THE AUSTRALIAN BALANCE OF PAYMENTS

1955-56 TO 1959-60

COMMONWEALTH BUREAU
OF
CENSUS AND STATISTICS
CANBERRA AUSTRALIA

PREPARED UNDER INSTRUCTIONS FROM THE RIGHT HONORABLE THE TREASURER
BY
K.M.ARCHER
ACTING COMMONWEALTH STATISTICIAN

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA. A.C.T.

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The following symbols are used in the tables:-

* - Not available - included in balancing item

ø - Not yet available.

p - Preliminary

1906

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In this Bulletin the detailed estimates of Australia's balance of oversea payments are brought forward to June, 1960, and revisions are made to the estimates issued previously for the years 1955-56 to 1958-59.

This Bulletin shows estimates of Australia's balance of payments on both a global and a regional basis. In addition, it includes tables showing details of Australia's gold and foreign exchange holdings and public authority debt domiciled overseas, and of the United Kingdom's official holdings of gold and convertible currencies (representing in effect the Sterling Area's reserves). Tables are included showing export and import price indexes, Australia's terms of international trade and details of indexes of exports and imports on a constant price basis, the latter giving some indication of changes in merchandise trade expressed in terms of a 1955-56 price base. Details of the value of Australia's principal exports and the main groups of imports are also shown.

Details of the Commonwealth Statistician's Survey of Oversea Investment in 1958-59, which relates to foreign investment in Australian companies and private investment by Australians overseas are shown in these estimates for the years 1955-56 to 1958-59. In addition, accompanying tables showing further details of oversea investment in Australian companies by form of investment, by domicile of investor and (for direct investment only) by industry, are also included. Particulars of the Survey are however not yet available for 1959-60 and the main details of private investment in this year are therefore included in the balancing item. Particulars of the Survey are not available for half years and where details are shown for these periods the relevant movements similarly form part of the balancing item.

Brief notes on some technical points and a short description of each of the items shown in the tables are given in the section "Notes to Tables" commencing on page 16. If a more detailed description of the sources and methods used in making these estimates is required, the printed handbook "The Australian Balance of Payments, 1928-29 to 1951-52", should be consulted.

THE AUSTRALIAN BALANCE OF PAYMENTS

SUMMARY

The estimates of Australia's balance of payments provided in Table I illustrate the main changes which took place in the five years ended June, 1960. Estimates in greater detail are provided in Tables II and III.

The preliminary estimates of Australia's balance of payments in 1959-60 show a deficit on current-account transactions of £243 million, comprising a deficit of £10 million in the trade balance and a deficit of £233 million for invisible items. Reserves fell by £4 million during the year and apparent receipts from capital items, including the balancing item (which includes the net effect of all errors and omissions in both current and capital accounts), are therefore shown as £239 million. At the end of June, 1960, reserves were estimated at £512 million. Gold to the value of £11 million was transferred during the year to the International Monetary Fund in respect of an increase in Australia's quota in the Fund - in effect the second line of Australia's reserves.

TABLE I

BALANCE OF PAYMENTS

£. million

	Year ended June				
	1956	1957	1958	1959	1960 p
CURRENT ACCOUNT					
Credits					
Exports f.o.b. (a) ..	772	978	810	810	936
Transportation and Travel	70	80	79	86	99
Investment Income ..	22	26	34	24	24
Other	58	69	68	73	80
Debits					
Imports f.o.b. (a) ..	- 819	- 718	- 791	- 796	- 946
Transportation and Travel	- 142	- 145	- 162	- 158	- 178
Investment Income ..	- 108	- 114	- 118	- 144	- 145
Other	- 84	- 77	- 94	- 102	- 113
BALANCE ON CURRENT ACCOUNT	- 231	+ 99	- 174	- 207	- 243
CAPITAL ITEMS					
Official (net)					
Oversea Loans ..	26	- 30	12	35	35
Other ..	6	26	- 4	- 15	- 4
Private					
Investment Overseas	- 17	- 6	- 3	- 13	- 2 (b)
Investment in Australia					
Companies ..	119	103	98	118	60 (b)
Other ..	- 5	- 2	- 7	- 8	- (b)
Balancing Item					
. . . .	29	22	37	81	..
. . . .	..	..	..	..	150 (b)
CHANGE IN INTERNATIONAL RESERVES	- 73	+ 212	- 41	- 9	- 4

In current account (-) signifies a debit, for capital items (-) signifies apparent outflow.

(a) For Customs purposes exports and imports are valued f.o.b., port of shipment. The amounts shown represent the recorded trade totals adjusted for balance of payments purposes - see p. 16. Items 1 and 9.

(b) Particulars of the Survey of Oversea Investment are not available for 1959-60 and the relevant movements of major items of private investment during the year are therefore included in the balancing item. The information shown for private investment in 1959-60 represents only the nominal amount attributed to undistributed income. Smaller items of private capital movements for which preliminary information is available are also included in the balancing item in this table but are shown in detail in Table III.

In 1959-60 there was an estimated increase of £36 million in the deficit on current-account transactions compared with that of 1958-59. In the main this was the result of a change in the balance of trade (as adjusted for purposes of balance of payments) from a net surplus of £14 million in 1958-59 to a net deficit of £10 million in 1959-60. This in turn reflected a large increase of £126 million in the value of exports and an even larger increase of £150 million in imports. The net deficit on invisible transactions rose by £12 million between the two years.

The adverse movements in current-account transactions between 1958-59 and 1959-60 were, however, offset by increases in apparent capital receipts (including the balancing item), and reserves which had fallen by £9 million in 1958-59 fell by only £4 million in 1959-60. To a small extent the increase in apparent capital receipts in 1959-60 compared with 1958-59 was the result of an £11 million increase in net receipts from official capital transactions other than the net proceeds of official loan raisings overseas which were about the same in both years. Details are not yet available of the extent of private capital investment in 1959-60 and, apart from the net amount of £58 million arbitrarily attributed to undistributed income, any relevant amounts are included in the balancing item. As shown in Table I the balancing item and undistributed income together amounted to £208 million in 1959-60 compared with a combined total for identified private investment and the balancing item of £178 million in 1958-59 and £125 million in 1957-58. Data from the Survey of Oversea Investment showed in 1958-59 that foreign investment in Australian companies was £20 million higher than in 1957-58. However, the balancing item, which is the difference between the actual movement in reserves and the movement suggested by the estimates made for all other items, also rose by £44 million in 1958-59. The balancing item includes errors and omissions in the estimates for all other items in both current and capital accounts, short-term financing transactions and other timing differences between the statistical recording of items such as imports, exports, transportation charges, changes in share ownership etc., and the crediting and debiting of payments for these transactions against Australia's international reserves. It should not be inferred that the whole of the increase of £30 million in the balancing item which occurred in 1959-60 represents an equivalent increase in oversea investment in Australian enterprises.

