

513
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FOREIGN OWNERSHIP AND CONTROL OF
FINANCE COMPANIES
1973

PREFACE

This bulletin contains the results of a study of foreign ownership and control of finance companies in Australia for 1973. A summary of major results was published in *Foreign Ownership and Control of Finance Companies (Advance Release)* (Reference No. 5.47) issued on 19 December 1974. The bulletin follows studies of the mining industry for 1971-72 and 1972-73. Additional studies will be conducted progressively to update statistics previously published, e.g. on the manufacturing sector, and also to cover other key sectors of the Australian economy.

2. The conceptual basis of this study is broadly similar to that of the study, *Foreign Ownership and Control of the Mining Industry, 1972-73* (Reference No. 10.42).

3. Ownership and control characteristics were derived mainly from the Bureau's Survey of Overseas Investment as at 30 June 1973, and measures of the importance of ownership and control were based on data from the Bureau's monthly collection of Finance Company Statistics for the December quarter 1973. In each case the information used was the latest available at the commencement of the study.

4. This bulletin contains a summary section on pages 4 to 10. The summary highlights major results of the study, and gives a brief statement of definitions and methodology. Detailed notes on definitions and methodology are provided in the Explanatory Notes on pages 12 to 21 and in the Appendix.

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SUMMARY

This summary section gives major results of the study, together with a brief statement of definitions and methodology used.

HIGHLIGHTS

Based on ownership and control characteristics at 30 June 1973 and balances outstanding on finance agreements at 31 December 1973 :

- Foreign ownership of finance companies in Australia was 48.0%, comprising 22.4% from the United Kingdom, 17.1% from the United States and 8.5% from other foreign countries.
- The 48.0% foreign ownership comprised 26.6% direct foreign ownership, and 21.3% other identified foreign ownership (based on portfolio investment).
- Foreign control was 41.5% (including 10.2% joint foreign and Australian control) and Australian control was 58.5%.
- Foreign control was highest for the United Kingdom at 19.5%, followed by the United States with 17.5%. (All of the 10.2% joint foreign and Australian control involved participation by United States investors).
- The extent of foreign control varied widely for different components of balances outstanding on finance agreements; from 34.8% for housing finance to 71.9% for bills of exchange.
- Finance companies in which there was at least a 10% degree of influence by the major foreign investor accounted for 64.4% of balances outstanding on finance agreements; 32.3% from the United States, 21.6% from the United Kingdom and 10.4% from other foreign countries.

Brief statement of definitions and methodology

The scope of this study is all finance companies in the Bureau's monthly Finance Companies collection for the December quarter 1973.

2. For purposes of this study, *direct foreign ownership* was, in general, that of a foreigner (individual, company or group of related companies) who held at least 25% of the ordinary shares in a finance company (a *direct investment enterprise*). *Other identified foreign ownership* was the remaining foreign ownership by way of portfolio investment that could be traced to finance companies. Operations data for each finance company were *apportioned* between Australian and foreign ownership in proportion to the percentage owned of the ordinary shares of the finance company.

3. Broadly, a finance company was regarded as foreign controlled if the major foreign investor held at least 25% of the equity and an Australian investor did not have a larger holding. In order to retain as high a degree of comparability as possible with previously published studies of foreign ownership and control, this category included cases where the holding of the major foreign investor and the major Australian investor were equal i.e. cases where it could be considered that there was "joint foreign and Australian control" although, where possible, separate details have been published for such companies. Operations data for each finance company were *allocated wholly* to the appropriate control category.

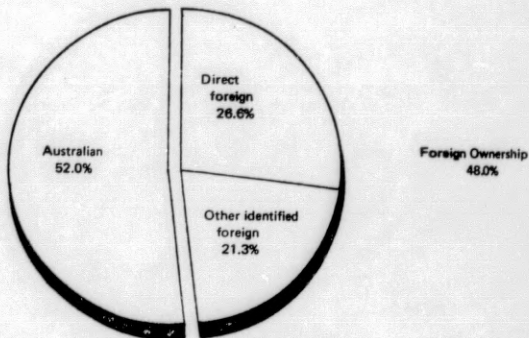
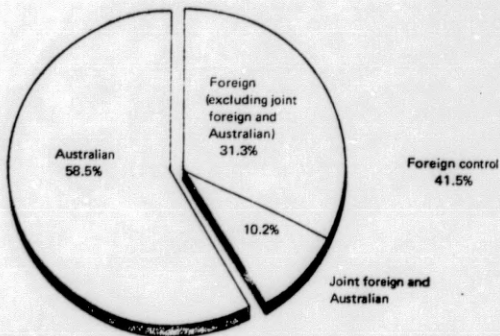
4. Supplementary data are provided on the *degree of influence by the major foreign investor* (defined as the size of the minimum link in the ownership chain connecting the major foreign investor to the finance company), and on the *degree of influence by a coalition of all foreign investors*.

5. The above definitions etc. are subject to a considerable number of qualifications which are described in the Explanatory Notes.

6. Operations data such as balances outstanding and employment have been used to weight the foreign ownership and control characteristics of each finance company in order to provide aggregate measures of foreign participation in finance companies. Consequently, the extent of foreign ownership and control shown by the resulting statistics is dependent on the ownership and control characteristics and on the operations data used. Therefore, in interpreting these statistics, it should be borne in mind that different results can be obtained even in respect of the same period by using different items of operations data. No single item of operations data (or any other basis) provides a demonstrably 'correct' measure of foreign ownership and control. Highlights of the results of this study are given in terms of balances outstanding because it is a generally useful measure of the relative economic significance of finance companies.

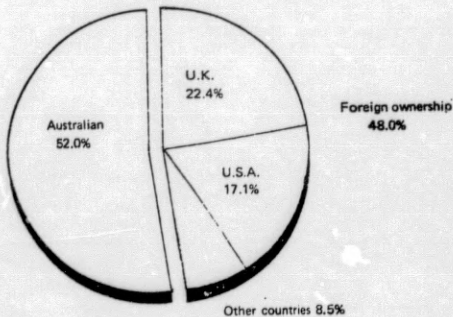
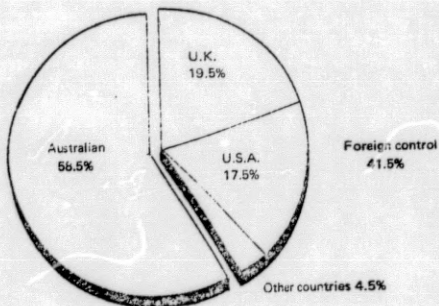
FOREIGN OWNERSHIP AND CONTROL OF FINANCE COMPANIES, 1973

(based on ownership and control characteristics at 30 June 1973 and balances outstanding on finance agreements at 31 December 1973)

OWNERSHIP (by type)**CONTROL (by category)**

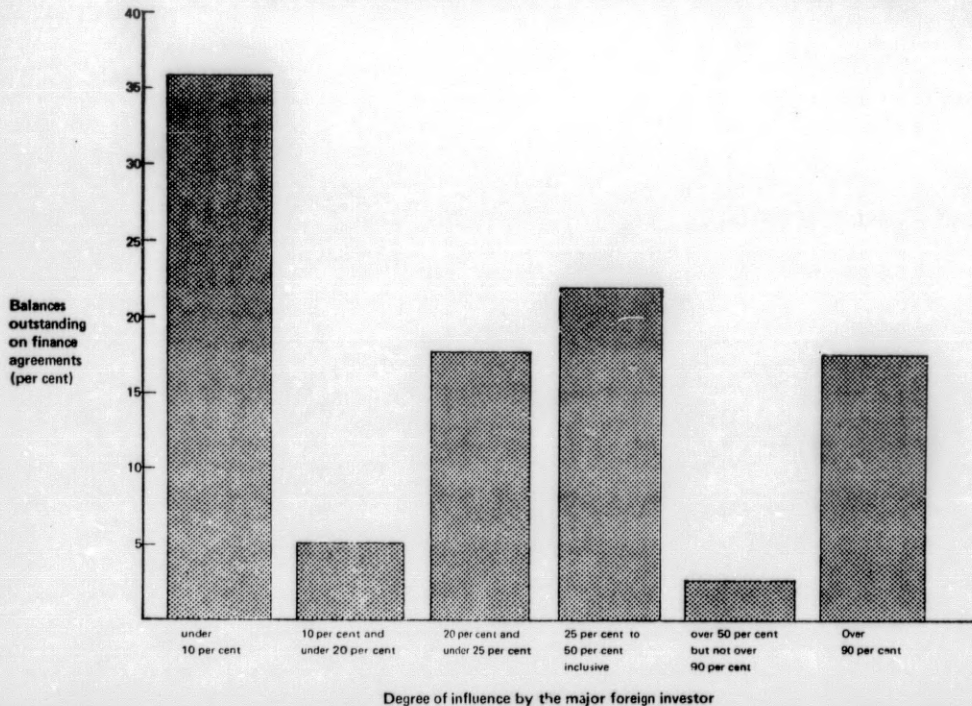
FOREIGN OWNERSHIP AND CONTROL OF FINANCE COMPANIES, 1973

(based on ownership and control characteristics at 30 June 1973 and balances outstanding on finance agreements at 31 December 1973)

OWNERSHIP (by country)**CONTROL (by country)**

FINANCE COMPANIES 1973 : DISTRIBUTION OF BALANCES OUTSTANDING ON FINANCE AGREEMENTS
ACCORDING TO THE DEGREE OF INFLUENCE BY THE MAJOR FOREIGN INVESTOR

(based on ownership and control characteristics at 30 June 1973 and balances outstanding on finance agreements at 31 December 1973)



Major results of the study

Based on ownership and control characteristics at 30 June 1973 and balances outstanding on finance agreements at 31 December 1973 :

Ownership

- The aggregate level of foreign ownership of finance companies in Australia was 48.0%, comprising 26.6% direct foreign ownership and 21.3% other identified foreign ownership.
- The aggregate level of direct foreign ownership from the United Kingdom was 13.4%, with 10.8% from the United States and 2.4% from other foreign countries.
- Of the 21.3% other identified foreign ownership, the United Kingdom accounted for 9.0% followed by the United States with 6.2%. European Economic Community countries (other than the United Kingdom) and Japan accounted for about one-half of the remaining 5.1% of other identified foreign ownership.
- The distribution of foreign ownership by type of ownership and by extent of ownership was :

Type of foreign ownership	Extent of each type of ownership		Total
	50 per cent and under	over 50 per cent	
	— per cent —		
Direct	6.3	20.4	26.6
Other identified	12.7	8.6	21.3
Total	16.5	31.5	48.0

Control

- Foreign controlled finance companies accounted for 41.5% of balances outstanding on finance agreements; this included "joint foreign and Australian controlled" finance companies which accounted for 10.2% of balances outstanding on finance agreements.
- The extent of foreign control varied for different types of finance business :

— housing finance	34.8%
— factoring and other commercial loans	39.5%
— leasing of business equipment and plant	42.9%
— instalment credit and personal loans	43.1%
— wholesale finance	53.9%
— bills of exchange	71.9%
- For total balances outstanding foreign control was highest for the United Kingdom at 19.5% followed by the United States with 17.5%.

