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OVERSEAS INVESTMENT

1972-73

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OVERSEAS INVESTMENT : 1972-73

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HIGHLIGHTS OF OVERSEAS INVESTMENT 1972-73

- The total inflow of identified overseas investment in Australia in 1972-73 was \$346m. This was \$1,071m (or 76%) less than the inflow of \$1,417m recorded in 1971-72 and was the lowest total inflow since 1961-62.
- Both the inflows of direct investment and portfolio investment and institutional loans were less in 1972-73 than in 1971-72; direct investment inflow fell by 70% from \$874m in 1971-72 to \$262m in 1972-73, while the inflow of portfolio investment and institutional loans fell by 80% from \$588m in 1971-72 to \$116m in 1972-73.
- A net repayment to foreign holders of Australian public authority securities expressed in foreign currencies (\$66m) was partly offset by a net purchase by non-residents of public authority securities expressed in Australian currency (\$33m).
- Investment from all countries was less in 1972-73 than in 1971-72, but of the total reduction of \$1,071m, the U.K. and U.S.A. combined accounted for 81% (drops of \$316m and \$548m respectively).
- Although the total direct investment inflow fell sharply in 1972-73, the undistributed income component of this inflow rose by 18%; subsidiaries of foreign companies recording an increase of \$47m which was offset by a small reduction of \$2m in the unremitted profits of branches of foreign companies.
- Other direct investment fell in 1972-73 both in branches and subsidiaries, from a net inflow of \$626m in 1971-72 to a net withdrawal of \$31m in 1972-73.
- Nearly all industries were affected by the reduction in the inflow of direct investment, but of the overall decline of \$612m, companies in the mining and quarrying industry accounted for 49% (\$297m).
- Investment income payable overseas continued to rise in 1972-73 and at \$955m was 21% higher than in 1971-72. For the first time since 1957-58, investment income payable overseas has exceeded the total inflow of overseas investment. The most significant component of the increase in income payable overseas was the rise of 35% in the distributed income of direct investment companies (from \$318m in 1971-72 to \$430m in 1972-73).
- Only the founding, engineering and metal working and insurance industries recorded declines in direct investment income payable overseas, while the largest increase (\$34m) was in the mining and quarrying industry.
- The total recorded outflow of Australian investment overseas fell by 8% from \$139m in 1971-72 to \$128m in 1972-73. The decline was accounted for principally by the drop of \$56m in other direct investment which was largely offset by an increase of \$52m in undistributed income.
- Direct investment income receivable from overseas rose by 103% from \$61m in 1971-72 to \$124m in 1972-73.

Revisions to the statistics in this bulletin for the years 1968-69 to 1972-73 as compared with earlier publications are partly due to a change in the treatment of mineral and petroleum exploration expenditure. An explanation of the changed treatment of this item is provided in paragraphs 64 to 66 of the explanatory notes.

EXPLANATORY NOTES

INTRODUCTION

This bulletin contains revised and more comprehensive statistics on overseas investment for 1972-73, replacing those published in the preliminary statement (Reference No. 5.21) issued on 30 April 1974.

2. For comparison, details are provided for a number of years prior to 1972-73 and in most tables a ten year series from 1963-64 onwards is shown. Statistics for years prior to 1963-64 were published in the bulletin for 1968-69.
3. More detailed information than that published in this bulletin is available on request, subject to confidentiality restrictions. This applies particularly to information on overseas investment classified by country.

SCOPE OF THE STATISTICS

4. Broadly, and subject to the definitions and qualifications listed below, the scope of these statistics is total investment by overseas residents in companies in Australia and in Australian Government securities (*overseas investment in Australia*), and total investment by Australian residents in companies overseas and in foreign government securities (*Australian investment overseas*). Residents include incorporated companies and unincorporated businesses as well as individuals.

Overseas Investment in Australia

5. *Overseas investment in companies in Australia* broadly comprises all financial liabilities of Australian companies and unincorporated businesses to non-residents, including shares, debentures, loans, advances, long-term trade credit, indebtedness on current account transactions between related companies and other borrowings, and (in the case of 'flows' of overseas investment) undistributed income; but excluding reserves, provisions and similar non-debt liabilities, short-term trade credit owing to unrelated companies, indebtedness of Australian branches to related companies overseas other than head offices (and overseas branches of the head offices) for interest and goods and services, investment in real estate (other than through companies), loans between individuals, and non-resident deposits in Australian banks. All of the exclusions, other than reserves and provisions, and non-residents' bank deposits (which are included in the monetary sector of the balance of payments), are conceptually components of overseas investment in companies, and have been excluded from the statistics only because of the present lack of information on these types of transactions. *Overseas investment in Australian Government securities* comprises investment by non-residents in both Australian Government securities denominated in overseas currencies and securities denominated in Australian currency.

Australian Investment Overseas

6. *Australian investment in companies overseas* is defined to cover broadly the same types of investment as specified above in relation to overseas investment in companies in Australia, but in addition includes investment in bank accounts overseas by Australian companies included in the surveys of overseas investment. Consequently investment in bank accounts overseas by other Australian residents should be included in this item but data on such investment are not available. *Australian investment in foreign government securities* comprises investment by Australian residents, other than governments, in securities issued by governments of other countries. This item therefore excludes foreign government securities held by the Australian Government as part of Australia's official reserve assets.

SOURCES OF DATA

7. The statistics of overseas investment in companies in Australia and Australian investment in companies overseas are derived mainly from information collected in the quarterly and annual surveys of overseas investment. In general, survey questionnaires are sent to companies in Australia in which there is overseas investment or which have investment in companies overseas. Supplementary inquiries are made in relation to portfolio investment in Australian industrial securities by overseas investors who act through Australian nominees or who use Australian addresses.

8. In estimating the amount of overseas portfolio investment by Australians each year, use is made of foreign exchange statistics based on the 'ticker' system conducted jointly by the Reserve Bank and the Commonwealth Statistician. These statistics classify into various categories all foreign exchange transactions involving cash payments between Australia and overseas. However, the 'ticker' system does not take into account transactions between Australia and Papua New Guinea.

9. Details of overseas investment in Australian government securities are obtained from local government authorities in Australia, and from the records of the Australian Treasury and the Reserve Bank of Australia. Information on Australian investment in foreign government securities is obtained primarily from the 'ticket' statistics.

COVERAGE

10. Lists of companies included in the overseas investment surveys are compiled from various sources. All companies listed on the stock exchange are contacted, since shares, debentures, etc. of these companies can be purchased through brokers by overseas residents. Records of the Commissioner of Corporate Affairs in each State and Territory are also examined to identify companies with overseas shareholders. Company reports, articles published in newspapers and the financial press, business directories, stock exchange reports and many other sources are continually examined to ensure as complete a coverage as possible. In general, it is considered that the coverage of companies operating in Australia which have overseas ownership is reasonably comprehensive.

11. However, information on companies in Australia which have no overseas equity but which borrow funds from overseas in the form of loans, debenture issues, etc. is not as readily available. Also, there are no comprehensive sources of information on companies in Australia with overseas branches or subsidiaries. In these areas, reliance has to be placed mainly on information contained in company reports, and in newspapers and journals, and the coverage of the surveys of overseas investment may be slightly deficient as a result.

MAIN AGGREGATES IN THE STATISTICS

12. These statistics provide three main aggregates on overseas investment :

- . levels of overseas investment
- . flows of overseas investment
- . investment income

and these are in turn classified in various ways.

13. **Levels of overseas investment** represent the total value of all securities and other investments as defined in paragraphs 5 and 6 above which are held by overseas residents ('levels of overseas investment in Australia') and by Australian residents ('levels of Australian investment overseas'), at the dates to which the statistics refer. In these statistics, levels of overseas investment are based mainly on paid-up values, book values or face values, rather than market values of the securities concerned.

14. Statistics on the levels of overseas investment in Australia are contained in Tables 14 to 24 of this bulletin and those on levels of Australian investment overseas in Tables 31 to 35. In these tables, separate information is shown for the components of levels of overseas investment, namely, intercompany indebtedness of subsidiaries, net liabilities of branches, and other overseas liabilities of companies in Australia. Because of the differing bases of valuation of these components, it is not possible to compile aggregate statistics of levels of overseas investment.

15. **Flows of overseas investment** represent broadly the net amounts of those changes in the levels of overseas investment which affect the aggregate liabilities between residents of Australia and the rest of the world arising from the flow (not necessarily across national boundaries) of funds, goods and services. Statistics of flows of overseas investment are derived generally as follows :

Difference between levels of overseas investment at the beginning and end of the period —

Plus : (a) premiums paid during the period on shares and other securities issued,

(b) differences between paid-up value and market value of shares and other securities traded during period,

(c) book value of liabilities written off during period,

- Minus : (d) paid-up value of bonus issues of shares and other securities during the period,
 (e) book value of liabilities written back during the period which were previously written off,
 (f) revaluation of liabilities, e.g. due to variation in currency exchange rates,
 (g) value of liabilities transferred between companies in Australia or between companies overseas,
 (h) value of liabilities reclassified –
 (i) between types of overseas investment, e.g. a transfer from a loan to equity,
 (ii) within a particular type of investment, e.g. change from direct investment to portfolio investment.

The types of adjustments included in (a) and (b) above are not included in the levels of overseas investment reported by companies, as these are based mainly on paid-up values, book values or face values. The adjustments included in (c), (d), (e), (f), (g) and (h) above are regarded only as book entries of the reporting companies as they do not entail flows of funds, goods or services.

16. Statistics on flows of overseas investment are further dissected into 'inflows' of overseas investment in Australia (see Tables 1 to 7) and 'outflows' of Australian investment overseas (see Tables 25 to 28).

17. Flows of investment between Australia and overseas are recorded on a net basis. The net amounts of transactions between Australian subsidiaries and branches and their overseas parents and related companies and head offices are classified as inflows of overseas investment in Australia, whereas the net amounts of transactions between overseas subsidiaries and branches and their Australian parents and head offices are classified as outflows of Australian investment overseas. For example, a loan by an Australian subsidiary to its overseas parent company is recorded as a negative (–) inflow of overseas investment in Australia and not as a positive (+) outflow of Australian investment overseas. Similarly, the category 'portfolio investment and institutional loans' is recorded on the basis of the net amount of increases in investment over withdrawals of investment.

18. In cases where the ownership of companies changes between residents of Australia and overseas residents as a result of an exchange of shares, the effect of this on the nature of overseas investment is reflected in statistics in this bulletin through a change in the level of overseas investment in Australia and a corresponding change in the level of Australian investment overseas. However the flows of investment involved are treated as compensatory and consequently are not reflected in the statistics of inflow and outflow of investment.

19. **Investment income** comprises income payable (whether actually paid or not) on overseas investment. It consists of profits (whether distributed or not) of direct investment companies, dividends payable to portfolio investors and interest payable on loans and other non-equity securities. Profits are derived after deduction of tax payable.

20. In this bulletin, separate statistics are shown for investment income payable overseas on overseas investment in Australia (see Tables 8 to 13) and investment income receivable from overseas on Australian investment overseas (see Tables 29 and 30).

DEFINITIONS OF TERMS USED

21. For definitions of terms used in this bulletin, see the Glossary, pages 38-41.

CLASSIFICATIONS OF THE STATISTICS

22. The aggregate statistics on levels, flows and income are classified and cross-classified in a number of ways in this bulletin. Features of the main classifications used are given below.

Category of investment

23. This classification is used in relation to both inflows and outflows of investment. The detailed categories of investment used are :

- (a) Investment in companies :
 - (i) Direct investment –
 - in branches
 - unremitted profits
 - other direct investment
 - in subsidiaries
 - undistributed profits
 - other direct investment
 - (ii) Portfolio investment and institutional loans
- (b) Investment in government securities :
 - (i) Australian government securities (inflow only) –
 - denominated in Australian currency
 - denominated in foreign currencies
 - repayable to I.B.R.D.
 - other
 - (ii) Foreign government securities (outflow only)
- (c) Remittances by life insurance companies (outflow only)

In some tables, limitations of space preclude the use of the full classification by category of investment and in such tables the classification is referred to as being 'broad category of investment'.

24. The purpose of classifying overseas investment into 'direct investment' and 'portfolio investment and institutional loans' is to attempt to distinguish between investment which is accompanied by some degree of control, or potential control, over the operations of the company in which the funds are invested, and investment which is not accompanied by such control.

25. Under the statistical conventions adopted in applying this criterion in practice, *direct investment in Australia* is defined as :

- (a) investment in Australian branches of overseas companies by the overseas head office or other related companies overseas,
- (b) investment (both equity and non-equity) in a company in Australia by –
 - (i) an individual, company or group of related companies in the one overseas country which owns 25 per cent or more of the ordinary shares or voting stock of that company and overseas companies related to that individual company or group of companies or, if this condition does not apply,
 - (ii) residents of the one overseas country, who together own 50 per cent or more of the ordinary shares or voting stock of that company, and overseas companies related to these residents.

