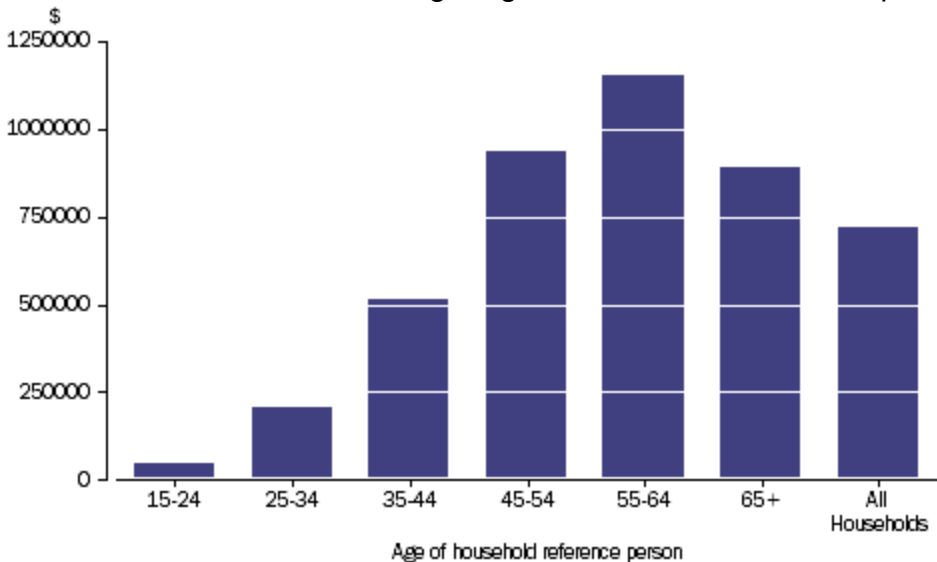
Households where the age of reference person was 55-64 years, on average net worth was $1,153,427, which was 1.6 times the average net worth for all households, $720,634. Households where the age of reference person was 25-34 years and 35-44 years, on average, net worth was $206,270 and $516, 828, which was 29% and 72%, respectively of average net worth for all households.

Chapter 4 - Data Sources and Methodology: Distribution of the Household National Accounts Estimates

CHAPTER 4 — DATA SOURCES AND METHODOLOGY: DISTRIBUTION OF THE HOUSEHOLD NATIONAL ACCOUNTS ESTIMATES

OVERVIEW OF METHODOLOGY

Current price household estimates for income, consumption and wealth from the Australian System of National Accounts, 2011-12 (cat. no. 5204.0), for the year 2009-10 was distributed for five household distributional indicators based on data from the ABS Survey of Income and Housing and ABS Household Expenditure Survey. Estimates for non-profit institutions serving households (NPISH) included in the household sector in the 5204.0 estimates were removed from the household national accounts in this information paper.

The household national accounts estimates (macro) and the corresponding ABS household survey estimates (micro) were compared, and coverage ratios (micro/macro) calculated. For some items, the macro and or micro estimates were adjusted to derive the most relevant common scope for comparison. The corresponding micro household items were sub sectored into the following household groups: main source of income; equivalised income quintiles; household composition; age of household reference person; and equivalised net worth quintiles. .

The Australian System of National Accounts (ASNA) household components and aggregates were distributed to the five household groups:

- directly using the distribution of the equivalent micro component when the coverage ratio was considered adequate, for example, social assistance benefits;
- indirectly by a related micro distribution when there was no direct micro distribution information for the national accounts item, for example the national accounts item non-life insurance claims were distributed using the micro distribution for total insurance premiums paid;
- indirectly by creating a micro distribution ('synthesised') based on related micro distribution, for example, synthesised micro distribution was created for the national accounts item financial intermediation services indirectly measured (FISIM) for consumer loans; and
- by the corresponding aggregate distribution for income (disposable income), consumption (final consumption expenditure), assets (total assets) and liabilities (total liabilities), when micro distributions either directly or indirectly are not available. For these national accounts items, the inclusion or exclusion of the item did not impact on the distribution of the national accounts aggregates.

The very remote communities and people living in non-private dwellings, populations that were out of scope of the micro surveys (1% and 1.5%, respectively of the resident population), were excluded from the ASNA estimates and distributed separately using data from the **2011 ABS Census of Population and Housing**. These distributions were then added to the ASNA distributions based on the micro surveys to obtain the final distribution of the ASNA household income, consumption and wealth estimates.

MACRO DATA SOURCES - ASNA HOUSEHOLD ACCOUNTS

Current price estimates for income, consumption and wealth were sourced from the household sectoral tables: income account; final consumption expenditure; adjusted disposable income account; and balance sheet from the 2011-12 issue of the Australian System of National Accounts (cat. no. 5204.0). Appendix 2 provides the ASNA components of income, consumption and wealth that were distributed. ASNA household estimates measure the resident population living in private dwelling households, institutional households (e.g. long term patients in hospitals and people in retirement homes), unincorporated enterprises and non-profit institutions serving households (NPISH). NPISH estimates are included in the ASNA household sector due to the lack of sufficient data to enable the construction of a full range of sector accounts for NPISH activities. For an explanation of the concepts, sources and methods for the ASNA items see Australian System of National Accounts, Concepts, Sources and Methods, Australia 2012, Edition 3 (cat. no. 5216.0).

MICRO DATA SOURCES - ABS HOUSEHOLD SURVEYS

Micro information was sourced from the cross sectional 2009-10 ABS Survey of Income and Housing (SIH) and 2009-10 Household Expenditure Survey (HES). The SIH and HES collect information from individual households which was used to formulate distributional information of income, expenditure and wealth across the population and between various population subgroups. Both surveys collect detailed information about income, assets, liabilities and household characteristics of persons aged 15 years and over resident in private dwellings throughout Australia, however the main focus of the HES is consumption expenditure.

The study also utilised information from four household publications based on the SIH and HES:

- Household Income and Income Distribution, Australia, 2009-10 (cat. no 6523.0);
- Household Expenditure Survey, Summary of Results, Australia, 2009-10 (cat. no 6530.0);
- Household Wealth and Wealth Distribution, Australia, 2009-10 (cat. no 6554.0); and
- Government Benefits, Taxes and Household Income, Australia, 2009-10 (cat. no 6537.0).

The concepts and definitions relating to income, consumption, net worth, government benefit and taxes and households are included in the explanatory notes and glossary in the above publications. The survey methodology and reliability of estimates for SIH are described in explanatory notes in 6523.0 and 6554.0 and for HES in 6530.0

The household surveys exclude part of the population that was covered in the ASNA, the survey out of scope population relate to those individuals living in non-private dwellings (such as hotels, boarding schools, boarding houses and institutions), and those living in very remote communities. In the 2009-10 surveys, the out of scope population was approximately 3% of the resident population.

The SIH and HES do not provide information for a number of items that are part of the national accounts definition of income, consumption and wealth, for example, employer imputed social contributions, financial intermediation services indirectly measured (FISIM), property income attributed to insurance policy holders and fixed assets such as cultivated biological resources. These components are missing from household surveys due to conceptual and practical reasons. For example, compilers of micro statistics consider that some national accounts components that are useful to describe the economy as a whole, such as FISIM, are not relevant when the focus is the economic behaviour of households. On the other hand, property income attributed to insurance policy holders is missing from micro estimates because the information is difficult to collect or impute.

The income estimates from the micro sources included in the information paper include imputed rent for owner occupied housing and subsidised private rentals. This aligns with the definition of income included in ABS cat. no. 6537.0, but is broader than the definition used in the other household survey publications (e.g. cat. no. 6523.0). The micro income estimates include the following components that are not in scope of the ASNA, income from superannuation, annuities, private pensions and income from family members not living in the household, and excludes, income in scope of the ASNA such as imputed property income on investment income earned by insurance policy holders and financial intermediation services indirectly measured (FISIM). As a consequence, the income variable used to classify households into groups are not fully consistent with the national account income aggregates.

Divergences are also observed between survey and national accounts estimates because the micro surveys follow different classification rules to the national accounts for equivalent estimates. For example, wages and salaries reported in the surveys include workers' compensation received through the payroll, where as workers' compensation payments are a separate item in ASNA income accounts; unlike the survey estimates, dividends in the ASNA do not include imputation credits. However, for consumption estimates used in this information paper, there was generally good alignment between the micro and macro estimates. The initial HES data is coded to a detailed household expenditure classification (HEC), and then concorded to the United Nations' Classification of Individual Consumption by Purpose (COICOP) which is the classification used in ASNA. Other divergences that occur between micro data and national accounts reflect differences in valuations, for example imputed rent for owner occupied housing and, statistical adjustments applied, for example for non-response and sampling error.

DISTRIBUTION METHODOLOGY FOR HOUSEHOLD NATIONAL ACCOUNTS

To distribute the national account estimate by the five household groups (main source of income, equivalised income quintiles, household composition, age of household reference person, and equivalised quintiles) five steps were followed.

Step 1: Scope adjustment to national account aggregates and components

The ASNA household income, consumption and wealth estimates from 5204.0 for 2009-10 were adjusted to remove transactions related to NPISH, people living in non-private dwellings (such as nursing homes, hotels, boarding houses and institutions) and very remote communities. The household micro data used for distribution into household groups does not include these populations, and it was assumed that this out of scope population have income, consumption and wealth patterns that differ from those of the population covered by micro sources.

Non-profit institutions serving households (NPISH)

The NPISH income component, current transfers to non-profit institutions from general government and public corporations were directly removed from the household income account. The NPISH estimates for interest, dividends, income tax and other current transfers were modelled for 2009-10 from estimates in the Australian System of National Accounts: Non-Profit Institutions (NPI) Satellite Account, 2006-07 (cat. no 5256.0). The modelled NPISH estimates were removed from the income estimates in the household income account.