- The United Kingdom accounted for most of the foreign control in housing finance and in leasing of business equipment and plant, while the United States accounted for most of the foreign control in wholesale finance and in instalment credit and personal loans.
- There were 15 foreign controlled finance company groups and 17 Australian controlled finance company groups with balances outstanding on finance agreements of \$50 million and over; these groups respectively, accounted for 37.1% and 50.9% of total balances outstanding.
- The qualifying level of 25% of equity used in this study in the definition of foreign control is conservative by international standards. There was a significant number of finance companies in which the percentage of equity held by the major foreign investor was at least 20% but under 25%. Reduction of the qualifying percentage to lower levels makes it increasingly doubtful (in the absence of other information e.g. on possible coalitions of investors) whether the major investor can exercise effective control of a particular company. The table below shows the changes that occur in the various control categories if the qualifying level is decreased from 25% to 20%.

	Qualifying Level	
	25%	20%
Foreign control (excl. joint foreign and Australian control)	31.3	45.1
Joint foreign and Australian control	10.2	8.0
Foreign Control	41.5	53.1
Australian control	58.5	46.9
Total	100.0	100.0

Influence

- Details of finance companies classified by degree of influence by the major foreign investor (size of the minimum link in the ownership chain connecting the major foreign investor to the finance company) are shown in the table below.

Degree of influence by the major foreign investor	Percentage of balances outstanding :	
	per category	cumulative
- over 90%	17.2	17.2
- over 50% but not over 90%	2.7	19.9
- 25% to 50% inclusive	21.8	41.7
- 20% and under 25%	17.7	59.4
- 10% and under 20%	5.0	64.4
- Under 10%	35.6	100.0

- These figures indicate, for example, that finance companies in which there was at least a 10% degree of influence by the major foreign investor accounted for 64.4% of total balances outstanding on finance agreements.
- According to the country of residence of the major foreign investor, this 64.4% comprised :
 - 32.3% from the United States
 - 21.6% from the United Kingdom
 - 10.4% from other foreign countries.

Of the 41.5% of balances outstanding accounted for by *foreign controlled* finance companies, almost one half was attributable to finance companies in which the degree of influence by a coalition of all foreign investors did not exceed 50%. On the other hand, of the 58.5% of balances outstanding accounted for by *Australian controlled* finance companies approximately one fifth was attributable to finance companies in which the degree of influence by a coalition of all foreign investors exceeded 50%.

Comparison with other sectors

A comparison of the levels of foreign ownership and control in several sectors is given below :

	Ownership (%)		Control (a)(%)	
	Foreign	Australian	Foreign	Australian
Mining Industry, 1971-72 (b)	47.8	52.2	54.3	45.7
Mining Industry, 1972-73 (c)	49.6	50.4	57.2	42.8
Finance Companies, 1973 (d)	48.0	52.0	41.5	58.5
General Insurance Business, 1972-73 (e)	45.7	54.3	45.0	55.0
Life Insurance Business, 1973 (f)	36.8	63.2	19.4	80.6

(a) Based on a qualifying level of 25% of equity.

(b) Based on ownership and control characteristics at 30 June 1972 and value added for 1971-72.

(c) Based on ownership and control characteristics at 30 June 1973 and value added for 1972-73.

(d) Based on ownership and control characteristics at 30 June 1973 and balances outstanding on finance agreements at 31 December 1973.

(e) Based on ownership and control characteristics at 30 June 1973 and general insurance premiums for 1972-73.

(f) Based on ownership and control characteristics at 30 June 1973 and life insurance premiums for 1973.

EXPLANATORY NOTES

Introduction

This bulletin contains details of the extent of foreign ownership and control of finance companies in Australia in 1973.

2. The concepts of ownership and control, and the methods and procedures adopted for this study are similar to those used in the study, *Foreign Ownership and Control of the Mining Industry, 1972-73* (Reference No. 10.42). The differences between this study and the mining study are described in paragraph 47.

3. This study was undertaken by identifying the finance companies concerned, determining the foreign ownership and control characteristics of each finance company, and weighting these with measures of operations of the respective companies to produce aggregate measures of the extent of foreign ownership and control of finance companies.

Timing and sources of data

4. Finance companies were identified from the Bureau's monthly Finance Companies collection for the December quarter 1973 and operations data from that collection were used as measures of the relative economic significance of those companies. Foreign ownership and control characteristics were derived, as at 30 June 1973, from data collected mainly in the Bureau's Survey of Overseas Investment.

Scope of the statistics

5. The scope of this study of foreign ownership and control is the same as that of the Bureau's monthly Finance Companies collection.

6. Except for specified types of financial and quasi-financial institutions which are listed in paragraph 7 below and some other exceptions which are described in paragraph 8 below, a finance company is defined for the purposes of the Finance Companies collection as an incorporated company which is mainly engaged in providing to the general public (businesses as well as persons in their private capacity), credit facilities of the following types:

- instalment credit for retail sales,
- personal loans,
- wholesale finance,
- factoring,
- other consumer and commercial loans,
- leasing of business equipment and plant, and
- bills of exchange.

A company is regarded as being mainly engaged in providing these credit facilities if 50 per cent or more of its assets consist of balances outstanding with respect to these types of financing and/or if 50 per cent or more of its income is derived from such types of financing.

7. Regardless of the above definition, the following generally recognised types of financial and quasi-financial institutions are excluded from the scope of the Finance Companies collection: banks; life insurance companies; enterprises conducting general insurance business; authorised dealers in the short-term money market; pastoral finance companies; investment companies; unit trusts; land trusts; mutual funds and management companies for the foregoing trusts and funds; pension and superannuation funds; building societies; friendly societies; and credit unions.

8. Also excluded from the scope of the monthly Finance Companies collection are:

- (a) small finance companies (or groups of related finance companies) with balances outstanding on finance agreements of the types indicated in paragraph 6 above, of less than \$500,000 (such companies represent less than 3 per cent of the total balances outstanding to all finance companies),

- (b) companies financing their own sales, unless 50 per cent or more of their assets consist of balances outstanding with respect to the types of financing listed in paragraph 6 above other than agreements written for the purpose of financing their own sales; and
- (c) companies mainly engaged in financing the operations of related companies, except finance companies (as defined above) engaged mainly in financing the sales of related companies by directly writing agreements with the general public.

9. While most tables in this bulletin relate to all finance companies within the scope of this study, some figures (Tables 4 and 9) relate only to "selected finance companies" or exclude "selected finance companies". "Selected finance companies" are companies *within the scope* of the Finance Companies collection which, in general, might also be regarded as 'merchant banks'. A finance company is regarded as a "selected finance company" if, on an Australia-wide basis, its:

- (a) balances outstanding on instalment credit for retail sales agreements and other personal loans account for less than 5 per cent of its balances outstanding on the types of financing described in paragraph 6 above,
- (b) venture raisings account for less than 20 per cent of its total liabilities after deducting shareholders' funds, and
- (c) total assets exceed \$15 million.

10. More detailed information on the scope of the Finance Companies collection (and therefore of this study) is contained in the annual bulletin *Finance Companies Transactions 1972-73* (Reference No. 5.13) and the monthly bulletin *Finance Companies July and August 1973* (Reference No. 5.14), published by this Bureau.

11. Businesses included in the study comprise companies incorporated in Australia and branches in Australia of companies incorporated in foreign countries. For the purposes of this study, a *business unit* is regarded as a group of finance companies which are related in terms of Section 6 of the uniform companies legislation, a group of finance companies which are branches and/or subsidiaries of a common foreign company, or any other individual finance company which is not related in either of these ways to another finance company.

Measurement of foreign ownership

12. 'Foreign ownership' means that non-residents of Australia own shares (or have an equivalent ownership interest) in an enterprise operating in Australia. The obvious financial benefits of ownership of shares are the value of the shares as an asset and the periodic income (dividends) that may be paid in respect of those shares. If efficient open markets existed for all such shares, it would be possible to obtain a measure of the extent of foreign ownership in a particular industry by multiplying the number of shares, which non-residents hold in enterprises operating in that industry, by the market price for each share at a particular date (or the average price for a sequence of dates), and comparing that result with the corresponding calculation for Australian residents. However, in many cases, the shares are not traded on any stock exchange and, for branches of enterprises incorporated in foreign countries, the shares are those of the foreign enterprise, and not its Australian branch as such.

13. A further difficulty with the approach of using the capital value of shares held by non-residents as a measure of the extent to which foreigners have an ownership interest in a particular industry, is the problem of *joint contributions* to the value of a share. For example, suppose a foreigner owns shares in enterprise A which both operates in industry 1 and owns shares in enterprise B, which operates in industry 2. The value of enterprise A shares owned by the foreigner will be influenced by the expected return from enterprise A's holding of enterprise B shares, but it will also be influenced by the expected profitability of enterprise A's own operations. It would be very difficult to disentangle these joint contributions to the capital value of enterprise A's shares, in order to measure the extent of foreign ownership in either industry 1 or industry 2.

14. Problems with regard to joint contributions would also apply in any attempt to analyse the financial accounts of enterprises that operate in a particular industry and operate in other industries with a view to measuring foreign ownership in terms of, say, the net worth of those enterprises. Also, there would be serious problems of lack of uniformity in bases of valuation and definitions of items of data as recorded in the enterprises' accounts.

15. Another approach to measuring the extent of foreign ownership might be to attempt to identify, in respect of each enterprise in an industry, the amount of profit paid ultimately to foreigners and the amount paid ultimately to Australian resident individuals and compare the respective aggregates. However, the analysis of dividend payments would be subject to many conceptual and practical difficulties including the problem of joint contributions.

16. For the above reasons, it has not been practicable in this study to measure the extent of foreign ownership in terms of the aggregate value of shares owned by foreigners, or the dividends ultimately paid to foreigners, as compared with the corresponding figures for Australian residents.

17. The practicable approach that was considered to be the most appropriate was to try to gauge the extent of foreign ownership in terms of variables such as balances outstanding, employment, etc. which were used to weight the foreign ownership characteristics (percentage of ordinary shares owned by foreigners) of each finance company. The correlation between the resulting aggregates for variables such as balances outstanding, employment, etc. and the financial benefits of ownership (value of the shares and dividends) is not known.

