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# AUSTRALIAN BUREAU OF STATISTICS



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## FOREIGN INVESTMENT, AUSTRALIA, SEPTEMBER QUARTER 1985 (Previously: Foreign Investment in Enterprises in Australia)

- PHONE INQUIRIES for more information about these statistics - contact Mr Dudley Scoullar on Canberra (062) 525604 or any of our State offices.
- other inquiries including copies of publications - contact Information Services on Canberra (062) 526627 or in any of our State offices.
- MAIL INQUIRIES write to Information Services, ABS, PO Box 10, Belconnen, ACT 2616 or any of our State offices.

### CHANGES IN THIS ISSUE

Major changes in the coverage and presentation of foreign investment statistics are introduced in this issue together with a number of changes in definitions and classifications. These changes arise from the first use of a new framework for foreign investment statistics and some changes to data sources. The term "foreign investment" is used here in a broader sense than in previous foreign investment publications, in that it now includes all foreign financial assets and liabilities, including investment in enterprises, government borrowing, foreign exchange reserves, investment by households etc.

For the first time, this publication includes information about Australian investment abroad and more comprehensive information on foreign investment in Australia. Because of this, the title of the publication has been changed from Foreign Investment in Enterprises in Australia to Foreign Investment, Australia. Among the many changes in presentation in this issue, one of the more important is the introduction of a table on Australia's external debt (Table 4).

Some breaks in series have been unavoidable, but wherever possible, series for past periods have been recompiled on the new basis or an estimate of the magnitude of the break has been made. The Appendix explains how series are affected by the new framework and changed data sources and how the ABS has handled the resulting discontinuities.

If you would like to know more about the new framework and the changes that have been made, please write to the Director, Foreign Investment Section, ABS, PO Box 10, BELCONNEN ACT 2616 or phone Mr Colin Nagle on (062) 52 6254.

### MAIN FEATURES

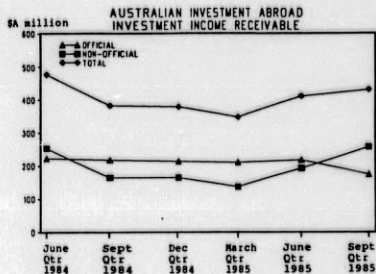
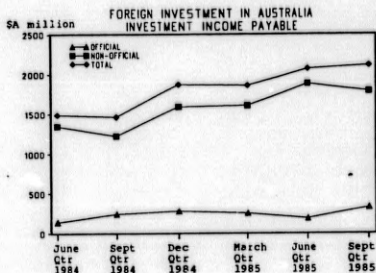
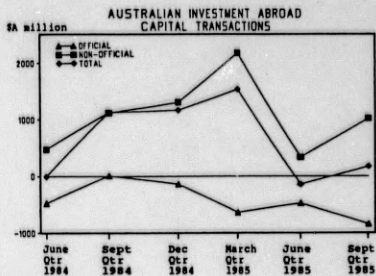
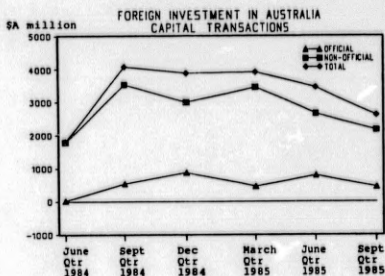
September Quarter 1985 -

A net capital inflow of \$2,619 million was recorded during the quarter for foreign investment in Australia. This compares with a net capital inflow of \$3,451 million in the June quarter 1985.

The official sector accounted for \$450 million of the net inflow of foreign investment in Australia, while the non-official sector accounted for \$2,169 million. Borrowing continued to be the predominant form of investment, recording an inflow of \$2,391 million.

Australian investment abroad recorded a net capital outflow of \$171 million, compared with a net

## GRAPHS OF SELECTED FOREIGN INVESTMENT AGGREGATES



disinvestment (or inflow) of \$147 million in the June quarter 1985. Australian investment abroad

The non-official sector recorded investment abroad of \$1,019 million which was substantially offset by disinvestment of \$848 million by the official sector.

At the end of September quarter the level of foreign investment in Australia, excluding corporate equities, was \$80,312 million while the comparable figure for Australian investment abroad was \$23,419 million.

At 30 September 1985 Australia's net external debt stood at \$52,635 million, up \$1,095 million on the figure at 30 June 1985.

Australian investment abroad recorded a net outflow of \$171 million in the September quarter 1985. A run-down in reserve assets (an inflow) of \$786 million on account of transactions was more than offset by an outflow of \$957 million in respect of other investment abroad. This compares with a June quarter 1985 net disinvestment abroad (an inflow) of \$147 million.

An outflow of \$879 million was recorded for lending abroad by the non-official sector in the September quarter 1985. This was the main factor contributing to the investment outflow over the period.

#### Investment income in September quarter 1985

Income payable abroad (that is income on foreign investment in Australia) was \$2,115 million. This was up slightly (\$43 million) on the June quarter 1985 result but more substantially up (\$649 million) on the September quarter 1984.

Income payable abroad by the official sector was \$326 million, the bulk of which was interest on Commonwealth Government securities.

Income payable abroad by the non-official sector was \$1,790 million, the largest component also being interest on borrowing.

Income receivable on Australian investment abroad was \$431 million compared with \$411 million in the June quarter 1985. Income of the official sector, largely earnings on reserve assets, was \$174 million while income of the non-official sector, largely earnings on direct investment, was \$257 million.

### ANALYSIS OF RESULTS

#### Capital transactions in September quarter 1985

##### Foreign investment in Australia

Foreign investment in Australia recorded a net capital inflow of \$2,619 million in the September quarter 1985, down \$832 million (or 24 per cent) on the preceding quarter.

Capital transactions by the official sector accounted for \$450 million (or 17 per cent) of the inflow, mainly reflecting net purchases by non-residents of \$564 million of Commonwealth government securities issued in Australia. In the June quarter 1985 official sector transactions accounted for \$793 million (or 23 per cent) of the capital inflow.

Capital transactions by the non-official sector accounted for an inflow of \$2,169 million, down \$489 million on the previous quarter. Borrowing continued to dominate with trading bank borrowing accounting for \$417 million of the inflow, other private enterprise borrowing \$1,383 million and public enterprise borrowing \$117 million.

Of that part of investment identified by country, the main contributors to the inflow were the USA (\$681 million) and Japan (\$706 million). Borrowing on international capital markets, separately identified in this publication for the first time, accounted for an inflow of \$821 million. The inflow of UK-sourced funds dropped substantially from the previous quarter while a disinvestment was recorded for ASEAN.

Of that part of investment identified by industry, finance and property accounted for an inflow of \$1,685 million and manufacturing an inflow of \$675 million.

#### Levels of investment, excluding corporate equities, at 30 September 1985

The level of foreign investment in Australia, excluding corporate equities, stood at \$80,312 million at 30 September 1985, with borrowing accounting for \$69,712 million. This represented a rise of \$692 million on the level at the end of June 1985. This rise resulted from capital transactions of \$2,447 million which were largely offset by other changes, including exchange rate changes, of \$1,755 million.

Of the level of foreign investment in Australia, excluding corporate equities, at 30 September 1985, investment in the official sector accounted for 18 per cent, while investment in the non-official sector accounted for 82 per cent.

The level of Australian investment abroad, excluding corporate equities, at 30 September 1985 was

\$23,419 million. Reserve assets accounted for \$12,505 million, other investment abroad by the official sector \$2,191 million, and investment by the non-official sector \$8,723 million. Compared with the level of investment, excluding corporate equities, at 30 June 1985, this represented a fall of \$325 million.

at 30 September 1985, a rise of \$1,095 million on the corresponding figure at 30 June 1985.

Net external debt of the official sector was \$1,371 million. This represented a turnaround of \$1,812 million from 30 June 1985 when the official sector was a net lender to the rest of the world.

Australia's Net External Debt at 30 September 1985

Australia's net external debt stood at \$52,635 million

Net external debt of the non-official sector stood at \$51,264 million, a fall of \$717 million from 30 June 1985.