The ASNA household consumption estimates for education, health, transport and accommodation services were adjusted for NPISH. The

estimates for current grants from general government were sourced from ABS Government Finance Statistics and the estimates for grants and donation from corporations and households were modelled from 2006-07 NPI satellite account. The final consumption estimates taken out for NPISH were then included in the household adjusted disposable income account as social transfers in kind provided by NPISH for education, health and other services.

The 2009-10 NPISH assets and liability estimates were modelled on the 2006-07 NPI satellite account, and experimental information on NPISH non-financial assets published in the ABS, Working Paper in Econometrics and Applied Statistics, Working Paper No. 2002/1, Experimental Estimates of the Distribution of Household Wealth, Australia, 1994-2000 (cat no. 1351.0). The modelled estimates were removed from the household balance sheet.

People living in non-private dwellings and very remote communities

For people living in non-private dwellings (NPD), and very remote communities (VRC), income, consumption and wealth components were calculated using demographic and economic information from the **2011 ABS Census of Population and Housing** (2011 Census). It was assumed that the economic and demographic structure of the Australian population would have experienced minimal change since the financial year 2009-10 up to August 2011 (month the 2011 Census was undertaken).

The out of scope population for VRC were split into indigenous and non-indigenous communities. The NPDs were separated into three categories, institutions related to health and aged care, welfare institutions, and other. Corrective institutions such as prisons were excluded from the NPD estimates as the census data recorded minimal to nil income for inmates; the consumption expenditure for inmates were classified in ASNA as government final consumption expenditure; and it was assumed that their balance sheet (i.e. wealth) would be insignificant.

Shares of the NPDs and VRC (to the whole of Australia) were calculated from 2011 Census data, for population, employment status, age profile, and home ownership. The estimates were then used to calculate out of scope income, consumption and wealth components that were removed from the national accounts aggregates.

The following information from 2011 Census were used for VRC:

- number of families usual place of residency by tenure type;
- number of person, place of usual residence by employment; by total populations; 15 years and over and; 55 years and over;
- dwelling location on census night; and
- household family composition.

The following information from 2011 Census were used for NPDs:

- number of person, place of usual residence by employment; by total populations; by 55 years and over; and
- number of person, place of usual residence, 15 years and over in selected NPDs.

Step 2: Comparison of macro and micro estimates

The national accounts household income, consumption and wealth estimates (macro) after step 1, was compared to the corresponding household survey estimate (micro). Raw coverage ratios, that is the micro estimate divided by the macro estimate as a percentage were then calculated to assess the correlation between the two estimates. For some items, 'adjusted' coverage ratios were calculated, for these components further adjustments were made to macro or micro (or both) estimates to enable the most relevant common scope for comparison. The 'raw' and 'adjusted' coverage ratios are published in electronic table 9. A coverage ratio between 75% to 125% indicates good alignment between the micro and macro estimate, and therefore direct distribution using the micro distributional household indicator would be the chosen methodology. For example, the adjusted coverage ratio for social assistance benefits was 84% and was directly distributed to the household groups using the survey micro distributional information. However, bias could occur if under coverage or other reporting errors differ between household groups in the distributional indicator.

The ABS publications based on 2009-10 SIH and HES publish a comparison between the ASNA and corresponding survey estimate for income (Appendix 5, cat. no. 6523.0), consumption (Appendix 3, cat. no. 6530.0) and wealth (Appendix 3, cat. no. 6554.0). The ASNA estimates in the appendices are from the 2009-10 release of cat. no. 5204.0 (released on 28 October 2011) and are not adjusted for populations not in scope of the surveys and some NPISH estimates are still included. The coverage ratios published in these publications are marginally different to those presented in electronic table 9 in this information paper. Despite these differences, the appendices should be referenced for a detail description of the main scope, definitional and methodological difference between the micro and macro estimates .

Step 3: Create household groups for the micro estimates

The corresponding micro estimates to the ASNA income, consumption and wealth estimates are sub sectored into five household groups: main source of income; equivalised income quintiles; household composition; age of household reference person; and equivalised net worth quintiles. The household groups are created using information available at the individual and at the household level in micro sources. The criteria pursued in the choice of the households groups selected for this information paper were to:

- identify household groups that have different consumption, saving, and wealth patterns;
- allow users to easily identify themselves in a single group;
- compare income, consumption and wealth components across groups and;
- make direct comparison between income and wealth quintiles.

The groups selected are also considered useful for economic analysis and policy purposes.

Main Source of Income (MSI)

Households are classified according to the main source of income for the household as a whole. The five income sources identified were wages and salaries, income from unincorporated business, property income and superannuation, government pensions and allowances, and other. The MSI categories selected in this information paper are different to the MSI categories published in the ABS micro publications 6523.0, 6530.0, 6554.0 and 6537.0. The differences are: micro publications do not separate the MSI category 'property income and superannuation', they are included in the micro category 'other'; the micro category for MSI 'own unincorporated business income' does not include imputed income from owner occupied dwelling, those households are included in micro category 'other'. Table 4.1 below illustrates the major micro components, number of households and value in each category of the MSI used in this information paper, the information in column 2 to 4 are from ABS micro sources.

Table 4.1, Components of Main Source of Income

Main source of income (2009-10)	Micro components (major)	Number of households	Value, $b

Wages and salaries	• Employee income	5 170 111	546.6
Income from unincorporated business	• Unincorporated business income • Imputed income from owner occupied dwelling.	650 298	81.2
Property income and superannuation	• Dividends from own incorporated business and trusts • Interest from financial institutions • Dividends • Trust income • Property • Superannuations, annuity and private pensions	560 608	61.2
Government pensions and allowances	• Australian government pensions and allowances • Overseas pensions and allowances	2 206 819	79.2
Other	• Income from family members not living in the household • Child support and maintenance • Scholarships • Workers' compensation	131 133	11.4

Equivalised Income Quintiles

Households were classified according to the level of their equivalised disposable income (EDI) as it enabled comparison of the relative economic well-being of households of different sizes and composition. EDI was calculated by adjusting disposable income by the 'modified OECD' equivalence scale. The scale assigns a value of 1 to the household head, 0.5 to each additional adult member and 0.3 to each child under 15. The scale reflects the requirement for a larger household to have a higher level of income to achieve the same standard of living as a smaller household. When household income is adjusted according to the equivalence scale, the equivalised income can be viewed as an indicator of economic resources available to a standardised household. For a single person household, it is equal to income received. For a household comprising more than one person, equivalised income is an indicator of household income that would be required by a single person household in order to enjoy the same level of economic well-being as the household in question. To obtain EDI quintiles, households were ranked according to the value of the equivalised disposable income and grouped into quintiles, each quintile comprised the same number persons, that is the quintiles were person weighted. For more information on the use of equivalence scales, see Appendix 3 in Household Income and Income Distribution, Australia, 2009-10 (cat. no 6523.0).

Household Composition

Households were classified according to three criteria: the number of adults in the household; the age of the adults; and the presence of children living at home. Seven household sub-groups are distinguished:

- lone person under the age 65;
- lone person aged 65 and older;
- one parent with dependent children (may also include non-dependent children, other relatives and unrelated individuals);
- couple only reference person under the age of 65;
- couple only reference person 65 and over;
- two adults or more with dependent children (may also include non-dependent children, other relatives and unrelated individuals); and
- other households (mainly consists of two or more unrelated persons over the age of 15).

Age of reference person in household

Households are classified according to six household sub-groups by age in the following years:

- 15-24;
- 25-34;
- 35-44;
- 45-54;
- 55-64; and
- 65 and older.

The reference person for each household is chosen by applying to all household members aged 15 years and over, the selection criteria below, in the order listed, until a single appropriate reference person is identified:

- the person with the highest tenure when ranked as follows, owner without a mortgage, owner with a mortgage, renter, other tenure;
- one of the partners in a registered or de facto marriage, with dependent children;
- one of the partners in a registered or de facto marriage, without dependent children;
- a lone parent with dependent children;
- the person with the highest income;
- the eldest person.

Equivalised Net Worth Quintiles (ENW)

Household equivalised net worth is calculated by adjusting net worth by application of the 'modified OECD' equivalence scale. The same methodology is applied to calculate equivalised net worth as described for equivalised disposable income quintiles. To obtain ENW quintiles, households were ranked according to the value of their equivalised net worth and grouped into quintiles, each quintile comprises the same number persons, that is the quintiles are person weighted.

It is generally accepted that the appropriate presentation of income quintiles should be in terms of equivalised income. However, there is far less agreement about delineating wealth quintiles in equivalised terms. For example, the new guidelines for household wealth released by the OECD do not provide a definitive recommendation on equivalising wealth. The following excerpt is taken from the **OECD Guidelines for Micro Statistics on Household Wealth, 2013,** Chapter 7.3.6 on equivalence scale.

In the case of household income, there are internationally recognised equivalence scales that are used to standardise the estimates with respect to household size and composition while taking into account the economies of scale that arise from living

together, in particular through the sharing of dwellings. In the case of household wealth, however, no internationally agreed equivalence scales exist, and there is no consensus on whether the scales used for income are appropriate for wealth. In studies jointly analysing income and wealth, the equivalence scale applied to income is also applied to wealth (OECD, 2013).

The use of equivalence scales in the case of wealth depends on the purpose of the analysis. Equivalence scales should not be used when analysing the characteristics of individual components of wealth. If, on the other hand, wealth is treated as a source of income streams that can be used to finance consumption and contribute to economic well-being in the household, wealth might be equivalised just as income. Equivalised estimates are often expressed in terms of single-person household equivalents (i.e.. the level of wealth that would be required by a lone person household to have the same level of economic well-being as the household in question). Failure to equivalise could provide a misleading picture of the distribution of wealth, for example by overstating the share of single-person households at the bottom of the distribution.