18. In this bulletin, foreign ownership is classified as 'direct foreign ownership' or 'other identified foreign ownership'. *Direct foreign ownership* is the ownership by direct foreign investors in finance companies which are either 'direct investment enterprises' (defined below) or which are connected to 'direct investment enterprises' by one or more sequential ownership links of 25 per cent or more of ordinary shares (or equivalent ownership interest). *Direct investment enterprises* are defined as:

- (a) enterprises incorporated in Australia in which:
 - (i) 25 per cent or more of the ordinary shares are held by an individual, an enterprise, or a group of related enterprises, in the one foreign country, or
 - (ii) 50 per cent or more of the ordinary shares are held by individual shareholders resident in the one foreign country;
- (b) branches of enterprises incorporated in foreign countries; and
- (c) wholly or partly owned subsidiaries (as defined in the companies legislation) of enterprises included in (a) and (b) above.

The foreigners (including enterprises incorporated in foreign countries) who hold the shares referred to in (a)(i) and (ii) above and own the branches referred to in (b) above are regarded as *direct foreign investors*.

19. *Other identified foreign ownership* consists of:

- (i) Foreign ownership by other than direct foreign investors of ordinary shares in finance companies which are either direct investment enterprises or which are connected to direct investment enterprises by one or more sequential ownership links of 25 per cent or more of ordinary shares (or equivalent ownership interest) from the direct investment enterprise.
- (ii) Ownership by foreigners of ordinary shares in finance companies, which are not direct investment enterprises and are not connected by one or more sequential ownership links of 25 per cent or more of ordinary shares (or equivalent ownership interest) to direct investment enterprises.

20. It has been possible to identify small shareholdings of *immediate* foreign owners of finance companies. However, it has not been practicable to trace all foreign ownership in enterprises which are partly owned by foreigners and which own ordinary shares in a finance company. Because of the complexity and cost of tracing numerous small ownership links, it was necessary to adopt a cut-off level of "significant" ownership for the purpose of tracing ownership links. The cut-off level adopted for this study was a holding of 10 per cent of ordinary shares. That is, for each finance company and each enterprise in an ownership network (refer Diagram 1, page 15) ownership of an individual shareholding of less than 10 per cent has been traced only to the immediate owner, and allocated to foreign or Australian according to the residence (or country of incorporation) of that immediate owner. Any foreign ownership which has been excluded in this process would be unlikely, in aggregate, to account for a significant percentage of the total foreign ownership of finance companies.

21. In calculating foreign ownership of finance companies in Australia, account was taken of foreign investment through the larger identified *Australian nominees*. This type of ownership was classified as 'other identified foreign ownership'.

22. Ownership characteristics for companies limited by shares are based on information on *ordinary shares (or voting stock)* collected mainly in the Survey of Overseas Investment. Therefore, preference shares which do not carry a general voting entitlement are excluded. For convenience the term 'ordinary shares' is used to describe this aspect of the information on which this study is based. This term is also used in this study to cover an equivalent ownership interest in other types of entities.

23. The extent of foreign ownership of finance companies was calculated by *apportioning* separately to Australian ownership, direct foreign ownership, and other identified foreign ownership, details of balances outstanding, employment, etc. for each finance company on the basis of the percentage of ordinary shares of the finance company held by direct and other foreign investors respectively. When no direct or other foreign ownership of a finance company was identified, the data for that finance company were classified wholly to Australian ownership.

24. This apportionment of data on the operations of finance companies does not imply that part of the balances outstanding or the employees, etc. of individual finance companies are themselves actually owned by foreigners. It simply represents a measure of the extent of foreign ownership of finance companies in Australia obtained by separately weighting the degree of foreign and Australian ownership of each enterprise by measures of the relative economic significance of individual finance companies and aggregating the results of those calculations.

25. In order to take account of *indirect ownership*, the widely accepted convention of *multiplying* ownership links was adopted. For example, if a foreigner owns 60 per cent of the ordinary shares of enterprise A, and enterprise A owns 70 per cent of the ordinary shares of enterprise B, the foreigner is said to 'own' (indirectly) 42 per cent of the ordinary shares in enterprise B. It should be noted that under this convention, although each link in the ownership chain which connects a direct foreign investor and a finance company must be at least 25 per cent, direct foreign ownership in a finance company may be less than 25 per cent. For example, if a direct foreign investor holds 30 per cent of the ordinary shares in enterprise A which owns 40 per cent of the ordinary shares in enterprise B which is a finance company, then direct foreign ownership in that finance company is 12 per cent. However, there were very few cases in this study in which direct foreign ownership of a finance company was less than 25 per cent.

26. The following example illustrates the ownership classification and the coverage of foreign ownership statistics.

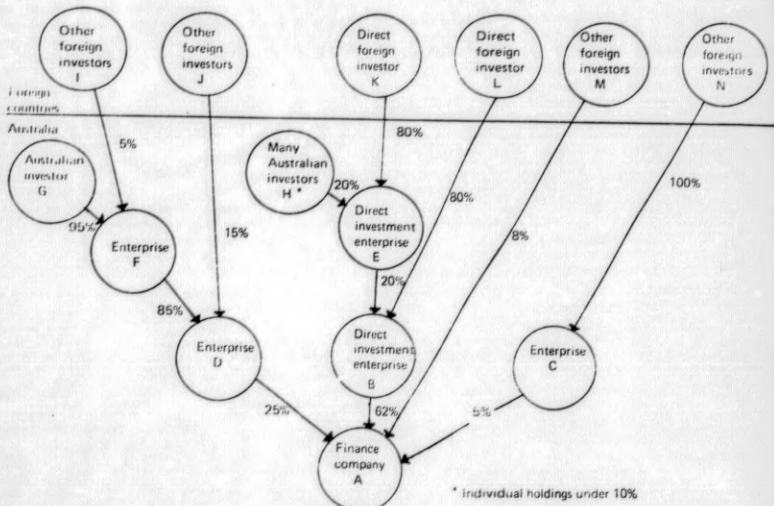


Diagram 1

27. In this example, 49.6% of the balances outstanding, employment, etc. of the finance company A would have been apportioned to "direct foreign ownership" (62% ownership of A by B, multiplied by 80% ownership of B by the direct investor L, to give 49.6%), and 23.3% of the balances outstanding, employment, etc. of the finance company would have been apportioned to "other identified foreign ownership" (8% ownership of A by M; plus 62% ownership of A by B multiplied by the 20% ownership of B by E, further multiplied by the 80% ownership of E by K; plus 25% ownership of A by D multiplied by the 15% ownership of D by J; plus 25% ownership of A by D multiplied by the 85% ownership of D by F, further multiplied by the 5% ownership of F by I - to give $8\% + 9.9\% + 3.8\% + 1.6\% = 23.3\%$). The remaining 27.1% of the balances outstanding, employment, etc. of the finance company would have been apportioned to "Australian ownership". It should be noted that the 62% ownership of A by B multiplied by the 20% ownership of B by direct investment enterprise E multiplied by the 80% ownership of E by direct investor K would not be included in "direct foreign ownership", as a link in the ownership chain from that direct investor is less than 25%. This ownership interest would have been classified as "other identified foreign ownership". Also, the 5% ownership of A by C multiplied by the 100% ownership of C by other foreign investors in N would not have been identified as foreign ownership and would have been classified as Australian ownership because, in this study, ownership links of less than 10% were traced only to immediate owners.

28. The foreign ownership figures are compiled on a gross basis. That is, shares held by Australian residents in enterprises incorporated in foreign countries that have an ownership interest in finance companies in Australia have not been identified and deducted from the figures given in this bulletin for foreign ownership of finance companies in Australia. While a precise figure for such ownership is not available, its exclusion would be unlikely to have a significant effect on the estimates of foreign ownership.

Measurement of foreign control

29. Broadly, an enterprise is regarded as foreign controlled if there is evidence that foreigners are likely to be in a position, acting singly or as a coalition, to determine the *key policy decisions* of the enterprise. The evidence of such control that can be taken into consideration in a general statistical study is a substantial holding of voting rights or ordinary shares. The distribution of voting rights in a particular enterprise may differ from the distribution of ordinary shares because, for example, there may be sliding scales which operate to reduce the voting entitlement of larger shareholders. However, as complete data on the distribution of voting rights are not presently available, only the *ownership of ordinary shares* has been used in this study as the basis for defining foreign controlled enterprises.

30. There can be circumstances where an enterprise appears to be 'controlled' by a financial institution through conditions written into a loan contract. It can also be argued that governments can effectively control enterprises in Australia by means of various legislative constraints. In addition, the local management of some foreign owned enterprises may make major decisions (but usually this situation could be altered if the owners of the enterprise believed that the local management was acting contrary to the owners' interests).

31. However, in a general statistical study it is not possible to take account of all these and other possible influences because there is no way in which they can be systematically aggregated on a consistent basis nor, in some cases, quantified individually. Also, the situations arising under contractual agreements may be temporary and generally do not relate to all types of key policy decisions of the enterprises concerned.

32. In this study, a finance company was classified as 'foreign controlled' if it was a 'direct investment enterprise' (see paragraph 18 above) or was connected to a direct investment enterprise by one or more sequential ownership links of 25 per cent or more of ordinary shares (or an equivalent ownership interest) from the direct investment enterprise. However, if at any point in the ownership chain connecting the major direct foreign investor and the finance company, an Australian controlled enterprise or resident individual owned a larger holding of ordinary shares than the major direct foreign investor, then the enterprise was classified as 'Australian controlled'. All other finance companies were also classified as 'Australian controlled'. The provision concerning the larger Australian controlled holding resulted in four finance companies (which in total accounted for 0.2 per cent of total balances outstanding), being classified as Australian controlled.

33. An important implication of the rule adopted is that in cases where the holding (in the finance company) of the direct foreign investor and an Australian controlled enterprise or resident individual were *equal* at any one point in the ownership chain, the finance company was classified as foreign controlled. As such cases were included in the foreign controlled category in previously published statistics of foreign participation in the mining industry in Australia, the same treatment was continued in this study in order to retain as high a degree of comparability as possible with the previous studies. However, whereas in the mining industry the figures were confident, for cases in this borderline situation (where it could be considered that there was 'joint foreign and Australian' control), it has been possible to publish separate figures for finance companies in this situation.

34. As it is possible in certain circumstances to achieve effective control of an enterprise with a holding of less than 25 per cent of ordinary shares (the minimum qualification for classification in this study as foreign controlled), the category for Australian controlled finance companies may include some which were subject to foreign control. Conversely, the objective statistical definition adopted in this study may have resulted in the classification as foreign controlled of individual finance companies for which a case can be made out on other grounds that they are effectively Australian controlled. It should be noted, however, that the qualifying level of 25 per cent adopted in this study is conservative by international standards as there is a strong tendency in statistical studies abroad for ownership levels considerably below 25 per cent to be regarded as appropriate for defining effective control.