## EXPLANATORY NOTES

## Introduction

This publication provides comprehensive statistics on foreign investment in Australia and Australian investment abroad for the September quarter 1985 and for earlier quarters and years. The content and format of the publication are based upon the new framework for foreign investment statistics which provides a systematic set of definitions and classifications for collecting, compiling and presenting data in this field.

2. While selected foreign investment statistics for the September quarter 1985 were published in Foreign Investment in Enterprises in Australia, Preliminary (5307.0), those statistics were not based upon the new framework and resulted from earlier rounds of estimation and, in some cases, different data sources. Foreign investment statistics published earlier this month in the December quarter 1985 issue of Balance of Payments, Australia (5302.0) are, however, consistent in all respects with those shown in this publication.

## Scope and coverage

3. Foreign investment statistics provide information on the levels (stock) of foreign financial assets and liabilities of Australian residents at a given point in time; increases and decreases in these assets and liabilities as a result of capital transactions (eg the purchase or sale by a foreign resident of shares in an Australian enterprise, drawings/repayments on a foreign loan facility etc); other changes in the value of these assets and liabilities (eg on account of exchange rate variations); and income receivable and payable on these assets and liabilities.

4. Foreign investment statistics are compiled from several sources including the quarterly and annual surveys of foreign investment, quarterly surveys of international trade credit, surveys of trading banks and official advices. Coverage of the quarterly foreign investment surveys is more limited than the corresponding annual surveys and quarterly estimates are revised as results from the annual surveys become available. Results from other sources are also revised but generally to a lesser extent.

## Classifications and definitions

5. The more important classifications and definitions used in foreign investment statistics are outlined below.

6. Direction of investment. This classification refers to the basic distinction between inwards and

outwards investment, that is, foreign investment in Australia or Australian investment abroad. Broadly, foreign investment in Australia refers to the stock of financial assets in Australia owned by foreign residents and capital transactions which increase or decrease this stock. Conversely, Australian investment abroad refers to the stock of foreign financial assets owned by Australian residents and capital transactions which increase or decrease that stock.

7. Resident institutional sector. This classification groups statistical units with similar financial roles and behaviour into institutional sectors. Five resident institutional sectors are identified. These are grouped under the headings 'official and non-official'. The official sectors are 'general government' and the 'Reserve Bank of Australia'. The non-official sectors are trading banks, other financial enterprises, and trading enterprises and households.

8. General government comprises 'Departments of State' and similar entities that are the agents or instruments of Commonwealth, State, or local government. Public business enterprises are excluded from this sector and included as appropriate in the other sectors. Other financial enterprises are enterprises, other than the Reserve Bank and the trading banks, that are mainly engaged in incurring liabilities and acquiring financial assets. Trading enterprises are non-financial enterprises mainly engaged in the production of goods and services for sale in the market.

9. Type of capital. Three types of capital are distinguished: direct investment, reserve assets, and portfolio and other investment. The concept of direct investment is broadly one of capital invested in an enterprise by an investor (called a 'direct investor') having a significant influence, either potentially or actually exercised, over the key policies of the enterprise (called a 'direct investment enterprise'). Up to and including the June quarter 1985, ownership of 25 per cent or more of the ordinary shares or voting stock (or an equivalent equity interest) is generally used as a measure of significant influence by an investor. From September quarter 1985, this threshold is 10 per cent.

10. Reserve assets are those foreign financial assets that are effectively controlled and available for use by the Reserve Bank for meeting balance of payments needs. Portfolio and other investment covers foreign investment activity that is not classified to the two preceding categories.

11. Each of these types of capital is dissected by instrument of investment. Many types of instrument are identified, some of which are only applicable to one type of capital. For example, the instruments

'reinvestment of earnings' (previously called 'undistributed income') and 'net equity in branches' (previously called 'branch liabilities to head office') are only used for direct investment. For analytical reasons and for ease of reporting by enterprises, similar instruments are combined into groups. Deposits, loans, finance leases, bonds, bills, IMF credit and BIS placements are combined and called 'borrowing' (foreign investment in Australia) or 'lending' (Australian investment abroad). Prepayments made and received, and accounts receivable and payable, between enterprises in a direct investment relationship are combined and called 'other direct investment' (previously called 'intercompany indebtedness of subsidiaries'). Similar prepayments and accounts between enterprises not in a direct investment relationship are grouped together and called 'accounts payable/prepayments received' (foreign investment in Australia) and 'accounts receivable/prepayments made' (Australian investment abroad).

12. Foreign investment statistics are also classified by industry and by country. The industry classification used in these statistics is based on the Australian Standard Industrial Classification (ASIC), 1983 edition. The country classification is based on the country of residence of the foreign creditor or debtor in respect of Australia's foreign liabilities or financial assets, respectively, and includes categories for international institutions and international capital markets.

13. Because it is not always possible to classify foreign investment activity by industry or country or both, each of these classifications has a category called 'unallocated'. At present, industry and country detail is not available for accounts payable and prepayments received; also no country data are available for trading banks. Information collected for foreign investment activity through nominees and brokers is allocated to country and industry on an annual basis only and all foreign investment activity through these enterprises is included in 'unallocated' in quarterly statistics.

14. Industry statistics should be treated with caution. The statistical unit (that is, the unit of observation and classification) in foreign investment statistics generally consists of all enterprises in an enterprise group within the same institutional sector. Therefore the industry classification is applied to a statistical unit, which may cover a broad range of activities, on the basis of the predominant activity of the unit as a whole. Also, industry dissections do not necessarily reflect the industry in which the funds are ultimately employed. This applies especially to financial enterprises such as trading and merchant banks which may borrow funds as principals and then on-lend to clients in other industries.

## Presentation

15. Tables 1 to 3 provide the main foreign investment statistical series covering, respectively, capital transactions, investment income and levels of investment. Table 4 shows levels of external debt, that is, foreign borrowing of residents, Australian lending abroad plus holdings of reserve assets, and the net of these (called net external debt). Tables 5 and 6 provide a reconciliation, for foreign investment in Australia and Australian investment abroad respectively, between opening and closing levels of investment other than corporate equities, with changes arising from capital transactions shown separately from other changes. Tables 7 to 9 provide further dissections of foreign investment statistics by country and by industry. Tables 10 to 12 show additional statistics on foreign borrowing, including drawings and repayments.

16. The level of investment in corporate equities is not added to levels of investment in other instruments, in any of the tables, as corporate equities are not generally valued at market value (or near equivalent) unlike the other instruments. It is planned to value corporate equities at market value (or near equivalent) in all cases from the 1985-86 surveys of foreign investment.

## Reliability

17. As mentioned in paragraph 4, quarterly estimates presented in this publication are subject to revision. Revisions can arise for a variety of reasons but two contributing factors are especially worthy of note. The first affects estimates of 'reinvested earnings' (income) and its offset 'reinvestment of earnings' (capital transaction). Data for these items are only collected annually and hence estimates for the most recent periods are derived by extrapolating earlier entries. While this means that the estimates could be significantly revised at a future date, it is nevertheless considered useful to include them in the relevant tables. The second factor affects estimates of investment in certain categories of 'portfolio and other investment' through nominees and brokers. The collection methods used in annual and quarterly collections differ and can result in significant revisions to quarterly data once the results of annual surveys become available.

## Related publications

18. This publication and the preliminary quarterly foreign investment publication (5307.0) complement the annual foreign investment publications (5304.0, preliminary; and 5305.0, final). Statistics on foreign investment capital transactions and income are also published in all balance of payments publications: the

monthly, 5301.0; the quarterly, 5302.0; and the annual, 5303.0. The statistics are presented on a consistent basis in both sets of publications and from this issue are more easily reconcilable.

19. Publications produced at present by the ABS are listed in the Catalogue of Publications, Australia (1101.0). Also, on Tuesdays and Fridays the ABS issues a Publications Advice (1105.0) which lists publications expected to be released in the next few days. Both publications are available free of charge from any ABS office.

