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FOREIGN INVESTMENT 1978-79 (PRELIMINARY)

INQUIRIES

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MAIN FEATURES

Foreign investment in Australia during 1978-79 was a record $3,321m, $359m higher than the previous record in 1977-78.

Of the total net inflow, foreign investment in enterprises was $1,964m, $648m higher than the previous year, while investment in government securities was $1,357m, $288m less than the previous year.

Income payable abroad in 1978-79 was a record $2,156m, surpassing the previous record of $1,833m in 1977-78.

Australian investment abroad in 1978-79 was $189m, compared with $186m in the previous year and $252m in 1976-77.

Direct investment income receivable from abroad in 1978-79 was a record $252m, $16m higher than the previous record in 1977-78.

ANALYSIS OF MAJOR AGGREGATES

Foreign investment in Australia

The total net inflow of identified foreign investment in Australia in 1978-79 was a record $3,321m, a rise of $359m over the $2,962m recorded in 1977-78. The increase was solely attributable to a rise of $648m in foreign investment in enterprises which more than offset a decrease of $288m in foreign investment in government securities. The overall increase was mainly attributable to increased investment from UK (up $484m), Japan (up $480m) and the 'other countries' group (up $461m). The principal contributor to the last group was Switzerland which increased investment, primarily in government securities, from $53m to $567m. (Note that, in the case of investment in government securities, the country classification reflects the currency in which the securities are repayable.) Direct investment inflow was $1,365m in 1978-79, up $334m on the previous year's figure of $1,031m. Enterprises continued the pattern evident in recent years of retaining a significant proportion of direct investment income in Australia with undistributed income being a record $791m, $141m higher than the previous year and $119m higher than the 1976-77 record. Other direct investment rose by $193m to $574m. Increases in branch liabilities to head office (up $142m), intercompany indebtedness of subsidiaries (up $221m) and borrowings (up $73m) more than offset a turnaround in investment in corporate equities from an inflow of $155m in the previous year to a withdrawal of $87m in 1978-79 (down $242m). This withdrawal was largely caused by a substantial purchase of shares (financed by foreign portfolio borrowing) by an Australian subsidiary of a foreign company from another foreign company.

2. Portfolio investment and institutional loans increased by $315m to $600m in 1978-79, consisting of a turnaround in investment in corporate equities from a withdrawal of $36m in 1977-78 to an inflow of $132m in 1978-79 (up $168m) and increased borrowings (up $146m).

3. As in previous years, the UK and USA were the major sources of investment in enterprises in 1978-79, contributing $885m and $740m respectively.

4. Industries receiving the most significant amounts of investment in 1978-79 were oil distribution ($527m), commerce ($208m) and 'other industries' ($347m). A significant amount of the investment in 'other industries' was caused by borrowings by those public trading enterprises included in this class.

Investment income payable abroad

5. Total income payable on foreign investment in Australia in 1978-79 was a record $2,156m, $323m higher than the previous record of $1,833m in 1977-78. This was the result of increases in income payable on direct investment (up $121m), on portfolio investment and institutional loans (up $56m) and on government securities (up $145m).

6. Major recipient countries of investment income payable were USA and UK, recording increases of $91m (to $978m) and $124m (to $757m) respectively.

7. Enterprises in the oil distribution industry recorded direct investment income payable abroad of $269m, up $51m on the previous year, while mining and quarrying industry enterprises recorded $256m (down $14m), founding, engineering and metal working enterprises $181m (up $35m) and chemicals and allied products and oil refining enterprises $161m (up $31m).

Australian investment abroad

8. Total net outflow of identified Australian investment abroad was $189m in 1978-79, up $3m on the previous year. Main movements were in undistributed income (up $54m to $139m), other direct investment (down $32m to $62m) and portfolio investment (a turnaround of $21m resulting in a withdrawal of $13m).

9. Of the $189m outflow, $55m was invested in USA and Canada and another $48m was invested in the 'other countries' group (Hong Kong was a significant recipient country within the latter group).

Income receivable on Australian direct investment abroad

10. Income receivable on Australian direct investment abroad was a record $252m in 1978-79, $16m higher than the previous year. Papua New Guinea ($61m) and New Zealand ($55m) were the major individual countries involved.

EXPLANATORY NOTES

Introduction

This publication contains preliminary estimates for 1978-79 of foreign investment in Australia, Australian investment abroad and associated income flows. For purposes of comparison, details are also shown for the years 1976-77 and 1977-78. Figures for these earlier years have been revised to incorporate the latest available amendments. The statistics for all three years are subject to further revision when the final publication *Foreign Investment 1978-79* (5305.0) is released later this year. For information regarding the basis of the figures and more detailed figures for earlier years, reference should be made to *Foreign Investment 1977-78* released on 29 August 1979.