A longer term comparison of balance of payments estimates over the post-war period shows that imports in 1959-60 were substantially greater than in any year other than 1951-52. In 1950-51 and 1956-57 wool prices were substantially higher than in 1959-60 and the total value of exports was slightly higher, but apart from these two years exports in 1959-60 were substantially higher than in any other year. The net deficit on invisible transactions also was larger in 1959-60 than in any other year, and the overall deficit on current account was only exceeded in 1951-52 and 1954-55 - both years of comparatively low exports and high imports. Apparent net receipts from capital items (including the balancing item) were, however, also high. To some extent this reflected a relatively high level of net receipts of official capital, but for the most part it was associated with the higher level of the balancing item. Although reserves fell slightly in 1959-60, the outcome for the year - judged by changes in reserves alone - was more favourable than in any year since 1956-57. As compared with 1956-57 the main factor contributing to differences in the outcome in respect of reserves was that in 1959-60 imports exceeded the 1956-57 level by more than £200 million.

The details provided in Table IA show the main changes which took place in Australia's balance of payments over successive half years from June, 1958 to June, 1960.

The estimates for the two halves of 1959-60 show that exports although still relatively high in the second half of the year were £14 million lower than in the first half. Imports on the other hand rose substantially through the year and in the second half exceeded that of the first half by £42 million. These movements combined with a rise in the net deficit on invisibles - to some extent seasonal - resulted in a large deterioration in the current account balance from a deficit of £90 million in the first half of 1959-60 to a deficit of £153 million in the second half. In addition, net receipts from official loans and other capital items were £7 million lower in the second half of the year. The balancing item continued to show a small upward trend. Reserves fell by £35 million in the second half of the year compared with a rise of £31 million in the first half of the year.

TABLE IA

BALANCE OF PAYMENTS

£ million

	1958-59		1959-60 p	
	July-Dec.	Jan.-June	July-Dec.	Jan.-June
CURRENT ACCOUNT				
Credits				
Exports f.o.b. (a)	380	430	475	461
Transportation and Travel	42	44	49	50
Investment Income	14	10	13	11
Other	36	37	36	44
Debits				
Imports f.o.b. (a)	- 400	- 396	- 452	- 494
Transportation and Travel	- 76	- 82	- 81	- 97
Investment Income	- 72	- 72	- 75	- 70
Other	- 50	- 52	- 55	- 58
BALANCE ON CURRENT ACCOUNT	- 126	- 81	- 90	- 153
CAPITAL ITEMS				
Official (net)				
Oversea Loans	35	-	10	25
Other	- 19	4	9	- 13
Private				
Undistributed Income	28	28	29	29
Other Balancing Item	57 (b)	65 (b)	73 (b)	77 (b)
CHANGE IN INTERNATIONAL RESERVES	- 25	+ 16	+ 31	- 35

(a) Refer footnote (a) Table I.

(b) Particulars of the Survey of Oversea Investment are not available for half years and the relevant movements of major items of private investment in these periods are therefore included in the balancing item. The information shown for undistributed income represents only nominal amounts. Smaller items of private capital for which preliminary information is available are also included in the balancing item in this table but are shown in detail in Table III.

CURRENT ACCOUNT

Exports

In 1959-60 exports were substantially higher in value than in the two preceding years, and reached a level only slightly lower than in the record year 1956-57. In the main the increase in 1959-60 was the result of a rise of £92 million in the value of wool and sheepskins and of £25 million in wheat and flour. For wool the main factor was a rise of almost 20 per cent. in the average auction price, from 48.5 pence per pound in 1958-59 to 57.8 pence in 1959-60. There was also a substantial increase in wool production which reached a record total of 1689 million lb. in 1959-60 and a consequential rise of over 10 per cent. in quantities exported. For wheat and flour the unit price of exports was about 8 pence a bushel lower than in 1958-59 but the effect of the lower price was outweighed by a rise of over 40 million bushels in shipments.

Exports of dairy products rose £5 million in 1959-60, mainly as the result of higher prices for butter in the first half of the year. Exports of most other farm products were lower in value. In particular, meat exports fell by £9 million. Exports of beef and veal were maintained at the same high level as in 1958-59 but mutton and lamb fell substantially, and exports of canned meat were also lower. Sugar exports were £6 million lower, and fruit exports £4 million lower. Both these resulted mainly from reductions in quantities. Barley exports were reduced in quantity following an adverse season in South Australia, and prices were lower. Exports of ores, concentrates, metals, metal manufactures and machinery on the other hand were £12 million more in 1959-60 than in 1958-59. This included substantial increases in the value of copper ores and iron and steel products, but exports of lead were lower.

Imports

Imports in 1959-60 were £946 million and exceeded the 1958-59 total by £150 million. These estimates include aircraft and ships for use on oversea routes, for which customs entries are not required and which are consequently not recorded in the trade statistics. The value of these was about £23 million in 1959-60. Imports in the first half of 1959-60 were £452 million (including most of the aircraft etc.) and in the second half £494 million.

The increasing flow of imports through the year was associated with a progressive relaxation of import licensing and the almost complete freeing of imports from control in February, 1960. These relaxations brought about substantial increases in the value of imports of most of the major groups of commodities. In particular, there was a very large increase in the import of goods in the metals, metal manufactures and machinery category. This group accounted for 38 per cent. of the value of all imports in 1959-60, and increased by £85 million compared with 1958-59, a rise of 21 per cent. compared with 14 per cent. for all other imports. In this group, the largest increases occurred in imports of motor vehicles, aircraft and tractors. In addition to these increases there was an increase of £20 million in imports of aircraft etc. referred to above. Large increases were recorded also in imports of yarns, textiles and apparel (£13 million), rubber and rubber manufactures (£8 million), paper and stationery (£7 million), and chemicals etc. (£8 million). Imports of petroleum - which was exempt from licensing during the whole of both years - rose by only £2 million to a total of £100 million in 1959-60.

Invisibles

The deficit on current-account invisibles increased in 1959-60 for the third successive year. Compared with 1958-59 there was a rise of £12 million, which was smaller than in the two previous years.

There was a large increase of transportation credits in 1959-60. This reflects increased expenditure by oversea ships, which resulted from the greater volume of goods handled at Australian ports and small increases in stevedoring rates. This increase in credits was offset by increased freight debits which were related to the greater volume of imports. Increased freight on dry cargoes was, however, offset in part by some reductions in tanker freight rates. Expenditure by visitors to Australia was higher in 1959-60 but there was a greater rise in expenditure by Australians abroad and in payments for fares. This increase in travel expenditure reflects a large increase in the number of Australians leaving on visits overseas towards the end of the year.

Investment income receipts remained about the same in 1959-60 as in 1958-59. A small increase in debits resulted from rising interest payments on public debt. On present estimates income on private oversea investment in Australia remained about the same, but the estimate for undistributed income could change considerably when full information is available.

Receipts from other governments rose sharply in 1959-60, reflecting higher expenditure in Australia on intergovernmental projects. An even larger increase in expenditure by the Australian Government resulted mainly from higher defence expenditure overseas.