In this information paper, equivalised net worth was used as the preferred household distributional indicator as the paper jointly analyses and presents household quintiles for income and wealth. A major argument for equivalising household wealth is that it does affect current economic well-being in some circumstances as it provides a buffer if income streams are disrupted and is likely to affect consumption decisions. However, it is recognised that wealth is generally accumulated over the working life of households so the end beneficiaries are not necessarily those present in the current household and therefore the use of the income equivalisation scale for wealth is not as appropriate when analysing long term beneficiaries of wealth.

Step 4: Allocation of the scope adjusted national accounts estimates to the five household groups

The scope adjusted national accounts estimates for income, consumption and wealth were distributed using the micro distributional information of the five household groups by:

- Method A - directly using the distribution of the equivalent micro component when the coverage ratio was considered adequate, that was generally when the ratio over 50%.
- Method B - indirectly by a related micro distributions, when there was no direct micro distribution information for the national accounts item. It was assumed that the distribution of a related micro item would be similar to a distribution of the micro item that was not available.
- Method C - indirectly by creating a micro distribution ('synthesised') based on related micro distribution. It was assumed that the distribution of synthesised micro item would be similar to a distribution of the micro item that was not available.
- Method D - by the corresponding aggregate distribution for income (disposable income), consumption (final consumption expenditure), assets (total assets) and liabilities (total liabilities), when distributions either directly or indirectly are not available. For these national accounts items, the inclusion or exclusion of the item did not impact on the distribution of the national accounts aggregates.

Tables 4.2, 4.3, 4.4 and 4.5 below summarise the methodology used to distribute ASNA income, consumption and wealth estimates.

Table 4.2, Income Accounts - Income

ASNA Item	Method	Micro Distributional Component
Gross operation surplus(GOS) of dwelling owned by person	- A - income from residential property, derived by removing macro components from GOS - A and B for macro items added back to calculate GOS.	- net income on residential property - expenditure on water and sewerage service - expenditure on house insurance premiums - principle outstanding on dwelling and rental property loans
Gross mixed income (GMI)	- A - net business income, derived by removing(and or adding) macro components from GMI - B for macro items removed/added back to calculate GMI	- net business income - value of own unincorporated business - imputed rent for owner- occupiers
Compensation of employees	- A - wages and salaries - B - employers' social contribution	wages and salaries
Property income receivable: interest	- A - interest receivable by persons - B - interest receivable by unincorporated enterprises	- interest received - net business income
Property income receivable: imputed Interest	- B - investment income from superannuation, life insurance; and imputed interest for unfunded government superannuation. - B- investment income from non-life insurance	- balance of accounts with superannuation funds - expenditure on insurance premiums
Property income receivable: dividends	A	dividend
Property income receivable: reinvested earnings	B	dividend
Property income receivable: rent on natural assets	B	net business income
Secondary income receivable :social benefits - workers' compensation	B	wages and salaries
Secondary income receivable :social benefits - social assistance benefits	- A - social assistance benefits adjusted to align to micro component Australian government pensions and allowances. - A - private health insurance rebate and child care benefit (added back to social assistance benefits).	- Australian government pensions and allowances. - private health insurance rebate - child care benefit
Secondary income receivable: non–life insurance claims	B	expenditure on insurance premiums
Secondary income receivable: other current transfers	A - majority of other current transfers is from overseas, item includes transfers from NPISH	- overseas pensions and benefits - scholarships
Property income payable: interest-dwellings	B	principle outstanding on dwelling and rental property loans
Property income payable: interest- consumer debt	B	principle outstanding on investment loans

		• principle outstanding on loans for vehicle
		• principle outstanding on loans for other purposes
		• amount of credit card debt
		• amount HECS liability
		• amount of student financial supplement liability
Property income payable: interest- unincorporated enterprises	• B	• net business income
Secondary income payable: income tax	• A	• income taxes paid
Secondary income payable: other current taxes on income, wealth, etc.	• A - majority of other current taxes is licences to own or use vehicles, boats or aircraft.	• compulsory registration paid for motor vehicles, motor cycles, caravan and trailer
Secondary income payable: social contributions - workers' compensation	• B	• wages and salaries
Secondary income payable: net non–life insurance premiums	• B	• expenditure on insurance premiums
Secondary income payable: other current transfers	• A - Part of other current transfers paid to general government separated to align to micro component fines. • D - other current transfers from NPISH and overseas, distributed on macro gross disposable income.	• fines

Table 4.3, Income Accounts - Final Consumption Expenditure

ASNA Item	Method	Micro Distributional Component
Food	• A	• food and non-alcoholic beverages
Cigarettes and tobacco	• A	• tobacco
Alcoholic beverages	• A	• alcoholic beverages
Clothing and footwear	• A	• clothing and footwear
Actual rent for housing	• A	• actual rent for housing
Imputed rent for owner- occupiers	• A	• imputed rent for owner- occupiers
Water and sewerage services	• A	• water and sewerage services
Electricity, gas and other fuel	• A	• electricity, gas and other fuel
Furnishings and household equipment	• A	• furnishings and household equipment
Health	• A	• health
Purchase of vehicles	• A	• purchase of vehicles
Operation of vehicles	• A	• operation of vehicles
Transport services	• A	• transport services
Communications	• A	• communications
Goods for recreation and culture	• A	• goods for recreation and culture
Recreational and cultural services	• A	• recreational and cultural services
Books, papers, stationery and artists goods	• A	• books, papers, stationery and artists goods
Education services	• A	• education services
Catering	• A	• catering
Accommodation services	• A	• accommodation services
Insurance	• B - Excluding any taxes that are included in the macro component, approximately 60% of the consumption of insurance is superannuation and 15% is life insurance and 25% is non-life insurance.	• balance of accounts with superannuation funds • insurance premiums
Other financial services	• A - Excluding any taxes that are included in the macro component, approximately 15% of the consumption of other financial services are direct charges • C- Excluding any taxes that are included in the macro component, approximately 85% of the consumption of other financial services are FISIM of consumer loans and deposits.	• financial services n.e.c • synthesised micro FISIM (derived from consumer loans and deposits balances)
Other goods and services	• A	• personal care • personal effects n.e.c • other services n.e.c

Table 4.4, Adjusted Disposable Income Account

ASNA Item	Method	Micro Distributional Component
Social transfer in kind - health	• B - social transfers in kind adjusted to include NPISH	• health social transfers in kind provided by general government (excluding private health insurance rebate)
Social transfer in kind - education	• B - social transfers in kind adjusted to include NPISH	• education social transfers in kind provided by general government
Social transfer in kind - other	• B - social transfers in kind adjusted to include NPISH	• other social transfers in kind provided by general government (excluding child care benefit)

The micro distributional components for social in transfers in kind were modelled from survey and other data sources such as ABS Government Finance Statistics, for further information on the micro distributional components please refer to cat. no. 6537.0.

Table 4.5, Balance sheet

ASNA Item	Method	Micro Distributional Component
Non - financial assets: produced fixed dwellings	• B	• total value residential property (estimated sale price of dwelling plus value of residential property excluding selected dwellings)
Non - financial assets: produced fixed -ownership transfer costs	• B	• total value residential property (estimated sale price of dwelling plus value of residential property excluding selected dwellings)
Non - financial assets: produced fixed -non-dwelling construction	• B	• value of non- residential property
Non - financial assets: produced fixed -machinery and equipment	• B	• value of own unincorporated business (net of liabilities)
Non - financial assets: produced fixed -cultivated biological products	• B	• value of own unincorporated business (net of liabilities)
Non - financial assets: produced fixed -intellectual property products	• B	• value of own unincorporated business (net of liabilities)
Non - financial assets: produced -inventories	• B	• value of own unincorporated business (net of liabilities)
Non - financial assets: non-produced-lands	• B, the macro land component, approximately 90% residential, 2% commercial and 8% rural.	• total value residential property (estimated sale price of dwelling plus value of residential property excluding selected dwellings) • value of non- residential property • value of own unincorporated business (net of liabilities)
Non - financial assets: non-produced-native standing timber	• B	• value of own unincorporated business (net of liabilities)
Financial assets: currency and deposits	• A	• total accounts with financial institutions
Financial assets: securities other than shares	• A	• value of debentures and bonds
Financial assets: loans and placements	• D -distributed on macro total financial assets	
Financial assets: shares and other equity	• A, the macro share component, approximately 30% of shares (listed), 60% of shares in unlisted private corporations shares and 10% of shares other unlisted shares.	• value of shares • value of own incorporated business (net of liabilities) • value of trusts.
Financial assets: insurance technical reserves	The macro insurance technical reserve component: • A, superannuation reserves (approximately 75% of total). • B, remaining 25% of reserves (18% unfunded superannuation, 3 % life insurance reserves and 4% non-life insurance reserves).	• balance of accounts with superannuation funds • expenditure on insurance premiums
Financial assets: accounts receivable	• B	• value of own unincorporated business (net of liabilities)
Liabilities: securities other than shares	• D -distributed on macro total financial liabilities	• value of own unincorporated business (net of liabilities)
Liabilities: loans and placements	• A	• principle outstanding loans on selected dwellings • principle outstanding on rental property loans • principle outstanding on other property loans • principle outstanding on investment loans • principle outstanding on loans for vehicle purchases • principle outstanding on loans for other purposes • amount of credit card debt • amount HECS liability • amount of student financial supplement liability
Liabilities: accounts payable	• B	• value of own unincorporated business (net of liabilities)

Step 5: Distribution of the out of scope population.

For people living in non-private dwellings (NPD), and very remote communities (VRC): the disposable income (derived from Step 1) was 0.7% and 0.8% of total household disposable income; 1.0% and 1.1% of total consumption expenditure; and 0.8% and 0.6% of total net worth. As discussed in Step 1, it was assumed that the distribution pattern for NPD and VRC would differ from the population covered by micro sources and therefore separate distributions for the five household groups were derived to add back into the macro distributions derived from the micro surveys. Despite the contribution of these population groups being approximately only 1% to the national account aggregates such as disposable income, it is important to include these distributions as the aim of this study is to distribute fully the ASNA household estimates.

