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**INTERNATIONAL INVESTMENT POSITION, AUSTRALIA
SEPTEMBER QUARTER 1995**

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CATALOGUE NO. 5306.0

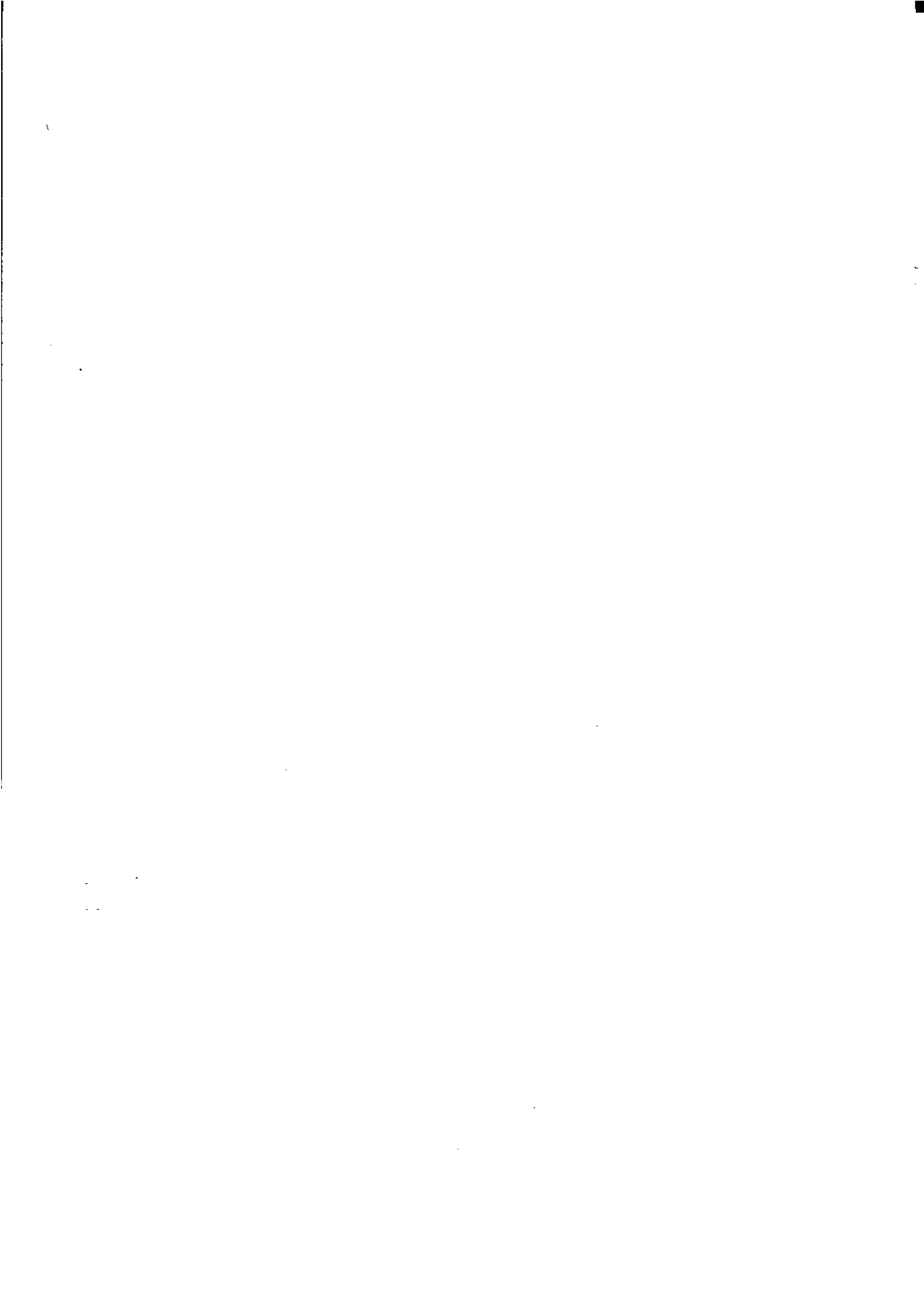
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INQUIRIES

- *for further information about statistics in this publication* and the availability of related unpublished statistics, contact Ms Karen MacLennan on Canberra (06) 252 5502, Mr Chris Kervin on (06) 252 5386 or any ABS State office.
 - *for information about other ABS statistics and services* please refer to the back page of this publication.
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MAIN FEATURES
NET INTERNATIONAL INVESTMENT POSITION AND INCOME — SUMMARY

	June qtr 1995(a)	Sept. qtr 1995	Percentage Change	
			June qtr 1995 to Sept. qtr 1995	Sept. qtr 1994 to Sept. qtr 1995
	— \$A million —		— per cent —	
Net foreign liabilities at end of quarter —				
Net equity	77,267	87,638	13.4	6.0
Net debt (b)	181,228	180,723	-0.3	10.9
Net other	325	529	62.8	18.9
Total	258,820	268,890	3.9	9.3
Net investment income payable abroad during quarter	4,965	4,174	-15.9	1.3

(a) Revisions to previously published estimates are explained in the note on page 7. (b) Foreign borrowing by Australian residents less the sum of reserve assets and Australian lending abroad.

September quarter 1995

Net foreign liabilities of Australian residents at 30 September 1995 totalled \$268,890 million. This was an increase of \$10,070 million, or 3.9 per cent, on the revised estimate of the position one quarter earlier.

- The increase during the September quarter 1995 consisted of an inflow of \$6,183 million due to **net capital transactions** (the balance on capital account in the balance of payments); **exchange rate variations** of -\$1,340 million associated with the appreciation of the Australian dollar against other currencies; and **other changes** of \$5,227 million in the value of net foreign liabilities, mainly due to revaluations of issued shares and securities.
- Underlying the increase during the September quarter 1995 was an increase in **foreign investment in Australia** (up \$5,197 million) and a decrease in **Australian investment abroad** (down \$4,872 million). The rise in **foreign investment in Australia** was due to an increase in equity holdings by non-residents in Australian enterprises (up \$9,470 million) partly offset by a decrease in foreign borrowing (down \$4,157 million). The fall in **Australian investment abroad** stemmed from decreases in lending to non-residents (down \$2,128 million), reserve assets (down \$1,525 million) and equity holdings by Australian residents in foreign enterprises (down \$900 million).

Net foreign debt at 30 September 1995 was \$180,723 million, down \$505 million (0.3%) on the revised estimate of the position a quarter earlier.

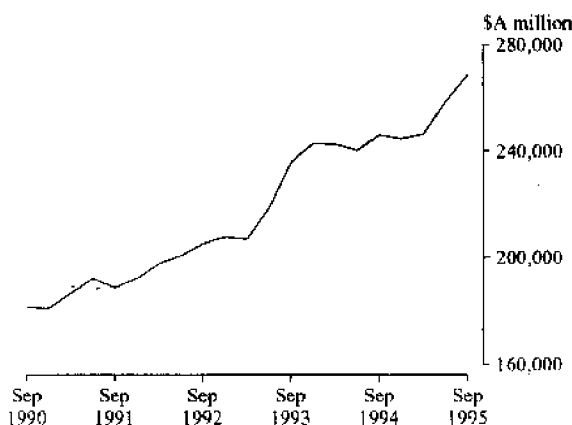
- The decrease during the September quarter 1995 resulted from **exchange rate variations** of -\$4,748 million, associated with the appreciation of the Australian dollar against other currencies, which more than offset the increases arising from **net capital transactions** of \$2,805 million and **other changes** of \$1,438 million.

- The ratio of **net foreign debt to GDP** for the year ended September 1995 was 39.3 per cent, down 0.6 percentage points on the ratio a quarter earlier.

Net investment income payable abroad during the September quarter 1995 was \$4,174 million, down \$791 million (15.9%) on the amount payable in the June quarter 1995 and up \$52 million (1.3%) on the amount payable in the September quarter 1994.

- The decrease in the September quarter 1995 over the June quarter 1995 resulted from a fall of \$895 million in **income payable on foreign investment in Australia**. This fall was due to a decrease of \$1,058 million in **income payable on equity**.
- The ratio of **net investment income to exports of goods and services** for the year ended September 1995 was 19.5 per cent, down 0.6 percentage points on the ratio a quarter earlier.

**GRAPH 1: AUSTRALIA'S NET FOREIGN LIABILITIES (a)
AT END OF QUARTER**



(a) Level of foreign investment in Australia less level of Australian investment abroad.