35. In the tables which contain information on the extent of foreign control, data for each finance company were allocated *wholly* to the appropriate control category.

36. Diagrams illustrating some of the circumstances in which finance companies are classified to particular control categories are given below :

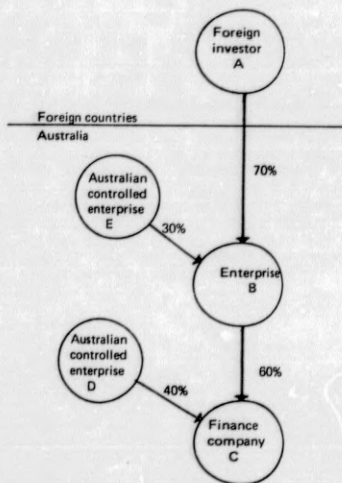
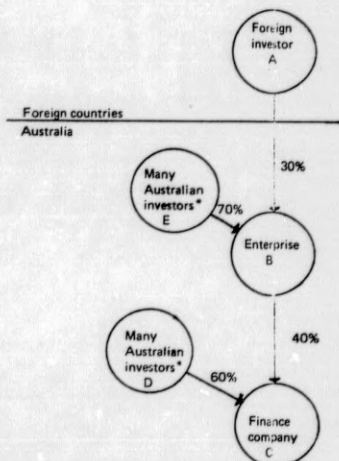


Diagram 2

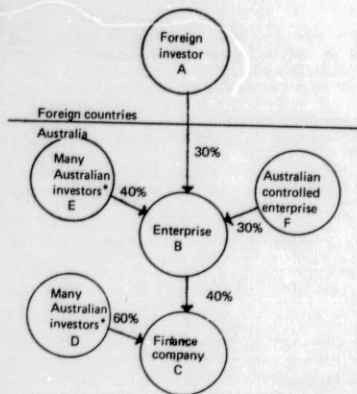
Foreign control (excluding joint foreign and Australian control)



* Individual holdings under 10%

Diagram 3

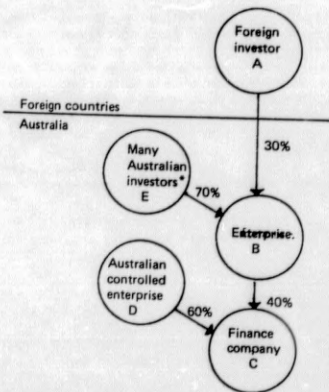
Foreign control (excluding joint foreign and Australian control)



* Individual holdings under 10%

Diagram 4

Joint Foreign and Australian Control



* individual holdings under 10%

Diagram 5

Australian Control

In Diagrams 2 and 3, the finance company C is classified as "foreign controlled" because in each case it is connected to a direct investment enterprise B by an ownership link of 25% or more of ordinary shares (60% and 40% respectively) and at no point in either ownership chain does an Australian controlled enterprise or resident individual own an equal or larger holding of ordinary shares than the major direct foreign investor A. In Diagram 4, the finance company is also classified to the foreign controlled category and would be sub-classified to 'joint foreign and Australian control' because an Australian controlled enterprise owns an equal holding of ordinary shares (30%) at a point in the ownership chain from the major direct foreign investor. In Diagram 5, the finance company C is classified as Australian controlled because an Australian controlled enterprise owns a larger holding of ordinary shares at a point in the ownership chain from the major direct foreign investor.

Measurement of Foreign Influence

37. Part III of this bulletin contains statistics on the potential *degree of influence* by foreigners in finance companies, in terms of ownership links. These statistics have been provided because of the prevalence in finance companies of significant amounts of foreign ownership below the 25% level used in the definition of foreign control. Also, they provide information on the extent to which foreign investors (including unrelated investors) acting in coalition may be potentially in a position to influence the key policy decisions of a particular finance company. This information is not intended as a substitute for the statistics on foreign control in Part II of this bulletin.

38. In Tables 10, 11 and 12, supplementary information is presented by classifying finance companies according to the *degree of influence by the major foreign investor*. The major foreign investor in a finance company is the foreign investor who has a greater degree of influence in that finance company than any other foreign investor, where the degree of influence is measured by the size of the minimum link in the ownership chain connecting the foreign investor to the finance company. Examples of the measurement of the degree of influence by the major foreign investor are given in Diagram 6 below. The major foreign investor is H because the ownership chain H-B-A has a minimum link, H-B, of 40 per cent, while the other foreign ownership chain, I-C-A, has a minimum link of only 20 per cent; the degree of influence by the major foreign investor H is 40 per cent. Similarly, in Diagram 7, the degree of influence by the major foreign investor D is 10 per cent.

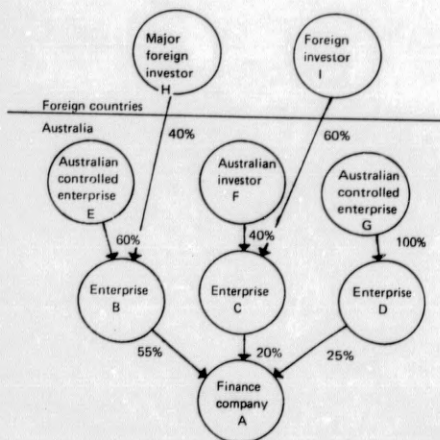
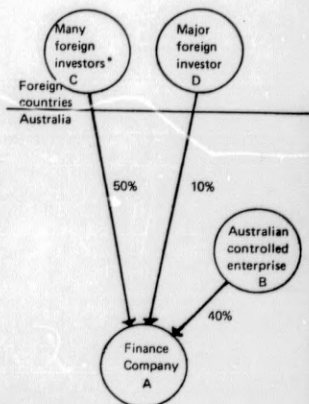


Diagram 6

Degree of influence by the major foreign investor is in the range 25% to 50% inclusive



* Individual holdings under 10%

Diagram 7

Degree of influence by the major foreign investor is in the range 10% and under 20%

39. Generally, the greater the degree of influence by the major foreign investor in a particular finance company, the greater will be the likelihood of effective control by that foreign investor of the finance company.

40. Under the criteria for classification of control outlined in paragraph 32 above, it is possible that finance companies classified as "Australian controlled" could be effectively controlled by foreign investors if they were to act in coalition. There may be cases where the degree of influence by the major foreign investor is less than the degree of influence by an Australian investor (and the finance company is therefore classified as "Australian controlled") but over 50 per cent of the ordinary shares in the finance company are owned by foreigners or foreign controlled enterprises. Also there may be cases where the degree of influence by the major foreign investor is under 25 per cent (therefore excluding the finance company from the foreign controlled category), but where a majority or even all the ordinary shares in the finance company are held by foreigners or foreign controlled enterprises.

41. In order to provide further supplementary information, in Tables 13 and 14 finance companies have been classified according to the degree of influence by a coalition of all foreign investors (i.e. a measure of the potential influence if all foreign investors acted in coalition), as well as the degree of influence by the major foreign investor.

42. An example of the degree of influence by a coalition of all foreign investors is given in Diagram 8 :

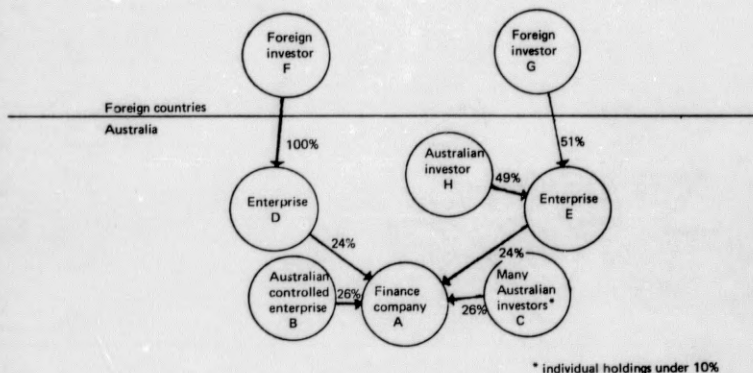


Diagram 8

In this case there are two ownership chains which connect foreign investors F and G to the finance company A. If investors F and G acted in coalition, they would be associated with a holding of a maximum of 48 per cent of the ordinary shares in the finance company A; F holds 100 per cent of the ordinary shares in D and G holds 51 per cent of the ordinary shares in E; while D and E together hold 48 per cent of the ordinary shares in the finance company A. This finance company would therefore be classified to the category :

"degree of influence by a coalition of all foreign investors is '50 per cent and under'."

43. Generally, the greater the degree of influence by a coalition of all foreign investors, the greater the likelihood of effective foreign control.

Country Classification

44. The classifications by country shown in the ownership, control and influence statistics may be subject to severe limitations because of the restricted nature of the data available and the consequential necessity to apply the simple rules outlined in the following paragraphs.

45. In the foreign ownership statistics shown in Table 1, the classification by country is based on the country of domicile of the immediate foreign owner of the ordinary shares of the finance company or an enterprise which is connected to the finance company. This may not necessarily correspond with the country of ultimate ownership as the immediate foreign owner may be a company which is in turn owned by residents of a different country again.

46. The basis of classification used for the foreign control statistics shown in Tables 5 and 8 is the country of domicile of the direct foreign investor. This is subject to the limitation described above and to the fact that when a company in Australia has direct foreign investors in more than one country, for purposes of these statistics, that company was classified on the basis of the country of domicile of those direct foreign investors which together accounted for the largest percentage of direct foreign ownership. Similar limitations apply to the basis of classification used for the foreign influence statistics shown in Table 12.

Comparability with other studies of foreign ownership and control

47. The concepts of ownership and control and the methods and procedures adopted for this study are similar to those used in the study, *Foreign Ownership and Control of the Mining Industry, 1972-73* (Reference No. 10.42). However, in the mining study complex ownership chains were necessarily traced beyond the immediate owners of the operating enterprise only up to the point where ownership ceased to have any effect on the classification of control, whereas, in this study, ownership chains were traced consistently beyond the immediate owners up to the point where the ownership links were under 10 per cent. Consequently, while the basic control data used in this study is similar in scope to that used in the mining industry study, the coverage of foreign ownership may be more complete and it has been possible to provide supplementary data on the degree of influence by foreign investors. It is not known precisely what effect this more rigorous tracing of ownership links would have had on the results of the mining industry study if it had been practicable to do so in that study, but present knowledge indicates that it probably would not have had a significant effect. However, the effect on the study of finance companies in not consistently tracing ownership links down to the 10 per cent level would have been significant.