Information from the 2011 Census (specified in Step 1) are used to derive economic and demographic profiles for the NPD and VRC categories and the whole of Australia.

The following profiles and the share of the population and households in each profile are derived:

- income quintiles from the income ranges reported in the census data were calculated;
- main source of income (wages and salaries, unincorporated business, property income, government allowances and pensions and other);
- tenure type (owned outright, owned with mortgage, being purchased under rent/buy schemes, rented, occupied rent free and other);
- household composition (same classification as micro surveys); and
- age of household reference person (same classification micro surveys).

The information from the profiles above indicated that the non-indigenous VRC were very similar to Australia as a whole, therefore their income, consumption and wealth estimates were distributed on the basis of the micro data (as described in Step 4).

The census profiles for indigenous VRC, health and aged care institutions, welfare institutions and other NPDs are used to distribute the national accounts 'out of scope' estimates (calculated in Step 1) into the five household groups. Distribution for some components required additional assumptions and imputation as detail data required was not available. For NPDs, it was assumed that the individual population count equated to equivalent number of households.

METHODOLOGICAL ISSUES

The methodology used in this study to allocate the national accounts totals raised the following methodological issues:

(1) The household distributions were estimated for income, consumption and wealth using both the SIH and HES. The income and consumption components were then combined to estimate the national accounts aggregates, e.g. adjusted disposable income, actual final consumption and saving by household groups. The approach assumed that for each household group the two surveys used describe on average, the same type of households. If in reality, the households in the SIH were different from the households in the HES, there would be an impact on the accuracy of the derived national accounts aggregates such as gross saving. Further, some irregularly purchased items (for example, motor vehicles) in the HES can be impacted by small variations in the household sample that reported such expenditure, particularly in analysis of sub-populations. This in turn would have impacts on any derived national accounts aggregates.

(2) The robustness of the macro distributional information derived from the micro sources depends on the sample sizes of the surveys, when disaggregated survey estimates were used, in some instances, the micro distribution utilised for household groups had significant standard errors.

(3) Methods B and C described in this chapter, under section 'The distributional methodology of the household national accounts' step 4, were based on assumptions about similarities in distributional patterns between macro components. In some cases, the assumption may not be robust but were applied as a 'best' method available due to lack of source data. This issue was identified in particular at the OECD/EuroStat expert group, where some country experts did not support the distribution of imputed national account estimates such as FISIM, due to the appropriateness of indicators available for such distributions, and also the validity of the distribution an imputed estimate was questioned.

(4) The distribution of the out of scope population from micro surveys as described in chapter 3, under section 'The distributional methodology of the household national accounts' steps 1 and 5, were based on distributions derived from the 2011 census data. The derivations of these distribution were based on assumptions placed on the census data and in some cases when no census data was available, best estimates were imputed. The issue of the robustness of the applied models for some out of scope estimates were questioned. In particular, the assumption that the NPD individual equates to equivalent number of households. The overall addition of the number of households to the micro survey data due to the addition of including the out of scope population was approximately 4%, the biggest driver for the increase was the NPD household estimate. The NPD household count assumption was made as no information or methodology was available to distribute this population in any alternate way. It was also recognised that there would be a minor impact on the original equivalised distribution patterns provided by the micro sources due to the addition of the extra households into equivalised income and net worth micro distributions (see (5) below). However, the impact of the models and the underpinning assumptions for out of scope population was considered minimal on the overall distribution of the household national account estimates as the out of scope population impact on the national accounts income, consumption and wealth aggregates was around 1%.

(5) For both macro and micros sources, the preferred unit of analysis is the household. Since equivalised household income and net worth indicators can be viewed as measures of the economic resources available to each person in a household, their estimation from micro data sources in this publication is based on numbers of people rather than households. This is known as person weighting and ensures that people in large households are given as much weight in the distribution as people in small households. This means that the lowest income quintile represents the 20% of people in households with the lowest household income. For national accounts purposes it would be preferred that quintiles were based on equal proportions of households rather than persons, that is, the lowest income quintile represents the 20% of households with the lowest household income.

Table 4.6 below, shows the percentage of persons and households, in the equivalised income and net worth quintiles used in this study. The percentages of households in each quintile are shown, directly from micro sources and after the out of scope micro population is added.

Table 4.6, ASNA, Shares, equivalised income and net worth quintiles, 2009-10, per cent

	Lowest	Second	Third	Fourth	Highest
Income quintiles					
Persons - micro sources	20	20	20	20	20
Households -micro sources	21	20	19	19	21
Households - After out of scope population adjustment	22	20	19	19	20
Net worth quintiles					
Persons - micro sources	20	20	20	20	20
Households -micro sources	20	18	18	21	23

While the table indicates that the concordance between income quintiles for persons and households is generally quite close, the net worth quintiles for persons and households display slightly larger differences. In this study we recognise that the equivalised net worth quintiles while analytically useful do have some methodological issues that need to be addressed; please refer to the discussion on the derivation of the net worth quintiles (step 3 of this chapter).

Chapter 5 - Conclusion

CHAPTER 5 — CONCLUSION

The distribution by household groups of the national accounts household income, consumption and wealth estimates presented in this information paper provides a bridge between the macroeconomic aggregate household estimates produced within the Australian System of National Accounts and the ABS household economic resource surveys distributional analysis of household income, consumption and wealth. The methodology used to integrate the distributional information from the micro surveys on different household groups consistent with System of National Accounts (SNA) concepts and aggregates were based on the work undertaken by ABS with the OECD-Eurostat Expert Group on measuring disparities in a national accounts framework.

The household distributional results presented in this paper complement the aggregate estimates for household income, consumption and wealth for 2009-10 published in the household sectoral accounts in the 2011-12 issue of the Australian System of National Accounts (cat. no. 5204.0). The distributional results derived in the paper show income inequalities across households classified according to income and wealth quintiles for income components such as compensation of employees and property income. However, the results show a reversal of the inequality when the impact of the distributional policies of government through transfer payments in cash and in kind (i.e. social assistance benefits and health social transfers in kind), and income tax are analysed on the income quintiles, this impact is illustrated to a lesser extent on the wealth quintiles. The value of the ratios of highest to lowest income quintile for total gross disposable income and household final consumption, indicate income inequalities are higher than consumption inequalities, with further proof provided by the inequality across household income quintiles for gross saving. Inequalities in wealth are illustrated by income and wealth quintile distribution of ownership of residential dwelling and land, and superannuation and insurance reserves.

With the 2013 release of data from the 2011-12 Survey of Income and Housing, it may be possible to repeat the distribution of the ASNA household income and wealth for the year 2011-12 in the next 12 months. To enable the distribution of household consumption and therefore gross saving, the HES 2009-10 data would need to be extrapolated to distribute 2011-12 ASNA consumption estimates by assuming that the household distribution pattern would not have changed significantly in the interim two years. Undertaking the analysis for 2011-12 may begin the production of a time series of household distributional indicators, and in turn enable the analysis of estimates such as change in gross saving.

The results produced makes a start in addressing recommendation 16 of G-20 Data Gaps Initiative and the Stiglitz-Sen-Fitoussi Commission recommendation of compiling household distributional information alongside the aggregate measures to enable the measurement of material living standards of households. The ABS would like to obtain feedback from users regarding the usefulness of the data set presented in the information paper and user appetite for another iteration of the household distributional analysis for 2011-12 in the short term. Users' views of the long term usefulness of such a data set are also sought and discussed in Chapter 6.

Chapter 6 - Future Directions

CHAPTER 6 — FUTURE DIRECTIONS

This study has concentrated on producing distributional estimates by using existing data collected and compiled under two different frameworks: household surveys of income, expenditure and wealth; and the ASNA national accounting framework. The production of the statistical building blocks for distributional analysis is only a first step. Distributional analysis to date has addressed largely social policy questions. By linkage to the national accounts, distributional data can be employed also to address macroeconomic policy questions not otherwise possible

IMPROVEMENTS

Outputs

For an economy that occupies a large and diverse economic territory with policy responsibility distributed in a federation, it could be expected that there would be use for distributional data presented by state or smaller geographical areas. Unfortunately the production of such data is hampered by the current lack of suitable data at finer geographic levels.

We note that geographic distribution was not a priority in the OECD work, but that need is largely served by country level detail.

Conceptual Consistency

The study melded data collected and compiled under two different frameworks. Ideally both the household surveys and the national accounts should use the same concepts. In practice this cannot be achieved because of differing requirements of users and indeed the practicality of collecting data about some concepts with a given method. However, there are some ways to improve conceptual convergence of the two datasets:

- Elimination of unnecessary differences. This includes removal of NPISH from the household sector in ASNA; the treatment of unincorporated businesses, their gross mixed income and their property income and expense in the household surveys to enable the

derivation of SNA-compliant aggregates; and convergence in the treatment of owner occupied housing in both datasets. The treatment of Social Transfers in Kind to households from governments and NPISH should be made consistent.

- Where conceptual differences cannot be eliminated due to differences in user requirements and measurement practicalities there are some methods that could be used to show how the two datasets differ.

Methods and Sources

In addition to the methodological questions raised in chapter 4, such as the underlying assumptions used to distribute the macro estimates and the models used to distribute the out of scope population from micro surveys, there needs to be some methodological development, including internationally, on the best practice for income and wealth equivalisation.

Developments

The current exercise has been conducted on the basis of available data and within existing frameworks. Discussed above are improvements that could be made towards better coherence between the available datasets. What is not clearly understood, is the utility of distributional metrics within a macroeconomic framework, and therefore what directions and developments there should be to better serve the uses. It is also possible, that in the absence of frequent distributional data, their relevance is not well formed in the user community. This section of the paper makes some suggestions based on academic studies and work done in the USA statistical system.