ANALYSIS OF RESULTS

INTERNATIONAL INVESTMENT POSITION - SUMMARY

(\$A million)

	Changes in levels during September quarter 1995				Level at 30 Sept 1995	Investment Income during Sept quarter 1995
	Level at 30 June 1995	Capital Transactions	Exchange Rate Variations	Other Changes		
Foreign Investment in Australia—						
Equity liabilities	165,287	4,889	-44	4,626	174,757	2,565
Borrowing(a)	223,289	1,486	-6,631	988	219,131	3,123
Other Investment	8,723	-384	-24	293	8,607	5
Total	397,298	5,992	-6,700	5,906	402,496	5,693
Australian Investment Abroad—						
Equity Assets	88,019	1,406	-3,442	1,136	87,119	1,140
Reserve Assets	20,184	-310	-839	-376	18,659	124
Lending	21,877	-1009	-1045	-74	19,749	252
Other Investment	8,397	-278	-34	-7	8,078	2
Total	138,478	-192	-5,360	679	133,605	1,519
Net International Investment Position and Income(b)—						
Net Equity Liabilities	77,267	3,484	3,397	3,490	87,638	1,425
Net Debt(c)	181,228	2,805	-4,748	1,438	180,723	2,746
Net Other Investment	325	-106	10	299	529	3
Net Foreign Liabilities	258,820	6,183	-1,340	5,227	268,890	4,174

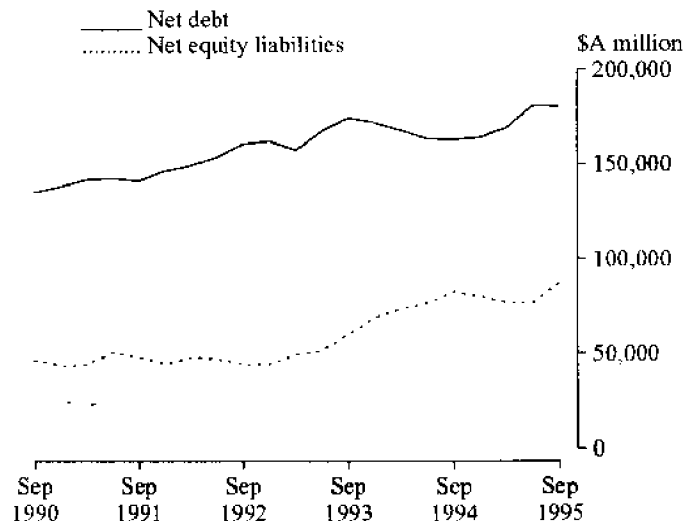
(a) Gross foreign debt. (b) Net international investment position equals foreign investment in Australia less Australian investment abroad. (c) Foreign borrowing by Australian residents less the sum of reserve assets and Australian lending abroad.

Australia's international investment position at 30 September 1995

Australia's net international investment position at 30 September 1995 consisted of net foreign liabilities of \$268,890 million. This was an increase of \$10,070 million (3.9%) on the position a quarter earlier and resulted from:

- net capital transactions of \$6,183 million;
- exchange rate variations of -\$1,340 million associated with the appreciation of the Australian dollar against other currencies; and
- other changes of \$5,227 million.

GRAPH 2: NET FOREIGN DEBT AND EQUITY LIABILITIES AT END OF QUARTER



The level of net foreign liabilities at 30 September 1995 represented the difference between the level of:

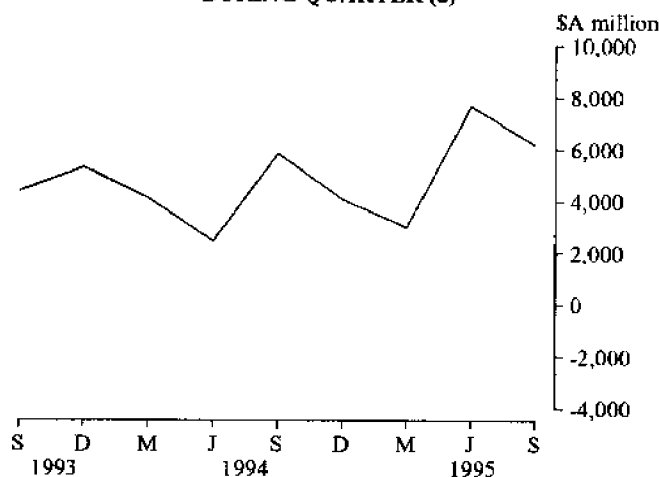
- foreign investment in Australia of \$402,496 million; and
- Australian investment abroad of \$133,605 million.

The level of net foreign liabilities consisted of:

- *net foreign debt* of \$180,723 million (67.2%);
- *net equity liabilities* of \$87,638 million (32.6%); and
- *net other investment* of \$529 million (0.2%).

During the September quarter 1995, the level of net equity liabilities increased by 13.4 per cent and net foreign debt decreased by 0.3 per cent.

GRAPH 3: NET CAPITAL TRANSACTIONS DURING QUARTER (a)

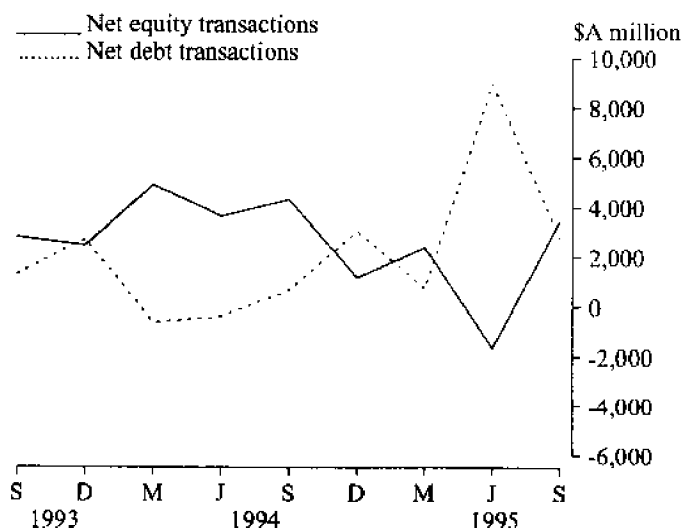


(a) Net capital transactions cover net equity, net debt and net other investment transactions

The inflow of investment from *net capital transactions* during the September quarter 1995 resulted from:

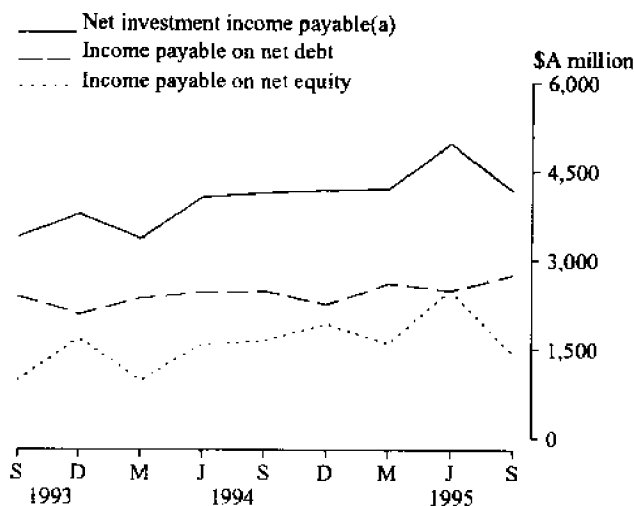
- a net inflow of \$5,992 million, due to additional liabilities incurred on foreign investment in Australia; and
- a net inflow of \$192 million, due to a decrease in Australian investment abroad.

GRAPH 4: NET EQUITY AND DEBT TRANSACTIONS DURING QUARTER



Contributing to this outcome on capital transactions were net inflows of \$3,484 million for net equity investment and \$2,805 million for net foreign debt.

GRAPH 5: NET INVESTMENT INCOME DURING QUARTER



(a) Net investment income payable covers income payable on net debt, net equity and net other investment.

Net investment income payable abroad during the September quarter 1995 was \$4,174 million, arising from income payable on foreign investment in Australia of \$5,693 million less income receivable on Australian investment abroad of \$1,519 million. Net investment income payable fell by \$791 million, or 15.9 per cent, on the amount recorded for the June quarter 1995 (due to a decrease of \$895 million in income payable on foreign investment in Australia).