A *company in Australia*, referred to in this definition, means a company together with the companies in Australia in which it holds, directly or indirectly, more than 50 per cent of the equity.

On the basis of the above definition, a company in Australia might be regarded as receiving direct investment from more than one overseas country, e.g. in the case where two overseas companies in different countries both hold 25 per cent or more of the equity of the company in Australia.

26. Similarly, *Australian direct investment overseas* relates to investment in overseas branches by companies in Australia and to investment by companies in Australia in overseas companies in which they own 25 per cent or more of the ordinary shares or voting stock. However, it is not possible to identify companies overseas in which individual Australian residents own more than 50 per cent of the equity as sufficient information is not available on shares held in overseas companies by individual Australian investors.

27. The definition of direct investment adopted for these statistics is based on recommendations of the International Monetary Fund contained in its Balance of Payments Manual (Third Edition).

28. *Portfolio investment and institutional loans* is all overseas investment other than direct investment, e.g. investment in public issues of shares, debentures, etc. and loans by unrelated financial institutions. Also included in portfolio investment in Australia is investment in company securities by overseas investors who invest through a nominee in Australia or who use an Australian address for the purpose of investing in Australia. In addition, all investment in unit trusts, mutual funds and land trusts is regarded as portfolio investment even where a majority of units in these funds is held by overseas investors. This treatment is adopted because of the generally limited voting rights attached to these types of units.

Category of Income

29. The categories into which income payable or receivable is classified coincide very closely with the categories of investment set out in paragraph 23. The categories of income used are :

(a) Income payable or receivable by companies from :

- (i) Direct investment –
 - . in branches
 - unremitted profits
 - remitted profits and interest
 - . in subsidiaries
 - undistributed profits
 - distributed earnings
 - dividends
 - interest
- (ii) Portfolio investment and institutional loans –
 - . dividends
 - . interest

(b) Income from government securities :

- (i) Australian government securities –
 - . denominated in Australian currency
 - . denominated in foreign currencies
 - repayable to I.B.R.D.
 - other
- (ii) Foreign government securities

Again, limitations of space often preclude the use of the full classification in which case reference is made to 'broad category of income'.

30. In the case of income receivable on Australian investment overseas, the classification used is limited to that of direct investment income only.

Country classification

31. There are various possible bases of classification of overseas investment by country. For example, classifications by country may refer to the country of domicile of the overseas investor or the country of immediate source of funds (in the case of overseas investment in Australia), the overseas country in which the investment is made (in the case of Australian investment overseas), or the country to or from which investment income is actually paid or received.

32. The country classification adopted for all of the aggregates on overseas investment attempts to reflect the country of domicile of the overseas investor to whom the companies (or public authorities) in Australia have the immediate liability. It does not purport to reflect either the country of ultimate beneficial ownership of the investment, the country of immediate source of funds, or the country to which the amounts borrowed will in fact be repaid.

33. Where unsecured loans are obtained from a syndicate or consortium of lenders the investment is classified according to the country of domicile of the head of the syndicate, since it is generally not practicable to obtain separate information on the amounts provided by lenders in individual countries. In other cases, where funds provided by companies are channelled to the borrower through a finance subsidiary, the investment is classified to the country of domicile of the finance subsidiary. Income payable overseas is classified by country on the same basis as the investment to which it relates and therefore need not always reflect the country to which payments are actually remitted.

34. In the case of overseas investment in Australian government securities, except those repayable in Australian currency, the country classification reflects the currency in which the securities are repayable. This is necessary because of the difficulties which would be involved in attempting to trace the actual country of domicile of holders of these securities. Securities repayable in Australian currency are issued in Australia and in these cases the country classification is determined on the basis of the address of the investor in whose name the security is registered. It is thought that, as well as avoiding these difficulties, a classification based on currency is, in any event, a more analytically useful classification, especially when used to classify levels of securities outstanding.

35. Country classifications used in relation to Australian investment overseas and income receivable thereon attempt to reflect the country in which the investment was made.

Industry classification

36. Companies and company groups (i.e. groups of companies related in terms of the Companies Act) included in the survey of overseas investment are generally classified by industry on the basis of the major activity of the group as a whole. The industry classification is based on the 1961 Population Census Classification of Industries. Holding companies are classified according to the major activity of their subsidiaries. With investment companies, the classification is determined by the nature of the investment: if investments are held specifically in a certain industry or in certain businesses, investment companies are classified to that particular industry or classified according to the major activity of the businesses in which the investments are held; other investment companies are classified to the 'other finance and property' industry. In a small number of instances, separate returns are obtained from two or more companies in the same group of related companies particularly in cases where these separate companies each have received investment directly from overseas, i.e. not through their parent company in Australia. The overseas investment in such a company is classified to the main activity of the individual company rather than to the main activity of the group as a whole.

37. It should be noted that, because of the broad range of activities of many of the company groups covered by these statistics, the classification of overseas investment by industry on the basis of major activity of the company group which has the liability to the overseas investor should be interpreted with some caution. In particular, the classification does not necessarily reflect the industry in which the funds are ultimately employed. This applies especially to businesses such as merchant bankers which may borrow funds as principal and then 'on-lend' to clients in other industries. Similarly, a company predominantly engaged in, say, the insurance business may borrow money for the purpose of erecting an office building.

38. For some purposes, it may be desirable to classify overseas investment according to the industry in which the funds are ultimately used. However, businesses typically obtain funds from many different sources, both local and overseas, and similarly use funds for many different purposes, and it is frequently not feasible for companies to identify a particular use of funds with a particular source of funds.

Type of company

39. Some of the statistics of direct overseas investment in this bulletin are classified by type of company: branches and subsidiaries. This distinction is made because of different accounting procedures and subsequent measurement problems consequent on the differing legal structures rather than for any analytical purpose. Comparisons of figures for different years may be affected by changes in the legal structures of the organisations included in the Survey. In some cases, organisations which are legally "branches" may opt to report as "subsidiaries" if their activities and accounting practices are more akin to the latter form of organisation.

TREATMENT OF UNDISTRIBUTED INCOME

40. In addition to being treated as part of income payable (or receivable) on direct investment, undistributed income (unremitted profits of branches and undistributed profits of subsidiaries) is also included as part of investment flows into companies with direct investment. This treatment is based on the statistical convention that undistributed income results from a conscious decision by the direct investor to re-invest part or all of the earnings of the company and hence that its separate identification as a component of income and capital flows adds to the analytical usefulness of the statistics.

41. The amount of undistributed income apportioned to direct investors comprises the whole of the unremitted profits of branches but, in relation to subsidiaries, only that amount attributable to their equity holdings together with their equity in the undistributed income of subsidiaries and sub-subsidiaries of the company receiving the direct investment.

42. In the case of portfolio investment, it is assumed that the individual investor plays no part in the decision to distribute earnings of the company. Consequently, no attempt is made to apportion undistributed earnings of companies to portfolio investors and so it is not included as either income payable or investment.

TREATMENT OF BANKS

43. Investment in branches of banks in Australia is included in these statistics in respect of the net liabilities of the branch to the overseas head office and, in the main reflects the head office's investment in the fixed capital assets of the branch. Short-term liabilities of the branch to the head office are excluded from these statistics and are included in the item 'Monetary sector transactions, n.e.i.' in the balance of payments accounts.

44. In the case of overseas investment in Australian-owned banks, these statistics only include investment in shares, debentures, etc. Loans to banks from overseas (e.g. loans from unrelated companies overseas, or deposits by non-residents) are excluded from these statistics and included in the balance of payments item 'Monetary sector transactions, n.e.i.'.

TREATMENT OF BRANCHES (OTHER THAN BANKS)

45. In these statistics there are some important differences in treatment between the overseas investment in branches and in subsidiaries. Two types of overseas investment in Australian branches of companies overseas are identified in these statistics, firstly 'branch liabilities to head office', and secondly 'other liabilities'. The category of investment 'branch liabilities to head office' is in one respect somewhat wider in scope than intercompany indebtedness of subsidiaries. Whereas the latter category includes indebtedness to related companies overseas only for interest, dividends, goods and services, and classifies all other overseas investment from related companies overseas in the category 'other liabilities', branch liabilities to head office is defined to include not only indebtedness to the head office (and overseas branches of the head office) for interest, profits, goods and services, but also other investment by head office such as loans and advances. Indebtedness by Australian branches to their head office overseas (and overseas branches of the head office) other than for interest, profits, goods and services is included with branch liabilities to head office, not on conceptual grounds but only because at this stage it has not been practicable to segregate the two types of borrowings. Ultimately, it is hoped this separation will be possible.

46. In another respect, the category 'branch liabilities to head office' is narrower in scope than intercompany indebtedness of subsidiaries, since branch liabilities to related companies overseas other than the head office (and overseas branches of the head office) for interest, goods and services are not included in 'branch liabilities to head office', whereas intercompany indebtedness of subsidiaries includes indebtedness for such items to all related companies overseas.

47. Investment in Australian branches by related companies overseas except head offices (and overseas branches of head offices) other than indebtedness for interest, goods and services, are shown in the category 'other liabilities'. However, such borrowings are combined with the other liabilities of Australian subsidiaries of companies overseas for reasons of confidentiality.

48. In addition, in the statistics on 'levels' of overseas investment, branch liabilities to head office include accumulated reserves but these are not included in the corresponding figures for intercompany indebtedness of subsidiaries.

TREATMENT OF FINANCIAL INTERMEDIARIES

49. To obtain a more realistic distinction between direct investment, and portfolio investment and institutional loans, special cognisance has been given to the role of certain financial intermediaries.

50. In some cases, loans to companies in Australia from their overseas parent companies are channelled through unrelated financial institutions and the immediate liability of the company in Australia to repay the loan lies with the financial institution. Under the general rules for classifying overseas investment by type of investment, this type of loan would be classified to portfolio investment and institutional loans. However, for the purposes of these statistics, the loan is treated as coming direct from the parent company, with whom the control of the use of the funds lies, and is thus classified as direct investment. The country adopted for purposes of country classification is also based on the domicile of the parent company.

51. Some companies in Australia have established finance subsidiaries in overseas countries for the purpose of raising funds on the overseas capital markets for use by the parent companies. Again, although nominally a liability may exist between the overseas subsidiary and the Australian parent company, the loan raised is treated as portfolio investment and institutional loans and not as direct investment. However, the country classification adopted for this type of transaction corresponds to the domicile of the intermediary.

LONG-TERM TRADE CREDIT

52. On the basis of information collected in the Survey of Overseas Borrowings, details of overseas investment in companies in Australia includes long-term trade credit with unrelated companies overseas. Long-term trade credit includes trade credit with a contractual maturity of more than six months from the date the liability was incurred. However, because present coverage of this type of investment is limited to those companies in Australia which receive other forms of overseas investment, the amounts included in the statistics are thought likely to represent only a small part of total long-term trade credit owed overseas by businesses in Australia. Short-term trade credit with unrelated companies overseas is excluded in all cases.

FINANCIAL ASSETS OVERSEAS

53. Statistics on Australian portfolio investment overseas include some financial assets held overseas by companies in Australia. The types of assets concerned are restricted to those not thought to be covered by the Reserve Bank 'ticket' system, which is used as the main basis for estimation of Australian portfolio investment overseas and includes mainly cash remittances. The most important components of financial assets are bank deposits and cash, loans, advances, deposits, debentures, mortgages, commercial paper, etc. Excluded are shares, investments in overseas branches and subsidiaries, trade credit and loans by Australian subsidiaries to their overseas parents.

54. As in the case of long-term trade credit, the coverage of this item is restricted to those companies with other types of overseas investment and it is probable that the total amount of financial assets held overseas by all companies in Australia would be significantly higher than that included in the statistics.

ACCOUNTING YEAR

55. In general, details obtained from companies included in the survey of overseas investment relate to the years ended 30 June. However, the use of accounting periods other than that ending 30 June is permitted for some items of data in cases where companies have difficulty in reporting on a 30 June basis.

VALUATION

56. Information on investment in government securities is generally compiled in terms of the face value of the securities. In the case of securities denominated in foreign currencies, the face value is converted to the equivalent amount of Australian dollars by using the official par rates of exchange at 30 June of the year in question.

57. In the case of information furnished by companies covered by the survey of overseas investment, the basis of valuation may vary from company to company, depending upon the record-keeping procedures adopted by the particular company. As far as investment in shares is concerned, however, companies report in terms of the paid up value of shares held by overseas investors. The book value placed upon other components of overseas investment, especially if the liability is expressed in terms of a foreign currency, may be converted to Australian dollars at par rates of exchange or at market rates.

During periods when these two rates coincide reasonably closely with one another, and when rates of exchange do not alter between the beginning and the end of a period, the rate used to convert foreign currency liabilities into Australian currency is not of great significance. It does, however, become significant when these conditions do not apply. Under such circumstances, some companies value liabilities at market rates of exchange and generally revalue their liabilities in response to changes in exchange rates. In such cases, an attempt is made to ascertain the extent to which such revaluations have affected levels of investment reported by respondents in order that the underlying flows of investment can be identified.

