

GLOSSARY

Sources: Australian Bureau of Statistics, Cat. 1360.0, Cat. 5206.0 and Cat. 5331.0; Parliamentary Library Monthly Economic and Social Indicators (MESI); Reserve Bank of Australia Bulletin.

Average weekly earnings

Average gross (before tax) earnings of employees. Average weekly earning statistics do not relate to average award rates or to the earnings of the 'average' person.

Banks' housing loan interest rate

Standard variable rate for housing loans by large banks.

Banks' prime interest rate

Predominant or representative indicator rate on variable rate business loans, i.e. overdrafts and fully drawn loans, of major banks.

Business investment

Private gross fixed capital expenditure (i.e. expenditure by private firms on goods and services used in the production process without any deduction for depreciation) on non-dwelling construction and equipment.

Current account

The current account indicates whether a country has absorbed more goods and services and income than it has produced. It is the difference between receipts and payments as the result of transactions in goods, services, income and current transfers between Australia and the rest of the world. A current account deficit means that total payments exceed total receipts, while a current account surplus means the reverse. The trade balance is the difference between the total credit (export) value and the total debit (import) value of goods and services. The net income balance is the difference between the value of income (such as interest, dividends and reinvested earnings) earned by residents from non-residents (credits) and income earned by non-residents from residents (debits). Net current transfers are the difference between current transfer credits and debits (for example, Australian foreign aid is a debit, while pensions paid to Australian residents by foreign governments is a credit).

Consumer price index

An index which measures changes in the price of a basket of goods and services from a base period. Changes in the Consumer Price Index are the most commonly used measure of inflation.

Consenting-adults deficit

The expression 'consenting-adults deficit' commonly describes a deficit which is made up of largely private sector debt and the foreign lenders who are providing the money seem to be quite willing to lend as much as is required.

Foreign debt

Gross foreign debt is all non-equity financial claims by non-residents on residents of Australia. The major component of gross foreign debt is the amount of borrowings from non-residents by residents of Australia. Net foreign debt is gross foreign debt less non-equity assets such as foreign reserves held by the Reserve Bank and lending by residents of Australia to non-residents.

Foreign liabilities or international investment position

Net foreign liabilities is defined as Australia's gross foreign liabilities less gross foreign assets. This is sometimes referred to as the 'Net international investment position' or 'Net foreign investment'.

Gross domestic product

The total market value of goods and services produced after deducting the cost of goods and services used up in the process of production (intermediate consumption) but before deducting consumption of fixed capital (depreciation). It is equivalent to gross national expenditure plus exports of goods and services less imports of goods and services.

Household saving ratio

The ratio of household net saving to household net disposable income. Household net saving is calculated as household net disposable income less household final consumption expenditure. Household net disposable income is calculated as household gross disposable income less household consumption of fixed capital.

Home loan affordability indicator

The home loan affordability indicator measures the relationship between median weekly family income and average monthly home repayments on new loans.

Household saving ratio

Household saving (household disposable income less household expenditure on goods and services not used for further production) as a percentage of household disposable income (household income less taxes, fees, fines, etc).

National saving

Calculated as the sum of the net saving of each of the resident sectors – households and unincorporated enterprises, non-financial corporations, financial corporations and general government. Also referred to as net saving.

Reinvested earnings and undistributed branch profits

Reinvested earnings and undistributed branch profits refer to that part of the undistributed income of a direct investment enterprise that is attributable to direct investors in the enterprise. Undistributed income attributable to direct investors is included as investment income in the current account, with a corresponding offsetting entry in the financial account.

Seasonally adjusted estimates

Estimates in which the element of variability due to seasonal influences has been removed. Seasonal influences are those which recur regularly once or more a year.

Terms of trade

The relationship between the prices of exports and the prices of imports. The usual method of calculating the terms of trade is by dividing the implicit price deflator for exports by the implicit price deflator for imports.