TABLE II

BALANCE OF PAYMENTS ON CURRENT ACCOUNT

(£. million)

	Year ended June									
	1956		1957		1958		1959		1960 p	
CREDITS										
1. Exports f.o.b. (a)		772.3		978.2		810.4		810.3		936.1
2. Gold production		15.6		16.0		16.3		16.5		16.4
3. Transportation										
Expenditure of over-sea ships	57.2		63.4		64.2		70.0		81.6	
Other	6.6	63.8	8.1	71.5	7.3	71.5	8.2	78.2	8.0	89.6
4. Travel		6.1		9.0		7.5		8.0		9.5
5. Income from investment										
Undistributed income	3.1		3.4		4.3		2.4		2.0	
Other	18.5	21.6	22.5	25.9	30.2	34.5	22.1	24.5	22.0	24.0
6. Government		13.8		22.2		19.0		19.3		25.8
7. Miscellaneous		9.5		7.5		7.7		8.7		9.3
8. Donations, etc.										
Immigrants' funds etc.	14.2		16.5		17.5		19.6		17.4	
Other	5.2	19.4	6.3	22.8	7.3	24.8	7.4	27.0	11.7	29.1
Total Credits:		922.1		1153.1		991.7		992.5		1139.8
DEBITS										
9. Imports f.o.b. (a)		819.4		717.5		790.6		796.3		945.6
10. Transportation										
Freight	102.0		108.0		119.0		114.0		126.0	
Other (incl. marine insurance) (b)	18.0	120.0	14.9	122.9	15.2	134.2	15.5	129.5	17.2	143.2
11. Travel		22.3		22.2		27.7		28.6		35.0
12. Income from investment										
Public authority interest	22.3		22.8		22.8		25.1		27.0	
Direct investment	38.7		37.5		48.9		48.3		48.5	
Undistributed income	40.7		45.6		39.7		58.7		60.0	
Other	6.1	107.8	7.8	113.7	6.3	117.7	11.6	143.7	9.5	145.0
13. Government										
Defence	9.2		2.4		10.2		12.6		18.3	
Papua and New Guinea	10.1		10.9		12.5		13.5		14.0	
Other	13.3	32.6	12.4	25.7	13.7	36.4	14.3	40.4	16.5	48.8
14. Miscellaneous		22.7		21.3		28.2		32.3		36.0
15. Donations, etc.										
Personal	16.5		18.2		16.8		15.2		14.7	
Colombo plan etc.	4.0		4.5		4.8		4.8		4.0	
Other	7.8	28.3	8.5	31.2	8.9	30.5	8.8	28.8	10.1	28.8
Total Debits:		1153.1		1054.5		1165.3		1199.6		1382.4
BALANCE ON CURRENT ACCOUNT		-231.0		98.6		-173.6		-207.1		-242.6

(a) The amounts shown above for imports and exports exclude gold and represent the recorded figures adjusted for balance of payments purposes. See notes p.16.

(b) Total marine insurance premiums on imports, whether payable in Australia or overseas, were £4.2 million in 1955-56, £3.7 million in 1956-57, £4.1 million in 1957-58, £4.1 million in 1958-59 and £4.9 million in 1959-60.

CAPITAL ACCOUNT

International Reserves

Australia's international reserves fell by £4 million in 1959-60. A rise of £31 million in the first half of the year was followed by a fall of £35 million in the second half. In 1958-59 reserves fell by £9 million; a fall of £25 million in the first half year was followed by a rise of £16 million in the second half.

Official Capital

Net proceeds of Government loans overseas amounted to £35 million in 1959-60. A similar net amount was raised in 1958-59. The net inflow in these years was higher than in the earlier years shown. Receipts in 1959-60 included the proceeds of a £15 million loan raised in London, two £11 million loans raised in New York and a £6 million Swiss loan. There were also receipts of £5 million from an institutional loan raised in New York on behalf of Qantas. The proceeds of one of the New York loans and the Qantas loan were received in the first half of the year and the remainder of the new raisings in the second half. Receipts from new issues were partly offset by repayments of £7 million to the International Bank, and by repayments and sinking fund operations amounting to £5 million. All new issues in 1959-60 were made at a small discount.

Public authority debt domiciled overseas is shown in Table VIII. At current rates of exchange the amounts shown in the Table represent a total of £677 million at the end of June, 1959 and £712 million at the end of June, 1960.

In 1959-60 official transactions other than loans resulted in a net outflow of £4 million. In 1958-59 there was a net outflow of £15 million. In both years the movements resulted mainly from increases in Australia's quota in the International Monetary Fund, which served to increase Australia's second line reserves with the Fund. These subscriptions, and an increase in the subscription to the I.B.R.D. in 1959-60, were made partly in gold and dollars and partly in special securities payable in Australian currency. The latter created corresponding liabilities. In both years, conversions were made of similar securities, previously issued to the Bank, in order to make foreign currency available for use in its lending programme. In 1958-59 an obligation also arose to repurchase from the Fund a part of the securities previously issued. Particulars of these transactions are shown in the following table.

I.M.F. and I.B.R.D. Subscriptions

	£ million	
	1958-59	1959-60
Changes in Assets		
Increase in Subscription to I.M.F.	44.6	44.6
Increase in paid-up Subscription to I.B.R.D.	-	5.9
Net Increase in Assets	44.6	50.5
Changes in Liabilities		
Securities issued to I.M.F.	33.4	33.4
Securities issued to I.B.R.D.	-	5.3
Repurchase of securities from I.M.F.	- 6.3	-
Conversion of securities by I.B.R.D.	- 3.1	- 3.0
Net Increase in Liabilities	24.0	35.7

Other capital movements identified as official transactions relate mainly to the financing of Government imports and sales by the Reserve Bank of Australian securities issued in London. There was an inflow of £11 million in 1959-60.

Private Investment

Details of the Survey of Oversea Investment are not yet available for 1959-60 and the amounts shown in the estimates for that year for undistributed income are arbitrary. Information is available for some minor items of private investment, amounting to an outflow of £2 million in 1959-60 compared with £7 million in 1958-59. Details of movements of the main items of private capital in 1958-59 compared with 1957-58 are given in the "Australian Balance of Payments 1957-58, 1958-59 and First Half 1959-60".

TABLE III

BALANCE OF PAYMENTS ON CAPITAL ACCOUNT

(£. million)

	Year ended June									
	1956		1957		1958		1959		1960 p	
CHANGES IN ASSETS										
1. International reserves		-73.3		211.5		-41.1		- 9.0		- 4.4
2. IMF, IBRD, IFC		-		1.0		-		44.6		50.5
3. Other official		- 5.7		-27.5		1.3		- 6.2		-11.2
4. Marketing authorities		9.3		- 4.4		- 2.0		6.0		2.3
5. Portfolio investment		- 1.7		- 0.9		- 2.2		- 2.8		- 4.3
6. Direct investment										
Branches										
Unremitted profits	0.4		0.7		0.7		1.0		1.0	
Other	4.1		6.3		1.9		4.1		*	
Subsidiaries										
Undist. profits	2.7		2.7		3.6		1.4		1.0	
Other	1.7	8.9	1.3	11.0	1.5	7.7	3.7	10.2	*	2.0(a)
TOTAL		-62.5		190.7		-36.3		42.8		34.9
CHANGES IN LIABILITIES										
7. Official loans										
IBRD	18.0		3.1		13.2		2.2		-7.2	
Other Commonwealth	6.8		3.2		0.7		11.3		36.6	
States	1.4		-33.4		2.1		22.2		5.9	
Other	- 0.3		- 3.3		-3.6		-0.2		-0.2	
Discounts etc.	- 0.1	25.8	0.1	-30.3	-	12.4	-0.7	34.8	-0.5	34.6
8. IMF and IBRD		-		- 1.0		- 3.1		24.0		35.7
9. Foreign banks		- 0.3		0.3		- 0.2		1.0		- 0.9
10. Portfolio investment										
Government securities	- 4.0		- 1.3		-2.1		-4.2		*	
Companies etc.	7.4	3.4	9.9	8.6	7.9	5.8	19.4	15.2	*	*
11. Direct investment										
Branches										
Unremitted profits	6.6		7.4		2.2		7.4		8.0	
Other	11.8		8.2		7.0		12.9		*	
Subsidiaries										
Undist. profits	34.1		38.2		37.5		51.3		52.0	
Other	58.8	111.3	39.6	93.4	43.4	90.1	27.1	98.7	*	60.0(a)
12. Life assurance coys.		- 1.1		- 1.1		- 4.8		- 5.0		- 2.9
13. Balancing item		29.4		22.2		37.1		81.2		...
......		....		....		....		....		151.0(b)
TOTAL		168.5		92.1		137.3		249.9		277.5
BALANCE ON CAPITAL ACCOUNT		231.0		-98.6		173.6		207.1		242.6