#### Unpublished information

20. Additional information on foreign investment activity is also available from the ABS on request. A charge may be made for providing this. Inquiries should be made to the person whose name appears in the Phone Inquiries section of the inquiries box at the front of this publication, or to Information Services in the nearest ABS office.

#### Symbols and other usages

-	zero or rounded to zero
n.a.	not available
..	not applicable
ABS	Australian Bureau of Statistics
BIS	Bank for International Settlements
EEC	European Economic Community
IMF	International Monetary Fund
OECD	Organisation for Economic Cooperation and Development
RBA	Reserve Bank of Australia
SDR	Special Drawing Rights

21. A negative value denotes a net withdrawal of investment. All figures have been rounded and discrepancies may occur, therefore, between the sum of components and the total.

W. McLENNAN  
ACTING AUSTRALIAN STATISTICIAN

TABLE 1. CAPITAL TRANSACTIONS  
(\$A million)

	YEAR -			QUARTER ENDED -					
	1982-83	1983-84	1984-85	1984-			1985-		
				JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE	SEPTEMBER
<b>FOREIGN INVESTMENT IN AUSTRALIA</b>									
<b>OFFICIAL -</b>									
General government -									
Borrowing	967	1,072	2,635	95	551	870	408	806	487
Other	56	-93	-46	-33	-25	-19	30	-32	-24
Total	1,023	979	2,589	62	526	852	438	773	463
Reserve Bank	28	8	80	-39	13	25	19	20	-13
Total official	1,051	987	2,669	23	541	877	457	793	450
<b>NON-OFFICIAL -</b>									
Direct investment - (a)									
Reinvestment of earnings	-586	555	565	139	141	141	141	142	155
Corporate equities	391	585	354	48	-7	108	-34	286	251
Net equity in branches	574	-784	64	-1,574	175	-98	-29	17	104
Borrowing(b)	448	1,050	1,107	364	199	-138	90	576	-131
Other	68	602	433	454	234	-178	148	230	4
Total	895	2,008	2,543	-569	1,142	-165	316	1251	363
Portfolio & other investment - (a)									
Corporate equities	858	584	143	-50	18	-207	127	205	-214
Borrowing - (c)									
Public sector(d)	2,536	2,355	3,574	324	375	1,302	1,503	195	117
Private sector(e)	4,957	3,652	6,151	1,787	1,827	1,877	1,480	968	1,931
Total	7,493	6,006	9,725	2,111	2,202	3,379	2,983	1,163	2,048
Accounts payable/prepayments received	6	543	239	298	171	-	29	39	-28
Total non-official	8,357	7,134	10,107	2,359	2,391	3,172	3,139	1,407	1,806
<b>TOTAL</b>	<b>9,408</b>	<b>8,121</b>	<b>12,776</b>	<b>2,382</b>	<b>4,932</b>	<b>6,049</b>	<b>6,578</b>	<b>2,914</b>	<b>3,666</b>
<b>AUSTRALIAN INVESTMENT ABROAD</b>									
<b>OFFICIAL -</b>									
General government	213	489	267	81	-61	38	174	116	-62
Reserve Bank									
Reserve assets									
Other	2,461	1,853	-1,520	-558	68	-179	-814	-595	-786
Total	2,461	1,853	-1,520	-558	68	-179	-814	-595	-786
Total official	2,674	2,342	-1,253	-477	7	-141	-641	-479	-848
<b>NON-OFFICIAL -</b>									
Direct investment - (a)									
Reinvestment of earnings	246	329	294	83	73	74	73	74	100
Corporate equities	339	1,042	1,821	897	585	352	393	493	-99
Net equity in branches	14	60	111	37	13	4	-13	107	31
Lending(b)	192	-111	147	-219	-66	29	82	101	131
Other	12	16	24	43	4	13	16	-9	1
Total	803	1,330	2,397	841	609	472	551	766	201
Portfolio & other investment - (a)									
Corporate equities	665	127	824	3	102	341	403	-22	98
Lending(c)	71	424	656	-583	-42	422	933	-658	711
Accounts receivable/prepayments made	17	381	1,053	209	450	70	287	246	9
Total	753	932	2,533	-371	510	833	1,423	-434	818
Total non-official	1,556	2,262	4,930	470	1,119	1,305	2,174	332	1,019
<b>TOTAL</b>	<b>4,230</b>	<b>4,604</b>	<b>3,676</b>	<b>-7</b>	<b>1,126</b>	<b>1,164</b>	<b>1,533</b>	<b>-147</b>	<b>171</b>

- (a) The definition of direct investment changed as from September quarter 1985 and therefore entries from that date are not strictly comparable with entries for previous periods; see Explanatory Notes, paragraph 9, and Appendix for details.
- (b) Direct investment borrowing and lending by trading banks are included in 'portfolio and other investment'.
- (c) Includes direct investment borrowing and lending by trading banks. For lending, a break in the trading bank component of the series occurs at December quarter 1984 (due to a change in the source data). For both borrowing and lending, a break in the trading bank component of the series occurs at September quarter 1985. See Appendix for details.
- (d) Excludes public sector trading banks which are included in the private sector.
- (e) Includes all trading banks; see footnote (d).

TABLE 2. INVESTMENT INCOME  
(\$A million)

	YEAR -			QUARTER ENDED -					
	1982-83	1983-84	1984-85	1984-			1985-		
				JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE	SEPTEMBER
<b>INCOME PAYABLE ON FOREIGN INVESTMENT IN AUSTRALIA</b>									
<b>OFFICIAL -</b>									
General government -									
Interest on foreign-currency borrowing	463	540	657	86	166	205	180	106	214
Interest on Australian-currency borrowing	78	128	270	33	67	67	67	67	98
Other income	-	-	-	-	-	-	-	-	-
Total	541	668	927	119	233	272	247	173	312
Reserve Bank	60	44	39	23	10	8	6	15	13
Total official	601	712	966	142	243	280	253	188	326
<b>NON-OFFICIAL -</b>									
Direct investment income - (a)	-586	555	565	139	141	141	141	142	155
Reinvested earnings									
Distributed earnings -									
Retained profits	427	591	432	114	98	63	82	188	104
Dividends	585	609	629	153	93	249	107	181	230
Interest	317	432	502	122	114	121	123	143	147
Total	1,329	1,632	1,563	389	305	433	312	512	481
Total direct investment income	743	2,167	2,128	528	446	574	453	654	636
Portfolio and other investment income - (a)									
Dividends	221	291	383	75	28	122	107	126	44
Interest -									
Public sector(b)	478	794	1,166	245	249	299	282	336	334
Private sector(c)	1,442	1,798	2,626	300	500	597	765	748	774
Total	1,920	2,592	3,792	745	749	896	1,045	1,104	1,110
Total portfolio & other investment income	2,141	2,883	4,175	820	777	1,018	1,152	1,230	1,154
Total non-official	2,884	5,050	6,303	1,348	1,223	1,592	1,605	1,884	1,790
TOTAL	3,485	5,762	7,269	1,490	1,466	1,872	1,858	2,072	2,115
<b>INCOME RECEIVABLE ON AUSTRALIAN INVESTMENT ABROAD</b>									
<b>OFFICIAL -</b>									
General government	21	21	24	6	6	6	6	6	6
Reserve Bank	509	748	837	217	212	208	205	212	168
Total official	530	769	861	223	218	214	211	218	174
<b>NON-OFFICIAL -</b>									
Direct investment income - (a)(d)									
Reinvested earnings	246	329	294	83	73	74	73	74	100
Distributed earnings	208	232	220	139	59	52	27	82	99
Total	454	561	514	222	132	126	100	156	199
Portfolio and other investment income - (a)(d)	114	110	146	32	33	39	37	37	58
Total non-official	568	671	660	254	165	165	137	193	257
TOTAL	1,098	1,440	1,521	477	383	379	348	411	431

- (a) The definition of direct investment changed as from September quarter 1985 and therefore entries from that date are not strictly comparable with entries for previous periods; see Explanatory Notes, paragraph 9, and Appendix for details.
- (b) Excludes interest payable by public sector trading banks and interest payable by the public sector on long term trade credit on imports.
- (c) Includes all interest payable by trading banks and all interest payable on long term trade credit on imports; see footnote (b).
- (d) Up to and including the June quarter 1985 this income is recorded after deducting withholding tax; from the September quarter 1985, withholding tax is not deducted. See Appendix for details.