SYMBOLS AND USAGES

58. Where the symbol . . appears in tables in this bulletin, it indicates that the amount is either nil or less than half a million dollars.

59. In the tables relating to both the inflow and outflow of investment, increases in investment by some investors are offset by withdrawals of investment by other investors. The symbol (-) denotes an excess of withdrawals of investment over increases in investment.

60. A line appearing in the body of the tables indicates a break in the comparability of the statistics.

61. The figures in this bulletin have been rounded to the nearest million dollars. Any discrepancies between totals and sums of components are due to rounding.

PRESENTATION OF THE STATISTICS

62. The statistical tables in this bulletin are arranged in the following parts and sections :

Part A - Overseas Investment in Australia

Section I : annual flows of investment from overseas into Australia

Section II : income payable on overseas investment in Australia

Section III : information on levels of overseas investment in Australia

Part B - Australian Investment Overseas

Section IV : annual flows of Australian investment overseas

Section V : income receivable on Australian investment overseas

Section VI : information on levels of Australian investment overseas

RELATED STATISTICS ON OVERSEAS INVESTMENT

63. Apart from this bulletin (and the corresponding annual preliminary bulletin), statistics of overseas investment are also published regularly in *Balance of Payments : Quarterly Summary* (Reference No. 8.2) (in highly aggregated form only), in the half-yearly bulletin *Balance of Payments* (Reference No. 8.1), and in the quarterly bulletin *Overseas Borrowings by Companies in Australia* (Reference No. 5.39). In addition, the Bureau has published a number of studies of foreign ownership and control in the Australian mining and manufacturing industries. Some notes on the relationship between the overseas investment statistics contained in this bulletin and the above related statistics are given in Appendices D and E.

CHANGES IN THIS ISSUE

64. The major change in this issue concerns the treatment of mining and petroleum exploration expenditure. Up to and including 1971-72 and the preliminary estimates for 1972-73 (published in bulletin No. 5.21), all mining and petroleum exploration expenditure, whether current or capital, was treated as capital expenditure for the purposes of these statistics. This meant that companies were asked when reporting in this survey, to add back to taxable income any part of such expenditure deducted by the company when calculating that income. This had the effect of increasing "income payable" and subsequently "undistributed profits" compared with alternative treatments of this expenditure.

65. The above treatment of such expenditure is not the same as that given to it in the Australian National Accounts (A.N.A.). The A.N.A. treats such expenditure in the way recommended by the United Nations Statistical Office in their publication "A System of National Accounts" (Series F, No. 2, Rev. 3). Briefly, these recommendations are that commodities consumed in the research, developmental and exploratory activities of industries are, in most instances, to be included in intermediate consumption (i.e. current expenditure) though these outlays may be capitalised in the accounts of business units. On the other hand, expenditure of a capital nature should be capitalised and depreciated irrespective of its treatment in companies' books or for taxation purposes. In this bulletin, the treatment of mining and petroleum expenditure has been changed to accord with the treatment of it in the A.N.A.

66. As from 1973, companies are being asked to report in this survey on the basis recommended by the United Nations and revised figures on that basis have also been collected for the years 1968-69 to 1971-72. These changes are reflected in this bulletin in statistics of undistributed income (see Tables 1-13, 19, 25-30 and 35). The effect of these revisions on undistributed income payable overseas for the years ended 30 June 1969, 1970, 1971 and 1972 has been to reduce total undistributed income by \$29m, \$51m, \$42m and \$50m respectively. The corresponding revisions to undistributed income receivable from overseas are \$8m, \$11m, \$14m and \$12m respectively. It should be noted that the previously published figures for undistributed income have also been revised for other reasons, and therefore differences between figures in the present and previous bulletins are not due entirely to the new treatment of mining and petroleum exploration expenditure.

67. Other changes in this issue include :

- (i) Publication of separate totals of Portfolio Investment and Institutional Loans from "Japan", "E.E.C." and "Other Countries" (see Tables 4 and 10). These separate details are not available in respect of the years prior to 1972-73.
- (ii) The "E.E.C." classification now includes Denmark and Eire.

PART A. OVERSEAS INVESTMENT IN AUSTRALIA

SECTION I. INFLOW OF OVERSEAS INVESTMENT IN AUSTRALIA

TABLE 1. - INFLOW OF OVERSEAS INVESTMENT IN AUSTRALIA,
BY BROAD CATEGORY OF INVESTMENT
(\$A million)

Year	Investment in companies in Australia			Investment in Australian public authority securities repayable in -			Total
	Direct investment		Portfolio investment and institu- tional loans	Australian currency	Overseas currencies to -		
	Undistributed income	Other direct investment			Countries overseas	I.B.R.D.	
1963-64	139	286	28	-3	15	7	472
1964-65	124	416	44	-5	-19	-1	559
1965-66	125	387	182	-1	-18	-7	668
1966-67	115	248	153	-2	47	-23	539
1967-68	228	333	402	14	156	-23	1,112
1968-69	252	349	405	-1	161	-24	1,143
1969-70	231	510	274	6	-111	-20	889
1970-71	274	654	655	-2	-31	-16	1,534
1971-72	248	626	588	3	-32	-16	1,417
1972-73	293	-31	116	33	-56	-10	346

TABLE 2. - INFLOW OF OVERSEAS INVESTMENT IN AUSTRALIA,
BY COUNTRY
(\$A million)

Year	United Kingdom	U.S.A.	Canada	Other countries	I.B.R.D.	Total
1963-64	228		185	52	7	472
1964-65	204		280	77	-1	559
1965-66	225		348	101	-7	668
1966-67	48	388	14	111	-23	539
1967-68	357	565	39	174	-23	1,112
1968-69	463	359	22	323	-24	1,143
1969-70	258	314	28	310	-20	889
1970-71	522	476	46	505	-16	1,534
1971-72	340	545	39	509	-16	1,417
1972-73	24	-3	-1	336	-10	346

TABLE 3. - INFLOW OF OVERSEAS INVESTMENT IN COMPANIES
IN AUSTRALIA, BY CATEGORY OF INVESTMENT
(\$A million)

Year	Direct investment				Total	Portfolio investment and institu- tional loans	Total
	Australian branches		Australian subsidiaries				
	Unremitted profits (net)	Other direct investment	Undistributed profits (net)	Other direct investment			
1963-64	22	37	116	250	425	28	453
1964-65	11	67	113	349	540	44	584
1965-66	15	86	110	301	512	182	694
1966-67	12	94	103	155	363	153	516
1967-68	34	110	194	223	561	402	964
1968-69	14	148	239	200	601	405	1,006
1969-70	5	156	226	354	740	274	1,014
1970-71	26	148	248	506	928	655	1,584
1971-72	41	124	207	503	874	588	1,463
1972-73	39	35	254	-66	262	116	379

TABLE 4. - INFLOW OF OVERSEAS INVESTMENT IN COMPANIES IN AUSTRALIA, BY COUNTRY AND BROAD CATEGORY OF INVESTMENT (\$A million)

Year	United Kingdom	U.S.A.	Canada	Japan	E.E.C.	Other countries	Total
UNDISTRIBUTED INCOME							
1963-64	85		46		8		139
1964-65	73		41		10		124
1965-66	63	52	2	..	2	7	125
1966-67	60	47	4	..	-3	6	115
1967-68	116	88	16	2	-1	8	228
1968-69	140	97	12	3	-2	2	252
1969-70	147	73	11	-2	-8	10	231
1970-71	148	104	14	-3	4	7	274
1971-72	109	128	20	-1	-5	-4	248
1972-73	148	144	7	7	-3	-9	293
OTHER DIRECT INVESTMENT							
1963-64	102		148		36		286
1964-65	173		195		49		416
1965-66	165	133	9	7	24	57	387
1966-67	33	157	5	7	13	33	248
1967-68	8	249	19	13	23	21	333
1968-69	78	189	5	15	31	30	349
1969-70	92	296	23	21	41	37	510
1970-71	154	235	23	65	50	128	654
1971-72	144	229	12	67	39	135	626
1972-73	21	-51	1	-22	-12	32	-31
PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS							
1963-64	11		8		9		28
1964-65	17		11		16		44
1965-66	39	127	3		12		182
1966-67	27	78	6		42		153
1967-68	269	51	3		80		402
1968-69	263	38	5		100		405
1969-70	111	-3	-5		171		274
1970-71	254	141	18		242		655
1971-72	153	192	8		236		588
1972-73	-103	-32	-9	63	75	121	116
TOTAL							
1963-64	198		202		53		453
1964-65	263		247		75		584
1965-66	266	312	14		101		694
1966-67	120	282	15		98		516
1967-68	393	387	38		145		964
1968-69	482	324	22		179		1,006
1969-70	350	365	29		270		1,014
1970-71	558	479	55		492		1,584
1971-72	406	549	40		467		1,463
1972-73	66	61	..	48	60	144	379

TABLE 5. - INFLOW OF DIRECT OVERSEAS INVESTMENT IN COMPANIES IN AUSTRALIA,
BY INDUSTRY GROUP AND BROAD CATEGORY OF INVESTMENT
(\$A million)

<i>Year</i>	<i>Primary production</i>	<i>Manufacturing</i>	<i>Other industries</i>	<i>Total</i>
UNDISTRIBUTED INCOME				
1963-64	9	91	39	139
1964-65	6	104	14	124
1965-66	15	83	27	125
1966-67	8	79	28	115
1967-68	<u>23</u>	<u>128</u>	<u>77</u>	<u>228</u>
1968-69	21	129	102	252
1969-70	9	131	91	231
1970-71	70	133	71	274
1971-72	34	118	96	248
1972-73	65	116	112	293
OTHER DIRECT INVESTMENT				
1963-64	28	127	131	286
1964-65	78	143	194	416
1965-66	113	122	153	387
1966-67	106	104	38	248
1967-68	154	96	84	333
1968-69	211	70	67	349
1969-70	200	101	208	510
1970-71	230	114	310	654
1971-72	322	72	232	626
1972-73	-5	-85	59	-31
TOTAL				
1963-64	37	218	169	425
1964-65	84	247	209	540
1965-66	128	205	179	512
1966-67	114	183	66	363
1967-68	<u>176</u>	<u>224</u>	<u>161</u>	<u>561</u>
1968-69	232	199	170	601
1969-70	210	232	299	740
1970-71	300	248	381	928
1971-72	356	190	329	874
1972-73	61	31	171	262

TABLE 6. - INFLOW OF DIRECT OVERSEAS INVESTMENT IN COMPANIES
IN AUSTRALIA, BY INDUSTRY
(\$A million)

Industry	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73
Primary production -										
1. Agriculture, forestry and fishing	2	5	1	3	14	15	2	2	4	-6
2. Mining and quarrying	17	59	82	62	103	140	157	274	343	46
3. Oil exploration and production	18	21	45	49	59	77	50	23	9	21
<i>Total primary production</i>	37	84	128	114	176	232	210	300	356	61
Manufacturing -										
4. Founding, engineering and metal working (a)	50	44	36	55	59	31	73	70	43	-55
5. Vehicles, parts and accessories (b)	59	64	22	15	40	37	37	18	11	-10
6. Electrical goods, equipment, cables, etc.	17	15	22	18	15	10	32	20	10	-2
7. Food, drink and tobacco	21	20	39	40	26	38	25	40	59	30
8. Chemicals and allied products (c)	33	40	47	25	47	27	32	51	22	23
9. Oil refining	4	29	6	5	9					
10. Cement, bricks, glass and stone	2	7	2	1	6	19	10	10	6	-2
11. Yarns, textiles, clothing, footwear and accessories	6	7	10	..	1	5	5	8	10	5
12. Paper and paper products, printing, book-binding and photography	10	8	6	7	6	19	14	2	13	15
13. Other manufacturing (d)	16	13	14	18	15	13	5	29	15	27
<i>Total manufacturing</i>	218	247	205	183	224	199	232	248	190	31
Other industries -										
14. Insurance (e)	9	11	12	6	25	19	25	14	15	-3
15. Banking										
16. Other finance and property	47	54	63	28	38	46	107	161	160	143
17. Primary produce dealing	-10	13	2	-8	-4	-1	-5	..	20	-10
18. Oil distribution	77	77	35	-11	44	6	38	67	61	10
19. Commerce	32	36	47	30	44	49	93	115	62	16
20. Building and construction	5	7	9	12	8	32	28	8	2	-5
21. Transport, storage and communication	6	6	6	4	7	10	5	9	1	5
22. Other industries	4	5	6	6	-2	9	6	5	8	16
<i>Total other industries</i>	169	209	179	66	161	170	299	381	329	171
Total	425	540	512	363	561	601	740	928	874	262

(a) Includes extracting and refining. (b) Includes assembly and repairs. Excludes aircraft and ships for the years 1963-64 onwards. (c) Consists of chemicals, dyes, explosives, paints and non-mineral oils. (d) Includes aircraft and ships for the years 1963-64 onwards. (e) Excludes life insurance (see Appendix B).