Academic work

There is a significant body of academic literature devoted to income inequality, see references. Much of this literature concentrates on income shares at the very top end of the distribution (from taxation data), for example the top percentile. Work at this fine level of detail at the extreme of the distribution has, inevitably, come across data limitations in the data sources used, such as "top coding" (the data reaches a cut-off where incomes are reported as "above the cut-off", and not enumerated, usually for privacy reasons). Some of the literature is therefore about data quality and the analytical techniques or alternative data sources to navigate around these. Unfortunately, this may have resulted in undue concentration on specific datasets and techniques in past studies. Recent work by Burkhauser, Hahn and Wilson suggest some interesting distributional stories may have been missed, for example the distributional impacts of changes to the tax regimes, and changes in economic behaviour.

This has led to suggestions about what national accountants would call alternative concepts of income and their distributions, see Armour, Burkhauser and Larrimore. These range from before and after tax "market income", before and after cash social benefits, before and after social benefits in kind, and before and after capital gains, possibly in two steps, realised and unrealised. Comparative distributions along this income continuum contain information about the outcomes of the tax and social benefits policies of governments. The four-step comparison presented in chapter 3 in this paper is based on this suggestion. However, we have constrained that analysis to components that are clearly within the 2008 SNA definition of income. The academic work indicates that there may be analytical insights into extending beyond this boundary.

As an example of an extended analysis, a five-step comparison is shown in the following graphs by adding in superannuation benefit payments (referred to in the 2008 SNA as pension benefits) to the distribution. Superannuation benefit payments are withdrawals of accumulated past saving in the 2008 SNA, and not income from current GDP, a conceptually coherent treatment. However, withdrawals of accumulated saving are available for consumption expenditure, and in the case of superannuation beneficiaries will assist explanation of their behaviour.

IMPACT OF REDISTRIBUTION MEASURES BY GOVERNMENT, NPISH AND SUPERANNUATION BENEFITS RECEIVED - Share of total household gross disposable, Income Quintiles
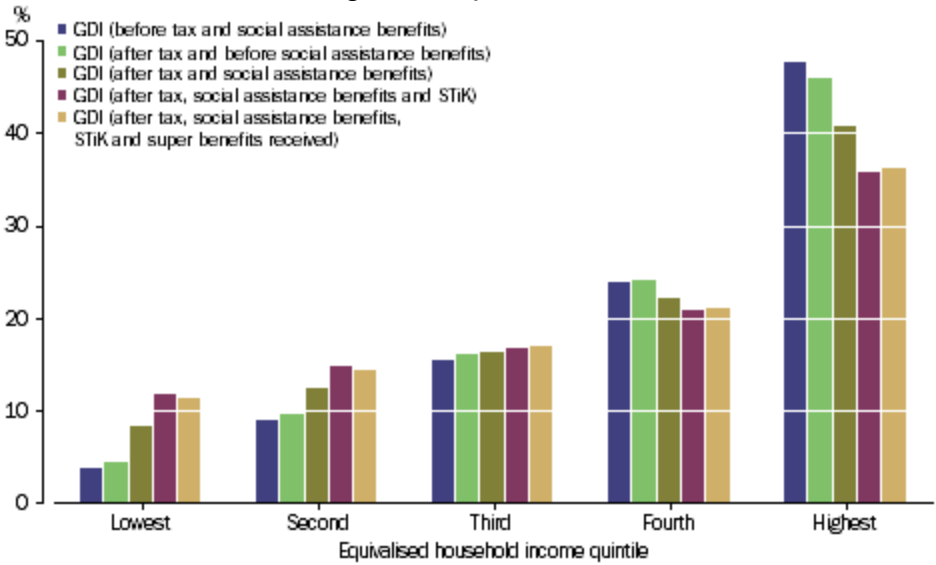
IMPACT OF REDISTRIBUTION MEASURES BY GOVERNMENT, NPISH AND SUPERANNUATION BENEFITS RECEIVED - Share of total household gross disposable income, Age of household reference person
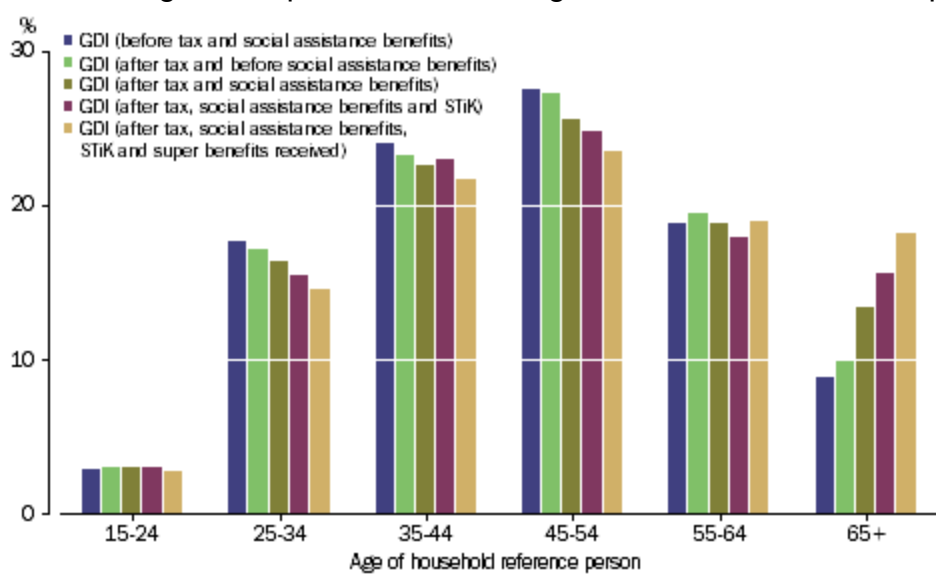
If appropriate data were available, further steps could be added to show the impact of realised capital gains and capital taxes, and unrealised capital gains. Note that this does not imply redefining 2008 SNA income. Rather it adds to the analysis components of the 2008

SNA non-income flows compiled in the financial, revaluation and other volume changes accounts.

Work by Other National Statistical Agencies

The OECD project and general interest in the subject of distribution has resulted in a number of national statistical agencies undertaking work in this field. For example, the OECD project was based on pioneering work by INSEE in France, see references. Of interest is a theme emerging from the statistical work that is similar to that emerging from academic work: the uses and boundaries of distributional analysis are largely unexplored because the main concentration has been on data production, not analysis. An example of this is the work by Fixler and Johnson in the USA, who ask the question "where are the applications?" As an example of a macroeconomic applications for their dataset, they sketched an analysis of the impact that distribution had on the marginal propensity to consume, an interesting question given various policy initiatives in the USA at that time.

CONCLUSION

The production of the statistical building blocks for distributional analysis is only a first step. Distributional analysis to date has addressed largely social policy questions. By linkage to the national accounts, distributional data can be employed also to address macroeconomic policy questions not otherwise possible. If distributional data were part of the standard economic data outputs, policy analysis could proceed without being hampered by the burden of producing and refining the data.

About this Release

This paper presents the results of recent research undertaken to distribute the Australian System of National Accounts (ASNA) 2009-10 estimates of household income, consumption and wealth. Micro data from the ABS household surveys were used to distribute the ASNA estimates by income quintiles, main sources of income, household characteristics, age (of reference person) and net worth.

First release of household distributional information (Media Release)

MEDIA RELEASE

16 August 2013   Embargoed: 11.30 am Canberra time   145/2013

First release of household distributional information

The Australian Bureau of Statistics (ABS) has released for the first time, indicators of the distribution of material living standards for Australian households in the context of the Australian National Accounts.

Ms Amanda Seneviratne, Director of Financial, Balance Sheets and Improvements, said the data will widen the economic indicator spectrum to assist economic and social policy. The results provide a bridge between the ABS household survey data and national accounts data.

"Widely used macroeconomic measures of the economy such as the GDP, provide vital information on the size and structure of the Australian economy. However they do not provide information on the distribution of income and wealth or the individual access to goods and services.

"These issues of equity are widely recognised as crucial to an understanding of material well-being, and have been of increasing focus over recent years. Issues of distribution and access are also central to targeting, and improving the efficiency of economic policies", Ms Seneviratne said.

The results are a start in addressing recommendations from Group of Twenty (G-20) Finance Ministers and Central Bank Governors, in response to the global financial crisis, and the"Stiglitz-Sen-Fitoussi Commission". Both reports stressed the importance of compiling household distributional information alongside the aggregate national accounts measures to provide better measures of people's well-being.

Further information is available in Information Paper: Australian National Accounts, Distribution of Household Income, Consumption and Wealth, 2009-10, (cat. no. 5204.0.55.009).

Media note: When reporting ABS statistics, please attribute the Australian Bureau of Statistics (or ABS) as the source.

Explanatory Notes

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Glossary

GLOSSARY

Accounts with financial institutions

Current balances of the accounts held with banks or any other financial institutions, e.g. credit unions, building societies, insurance companies, finance companies. Examples of types of accounts include: passbook, statement, cheque or term deposit accounts.

Actual consumption

To allow for the fact that the consumption of goods and services by households may be paid for, in cash or in kind, by the general government sector an alternative measure of consumption called actual consumption has been defined. It is measured by first separating government final consumption expenditure (GFCE) into individual and collective consumption. Individual consumption refers to services that are provided by general government to households which are consumed individually, for example health and education. Collective consumption, on the other hand, relates to the provision of public services such as policing and defence. Household actual consumption is measured as household final consumption expenditure plus individual consumption within GFCE. General government actual consumption is measured as GFCE less individual consumption. Actual consumption is a particularly useful measure for international comparison since countries often have different systems for providing individual services.