Net investment income payable abroad mainly consisted of:

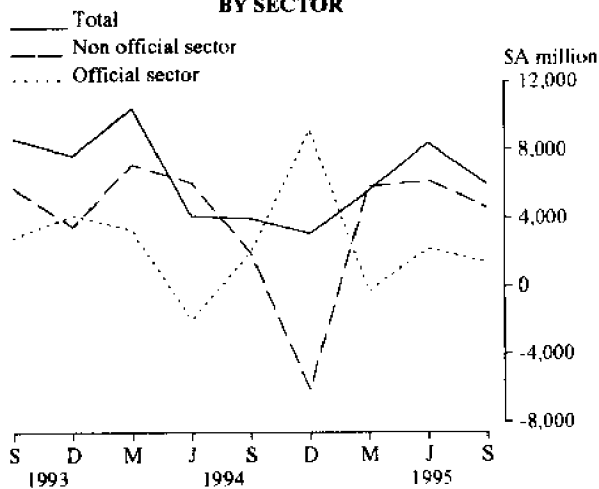
- \$2,746 million interest payable on net foreign debt; and
- \$1,425 million investment income payable on net equity liabilities.

Capital transactions (investment flows) in the September quarter 1995

Foreign investment in Australia

A net inflow of \$5,992 million was recorded for foreign investment in Australia during the September quarter 1995. This was a decrease of \$2,409 million on the net inflow of \$8,401 million recorded for the previous quarter. This decrease resulted from a fall of \$4,541 million in borrowing and a turnaround of \$876 million (to an outflow) in other investment, partly offset by an increase of \$3,007 million in equity investment.

**GRAPH 6: FOREIGN INVESTMENT IN AUSTRALIA:
CAPITAL TRANSACTIONS DURING QUARTER
BY SECTOR**



Foreign investment in the *official sector* in Australia decreased \$848 million, from a net inflow of \$2,214 million in the June quarter 1995 to a net inflow of \$1,366 million in the September quarter 1995. The major flows within this sector were:

- a decrease of \$1,339 million in the net inflow from general government borrowing domiciled abroad, from \$3,898 million to \$2,559 million; and
- a decrease of \$497 million in the net outflow from general government borrowing domiciled in Australia, from \$1,668 million to \$1,171 million.

The net inflow of foreign investment in the *non-official sector* in Australia decreased \$1,561 million, from \$6,187 million in the June quarter 1995 to \$4,626 million in the September quarter 1995.

The decrease of \$1,561 million, in this inflow was the net result of a number of much larger movements. Contributing to the decrease were:

- a turnaround of \$5,902 million in borrowing by the private sector from unrelated foreign lenders, from a net inflow of \$4,307 million to a net outflow of \$1,595 million;
- a turnaround of \$1,334 million in borrowing from direct investors, from a net inflow of \$1,296 million to a net outflow of \$38 million; and
- a turnaround of \$739 million in accounts payable /prepayments received, from a net inflow of \$365 million to a net outflow of \$374 million.

These changes were partly offset by:

- a turnaround of \$3,516 million in borrowing by the public sector, from a net outflow of \$1,812 million to a net inflow of \$1,704 million; and
- an increase of \$3,177 million in the net inflow from foreign portfolio investment in corporate equities from \$183 million to \$3,360 million.

Australian investment abroad

A net inflow (withdrawal) of \$192 million was recorded for Australian investment abroad in the September quarter 1995, representing a turnaround of \$907 million on the net outflow of \$715 million for the previous quarter.

The withdrawal of Australian investment abroad by the *official sector* decreased from \$1,051 million in the June quarter 1995 to \$290 million in the September quarter 1995. This was mainly due to a decrease of \$708 million in the net inflow (sales) of reserve assets, from \$1,018 million to \$310 million.

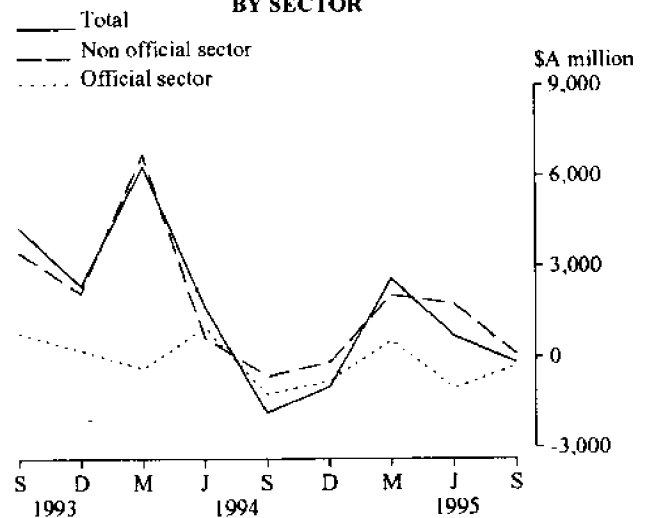
A decrease of \$1,667 million in the net outflow was recorded for investment abroad by the *non-official sector*, from \$1,765 million in the June quarter 1995 to \$98 million in the September quarter 1995. This result was mainly due to:

- a turnaround of \$1,848 million in Australian portfolio investment in foreign corporate equities, from a net outflow (purchases) of \$1,807 million to a net inflow (sales) of \$41 million;
- a turnaround of \$936 million in lending by the public sector to unrelated foreign enterprises, from a net outflow of \$399 million to a net inflow of \$537 million;
- a turnaround of \$542 million in accounts receivable /prepayments made, from a net outflow of \$195 million to a net inflow of \$347 million; and
- a decrease of \$457 million in Australian direct investment in foreign corporate equities, from a net outflow (purchases) of \$861 million to \$404 million.

These changes were partly offset by:

- a turnaround of \$1,781 million in lending by the private sector to unrelated foreign enterprises, from a net inflow of \$1,161 million to a net outflow of \$620 million.

**GRAPH 7: AUSTRALIAN INVESTMENT ABROAD:
CAPITAL TRANSACTIONS DURING QUARTER
BY SECTOR**



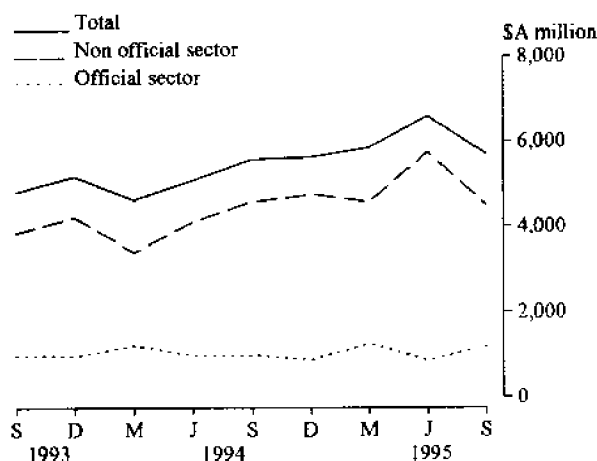
Investment income in the September quarter 1995

Income payable on foreign investment in Australia

Income payable on foreign investment in Australia was \$5,693 million in the September quarter 1995, a decrease of \$895 million (13.6%) on the June quarter 1995 estimate. Income payable (including re-investment of earnings) on equity holdings by non-residents in Australian enterprises accounted for \$2,565 million (45.1%) of the total investment income payable, down \$1,058 million (29.2%) on the previous quarter's estimate.

Income payable by the *official sector* was \$1,195 million, up \$339 million (39.6%) on the amount payable in the previous quarter. Income payable by the *non-official sector* fell \$1,235 million (21.5%) to \$4,497 million.

GRAPH 8: INCOME PAYABLE ON FOREIGN INVESTMENT IN AUSTRALIA DURING QUARTER BY SECTOR



An increase of \$300 million was recorded for interest payable on general government borrowing domiciled in Australia largely reflecting the biannual interest payments of securities issued by the Commonwealth government.

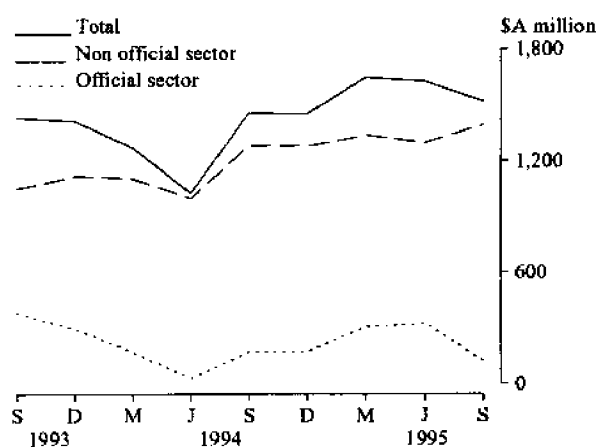
The largest decreases in income payable by the non-official sector were recorded for:

- dividends payable on direct investment in Australian corporate equities (down \$592 million);
- profits remitted to direct investors (down \$213 million); and
- interest payable on private sector borrowing from unrelated foreign lenders (down \$127 million).