TABLE 7. — INFLOW OF DIRECT OVERSEAS INVESTMENT IN COMPANIES IN AUSTRALIA, BY INDUSTRY AND BROAD CATEGORY OF INVESTMENT (\$A million)

Industry	1971-72			1972-73		
	Undistributed income	Other direct investment	Total	Undistributed income	Other direct investment	Total
Primary production —						
1. Agriculture, forestry and fishing	-3	7	4	1	-7	-6
2. Mining and quarrying	58	286	343	73	-27	46
3. Oil exploration and production	-20	29	9	-8	29	21
Total primary production	34	322	356	65	-5	61
Manufacturing —						
4. Founding, engineering and metal working (a)	38	5	43	13	-68	-55
5. Vehicles, parts and accessories (b)	6	5	11	-5	-17	-10
6. Electrical goods, equipment, cables, etc.	11	-1	10	15	-17	-2
7. Food, drink and tobacco	17	43	59	33	-3	30
8. Chemicals and allied products (c)	27	-4	22	30	-7	23
9. Oil refining	5	1	6	6	-8	-2
10. Cement, bricks, glass and stone	5	5	10	7	-1	5
11. Yarns, textiles, clothing, footwear and accessories	3	10	13	6	10	15
12. Paper and paper products, printing, book-binding and photography	7	9	15	11	15	27
13. Other manufacturing (d)	118	72	190	116	-85	31
Total manufacturing						
Other industries —						
14. Insurance (e)	14	1	15	-6	2	-3
15. Banking	22	137	160	26	116	143
16. Other finance and property	3	16	20	5	-15	-10
17. Primary produce dealing	44	17	61	32	-23	10
18. Oil distribution	22	40	62	41	-25	16
19. Commerce	-8	10	2	6	-11	-5
20. Building and construction	1	1	1	6	-1	5
21. Transport, storage and communication	-1	9	8	1	15	16
22. Other industries	96	232	329	112	59	171
Total other industries						
Total	248	626	874	293	-31	262

(a) Includes extracting and refining. (b) Includes assembly and repairs. Excludes aircraft and ships. (c) Consists of chemicals, dyes, explosives, paints and non-mineral oils. (d) Includes aircraft and ships. (e) Excludes life insurance (see Appendix B).

SECTION II. INVESTMENT INCOME PAYABLE OVERSEAS

TABLE 8. - INVESTMENT INCOME PAYABLE OVERSEAS, BY BROAD CATEGORY OF INCOME
(\$A million)

Year	Investment income payable overseas by companies in Australia on -			Interest paid on overseas holdings of Australian public authority securities repayable in Australian currency (a)	Interest paid on Australian public authority securities repayable in overseas currencies to -		Total
	Direct investment		Portfolio investment and institutional loans		Countries overseas	I.B.R.D.	
	Undistributed income	Distributed income					
1963-64	139	116	33	2	59	11	359
1964-65	124	131	37	2	60	11	364
1965-66	125	136	49	1	60	11	382
1966-67	115	164	58	2	60	11	409
1967-68	228	173	62	2	65	10	539
1968-69	252	208	82	2	73	9	625
1969-70	231	269	91	2	81	7	681
1970-71	274	289	103	3	79	7	753
1971-72	248	318	132	3	80	6	787
1972-73	293	430	151	5	72	5	955

(a) Estimated from information shown in Table 20 using the average rate of interest on Commonwealth and State securities maturing in Australia.

TABLE 9. - INVESTMENT INCOME PAYABLE OVERSEAS BY COMPANIES IN AUSTRALIA, BY CATEGORY OF INCOME
(\$A million)

Year	Direct investment income payable overseas by companies in Australia									
	Australian branches		Australian subsidiaries				Income payable overseas on portfolio investment and institutional loans			
	Unremitted profits (net)	Remitted profits and interest	Undistributed profits (net)	Distributed earnings		Total	Dividends	Interest	Total	Total
				Dividends payable	Interest payable					
1963-64	22	39	116	70	7	254	29	4	33	287
1964-65	11	42	113	78	11	255	32	5	37	292
1965-66	15	42	110	79	15	261	35	14	49	310
1966-67	12	44	103	100	20	279	39	19	58	337
1967-68	34	44	194	104	25	401	40	22	62	463
1968-69	14	68	239	106	34	461	50	32	82	542
1969-70	5	76	226	141	51	499	55	36	91	590
1970-71	26	95	248	131	63	563	57	45	103	666
1971-72	41	96	207	134	88	566	63	69	132	698
1972-73	39	135	254	202	93	723	69	82	151	874

TABLE 10. - INVESTMENT INCOME PAYABLE OVERSEAS BY COMPANIES IN AUSTRALIA,
BY COUNTRY AND BROAD CATEGORY OF INCOME
(\$A million)

Year	United Kingdom	U.S.A.	Canada	Japan	E.E.C.	Other countries	Total
UNDISTRIBUTED INCOME							
1963-64	85	46			8		139
1964-65	73	41			10		124
1965-66	63	52	2	..	2	7	125
1966-67	60	47	4	..	-3	6	115
1967-68	116	88	16	2	-1	8	228
1968-69	140	97	12	3	-2	2	252
1969-70	147	73	11	-2	-8	10	231
1970-71	148	104	14	-3	4	7	274
1971-72	109	128	20	-1	-5	-4	248
1972-73	148	144	7	7	-3	-9	293
DISTRIBUTED INCOME ON DIRECT INVESTMENT							
1963-64	57	53			6		116
1964-65	70	54			7		131
1965-66	78	48	3	..	1	7	136
1966-67	90	60	2	..	2	11	164
1967-68	82	72	4	..	4	10	173
1968-69	87	95	6	(a)	(a)	(b)20	208
1969-70	105	134	7	4	6	12	269
1970-71	113	139	7	5	7	18	289
1971-72	105	165	6	11	7	24	318
1972-73	140	235	17	10	7	20	430
INCOME PAYABLE ON PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS							
1963-64	20	3			10		33
1964-65	21	4			12		37
1965-66	23	13	..		13		49
1966-67	26	17	1		15		58
1967-68	27	19	1		15		62
1968-69	37	24	1		19		82
1969-70	42	25	1		23		91
1970-71	44	26	1		32		103
1971-72	52	34	2		44		132
1972-73	62	33	3	2	16	35	151
TOTAL							
1963-64	162	101			24		287
1964-65	164	99			29		292
1965-66	164	112	5		29		310
1966-67	175	124	7		31		337
1967-68	225	179	21		38		463
1968-69	265	216	19		42		542
1969-70	294	232	19		46		590
1970-71	306	269	23		68		666
1971-72	265	327	28		78		698
1972-73	350	412	27	18	21	46	874

(a) Not available for publication - included in 'Other countries'. (b) Includes Japan and E.E.C.

TABLE 11. - DIRECT INVESTMENT INCOME PAYABLE OVERSEAS BY COMPANIES IN AUSTRALIA,
BY INDUSTRY GROUP AND BROAD CATEGORY OF INCOME
(\$A million)

<i>Year</i>	<i>Primary production</i>	<i>Manufacturing</i>	<i>Other industries</i>	<i>Total</i>
UNDISTRIBUTED INCOME				
1963-64	9	91	39	139
1964-65	6	104	14	124
1965-66	15	83	27	125
1966-67	8	79	28	115
1967-68	<u>23</u>	<u>128</u>	<u>77</u>	<u>228</u>
1968-69	21	129	102	252
1969-70	9	131	91	231
1970-71	70	133	71	274
1971-72	34	118	96	248
1972-73	65	116	112	293
DISTRIBUTED INCOME ON DIRECT INVESTMENT				
1963-64	9	72	35	116
1964-65	8	75	48	131
1965-66	10	79	47	136
1966-67	21	92	51	164
1967-68	31	96	45	173
1968-69	38	102	70	208
1969-70	53	124	91	269
1970-71	88	107	94	289
1971-72	91	124	103	318
1972-73	117	159	153	430
TOTAL				
1963-64	18	163	73	254
1964-65	14	180	62	255
1965-66	25	162	74	261
1966-67	29	171	79	279
1967-68	<u>54</u>	<u>225</u>	<u>122</u>	<u>401</u>
1968-69	59	230	172	461
1969-70	63	255	182	499
1970-71	158	240	165	563
1971-72	125	242	199	566
1972-73	182	275	265	723

TABLE 12. - DIRECT INVESTMENT INCOME PAYABLE OVERSEAS BY COMPANIES IN AUSTRALIA,
BY INDUSTRY
(\$A million)

Industry	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73
Primary production -										
1. Agriculture, forestry and fishing	3	1	-1	-1	..	1	-5	-2	-2	2
2. Mining and quarrying	14	13	26	26	44	73	94	138	100	134
3. Oil exploration and production	1	..	..	4	10	-14	-27	22	27	47
Total primary production	18	14	25	29	54	59	63	158	125	182
Manufacturing -										
4. Founding, engineering and metal working (a)	77	34	34	34	45	54	58	61	58	51
5. Vehicles, parts and accessories (b)											49	37	35	48	51	55	31	32	32
6. Electrical goods, equipment, cables, etc.	9	19	17	17	14	18	18	23	21	23
7. Food, drink and tobacco	16	17	21	16	28	29	30	39	34	58
8. Chemicals and allied products (c)	28	30	32	36	39	44	50	46	57	60
9. Oil refining	5	6	2	6	15						6	10	9	9	10
10. Cement, bricks, glass and stone	4	4	-1	5	6	6	8	8	8	10
11. Yarns, textiles, clothing, footwear and accessories	4	5	6	5	7	6	8	8	8	10
12. Paper and paper products, printing, book-binding and photography	4	4	7	8	9	11	13	8	8	10
13. Other manufacturing (d)	15	12	8	9	13	10	13	15	14	22
Total manufacturing	163	180	162	171	225	230	255	240	242	275
Other industries -										
14. Insurance (e)	19	22	26	29	26	26	24	30	30	10
15. Banking	15	15	6	11	12	15	22	37	55	67
16. Other finance and property										
17. Primary produce dealing	8	4	(f)	(f)	33	63	71	70	55	69
18. Oil distribution	15	6	5	9	33	31	31	24	42	70
19. Commerce	12	16	21	12	25	31	24	21	3	13
20. Building and construction	1	-4	2	1	3	10	8	-9	3	13
21. Transport, storage and communication	1	1	1	1	2	2	-2	..	3	20
22. Other industries	2	2	2	2	2	5	3	7	3	7
Total other industries	73	62	74	79	122	172	182	165	199	265
Total	254	255	261	279	401	461	499	563	566	723

(a) Includes extracting and refining. (b) Includes assembly and repairs. Excludes aircraft and ships for the years 1963-64 onwards. (c) Consists of chemicals, dyes, explosives, paints and non-mineral oils. (d) Includes aircraft and ships for the years 1963-64 onwards. (e) Excludes life insurance (see Appendix B). (f) Not available for publication.

TABLE 13. - DIRECT INVESTMENT INCOME PAYABLE OVERSEAS BY COMPANIES IN AUSTRALIA,
BY INDUSTRY AND BROAD CATEGORY OF INCOME
(\$A million)

Industry	1971-72			1972-73		
	Undistributed income	Distributed income on direct investment	Total	Undistributed income	Distributed income on direct investment	Total
Primary production -						
1. Agriculture, forestry and fishing	-3	2	-2	1	1	2
2. Mining and quarrying	58	43	100	73	61	134
3. Oil exploration and production	-20	47	27	-8	55	47
<i>Total primary production</i>	<i>34</i>	<i>91</i>	<i>125</i>	<i>65</i>	<i>117</i>	<i>182</i>
Manufacturing -						
4. Founding, engineering and metal working (a)	38	21	58	13	38	51
5. Vehicles, parts and accessories (b)	6	26	32	-5	36	32
6. Electrical goods, equipment, cables, etc.	11	10	21	15	8	23
7. Food, drink and tobacco	17	18	34	33	25	58
8. Chemicals and allied products (c)	27	30	57	30	30	60
9. Oil refining						
10. Cement, bricks, glass and stone	5	4	9	6	4	10
11. Yarns, textiles, clothing, footwear and accessories	5	3	8	7	3	10
12. Paper and paper products, printing, book-binding and photography	3	5	8	6	4	10
13. Other manufacturing (d)	7	8	14	11	11	22
<i>Total manufacturing</i>	<i>118</i>	<i>124</i>	<i>242</i>	<i>116</i>	<i>159</i>	<i>275</i>
Other industries -						
14. Insurance (e)	14	16	30	-6	16	10
15. Banking	22	33	55	26	41	67
16. Other finance and property						
17. Primary produce dealing	3	6	9	5	5	9
18. Oil distribution	43	11	55	32	37	69
19. Commerce	22	20	42	41	29	70
20. Building and construction	-8	10	3	6	6	13
21. Transport, storage and communication	1	2	3	6	14	20
22. Other industries	-1	5	3	1	6	7
<i>Total other industries</i>	<i>96</i>	<i>103</i>	<i>199</i>	<i>112</i>	<i>153</i>	<i>265</i>
Total	248	318	566	293	430	723

(a) Includes extracting and refining. (b) Includes assembly and repairs. Excludes aircraft and ships. (c) Consists of chemicals, dyes, explosives, paints and non-mineral oils. (d) Includes aircraft and ships. (e) Excludes life insurance (see Appendix B).