TABLE 3. LEVELS OF INVESTMENT AT END OF PERIOD  
(\$A million)

	YEAR -			QUARTER ENDED -					
	1982-83	1983-84	1984-85	1984-			1985-		
				JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE	SEPTEMBER
FOREIGN INVESTMENT IN AUSTRALIA									
OFFICIAL -									
General government -									
Borrowing	7,619	8,495	12,913	8,495	8,952	9,724	11,453	12,913	13,726
Other	451	358	312	358	333	314	344	312	288
Total	8,070	8,853	13,225	8,853	9,285	10,038	11,797	13,225	14,014
Reserve Bank	83	88	168	88	103	128	147	168	154
Total official	8,153	8,941	13,393	8,941	9,388	10,166	11,944	13,393	14,168
NON-OFFICIAL -									
Direct investment - (a)									
Corporate equities (b)	8,006	8,353	9,072	8,353	8,390	8,612	8,729	9,072	9,380
Other instruments -									
Net equity in branches	3,980	4,037	4,230	4,017	4,208	4,001	4,012	4,230	4,334
Borrowing (c)	4,023	5,014	8,665	5,014	5,589	5,483	5,880	8,665	8,450
Other	2,287	2,814	3,456	2,814	3,074	2,871	3,172	3,456	3,418
Total	10,290	11,845	14,350	11,845	12,871	12,354	13,065	14,350	14,202
Portfolio & other investment - (a)									
Corporate equities (b)	2,338	2,662	2,878	2,662	na	na	na	2,878	na
Other instruments -									
Borrowing - (d)									
Public sector (e)	6,242	8,717	15,359	8,717	9,738	11,294	14,420	15,359	16,932
Private sector (f)	17,700	21,581	33,730	21,581	24,572	26,349	31,304	33,730	34,450
Total	23,942	30,298	49,089	30,298	34,310	37,663	45,724	49,089	49,382
Accounts payable/prepayments received	1,708	2,378	2,788	2,378	2,589	2,561	2,472	2,788	2,540
Total	25,650	32,676	51,877	32,676	36,899	40,224	48,196	51,877	51,942
Total non-official -									
Corporate equities (b)	10,344	11,015	11,950	11,015	na	na	na	11,950	na
Other instruments	35,940	44,521	66,227	44,521	49,770	52,578	61,461	66,227	66,144
TOTAL -									
Corporate equities (b)	10,344	11,015	11,950	11,015	na	na	na	11,950	na
Other instruments	44,093	53,462	79,620	53,462	59,158	62,744	73,405	79,620	80,312
AUSTRALIAN INVESTMENT ABROAD									
OFFICIAL -									
General government	1,468	1,957	2,226	1,957	1,890	1,938	2,104	2,226	2,164
Reserve Bank -									
Reserve assets (g)	10,748	12,417	13,517	12,417	12,431	12,058	13,130	13,517	12,905
Other	3	3	27	3	3	3	3	27	27
Total	10,751	12,420	13,544	12,420	12,434	12,061	13,133	13,544	12,932
Total official	12,219	14,377	15,770	14,377	14,324	13,999	15,237	15,770	14,696
NON-OFFICIAL -									
Direct investment - (a)									
Corporate equities (b)	1,773	2,918	5,264	2,918	3,081	3,477	4,480	5,264	na
Other instruments -									
Net equity in branches	657	626	786	626	647	665	683	786	776
Lending (c)	916	694	706	694	689	694	681	706	743
Other	199	249	200	249	254	266	292	200	208
Total	1,772	1,569	1,702	1,569	1,590	1,625	1,656	1,702	1,729
Portfolio & other investment - (a)									
Corporate equities (b)	1,058	1,199	2,483	1,199	na	na	na	2,483	2,573
Other instruments -									
Lending (d)	975	1,441	3,067	1,441	na	na	na	3,067	3,823
Accounts receivable/prepayments made	1,851	2,235	3,205	2,235	2,656	2,729	2,899	3,205	3,171
Total	2,886	3,676	6,272	3,676	na	na	na	6,272	6,994
Total non-official -									
Corporate equities (b)	na	na	na	na	na	na	na	na	na
Other instruments	4,578	5,245	7,974	5,245	na	na	na	7,974	8,723
TOTAL -									
Corporate equities (b)	na	na	na	na	na	na	na	na	na
Other instruments	16,797	19,622	23,744	19,622	na	na	na	23,744	23,419

- (a) The definition of direct investment changed as from September quarter 1985 and therefore entries from that date are not strictly comparable with entries for previous periods; see Explanatory Notes, paragraph 3, and Appendix for details.
- (b) Foreign investment in corporate equities is measured at paid-up value. Australian direct investment abroad in corporate equities is measured at market value from 1 July 1985; before that it is measured at paid-up value.
- (c) Direct investment borrowing and lending by trading banks are included in 'portfolio and other investment'.
- (d) Includes direct investment borrowing and lending by trading banks. For lending, a break in the trading bank component of the series occurs at December quarter 1984 (due to a change in the source data). For both borrowing and lending, a break in the trading bank component of the series occurs at September quarter 1985. See Appendix for details.
- (e) Excludes public sector trading banks which are included in the private sector.
- (f) Includes all trading banks; see footnote (e).
- (g) From September quarter 1984, figures for official reserve assets are not fully comparable with earlier data due to changes in the Reserve Bank's accounting procedures.
- (h) Australian portfolio investment in foreign corporate equities is measured at market value from 1 July 1984; before that it is measured on a mixture of bases, including paid-up value.
- (i) Because of the different bases used to value corporate equities, this total is not available.

TABLE 4. LEVELS OF EXTERNAL DEBT AT END OF PERIOD  
(\$A million)

Period	Foreign borrowing				Australian lending abroad and reserve assets			Net external debt(s)		
	Official	Non-official		Total	Official	Non-official	Total	Official	Non-official	Total
		Public sector(s)	Private sector(s)							
YEAR -										
1982-83	7,702	6,642	21,723	35,467	10,751	1,891	12,642	-3,049	26,074	23,025
1983-84	8,583	8,717	24,595	43,895	12,420	2,135	14,555	-3,837	33,177	29,340
1984-85	15,080	15,359	40,395	68,834	(d)13,521	3,773	17,294	-441	51,981	51,540
QUARTER ENDED -										
1984-										
JUNE	8,583	8,717	26,595	43,895	12,420	2,135	14,555	-3,837	33,177	29,340
SEPTEMBER	9,054	9,738	30,161	48,953	(d)12,431	na	na	-3,377	na	na
DECEMBER	9,852	11,294	31,852	52,990	12,063	na	na	-2,211	na	na
1985-										
MARCH	11,600	14,420	37,184	63,204	13,131	na	na	-1,531	na	na
JUNE	13,080	15,359	40,395	68,834	13,521	3,773	17,294	-441	51,981	51,540
SEPTEMBER	15,880	14,932	40,900	69,712	12,509	4,568	17,077	1,371	51,264	52,635

(a) Excludes public sector trading banks which are included in the private sector.

(b) Includes all trading banks; see footnote (a)

(c) Foreign borrowing by Australian residents less the sum of Australian lending abroad and reserve assets.

(d) From September quarter 1984, figures for official reserve assets are not fully comparable with earlier data due to changes in the Reserve Bank's accounting procedures.