(a) Excludes items marked * for which information is not yet available and which are therefore included in the balancing item.

(b) Includes items marked *.

REGIONAL BALANCE OF PAYMENTS

There were several significant movements in Australia's regional balance of payments between 1958-59 and 1959-60. There was an increase of £37 million in the deficit on current account with the United Kingdom and of £66 million with the United States and Canada. These were partly offset by increases in the surpluses on current account with the European Economic Community (£9 million), the Soviet Area (£20 million), and with "Other" countries (£46 million).

Primarily responsible for the deterioration in the current-account balance with the United Kingdom was a fall of £18 million in exports and a rise of £22 million in imports; with the United States and Canada, however, there was a rise in exports and the main cause of the increased deficit was a large increase of £68 million (over 50 per cent.) in imports. Both exports to and imports from the E.E.C. increased between 1958-59 and 1959-60. Despite the improvement between 1958-59 and 1959-60 in the already favourable current-account balance with these countries, this balance was still considerably lower than in the three earlier years. The balance with the European Free Trade Area, excluding the United Kingdom, showed little significant change between the two years although the value of exports continued to fall.

Increased exports of wool to the U.S.S.R. and China were reflected in a very large increase in Australia's favourable balance with the Soviet Area. The further improvement in the current-account balance with "Other" countries reflected in the main a rise of £33 million in exports to Japan and a fall in imports of petroleum from Iran.

EXPORT AND IMPORT PRICE INDEXES

Details of movements in prices of the principal exports as measured by the Commonwealth Statistician's Export Price Index (Table IX) show a rise in the All Groups index to an average of 393 for 1959-60 compared with an average of 351 for 1958-59. This was mainly the result of increases in the indexes for wool, butter and metals. The indexes for the remaining important exports were lower. A comparison of the main movements in 1959-60 show some decline in wool prices in the third and fourth quarters. The index for butter fell sharply in the third and fourth quarters while the index for dried fruit exports fell progressively through the year.

The Reserve Bank's index of import prices (Tables X and XI) is not yet available for the full year 1959-60. During the first three quarters of the year the index for All Countries showed a small upward movement to a level slightly higher than the average for 1958-59. This resulted from a rise in the index for imports from the United Kingdom and Other Sterling Area and a fall in the index for imports from the United States and Canada. In the March quarter the index for imports from the two last mentioned countries was below the average for 1958-59. Details by commodity groups over the same three quarterly periods show a fall in the index for imports of food, drink and tobacco. The indexes for all other groups either remained unchanged or rose slightly.

TERMS OF TRADE

Australia's terms of international trade, as measured by the ratio of the Statistician's index of export prices to the Reserve Bank's index of import prices, showed a substantial improvement in the three quarters shown for 1959-60 compared with 1958-59. This was the result of the increase in export prices which was offset only slightly by a small increase in prices for imports. In the March quarter 1960 the index of Australia's terms of international trade was 92 compared with the average of 83 shown for 1958-59.

INDEXES OF VALUE OF IMPORTS AND EXPORTS AT CONSTANT PRICES

In 1959-60 the index for All Exports (Table XIII) rose for the second successive year, to a figure of 122 compared with 115 in 1958-59 and 101 in 1957-58. The 22 per cent. increase in the index in 1959-60 compared with the base year (1955-56) was accompanied by a rise of only 21 per cent. in the value of exports, indicating that the increased value of exports between 1959-60 and the base year was accounted for by increases in quantities.

The index for All Imports (Table XIV) is not yet available for 1959-60, but details for the first three quarters of the year indicate a rise to a level substantially higher than in any other year shown. For the March quarter the index for All Imports was over 20 per cent. higher than the average for 1958-59. When details are available the index for the last quarter is likely to be some 5 per cent. higher again and the average for the whole year of the order of 15 per cent. higher than in 1958-59.

TABLE IV

BALANCE OF PAYMENTS ON CURRENT ACCOUNT

BY MONETARY AREA AND REGIONS

(£. million)

		Year ended June				
		1956	1957	1958	1959	1960 p
EXPORTS f.o.b.						
STERLING	- United Kingdom	257.1	277.4	221.2	261.5	243.2
	Other	131.2	175.8	157.6	149.7	175.7
NON STERLING	- U.S.A. and Canada	65.9	77.3	59.4	77.0	91.7
	European Economic Community	175.5	238.6	189.0	145.4	177.8
	European Free Trade Area (a)	10.7	10.9	11.6	9.1	8.6
	Soviet Area	16.3	27.3	33.4	31.1	52.1
	Other	115.6	170.9	138.2	136.5	187.0
	TOTAL:	772.3	978.2	810.4	810.3	936.1
IMPORTS f.o.b.						
STERLING	- United Kingdom	-355.4	-295.9	-324.6	-309.6	-331.5
	Other	-121.3	-123.5	-124.6	-131.7	-153.1
NON STERLING	- U.S.A. and Canada	-121.8	-119.2	-129.4	-131.7	-200.1
	European Economic Community	- 90.9	- 70.7	- 82.2	- 86.4	-109.2
	European Free Trade Area (a)	- 34.6	- 29.6	- 32.5	- 31.2	- 36.1
	Soviet Area	- 7.1	- 5.9	- 7.7	- 7.5	- 9.2
	Other	- 88.3	- 72.7	- 89.6	- 98.2	-106.4
	TOTAL:	-819.4	-717.5	-790.6	-796.3	-945.6
INVISIBLES (NET)						
STERLING	- United Kingdom	- 75.2	- 53.9	- 58.9	- 70.7	- 67.8
	Other	- 30.2	- 30.5	- 40.3	- 38.6	- 44.9
NON STERLING	- U.S.A. and Canada	- 54.8	- 55.0	- 66.7	- 88.0	-100.9
	European Economic Community	- 16.6	- 16.2	- 15.5	- 15.0	- 15.4
	European Free Trade Area (a)	2.5	3.9	1.6	2.9	4.5
	Soviet Area	- 0.8	- 0.7	- 0.6	- 0.6	- 0.4
	Other	- 18.6	- 19.3	- 22.3	- 20.4	- 16.9
International Agencies		- 5.8	- 6.4	- 7.0	- 7.2	- 7.7
Gold Production		15.6	16.0	16.3	16.5	16.4
	TOTAL:	-183.9	-162.1	-193.4	-221.1	-233.1
BALANCE ON CURRENT ACCOUNT						
STERLING	- United Kingdom	-173.5	- 72.4	-162.3	-118.8	-156.1
	Other	- 20.3	21.8	- 7.3	- 20.6	- 22.3
NON STERLING	- U.S.A. and Canada	-110.7	- 96.9	-136.7	-142.7	-209.3
	European Economic Community	68.0	151.7	91.3	44.0	53.2
	European Free Trade Area (a)	- 21.4	- 14.8	- 19.3	- 19.2	- 23.0
	Soviet Area	8.4	20.7	25.1	23.0	42.5
	Other	8.7	78.9	26.3	17.9	63.7
International Agencies		- 5.8	- 6.4	- 7.0	- 7.2	- 7.7
Gold Production		15.6	16.0	16.3	16.5	16.4
	TOTAL:	-231.0	98.6	-173.6	-207.1	-242.6