**SECTION III. LEVELS OF INVESTMENT AND OTHER SUPPLEMENTARY
INFORMATION ON OVERSEAS INVESTMENT IN AUSTRALIA**

**TABLE 14. - LEVEL OF AUSTRALIAN BRANCH LIABILITIES TO OVERSEAS
HEAD OFFICES, BY COUNTRY (a)**
(*\$A million*)

<i>At 30 June -</i>	<i>United Kingdom</i>	<i>U.S.A.</i>	<i>Canada</i>	<i>Japan</i>	<i>E.E.C.</i>	<i>Other countries</i>	<i>Total</i>
1963	555	63			59		678
1964	586	73			59		718
1965	512	100			62		674
1966	543	153	11	(b)	(b)	68	774
1967	559	255	13	(b)	(b)	66	893
1968	551	370	15	(b)	(b)	68	1,004
1969	600	510	14	(b)	(b)	69	1,193
1970	645	644	18	2	12	61	1,383
1971	437	758	10	1	12	70	1,288
1972	437	843	6	1	7	77	1,371
1973	413	894	4	1	22	77	1,411

(a) Includes profits earned in Australia but not remitted overseas. (b) Not available for publication - included in 'Other countries'.

**TABLE 15. - LEVEL OF INTERCOMPANY INDEBTEDNESS OF AUSTRALIAN
SUBSIDIARIES TO RELATED COMPANIES OVERSEAS, BY COUNTRY**
(*\$A million*)

<i>At 30 June -</i>	<i>United Kingdom</i>	<i>U.S.A.</i>	<i>Canada</i>	<i>Japan</i>	<i>E.E.C.</i>	<i>Other countries</i>	<i>Total</i>
1963	425	202			78		705
1964	467	225			75		767
1965	550	234			94		878
1966	617	186	19	-1	45	84	950
1967	621	168	18	5	56	75	942
1968	525	204	25	7	75	74	910
1969	474	166	15	9	85	80	829
1970	482	236	26	6	115	75	940
1971(a)	462	260	31	24	100	54	931
1972	402	236	31	16	114	83	881
1973	300	178	32	10	92	73	685

(a) The comparison of figures on the level of intercompany indebtedness of subsidiaries from 1970-71 with those for previous years is affected by changes in recording procedures resulting from information obtained from the survey of overseas borrowings. Some cash transactions previously reported as 'intercompany indebtedness' have from 1970-71 been included in 'other liabilities' (see Tables 17 and 18). However, these changes in the 'level' of overseas investment offset each other in statistics on 'flows' of investment.

TABLE 16. - CHANGES IN THE LEVEL OF INTERCOMPANY INDEBTEDNESS
OF AUSTRALIAN SUBSIDIARIES TO RELATED COMPANIES OVERSEAS,
BY COMPONENTS OF CHANGE
(\$A million)

Nature of movement	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73
1. Net excess of imports received over payments made for imports	69	80	66	-4	10	-15	72	137	-64	-131
2. Net excess of dividends credited over dividends remitted	-17	18	5	11	-8	-1	16	-24	11	-20
3. Net changes in indebtedness for interest, royalties, management fees and other services	4	23	10	-2	30	-26	4	-4	18	3
4. Other changes (a)	6	-11	-8	-13	-64	-39	18	-118	-14	-49
Total change in levels	62	110	73	-8	-32	-81	110	-9	-49	-196

(a) Includes capitalisation of outstanding amounts, transfers of assets between branches and subsidiaries, changes in amounts outstanding due to exchange rate variations, etc. Much of the change in this item in 1970-71 was due to the reclassification as loans of amounts previously reported by companies as intercompany indebtedness (see Tables 15, 17 and 18).

NOTE. (-) Denotes decrease.

TABLE 17. - LEVEL OF OTHER LIABILITIES OF AUSTRALIAN BRANCHES AND
SUBSIDIARIES TO RELATED COMPANIES OVERSEAS, BY COUNTRY
(\$A million)

At 30 June -	United Kingdom	U.S.A.	Canada	Japan	E.E.C.	Other countries	Total
1963	666	387	70		119		1,241
1964	720	569	90		139		1,518
1965	898	720	97		172		1,887
1966	965	780	106	1	102	101	2,055
1967	1,010	855	111	3	106	103	2,188
1968	1,022	882	134	14	117	181	2,351
1969	1,162	954	146	29	251	204	2,746
1970	1,240	1,069	162	49	281	246	3,046
1971(a)	1,383	1,245	222	92	344	434	3,721
1972	1,573	1,386	227	202	369	542	4,300
1973	1,670	1,347	214	143	366	549	4,289

(a) See footnote (a), Table 15.

TABLE 18. - LEVEL OF OTHER LIABILITIES OF COMPANIES IN AUSTRALIA
TO OVERSEAS INVESTORS, BY COUNTRY (a)
(\$A million)

At 30 June -	United Kingdom	U.S.A.	Canada	Other countries	Total
1963	907	440	75	268	1,689
1964	974	628	95	287	1,984
1965	1,168	791	100	333	2,393
1966	1,286	1,017	115	397	2,815
1967	1,339	1,170	124	480	3,112
1968	1,417	1,243	150	549	3,358
1969	1,616	1,356	167	758	3,897
1970	1,728	1,459	185	965	4,339
1971(b)	2,115	1,765	263	1,456	5,600
1972	2,479	2,117	276	1,908	6,780
1973	2,453	1,975	256	2,037	6,722

(a) These figures include holdings by Australian nominees of overseas investors and by overseas investors using Australian addresses. (b) See footnote (a), Table 15.

TABLE 19. - INFLOW OF OVERSEAS INVESTMENT IN COMPANIES IN AUSTRALIA, BY NATURE OF MOVEMENT (\$A million)

Year	Changes in the level of Australian branch liabilities to overseas head offices (a)	Changes in the level of intercompany indebtedness of Australian subsidiaries to related companies overseas (b)	Changes in the level of other liabilities of companies in Australia to overseas investors (paid up value) (c)	Adjustments (d)	Undistributed profits of Australian subsidiaries (e)	Total
1963-64	40	62	295	-60	116	453
1964-65	-44	110	409	-5	113	584
1965-66	100	73	422	-10	110	694
1966-67	113	-8	296	11	103	516
1967-68	116	-32	246	440	194	964
1968-69	190	-81	540	118	239	1,006
1969-70	191	110	441	47	226	1,014
1970-71	-96	-9	1,249	191	248	1,584
1971-72	88	-49	1,180	37	207	1,463
1972-73	39	-196	-58	340	254	379

(a) See Table 14. (b) See Table 16. (c) See Table 18. (d) See paragraph 15 of the explanatory notes. (e) See Table 3.

TABLE 20. - LEVEL OF AUSTRALIAN PUBLIC AUTHORITY SECURITIES REPAYABLE IN AUSTRALIAN CURRENCY TO OVERSEAS INVESTORS, BY COUNTRY AND TYPE OF SECURITY (a) (\$A million)

At 30 June -	United Kingdom	New Zealand	U.S.A. and Canada	Other countries	Total
COMMONWEALTH AND STATE GOVERNMENT SECURITIES					
1963	19	2	1	13	35
1964	17	2	1	12	32
1965	13	2	1	12	28
1966	13	4	1	11	29
1967	9	4	1	14	28
1968	9	2	8	22	41
1969	8	2	1	30	41
1970	9	2	1	32	43
1971	7	2	1	35	45
1972	7	2	1	38	47
1973	4	2	..	70	77
LOCAL AUTHORITY AND SEMI-GOVERNMENT SECURITIES					
1963	4	1	..	2	7
1964	4	1	..	2	7
1965	2	1	..	3	6
1966	2	1	..	2	5
1967	2	1	..	2	4
1968	2	1	..	2	5
1969	1	1	..	2	4
1970	3	1	..	4	8
1971	1	1	..	2	5
1972	1	1	..	3	5
1973	2	1	..	6	8
TOTAL					
1963	23	3	1	15	42
1964	21	3	1	14	39
1965	15	3	1	15	34
1966	15	5	1	13	33
1967	11	5	1	16	32
1968	11	3	8	24	47
1969	9	3	1	32	45
1970	12	3	1	36	51
1971	9	3	1	37	50
1972	8	2	1	41	52
1973	6	3	1	76	85

(a) Includes holdings registered under overseas addresses and holdings by Australian nominees on behalf of overseas investors as well as holdings by overseas investors using Australian addresses. Excludes holdings of securities issued in Australia which are held as part of the assets of Australian branches of companies incorporated overseas - these holdings are included in Table 14.

TABLE 21. - LEVEL OF AUSTRALIAN PUBLIC AUTHORITY SECURITIES
 REPAYABLE IN OVERSEAS CURRENCIES TO OVERSEAS INVESTORS BY CURRENCY AND TYPE OF SECURITY
 (Millions of currency units)

Foreign currency in which repayable and type of security	At 30 June -											
	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	
Pounds Sterling -												
Commonwealth and State	351	364	345	329	303	287	280	235	219	189	167	
Other	12	11	6	6	4	4	2	2	2	1	1	
<i>Total Pounds Sterling</i>	<i>363</i>	<i>376</i>	<i>351</i>	<i>335</i>	<i>308</i>	<i>291</i>	<i>282</i>	<i>237</i>	<i>221</i>	<i>190</i>	<i>168</i>	
United States Dollars (excl. I.B.R.D.) -												
Commonwealth and State	382	364	403	429	548	738	783	724	718	709	625	
Other	3	3	2	2	2	1	1	..	..	..	..
<i>Total United States Dollars</i>	<i>385</i>	<i>367</i>	<i>406</i>	<i>431</i>	<i>550</i>	<i>739</i>	<i>784</i>	<i>724</i>	<i>718</i>	<i>709</i>	<i>625</i>	
Canadian Dollars (excl. I.B.R.D.) -												
Commonwealth and State	32	30	29	28	26	27	27	25	15	14	12	
Swiss Francs (excl. I.B.R.D.) -												
Commonwealth and State	240	240	240	240	290	290	290	300	300	300	398	
Netherlands Guilders -												
Commonwealth and State	40	40	40	40	40	37	35	32	89	87	84	
Deutsche Marks (excl. I.B.R.D.) -												
Commonwealth	..	..	..	..	..	100	714	861	858	955	947
European Units of Account (a) -												
Commonwealth	..	..	..	..	..	..	..	..	..	15	15
Japanese Yen -												
Commonwealth	..	..	..	..	..	..	..	..	..	..	10,000
I.B.R.D. Loans -												
Commonwealth -												
United States Dollars	208	208	196	187	163	148	132	113	100	88	78	
Canadian Dollars	36	36	36	36	36	26	16	12	9	2	..	
Swiss Francs	7	5	5	4	..	..	..	..	..	..	..
Deutsche Marks	6	3	8	8	8	78	78	78	74	72	72	
Total (Australian currency equivalent)	1,554	1,576	1,548	1,521	1,545	1,568	1,702	1,585	1,550	1,445	1,266	

(a) A composite currency unit, the value of which is based on currencies of the seventeen former member countries of the European Payments Union (now dissolved).

TABLE 22. - LEVEL OF TOTAL LIABILITIES OF AUSTRALIAN SUBSIDIARIES, BY COUNTRY AND TYPE OF LIABILITY, AT 30 JUNE 1973
(\$A million)

Country (a)	Intercompany indebtedness to related companies overseas (a)	Other liabilities (b) to -								
		Direct overseas investors			Other investors (c)			Total		
		Equity	Other	Total	Equity	Other	Total	Equity	Other	Total
United Kingdom	271	939	716	1,655	318	895	1,214	1,257	1,611	2,869
U.S.A.	195	882	473	1,355	281	1,466	1,747	1,163	1,939	3,102
Canada	45	126	88	214	30	81	112	156	170	326
Japan	10	58	91	149	11	48	59	69	139	208
E.E.C.	66	253	112	366	21	53	74	275	165	440
Other countries	97	193	357	550	15	174	189	208	531	739
Total	685	2,451	1,837	4,288	678	2,718	3,395	3,129	4,555	7,683

(a) The figures in this table are classified by country of domicile of the direct overseas shareholder although some of the amounts shown are owed to other related companies in other countries. For this reason, the regional classification of intercompany indebtedness shown in this table does not correspond with that shown in Table 15. (b) Includes also loans to branches from companies overseas other than the head office. (c) Includes Australian investors as well as overseas portfolio investors.