Adjusted disposable income

Consistent with the estimation of an alternative measure of consumption (see **Actual consumption**) an alternative measure of disposable income can also be measured. Adjusted household disposable income is measured by adding the value of individual consumption (recorded as transfers in kind on the income side of the account) to gross disposable income.

Assets

Assets are a store of value over which ownership rights are enforced by institutional units, individually or collectively, and from which economic benefits may be derived by their owners by holding them, or using them, over a period of time (the economic benefits consist of primary incomes derived from the use of the asset and the value, including possible holding gains/losses, that could be realised by disposing of the asset or terminating it).

Child Care Benefit (CCB)

Assistance in the form of a payment made by the Australian Government to help with the costs of child care for families who use either approved or registered child care. The scheme is means-tested and families can either receive Child Care Benefit (CCB) as a lump sum payment, or as reduced child care fees.

Classification of Individual Consumption According to Purpose (COICOP)

The international standard classification framework for classifying consumption expenditures on goods and services.

Compensation of employees

The total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the employee during the accounting period. It is further classified into two sub-components: wages and salaries; and employers' social contributions. Compensation of employees is not payable in respect of unpaid work undertaken voluntarily, including the work done by members of a household within an unincorporated enterprise owned by the same household. Compensation of employees excludes any taxes payable by the employer on the wage and salary bill (e.g. payroll tax). See also Employers' social contributions; Wages and salaries.

Consumption of fixed capital

The reduction in the value of fixed assets used in production during the accounting period resulting from physical deterioration, normal obsolescence or normal accidental damage. Unforeseen obsolescence, major catastrophes and the depletion of natural resources are not taken into account.

Cultivated Biological Assets

Includes such assets as orchard growth and livestock. The definition of orchard growth is any plant that can produce a marketable quantity of fruit for more than one year in which the grower intends to obtain a future benefit from the sale of the fruits borne. It can include trees, vines, bushes and shrubs. The costs to be capitalised as part of the value of fruit and nut bearing plants are the establishment costs involved in planting the new nursery plant and then maintenance costs associated with making the plant grow. Livestock assets are classified as either fixed assets or inventories. Those livestock which are used in production of other products (e.g. breeding stock, animals for entertainment, sheep for wool and dairy cattle) are fixed assets. Inventories cover all other livestock types and includes those animals raised for meat or other one-off products (e.g. leather).

Currency

Currency consists of notes and coins that are of fixed nominal values and are issued or authorised by the central bank or government. For Australia the currency asset refers solely to domestic currency. There is little foreign currency in general circulation, and significant holdings are classified as foreign deposits.

Current prices

Estimates are valued at the prices of the period to which the observation relates. For example, estimates for 2002-03 are valued using 2002-03 prices. This contrasts to chain volume measures where the prices used in valuation refer to the prices of the previous year.

Current transfers

Transfers, other than those classified as capital transfers, in which one institutional unit provides a good, service or cash to another unit without receiving from the latter anything of economic value in return.
Current transfers to non-profit institutions

Transfers for non-capital purposes to private non-profit institutions serving households such as hospitals, independent schools, and religious and charitable organisations.

Dependent children

All persons aged under 15 years; and persons aged 15-24 years who are full-time students, have a parent in the household and do not have a partner or child of their own in the household.

Deposits

Include transferable and other deposits. Transferable deposits comprise all deposits that are exchangeable for banknotes and coins on demand at par and without penalty or restriction, and directly usable for making payments by cheque, draft, direct debit/credit or other direct payment facility. Other deposits comprise all claims, other than transferable deposits, that are represented by evidence of deposit. Typical forms of deposits that should be included are savings deposits (which are always non-transferable), fixed-term deposits and non-negotiable certificates of deposit.

Dividends

Dividends are a form of investment income to which shareholders become entitled as a result of placing funds at the disposal of corporations.

Dwellings

Dwellings are buildings that are used entirely or primarily as residences, including any associated structures, such as garages, and all permanent fixtures customarily installed in residences. Houseboats, barges, mobile homes and caravans used as principal residences of households are also included, as are historic monuments identified primarily as dwellings. The costs of site clearance and preparation are also included in the value of dwellings.

Employers' social contributions

Payments by employers which are intended to secure for their employees the entitlement to social benefits should certain events occur, or certain circumstances exist, that may adversely affect their employees' income or welfare - namely work-related accidents and retirement.

Equivalisation

Can be applied to disposable income, net worth and expenditure to create equivalised disposable household income, equivalised household net worth, and equivalised household expenditure. Adjustments are made using an equivalence scale. Equivalence measures are used in some analyses to enable comparison of the relative economic well-being of households of different size and composition. For a lone person household, the equivalised value is equal to the original value. For a household comprising more than one person, it is an indicator of the level that would be needed by a lone person household to enjoy the same level of economic well-being as the household in question. For further information on the process of equivalisation, see Appendix 3 in Household Income and Income Distribution, Australia, 2009-10 (cat. no. 6523.0).

Final consumption expenditure - households

Net expenditure on goods and services by persons and expenditure of a current nature by private non-profit institutions serving households. This item excludes expenditures by unincorporated businesses and expenditures on assets by non-profit institutions (included in gross fixed capital formation). Also excluded is expenditure on maintenance of dwellings (treated as intermediate expenses of private enterprises), but personal expenditure on motor vehicles and other durable goods and the imputed rent of owner-occupied dwellings are included. The value of 'backyard' production (including food produced and consumed on farms) is included in household final consumption expenditure and the payment of wages and salaries in kind (e.g. food and lodging supplied free to employees) is counted in both household income and household final consumption expenditure.

Financial assets

Financial assets are mostly financial claims. Financial claims entitle the owner to receive a payment, or a series of payments, from an institutional unit to which the owner has provided funds. Shares are treated as financial assets even though the financial claim their holders have on the corporation is not a fixed or predetermined monetary amount.

Financial intermediation services indirectly measured (FISIM)

Banks and some other financial intermediaries are able to provide services for which they do not charge explicitly, by paying or charging

different rates of interest to borrowers and lenders (and to different categories of borrowers and lenders). For example, they may pay lower rates of interest than would otherwise be the case to those who lend them money and charge higher rates of interest to those who borrow from them. The resulting net receipts of interest are used to defray their expenses and provide an operating surplus. This scheme of interest rates avoids the need to charge their customers individually for services provided and leads to the pattern of interest rates observed in practice. However, in this situation, the national accounts must use an indirect measure, namely FISIM, of the value of the services for which the intermediaries do not charge explicitly.

Whenever the production of output is recorded in the national accounts, the use of that output must be explicitly accounted for elsewhere in the accounts. Hence, FISIM must be recorded as being disposed of in one or more of the following ways: as intermediate consumption by enterprises; as final consumption by households or general government; or as exports to non-residents.

Fixed Assets

Are defined as produced assets that are used repeatedly, or continuously, in processes of production for more than one year. Fixed assets not only include structures, machinery and equipment and intellectual property products but also cultivated assets such as trees and animals that are used repeatedly or continuously to produce other products such as fruit and dairy products.

Government pensions and allowances

Income support payments from government to persons under social security and related government programs. Included are pensions and allowances received by aged, disabled, unemployed and sick persons, families and children, veterans or their survivors, and study allowances for students. All overseas pensions and benefits are included here, although some may not be paid by overseas governments. Family Tax Benefit, Baby Bonus and Child Disability Assistance Payment paid to recipients of Carer Allowance are also included in government pensions and allowances.

Gross disposable income - households

Gross household income less income tax payable, other current taxes on income, wealth etc., consumer debt interest, interest payable by unincorporated enterprises, net non-life insurance premiums and other current transfers payable by households.

Gross domestic product (GDP)

Is the total market value of goods and services produced in Australia within a given period after deducting the cost of goods and services used up in the process of production but before deducting allowances for the consumption of fixed capital. Thus gross domestic product, as here defined, is 'at market prices'. It is equivalent to gross national expenditure plus exports of goods and services less imports of goods and services. Farm product is that part of gross domestic product which arises from production in agriculture and services to agriculture. It is equivalent to the value added of ANZSIC 06 subdivision 01 'Agriculture' plus taxes less subsidies on products primary to this subdivision. Non-farm product arises from production in all other industries.

GDP per capita

The ratio of the chain volume estimate of GDP to an estimate of the resident Australian population. Population estimates use data published in the quarterly publication Australian Demographic Statistics (cat. no. 3101.0) and ABS projections.

Gross imputed rent

The estimated market rent that a dwelling would attract if it were to be commercially rented.

Gross income - households

The total income, whether in cash or kind, receivable by persons normally resident in Australia. It includes both income in return for productive activity (such as compensation of employees, the gross mixed income of unincorporated enterprises, gross operating surplus on dwellings owned by persons, and property income receivable, etc.) as well as transfers receivable (such as social assistance benefits and non-life insurance claims).

Gross mixed income of unincorporated enterprises

The surplus or deficit accruing from production by unincorporated enterprises. It includes elements of both compensation of employees (returns on labour inputs) and operating surplus (returns on capital inputs).

Gross operating surplus

The operating surplus accruing to all enterprises, except unincorporated enterprises, from their operations in Australia. It is the excess of gross output over the sum of intermediate consumption, compensation of employees, and taxes less subsidies on production and imports. It is calculated before deduction of consumption of fixed capital, dividends, interest, royalties and land rent, and direct taxes payable, but after deducting the inventory valuation adjustment. Gross operating surplus is also calculated for general government and it equals general government's consumption of fixed capital.

Gross operating surplus - dwellings owned by persons

Is calculated as the surplus resulting from deduction of intermediate inputs from output. Output is the sum of actual and imputed rentals on dwellings owned by households. Intermediate inputs are the goods and services consumed in the process of production (for example maintenance costs and body corporate fees) . These inputs exclude property income payments such as interest.

Gross saving

Is equal to gross household disposable income less household final consumption expenditure. This is equivalent to net saving plus consumption of fixed capital as published in the national accounts

Household

A person living alone or a group of related or unrelated people who usually live in the same private dwelling.