TABLE 5. LEVELS OF FOREIGN INVESTMENT IN AUSTRALIA: RECONCILIATION OF BORROWING;  
AND OTHER INVESTMENT, EXCLUDING CORPORATE EQUITIES  
(\$A million)

Period	Levels of investment at beginning of period	Changes in levels of investment during period					Levels of investment at end of period
		Reinvestment of earnings(a)	Other transactions	Exchange rate variations	Other changes	Total	
<b>BORROWING</b>							
YEAR -							
1982-83	24,140	..	8,936	2,878	-287	11,527	35,667
1983-84	35,667	..	8,136	-35	127	8,228	43,895
1984-85	43,895	..	13,567	10,484	888	24,939	68,834
QUARTER ENDED -							
1984-							
JUNE	40,258	..	2,531	1,200	-94	3,637	43,895
SEPTEMBER	43,895	..	3,367	704	987	5,058	48,953
DECEMBER	48,953	..	4,136	-31	-60	4,045	52,998
1985-							
MARCH	52,998	..	3,500	6,698	8	10,206	63,204
JUNE	63,204	..	2,565	3,113	-48	5,630	68,834
SEPTEMBER (b)	68,834	..	2,391	-818	-695	878	69,712
<b>OTHER INVESTMENT, EXCLUDING CORPORATE EQUITIES</b>							
YEAR -							
1982-83	7,368	-113	704	254	213	1,058	8,426
1983-84	8,424	-189	269	107	555	1,142	9,566
1984-85	9,566	-178	691	412	295	1,220	10,786
QUARTER ENDED -							
1984-							
JUNE	9,373	-48	555	48	1048	193	9,566
SEPTEMBER	9,566	-44	555	50	77	638	10,204
DECEMBER	10,204	-45	294	-21	-98	458	9,746
1985-							
MARCH	9,746	-44	178	229	91	454	10,200
JUNE	10,200	-45	254	154	223	586	10,786
SEPTEMBER	10,786	na	56	-168	-74	-186	10,600
<b>TOTAL INVESTMENT, EXCLUDING CORPORATE EQUITIES</b>							
YEAR -							
1982-83	31,508	-113	9,640	3,132	-74	12,585	44,093
1983-84	44,093	-189	8,405	72	1,082	9,369	53,462
1984-85	53,462	-178	14,258	10,896	1,183	26,158	79,620
QUARTER ENDED -							
1984-							
JUNE	49,631	-48	1,676	1,248	954	3,831	53,462
SEPTEMBER	53,462	-44	3,922	754	1,064	5,696	59,158
DECEMBER	59,158	-45	3,842	-52	-158	3,586	62,744
1985-							
MARCH	62,744	-44	3,678	6,927	99	10,661	73,405
JUNE	73,405	-45	2,619	3,267	175	6,215	79,620
SEPTEMBER (b)	79,620	na	2,447	-986	-769	692	80,312

(a) Branches of foreign enterprises only

(b) For trading bank borrowing, a series break occurs at September quarter 1985 (due to a change in the source of the data). See Appendix for details.

TABLE 6. LEVELS OF AUSTRALIAN INVESTMENT ABROAD: RECONCILIATION OF LENDING AND OTHER INVESTMENT, EXCLUDING CORPORATE EQUITIES (\$A million)

Period	Levels of investment at beginning of period	Changes in levels of investment during period					Levels of investment at end of period
		Reinvestment of earnings(a)	Other transactions	Exchange rate variations	Other changes	Total	
LENDING							
YEAR -							
1982-83	na	..	263	32	na	na	1,894
1983-84	1,894	..	313	34	-102	245	2,139
1984-85 (b)	2,139	..	803	639	186	1,638	3,777
QUARTER ENDED -							
1984-							
JUNE	na	..	-802	na	na	na	2,139
SEPTEMBER	na	..	-108	na	na	na	na
DECEMBER (b)	na	..	451	na	na	na	na
1985-							
MARCH	na	..	1,015	na	na	na	na
JUNE	na	..	-557	na	na	na	3,777
SEPTEMBER (b)	3,777	..	879	-64	-20	795	4,572
OTHER INVESTMENT (c), EXCLUDING CORPORATE EQUITIES							
YEAR -							
1982-83	na	39	2,717	164	na	na	14,903
1983-84	14,903	-10	2,793	-163	-39	2,581	17,484
1984-85	17,484	35	-66	(d)2,616	(e)-102	2,483	(f)19,967
QUARTER ENDED -							
1984-							
JUNE	na	-3	-188	770	na	na	17,484
SEPTEMBER	17,484	8	474	(d)-25	(e)-63	394	(f)17,878
DECEMBER (b)	17,878	9	-54	-183	6	-222	17,656
1985-							
MARCH	17,656	9	-351	1,770	24	1,452	19,108
JUNE	19,108	9	-135	1,054	-69	859	19,967
SEPTEMBER	19,967	na	-807	-224	-89	-1,120	18,847
TOTAL INVESTMENT (c), EXCLUDING CORPORATE EQUITIES							
YEAR -							
1982-83	na	39	2,980	196	na	na	16,797
1983-84	16,797	-10	3,106	-129	-142	2,825	19,622
1984-85 (b)	19,622	35	737	(d)3,255	(e)193	4,122	(f)23,744
QUARTER ENDED -							
1984-							
JUNE	na	-3	-990	na	na	na	19,622
SEPTEMBER	na	8	366	na	na	na	na
DECEMBER (b)	na	9	397	na	na	na	na
1985-							
MARCH	na	9	664	na	na	na	na
JUNE	na	9	-692	na	na	na	23,744
SEPTEMBER (b)	23,744	na	72	-289	-108	-325	23,419

(a) Foreign branches of Australian enterprises only

(b) For trading bank lending, series breaks occur at December quarter 1984 and September quarter 1985. See Appendix for details.

(c) Includes reserve assets

(d) Excludes exchange rate changes associated with official reserve assets in the September quarter 1984 which are not separately available.

(e) Includes exchange rate changes associated with official reserve assets in the September quarter 1984; see footnote (d)

(f) From September quarter 1984; figures for official reserve assets are not fully comparable with earlier data due to changes in the Reserve Bank's accounting procedures.

#### Related publications

19. This publication and the preliminary quarterly foreign investment publication (5307.0) complement the

should be made to the person whose name appears in the Phone Inquiries section of the inquiries box at the front of this publication, or to Information Services in the nearest ABS office.

TABLE 7. FOREIGN INVESTMENT IN AUSTRALIA: CAPITAL TRANSACTIONS BY COUNTRY  
(SA million)

Country of investor	YEAR -			QUARTER ENDED -							
	1982-83	1983-84	1984-85	1984-			1985-				
				JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE	SEPTEMBER		
OECD -											
USA	329	474	2,053	-080	458	456	612	356	681		
Japan	3,239	1,678	3,154	432	1,300	429	601	323	706		
Switzerland	215	97	329	51	78	52	57	156	10		
EC											
UK	2,429	2,367	2,032	347	252	610	526	817	75		
Other	894	761	837	275	110	251	195	200	77		
Total	3,323	3,128	2,869	622	362	861	721	1,017	152		
Other OECD	159	520	1,197	-23	-100	536	111	575	-44		
Total OECD	7,265	5,897	9,602	202	1,899	2,334	2,102	2,427	1,805		
1,517	2,130	907	676	818	99	205	-329	-125			
ASEAN	1,137	-1,351	288	393	330	308	174	-342	99		
Other countries	34	2,685	1,974	179	43	438	606	888	821		
International capital markets	89	-134	-53	-28	-34	-19	27	-26	-30		
International institutions	261	902	2,702	391	1,018	723	798	833	349		
Unallocated											
Total	10,303	10,129	15,320	1,813	4,074	3,884	3,912	3,451	2,619		

TABLE 8. FOREIGN INVESTMENT IN AUSTRALIA: INCOME PAYABLE BY COUNTRY  
(SA million)

Country of investor	YEAR -			QUARTER ENDED -							
	1982-83	1983-84	1984-85	1984-			1985-				
				JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE	SEPTEMBER		
OECD -											
USA	743	1,615	1,807	413	508	564	490	614	411		
Japan	448	747	1,127	192	229	273	288	310	280		
Switzerland	144	166	217	31	23	44	65	44	39		
EC											
UK	943	1,404	1,595	312	277	390	366	388	223		
Other	131	303	359	617	64	161	71	113	56		
Total	1,074	1,707	1,954	429	341	551	437	501	279		
Other OECD	135	260	243	25	49	89	49	28	8		
Total OECD	2,544	4,495	5,348	1,690	1,150	1,521	1,329	1,497	1,017		
1,108	1,384	1,073	118	146	163	191	193	140	160		
ASEAN	330	414	573	105	93	95	139	117	96		
Other countries	5	24	115	10	22	31	23	40	76		
International capital markets	2	2	2	1	-	-	1	-	-		
International institutions	347	393	528	187	54	62	175	225	255		
Unallocated											
Total	3,485	5,762	7,269	1,490	1,466	1,872	1,858	2,072	2,113		