Rounding

48. Any discrepancies between totals and sums of components in tables are due to rounding.

PART I. FOREIGN OWNERSHIP

TABLE 1. - FINANCE COMPANY STATISTICS APPORTIONED TO FOREIGN OWNERSHIP, BY TYPE AND COUNTRY,
AND AUSTRALIAN OWNERSHIP, 1973

	Direct foreign ownership				Other identified foreign ownership				Total foreign ownership				Australian ownership	Total
	U.K.	U.S.A.	Other countries	Total	U.K.	U.S.A.	Other countries	Total	U.K.	U.S.A.	Other countries	Total		
Balances outstanding at end of December -														
Installment credit and personal loans														
Housing finance	268.1	420.4	9.2	697.7	216.8	120.1	87.9	424.8	484.9	540.5	97.1	1,122.5	1,058.5	2,181.0
Wholesale finance	282.7	28.8	24.8	336.3	153.4	101.7	104.0	359.1	436.1	130.5	128.8	695.4	1,391.6	2,087.0
Factoring and other commercial loans	22.8	108.2	..	131.0	22.0	13.0	8.2	43.2	44.8	121.2	8.2	174.2	78.4	252.6
Leasing of business equipment and plant	284.3	214.2	122.0	620.5	244.3	222.1	236.4	702.8	528.6	436.3	358.4	1,323.3	1,172.6	2,495.9
Bills of exchange	213.5	46.5	28.9	288.9	101.3	54.4	57.2	212.9	314.8	100.9	86.1	501.8	566.3	1,068.1
Total	57.5	97.0	19.5	174.0	21.9	15.2	23.3	60.4	79.4	112.2	42.8	234.4	127.3	361.7
Amount financed for December quarter	1,129.0	915.0	204.4	2,248.4	759.7	526.4	517.0	1,803.1	1,888.7	1,441.4	721.4	4,051.5	4,394.8	8,446.3
	350.1	370.7	89.5	810.3	238.5	155.4	189.1	583.0	588.6	526.1	278.6	1,393.3	1,171.5	2,564.8
Persons employed at end of December														
	2,203	1,422	157	3,782	1,229	718	608	2,555	3,432	2,140	765	6,337	7,542	13,879
Balances outstanding at end of December -														
Installment credit and personal loans														
Housing finance	12.3	19.3	0.4	32.0	9.9	5.5	4.1	19.5	22.2	24.8	4.5	51.5	48.5	100.0
Wholesale finance	13.5	1.4	1.2	16.1	7.4	4.9	5.0	17.2	20.9	6.3	6.2	33.3	66.7	100.0
Factoring and other commercial loans	9.0	42.8	..	51.9	8.7	5.1	3.3	17.1	17.7	48.0	3.3	69.0	31.0	100.0
Leasing of business equipment and plant	11.4	8.6	4.9	24.9	9.8	8.9	9.5	28.2	21.2	17.5	14.4	53.0	47.0	100.0
Bills of exchange	20.0	4.4	2.7	27.0	9.5	5.1	5.4	19.9	29.5	9.4	8.1	47.0	53.0	100.0
Total	15.9	26.8	5.4	48.1	6.1	4.2	6.4	16.7	22.0	31.0	11.8	64.8	35.2	100.0
Amount financed for December quarter	13.4	10.8	2.4	26.6	9.0	6.2	6.1	21.3	22.4	17.1	8.5	48.0	52.0	100.0
	13.7	14.4	3.5	31.6	9.3	6.1	7.4	22.7	23.0	20.5	10.9	54.3	45.7	100.0
Persons employed at end of December	15.9	10.2	1.1	27.2	8.9	5.2	4.4	18.4	24.7	15.4	5.5	45.7	54.3	100.0

TABLE 2. - FINANCE COMPANY STATISTICS APPORTIONED TO FOREIGN OWNERSHIP, BY TYPE AND EXTENT, AND AUSTRALIAN OWNERSHIP, 1973

	Other identified foreign ownership														Australian ownership	Total
	Direct foreign ownership			Extent of other identified foreign ownership				Total foreign ownership								
	Extent of direct foreign ownership			Extent of other identified foreign ownership				Extent of total foreign ownership								
	50% and under	Over 50%	Total	Under 25%	25% to 50% inclusive	Over 50%	Total	Under 25%	25% to 50% inclusive	Over 50% but not over 90%	Over 90%	Total				
Balances outstanding at end of December –																
– \$ million –																
Instalment credit and personal loans	150.0	547.7	697.7	122.1	154.5	148.2	424.8	81.7	231.8	809.0	1,122.5	1,058.5	2,181.0			
Housing finance	99.8	236.5	336.3	128.0	213.1	18.0	359.1	104.7	335.6	255.1	695.4	1,391.6	2,087.0			
Wholesale finance	1.7	129.3	131.0	3.7	20.7	18.8	43.2	3.2	22.9	148.1	174.2	78.4	252.6			
Factoring and other commercial loans	164.7	455.8	620.5	81.5	173.5	447.8	702.8	30.9	304.0	554.9	433.5	1,323.3	1,172.6	2,495.9		
Leasing of business equipment and plant	77.0	211.9	288.9	37.8	121.5	53.6	212.9	17.5	206.0	87.9	190.4	501.8	566.3	1,068.1		
Bills of exchange	35.1	138.8	174.0	9.6	11.5	39.3	60.4	2.5	50.6	59.4	121.9	234.4	127.3	361.7		
Total	528.4	1,720.0	2,248.4	382.6	694.8	725.7	1,803.1	240.4	1,150.8	1,102.3	1,558.0	4,051.5	4,394.8	8,446.3		
Amount financed for December quarter	116.5	693.8	810.3	90.3	198.1	294.6	583.0	60.5	312.0	377.1	643.7	1,393.3	1,171.5	2,564.8		
Persons employed at end of December																
– number –																
	771	3,011	3,782	691	1,061	803	2,555	463	1,980	1,096	2,798	6,337	7,542	13,879		
Balances outstanding at end of December –																
– per cent –																
Instalment credit and personal loans	6.9	25.1	32.0	5.6	7.1	6.8	19.5	3.7	10.6	37.1	51.5	48.5	100.0			
Housing finance	4.8	11.3	16.1	6.1	10.2	0.9	17.2	5.0	16.1	12.2	33.3	66.7	100.0			
Wholesale finance	0.7	51.2	51.9	1.5	8.2	7.4	17.1	1.3	9.1	58.6	69.0	31.0	100.0			
Factoring and other commercial loans	6.6	18.3	24.9	3.3	7.0	17.9	28.2	1.2	12.2	22.2	17.4	53.0	47.0	100.0		
Leasing of business equipment and plant	7.2	19.8	27.0	3.5	11.4	5.0	19.9	1.6	19.3	8.2	17.8	47.0	53.0	100.0		
Bills of exchange	9.7	38.4	48.1	2.6	3.2	10.9	16.7	0.7	14.0	16.4	33.7	64.8	35.2	100.0		
Total	6.3	20.4	26.6	4.5	8.2	8.6	21.3	2.8	13.6	13.1	18.4	48.0	52.0	100.0		
Amount financed for December quarter	4.5	27.1	31.6	3.5	7.7	11.5	22.7	2.4	12.2	14.7	25.1	54.3	45.7	100.0		
Persons employed at end of December	5.6	21.7	27.2	5.0	7.6	5.8	18.4	3.3	14.3	7.9	20.2	45.7	54.3	100.0		

TABLE 3. — FINANCE COMPANY STATISTICS APPORTIONED TO FOREIGN AND AUSTRALIAN OWNERSHIP BY SIZE OF BUSINESS UNIT, 1973

	Foreign ownership				Australian ownership				Total			
	Size of business unit (balances outstanding)				Size of business unit (balances outstanding)				Size of business unit (balances outstanding)			
	Under \$25m	\$25m and under \$50m	\$50m and over	Total	Under \$25m	\$25m and under \$50m	\$50m and over	Total	Under \$25m	\$25m and under \$50m	\$50m and over	Total
Balances outstanding at end of December —												
Instalment credit and personal loans	66.2		1,056.3	1,122.5	154.1		904.4	1,058.5	220.4		1,960.6	2,181.0
Housing finance	18.9		676.5	695.4	169.4		1,222.2	1,391.6	188.3		1,898.7	2,087.0
Wholesale finance	26.3		147.9	174.2	3.0		75.4	78.4	29.4		223.2	252.6
Factoring and other commercial loans	133.9		1,189.4	1,323.3	154.2		1,018.4	1,172.6	288.1		2,207.8	2,495.9
Leasing of business equipment and plant	49.3		452.5	501.8	97.0		469.3	566.3	146.3		921.8	1,068.1
Bills of exchange	88.4		146.0	234.4	47.5		79.8	127.3	135.9		225.8	361.7
Total	145.2	237.8	3,668.5	4,051.5	466.2	159.2	3,769.4	4,394.8	611.4	397.0	7,437.9	8,446.3
Amount financed for December quarter	121.0	167.8	1,104.5	1,393.3	152.1	80.6	938.8	1,171.5	273.1	248.4	2,043.3	2,564.8
Persons employed at end of December	304	184	5,849	6,337	916	485	6,141	7,542	1,220	669	11,990	13,879
Balances outstanding at end of December —												
Instalment credit and personal loans	3.0		48.4	51.5	7.1		41.4	48.5	10.1		89.9	100.0
Housing finance	0.9		32.4	33.3	8.1		58.6	66.7	9.0		91.0	100.0
Wholesale finance	10.4		58.6	69.0	1.2		29.8	31.0	11.6		88.4	100.0
Factoring and other commercial loans	5.4		47.7	53.0	6.2		40.8	47.0	11.5		88.5	100.0
Leasing of business equipment and plant	4.6		42.4	47.0	9.1		43.9	53.0	13.7		86.3	100.0
Bills of exchange	24.4		40.4	64.8	13.1		22.1	35.2	37.6		62.4	100.0
Total	1.7	2.8	43.5	48.0	5.5	1.9	44.6	52.0	7.2	4.7	88.1	100.0
Amount financed for December quarter	4.7	6.5	43.1	54.3	5.9	3.1	36.7	45.7	10.6	9.7	79.7	100.0
Persons employed at end of December	2.2	1.3	42.2	45.7	6.6	3.5	44.2	54.3	8.8	4.8	86.4	100.0

TABLE 4. - STATISTICS OF SELECTED FINANCE COMPANIES (a) AND OTHER FINANCE COMPANIES,
APPORTIONED TO FOREIGN AND AUSTRALIAN OWNERSHIP, 1973