Household claims on technical reserves of life insurance corporations and pension funds

This represents households' net equity in, or claims on, the reserves of life insurance corporations and pension funds. In the case of life insurance corporations, it equates in large measure with the net policy liabilities of life offices to households. In the case of pension funds, it represents the funds' obligations to members including any surpluses and reserves. A claim by householders on insurance technical reserve of non-resident pension funds is also included.

Household Expenditure Classification (HEC)

The expenditure classification used in the **Household Expenditure Survey**. In the 2009-10 survey it consists of over 600 items at the most detailed level. At the broadest level it consists of 17 broad expenditure groups. All broad groups except other capital housing costs are presented in this publication. A copy of the classification will be included in the 2009-10 User Guide.

Imputed interest

See '**Property income flows attributable to insurance policy holders'**
Income (from the Survey of income and Housing)

Income consists of all current receipts, whether monetary or in kind, that are received by the household or by individual members of the household, and which are available for, or intended to support, current consumption.

Income includes receipts from:

- wages and salaries and other receipts from employment (whether from an employer or own incorporated enterprise), including income provided as part of salary sacrificed and/or salary package arrangements
- profit/loss from own unincorporated business (including partnerships)
- net investment income (interest, rent, dividends, royalties)
- government pensions and allowances
- private transfers (e.g. superannuation, workers' compensation, income from annuities, child support, and financial support received from family members not living in the same household).

Gross income is the sum of the income from all these sources before income tax, the Medicare levy and the Medicare levy surcharge are deducted. Other measures of income are Disposable income and Equivalised disposable household income.

Note that child support and other transfers from other households are not deducted from the incomes of the households making the transfers.

Income tax

Income tax consists of taxes on the income of households and taxes on wealth which are levied regularly (wealth taxes which are levied irregularly are classified as capital taxes and are recorded in the sectoral capital accounts).

Incorporated business

An incorporated business is a company that has a registered business name with the **Australian Securities and Investment Commission (ASIC)** and a legal status which is separate to that of the individual owners of the business.

Individual consumption

An individual consumption good or service is one that is acquired by a household and used to satisfy the needs and wants of members of that household. Individual goods and services can always be bought and sold on the market, although they may also be provided free, or at prices that are not economically significant, or as transfers in kind. Individual goods and services are essentially 'private', as distinct from 'public'. See also Collective consumption.

Intellectual property products

Intellectual property products are as a result of research and development, investigation or innovations leading to knowledge that the developers can market or use for their own benefit. These are produced fixed assets and include computer software, research and development, entertainment, literary or artistic originals, and mineral exploration intended to be used for more than a year.

Interest

Interest is receivable by the owners of financial assets such as deposits, loans, and securities other than shares for putting the financial asset at the disposal of another institutional unit.

Intermediate consumption

Consists of the value of the goods and services used as inputs by a process of production, excluding compensation of employees and the consumption of fixed capital.

Inventories

Consist of stocks of outputs that are held at the end of a period by the units that produced them prior to their being further processed, sold, delivered to other units or used in other ways and stocks of products acquired from other units that are intended to be used for intermediate consumption or for resale without further processing.

Investment loan

A loan taken out for the purpose of financing investment, excluding loans for business purposes and rental property.

Land

Land consists of the ground, including the soil covering and any associated surface waters, over which ownership rights are enforced and from which economic benefits can be derived by their owners by holding or using them.

Liability

A liability is an obligation which requires one unit (the debtor) to make a payment or a series of payments to the other unit (the creditor) in certain circumstances specified in a contract between them.

Livestock

Livestock assets are classified as either fixed assets or inventories. Those livestock which are used in production of other products (e.g. breeding stock, animals for entertainment, sheep for wool and dairy cattle) are fixed assets. Inventories cover all other livestock types and includes those animals raised for meat or other one-off products (e.g. leather).

Loans

Loans are borrowings which are not evidenced by the issue of debt securities, and are not usually traded and their value does not decline even in a period of rising interest rates.

Machinery and equipment

Consists of transport equipment, computing equipment and other machinery and equipment other than that acquired by households for final consumption.

Main source of income

The income source from which the most positive income is received. If total income is nil or negative the main source is undefined. As there are several possible sources, the main source may account for less than 50% of gross income.

See Table 4.1 for components of main source of income.

Native standing timber

Standing timber assets includes forests (excluding conservational) potentially available for timber production, either now or at some time in the future. Other non-timber values (such as biodiversity) are not within the scope of the national balance sheets.

Natural resources

Natural resources are non-produced non-financial assets consisting of land, subsoil assets, native standing timber and radio spectra.

Net imputed rent

Gross imputed rent less housing costs. Net imputed rent is an estimate of the value of housing services that households receive from home ownership or by households paying subsidised rent or occupying their dwelling rent free. Housing costs for the purpose of calculating net imputed rent for owner-occupiers comprise:

- rates payments (general and water)
- body corporate fees
- the interest component of repayments of loans that were obtained for the purposes of purchasing or building
- rent payments
- house insurance costs
- repair and maintenance costs.

Net non-life insurance premiums

Net non-life insurance premiums are defined as non-life insurance premiums plus premium supplements less the non-life insurance service charge.

Net saving - households

Is equal to gross household disposable income less household final consumption expenditure and consumption of fixed capital. Household saving is estimated as the balancing item in the households income account. It includes saving through life insurance and superannuation funds (including net earnings on these funds), increased equity in unfunded superannuation schemes and the increase in farm assets with marketing boards.

Net worth

In the national and sectoral balance sheets, net worth represents the difference between the stock of assets (both financial and non-financial) and the stock of liabilities (including shares and other equity). Because it is derived residually, it can be negative.

Non-dwelling construction

Non-dwelling construction consist of non-residential buildings and other structures.

'Non-residential buildings' are buildings other than dwellings, including fixtures, facilities and equipment that are integral parts of the structures and costs of site clearance and preparation.

'Other structures' are structures other than buildings, including streets, sewers and site clearance and preparation other than for residential or non-residential buildings. Also included are shafts, tunnels and other structures associated with mining subsoil assets. Major improvements to land, such as dams, are also included.

Non-financial assets

Non-financial assets are assets for which no corresponding liabilities are recorded.

Non-life insurance claims

Non-life insurance claims are the claims payable in settlement of damages that result from an event covered by a non-life insurance policy in the current accounting period.

Non-market output

Goods and services produced by any institutional unit that are supplied free or at prices that are not economically significant.

Non-profit institutions serving households

Non-profit institutions serving households (NPISHs) are legal entities that provide goods or services to households or the community at large without charge or a prices that are not economically significant and whose main resources are voluntary contributions.

Non-produced assets

Are defined as non-financial assets that come into existence other then through processes of production. These assets are needed for production but have not themselves been produced. In the ASNA, there is a distinction between Natural resources (Land; Subsoil assets; Native timber standing and Spectrum) and Permissions to use natural resources (Spectrum licences).

Other accounts receivable/payable

This term is used in two ways. Firstly it is the financial asset consisting of two subordinate classifications: 'trade credit and advances', and 'other accounts receivable/payable'. Alternatively, the item can refer to the actual classification 'other accounts receivable/payable'.

Other current taxes on income, wealth etc.

Other current taxes on income, wealth etc. consists mainly of payments by households to obtain licences to own or use vehicles, boats or aircraft, and for licences to hunt, shoot or fish.

Other current transfers

Other current transfers consist of all current transfers between resident institutional units or between resident and non-resident units other than current taxes on income, wealth, etc. and social benefits in kind.

Output

This consists of those goods and services that are produced within an establishment that become available for use outside that establishment, plus any goods and services produced for own final use.

Own unincorporated business income

The profit/loss that accrues to persons as owners of, or partners in, unincorporated businesses. Profit/loss consists of the value of gross output of the business after the deduction of operating expenses (including depreciation). Losses occur when operating expenses are greater than gross receipts and are treated as negative income.

Ownership transfer costs

The costs of ownership transfer consist of the following kinds of items: all professional charges, taxes payable or commissions incurred by the units acquiring and disposing of the asset (e.g. fees paid to lawyers, architects, surveyors, engineers, valuers, etc., and commissions paid to estate agents, auctioneers, etc.). The assets on which ownership transfer costs may apply include dwellings, non-dwelling buildings and land.

Placements

Placements are customers' account balances with entities not regarded as deposit-taking institutions. Examples are account balances of State and local public non-financial corporations with their central borrowing authorities, of public sector pension funds with their State Treasuries, and 11am money placed with corporate treasuries.

Primary incomes

Consist of incomes that accrue to institutional units as a consequence of their involvement in processes of production or their ownership of assets that may be needed for the purposes of production.

Private Health Insurance Rebate

Includes social transfers in kind relating to a rebate on private health insurance costs for members of a registered health fund. Private Health Insurance Rebate is a component of health benefits. In 2003-04, the Private Health Insurance Rebate was a component of Community health services.

Produced Assets

Are defined as non-financial assets that have come into existence as outputs from processes that fall within the production boundary. There are three main types of produced assets: fixed assets, inventories and valuables.

Property income

Is the income receivable by the owner of a financial asset or a tangible non-produced asset in return for providing funds, or putting a tangible non-produced asset at the disposal of another institutional unit.

Property income flows attributable to insurance policy holders

Property income flows attributable to insurance policy holders include imputed flows relating to life insurance, superannuation and non-life insurance operations. These include imputed interest from life insurance and pension funds to households; premium supplements which are an imputed property income flow from non-life insurance corporations to policy-holders; and imputed interest from the general government sector to households, which is recorded on the account of the unfunded superannuation schemes operated by the general government sector.

Quintiles

Groupings that result from ranking all households or persons in the population in ascending order according to some characteristic such as their household income and then dividing the population into five equal groups, each comprising 20% of the estimated population.