Income receivable on Australian investment abroad

Income receivable on Australian investment abroad during the September quarter 1995 was \$1,519 million, a decrease of \$105 million on the previous quarter's estimate. Income receivable by the *official sector* (almost entirely interest on reserve assets) fell by \$202 million (61.8%) to \$125 million. Income receivable by the *non-official sector* rose by \$96 million (7.4%) to \$1,393 million.

GRAPH 9: INCOME RECEIVABLE ON AUSTRALIAN INVESTMENT ABROAD DURING QUARTER BY SECTOR



Exchange rate variations in the September quarter 1995

Between 30 June 1995 and 30 September 1995, the Australian dollar appreciated 6.55 per cent against the United States dollar, 9.05 per cent against the German mark, 23.54 per cent against the Japanese yen and 7.30 per cent against the United Kingdom pound. On a trade weighted basis, the Australian dollar appreciated 11.16 per cent.

These movements in the Australian dollar against other currencies have resulted in negative exchange rate variations being recorded for both foreign financial assets and foreign liabilities.

Other changes in levels in the September quarter 1995

Apart from capital transactions and exchange rate variations, there were also *other changes* in Australia's net foreign liabilities during the quarter which accounted for an increase of \$5,227 million in net liabilities. This increase represented the net effect of *other changes* in the level of foreign investment in Australia of \$5,906 million, partly offset by *other changes* in the level of Australian investment abroad of \$679 million.

These other changes in the level of *foreign investment in Australia* and *Australian investment abroad* during the quarter were largely due to revaluations of issued shares and securities. In the case of *foreign investment in Australia*, price increases accounted for an increase of approximately \$ 5,023 million in the level of investment. Reflected in this amount were: share price increases which accounted for increases of approximately \$3,380 million in the level of foreign portfolio investment in corporate equities and about \$890 million in the level of foreign direct investment in corporate equities; and price increases for debt securities which added about \$753 million to the level of foreign borrowing. Share price increases on foreign share markets accounted for an increase of approximately \$957 million in the level of Australian investment abroad in foreign equities.

Levels of investment at 30 September 1995

Foreign investment in Australia

The level of foreign investment in Australia was \$402,496 million at 30 September 1995, an increase of \$5,197 million on the level at 30 June 1995. Making up the change in levels were:

- a net inflow of \$5,992 million from capital transactions;
- exchange rate changes of -\$6,700 million; and
- other changes of \$5,906 million.

The *official sector* accounted for \$77,420 million, or 19.2 per cent, of the total level of foreign investment in Australia at 30 September 1995. The *non-official sector* accounted for the remaining \$325,076 million, or 80.8 per cent.

When analysed by instrument of investment, foreign investment in Australia, at 30 September 1995, consisted of the following:

- *foreign borrowing* of \$219,131 million (54.5%);
- *equity investment* of \$174,757 million (43.4%); and
- *other investment* of \$8,607 million (2.1%).

Australian investment abroad

The level of Australian investment abroad was \$133,605 million at 30 September 1995, a decrease of \$4,872 million on the level at 30 June 1995. Making up the change in levels were:

- a net inflow (withdrawal) of \$192 million from capital transactions;
- exchange rate changes of -\$5,360 million; and
- other changes of \$679 million.

The level of investment abroad by the *official sector* (mainly holdings of reserve assets) was \$21,441 million, representing 16.0 per cent of the total level of Australian investment abroad, while the *non-official sector* accounted for the remaining 84.0 per cent (\$112,164 million). Equity assets accounted for 77.7 per cent of the level of non-official sector investment abroad.

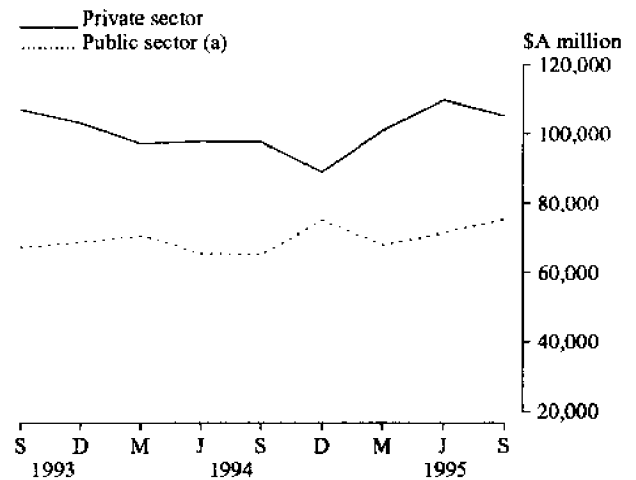
Australia's foreign debt

At 30 September 1995, Australia's *net foreign debt* was \$180,723 million, down \$505 million on the level at 30 June 1995.

The level of *net foreign debt* at 30 September 1995 was made up of borrowing from non-residents (*gross foreign debt*) of \$219,131 million, partly offset by reserve assets and Australian lending abroad of \$38,408 million.

The *public sector* (official and non-official) held \$75,375 million or 41.7 per cent of total net foreign debt at 30 September 1995, up 2.3 percentage points on the previous quarter. The *private sector* held \$105,348 million or 58.3 per cent compared with 60.6 per cent a quarter earlier.

GRAPH 10: LEVELS OF PUBLIC AND PRIVATE SECTORS NET FOREIGN DEBT AT END OF QUARTER



(a) Includes official and non-official public sector.

Within the public sector, the *official sector* accounted for \$58,691 million or 32.5 per cent of total net foreign debt while the *non-official sector* accounted for \$16,684 million or 9.2 per cent.

As the summary table shows, the decrease in net foreign debt during the September quarter was due to exchange rate variations of -\$4,748 million being greater than the increases from net capital transactions of \$2,805 million and other changes of \$1,438 million.

At 30 September 1995, 51.9 per cent (\$113,749 million) of Australia's foreign borrowing was denominated in foreign currencies and 48.1 per cent (\$105,382 million) in Australian dollars. US dollars represented the largest currency of borrowing, comprising \$81,685 million or 71.8 per cent of foreign currency borrowing. Of the amount denominated in Australian dollars, \$68,393 million (64.9%) was domiciled abroad with the remaining \$36,989 million domiciled in Australia.

Release date for December quarter 1995 issue

The expected release date for the December quarter 1995 issue of *International Investment Position, Australia* (\$306.0) is 1 March 1996.

REVISIONS

Since the last issue of this publication, revisions have been made to estimates of capital transactions, levels of international investment and investment income for the September quarter 1994, the December quarter 1994, the March quarter 1995 and the June quarter 1995. The revisions are summarised in the table below.

The revisions have been largely caused by:

- late or incorrect reporting by some existing providers in the *ABS Survey of Foreign Investment*;
- reallocation of amounts previously recorded in other changes, in Tables 1 to 3, in previous issues of this publication; and
- reconciliation of data reported by a number of large providers in the *ABS Survey of Foreign Investment* with data reported by those same providers in another ABS Survey, the *Survey of Balance Sheet Information*; and
- the incorporation of initial estimates from new providers identified in the 1995 coverage survey.

To maintain the timeliness of this publication, it is the usual practice to include interim entries, for reconciliation purposes, in other changes in levels for the reference quarter. These interim entries cover revisions to levels and changes in levels for earlier periods that are taken into account in the closing levels estimates for the reference quarter, but cannot be incorporated in the estimates for earlier periods in the time available. These interim entries are subsequently reallocated to the appropriate periods and reflected in the revised figures published in the subsequent issues of this publication.

REVISIONS SUMMARY TABLE
(SA million)

	<i>Change in this publication</i>			
	<i>September quarter 1994</i>	<i>December quarter 1994</i>	<i>March quarter 1995</i>	<i>June quarter 1995</i>
Capital transactions —				
Foreign investment in Australia	-538	61	43	434
Australian investment abroad	-17	61	372	248
<i>Net</i>	-521	0	-329	186
Investment income —				
Foreign investment in Australia	-7	56	16	17
Australian investment abroad	3	-15	29	106
<i>Net</i>	-10	71	-13	-89
Level of foreign debt —				
Foreign investment in Australia	464	584	753	713
Australian investment abroad	280	452	381	-31
<i>Net</i>	184	132	372	744
Level of equity and other investment —				
Foreign investment in Australia	165	405	557	1268
Australian investment abroad	645	601	2311	3112
<i>Net</i>	-480	-196	-1754	-1844
Total level of investment —				
Foreign investment in Australia	628	988	1310	1980
Australian investment abroad	924	1052	2693	3083
<i>Net</i>	-296	-64	-1383	-1103

COUNTRY OF DESTINATION OF AUSTRALIAN DIRECT INVESTMENT IN FOREIGN CORPORATE EQUITIES

1. Introduction

The country classification scheme that is employed in ABS statistics on Australian investment abroad (AIA) is based on the country of residence of the foreign entity, having a liability to Australia, that is the immediate foreign debtor. It does not necessarily reflect the country of final application of funds.