TABLE 9. FOREIGN INVESTMENT IN AUSTRALIA: CAPITAL TRANSACTIONS AND LEVELS  
BY INDUSTRY OF INVESTMENT  
(SA million)

Industry of investment	YEAR -			QUARTER ENDED -							
	1982-83	1983-84	1984-85	1984-			1985-				
				JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE	SEPTEMBER		
CAPITAL TRANSACTIONS											
Mining	2,710	81	330	-1,238	332	-67	124	-5	375		
Manufacturing	1,218	1,404	960	974	-189	670	63	193	67		
Electricity, gas and water	2,345	653	1,151	122	316	340	-45	-51	2		
Wholesale and retail trade	578	1,857	2,086	579	-28	625	1,241	221	-488		
Transport & storage	416	317	392	50	128	37	116	103	200		
Finance, property etc.	1,630	3,795	7,235	714	2,399	1,099	1,279	1,733	1,685		
Other industries	1,400	1,479	2,927	186	609	888	545	814	501		
Unallocated	6	543	239	425	508	312	589	444	3		
Total	10,303	10,129	15,320	1,813	4,074	3,884	3,912	3,451	2,619		
LEVELS OF INVESTMENT (EXCLUDING CORPORATE EQUITIES) AT END OF PERIOD											
Mining	8,753	9,542	12,744	9,542	10,255	10,249	11,823	12,744			
Manufacturing	6,932	7,931	10,344	7,931	8,209	8,666	9,821	10,344			
Electricity, gas and water	4,438	5,103	7,436	5,103				(7,436)			
Wholesale and retail trade	4,137	5,606	8,316	5,606				(3,755)	na		
Transport & storage	2,306	2,761	3,755	2,761	37,736	40,730	46,674	(16,529)			
Finance, property etc.	6,462	9,679	18,529	9,679				(15,713)			
Other industries	9,358	10,602	15,713	10,602				(2,783)			
Other industries	1,708	2,238	2,783	2,238	2,917	2,899	3,086	2,783			
Unallocated					59,158	62,744	73,405	79,620	80,312		
Total	44,093	53,462	79,620	53,462							

TABLE 10. FOREIGN BORROWING: CAPITAL TRANSACTIONS AND LEVELS BY INSTITUTIONAL SECTOR  
(\$A million)

	YEAR -			QUARTER ENDED -					
	1982-83	1983-84	1984-85	1984-			1985-		
				JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE	SEPTEMBER
<b>GENERAL GOVERNMENT &amp; RESERVE BANK (a)</b>									
Capital transactions -									
Foreign currency									
Australian currency	620	325	927	-44	475	163	4	285	-90
Total	375	756	1,788	101	91	732	423	541	564
Other changes	995	1,080	2,715	56	566	895	427	826	474
Total	987	-200	1,782	271	-95	-97	1,321	654	326
Levels at end of period -									
Foreign currency	6,959	7,084	9,793	7,084	7,472	7,544	8,863	9,793	10,020
Australian currency	741	1,499	3,288	1,499	1,583	2,308	2,737	3,288	3,860
Total	7,702	8,583	13,080	8,583	9,054	9,852	11,600	13,080	13,880
<b>TRADING BANKS</b>									
Capital transactions -									
Foreign currency	329	376	1690	97	524	295	453	418	(b)153
Australian currency	42	59	684	13	303	333	-97	145	264
Total	371	436	2374	110	827	628	356	563	417
Other changes	2	-9	372	12	10	8	269	85	99
Levels at end of period -									
Foreign currency	562	930	2,992	930	1,464	1,767	2,489	2,992	(b)3,245
Australian currency	641	700	1,384	700	1,003	1,336	1,239	1,384	1,647
Total	1,203	1,630	4,376	1,630	2,467	3,103	3,728	4,376	4,892
<b>TRADING &amp; OTHER FINANCIAL ENTERPRISES - PUBLIC SECTOR</b>									
Capital transactions -									
Foreign currency	1,186	2,244	2,897	324	225	1,251	1,192	228	na
Australian currency	1,350	111	677	-	150	249	311	-33	na
Total	2,536	2,355	3,574	324	375	1,502	1,503	195	117
Other changes -									
Exchange-rate variations	327	94	2,464	215	225	10	1,532	696	-264
Other	48	26	604	-9	421	44	91	48	-280
Total	375	120	3,068	206	646	54	1,623	744	-544
Levels at end of period -									
Foreign currency	4,892	7,256	13,221	7,256	8,127	9,434	12,249	13,221	na
Australian currency	1,350	1,461	2,138	1,461	1,611	1,860	2,171	2,138	na
Total	6,242	8,717	15,359	8,717	9,738	11,294	14,420	15,359	14,932
<b>TRADING &amp; OTHER FINANCIAL ENTERPRISES - PRIVATE SECTOR</b>									
Capital transactions -									
Foreign currency	5,034	3,403	4,501	1,958	1,332	1,124	1,131	914	na
Australian currency	20	864	404	82	267	-13	83	67	na
Total	5,034	4,267	4,904	2,041	1,599	1,111	1,214	981	1,383
Other changes -									
Exchange-rate variations	1,346	79	5,869	593	556	43	3,582	1,689	-726
Other	-115	100	283	24	574	-99	-89	-107	-668
Total	1,231	179	6,152	617	1,130	-56	3,493	1,582	-1,394
Levels at end of period -									
Foreign currency	18,617	22,817	33,968	22,817	25,259	26,324	30,982	33,968	na
Australian currency	1,903	2,148	2,051	2,148	2,435	2,483	2,474	2,051	na
Total	20,520	24,965	36,019	24,965	27,694	28,749	33,456	36,019	36,008
<b>TOTAL FOREIGN BORROWING</b>									
Capital transactions -									
Foreign currency	7,149	6,347	10,019	2,335	2,556	2,835	2,780	1,845	(b)1,171
Australian currency	1,382	831	2,827	166	438	1,286	605	497	734
Domiciled in Australia	407	958	126	30	373	15	115	233	486
Domiciled abroad	1,787	1,789	3,552	196	811	1,301	720	720	1,220
Total	8,936	8,136	18,567	2,531	3,267	4,136	3,500	2,565	2,391
Other changes	2,591	92	11,374	1,106	1,691	-91	6,706	3,065	-1,513
Levels at end of period -									
Foreign currency	31,030	38,087	59,973	38,087	42,322	45,069	54,583	59,973	na
Australian currency	2,543	3,374	6,202	3,374	3,804	5,084	5,695	6,202	na
Domiciled in Australia	2,094	2,434	2,659	2,434	2,827	2,845	2,926	2,659	na
Domiciled abroad	4,637	5,808	8,861	5,808	6,532	7,839	8,621	8,861	na
Total	35,667	43,895	68,834	43,895	48,953	52,998	63,204	68,834	69,712

(a) Includes deposits by non-residents with the Reserve Bank which are classified by the ABS as foreign borrowing.  
 (b) A series break occurs for trading bank foreign-currency borrowing at 1 July 1985. See Appendix for details.