TABLE 23. - LEVEL OF TOTAL LIABILITIES OF AUSTRALIAN SUBSIDIARIES, BY INDUSTRY AND TYPE OF LIABILITY, AT 30 JUNE 1973
(\$A million)

Industry	Intercompany indebtedness to related companies overseas	Other liabilities (a) to -					
		Direct overseas investors		Other investors (b)		Total	
		Equity	Other	Equity	Other	Equity	Other
Primary production -							
1. Agriculture, forestry and fishing	..	25	35	5	9	30	44
2. Mining and quarrying	38	280	370	164	541	444	910
3. Oil exploration and production	3	193	30	69	5	262	35
<i>Total primary production</i>	42	498	435	238	555	736	990
Manufacturing -							
4. Founding, engineering and metal working (c)	40	215	149	83	541	298	690
5. Vehicles, parts and accessories (d)	35	160	83	10	98	179	181
6. Electrical goods, equipment, cables, etc.	42	134	41	38	63	172	104
7. Food, drink and tobacco	4	212	108	64	93	276	201
8. Chemicals and allied products (e)	68	281	46	80	156	361	202
9. Oil refining	6	44	7	27	29	70	37
10. Cement, bricks, glass and stone	12	55	3	16	23	71	26
11. Yarns, textiles, clothing, footwear and accessories	19	44	19	11	35	55	54
12. Paper and paper products, printing, book-binding and photography	18	93	34	23	17	116	50
13. Other manufacturing (f)	244	1,247	492	351	1,055	1,599	1,546
<i>Total manufacturing</i>							
Other industries -							
14. Insurance (g)	..	60	10	8	..	69	10
15. Banking	..	..	..	..	..	..	..
16. Other finance and property	17	162	521	56	830	217	1,351
17. Primary produce dealing	5	283	164	1	164	284	328
18. Oil distribution	140	146	113	14	77	159	190
19. Commerce	213	17	59	1	13	18	72
20. Building and construction	9	16	33	..	16	17	49
21. Transport, storage and communication	7	6	22	11	8	29	19
22. Other industries	6	705	911	88	1,108	794	2,019
<i>Total other industries</i>							
Total	685	2,451	1,837	678	2,718	3,129	4,555
Total (Equity and Other)			4,288		3,395		7,683

(a) Includes also loans to branches from companies overseas other than the head office. (b) Includes Australian investors as well as overseas portfolio investors. (c) Includes extracting and refining. (d) Includes assembly and repairs. Excludes aircraft and ships. (e) Consists of chemicals, dyes, explosives, paints and non-mineral oils. (f) Includes aircraft and ships, etc. (g) Excludes life insurance (see Appendix B).

TABLE 24. - LEVEL OF TOTAL LIABILITIES OF AUSTRALIAN SUBSIDIARIES, BY PERCENTAGE OF DIRECT OVERSEAS EQUITY AND TYPE OF LIABILITY, AT 30 JUNE 1973 (\$A million)

Percentage of direct overseas equity (b)	No. of companies (c)	Intercompany indebtedness to related companies overseas	Other liabilities (a) to -							
			Direct overseas investors		Other portfolio investors		Australian investors		Total	
			Equity	Other	Equity	Other	Equity	Other	Equity	Other
100%	1,541	615	1,456	1,454	..	255	..	597	1,456	2,307
76% to 99%	133	28	336	91	14	57	18	239	368	386
51% to 75%	162	23	450	235	42	162	268	143	759	540
25% to 50%	287	18	209	57	22	607	314	658	545	1,322
Total	2,123	685	2,451	1,837	78	1,080	600	1,638	3,129	4,555

(a) Includes also loans to branches from companies overseas other than the head office. (b) The percentage of direct overseas equity is the ratio of the direct overseas holdings of ordinary shares or voting stock to the total holdings of ordinary shares or voting stock, rounded to the nearest whole number. (c) The number of companies includes only those companies in which there is direct overseas investment and does not include subsidiaries or sub-subsidiaries of those companies.

PART B. AUSTRALIAN INVESTMENT OVERSEAS

SECTION IV. OUTFLOW OF AUSTRALIAN INVESTMENT OVERSEAS

TABLE 25. - OUTFLOW OF AUSTRALIAN INVESTMENT OVERSEAS,
BY BROAD CATEGORY OF INVESTMENT
(\$A million)

Year	Investment in companies overseas				Net overseas remittances by life insurance companies	Total
	Direct investment		Portfolio investment and institutional loans (a)	Investment in foreign government securities		
	Undistributed income	Other direct investment				
1963-64	14	-1	-9	..	5	8
1964-65	19	13	-7	..	-10	15
1965-66	18	20	1	-1	-5	33
1966-67	13	23	5	..	-2	39
1967-68	20	27	1	..	-5	42
1968-69	12	48	3	..	-11	52
1969-70	13	112	6	13	-11	132
1970-71	14	52	12	17	-12	82
1971-72	23	97	..	24	-4	139
1972-73	75	41	7	22	-17	128

(a) Excludes portfolio investment in Papua New Guinea other than some long-term trade credit and short-term assets.

TABLE 26. - OUTFLOW OF AUSTRALIAN INVESTMENT OVERSEAS,
BY COUNTRY
(\$A million)

Year	United Kingdom	New Zealand	U.S.A. and Canada	Papua New Guinea (a)	Other countries	Total
1963-64	-14	18	1		4	8
1964-65	-15	14	-1		17	15
1965-66	-6	17	7	11	4	33
1966-67	-1	12	4	18	6	39
1967-68	5	9	-1	21	8	42
1968-69	13	13	-2	24	5	52
1969-70	32	9	2	83	7	132
1970-71	-4	17	1	55	14	82
1971-72	-9	24	11	84	29	139
1972-73	1	21	-4	68	42	128

(a) Excludes portfolio investment other than some long-term trade credit and short-term assets.

TABLE 27. - OUTFLOW OF AUSTRALIAN INVESTMENT
IN COMPANIES OVERSEAS, BY CATEGORY OF INVESTMENT
(\$A million)

Year	Direct investment				Total	Portfolio investment and institutional loans (a)	Total
	Overseas branches		Overseas subsidiaries				
	Unremitted profits (net)	Other direct investment	Undistributed profits (net)	Other direct investment			
1963-64	1	4	13	-5	13	-9	3
1964-65	-1	4	20	10	32	-7	25
1965-66	2	4	16	17	38	1	39
1966-67	-1	14	15	9	37	5	42
1967-68	2	7	18	20	47	1	48
1968-69	-9	11	21	37	59	3	62
1969-70	-6	4	19	108	125	6	131
1970-71	-8	12	22	39	65	12	77
1971-72	-9	26	33	71	119	..	119
1972-73	-6	19	81	21	115	7	123

(a) Excludes portfolio investment in Papua New Guinea other than some long-term trade credit and short-term assets.

TABLE 28. - OUTFLOW OF AUSTRALIAN INVESTMENT IN COMPANIES OVERSEAS,
BY COUNTRY AND BROAD CATEGORY OF INVESTMENT
(\$A million)

Year	United Kingdom	New Zealand	U.S.A. and Canada	Papua New Guinea (a)	Other countries	Total
UNDISTRIBUTED INCOME						
1963-64	-1	9	1		5	14
1964-65	-1	10	..		10	19
1965-66	-1	9	1	2	6	18
1966-67	-2	8	..	2	6	13
1967-68	..	8	..	5	6	20
1968-69	-2	9	1	-3	6	12
1969-70	-1	5	1	1	7	13
1970-71	1	6	2	-1	7	14
1971-72	-1	4	2	8	11	23
1972-73	8	9	2	(b)	(c)56	75
OTHER INVESTMENT (d)						
1963-64	-17	9	..		-3	-11
1964-65	-7	2	..		11	6
1965-66	1	5	6	9	..	21
1966-67	6	1	4	16	1	28
1967-68	6	-1	1	16	5	28
1968-69	19	5	..	28	-1	51
1969-70	36	5	4	71	3	118
1970-71	-2	12	7	38	8	63
1971-72	-5	22	8	52	20	97
1972-73	-2	14	1	13	23	48
TOTAL						
1963-64	-18	18	1		3	3
1964-65	-8	12	..		21	25
1965-66	..	14	7	11	6	39
1966-67	4	8	4	18	7	42
1967-68	6	8	2	21	10	48
1968-69	17	14	1	25	5	62
1969-70	35	10	5	72	10	131
1970-71	-1	18	9	37	15	77
1971-72	-6	26	10	60	31	119
1972-73	6	23	3	(b)	(c)91	123

(a) Excludes portfolio investment other than some long-term trade credit and short-term assets. (b) Not available for publication - included in 'other countries'. (c) Includes Papua New Guinea. (d) Consists of other direct investment in overseas subsidiaries and branches and portfolio investment and institutional loans (see Table 27).

SECTION V. INVESTMENT INCOME RECEIVABLE FROM OVERSEAS

TABLE 29. - DIRECT INVESTMENT INCOME RECEIVABLE FROM OVERSEAS BY COMPANIES IN AUSTRALIA, BY TYPE OF COMPANY AND CATEGORY OF INCOME (a)
(\$A million)

Year	Overseas branches		Overseas subsidiaries		Total
	Unremitted profits (net)	Remitted profits and interest	Undistributed profits (net)	Dividends and interest receivable	
1963-64	1	5	13	13	32
1964-65	-1	5	20	18	41
1965-66	2	4	16	16	38
1966-67	-1	5	15	21	39
1967-68	2	6	18	19	45
1968-69	-9	5	21	24	41
1969-70	-6	5	19	26	44
1970-71	-8	6	22	27	47
1971-72	-9	4	33	34	61
1972-73	-6	14	81	36	124

(a) Details are not available of income receivable in Australia on either portfolio investment and institutional loans or on Australian holdings of foreign government securities.

TABLE 30. - DIRECT INVESTMENT INCOME RECEIVABLE FROM OVERSEAS BY COMPANIES IN AUSTRALIA, BY COUNTRY AND BROAD CATEGORY OF INCOME (a)
(\$A million)

Year	United Kingdom	New Zealand	U.S.A. and Canada	Papua New Guinea	Other countries	Total
UNDISTRIBUTED INCOME						
1963-64	-1	9	1		5	14
1964-65	-1	10	..		10	19
1965-66	-1	9	1	2	6	18
1966-67	-2	8	..	2	6	13
1967-68	..	8	..	5	6	20
1968-69	-2	9	1	-3	6	12
1969-70	-1	5	1	1	7	13
1970-71	1	6	2	-1	7	14
1971-72	-1	4	2	8	11	23
1972-73	8	9	2	(b)	(c)56	75
DISTRIBUTED INCOME ON DIRECT INVESTMENT						
1963-64	1	7	..		10	18
1964-65	3	11	..		9	23
1965-66	2	7	..	4	6	20
1966-67	3	10	1	4	7	26
1967-68	3	9	1	4	8	25
1968-69	3	8	..	7	11	29
1969-70	5	8	..	8	10	31
1970-71	4	8	(b)	9	(d)12	33
1971-72	5	7	1	15	10	38
1972-73	8	11	(b)	14	(d)16	49
TOTAL						
1963-64	..	16	1		15	32
1964-65	2	21	..		19	41
1965-66	1	16	1	6	12	38
1966-67	1	18	1	6	13	39
1967-68	3	18	1	9	14	45
1968-69	2	17	2	4	17	41
1969-70	4	13	1	9	17	44
1970-71	6	14	(b)	7	(d)20	47
1971-72	4	11	2	23	21	61
1972-73	17	20	(b)	(b)	(e)87	124

(a) Details are not available of income receivable in Australia on either portfolio investment and institutional loans or on Australian holdings of foreign government securities. (b) Not available for publication - included in 'Other countries'. (c) Includes Papua New Guinea. (d) Includes U.S.A. and Canada. (e) Includes U.S.A., Canada and Papua New Guinea.