Recently there has been increasing interest in tracing the use of funds from Australia to the country and industry of final application of these funds. In particular, the Department of Foreign Affairs and Trade (DFAT) expressed an interest in such statistics to assist it in its analyses of the relationship between AIA and Australia's international trade, and the changing regional focus of Australia's economic relations. As these statistics are not available, DFAT commissioned the ABS in 1994 to examine avenues to collect and/or compile supplementary statistics to satisfy this requirement.

This article provides an outline of the work commissioned by DFAT; the definitions and country classification scheme central to ABS statistics on AIA; the methodology that was developed to compile supplementary statistics on direct investment in foreign corporate equities classified according to the country in which the immediate foreign debtor subsequently invests; and an analysis of these supplementary statistics.

2. Background

In 1994 the ABS undertook a feasibility study for DFAT to assess the possibility of conducting an exploratory survey to collect supplementary data on AIA which would indicate the country of final application of funds. The study also involved an investigation of the use of published company annual reports in conjunction with existing ABS statistics to compile supplementary statistics which looked through those foreign affiliates (the immediate foreign debtor) that controlled enterprises in third countries. In looking through such affiliates the intention was to reclassify the Australian direct investors' holdings in them to the countries of the enterprises that the affiliates controlled.

The first part of the study found that it was not feasible to collect international investment position data, classified by the country in which the funds are finally applied, from Australian investors due mainly to problems of data availability and provider load. The second part of the study resulted in the compilation of supplementary statistics on Australian direct investment abroad (ADIA) in corporate equities. The methodology that was developed to compile these supplementary statistics is examined in Section 5 of this article and Section 6 analyses the additional information these statistics provide on the country destination of Australia's direct investment abroad.

3. Conceptual Framework and Definitions

Australian investment abroad (AIA) refers to financial claims on foreign residents held by Australian residents. *Residents* of Australia consist of those economic units with a closer association with the 'territory' of Australia than with any other territory. For enterprises, the country of residence is the country of operation of the enterprise, irrespective of whether the enterprise is incorporated or unincorporated in that country, or whether it is locally or foreign controlled.

Australian residents:

include enterprises such as branches and subsidiaries operating in Australia that are owned or controlled by non-residents

exclude enterprises operating abroad that are owned or controlled by Australian residents.

The concept of *direct investment* is broadly one of capital invested in an enterprise by an investor (called a *direct investor*) having a significant influence, either potentially or actually exercised, over the key policies of the enterprise (called a *direct investment enterprise*). The investor may be an individual or an enterprise.

A direct investment relationship is deemed to exist between a direct investment enterprise and a direct investor having an equity interest in the direct investment enterprise of at least 10%.

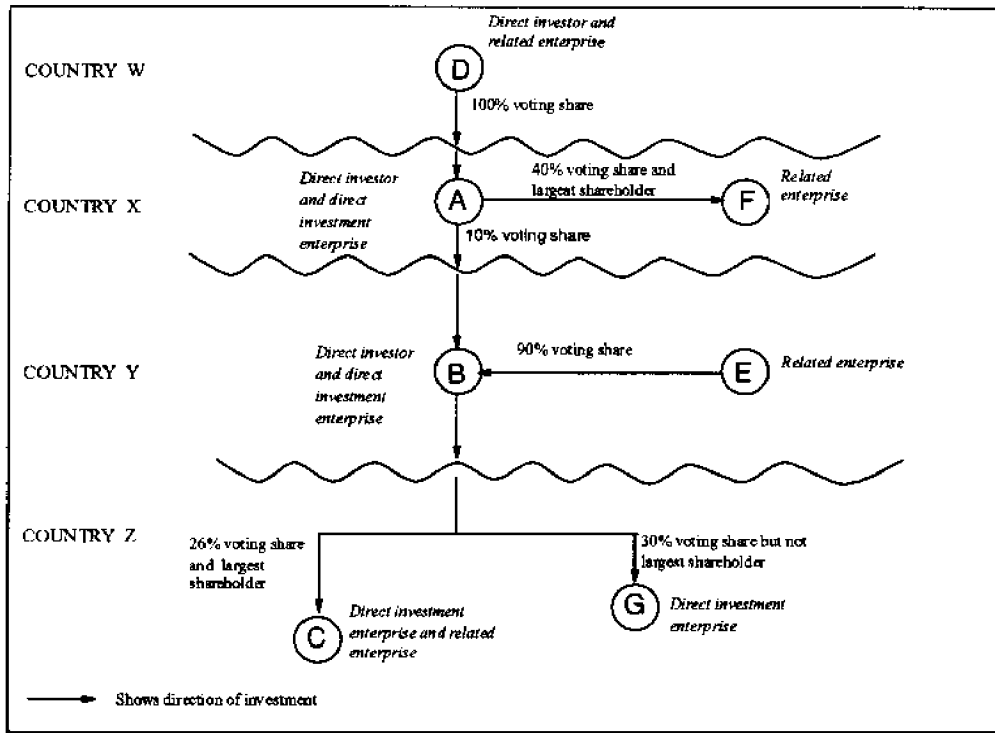
The direct investment relationship is deemed to extend to *other related enterprises*; these are defined as enterprises the direct investment enterprise controls, but not enterprises which control it, and enterprises the direct investor controls as well as enterprises which control it.

One enterprise is considered to be *controlled* by another enterprise if it is connected to the latter enterprise by an ownership link, or chain of ownership links, whereby the latter enterprise owns 25% or more of the voting shares (or equivalent equity interest) in the first enterprise and is also the largest investor in that enterprise.

When a direct investment relationship exists, the classification of claims and liabilities to either Australian investment abroad or foreign investment in Australia depends on the direction of the equity link which underlies the establishment of the direct investment relationship. In calculating Australian direct investment abroad, any liabilities of the Australian enterprise to the foreign enterprise are netted against the financial claims of the Australian enterprise on the foreign enterprise. Similarly, netting of financial claims and liabilities occurs in arriving at foreign direct investment in Australia.

The application of these concepts to AIA can be illustrated in Diagram 1.

DIAGRAM 1: DIRECT INVESTMENT RELATIONSHIPS



If country X is taken to be Australia, AIA includes investment by A (direct investor) in B (direct investment enterprise), but does not include investment by B in C (related enterprise) or G (unrelated enterprise). In AIA statistics classified by country, A's investment in B would be shown as a claim by Australia on country Y (the country of residence of B) not a claim on country Z. Similarly, B's investment in C and G would be shown as a claim of country Y on country Z in statistics of country Y.

4. Country Classification

The country dissection of ABS statistics on Australian investment abroad shows the country of the holder of the liability to an Australian resident. It does not necessarily reflect the country of final application of funds. For example, if country X in Diagram 1 is again taken as Australia, ABS statistics would show AIA in country Y. This basis of country attribution reflects the country of residence of the foreign debtor and is an application of the change-of-ownership concept underlying balance of payments statistics, documented in the International Monetary Fund (IMF) *Balance of Payments Manual* (BPM). For practical reasons, the country of incorporation of the foreign debtor is assigned as the country of residence.

The IMF *Balance of Payments Compilation Guide* indicates that, if an analyst wants information on the ultimate source of income of an enterprise investing abroad, a concept other than the change-of-ownership principle would be required in the partner country classification (paragraph 835).

AIA statistics which identified the country of final destination of funds would differ in a number of respects from statistics obtained by classifying according to the residence of the immediate foreign debtor. These statistics would take into account enterprises in the chain of ownership. For example, in Diagram 1, the chain of ownership starts at D and extends from A to B and F, and from B to C and G (and any enterprises beyond these).