(a) Excludes United Kingdom.

TABLE V

BALANCE OF PAYMENTS ON CURRENT ACCOUNT - SELECTED COUNTRIES

(£. million)

	Year Ended June, 1959				Year Ended June, 1960			
	Exports f.o.b.	Imports f.o.b.	Invisibles	Current Account Balance	Exports f.o.b.	Imports f.o.b.	Invisibles	Current Account Balance
STERLING								
United Kingdom	261.5	-309.6	- 70.7	-118.8	243.2	-331.5	- 67.8	-156.1
Other Sterling								
Papua and New Guinea	14.7	- 7.2	- 12.2	- 4.7	16.2	- 7.9	- 12.1	- 3.8
Arabian States	1.9	- 25.0	- 11.7	- 34.8	1.7	- 29.9	- 13.9	- 42.1
Borneo	1.0	- 13.0	- 3.1	- 15.1	1.4	- 15.8	- 3.8	- 18.2
Ceylon	5.9	- 10.5	- 1.0	- 5.6	7.7	- 11.2	- 1.0	- 4.5
East Africa	1.5	- 4.3	- 0.2	- 3.0	1.2	- 4.3	- 0.3	- 3.4
Hong Kong	8.7	- 4.0	- 0.3	4.4	8.4	- 5.2	- 1.0	2.2
India	10.1	- 21.0	- 3.6	- 14.5	16.1	- 18.2	- 2.8	- 4.9
Malaya	11.0	- 11.5	- 4.5	- 5.0	12.3	- 17.8	- 6.2	- 11.7
New Zealand	49.5	- 12.2	4.3	41.6	54.0	- 15.3	4.3	43.0
Singapore	9.9	- 1.3	1.6	10.2	10.7	- 1.6	1.5	10.6
South Africa	5.8	- 5.2	- 1.0	- 0.4	8.2	- 7.1	- 0.7	0.4
Other	29.7	- 16.5	- 6.9	6.3	37.8	- 18.8	- 8.9	10.1
TOTAL STERLING:	411.2	-441.3	-109.3	-139.4	418.9	-484.6	-112.7	-178.4
NON STERLING								
U.S.A.	60.5	-108.5	- 78.2	-126.2	77.8	-170.4	- 89.3	-181.9
Canada	16.5	- 23.2	- 9.8	- 16.5	13.9	- 29.7	- 11.6	- 27.4
TOTAL:	77.0	-131.7	- 88.0	-142.7	91.7	-200.1	-100.9	-209.3
Belgium-Luxemburg	23.6	- 6.8	- 1.4	15.4	24.3	- 8.5	- 1.7	14.1
France	50.3	- 12.4	-	37.9	63.1	- 13.6	0.2	49.7
Germany, F.R.	28.9	- 42.9	- 2.5	- 16.5	37.5	- 53.8	- 2.6	- 18.9
Italy	32.2	- 9.7	- 11.6	10.9	46.5	- 12.9	- 11.8	21.8
Netherlands	10.4	- 14.6	0.5	- 3.7	6.4	- 20.4	0.5	- 13.5
TOTAL E.E.C.:(a)	145.4	- 86.4	- 15.0	44.0	177.8	-109.2	- 15.4	53.2
Austria	1.4	- 2.5	- 0.2	- 1.3	1.7	- 3.1	- 0.5	- 1.9
Denmark	1.4	- 1.7	1.9	1.6	1.1	- 1.9	2.2	1.4
Norway	0.5	- 3.5	5.7	2.7	0.6	- 4.0	6.6	3.2
Portugal	1.7	- 0.9	-	0.8	1.0	- 0.9	- 0.1	-
Sweden	2.7	- 12.2	0.6	- 8.9	2.2	- 14.3	0.4	- 11.7
Switzerland	1.4	- 10.4	- 5.1	- 14.1	2.0	- 11.9	- 4.1	- 14.0
TOTAL E.F.T.A.(b)	9.1	- 31.2	2.9	- 19.2	8.6	- 36.1	4.5	- 23.0
China, Rep. of- M'land	13.6	- 3.6	- 0.3	9.7	16.1	- 4.5	- 0.3	11.3
Czechoslovakia	5.6	- 2.2	- 0.2	3.2	8.9	- 2.6	- 0.2	6.1
Poland	11.1	- 0.2	-	10.9	10.9	- 0.3	- 0.1	10.5
U.S.S.R.	0.1	- 0.4	-	- 0.3	12.6	- 0.5	0.2	12.3
Other	0.7	- 1.1	- 0.1	- 0.5	3.6	- 1.3	-	2.3
TOTAL SOVIET AREA:	31.1	- 7.5	- 0.6	23.0	52.1	- 9.2	- 0.4	42.5
Arabian States	1.0	- 4.6	- 2.6	- 6.2	0.9	- 6.7	- 3.2	- 9.0
Indonesia	2.1	- 31.5	- 5.4	- 34.8	3.2	- 29.4	- 7.0	- 33.2
Iran	0.8	- 20.7	- 10.4	- 30.3	3.6	- 12.7	- 5.8	- 14.9
Japan	102.3	- 29.9	3.9	76.3	134.9	- 41.5	3.8	97.2
Other	30.3	- 11.5	- 5.9	12.9	44.4	- 16.1	- 4.7	23.6
TOTAL OTHER:	136.5	- 98.2	- 20.4	17.9	187.0	-106.4	- 16.9	63.7
TOTAL NON STERLING:	399.1	-355.0	-121.1	- 77.0	517.2	-461.0	-129.1	- 72.9
International Agencies			- 7.2	- 7.2			- 7.7	- 7.7
Gold Production			16.5	16.5			16.4	16.4
GRAND TOTAL:	810.3	-796.3	-221.1	-207.1	936.1	-945.6	-233.1	-242.6

(a) Includes dependent territories. (b) Excludes United Kingdom.

TABLE VI

NET GOLD AND FOREIGN EXCHANGE HOLDINGS

(£ million)

	Gold	Foreign exchange	Total at end of period	Change during period
Year ended 30th June				
1956	73.2	281.8	355.0	- 73.3
1957	51.7	514.8	566.5	+ 211.5
1958	65.8	459.6	525.4	- 41.1
1959	60.2	456.2	516.4	- 9.0
1960	66.5	445.5	512.0	- 4.4

Source : Reserve Bank of Australia.