SECTION VI. LEVELS OF INVESTMENT AND OTHER
SUPPLEMENTARY INFORMATION ON AUSTRALIAN INVESTMENT OVERSEAS

TABLE 31. - LEVEL OF OVERSEAS BRANCH
LIABILITIES TO AUSTRALIAN HEAD OFFICES, BY COUNTRY
(\$A million)

At 30 June -	United Kingdom	New Zealand	U.S.A. and Canada	Papua New Guinea	Other countries	Total
1963	12	39	4		102	157
1964	13	44	4		107	168
1965	12	32	5		86	135
1966	10	36	6	73	20	145
1967	11	35	6	82	25	159
1968	7	31	6	89	25	159
1969	7	29	7	99	29	171
1970	10	30	4	87	27	158
1971	7	32	7	91	30	167
1972	11	40	9	97	33	191
1973	12	50	11	103	31	207

TABLE 32. - LEVEL OF INTERCOMPANY INDEBTEDNESS OF
OVERSEAS SUBSIDIARIES TO RELATED COMPANIES IN
AUSTRALIA, BY COUNTRY
(\$A million)

At 30 June -	United Kingdom	New Zealand	U.S.A. and Canada	Papua New Guinea	Other countries	Total
1963	4	7	1		7	19
1964	7	10	..		12	29
1965	3	5	..		16	25
1966	7	8	..	6	10	31
1967	6	7	1	9	6	29
1968	12	7	1	4	13	37
1969	18	10	1	14	13	56
1970	45	14	3	20	9	91
1971	39	14	5	23	10	91
1972	24	16	10	21	13	85
1973	25	18	12	38	21	114

TABLE 33. - LEVEL OF OTHER LIABILITIES OF OVERSEAS BRANCHES AND
SUBSIDIARIES TO RELATED COMPANIES IN AUSTRALIA, BY COUNTRY
(\$A million)

At 30 June -	United Kingdom	New Zealand	U.S.A. and Canada	Papua New Guinea	Other countries	Total
1963	11	41	..		32	84
1964	13	45	..		31	89
1965	14	51	1		63	128
1966	17	65	..	22	51	156
1967	17	67	1	26	52	163
1968	17	61	2	38	53	172
1969	24	67	3	50	53	197
1970	33	77	4	109	65	289
1971	28	87	4	125	76	321
1972	33	103	4	164	96	399
1973	33	99	5	163	92	392

TABLE 34. - LEVEL OF OTHER LIABILITIES OF COMPANIES OVERSEAS TO COMPANIES IN AUSTRALIA, BY COUNTRY (a)
(\$A million)

At 30 June -	United Kingdom	New Zealand	U.S.A. and Canada	Papua New Guinea	Other countries	Total
1963	15	49	4		35	103
1964	20	53	4		33	110
1965	21	65	4		65	156
1966	24	80	10	22	55	191
1967	30	93	6	26	57	212
1968	23	70	18	39	60	210
1969	34	79	24	38	64	238
1970	48	89	24	110	77	350
1971	38	98	35	137	88	396
1972	47	115	46	187	110	504
1973	46	118	43	186	110	501

(a) Excludes holdings by Australian individuals of shares, debentures, etc. in overseas companies and holdings of foreign government securities.

TABLE 35. - OUTFLOW OF AUSTRALIAN INVESTMENT IN COMPANIES OVERSEAS, BY NATURE OF MOVEMENT
(\$A million)

Year	Changes in the level of overseas branch liabilities to Australian head offices (a)	Changes in the level of intercompany indebtedness of overseas subsidiaries to related companies in Australia (b)	Changes in the level of other liabilities of companies overseas to Australian investors (paid up value) (c)	Adjustments (d)	Undistributed profits of overseas subsidiaries (e)	Investment in companies overseas by Australian individuals	Total
1963-64	12	10	7	-29	13	-9	3
1964-65	-34	-4	46	5	20	-8	25
1965-66	10	6	35	-22	16	-6	39
1966-67	14	-2	20	4	15	-9	42
1967-68	..	9	-2	18	18	5	48
1968-69	12	18	28	-10	21	-7	62
1969-70	-13	35	112	-21	19	-1	131
1970-71	9	..	47	1	22	-2	77
1971-72	24	-6	108	-13	33	-27	119
1972-73	16	29	-3	2	81	-2	123

(a) See Table 31. (b) See Table 32. (c) See Table 34. (d) See paragraph 15 of the explanatory notes. (e) See Table 27.

APPENDIX A : GLOSSARY OF TERMS USED IN THIS BULLETIN

Branches
Branch liabilities to head office
Companies
Direct investment
Direct investors
Direct shareholders in subsidiaries
Distributed income
Dividends payable
E.E.C.
Equity
Head offices of branches
I.B.R.D.
Inflow of investment
Intercompany indebtedness of subsidiaries
Interest payable
Investment income
Investors
Other direct investment
Other liabilities
Other related companies
Outflow of investment
Overseas
Portfolio investment and institutional loans
Public authority securities
Related companies
Subsidiaries
Undistributed income
Undistributed profits of subsidiaries
Unremitted profits of branches

Branches : offices in Australia of companies incorporated overseas or offices in separate overseas countries of companies incorporated in Australia, the value of whose net liabilities to head office exceeds \$A10,000 or whose annual net profit or loss exceeds \$A10,000. Australian branches of companies overseas include other Australian offices of companies overseas where a branch register is maintained in Australia but exclude companies in Australia which are incorporated overseas but which have no business operations in Australia other than an account with a bank in Australia. Overseas branches of companies in Australia exclude companies overseas which are incorporated in Australia but which have no business operations overseas other than an account with a bank overseas. However, the short-term assets represented by the bank accounts overseas are included as Australian portfolio investment overseas for those companies included in the surveys of overseas investment.

Branch liabilities to head office : total liabilities of a branch to its head office less total liabilities of the head office to the branch. Australian branch liabilities to overseas head offices include net liabilities to overseas branches of the head office.

Companies : incorporated and unincorporated businesses and other organisations. Excludes companies which have no business operations in a country other than an account with a bank in that country.

Direct investment : all investment in branches and subsidiaries by direct investors and other related companies except branch liabilities, for interest, goods and services, to related companies overseas other than head offices of the Australian branches. Although conceptually it is considered more appropriate that direct investment (as measured in the survey of overseas investment) should also include this presently omitted category, it has not yet been practicable.

Direct investors : (a) head offices of branches, and
(b) direct shareholders in subsidiaries.

Direct shareholders in subsidiaries : a direct overseas shareholder in an Australian subsidiary is either :

- (a) a single overseas resident (individual or company) or a group of related companies in the one overseas country whose shareholding is 25 per cent or more of the ordinary shares or voting stock of a company in Australia; or, if this condition does not apply,
- (b) residents of one overseas country whose combined shareholding is 50 per cent or more of the ordinary shares or voting stock of a company in Australia.

A direct Australian shareholder is a company in Australia whose shareholding is 25 per cent or more of the ordinary shares or voting stock of a company overseas.

Distributed income on direct investment : profits and interest remitted by branches to head office and dividends and interest payable by subsidiaries to the direct shareholders. Income payable overseas on direct overseas investment in Australia also includes that payable to other related companies overseas.

Dividends payable : amounts of dividends (net of withholding tax) declared and credited to the shareholders in the books of the company. Dividends credited to direct shareholders but not remitted during the same period are included in both 'distributed income' and 'other direct investment'.

E.E.C. : European Economic Community (other than United Kingdom) – France, Federal Republic of Germany, Italy, Netherlands, Belgium, Luxembourg, Denmark and Eire.

Equity : ordinary shares or voting stock.

Head offices of branches : principal office of a company in the country in which it is incorporated.

I.B.R.D. : International Bank for Reconstruction and Development.

Inflow of investment : net amounts of changes in the levels of investment by overseas residents in Australia arising from the flow (not necessarily across national boundaries) of funds, goods and services. Increases in investment in Australia by overseas investors are offset by withdrawals of investment from Australia by overseas investors. A negative (–) inflow of investment denotes an excess of withdrawals over increases in investment. Inflows of direct overseas investment are measured in terms of the net increase in each category of investment by related companies overseas in the Australian branch or subsidiary. Consequently, loans from Australian branches and subsidiaries to related companies overseas are treated as negative (–) inflows rather than positive (+) outflows.

Intercompany indebtedness of subsidiaries :

- . **Australian subsidiaries of companies overseas** – amounts owing to related companies overseas, *less* amounts owing by related companies overseas, for dividends, interest, imports, exports, royalties, management fees and other goods and services.
- . **Overseas subsidiaries of companies in Australia** – amounts owing to related companies in Australia, *less* amounts owing by related companies in Australia, for dividends, interest, imports, exports, royalties, management fees and other goods and services.

Interest payable : amounts of interest (net of withholding tax) payable to investors and credited in the books of the company. *Excludes* accrued interest not credited in the books of the company. Interest credited to the direct investors but not remitted is included in both 'distributed income' and 'other direct investment'.

Investment income : amounts payable to investors in the form of dividends, profits (including undistributed profits of subsidiaries and unremitted profits of branches) and interest after all taxes have been paid.

Investors : individuals or companies to which there is the immediate liability. In the case of investment through nominees, the investor is the individual or company on whose behalf the securities concerned are held by the nominee.

Other direct investment : investment, other than undistributed income, in branches and subsidiaries by the direct investors and other related companies. *Excludes* liabilities of branches to other related companies for interest, goods and services. *Includes* dividends and interest credited to the direct investors and other related companies but not remitted.

Other liabilities : all liabilities (other than branch liabilities to head office and intercompany indebtedness of subsidiaries) for shares, loans, advances, deposits, debentures, notes, bank overdrafts, mortgages, long-term trade credit with unrelated companies, etc.

Other related companies : companies, other than the direct investors and other than overseas branches and subsidiaries of companies in Australia –

- (a) in which the direct investors hold, directly or indirectly, more than 50 per cent of the ordinary shares or voting stock, and in the case of other related companies overseas, also –
- (b) companies which hold, directly or indirectly, more than 50 per cent of the ordinary shares or voting stock of companies which are direct investors,
- (c) companies, other than the direct investors, in which companies included in (b) above hold, directly or indirectly, more than 50 per cent of the ordinary shares or voting stock.

Outflow of investment : net amounts of changes in the levels of investment overseas by residents of Australia arising from the flow (not necessarily across national boundaries) of funds, goods and services. Increases in investment overseas by Australian investors are offset by withdrawals of investment from overseas by Australian investors. A negative (–) outflow of investment denotes an excess of withdrawals over increases in investment. Outflows of direct investment are measured in terms of the net increase in each category of investment by related companies in Australia in overseas branches and subsidiaries. Consequently, loans from overseas branches and subsidiaries to related companies in Australia are treated as negative (–) outflows rather than positive (+) inflows.

Overseas : countries other than Australia. *Includes* Papua New Guinea, Norfolk Island and other external territories of Australia. Overseas branches and subsidiaries of companies in Australia are also regarded as being resident overseas.

Portfolio investment and institutional loans : investment in companies other than direct investment, i.e. investment other than investment by related companies in branches and subsidiaries.

Public authority securities : Australian and State government, semi-government and local authority securities.

Related companies : direct investors and other related companies. Overseas branches and subsidiaries of companies in Australia are not regarded as related companies overseas.

Subsidiaries : an *Australian subsidiary* of a company overseas is a company in Australia, other than a branch, in which

- (a) a single overseas resident (individual or company) or a group of related companies in the one overseas country holds 25 per cent or more of the equity, or, if this condition does not apply,
- (b) residents of one overseas country combined hold 50 per cent or more of the equity,

together with other companies in Australia in which the Australian subsidiary holds, directly or indirectly, more than 50 per cent of the equity.

An *overseas subsidiary* of a company in Australia is a company overseas other than a branch, in which a company in Australia holds 25 per cent or more of the equity. In principle, companies overseas in which the combined Australian shareholding is 50 per cent or more would also be included but it is not practicable to ascertain the total investment by Australian shareholders in individual companies overseas.

Undistributed income on direct investment : unremitted profits of branches and undistributed profits of subsidiaries.

Undistributed profits of subsidiaries : equity of direct investors in the net earnings of a company during the year, less tax payable on those earnings and less dividends declared during the year whether relating to earnings of the same year or not. Net earnings are in general based on income for taxation purposes. However, certain deductions allowable for taxation purposes (e.g. mining and petroleum exploration capital expenditure, Export Market Development Allowance, Investment Allowance for Manufacturing Plant, previous years' losses, etc.) are not deducted in calculating net earnings. Undistributed profits of Australian subsidiaries also includes undistributed income accruing to the subsidiary from related companies in Australia.

Unremitted profits of branches : net earnings (after tax) during the year, less remittances of earnings to the head office during the year, irrespective of the year to which the earnings relate. Net earnings of branches are in general similar to those for subsidiaries. Also included is undistributed income accruing to the branch of other companies related to the branch.

APPENDIX B : TREATMENT OF LIFE INSURANCE COMPANIES

1. The equity of policy holders in the assurance funds of life insurance companies is regarded as being held by the policy holders in all countries. (In the case of non-mutual companies shareholders also have an equity in assurance funds. Such equity is generally much less than the equity of policy holders and has not been taken into account in these statistics.) The value of the assets of Australian life insurance companies in overseas countries, accordingly, cannot be taken to represent the equity of the companies' Australian policy holders in those assets and therefore, the value of such assets is not included in the tables showing the value at the end of each year of various items of overseas investment. Similarly, no significant amounts of income derived by Australian life insurance companies in overseas countries could be regarded as accruing to Australian policy holders. In view of this, and also because of the practical difficulties of measuring any such amounts, no life insurance transactions are included in the statistics of investment income and unremitted profits in this bulletin.

2. Because of the considerations outlined above, the annual movements in the value of the assets of Australian life insurance companies in overseas countries are not regarded as representing a flow of investment between Australia and overseas, except in so far as they are due to remittances between Australia and overseas. These remittances are normally made in order to bring assets located in the overseas countries into line with commitments in those countries or for other investment purposes, and accordingly they are treated as capital transactions for the purposes of balance of payments statistics.

3. Similar considerations apply to overseas life insurance companies with branches in Australia.

4. The remittances between Australia and overseas by Australian and overseas life insurance companies are shown in Table 25.