TABLE 11. FOREIGN BORROWING: DRAWINGS AND REPAYMENTS BY SELECTED INSTITUTIONAL SECTORS (a)  
(\$A million)

	YEAR -			QUARTER ENDED -					
	1982-83	1983-84	1984-85	1984-			1985-		
				JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE	SEPTEMBER
<b>GENERAL GOVERNMENT</b>									
Drawings	1,799	2,466	4,886	320	1,115	1,279	1,076	1,616	1073
Repayments	832	1,395	2,251	224	564	408	668	610	586
Net	967	1,072	2,635	95	551	870	408	806	487
<b>TRADING &amp; NON-BANK FINANCIAL ENTERPRISES - PUBLIC SECTOR</b>									
Drawings	3,500	6,470	12,540	2,310	2,461	3,743	3,338	2,998	na
Repayments	964	4,115	8,966	1,987	2,086	2,241	1,835	2,804	na
Net	2,536	2,355	3,574	324	375	1,502	1,503	195	117
<b>TRADING &amp; NON-BANK FINANCIAL ENTERPRISES - PRIVATE SECTOR</b>									
Drawings	20,947	32,567	51,089	11,117	10,578	14,444	10,853	15,213	na
Repayments	15,913	28,300	46,184	9,077	8,979	13,335	9,639	14,232	na
Net	5,034	4,266	4,904	2,041	1,599	1,111	1,214	981	1,383
<b>TOTAL (a)</b>									
Drawings	26,246	41,503	68,515	13,747	14,154	19,468	15,267	19,627	25,324
Repayments	17,709	33,810	57,401	11,288	11,629	15,984	12,142	17,646	23,337
Net	8,537	7,693	11,113	2,460	2,525	3,483	3,125	1,982	1,987

(a) Excluding the Reserve Bank and the trading banks

TABLE 12. FOREIGN BORROWING OF SELECTED INSTITUTIONAL SECTORS  
DURING THE SEPTEMBER QUARTER 1985 (a)  
(\$A million)

	DRAWINGS
<b>DRAWINGS CONTRACTUALLY DUE FOR REPAYMENT -</b>	
within 3 months	17,538
3 months to less than 6 months	1,972
6 months to less than 1 year	999
1 year to less than 2 years	197
2 years to less than 5 years	1,333
5 years to less than 10 years	2,118
10 years or more	291
<b>DRAWINGS REPAYABLE AT CALL OR OF INDEFINITE MATURITY -</b>	
Expected to be repaid -	
within 1 year from drawdown	203
1 year or more from drawdown	873
<b>TOTAL</b>	<b>25,324</b>
<b>REPAYMENTS</b>	
<b>TIME ELAPSED SINCE DRAWDOWN -</b>	
less than 3 months	17,086
3 months to less than 6 months	2,269
6 months to less than 1 year	898
1 year to less than 2 years	378
2 years to less than 5 years	1,818
5 years to less than 10 years	881
10 years or more	7
<b>TOTAL</b>	<b>23,337</b>

(a) Includes all sectors except the Reserve Bank and the trading banks

**APPENDIX. STATISTICAL BRIDGING ISSUES ASSOCIATED WITH THE INTRODUCTION OF THE  
NEW FRAMEWORK**

1. Series based on the new framework of foreign investment statistics differ in a number of ways from those appearing in previous foreign investment publications. These differences are due to conceptual or classification changes or arise from changes in data sources.

2. In order to assist users in assessing the impact of the changes on the continuity of series, those series that are affected have been grouped under the following broad headings:

A Series not continuous, past series revised - a significant difference exists between results on the old and new bases, and past series have been revised onto the new basis for some period in order to provide some continuity.

B Series not continuous, and no revisions - a significant difference exists between results on the old and new bases, but past series have not been revised onto the new basis.

C Continuous series - results on the old and new bases are close enough to be regarded as a continuous series.

3. In the case of significant differences, the group A approach has been adopted wherever possible and past series have been recompiled on the new basis in this publication. Where the group B approach was unavoidable, past series have not been recompiled, and an estimate of the magnitude of the break in series is provided in Table B on page 20.

**Group A - Series not continuous, past series revised**

4. The significant changes affecting series in this first group are listed in Table A on page 19. The particular changes included in the table are outlined below:

Foreign investment in Australia

A.1 Non-participating preference shares which were previously included in the series on borrowing are now included in the series on corporate equities. The amounts reclassified for 1984-85 are shown in the table. Before the September quarter 1985, it is not possible to identify investment in non-participating preference shares within the category portfolio and other investment (believed to be small); the

amounts shown in the table therefore only relate to direct investment. It is considered that the income series are largely unaffected by the changed treatment of non-participating preference shares as most income reported in respect of such investment would have been included in dividends and not interest.

A.2 Long term trade credit on imports from unrelated enterprises abroad, previously included in the series on borrowing, is now included in the series on accounts payable. The amounts reclassified for 1984-85 are shown in Table A.

A.3 The series on accounts payable/prepayments received largely replaces that on trade credit n.e.i. for imports. Trade credit n.e.i. for imports covered import finance provided by unrelated foreign exporters and included accounts payable on imports less prepayments on imports less long term trade credit on imports. In order to arrive at accounts payable (on imports)/prepayments received (on exports) it is necessary to make the following adjustments to the series trade credit n.e.i. for imports:

- . add back long term trade credit on imports
- . add back prepayments on imports
- . add prepayments on exports.

The sum of these adjustments is shown in Table A.

A.4 Certain finance leases previously included in the series on private enterprise borrowing are now reclassified as public enterprise borrowing. While finance leases continue to be treated as a form of borrowing in foreign investment and balance of payments statistics, departure from the principle of treating the lessee as the borrower occurred in a number of cases in the past (specifically to maintain consistency with related economic statistics) when assigning a borrowing to either the public or private sector and when classifying it by industry. The amounts reclassified from private to public enterprises for 1984-85 are shown in Table A.

A.5 Australian currency debt issued abroad, previously included in the foreign currency borrowing series, is now classified as Australian currency borrowing. In the past it was assumed, for statistical convenience, that all debt issued abroad was in foreign currency. However, with the recent growth in Australian dollar borrowing

abroad, this assumption can no longer be sustained. Commencing with the September quarter 1985 foreign investment surveys, debt issued abroad is now dissected between Australian and foreign currency and estimates of the dissection for past periods have also been made. The amounts reclassified from foreign currency borrowing to Australian currency borrowing for 1984-85 are shown in Table A. As interest split by foreign and Australian currency has not previously been published, the interest series is not affected.

- A.6 From September quarter 1985 onwards, income payable abroad is reported before the deduction of withholding tax; previously it was reported after the deduction of withholding tax. In order to provide a consistent series for past periods the withholding tax data available from the Commonwealth Government central accounting ledgers has been used to adjust past reported data. While the different data sources and methods used before and after 30 June 1985 will mean that income series, particularly at more disaggregated levels, will not be strictly consistent, the difference in result is not considered significant. The amount of withholding tax levied on income paid abroad for 1984-85, representing an adjustment to the series on investment income payable abroad for that year, is shown in Table A.

#### Australian investment abroad

- A.7 Non-participating preference shares were previously included in lending abroad rather than corporate equities. These shares are reclassified to corporate equities from 1982-83 onwards. The amounts reclassified for 1984-85 are shown in Table A. It should be noted that the amounts in this table only relate to direct investment, as it is not possible to identify the non-participating preference share contribution (believed to be small) to portfolio investment and institutional loans abroad before the September quarter 1985. It is considered that the income series is not affected by the changed treatment of non-participating preference shares as most income reported in respect of such investment would have been included in dividends and not in interest.

- A.8 The series on Australian portfolio and other investment abroad (previously described as the portfolio investment and institutional loans component of Australian investment abroad), is affected by changes in scope, data sources and collection methods. The statistics are now based upon a new quarterly survey and an improved annual survey of businesses investing abroad.

The quality of the statistics has significantly improved as a result. These surveys have replaced the Survey of Non-Trade Receipts and Payments - a monthly collection from trading banks - as the main data source for measuring those capital transactions classified as portfolio and other investment abroad. Measurement of the corresponding levels of investment is affected by the much better coverage of the annual survey and a new methodology for collecting data from fund managers and other parties placing funds abroad. With regard to income, statistics are now compiled from data collected in the quarterly and annual surveys, whereas previously the amounts involved were estimated from indirect sources. A further change involves the reclassification of finance provided by the Export Finance and Insurance Corporation (EFIC). Previously such finance was included in the series on trade credit n.e.i. for exports, but it is now included in lending within the category portfolio and other investment abroad (see A9). Table A shows the estimated combined effect of these various changes in terms of levels of investment, capital transactions and income for 1984-85. The table also shows the contribution to the series made by trading banks.