Reference person

The reference person for each household is chosen by applying, to all household members aged 15 years and over, the selection criteria below, in the order listed, until a single appropriate reference person is identified:

- the person with the highest tenure when ranked as follows: owner without a mortgage, owner with a mortgage, renter, other tenure
- one of the partners in a registered or de facto marriage, with dependent children
- one of the partners in a registered or de facto marriage, without dependent children
- a lone parent with dependent children
- the person with the highest income
- the eldest person.

Reinvested earnings

Reinvested earnings are imputed transactions related to that component of income that is not distributed to equity and or unit holders in direct foreign investment enterprises, and resident and non-resident investment funds in the form of dividends.

Rent on natural assets

See '**Rent on natural resources**'

Rent on natural resources

Rent on natural resources is the income receivable by the owner of a natural resource (the lessor or landlord) for putting the natural resource at the disposal of another institutional unit (a lessee or tenant) for use of the natural resource in production.

Secondary income

Consists of receipt and payment of current transfers.

Securities other than shares

Mainly consist of debt securities **such as bills of exchange, one-name paper and bonds**. A debt security is a financial instrument that evidences the issuer's promise to repay the principal at face value on maturity. It may be issued to investors at a discount, and/or the issuer may promise to pay interest (usually at six monthly intervals) to the holders. Unlike shares, debt securities do not confer on the holders ownership rights in the issuing entity.

Selected dwelling

The private dwelling selected in the sample for the survey.

Services from consumer durables

Represents the value of services provided by consumer durables to the household in the accounting period. It arises because consumer durables, unlike other final consumption goods, are not used up in the accounting period in which they are purchased. It is measured in the same way as consumption of fixed capital, i.e. as the reduction in value of the stock of consumer durables during the accounting period resulting from physical deterioration, normal obsolescence or normal accidental damage. Unforeseen obsolescence is not taken into account.

Ideally, the service flow would be calculated in a manner analogous to the estimation of flows of capital services within the general capital stock model. Flows of capital services and flows of consumption of fixed capital are related but different concepts. Capital services relate to the changing efficiency of an asset whereas depreciation relates to the changing price of an asset.

Shares and other equity

Equity has the distinguishing feature that the holders own a residual claim on the assets of the institutional unit that issued the equity. Equity represents the owner's funds in the institutional unit. Equities are sub-divided into listed shares and unlisted shares; both types of shares are negotiable and so are classified as equity securities.

Social assistance benefits

Social assistance benefits are current transfers payable to households by government units to meet the same needs as social insurance benefits, but which are not made under a social insurance scheme incorporating social contributions and social insurance benefits. In Australia, they include the age pension and unemployment benefits.

Social contributions

Social contributions are actual or imputed payments to social insurance schemes to make provision for social insurance benefits to be paid. They may be made by employers on behalf of their employees; or by employees, self-employed or non-employed persons on their own behalf.

Social transfers in kind

Social transfers in kind are individual goods and services provided to individual households by general government units and non-profit institutions either free or at prices that are not economically significant.

Study loans

Study loans are debts incurred under Higher Education Loans Programmes (HELP), the government education payment scheme, and other government higher education schemes. They also include loans incurred prior to 2005 under the Higher Education Contribution Scheme (HECS) and the Student Financial Supplement Scheme (SFSS). A feature of these loans is that the obligation to repay them only exists when the student's income exceeds a threshold. The debt is also extinguished upon death.

Superannuation Benefits received

See '**Household claims on technical reserves of life insurance corporations and pension funds**'

Superannuation and insurance reserves (Insurance technical reserves)

Insurance technical reserves comprise financial assets that are reserves against reserves outstanding risks, reserves for with-profit insurance, prepayments of premiums and reserves against outstanding claims. Insurance technical reserves may be liabilities not only of life or non-life insurance enterprises (whether mutual or incorporated) but also of autonomous pension funds, which are included in the insurance enterprise subsector, and certain non-autonomous pension funds that are included in the institutional sector that manages the funds. Insurance technical reserves are subdivided between net equity of households on life insurance reserves and on pension funds, and prepayments of premiums and reserves against outstanding claims.

Trusts

Any type of managed fund which involves the pooling of investors' money in order for a trustee or professional manager to administer that fund.

Unincorporated business

A business in which the owner(s) and the business are the same legal entity, so that, for example, the owner(s) are personally liable for any business debts that are incurred.

Value of dwelling

The estimated value of the dwelling and its land, as estimated and reported by the respondent. The data are only collected for owners.

Vehicle loans

Principal outstanding on loans used to purchase motor vehicles. Where only a proportion of a loan is used to purchase a vehicle, only that proportion of the principal outstanding is included.

Wages and salaries

Consist of amounts payable in cash including the value of any social contributions, income taxes, fringe benefits tax, etc., payable by the employee even if they are actually withheld by the employer for administrative convenience or other reasons and paid directly to social insurance schemes, tax authorities, etc., on behalf of the employee. Wages and salaries may be paid as remuneration in kind instead of, or in addition to, remuneration in cash. Separation, termination and redundancy payments are also included in wages and salaries. Wages and salaries are also measured as far as possible on an accrual rather than a strict cash basis. See also **Employers' social contributions; Compensation of employees**.

Wealth

See 'Net worth'

Australian System of National Accounts, Income, Consumption and Wealth Ratios (Appendix)

APPENDIX 1 AUSTRALIAN SYSTEM OF NATIONAL ACCOUNTS, INCOME, CONSUMPTION AND WEALTH RATIOS

The ratios are calculated by dividing the total value of the highest quintile by the total value of the lowest quintile. The ratios are a measure of the spread of income, consumption and wealth across the population. The ratios are a summary indicator of inequality.

Ratios - Highest quintile to lowest quintile	Equivalised income quintiles	Equivalised net worth quintiles
Gross operating surplus - dwellings owned by persons	3.2	5.6
Gross Mixed Income	7.7	9.7
Compensation of employees	16.3	2.3
Property Income	10.5	31.2
Social assistance benefits	0.1	0.5
Interest payable	4.1	7.2
Income tax payable	44.1	4.0
Gross disposable income	4.9	2.8
Social transfers in kind	0.4	0.7
Adjusted disposable income	3.0	2.2
Final Consumption Expenditure	2.5	2.2
Food	1.4	1.4
Alcoholic beverages and tobacco	1.5	0.9
Cigarettes and tobacco	0.8	0.5
Alcoholic beverages	2.6	1.5
Clothing and footwear	3.3	2.0
Rent and other dwelling services	1.9	2.0
Electricity, gas and other fuel	1.4	1.6
Furnishings and household equipment	2.7	2.8
Health	2.0	2.7
Transport	3.7	2.3
Communication	1.7	1.1
Recreation and culture	2.8	2.1
Education services	3.2	2.0
Hotels, cafes and restaurants	4.3	2.0
Miscellaneous goods and services	4.3	4.9
Insurance	7.5	17.0
Other Financial Services	3.8	5.7
Other goods and services	3.3	2.3
Superannuation benefits paid (memorandum item)	16.8	34.8
Total assets	4.5	57.6
Dwellings	3.7	75.6
Land	3.3	86.9
Residential dwelling and land	3.7	75.5
Financial assets	7.6	37.6
Currency and deposits	3.4	17.9
Shares and other equity	16.9	230.2
Insurance technical reserves	9.9	32.0
Liabilities	3.6	8.0
Loans and placements	3.9	7.2
Net worth	4.7	196.3

Australian System of National Accounts, Income, Consumption and Wealth Household Accounts (Appendix)

APPENDIX 2 AUSTRALIAN SYSTEM OF NATIONAL ACCOUNTS, INCOME, CONSUMPTION AND WEALTH HOUSEHOLD ACCOUNTS

Income Account

Total primary income receivable
Gross operating surplus - dwellings owned by persons
Gross Mixed Income
Compensation of employees
Property income receivable
Interest
Imputed interest

Dividends
Reinvested earnings
Rent on natural assets
Total secondary income receivable
Social benefits receivable
Workers' compensation
Social assistance benefits
Non-life insurance claims
Other current transfers
Total gross income
Total primary income payable
Property income payable
Interest payable
Dwellings
Consumer debt
Unincorporated enterprises
Rent on natural assets
Total secondary income payable
Income tax payable
Other current taxes on income, wealth, etc.
Social contributions for workers' compensation
Net non-life insurance premiums
Other current transfers
Total income payable
Gross disposable income
Final consumption expenditure
Food
Alcoholic beverages and tobacco
Cigarettes and tobacco
Alcoholic beverages
Clothing and footwear
Rent and other dwelling services
Actual rent for housing
Imputed rent for owner-occupiers
Water and sewerage services
Electricity, gas and other fuel
Furnishings and household equipment
Health
Transport
Purchase of vehicles
Operation of vehicles
Transport services
Communication
Recreation and culture
Goods for recreation and culture
Recreational and cultural services
Books, papers, stationery and artists goods
Education services
Hotels, cafes and restaurants
Catering
Accommodation services
Miscellaneous goods and services
Insurance
Other financial Services
Other goods and services
Gross saving
Adjusted Disposable Income Account
Gross disposable income
Social transfers in kind
Health
Education
Other
Adjusted disposable income
Final consumption expenditure
Actual individual consumption
Gross saving
Memorandum Item
Superannuation benefits received
Balance Sheet
Total assets
Non-financial assets
Produced assets
Fixed assets
Dwellings
Ownership transfer costs
Non-dwelling construction
Machinery and equipment
Cultivated biological resources
Intellectual property products
Inventories
Non-produced assets
Natural resources
Land
Native standing timber
Financial assets
Currency and deposits
Securities other than shares
Loans and placements
Shares and other equity
Insurance technical reserves
Other accounts receivable
Liabilities
Securities other than shares
Loans and placements
Other accounts payable
Net worth

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