Diagram 1 illustrates various direct investment relationships and it is possible to look through some of the direct investment enterprises to the countries of the enterprises that they control. If country X is once again taken to be Australia, the study undertaken for DFAT can be described as only examining the direct investment relationship between A and B and the channelling of funds through one link in the chain, that is, through B (the direct investment enterprise) to enterprises which it controls (C in Diagram 1). It did not attempt to capture the full extent of the redistribution of funds that might have occurred. It also did not attempt to look through Australian enterprises that were both recipients of direct investment (direct investment enterprises) and providing direct investment (direct investors).

5. Supplementary Statistics Methodology

Annual reports for selected Australian enterprise groups classified as direct investors in the ABS's Survey of Foreign Investment were used to identify direct equity investment by the immediate foreign debtor in related enterprises. This information was then used in conjunction with published ABS statistics on ADIA in corporate equities to compile supplementary data for ADIA by

country, based on the country of incorporation of the related enterprises. The enterprise groups that were examined accounted for 70 per cent of the level of ADIA in corporate equities at 30 June 1994. The compilation of these supplementary statistics involved looking through foreign affiliates (such as the direct investment enterprise B in Diagram 1) and reclassifying the Australian direct investors' holdings in them to the countries in which the foreign affiliates had related enterprises.

6. Analysis of Results

The reclassified data are presented in Table 1 and are compared to the ABS published data on levels of ADIA in corporate equities plus net equity in branches by country, as shown in Table 7 of the ABS annual release *International Investment Position, Australia 1993-94: Supplementary Country Statistics (ABS Catalogue No 5352.0)*.

The major changes to the statistics on individual countries and country groupings as a result of reclassification include:

USA: the increase of \$167 million (1 per cent) in investment allocated to the USA is attributable to a reclassification from the Netherlands.

Japan: the increase in investment of \$84 million (50 per cent) is explained by a reclassification of investment from Malaysia.

New Zealand: the increase in investment of \$229 million (4 per cent) is largely a reclassification from Singapore.

United Kingdom: the fall in investment of \$693 million (4 per cent) is sourced from redistributions to the Central America and Caribbean grouping, and the Netherlands.

France: the increase of \$102 million (329 per cent) is mostly explained by a fall of investment in the Netherlands.

Netherlands: the increase in investment allocated to the Netherlands of \$175 million (17 per cent) is, for the most part, due to reallocations from the UK and the Central America and Caribbean group, being partly offset by a redistribution of investment to the USA and France.

Indonesia: investment in Indonesia increased by \$65 million (33 per cent) largely due to a redistribution from Singapore.

Malaysia: a decrease of \$901 million (66 per cent) is mostly explained by a reallocation of investment to the

China/Taiwan/Asia not elsewhere specified group (nes), Central America and Caribbean group and Hong Kong.

Singapore: the fall in investment of \$313 million (22 per cent) is due to a redistribution to Indonesia and New Zealand, partly offset by a reclassification from Hong Kong.

Hong Kong: investment in Hong Kong has fallen by 317 million (19 per cent) mainly as a consequence of redistributing investment to Singapore, the China/Taiwan/Asia nes group and Central America and Caribbean group, partly offset by a reclassification from Malaysia.

Central America and Caribbean: the increase in investment of \$423 million (22 per cent) results from the changes to the allocations for United Kingdom, Malaysia and Hong Kong discussed above.

7. Conclusion

The reclassification has the overall effect of redistributing around 6 per cent of Australian direct investment abroad in corporate equities and net equity in branches. This reflects decreases in the level of investment in four countries or regions which are reclassified among eighteen countries or regions.

The three largest traditional recipients of ADIA (United Kingdom, USA and New Zealand) together accounted for 74.3% of the level of ADIA in corporate equities and net equity in branches at 30 June 1994 using the standard country classification principles applied by the ABS. Their shares remain largely unchanged as a result of the reclassification exercise, accounting for 73.7%.

For some other countries the impact of the reclassification exercise is more significant. In particular, Malaysia, Singapore and Hong Kong account for smaller shares while the Netherlands, France, the Central America and Caribbean group and the China/Taiwan/Asia nes group account for larger shares.

8. For further information

The data used in this analysis are available from the International Investment Section of the Australian Bureau of Statistics. For more information about the analysis of country of destination of Australian direct investment in foreign corporate equities, contact Betty Gruber on Canberra (06) 252 5601.

TABLE A LEVELS OF AUSTRALIAN DIRECT INVESTMENT ABROAD IN CORPORATE EQUITIES AND NET EQUITY IN BRANCHES: IMPACT OF RECLASSIFICATION BY COUNTRY (a)

as at 30 June 1994

Australian direct equity investment abroad				
	ABS published data (b) \$million	Reclassified data \$million	Difference \$million	Percentage Change
COUNTRIES				
Belgium/Luxemburg	66	66	—	—
Canada	np	np	np	np
Central Amer. & Carib.	1,917	2,340	423	22.1
China/Taiwan/Asia nes	np	np	850	np
Fiji	141	144	3	2.1
France	31	133	102	329.0
Germany	np	np	np	np
Greece	—	—	—	—
Hong Kong	1,644	1,327	- 317	- 19.3
Indonesia	196	261	65	33.2
Ireland, Republic of	np	np	np	np
Italy	np	np	np	np
Japan	167	251	84	50.3
Korea, Republic of	97	97	—	—
Malaysia	1,369(c)	468	- 901	- 65.8
Mexico	np	np	np	np
Netherlands	1,044	1,219	175	16.8
New Zealand	5,724	5,953	229	4.0
Papua New Guinea	2,097	2,097	—	—
Philippines	np	np	np	np
Russian Federation	—	—	—	—
Singapore	1,444	1,131	- 313	- 21.7
South Africa	—	—	—	—
Sweden	—	1	1	..
Switzerland	np	np	np	np
Thailand	np	np	np	np
United Kingdom	18,797	18,104	- 693	- 3.7
USA	11,811	11,978	167	1.4
Africa nes	np	np	np	np
America nes	np	np	np	np
Europe nes	np	np	np	np
Oceania nes	100	100	—	—
Unallocated	38	38	—	—
Total all countries	48,918	48,918	—	—
COUNTRY GROUPS				
APEC	25,440	25,310	- 130	0.5
ASEAN	3,131	1,987	1,144	36.5
EU	20,936	20,599	- 337	- 1.6
OECD	39,470	39,627	157	..
OPEC	np	np	np	np

(a) Figures shown are consistent with those published in *Balance of Payments and International Investment Position Australia 1993-94*, ABS Catalogue No. 5363.0. The reclassifications are based on analysis of the annual reports of 21 enterprise groups that account for 70% of the level of ADIA.

(b) Levels of Australian direct investment abroad in corporate equities by all Australian enterprise groups, plus net equity in branches, as published by the ABS.

(c) Includes \$901 million due to the allocation to Malaysia of investment in a range of Asian countries for which separate details are not available.

np not for publication .. not applicable — nil or rounded to zero

TABLE 1. AUSTRALIA'S NET INTERNATIONAL INVESTMENT POSITION AND INCOME (a)
(SA million)