Related publications

2. This publication and the final publication (5305.0) are supplemented by the quarterly publications *Foreign Investment in Enterprises in Australia* 5307.0 (preliminary) and 5306.0 (final) and are consistent with them in terms of concepts and definitions, although broader in scope. Foreign investment statistics are also contained in the *Balance of Payments* publications (5301.0, 5302.0 and 5303.0) and the relationship between the corresponding annual publications is set out in *Foreign Investment* (5305.0).

3. All current publications produced by the ABS are listed in the *Catalogue of Publications* (1101.0) which is available free of charge from any ABS office.

Symbols and other usages

— nil or rounded to zero

4. In the tables relating to the inflow as well as those relating to the outflow of investment, increases in investment by some investors are offset against withdrawals of investment by other investors. A negative value denotes an excess of withdrawals of investment over increases in investment.

5. All figures have been rounded and discrepancies may occur between sums of the component items and totals.

R. J. CAMERON
Australian Statistician

TABLE 1. INFLOW OF TOTAL FOREIGN INVESTMENT IN AUSTRALIA, BY BROAD TYPE OF INVESTMENT
($A million)

	Investment in enterprises in Australia			*Investment in government securities repayable in –*			
	Direct investment				*Foreign currencies to –*		
Year	*Undistributed income*	*Other direct investment*	*Portfolio investment and institutional loans*	*Australian currency*	*Foreign countries*	*I.B.R.D.*	*Total*
1976-77	672	420	452	18	361	–4	1,919
1977-78	650	381	285	33	1,616	–4	2,962
1978-79	791	574	600	7	1,354	–4	3,321

TABLE 2. INFLOW OF TOTAL FOREIGN INVESTMENT IN AUSTRALIA, BY COUNTRY
($A million)

	E.E.C.							
Year	*United Kingdom*	*Other (a)*	*U.S.A.*	*Canada*	*Japan*	*Other countries*	*I.B.R.D.*	*Total*
1976-77	355	526	752	70	138	81	–4	1,919
1977-78	372	1,170	980	–14	384	74	–4	2,962
1978-79	856	389	687	–6	864	535	–4	3,321

(a) Begium, Denmark, France, Federal Republic of Germany, Ireland, Italy, Luxembourg and Netherlands.

TABLE 3. INFLOW OF FOREIGN INVESTMENT IN ENTERPRISES IN AUSTRALIA, BY TYPE OF INVESTMENT
($A million)

	Direct investment							*Portfolio investment and institutional loans*			
			Other direct investment								
	Undistributed income										
Year	*Branches*	*Subsidiaries*	*Corporate equities*	*Branch liabilities to head office*	*Inter-company indebtedness*	*Borrowings*	*Total*	*Corporate equities*	*Borrowings*	*Total*	*Total*
1976-77	52	621	33	53	319	15	1,093	–60	511	452	1,544
1977-78	138	512	155	60	46	120	1,031	–36	321	285	1,316
1978-79	9	782	–87	202	267	193	1,365	132	467	600	1,964

TABLE 4. INFLOW OF FOREIGN INVESTMENT IN ENTERPRISES IN AUSTRALIA, BY COUNTRY AND BROAD TYPE OF INVESTMENT
($A million)

	E.E.C.						
Year	*United Kingdom*	*Other*	*U.S.A.*	*Canada*	*Japan*	*Other countries*	*Total*
			UNDISTRIBUTED INCOME				
1976-77	314	4	261	29	46	19	672
1977-78	385	–10	245	–21	–	52	650
1978-79	514	6	241	2	4	23	791
			OTHER DIRECT INVESTMENT				
1976-77	72	159	193	–7	40	–37	420
1977-78	98	59	154	8	123	–61	381
1978-79	308	21	380	–12	58	–181	574
			PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS				
1976-77	–14	104	176	49	53	83	452
1977-78	–79	17	215	–	78	54	285
1978-79	63	21	119	5	207	185	600
			TOTAL				
1976-77	373	267	630	71	138	65	1,544
1977-78	404	66	613	–14	201	46	1,316
1978-79	885	47	740	–4	269	27	1,964

TABLE 5. INFLOW OF FOREIGN INVESTMENT IN ENTERPRISES IN AUSTRALIA, BY BROAD TYPE OF INVESTMENT AND INDUSTRY (a)

($A million)