	Selected finance companies			Other finance companies			All finance companies		
	Foreign ownership	Australian ownership	Total	Foreign ownership	Australian ownership	Total	Foreign ownership	Australian ownership	Total
Balances outstanding at end of December -									
				- \$ million -					
Instalment credit and personal loans							1,122.5	1,058.5	2,181.0
Housing finance	2.3	0.7	3.0	1,989.8	2,527.8	4,517.6	695.4	1,391.6	2,087.0
Wholesale finance							174.2	78.4	252.6
Factoring and other commercial loans	505.9	164.0	669.9	817.4	1,008.6	1,826.0	1,323.3	1,172.6	2,495.9
Leasing of business equipment and plant	..	..	..	501.8	566.3	1,068.1	501.8	566.3	1,068.1
Bills of exchange	199.9	102.1	302.0	34.5	25.2	59.7	234.4	127.3	361.7
Total	708.1	266.8	974.9	3,343.4	4,128.0	7,471.4	4,051.5	4,394.8	8,446.3
Amount financed for December quarter	429.8	185.7	615.5	963.5	985.8	1,949.3	1,393.3	1,171.5	2,564.8
				- number -					
Persons employed at end of December	380	145	525	5,957	7,397	13,354	6,337	7,542	13,879
Balances outstanding at end of December -									
				- per cent -					
Instalment credit and personal loans							51.5	48.5	100.0
Housing finance	..	..	0.1	44.0	55.9	99.9	33.3	66.7	100.0
Wholesale finance							69.0	31.0	100.0
Factoring and other commercial loans	20.3	6.6	26.8	32.8	40.4	73.2	53.0	47.0	100.0
Leasing of business equipment and plant	..	..	..	47.0	53.0	100.0	47.0	53.0	100.0
Bills of exchange	55.3	28.2	83.5	9.5	7.0	16.5	64.8	35.2	100.0
Total	8.4	3.2	11.5	39.6	48.9	88.5	48.0	52.0	100.0
Amount financed for December quarter	16.8	7.2	24.0	37.6	38.4	76.0	54.3	45.7	100.0
Persons employed at end of December	2.7	1.0	3.8	42.9	53.3	96.2	45.7	54.3	100.0

(a) For definition see Explanatory Notes, paragraph 9.

PART II. FOREIGN CONTROL

TABLE 5. — STATISTICS OF FINANCE COMPANIES BY CONTROL CATEGORY AND COUNTRY, 1973

	Foreign control										
	Foreign control (excluding joint foreign and Australian control)				Joint foreign and Australian control	Total foreign control				Australian control	Total
	U.K.	U.S.A.	Other countries	Total	Total (all U.S.A.)	U.K.	U.S.A.	Other countries	Total		
Balances outstanding at end of December —	— \$ million —										
Instalment credit and personal loans	393.0	360.9		753.9	185.5	393.0	546.4		939.4	1,241.6	2,181.0
Housing finance	437.2	89.9		527.1	198.9	437.2	288.8		726.0	1,361.0	2,087.0
Wholesale finance	27.0	107.3		134.3	1.9	27.0	109.2		136.1	116.5	252.6
Factoring and other commercial loans	382.4	95.6	157.0	635.0	350.0	382.4	445.6	157.0	985.0	1,510.9	2,495.9
Leasing of business equipment and plant	289.7	121.7		411.4	46.8	289.7	168.5		458.3	609.8	1,068.1
Bills of exchange	116.3	56.2	11.1	183.6	76.7	116.3	132.9	11.1	260.1	101.6	361.7
Total	1,645.6	623.8	375.9	2,645.3	859.8	1,645.6	1,483.6	375.9	3,505.0	4,941.3	8,446.3
Amount financed for December quarter	503.6	294.9	113.5	912.0	191.4	503.6	486.3	113.5	1,103.3	1,461.5	2,564.8
Business units at end of December	17	11	5	33	7	17	18	5	40	166	206
Persons employed at end of December	3,438	1,239	411	5,088	613	3,438	1,852	411	5,701	8,178	13,879
Balances outstanding at end of December —	— per cent —										
Instalment credit and personal loans	18.1	16.5		34.6	8.5	18.0	25.1		43.1	56.9	100.0
Housing finance	21.0	4.3		25.3	9.5	20.9	13.8		34.8	65.2	100.0
Wholesale finance	10.7	42.5		53.2	0.8	10.7	43.2		53.9	46.1	100.0
Factoring and other commercial loans	15.4	3.8	6.3	25.5	14.0	15.3	17.9	6.3	39.5	60.5	100.0
Leasing of business equipment and plant	27.1	11.4		38.5	4.4	27.1	15.8		42.9	57.1	100.0
Bills of exchange	32.2	15.5	3.1	50.7	21.2	32.2	36.7	3.1	71.9	28.1	100.0
Total	19.5	7.3	4.4	31.3	10.2	19.5	17.5	4.5	41.5	58.5	100.0
Amount financed for December quarter	19.6	11.5	4.4	35.5	7.5	19.6	19.0	4.4	43.0	57.0	100.0
Business units at end of December	8.3	5.3	2.4	16.0	3.4	8.3	8.7	2.4	19.4	80.6	100.0
Persons employed at end of December	24.8	8.9	3.0	36.7	4.4	24.8	13.3	3.0	41.1	58.9	100.0

TABLE 6. — STATISTICS OF FOREIGN CONTROLLED FINANCE COMPANIES, BY EXTENT OF DIRECT FOREIGN OWNERSHIP, AND AUSTRALIAN CONTROLLED FINANCE COMPANIES, BY EXTENT OF TOTAL FOREIGN OWNERSHIP, 1973

	Foreign control									
	Foreign control (excluding joint foreign and Australian control)				Joint foreign and Australian control		Australian control			
	Extent of direct foreign ownership				Extent of direct foreign ownership		Extent of total foreign ownership			
	50% and under	Over 50% but not over 90%	Over 90%	Total	Total (a)	Total	Under 25%	25% and over	Total	Total
Balances outstanding at end of December —	— \$ million —									
Instalment credit and personal loans	206.1	547.8		753.9	185.5	939.4	485.6	756.0	1,241.6	2,181.0
Housing finance	265.4	261.7		527.1	198.9	726.0	882.4	478.6	1,361.0	2,087.0
Wholesale finance					1.9	136.1			116.5	252.6
Factoring and other commercial loans	250.7	518.6		769.3			376.4	1,251.0		2,495.9
Leasing of business equipment and plant					350.0	985.0			1,510.9	
Bills of exchange	196.8	214.6		411.4	46.8	458.3	168.1	441.7	609.8	1,068.1
Total	58.5	125.0		183.5	76.7	260.1	21.1	80.5	101.6	361.7
Amount financed for December quarter	977.5	172.4	1,495.4	2,645.3	859.8	3,505.0	1,933.5	3,007.8	4,941.3	8,446.3
Business units at end of December	252.7	26.2	633.1	912.0	191.4	1,103.3	456.0	1,005.5	1,461.5	2,564.8
Persons employed at end of December	— number —									
Business units at end of December	8	4	21	33	7	40	148	18	166	206
Persons employed at end of December	2,111	253	2,724	5,088	613	5,701	3,833	4,345	8,178	13,879
Balances outstanding at end of December —	— per cent —									
Instalment credit and personal loans	9.5	24.1		34.6	8.5	43.1	22.3	34.7	56.9	100.0
Housing finance	12.7	12.5		25.3	9.5	34.8	42.3	22.9	65.2	100.0
Wholesale finance					0.8	53.9			46.1	100.0
Factoring and other commercial loans	9.1	18.9		28.0			13.7	45.5		100.0
Leasing of business equipment and plant					14.0	39.5			60.5	
Bills of exchange	18.4	20.1		38.5	4.4	42.9	15.7	41.4	57.1	100.0
Total	16.2	34.6		50.8	21.2	71.9	5.8	22.3	28.1	100.0
Amount financed for December quarter	11.6	2.0	17.7	31.3	10.2	41.5	22.9	35.6	58.5	100.0
Business units at end of December	9.9	1.0	24.7	35.5	7.5	43.0	17.8	39.2	57.0	100.0
Persons employed at end of December	3.9	1.9	10.2	16.0	3.4	19.4	71.8	8.7	80.6	100.0
Persons employed at end of December	15.2	1.8	19.6	36.7	4.4	41.1	27.6	31.3	58.9	100.0

(a) All but one business unit had direct foreign ownership of 50 per cent and under.

TABLE 7. - STATISTICS OF FINANCE COMPANIES BY CONTROL CATEGORY AND SIZE OF BUSINESS UNIT, 1973

Foreign control																	
Foreign control (excluding joint foreign and Australian control)						Joint foreign and Australian control			Total			Australian control				Total	
Size of business unit (balances outstanding)						Size of business unit (balances outstanding)			Size of business unit (balances outstanding)			Size of business unit (balances outstanding)				Size of business unit (balances outstanding)	
Under \$50m	\$50m and over	Total	Under \$50m	\$50m and over	Total	Under \$50m	\$50m and over	Total	Under \$50m	\$50m and over	Total	Under \$25m	\$25m and under \$50m	\$50m and over	Total	Under \$25m	\$25m and under \$50m
Balances outstanding at end of December -																	
- \$ million -																	
Instalment credit and personal loans	55.3	698.6	753.9	185.5	185.5	939.4	939.4	163.8	1,077.8	1,241.6	220.4	1,960.6	2,181.0				
Housing finance	1.8	525.3	527.1	198.9	198.9	726.0	726.0	172.9	1,188.0	1,361.0	188.3	1,898.7	2,087.0				
Wholesale finance	25.5	108.7	134.3	1.9	1.9	136.1	136.1	2.4	114.1	116.5	29.4	223.2	252.6				
Factoring and other commercial loans	116.6	518.4	635.0	350.0	350.0	985.0	985.0	164.3	1,346.6	1,510.9	288.1	2,207.8	2,495.9				
Leasing of business equipment and plant	28.5	382.9	411.4	46.9	46.9	458.3	458.3	100.6	509.3	609.8	146.3	921.8	1,068.1				
Bills of exchange	61.8	121.7	183.6	76.6	76.7	260.1	260.1	35.5	66.2	101.6	135.9	225.8	361.7				
Total	289.5	2,355.8	2,645.3	79.3	780.4	859.8	368.8	3,136.2	3,505.0	467.3	172.2	4,301.9	4,941.3	611.4	397.0	7,437.9	8,446.3
Amount financed for December quarter	239.6	672.3	912.0	45.8	145.6	191.4	285.4	817.9	1,103.3	155.6	80.5	1,225.4	1,461.5	273.1	248.4	2,043.3	2,564.8
- number -																	
Business units at end of December	22	11	33	3	4	7	25	15	40	143	6	17	166	162	12	32	206
Persons employed at end of December	449	4,639	5,088	41	572	613	490	5,211	5,701	889	512	6,777	8,178	1,220	669	11,990	13,879
Balances outstanding at end of December -																	
- per cent -																	
Instalment credit and personal loans	2.5	32.0	34.6	8.5	8.5	43.1	43.1	7.5	49.4	56.9	10.1	89.9	100.0				
Housing finance	...	25.2	25.3	9.5	9.5	34.8	34.8	8.3	56.9	65.2	9.0	91.0	100.0				
Wholesale finance	10.1	43.0	53.1	0.7	0.8	53.9	53.9	1.0	45.2	46.1	11.6	88.4	100.0				
Factoring and other commercial loans	4.7	20.7	25.5	14.0	14.0	39.5	39.5	6.6	54.0	60.5	11.5	88.5	100.0				
Leasing of business equipment and plant	2.7	35.8	38.5	4.4	4.4	42.9	42.9	9.4	47.7	57.1	13.7	86.3	100.0				
Bills of exchange	17.7	33.6	50.7	21.2	21.2	71.9	71.9	9.8	18.3	28.1	37.6	62.4	100.0				
Total	3.4	27.9	31.3	0.9	9.2	10.2	4.4	37.1	41.5	5.5	2.0	50.9	58.5	7.2	4.7	88.1	100.0
Amount financed for December quarter	9.3	26.2	35.5	1.8	5.7	7.5	11.1	31.9	43.0	6.1	3.1	47.8	57.0	10.6	9.7	79.7	100.0
Business units at end of December	10.6	5.3	16.0	1.5	1.9	3.4	12.1	7.3	19.4	69.4	3.0	8.3	80.6	78.6	5.8	15.6	100.0
Persons employed at end of December	3.3	33.4	36.7	0.3	4.1	4.4	3.5	37.5	41.1	6.4	3.7	48.8	58.9	8.8	4.8	86.4	100.0