Period	Changes in levels of investment during the period					Total	Levels of investment at end of period	Investment Income (c)
	Levels of investment at beginning of period	Reinvestment of earnings by direct investors (b)	Other transactions	Exchange rate variations	Other changes			
NET EQUITY								
Year—								
1992-93	47,020	339	6,713	2,991	688	4,749	51,770	3,652
1993-94	51,770	1,583	12,279	3,700	7,432	24,993	76,763	5,219
1994-95	76,763	2,300	3,933	3,902	1,827	504	77,267	7,659
Quarter ended—								
1993-94 —								
June	73,605	396	3,261	930	-1,428	3,158	76,763	1,582
1994-95								
September	76,763	575	3,738	213	1,378	5,903	82,666	1,647
December	82,666	575	594	2,659	-6,393	2,565	80,102	1,925
March	80,102	575	1,821	4,864	-598	-3,066	77,036	1,597
June	77,036	575	-2,220	1,910	3,786	231	77,267	2,488
1995-96								
September	77,267	300	3,184	3,397	3,490	10,371	87,638	1,425
NET FOREIGN DEBT (d)								
Year								
1992-93	153,565	..	8,537	6,202	-985	13,755	167,320	9,180
1993-94	167,320	..	3,064	-4,221	-2,925	-4,082	163,237	9,270
1994-95	163,237	..	13,413	3,277	1,301	17,991	181,228	9,814
Quarter ended—								
1993-94 —								
June	167,849	..	-359	-2,241	2,012	-4,612	163,237	2,456
1994-95								
September	163,237	..	668	-1,118	116	-334	162,904	2,479
December	162,904	..	3,051	-2,465	659	1,245	164,148	2,247
March	164,148	..	729	4,224	150	5,102	169,251	2,598
June	169,251	..	8,965	2,636	376	11,977	181,228	2,489
1995-96 —								
September	181,228	..	2,805	-4,748	1,438	505	180,723	2,746
NET OTHER INVESTMENT								
Year—								
1992-93	238	..	342	-120	-1,068	-846	608	71
1993-94	-608	..	602	17	1,272	687	79	63
1994-95	79	..	987	-79	-662	247	325	-26
Quarter ended								
1993-94 —								
June	1,016	..	-819	-8	-110	-937	79	20
1994-95 —								
September	79	..	873	18	-525	366	445	5
December	445	..	139	73	-35	100	345	4
March	345	..	113	-150	-57	321	24	-3
June	24	..	366	-20	45	301	325	-13
1995-96								
September	325	..	-106	10	299	204	529	3
NET INTERNATIONAL INVESTMENT POSITION								
Year—								
1992-93	200,824	339	15,592	3,092	1,364	17,658	218,481	12,903
1993-94	218,481	1,583	14,740	-505	5,779	21,598	240,079	14,552
1994-95	240,079	2,300	18,333	-704	1,188	18,741	258,820	17,447
Quarter ended								
1993-94 —								
June	242,470	396	2,084	-1,320	-3,551	2,391	240,079	4,058
1994-95 —								
September	240,079	575	5,280	-887	969	5,936	246,015	4,122
December	246,015	575	3,506	267	-5,769	-1,420	244,595	4,168
March	244,595	575	2,436	-790	-505	1,716	246,311	4,192
June	246,311	575	7,111	706	4,117	12,509	258,820	4,965
1995-96 —								
September	258,820	300	5,883	-1,340	5,227	10,070	268,890	4,174

(a) Australia's net international investment position equals Foreign Investment in Australia less Australian Investment Abroad. (b) Comprehensive data are only collected annually for this item and hence estimates for the most recent periods are derived by extrapolating earlier estimates. Quarterly estimates are derived by evenly distributing the annual estimates. (c) Includes reinvestment of earnings of direct investors. Investment income is calculated before the deduction of withholding tax. (d) Foreign borrowing by Australian residents less the sum of reserve assets and Australian lending abroad.

TABLE 2. FOREIGN INVESTMENT IN AUSTRALIA — SUMMARY
(\$A million)

Period	Changes in levels of investment during the period					Total	Levels of investment at end of period	Investment Income (b)
	Levels of investment at beginning of period	Reinvestment of earnings by direct investors (a)	Other transactions	Exchange rate variations	Other changes			
EQUITY								
<i>Year—</i>								
1992-93	110,866	2,384	8,303	55	483	11,225	122,091	6,552
1993-94	122,091	4,243	18,249	86	10,387	32,966	155,057	8,645
1994-95	155,057	5,800	5,043	114	-727	10,230	165,287	12,057
<i>Quarter ended—</i>								
<i>1993-94</i>								
June	152,534	1,061	3,489	25	-2,052	2,523	155,057	2,426
<i>1994-95</i>								
September	155,057	1,450	2,999	13	1,947	6,410	161,466	2,729
December	161,466	1,450	359	7	(c) 6,750	4,933	156,533	3,022
March	156,533	1,450	1,252	91	-489	2,305	158,838	2,683
June	158,838	1,450	432	2	(c)4,565	6,449	165,287	3,623
<i>1995-96 —</i>								
September	165,287	1,302	3,587	-44	(c)4,626	9,470	174,757	2,565
BORROWING								
<i>Year—</i>								
1992-93	191,268	..	7,641	9,399	113	17,153	208,420	11,344
1993-94	208,420	..	7,508	-6,239	-3,762	-2,493	205,927	10,938
1994-95	205,927	..	10,325	5,776	1,260	17,362	223,289	11,543
<i>Quarter ended</i>								
<i>1993-94</i>								
June	211,738	..	-1,039	-3,062	-1,710	-5,811	205,927	2,626
<i>1994-95 —</i>								
September	205,927	..	252	-1,057	911	106	206,033	2,843
December	206,033	..	1,109	-3,821	-106	-2,818	203,216	2,594
March	203,216	..	2,936	7,549	-171	10,315	213,530	3,145
June	213,530	..	6,027	3,105	(d)625	9,758	223,289	2,961
<i>1995-96 —</i>								
September	223,289	..	1,486	-6,631	(d)988	-4,157	219,131	3,123
OTHER INVESTMENT								
<i>Year</i>								
1992-93	6,841	..	562	53	-582	33	6,874	92
1993-94	6,874	..	903	-66	1,567	2,404	9,278	94
1994-95	9,278	..	-66	40	-529	-556	8,723	21
<i>Quarter ended—</i>								
<i>1993-94 —</i>								
June	8,751	..	631	-47	-57	528	9,278	29
<i>1994-95 —</i>								
September	9,278	..	-702	5	-392	-1,090	8,189	3
December	8,189	..	175	-2	-34	139	8,328	4
March	8,328	..	31	23	34	-41	8,287	10
June	8,287	..	492	14	-70	436	8,723	4
<i>1995-96 —</i>								
September	8,723	..	-384	-24	293	-115	8,607	5
TOTAL								
<i>Year—</i>								
1992-93	308,975	2,384	16,506	9,507	14	28,411	337,386	17,988
1993-94	337,386	4,243	26,660	6,219	8,192	32,876	370,262	19,677
1994-95	370,262	5,800	15,302	5,930	5	27,036	397,298	23,620
<i>Quarter ended—</i>								
<i>1993-94</i>								
June	373,023	1,061	3,082	-3,084	-3,820	-2,761	370,262	5,082
<i>1994-95 —</i>								
September	370,262	1,450	2,549	-1,040	2,467	5,426	375,688	5,575
December	375,688	1,450	1,643	-3,815	-6,889	-7,612	368,076	5,620
March	368,076	1,450	4,158	7,663	-693	12,579	380,655	5,837
June	380,655	1,450	6,951	3,122	5,120	16,643	397,298	6,588
<i>1995-96 —</i>								
September	397,298	1,302	4,690	-6,700	5,906	5,197	402,496	5,693

(a) Comprehensive data are only collected annually for this item and hence estimates for the most recent periods are derived by extrapolating earlier estimates. Quarterly estimates are derived by evenly distributing the annual estimates. (b) Includes reinvestment of earnings of direct investors. Investment income is calculated before the deduction of withholding tax. (c) Mainly due to share price changes on the domestic share market. (d) Mainly due to price changes of issued government securities.

TABLE 3. AUSTRALIAN INVESTMENT ABROAD — SUMMARY
(SA million)