	1976-77			1977-78			1978-79		
	Direct investment	*Portfolio investment and institutional loans*	*Total*	*Direct investment*	*Portfolio investment and institutional loans*	*Total*	*Direct investment*	*Portfolio investment and institutional loans*	*Total*
Primary production –									
1. Agriculture, forestry and fishing	16	3	19	18	−2	15	15	−1	14
2. Mining and quarrying	−38	59	21	20	46	66	−105	85	−20
3. Oil exploration and production	−18	7	−11	29	2	31	137	25	162
Total primary production	*−41*	*69*	*29*	*66*	*46*	*112*	*47*	*108*	*155*
Manufacturing –									
4. Founding, engineering and metal working (b)	113	93	206	48	−41	7	82	28	110
5. Vehicles, parts and accessories (c)	24	11	35	32	7	40	61	23	84
6. Electrical goods, equipment, cables, etc.	83	−9	73	7	−3	3	62	11	73
7. Food, drink and tobacco	92	8	100	73	−31	42	89	5	94
8. Chemicals and allied products (d)	98	−6	92	118	−7	104	149	−2	139
9. Oil refining			–			6			8
10. Cement, bricks, glass and stone	16	8	25	22	5	27	22	−11	11
11. Yarns, textiles, clothing, footwear and accessories	8	−4	3	5	−3	3	−9	−2	−10
12. Paper and paper products, printing, book binding and photography	27	6	34	30	−4	25	−19	3	−16
13. Other manufacturing (e)	26	12	38	13	5	18	104	−34	70
Total manufacturing	*487*	*120*	*607*	*347*	*−71*	*276*	*541*	*21*	*562*
Other industries –									
14. Insurance (f)	110	–	110	177	7	184	94	−19	75
15. Banking	29	25	17	53	−72	−54	18	46	28
16. Other finance and property			37			35			36
17. Primary produce dealing	11	11	22	−19	97	78	348	97	−82
18. Oil distribution	153	53	206	224	79	303			527
19. Commerce	282	65	347	142	−3	139	223	−16	208
20. Building and construction	13	−4	9	27	6	33	−10	6	−5
21. Transport, storage and communication	26	111	137	−9	128	119	33	81	113
22. Other industries	23	1	24	23	68	91	71	276	347
Total other industries	*647*	*262*	*909*	*618*	*310*	*928*	*777*	*470*	*1,247*
Total	**1,093**	**452**	**1,544**	**1,031**	**285**	**1,316**	**1,365**	**600**	**1,964**

(a) Brackets are used to combine industries where the details of one of those industries are not available for separate publication. (b) Includes extracting and refining. (c) Includes assembly and repairs. Excludes aircraft and ships. (d) Consists of chemicals, dyes, explosives, paints and non-mineral oils. (e) Includes aircraft and ships. (f) Excludes life insurance.

TABLE 6. INCOME PAYABLE ON TOTAL FOREIGN INVESTMENT IN AUSTRALIA, BY TYPE OF INCOME

($A million)

	Investment income payable abroad by enterprises in Australia on –									
	Direct investment				*Portfolio investment and institutional loans*					
Year	*Undistributed income*	*Remitted profits and dividends payable*	*Interest payable*	*Total*	*Dividends*	*Interest*	*Total*	*Total*	*Interest paid on foreign holdings of government securities (a)*	*Total*
1976-77	672	540	122	1,335	77	179	256	1,591	114	1,705
1977-78	650	611	113	1,374	84	213	297	1,671	162	1,833
1978-79	791	579	126	1,495	88	265	353	1,849	307	2,156

(a) Interest paid on foreign holdings of securities repayable in Australian and foreign currencies including interest paid to the I.B.R.D.

TABLE 7. INCOME PAYABLE ON TOTAL FOREIGN INVESTMENT IN AUSTRALIA, BY COUNTRY AND BROAD TYPE OF INCOME
($A million)

Year	E.E.C. United Kingdom	E.E.C. Other	U.S.A.	Canada	Japan	Other countries	Total
UNDISTRIBUTED INCOME							
1976-77	314	4	261	29	46	19	672
1977-78	385	−10	245	−21	–	52	650
1978-79	514	6	241	2	4	23	791
DISTRIBUTED INCOME ON DIRECT INVESTMENT							
1976-77	155	14	438	7	16	32	663
1977-78	167	17	474	16	15	34	723
1978-79	149	15	487	7	18	29	705
INCOME PAYABLE ON PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS							
1976-77	69	37	68	3	16	63	256
1977-78	71	48	87	3	19	70	297
1978-79	84	60	102	2	31	73	353
INTEREST ON GOVERNMENT SECURITIES (a)							
1976-77	9	31	43	–	2	(a)28	114
1977-78	11	34	81	–	2	(a)33	162
1978-79	9	77	147	–	37	(a)37	307
TOTAL							
1976-77	548	86	810	39	79	142	1,705
1977-78	633	90	887	−2	36	190	1,833
1978-79	757	158	978	11	90	162	2,156

(a) Includes interest payable on I.B.R.D.