TABLE 8. - STATISTICS OF FINANCE COMPANIES BY CONTROL CATEGORY, COUNTRY AND BY SIZE OF BUSINESS UNIT, 1973

Size of business unit (balances outstanding)	Foreign control											
	Foreign control (excluding joint foreign and Australian control)				Joint foreign and Australian control		Total				Australian control	Total
	U.K.	U.S.A.	Other countries	Total	Total (All U.S.A.)	U.K.	U.S.A.	Other countries	Total			
Balances outstanding at end of December (per cent)												
Under \$50m	1.2	2.2	0.1	3.5	0.9	1.2	3.1	0.1	4.4	7.6	12.0	
\$50m and over	18.3	5.1	4.4	27.8	9.3	18.3	14.4	4.4	37.1	50.9	88.0	
Total	19.5	7.3	4.5	31.3	10.2	19.5	17.5	4.5	41.5	58.5	100.0	
Amount financed for December quarter (per cent)												
Under \$50m	4.3	3.7	1.3	9.3	1.8	4.3	5.5	1.3	11.1	9.2	20.3	
\$50m and over	15.3	7.8	3.1	26.2	5.7	15.3	13.5	3.1	31.9	47.8	79.7	
Total	19.6	11.5	4.4	35.5	7.5	19.6	19.0	4.4	43.0	57.0	100.0	
Number of business units												
Under \$50m	11	8	3	22	3	11	11	3	25	149	174	
\$50m and over	6	3	2	11	4	6	7	2	15	17	32	
Total	17	11	5	33	7	17	18	5	40	166	206	

TABLE 9. - STATISTICS OF SELECTED FINANCE COMPANIES (a) AND OTHER FINANCE COMPANIES,
BY CONTROL CATEGORY, 1973

	Selected finance companies				Other finance companies				All finance companies			
	Foreign control			Total	Foreign control			Total	Foreign control			Total
	Foreign control (excl. joint foreign and Australian control)	Joint foreign and Australian control	Australian control		Foreign control (excl. joint foreign and Australian control)	Joint foreign and Australian control	Australian control		Foreign control (excl. joint foreign and Australian control)	Joint foreign and Australian control	Australian control	
Balances outstanding at end of December -												
Instalment credit and personal loans								- \$ million -				
Housing finance	1.5	..	1.5	3.0	1,427.4	372.6	2,717.6	4,517.6	753.9	185.5	939.4	1,241.6
Wholesale finance									527.1	198.9	726.0	1,361.0
Factoring and other commercial loans	114.8			669.9	520.2	154.0	1,151.8	1,826.0	134.2	1.9	136.1	116.5
Leasing of business equipment and plant		265.0	426.7						635.0	350.0	985.0	1,510.9
Bills of exchange	165.4			302.0	430.6	53.4	609.8	1,068.1	411.5	46.8	458.3	609.8
Total	281.7	265.0	428.1	974.9	2,378.2	580.0	4,513.2	7,471.4	2,645.2	76.7	260.1	101.6
Amount financed for December quarter	240.8	108.5	266.2	615.5	671.1	82.9	1,195.3	1,949.3	911.9	191.4	1,103.3	1,461.5
Business units at end of December	6	3	11	20	27	4	155	186	33	7	40	166
Persons employed at end of December	240	119	166	525	4,848	494	8,012	13,354	5,088	613	5,701	8,178
Balances outstanding at end of December -												
Instalment credit and personal loans								- per cent -				
Housing finance	..	..	..	0.1	31.6	8.2	60.1	99.9	34.6	8.5	43.1	56.9
Wholesale finance									25.3	9.5	34.8	65.2
Factoring and other commercial loans	7.5				20.8	6.1	46.1	73.1	53.1	0.8	53.9	46.1
Leasing of business equipment and plant		6.7	10.9	18.8					25.5	14.0	39.5	60.5
Bills of exchange	45.7			83.4	38.6	4.2	57.0	100.0	38.5	4.4	42.9	57.1
Total	3.4	3.1	5.0	11.5	30.1	3.7	53.4	88.4	50.7	21.2	71.9	28.1
Amount financed for December quarter	9.3	4.2	10.3	23.9	26.1	3.2	46.6	76.0	31.3	10.2	41.5	58.5
Business units at end of December	2.9	1.4	5.3	9.7	13.1	1.9	75.2	90.2	35.5	7.5	43.0	57.0
Persons employed at end of December	1.7	0.8	1.1	3.7	34.9	3.5	57.7	96.2	16.0	3.4	19.4	80.6
									36.7	4.4	41.1	58.9

(a) For definition see Explanatory Notes, paragraph 9.

PART III. FOREIGN INFLUENCE

TABLE 10. - STATISTICS OF FINANCE COMPANIES BY DEGREE OF INFLUENCE BY THE MAJOR FOREIGN INVESTOR, 1973

	Degree of influence by the major foreign investor						
	Under 10%	10% and under 20%	20% and under 25%	25% to 50% inclusive	Over 50% but not over 90%	Over 90%	Total
- \$ million -							
Balances outstanding at end of December -							
Instalment credit and personal loans	865.8	372.5		393.6	549.1		2,181.0
Housing finance	994.1	365.6		465.5	261.8		2,087.0
Wholesale finance	80.6	35.9					252.6
Factoring and other commercial loans	651.9	856.0		604.0	520.1		2,495.9
Leasing of business equipment and plant	389.8	214.9		242.9	220.5		1,068.1
Bills of exchange	25.9	75.2		135.7	124.9		361.7
Total	3,008.1	426.2	1,493.9	1,841.7	226.0	1,450.4	8,446.3
Amount financed for December quarter	827.5	204.9	427.3	441.7	86.2	577.2	2,564.8
- number -							
Business units at end of December	144	7	11	19	5	20	206
Persons employed at end of December	5,844	324	1,995	2,684	318	2,714	13,879
- per cent -							
Balances outstanding at end of December -							
Instalment credit and personal loans	39.7	17.1		18.0	25.2		100.0
Housing finance	47.7	17.5		22.3	12.5		100.0
Wholesale finance	31.9	14.2					100.0
Factoring and other commercial loans	26.1	34.3		22.0	18.9		100.0
Leasing of business equipment and plant	36.5	20.1		22.7	20.7		100.0
Bills of exchange	7.2	20.8		37.5	34.5		100.0
Total	35.6	5.0	17.7	21.8	2.7	17.2	100.0
Amount financed for December quarter	32.2	8.0	16.7	17.2	3.4	22.5	100.0
Business units at end of December	70.0	3.4	5.3	9.2	2.4	9.7	100.0
Persons employed at end of December	42.1	2.3	14.4	19.3	2.3	19.6	100.0

TABLE 11. - STATISTICS OF FINANCE COMPANIES BY CONTROL CATEGORY AND DEGREE OF INFLUENCE BY THE MAJOR FOREIGN INVESTOR, 1973

	Degree of influence by the major foreign investor						
	Under 10%	10% and under 20%	20% and under 25%	25% to 50% inclusive	Over 50% but not over 90%	Over 90%	Total
Balances outstanding at end of December (per cent)							
Foreign control –							
Foreign control (excl. joint foreign and Australian control)	..	..	..	11.4	2.7	17.2	31.3
Joint foreign and Australian control	..	..	..	10.2	..	..	10.2
Total	..	..	..	21.6	2.7	17.2	41.5
Australian control	35.6	5.0	17.7	0.2	..	..	58.5
Total	35.6	5.0	17.7	21.8	2.7	17.2	100.0
Amount financed for December quarter (per cent)							
Foreign control –							
Foreign control (excl. joint foreign and Australian control)	..	..	..	9.6	3.4	22.5	35.5
Joint foreign and Australian control	..	..	..	7.5	..	..	7.5
Total	..	..	..	17.1	3.4	22.5	43.0
Australian control	32.2	8.0	16.7	0.1	..	..	57.0
Total	32.2	8.0	16.7	17.2	3.4	22.5	100.0
Number of business units							
Foreign control –							
Foreign control (excl. joint foreign and Australian control)	..	..	..	8	5	20	33
Joint foreign and Australian control	..	..	..	7	..	..	7
Total	..	..	..	15	5	20	40
Australian control	144	7	11	4	..	..	166
Total	144	7	11	19	5	20	206