TABLE VII

OFFICIAL HOLDINGS OF GOLD AND CONVERTIBLE CURRENCIES : UNITED KINGDOM

(£ Sterling million)

	Total at end of period	Change during period
Year ended 30th June		
1956	852	- 105
1957	850	- 2
1958	1,099	+ 249
1959	1,133	+ 34
1960	1,033	- 100

Source : Monthly Digest of Statistics, Central Statistical Office.

TABLE VIII

PUBLIC AUTHORITY DEBT DOMICILED OVERSEAS

	Currency	End of June				
		1956	1957	1958	1959	1960
London - Commonwealth	£Stg. m.	62.1	62.0	61.7	64.0	75.8
States	"	288.4	261.6	256.7	267.9	267.1
Other	"	15.3	15.3	12.5	12.5	12.5
Total London	"	365.8	338.9	330.9	344.4	355.4
New York - Commonwealth	$ U.S. m.	44.2	51.6	54.7	73.8	109.7
States	"	108.7	109.1	127.6	146.0	161.5
Other	"	13.0	5.6	5.2	4.8	4.4
Total New York	"	165.9	166.3	187.5	224.6	275.6
Canada - Commonwealth	$ Can. m.	15.0	14.9	14.1	13.8	13.2
I.B.R.D. - Commonwealth	$ U.S. m.	243.9	250.8	280.3	285.3	269.1
Switzerland - Commonwealth	Sw/Fr. m.	120.0	120.0	120.0	120.0	180.0

TABLE IX

EXPORT PRICE INDEXES

(Base of each index : Average 3 years ended June, 1939 = 100)

	Year ended June					Quarter ended			
	1956	1957	1958	1959	1960	Sept. 1959	Dec. 1959	Mar. 1960	June 1960
Wool	464	578	471	362	425	427	430	422	420
Wheat	324	327	357	350	333 p.	334	332	332	334 p.
Butter	320	250	218	230	315	333	364	314	250
Metals	562	545	398	386	428	413	435	431	434
Meats	355	368	333	394	ø	409	ø	ø	ø
Sugar	450	501	518	475	452	445	452	454	456
Dried Fruits	286	319	341	382 p.	345 p.	371 p.	358 p.	330 p.	323 p.
Tallow	353	357	368	367	302	320	306	291	290
Hides	238	240	240	335	365	455	347	345	314
All Groups (excl gold)	414	464	400	351 p.	393 p(a)	395 p.	399 p(a)	393 p(a)	386 p(a)

(a) Includes provisional prices for meats.

TABLE X

IMPORT PRICE INDEXES (a)

By Country of Origin

(Base of each index : 1952-53 = 100)

	Year ended June					Quarter ended			
	1956	1957	1958	1959	1960	Sept. 1959	Dec. 1959	Mar. 1960	June 1960
United Kingdom	101	104	107	108		108	109	110 p.	
Other Sterling Area	102	101	100	99		98	100	101 p.	
U.S.A. and Canada	106	108	112	114	ø	116	114	113 p.	ø
All Countries	102	104	106	106		106	107	107 p.	

Source : Reserve Bank of Australia.

(a) Based on f.o.b. prices of goods leaving the country of origin in the period shown.

TABLE XI

IMPORT PRICE INDEXES (a)

By Commodity Groups

(Base of each index : 1952-53 = 100)

	Year ended June					Quarter ended			
	1956	1957	1958	1959	1960	Sept. 1959	Dec. 1959	Mar. 1960	June 1960
Food, drink and tobacco	105	105	110	115		116	113	107 p.	
Basic materials	106	102	97	99		102	104	107 p.	
Fuels and lubricants	100	101	105	102		97	97	97 p.	
Textiles	99	101	102	99		99	101	103 p.	
Base metals	99	104	103	100	ø	99	100	102 p.	ø
Metal manufactures	111	114	117	121		118	120	119 p.	
Motor vehicles	99	103	107	108		107	109	109 p.	
Elec. machinery and equipment	105	107	108	111		112	114	114 p.	
Other machines and machinery	109	115	122	123		125	126	127 p.	
Other manufactures	100	101	102	103		102	102	103 p.	

Source : Reserve Bank of Australia.

(a) Based on f.o.b. prices of goods leaving the country of origin in the period shown.

TABLE XII

TERMS OF TRADE

(Base : Average 3 years ended June, 1939 = 100)

	Export Price Index (a)	Import Price Index (b)	Terms of Trade
Year ended June			
1956	414	406	102
1957	464	414	112
1958	400	422	95
1959	351 p	422	83 p
1960	393 p	∅	∅
Quarter ended			
1959 - September	395 p	423	93 p
December	399 p	425	94 p
1960 - March	393 p	426 p	92 p
June	386 p	∅	∅

(a) Excludes gold. (b) Source : Reserve Bank of Australia

TABLE XIII

INDEX OF VALUE OF EXPORTS AT CONSTANT PRICES (a)
By Commodity Groups

(Base of each index : 1955-56 = 100)

	Foodstuffs	Wool and sheepskins	Minerals, metals and metal manufactures (b)	Other	All Exports
Year ended June					
1956	100	100	100	100	100
1957	102	113	151	109	113
1958	82	103	143	117	101
1959	106	113	145	120	115
1960 p	109	124	150	126	122
Quarter ended					
1959 - September p	106	91	140	119	104
December p	115	157	164	140	142
1960 - March p	115	134	149	119	127
June p	102	114	146	125	114

(a) Excludes gold. (b) Excludes machinery.

TABLE XIV

INDEX OF VALUE OF IMPORTS AT CONSTANT PRICES (a)
By Commodity Groups

(Base of each index : 1955-56 = 100)

	Foodstuffs and tobacco	Textiles and clothing	Oils, fats and waxes	Metals, metal manufactures and machinery	Other	All Imports
Year ended June						
1956	100	100	100	100	100	100
1957	100	84	90	78	93	86
1958	108	99	94	81	105	93
1959	105	91	99	83	108	94
1960 p	116	107	104	∅	∅	∅
Quarter ended						
1959 - September p	105	99	98	85	120	100
December p	123	98	106	94	129	107
1960 - March p	122	111	106	104	133	114
June p	113	121	107	∅	∅	∅

(a) Excludes gold.

TABLE XV

VALUE OF PRINCIPAL EXPORTS [a]

(£ million f.o.b. port of shipment)

	Year ended June				
	1956	1957	1958	1959	1960 p
Butter, cheese and milk products	43.1	41.7	28.0	40.8	46.2
Meats	60.5	51.0	55.2	97.2	88.0
Fruit	32.7	25.4	34.8	35.3	31.1
Wheat and flour	66.8	82.3	43.6	52.4	77.4
Barley	10.5	12.7	9.5	16.9	11.6
Sugar	24.7	28.8	35.0	32.2	26.7
Wool and sheepskins	353.2	503.6	393.9	317.4	409.9
Petroleum oils	7.8	10.7	16.0	16.2	17.5
Ores and concentrates	19.9	26.3	21.7	16.9	22.3
Metals, metal manufactures and machinery	64.5	97.4	81.6	81.6	87.2
Other exports	89.9	98.8	92.2	101.3	109.6
TOTAL:	773.6	978.7	811.5	808.2	927.5

(a) As published in Oversea Trade Bulletins; excludes gold.