TABLE 8. INCOME PAYABLE ON DIRECT FOREIGN INVESTMENT IN ENTERPRISES IN AUSTRALIA, BY INDUSTRY (a)
($A million)

Industry	1976-77	1977-78	1978-79
Primary production –			
1. Agriculture, forestry and fishing	−2	−5	10
2. Mining and quarrying	272	270	256
3. Oil exploration and production	80	116	82
Total primary production	*349*	*381*	*348*
Manufacturing –			
4. Founding, engineering and metal working (b)	147	146	181
5. Vehicles, parts and accessories (c)	59	−21	28
6. Electrical goods, equipment, cables, etc.	49	25	36
7. Food, drink and tobacco	115	101	109
8. Chemicals and allied products (d)	} 101	130	161
9. Oil refining			
10. Cement, bricks, glass and stone	18	17	19
11. Yarns, textiles, clothing, footwear and accessories	8	8	15
12. Paper and paper products, printing, book binding and photography	25	35	27
13. Other manufacturing (e)	24	23	46
Total manufacturing	*547*	*464*	*620*
Other industries –			
14. Insurance (f)	107	149	95
15. Banking	} −15	55	−2
16. Other finance and property			
17. Primary produce dealing	−1	−10	12
18. Oil distribution	176	218	269
19. Commerce	125	64	113
20. Building and construction	12	12	3
21. Transport, storage and communication	16	16	17
22. Other industries	19	25	21
Total other industries	*439*	*528*	*527*
Total	**1,335**	**1,374**	**1,495**

(a) Brackets are used to combine industries where the details of one of those industries are not available for separate publication. (b) Includes extracting and refining. (c) Includes assembly and repairs. Excludes aircraft and ships. (d) Consists of chemicals, dyes, explosives, paints, and non-mineral oils. (e) Includes aircraft and ships. (f) Excludes life insurance.

TABLE 9. OUTFLOW OF TOTAL AUSTRALIAN INVESTMENT ABROAD, BY TYPE OF INVESTMENT
($A million)

	Direct investment									
	Undistributed income		*Other direct investment*							
Year	*Branches*	*Subsidiaries*	*Branch liabilities to head office*	*Other*	*Total*	*Portfolio investment and institutional loans*	*Total*	*Investment in foreign government securities*	*Net remittances abroad by life insurance enterprises*	*Total*
1976-77	−1	100	46	110	255	3	257	–	−6	252
1977-78	−19	104	24	70	179	8	187	1	−1	186
1978-79	6	133	19	43	202	−13	189	1	−1	189

TABLE 10. OUTFLOW OF TOTAL AUSTRALIAN INVESTMENT ABROAD, BY COUNTRY
($A million)

	E.E.C.							
Year	*U.K.*	*Other*	*New Zealand*	*U.S.A. and Canada*	*Papua New Guinea*	*A.S.E.A.N. (a)*	*Other countries*	*Total*
1976-77	28	9	70	60	26	17	42	252
1977-78	71	−4	45	−1	25	23	28	186
1978-79	17	2	16	55	18	33	48	189

(a) Indonesia, Malaysia, Philippines, Singapore and Thailand.

TABLE 11. INCOME RECEIVABLE ON AUSTRALIAN DIRECT INVESTMENT IN FOREIGN ENTERPRISES, BY TYPE OF INCOME (a)
($A million)

	Undistributed income		*Distributed income*			
Year	*Branches*	*Subsidiaries*	*Remitted profits of branches*	*Dividends of subsidiaries*	*Interest*	*Total*
1976-77	−1	100	24	59	7	190
1977-78	−19	104	33	113	3	236
1978-79	6	133	27	79	7	252

(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 12. INCOME RECEIVABLE ON AUSTRALIAN DIRECT INVESTENT IN FOREIGN ENTERPRISES, BY COUNTRY (a)
($A million)

	E.E.C.							
Year	*U.K.*	*Other*	*New Zealand*	*U.S.A. and Canada*	*Papua New Guinea*	*A.S.E.A.N.*	*Other countries*	*Total*
1976-77	34	−3	54	8	39	17	42	190
1977-78	30	−6	59	3	62	21	67	236
1978-79	35	11	55	5	61	37	49	252

(a) See footnote (a), Table 11 above.