TABLE 12. — STATISTICS OF FINANCE COMPANIES BY DEGREE OF INFLUENCE BY THE MAJOR FOREIGN INVESTOR
AND COUNTRY, 1973

Degree of influence by the major foreign investor	Country			Total
	U.K.	U.S.A.	Other foreign countries	
Balances outstanding at end of December (per cent)				
10% and under 25%	9.8	16.1	9.6	22.7
25% to 50% inclusive		8.9		21.8
Over 50%	11.8	7.3	0.8	19.9
Total (10% and over)	21.6	32.3	10.4	64.4
Under 10%	n.a.	n.a.	n.a.	35.6
Total	n.a.	n.a.	n.a.	100.0
Amount financed for December quarter (per cent)				
10% and under 25%		15.2		24.6
25% to 50% inclusive	12.7	5.5	8.5	17.2
Over 50%	12.8	11.1	2.0	25.9
Total (10% and over)	25.5	31.8	10.5	67.7
Under 10%	n.a.	n.a.	n.a.	32.2
Total	n.a.	n.a.	n.a.	100.0
Number of business units				
10% and under 25%	4	7	7	18
25% to 50% inclusive	4	10	5	19
Over 50%	13	9	3	25
Total (10% and over)	21	26	15	62
Under 10%	n.a.	n.a.	n.a.	144
Total	n.a.	n.a.	n.a.	206

TABLE 13. - STATISTICS OF FINANCE COMPANIES, BY CONTROL CATEGORY, DEGREE OF INFLUENCE BY A COALITION OF ALL FOREIGN INVESTORS AND DEGREE OF INFLUENCE BY THE MAJOR FOREIGN INVESTOR, 1973

INFLUENCE BY THE MAJOR FOREIGN INVESTOR, 1973									
Foreign control									
Degree of influence by the major foreign investor	Foreign control (excluding joint foreign and Australian control)			Joint foreign and Australian control		Australian control			Total Degree of influence by a coalition of all foreign investors
	Degree of influence by a coalition of all foreign investors			Degree of influence by a coalition of all foreign investors		Degree of influence by a coalition of all foreign investors			
	50% and under	Over 50%	Total	Total (a)		50% and under	Over 50%	Total	
Balances outstanding at end of December (per cent)									
Under 10%	..	..	..	..	..	35.6	..	35.6	35.6
10% and under 25%	..	..	..	..	..	10.2	12.5	22.7	22.7
25% to 50% inclusive	11.3	0.1	11.4	10.2	..	0.2	..	0.2	21.8
Over 50%	..	19.9	19.9	..	..	..	..	..	19.9
Total	11.3	20.0	31.3	10.2	..	46.0	12.5	58.5	100.0
Amount financed for December quarter (per cent)									
Under 10%	..	..	..	..	..	32.2	..	32.2	32.2
10% and under 25%	..	..	..	..	..	8.6	16.1	24.6	24.6
25% to 50% inclusive	9.2	0.4	9.6	7.5	..	0.1	..	0.1	17.2
Over 50%	..	25.9	25.9	..	..	..	..	..	25.9
Total	9.2	26.3	35.5	7.5	..	40.9	16.1	57.0	100.0
Number of business units									
Under 10%	..	..	..	..	..	144	..	144	144
10% and under 25%	..	..	..	..	..	14	4	18	18
25% to 50% inclusive	5	3	8	7	..	4	..	4	19
Over 50%	..	25	25	..	..	..	..	..	25
Total	5	28	33	7	..	162	4	166	206

(a) All but one business unit had a degree of influence by a coalition of all foreign investors of 50% and under.

TABLE 14. - STATISTICS OF FINANCE COMPANIES BY SIZE OF BUSINESS UNIT, BY DEGREE OF INFLUENCE BY A COALITION OF ALL FOREIGN INVESTORS AND DEGREE OF INFLUENCE BY THE MAJOR FOREIGN INVESTOR, 1973

Degree of influence by the major foreign investor	Size of business unit (balances outstanding)								
	Under \$50m			\$50m and over			Total		
	Degree of influence by a coalition of all foreign investors			Degree of influence by a coalition of all foreign investors			Degree of influence by a coalition of all foreign investors		
	50% and under	Over 50%	Total	50% and under	Over 50%	Total	50% and under	Over 50%	Total
Balances outstanding at end of December (per cent)									
Under 10%	6.1	..	6.1	29.5	..	29.5	35.6	..	35.6
10% to 50% inclusive	2.3	0.2	2.5	28.0	14.0	42.0	30.3	14.2	44.5
Over 50%	..	3.3	3.3	..	16.6	16.6	..	19.9	19.9
Total	8.4	3.5	11.9	57.5	30.6	88.1	65.9	34.1	100.0
Amount financed for December quarter (per cent)									
Under 10%	7.1	..	7.1	25.1	..	25.1	32.2	..	32.2
10% to 50% inclusive	3.7	0.6	4.3	19.2	18.4	37.6	22.9	19.0	41.9
Over 50%	..	8.9	8.9	..	17.0	17.0	..	25.9	25.9
Total	10.8	9.5	20.3	44.3	35.4	79.7	55.1	44.9	100.0
Number of business units									
Under 10%	136	..	136	8	..	8	144	..	144
10% to 50% inclusive	17	3	20	12	5	17	29	8	37
Over 50%	..	18	18	..	7	7	..	25	25
Total	153	21	174	20	12	32	173	33	206

GLOSSARY OF TERMS

Amount financed. For the categories "instalment credit and personal loans", "wholesale finance", "factoring and other commercial loans" and "housing finance" this is the actual amount of cash provided by the finance company; it excludes interest, insurance, hiring and other charges, and initial deposits. For the category "leasing of business equipment and plant" it is the value of goods newly leased during the period. For the category "bills of exchange" it is the amount paid by finance companies for bills acquired.

Australian controlled finance company. A finance company not identified as foreign or joint foreign and Australian controlled.

Australian ownership. Ownership not identified as foreign ownership.

Balances outstanding. For the categories "instalment credit and personal loans", "wholesale finance", "housing finance" and "factoring and other commercial loans" this is the amount owing on all finance agreements entered into prior to the end of the period. For the category "leasing of business equipment and plant" it is the value of all leasing agreements at the end of the period, measured in terms of gross receivables plus residual value (i.e. the value of expected future receipts from existing agreements plus the agreed residual value of the plant and equipment at the end of the leasing period). For the category "bills of exchange" it is the value of the bills held by finance companies at the end of the period.

Bill of Exchange. The *Bills of Exchange Act 1909-1971*, defines a bill of exchange as an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the persons to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in money to, or to the order of a specified person, or to bearer.

Branches. Offices in Australia of enterprises incorporated in a foreign country.

Business Unit. A group of finance companies which are related in terms of Section 6 of the uniform companies legislation, a group of finance company branches and/or subsidiaries of a common foreign resident company, or any other individual finance company.

Degree of influence by the major foreign investor. Size of the minimum link in the ownership chain connecting the major foreign investor to a finance company.

Degree of influence by a coalition of all foreign investors. The extent to which all foreign investors, taken together, potentially have a combined interest in an enterprise (in terms of ownership links), which could influence the key policy decisions of that enterprise. See paragraphs 42 and 43.

Direct foreign investors. Foreigners whose investment in an enterprise establishes that enterprise as a direct investment enterprise.

Direct foreign ownership. The ownership of direct foreign investors in finance companies which are either direct investment enterprises or are connected to direct investment enterprises by sequential ownership links of 25 per cent or more of ordinary shares (or equivalent interest) from the direct investment enterprises.

Direct investment enterprises.

(a) enterprises incorporated in Australia in which :

- (i) 25 per cent or more of the ordinary shares are held by an individual, an enterprise or a group of related enterprises, in the one foreign country; or
- (ii) 50 per cent or more of the ordinary shares are held by individual shareholders resident in the one foreign country;

(b) branches of enterprises incorporated in foreign countries; and

(c) wholly or partly owned subsidiaries (as defined in the companies legislation) of enterprises included in (a) and (b) above.

Factoring and other commercial loans. "Factoring" comprises loans on the security of trade debts and purchases of such debts. (Trade debts are defined as debts due to businesses for goods and services supplied to other businesses). "Other commercial loans" comprise all lending by finance companies not classified as "instalment credit and personal loans", "housing finance", "leasing", "bills of exchange" and "wholesale finance".

Foreign. Other than Australian, Papua New Guinea, and External Territories of Australia are regarded as foreign.

Foreign controlled finance company. A finance company which is a direct investment enterprise or is connected to a direct investment enterprise by sequential ownership links of 25 per cent or more of ordinary shares (or equivalent interest) from the direct investment enterprise unless at any point in the ownership chain connecting the major direct foreign investor and the finance company, an Australian controlled enterprise or resident individual owned a larger holding of ordinary shares than the major direct foreign investor.

Foreign ownership. The sum of direct foreign ownership and other identified foreign ownership.

Foreigner. A person domiciled in a foreign country, or a company incorporated in a foreign country.

Housing finance. All loans for the purchase or construction of housing and the purchase of residential blocks of land. Loans for major alterations or additions to existing houses are also included.

Instalment credit and personal loans. Includes all types of instalment credit schemes undertaken by finance companies which relate primarily to financing of consumer goods excluding producer-type goods, and all loans to persons in their private (non business) capacity (other than finance for housing).

Joint foreign and Australian controlled finance company. A finance company which is a direct investment enterprise or is connected to a direct investment enterprise by sequential ownership links of 25 per cent or more of ordinary shares (or equivalent interest) from the direct investment enterprise, and for which at a point in the ownership chain connecting the major direct foreign investors to it, an Australian controlled enterprise or resident individual owns an equal holding of ordinary shares.

Leasing of business equipment and plant. Transactions by finance companies involving the leasing of business plant and equipment (including motor vehicles for business use), purely on a financial service basis, by companies which do not hold stocks of goods for hire or leasing.

Major foreign investor. The foreign investor whose minimum link in the ownership chain connecting it to the finance company is larger than the minimum links in the ownership chains connecting other foreign investors to the finance company (see Explanatory Notes, paragraph 38).

Nominee. An enterprise or individual whose name or address is used in the registration of shares, and which acts as an agent in respect of those shares on behalf of the beneficial owners.

Other identified foreign ownership. Foreign ownership, other than direct foreign ownership, that is identified mainly in carrying out the Survey of Overseas Investment. See paragraphs 19 and 20 of Explanatory Notes for a detailed description of the types of foreign ownership that have been identified. This concept is broadly similar to that of portfolio investment used in Overseas Investment statistics.

Persons employed. Employees of finance companies on the payroll of the last pay period in December 1973.

Portfolio investment. See "Other identified foreign ownership".

Subsidiary. A company which is deemed to be a subsidiary of another company under the companies legislation in Australia.

Selected finance company. A finance company which is generally regarded as a "merchant bank" (see Explanatory Notes, paragraph 9).

Voting stock. Shares in an incorporated enterprise which carry a general voting entitlement, for example, ordinary shares. Preference shares which do not carry a general voting entitlement are excluded.

Wholesale finance. Loans for the financing of wholesalers' and retailers' purchases of goods, irrespective of the type of security involved.