- A.9 The series on accounts receivable/prepayments made largely replaces that on trade credit n.e.i. for exports. Trade credit n.e.i. for exports covered export finance provided to unrelated foreign importers and included accounts payable on exports plus EFIC finance less prepayments received on exports. In order to arrive at accounts receivable (on exports)/prepayments made (on imports), it is necessary to make the following adjustments to the series on trade credit n.e.i. for exports;

- . deduct EFIC export finance (see A8)
- . add back prepayments on exports
- . add prepayments on imports.

#### **Group B - Series not continuous and no revisions**

5. Series in this second group are listed in Table B on page 20. The table quantifies the impact of each change listed either at 30 June 1985 (levels) or for the September quarter 1985 (transactions). While it will not be possible to provide corresponding data for earlier periods, it is planned to update the table and provide quarterly data for the year 1985-86 to users on request. The particular changes included in the table are outlined below:

B.1) The change in the definition of direct investment (see paragraph 9 of the Explanatory Notes) results in some investment that would previously have been included in the series on portfolio investment and institutional loans or trade credit n.e.i. being included in the series on direct investment. The table quantifies the effect of this change in classification for corporate equities, borrowing/lending and other indebtedness.

B.2) The change in methodology for measuring foreign currency borrowing/lending by trading banks involves replacing selected liabilities and net asset data with gross liabilities and gross assets data. Also the ABS Survey of Foreign Investment has been replaced, as the source of data on this borrowing by the recently introduced Reserve Bank collection, Selected Foreign Currency Assets and Liabilities of Trading Banks. The combined effect of these changes are shown in the table. The income data are not affected.

B.5 Income receivable from abroad from September quarter 1985 is reported before the deduction of withholding tax. Previously income was reported after the deduction of withholding tax. While this change parallels A6, there is no data source on withholding taxes paid abroad for earlier periods. The amount of withholding tax levied on income received from abroad in the September quarter 1985 is shown in Table B.

#### Group C - Continuous series

6. A number of changes fall within this third group. While there is no significant discontinuity in the relevant series, the following changes are worth mentioning:

C.1 Some events treated as non-flow changes in levels in the past are now treated as capital transactions. These include;

- transfers of foreign liabilities between two foreign investors in the same country and transfers of foreign financial assets between two investors in Australia.
- conversions from one type of investment instrument to another without a change of ownership.
- transfers of Australian corporate equities between a resident of Australia and a foreigner where the transfer is financed by an exchange of shares.

These events tend to be isolated occurrences and in any case result in offsetting transactions. However, the value of the assets and liabilities involved can sometimes be quite large. Where

such events have been identified for past periods appropriate revisions have been made to the relevant series.

C.2 The concept of net equity in branches and unincorporated enterprises replaces the concept of branch liabilities to head office. While these two measures are essentially the same, in adopting the new concept a few reporting problems have been identified which have resulted in some revisions to series for past periods.

C.3 The basis of valuation for levels of portfolio investment abroad in corporate equities changes from 1984-85. The new basis is market value (or nearest proxy) whereas previously this investment was reported on a variety of bases including market value and paid-up value.

C.4 Some minor items are reclassified, such as government working balances other than London (reclassified from the former category official monetary institutions to general government) and International Bank for Reconstruction and Development (IBRD) deposits with the Reserve Bank (reclassified from the former category non-official monetary institutions - essentially trading banks - to the Reserve Bank).

C.5 There is some minor discontinuity to industry data arising from the move from the 1978 to 1983 version of ASIC and the introduction of the new statistical unit.

C.6 There is some minor discontinuity to country data arising from some minor changes in country classification treatment.

C.7 There have been a number of changes to data item descriptions and instructions on collection forms used in the ABS Surveys of Foreign Investment from the September quarter 1985. These could have had some minor impact on reporting and the resulting statistics.

C.8 Changes mentioned above could also impact on the quarterly pattern of various statistical series. For example, while results from the Survey of Non-Trade Foreign Receipts and Payments have been replaced with results from the Survey of Foreign Investment in measuring portfolio and other investment transactions abroad each quarter, the former survey is used up to 1984-85 to provide a quarterly allocation of annual data from the latter. The quarterly pattern that will emerge from the new source may differ from the old.

TABLE A      IMPACT OF CHANGED DEFINITIONS, CLASSIFICATIONS AND DATA SOURCES ON SERIES REVISED ONTO NEW BASIS FOR PERIODS EXTENDING BACK FROM 30 JUNE 1985.  
(\$A million)

	Levels of Investment at 30 June 1985	Capital Trans-actions 1984-85	Income Trans-actions 1984-85
<b>FOREIGN INVESTMENT IN AUSTRALIA</b>			
A.1	Non-participating preference shares reclassified from borrowing to corporate equities.	410(a)	245(a) ..
A.2	Long term trade credit on imports reclassified from borrowing, within the former category portfolio investment and institutional loans, to accounts payable/ prepayments received.	601	17 38
A.3	Adjustment to the former item trade credit n.e.i. for imports to derive accounts payable/prepayments received.	1238	202 38
A.4	Finance leases reclassified from private to public enterprise borrowing.	2599	456 145
A.5	Australian currency debt issued abroad reclassified from foreign currency to Australian currency borrowing.	2659	726 ..
A.6	Withholding tax levied on income paid abroad, previously deducted in measuring investment income payable abroad but now not deducted.	..	.. 403
<b>AUSTRALIAN INVESTMENT ABROAD</b>			
A.7	Non-participating preference shares reclassified from lending to corporate equities	736(a)	313(a) ..
A.8	Adjustments to the former portfolio investment and institutional loans component of investment abroad - as a result of changes in scope, data sources and methodology - to derive portfolio and other investment abroad. (Adjustments include the addition of EFIC finance, previously included in trade credit n.e.i. for exports.)		
	. corporate equities	1,641	517 )
	. trading bank lending abroad	934	- 99 )-106
	. other lending abroad	827	235 )
A.9	Adjustments to the former item trade credit n.e.i. for exports to derive accounts receivable/prepayments made.	248	185 ..

(a) Relates only to investment in preference shares classified within the direct investment category.

TABLE B

IMPACT OF CHANGED DEFINITIONS, CLASSIFICATIONS AND DATA SOURCES  
ON SERIES WHICH BREAK AT 30 JUNE 1985 (LEVELS)  
OR SEPTEMBER QUARTER 1985 (TRANSACTIONS)  
(\$A million)

	Levels of Investment at 30 June 1985	Capital Trans- actions Sept qtr 1985	Income Trans- actions Sept qtr 1985
<b>FOREIGN INVESTMENT IN AUSTRALIA</b>			
B.1	Adjustment to direct investment, resulting from the change in its definition, whereby some investment that would previously have been classified to the former items portfolio investment and institutional loans and trade credit, n.e.i. is now classified as direct investment;		
	198	12	8
	. Corporate equities	339	95 ) 14
	. Borrowing	-201	-26 )
	. Other indebtedness		
B.2	Adjustment to trading bank foreign currency borrowing, resulting from changes in methodology and the data source. (Previously this borrowing was included within the former item monetary sector transactions n.e.i. It excluded certain liabilities, but is now measured on a gross liabilities basis within the borrowing component of portfolio and other investment.)		
	245	32	..
<b>AUSTRALIAN INVESTMENT ABROAD</b>			
B.3	Adjustment to direct investment, resulting from the change in its definition (see explanation for B.1 above);		
	. Corporate equities	)	
	. Lending	)	
	. Other indebtedness	)	
B.4	Adjustment to trading bank foreign currency lending, resulting from changes in methodology and the data source. (Previously this lending was measured on a net assets basis within the former item monetary sector transactions n.e.i., but is now measured on a gross assets basis within the lending component of portfolio and other investment.)		
	245	32	..
B.5	Withholding tax levied on income received from abroad, previously deducted in measuring investment income receivable from abroad but now not deducted.		
	..	..	4