APPENDIX C : TREATMENT OF FIRE, MARINE AND GENERAL INSURANCE AND REINSURANCE TRANSACTIONS

1. The treatment of fire, marine and general insurance and reinsurance transactions in these statistics is, as far as practicable, on a basis comparable with treatments of other types of business. However, it is outlined here, as there are a number of special aspects.
2. Returns for the purpose of these statistics are collected from the following categories of insurance organisations (other than life insurance) :
 - (i) **Australian branches and chief agents of overseas insurance companies.**
Returns from these branches, etc. include particulars in respect of reinsurance business ceded to overseas reinsurers. In the case of an associated group of companies whose controlling office in Australia is a branch of an overseas insurance company, that branch submits one consolidated statistical return which covers the whole of the group's business in Australia, irrespective of whether individual companies in the group are incorporated in Australia or overseas.
 - (ii) **Australian offices of specialist overseas reinsurance companies.**
 - (iii) **Australian agents of overseas insurance brokers.**
 - (iv) **Australian insurance companies** (other than those covered by consolidated returns under (i) above) which operate branches overseas. These companies report particulars of their transactions with overseas reinsurers and their transactions with their overseas branches.
 - (v) **Australian insurance companies** (other than those covered by consolidated returns under (i) above) which do not operate branches overseas. These companies report particulars of their transactions with overseas reinsurers.
3. For the purpose of measuring capital transactions of branches of insurance companies, etc. reference is made to the value of their net overseas liabilities. This includes their net liabilities to head office and to overseas reinsurers. For example, the return of an Australian branch of an overseas insurance company would show the value of the company's net overseas liabilities in Australia, comprising the excess of total Australian assets over total Australian liabilities (which include provisions for outstanding losses and claims and reserves for unearned premiums); the term 'net overseas liabilities in Australia' is used to distinguish assets physically located in Australia from head office capital items which may, for some purposes, be regarded as applicable to Australian risks but which do not involve flows of capital into Australia. In general, increases in net overseas liabilities in Australia are due to remittances from overseas head offices, head office charges for services to the branches, and net earnings in Australia, offset to an extent by remittances from the Australian offices to the overseas head offices.
4. Tables dealing with inflows of capital (e.g. Table 3) include particulars of increases in the value of net overseas liabilities in Australia of branches and chief agents of overseas insurance companies, and particulars of increases in the value of net overseas liabilities in Australia of overseas reinsurers (including assets held on behalf of overseas reinsurers by Australian branches and chief agents of overseas insurance companies and assets held by Australian offices of overseas specialist reinsurance companies). Particulars with respect to the operations of agents for overseas insurance brokers, which are included only for periods since 1956-57 inclusive, are compiled on a somewhat different basis. When the 'net amount accruing' to the overseas brokers (see paragraph 5 below) exceeds the net remittances to the brokers during the same period, a positive entry equal to the amount of the excess is included in the tables dealing with inflows of capital (a negative entry is made if net remittances exceed the net amount accruing). For periods since 1956-57 inclusive an entry is also included in those tables in respect of net capital movements arising from transactions between Australian insurance companies and overseas reinsurers.
5. Since 1956-57 the figures for investment income payable overseas by Australia include 'net earnings' from Australia by overseas insurers and reinsurers. In general 'net earnings' relate to premiums and investment income received, less claims, expenses and taxes, after provision for outstanding losses and claims and for reserves for unearned premiums (this basis is somewhat modified in certain cases particularly in respect of marine insurance). The 'net earnings' of the Australian offices of branches and chief agents of overseas insurance companies and of overseas specialist reinsurers are based on business

'retained' by these offices and include reinsurance business ceded to these offices but exclude local and overseas reinsurance ceded by these offices (the business ceded overseas by these offices is included in the earnings of overseas reinsurers described below). In addition, the figures for investment income payable overseas by Australia include 'net earnings' in Australia by overseas reinsurers. 'Net earnings' for this category are on the same basis as described above and cover all classes of overseas reinsurance business ceded by Australian insurance companies and the Australian offices of overseas insurance and reinsurance companies net of offsetting reciprocal reinsurance business ceded to companies in Australia by overseas reinsurers. It is not generally practicable to compile particulars of 'net earnings' of the agents of overseas insurance brokers on the same basis as that adopted for other companies and for this category the figures for investment income payable overseas by Australia include particulars of the 'net amount accruing' to the overseas brokers (i.e. premiums and investment income received, less claims, expenses and taxes before provision for outstanding losses and claims and for reserves for unearned premiums).

6. Particulars of income payable overseas in respect of insurance and reinsurance transactions were not collected for years prior to 1956-57 on the basis set out in paragraph 5, but estimates for these years are included in Table 9. As it has not been practicable to dissect these estimates between 'remitted' and 'unremitted' profits, the total estimated amount payable has been included as 'remitted' profits.

7. In tables dealing with outflows of capital from Australia (e.g. Table 25) and with income receivable in Australia from overseas countries (Table 29), the amounts included in respect of insurance and reinsurance transactions are less important than in the case of tables dealing with inflows of capital and with income payable overseas. In Table 29, particulars of insurance and reinsurance are included as from 1956-57. The treatment adopted in the tables dealing with outflows of capital and income receivable from overseas is similar in principle to the treatment described above, but it has been modified in certain respects to take account of differences in the circumstances. In particular, there are no transactions corresponding to the operations of Australian agents of overseas insurance brokers or Australian offices of overseas specialist reinsurance companies, and particulars of 'reciprocal' reinsurance ceded to companies in Australia by overseas reinsurers are offset against business ceded to the overseas reinsurers (see paragraph 5 above).

**APPENDIX D : RELATIONSHIP OF OVERSEAS INVESTMENT STATISTICS
IN THIS BULLETIN TO BALANCE OF PAYMENTS ESTIMATES**

The Balance of Payments table and item numbers shown here are taken from *Balance of Payments 1971-72* (Reference No. 8.1).

Balance of Payments table and item

Corresponding table and item in this bulletin

Table 2. - Balance of Payments

Current Account

Invisibles - 8 Property income -

- 8.1 Direct investment -
 - 8.11 Undistributed - Credit
 - Debit
 - 8.12 Distributed - Credit
 - Debit
- 8.4 Other - Debit

- Table 30 - Undistributed income - Total
- Table 8 - Undistributed income
- Table 30 - Distributed income - Total
- Table 8 - Distributed income
- Table 8 - Portfolio investment and institutional loans

Capital Accounts (Net)

Private - 14 Overseas investment in Australian companies -
Non-Monetary

- 14.1 Direct investment -
 - 14.11 Undistributed income
 - 14.12 Other
- 14.2 Portfolio investment and institutional loans

- Table 1 - Undistributed income
- Other direct investment
- Portfolio investment and institutional loans

15 Australian investment overseas -

- 15.1 Direct investment -
 - 15.11 Undistributed income
 - 15.12 Other
- 15.2 Portfolio investment and institutional loans

- Table 25 - Undistributed income
- Other direct investment
- Portfolio investment and institutional loans
- Net overseas remittances of life insurance companies

16 Other private investment

APPENDIX E : RELATED STATISTICS ON OVERSEAS INVESTMENT

Overseas Borrowing Statistics

1. In September 1971, a survey of overseas borrowings by companies in Australia was introduced to provide more timely and comprehensive information than is available from the survey of overseas investment.

2. The survey of overseas borrowings is primarily concerned with obtaining more frequent (quarterly) and more detailed information on one major component ('overseas borrowings') of private capital inflow into Australia, which is measured only in broad annual aggregates in the survey of overseas investment. In particular, the survey provides some important additional classifications of overseas borrowings, namely, type of overseas lender, repayment terms for outstanding overseas borrowings, anticipated repayments and currencies in which the borrowings are expressed.

3. Both the survey of overseas investment and the survey of overseas borrowings are concerned with measuring capital inflow into companies in Australia. However, while the scope of the survey of overseas borrowings is restricted to overseas borrowings by companies in Australia, the survey of overseas investment aims at measuring all main forms of overseas investment in companies in Australia. The main additional forms of overseas investment in companies which are included in the survey of overseas investment but not in the survey of overseas borrowings are ordinary and preference shares, and undistributed income payable overseas by direct investment companies in Australia. In addition, the survey of overseas investment measures investment by Australians in companies overseas and the income flows related to both capital inflows and outflows.

4. While the scope, concepts and definitions of the two surveys are largely consistent, there are some relatively small conceptual differences between the surveys. Ultimately, both surveys will be placed on a fully consistent basis in respect of concepts and definitions. The main conceptual differences at present between overseas borrowings as defined in that survey and the broadly comparable component of the survey of overseas investment are given below.

(a) **Netting of flows of borrowings other than branch liabilities and intercompany indebtedness.** The survey of overseas investment is concerned with recording both inflows of investment from overseas and outflows of investment from Australia. Accordingly, when an Australian subsidiary lends to related companies overseas, the survey of overseas investment records this as a negative inflow (offsetting the investment in Australia of these related companies). However, for overseas borrowings other than branch liabilities and intercompany indebtedness, the survey of overseas borrowings does not measure overseas lending by companies in Australia and therefore would not record any reduction in outstanding net liabilities of the Australian subsidiary to related companies overseas. This represents a basic conceptual difference between the two surveys which will remain. The amounts concerned are thought to be minor.

(b) **Preference shares.** Overseas investment in preference shares in companies in Australia is excluded by definition from the survey of overseas borrowings and included in the survey of overseas investment. Since, in the tables on levels of overseas investment in Australian subsidiaries, the survey of overseas investment combines preference shares with overseas borrowings, there are disparities between the overseas borrowings component of the survey of overseas investment and overseas borrowings as defined in the survey of overseas borrowings. The amounts involved in overseas holdings of preference shares in companies in Australia was estimated to be approximately \$50 million at 30 June 1973.

(c) **Nominee holdings of debentures, etc.** Debentures and similar non-equity securities issued by companies in Australia and held by nominees in Australia on behalf of overseas residents are included in the survey of overseas investment but are excluded from the survey of overseas borrowings. It is thought that the amounts involved are not significant.

5. In the past, the treatment of mining exploration expenditure has differed between the two surveys. However, this difference has now been eliminated and the treatment is now consistent. A fuller description is included in paragraphs 64-66 of the Explanatory Notes to this bulletin.

6. A comparison between the surveys in relation to the two main aggregates of private capital inflow which are compiled in the survey of overseas investment and used in the Australian balance of payments, namely, 'direct investment' and 'portfolio investment and institutional loans', is as follows :

A. Direct investment

(a) Undistributed income

Collected in survey of overseas investment but not in survey of overseas borrowings

(b) Other direct investment

. inflow of other direct investment as defined in survey of overseas investment

plus

. lending by companies in Australia to related companies overseas (not collected in survey of overseas borrowings but recorded in survey of overseas investment as a negative capital inflow)

minus

. investment in ordinary and preference shares in Australian subsidiaries by their direct overseas shareholders and other related companies overseas (not collected in survey of overseas borrowings but included in survey of overseas investment)

equals

. survey of overseas borrowings concept of net borrowings by Australian branches and subsidiaries of companies overseas from related companies overseas.

B. Portfolio investment and institutional loans

. portfolio investment and institutional loans as defined in survey of overseas investment

minus

. investments in ordinary and preference shares in companies in Australia by unrelated companies overseas (not collected in survey of overseas borrowings but recorded in survey of overseas investment)

. overseas investment in debentures and similar securities (except shares) issued by companies in Australia and held by nominees in Australia on behalf of overseas residents

equals

. survey of overseas borrowings concept of net borrowings by Australian branches and subsidiaries of companies overseas from unrelated companies overseas, and net borrowing by other companies in Australia and overseas.

7. Statistics of overseas borrowings have been published in the following bulletins :

- . *Overseas Borrowings by Companies in Australia* (Reference No. 5.39), September quarter 1971 and December quarters 1972 and 1973.
- . *Overseas Borrowings by Companies in Australia (preliminary)* (Reference No. 5.41), December quarter 1971 to June quarter 1974.

Foreign Ownership and Control Statistics

8. A series of studies of foreign participation in key Australian industries and resources is currently being undertaken by the Bureau to expand and update the studies produced several years ago; results of these earlier studies were released in the bulletins *Overseas Participation in Australian Mining Industry 1968* (Reference No. 10.42) and *Overseas Participation in Australian Manufacturing Industry 1962-63 and 1966-67, Part I - Overseas Ownership* (Reference No. 12.19) and *Part II - Overseas Control* (Reference No. 12.20).

9. The first of the new series of studies have been published in the bulletins *Foreign Ownership and Control of the Mining Industry, 1971-72* (Reference No. 10.42) and *Foreign Ownership and Control of the Mining Industry 1972-73* (Reference Nos 10.73 - "Advance Release" and 10.42). Work is proceeding on studies of foreign participation in other key industries.

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NOTE. Inquiries concerning these statistics may be made in Canberra by telephoning Mr P. Parsons on 527911 extension 5604 or, in each State capital, by telephoning the office of the Australian Bureau of Statistics.