TABLE XVI

VALUE OF PRINCIPAL IMPORTS [a]

(£ million f.o.b. port of shipment)

	Year ended June				
	1956	1957	1958	1959	1960 p
Food, drink and tobacco	48.0	47.4	52.6	52.5	55.6
Vegetable substances incl. fibres	17.6	19.2	19.4	19.8	20.3
Yarns, etc., textiles and apparel	111.3	91.4	108.5	97.0	110.1
Petroleum oils	94.5	89.5	94.6	98.0	100.0
Metals and metal manufactures including vehicles	177.0	129.9	131.8	141.6	172.0
Machines and machinery including electrical equipment	145.0	135.4	150.6	151.3	183.3
Rubber and leather	22.8	17.4	17.4	17.7	25.5
Paper and stationery	43.6	41.8	45.1	48.2	54.9
Chemicals, drugs, fertilizers etc.	29.9	30.4	37.5	39.9	47.8
Other imports	128.7	114.3	131.8	128.4	155.3
TOTAL:	818.4	716.7	789.3	794.4	924.8

(a) As published in Oversea Trade Bulletins; excludes gold.

TABLE XVII

OVERSEA INVESTMENT IN COMPANIES IN AUSTRALIA

By form of investment

£ million

		1956-57		1957-58		1958-59 p	
Branches	- Unremitted Profits	7.4		2.2		7.4	
	- Other (a)	8.2		7.0		12.9	
Subsidiaries	- Undistributed Profits	38.2		37.5		51.3	
	- Other	39.6		43.4		27.1	
Direct Investment			93.4		90.1		98.7
Portfolio Investment (b)			9.9		7.9		19.4
TOTAL:			103.3		98.0		118.1

(a) Includes the unremitted profits of branches of oversea fire, marine and general insurance companies.

(b) Includes movements in holdings of Australian nominees of oversea investors, and by oversea investors using Australian addresses.

TABLE XVIII

OVERSEA INVESTMENT IN COMPANIES IN AUSTRALIA

By domicile of investor

£ million

		1956-57		1957-58		1958-59 p	
United Kingdom	- Undistributed Income	22.9		18.5		25.5	
	- Other (a)	38.0	60.9	39.7	58.2	38.0	63.5
New Zealand	- Undistributed Income	0.2		0.2		0.2	
	- Other (a)	3.7	3.9	4.7	4.9	-0.6	-0.4
U.S.A. and Canada	- Undistributed Income	20.5		19.0		30.6	
	- Other (a)	6.8	27.3	5.8	24.8	13.2	43.8
Other	- Undistributed Income	2.0		2.0		2.4	
	- Other (a)	9.2	11.2	8.1	10.1	8.8	11.2
TOTAL:			103.3		98.0		118.1

(a) Includes portfolio investment and the unremitted profits of branches of oversea fire, marine and general insurance companies.

TABLE XIX

OVERSEA INVESTMENT IN COMPANIES IN AUSTRALIA

Direct investment in branches and subsidiaries - by industry

£ million

	1956-57	1957-58	1958-59 p
Primary Production and Mining (a)	10.9	6.9	
Founding, Engineering etc.	9.7	8.7	
Vehicles, etc.	10.5	18.8	
Electrical Goods, Equipment etc.	9.7	3.8	
Food, Drink and Tobacco	4.4	5.2	
Chemicals and Oil Refining (b)	27.0	13.2	Ø
Other Manufacturing	6.7	6.0	
Banking, Insurance etc.	6.2	7.6	
Trade and Commerce	7.8	19.2	
Other	0.5	0.7	
TOTAL:	93.4	90.1	98.7

(a) Includes oil exploration.

(b) Includes fertilizers, paints, cosmetics and oil refining.

NOTES TO TABLES

TABLE II

Item 1 (and Item 9) - Published statistics of exports and imports are adjusted for balance of payments purposes. Exports and imports of gold are excluded, and items such as naval ships, merchant vessels trading mainly overseas, aircraft for use on oversea routes and certain materials for intergovernmental defence projects for which customs entries are not required are taken into account in the balance of payments. Further adjustments are made to exclude government exports to armed forces, imports by diplomatic missions and films imported on a rental basis.

Item 2 - The value of Australian mine production of gold, excluding gold used in industry and including recoveries from scrap, and the full value of any premiums received for gold sold on the premium market.

Item 3 - The expenditure of oversea ships in Australian ports includes the value of ships' and aircraft stores, port charges, stevedoring costs and crews' expenditure in port. "Other" comprises the oversea earnings of Australian owned ships.

Item 4 - This item includes expenditure on travel for pleasure and for business purposes.

Item 5 - Undistributed income represents the equity of Australian companies in the unremitted profits of their oversea branches and the undistributed income of subsidiary companies. No actual movement of funds takes place and the amounts concerned are treated as an investment income credit in the current account (Table II) and an increase in direct investment overseas on the asset side of capital account (Table III). The entries therefore exactly offset one another.

"Other" investment income includes profits remitted and dividends receivable on direct investment, dividends on portfolio investment, and rent and interest, including interest on international reserves.

See Item 12 for a definition of direct investment.

Item 6 - This item includes various receipts by Australian governments from other governments including reimbursement for pensions paid, diplomatic and consular expenditure in Australia and miscellaneous receipts, mainly for services provided by the Commonwealth Government on behalf of foreign governments.

Item 7 (and Item 14) - Business expenses (excluding travel) of oversea firms in Australia - or of Australian firms transacting business overseas - and commissions, brokerage, royalty payments, earnings of entertainers etc. This item also includes, on the debit side, film rentals payable overseas.

Item 8 - Direct cash remittances identified as immigrants' funds and the recorded imports of passengers' personal effects.

"Other" donations include remittances for sustenance, for missionary and charitable purposes and legacies and inheritances. Reparations are also included in this item.

Item 9 - See Item 1 for a description of this item.

Item 10 - Freight includes the total amount payable on goods imported into Australia, together with a small amount for goods, e.g., petroleum, carried between Australian ports by foreign ships.

"Other" transportation includes fares paid in Australia to oversea shipping and airline companies, less the earnings of Australian airlines operating abroad. It also includes premiums (less claims) for marine insurance payable overseas on imports into Australia, less net earnings on all marine insurance business undertaken by Australian firms in respect of both exports and imports.

Item 11 - Includes expenditure by Australians travelling abroad for business purposes as well as for pleasure. Fares paid in Australia to oversea shipping and airline companies are included in Item 10 above.

Item 12 - Public authority interest includes amounts payable on Commonwealth, State, Semi-government and Local Authority loans domiciled overseas, including loans from the International Bank for Reconstruction and Development.

Direct investment income covers remitted profits by branches and dividends declared by subsidiaries. A subsidiary is a company in which 25 per cent. of the voting shares are held by a single oversea company or group of companies, or 50 per cent. or more of the voting shares are held by companies or individuals in one oversea country. Retained profits are shown in the tables as undistributed income and represent the equity of oversea companies in the unremitted profits of their Australian branches and the undistributed income of subsidiary companies. No actual movement of funds takes place and the amounts concerned are treated as an investment income debit in the current account (Table II) and an increase in direct investment (inflow) on the liabilities side of capital account.

Other investment income includes dividends on portfolio investment (i.e. investment in company shares other than direct investment), rent and interest, including interest on debentures; government loans domiciled in Australia etc. This figure is a residual in the estimates of investment income and in consequence the movements between years should be regarded with caution.

Item 13 - Defence includes gross war and defence expenditure overseas, less payments for recorded imports by defence departments and less miscellaneous receipts by defence departments from overseas.

Papua and New Guinea debits consist mainly of the Commonwealth Government grant to the Administration. The expenditure by the Department of Civil Aviation on the maintenance of facilities in these territories is also included in this item together with similar smaller amounts spent by other Commonwealth departments.

"Other" government debits cover expenditure on diplomatic, consular, trade and immigration representation abroad; contributions to international organisations, government pensions paid abroad, other government expenditure on immigration and miscellaneous payments for services are also included.

Item 14 - See Item 7, page 16, for a description of this item.

Item 15 - "Personal" donations include funds remitted to relatives overseas together with miscellaneous other small amounts.

"Colombo Plan, etc." includes exports under the Colombo Plan and to United Nations agencies, together with the cost of missions and advisors provided by Australia and operating overseas.

"Other" donations include emigrants' funds remitted and passengers' effects exported, together with legacies, remittances to missionary and charitable institutions and gifts recorded as exports.

TABLE III

Item 1 - This item includes changes in the official gold holdings of the Reserve Bank and changes in foreign exchange and securities held overseas by the Reserve Bank and the trading banks - including funds in transit etc. Balances held by Commonwealth and State governments are included.

Item 2 - The amount shown for 1956-57 represents Australia's subscription to the International Finance Corporation. The amounts shown for 1958-59 and for 1959-60 relate to increases in Australia's subscription to the International Monetary Fund and the International Bank for Reconstruction and Development.

Item 3 - This item covers the movement in a number of minor items mainly of a short term capital nature. Chief among these are timing differences in payments for Commonwealth and State government imports, leads and lags in cash receipts from public authority loans, and the Reserve Bank's holdings of official debt. An adjustment, removing the effect of transactions by New Guinea and Papua with Australia and the rest of the world from the balancing item is also included.

Item 4 - Changes in the estimated value of commodity stocks held overseas or in amounts owed by oversea debtors to the principal Australian marketing authorities.

Item 5 - Covers changes in the holdings of Australian residents of foreign government and industrial securities.

Item 6 - See Item 12, page 17 for a definition of direct investment and Item 5 page 16 for a definition of undistributed income. The amounts shown in this item represent investment by Australian companies in their oversea branches and subsidiaries.

Item 7 - The amounts shown against the International Bank for Reconstruction and Development represent the net changes in Australia's indebtedness on loan account to this institution; it includes drawings on loans arranged for Qantas.

Other Commonwealth loans represent changes in the amounts outstanding for Commonwealth Government loans domiciled abroad including loans arranged in New York for Qantas and Trans Australia Airlines. Similarly State Government and Other show movements in the amounts outstanding for State government, and Semi-government and Local Authorities loans respectively.

The item Discounts and Bonuses represents the difference between the change in the level of official debt and the actual movement of funds resulting from loan operations.

Item 8 - The net effect of (a) the conversion into gold or foreign exchange of part of the special securities payable in Australian currency lodged with the Reserve Bank in respect of Australia's initial subscriptions to the International Monetary Fund and the International Bank for Reconstruction and Development, and (b) the increased liability arising out of subsequent increases in subscriptions to these institutions made in the form of special securities payable in Australian currency.

Item 9 - Movements in the balances held by foreign banks with the Australian banks.

Item 10 - "Government securities" refers to changes in oversea investment in public debt domiciled in Australia.

"Companies, etc." refers to changes in oversea portfolio holdings in Australian companies.

Item 11 - See Item 12, page 17 for a definition of direct investment and Item 5, page 16 for a definition of undistributed income. The amounts shown represent investment by oversea companies in their branches and subsidiaries operating in Australia.

Item 12 - Net oversea remittances by life assurance offices are assumed to be mainly of a capital nature.

Item 13 - This item is introduced because, by definition, the balance on capital account must agree in total with the current account balance. The balancing item includes the net effect of errors and omissions in all other items in both current and capital accounts. It includes the effect of time differences between the statistical recording of exports, imports, share transfers etc. and the crediting or debiting of payments for these transactions against Australia's international reserves. Figures for items marked by (*) are not available and are included in the balancing item.

TABLES IV AND V

Tables IV and V include statistics of imports and exports as shown in Tables I and II classified according to country of origin or destination, irrespective of the currency involved in the transactions. Freight is allocated according to the country of origin of the imports, not by the flag of the carrying vessel. Other invisibles are classified as far as possible according to the country from which funds were received or to which they were paid.

The amounts shown for international agencies represents interest payments on loans from the International Bank and payments related to the maintenance of certain international agencies e.g. the United Nations, International Labour Office, International Civil Aviation Organisation etc.

A summary table showing the principal countries in the Sterling Area and in each of the regions is shown on page 19 following these notes to tables.

MONETARY AREA AND REGIONS - as at 30th June, 1960

STERLING AREA

United Kingdom

Br. Borneo, Br. East Africa, Br. Pacific Is., Br. West Africa, Br. West Indies, Hong Kong, and other British colonies and dependencies (excl. New Hebrides)

Australia and territories (including Papua and New Guinea)
Ceylon
Ghana
India
Malaya, Federation
New Zealand and dependencies
Pakistan
Singapore
South Africa, Union
Other Commonwealth Countries

Arabian States of Bahrein, Kuwait, Muscat and Oman
Burma
Iceland
Iraq
Ireland, Republic
Jordan
Libya

NON-STERLING COUNTRIES

United States of America and dependencies
Canada

European Economic Community [a]

Belgium-Luxemburg
France
Germany, Federal Republic
Italy
Netherlands (includes Netherlands New Guinea)

European Free Trade Area (excluding United Kingdom)

Austria
Denmark
Norway
Portugal
Sweden
Switzerland

Soviet Area

Albania
Bulgaria
Czechoslovakia
Germany, Eastern
Hungary
Poland
Romania
U.S.S.R.

China, Republic of - Mainland
Korea, North
Vietnam, North

Other Countries

Arabian States of Saudi Arabia and Yemen
Argentina
Brazil
Chile
Colombia
Finland
China, Republic of - Formosa
Greece
Indonesia
Iran
Japan
Korea, Republic
Lebanon
Mexico
Netherlands dependencies (excluding Netherlands New Guinea)
Panama
Peru
Philippines
Spain
Sudan
Thailand
Turkey
United Arab Republic [b]
Uruguay
Venezuela
Vietnam, South
Yugoslavia

(a) Includes dependent territories, associated communities, etc.
(b) Egypt and Syria

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS
CANBERRA, A.C.T. 5TH SEPTEMBER, 1960.

K.M. ARCHER
ACTING COMMONWEALTH STATISTICIAN