Period	Changes in levels of investment during the period					Total	Levels of investment at end of period	Investment Income (b)
	Levels of investment at beginning of period	Reinvestment of earnings by direct investors (a)	Other transactions	Exchange rate variations	Other changes			
EQUITY								
<i>Year—</i>								
1992-93	63,845	2,045	1,590	3,046	-205	6,476	70,321	2,901
1993-94	70,321	2,661	5,970	-3,613	2,955	7,972	78,293	3,425
1994-95	78,293	3,500	1,110	4,016	1,100	9,726	88,019	4,398
<i>Quarter ended—</i>								
<i>1993-94 —</i>								
June	78,929	665	228	-905	-624	-636	78,293	844
<i>1994-95 —</i>								
September	78,293	875	-739	-200	570	506	78,800	1,082
December	78,800	875	-234	-2,632	-357	-2,368	76,432	1,097
March	76,432	875	-569	4,955	109	5,370	81,802	1,085
June	81,802	875	2,652	1,912	778	6,218	88,019	1,134
<i>1995-96 —</i>								
September	88,019	1,002	404	-3,442	1,136	-900	87,119	1,140
LENDING								
<i>Year—</i>								
1992-93	15,463	..	3,054	1,491	270	4,815	20,278	699
1993-94	20,278	..	3,390	-1,041	-598	1,751	22,029	815
1994-95	22,029	..	-1,117	1,192	-226	-152	21,877	753
<i>Quarter ended—</i>								
<i>1993-94 —</i>								
June	23,055	..	-1,221	-287	482	-1,026	22,029	145
<i>1994-95 —</i>								
September	22,029	..	113	-112	793	793	22,822	191
December	22,822	..	-997	-786	-388	-2,171	20,650	176
March	20,650	..	-1,687	1,494	-791	2,390	23,040	240
June	23,040	..	-1,920	596	161	-1,163	21,877	146
<i>1995-96 —</i>								
September	21,877	..	-1,009	-1,045	-74	-2,128	19,749	252
RESERVE ASSETS								
<i>Year—</i>								
1992-93	22,240	..	-3,950	1,705	828	-1,417	20,823	1,465
1993-94	20,823	..	1,054	-976	-240	-162	20,661	853
1994-95	20,661	..	-1,971	1,308	186	-477	20,184	975
<i>Quarter ended—</i>								
<i>1993-94 —</i>								
June	20,834	..	541	-534	-180	-173	20,661	26
<i>1994-95 —</i>								
September	20,661	..	-529	173	3	-353	20,308	173
December	20,308	..	-945	570	376	1,891	18,417	171
March	18,417	..	521	1,831	471	2,823	21,240	307
June	21,240	..	-1,018	-126	88	-1,056	20,184	325
<i>1995-96 —</i>								
September	20,184	..	-310	-839	-376	-1,525	18,659	124
OTHER INVESTMENT								
<i>Year—</i>								
1992-93	6,603	..	220	173	486	879	7,482	21
1993-94	7,482	..	1,506	83	295	1,717	9,200	31
1994-95	9,200	..	-1,054	119	133	-802	8,397	46
<i>Quarter ended—</i>								
<i>1993-94 —</i>								
June	7,735	..	1,450	38	53	1,465	9,200	9
<i>1994-95 —</i>								
September	9,200	..	-1,575	13	133	-1,456	7,744	8
December	7,744	..	313	-75	1	239	7,983	8
March	7,983	..	83	173	24	280	8,262	13
June	8,262	..	126	34	-24	135	8,397	18
<i>1995-96 —</i>								
September	8,397	..	-278	34	-7	319	8,078	2
TOTAL								
<i>Year—</i>								
1992-93	108,151	2,045	914	6,415	1,379	10,753	118,904	5,085
1993-94	118,904	2,661	11,919	-5,714	2,413	11,278	130,183	5,125
1994-95	130,183	3,500	-3,032	6,634	1,193	8,295	138,478	6,173
<i>Quarter ended—</i>								
<i>1993-94 —</i>								
June	130,553	665	998	-1,765	-269	-370	130,183	1,024
<i>1994-95 —</i>								
September	130,183	875	-2,730	-153	1,498	-510	129,673	1,453
December	129,673	875	-1,863	-4,083	-1,120	6,191	123,481	1,451
March	123,481	875	1,722	8,453	-188	10,863	134,344	1,645
June	134,344	875	-160	2,416	1,003	4,134	138,478	1,624
<i>1995-96 —</i>								
September	138,478	1,002	-1,194	-5,360	679	-4,872	133,605	1,519

(a) Comprehensive data are only collected annually for this item and hence estimates for the most recent periods are derived by extrapolating earlier estimates. Quarterly estimates are derived by evenly distributing the annual estimates. (b) Includes reinvestment of earnings of direct investors. Investment income is calculated before the deduction of withholding tax.

TABLE 4. CAPITAL TRANSACTIONS (a)
(SA million)

	Year			Quarter ended						
	1992-93	1993-94	1994-95	1993-94		1994-95			1995-96	
				June	September	December	March	June	September	
FOREIGN INVESTMENT IN AUSTRALIA										
OFFICIAL —										
General Government										
Borrowing										
Domiciled abroad	10,545	3,760	7,419	-3,286	-1,075	4,571	24	3,898	2,559	
Domiciled in Australia	830	4,580	5,590	1,409	3,084	4,439	-265	-1,668	-1,171	
Total	11,375	8,340	13,009	-1,877	2,010	9,010	-241	2,230	1,388	
Other	-35	83	73	-1	-49	169	-25	-22	49	
Total	11,340	8,423	13,082	-1,878	1,961	9,179	-266	2,208	1,339	
Reserve bank	39	-49	23	-67	24	-9	2	6	27	
Total official	11,379	8,374	13,105	-1,945	1,985	9,170	-264	2,214	1,366	
NON-OFFICIAL —										
Direct investment —										
Reinvestment of earnings	2,384	4,243	5,800	1,061	1,450	1,450	1,450	1,450	1,302	
Corporate equities	3,645	1,119	878	-137	1,671	-1,737	780	164	203	
Net equity in branches	579	808	254	198	61	21	87	86	24	
Borrowing	-1,494	388	-1,242	1,246	-702	-1,984	148	1,296	38	
Other	245	79	657	43	283	166	60	149	39	
Total	5,358	6,637	6,347	2,411	2,763	-2,084	2,524	3,145	1,530	
Portfolio and other investment —										
Corporate equities	4,080	16,322	3,911	3,428	1,268	2,075	386	183	3,360	
Borrowing —										
Public sector	-220	-725	-3,707	-208	-1,833	32	-94	-1,812	1,704	
Private sector	-2,059	-447	2,242	-133	753	-5,940	3,121	4,307	-1,595	
Total	-2,279	-1,172	-1,465	-341	-1,080	5,908	3,028	2,495	109	
Accounts payable/prepayments received—										
Public sector	-2	838	-487	782	-795	30	-59	337	-323	
Private sector	354	96	-310	-193	-142	189	6	28	-50	
Total	352	741	-797	589	-936	-160	-65	365	-374	
Total	2,152	15,892	1,649	3,677	-748	-3,993	3,348	3,042	3,095	
Total non-official	7,510	22,529	7,996	6,088	2,015	-6,077	5,872	6,187	4,626	
TOTAL	18,890	30,903	21,102	4,143	3,999	3,093	5,608	8,401	5,992	
AUSTRALIAN INVESTMENT ABROAD										
OFFICIAL —										
Reserve assets	-3,950	1,054	-1,971	541	-529	-945	521	-1,018	-310	
Lending	-47	521	-603	455	-595	-13	-21	27	—	
Accounts receivable/prepayments made	-125	-150	-146	-3	-93	-35	41	-59	20	
Other	128	182	205	—	—	205	—	—	—	
Total official	-3,994	1,607	-2,515	993	-1,217	-788	541	-1,051	-290	
NON-OFFICIAL —										
Direct investment —										
Reinvestment of earnings	2,045	2,661	3,500	665	875	875	875	875	1,002	
Corporate equities	1,867	983	468	297	-392	10	-12	861	404	
Net equity in branches	777	673	4	289	-95	114	2	-16	40	
Lending(a)	-1,802	1,422	870	300	1,468	388	198	1,184	1,092	
Other	160	3	-211	6	-96	-33	-72	-10	49	
Total	3,048	5,741	4,631	957	1,760	1,354	990	526	403	
Portfolio and other investment —										
Corporate equities	-1,055	4,314	638	-357	-252	358	559	1,807	-41	
Lending										
Public sector	128	-129	593	17	322	-179	50	399	-537	
Private sector	4,775	1,576	-1,977	-1,394	-1,083	-1,194	1,460	-1,161	620	
Total	4,904	1,447	-1,384	-1,376	760	-1,373	1,511	-762	83	
Accounts receivable/prepayments made—										
Public sector	-88	1,215	-1,183	1,216	-1,123	-173	-101	213	-206	
Private sector	145	256	282	231	264	349	215	-18	-140	
Total	57	1,471	-902	1,447	-1,387	176	114	195	-347	
Total	3,906	7,232	-1,648	-287	-2,399	1,555	1,066	1,240	-305	
Total non-official	6,953	12,973	2,983	671	-638	-200	2,056	1,765	98	
TOTAL	2,959	14,580	468	1,664	-1,855	-988	2,597	715	-192	

(a) A negative value denotes a net withdrawal of investment.

TABLE 5. INVESTMENT INCOME
(SA million)

	Year			Quarter ended					
	1992-93	1993-94	1994-95	1993-94		1994-95		1995-96	
				June	September	December	March	June	September
INCOME PAYABLE ON FOREIGN INVESTMENT IN AUSTRALIA									
OFFICIAL —									
General Government —									
Interest on borrowing domiciled abroad	2,029	2,955	2,595	763	588	662	717	628	667
Interest on borrowing domiciled in Australia	1,513	1,119	1,396	194	388	214	553	241	541
Other income	—	—	—	—	—	—	—	—	—
Total	3,542	4,074	3,991	957	976	876	1,269	869	1,208
Reserve Bank	38	35	-14	8	9	4	12	14	13
Total official	3,580	4,109	3,977	965	984	880	1,257	856	1,195
NON-OFFICIAL —									
Direct investment income —									
Reinvested earnings	2,384	4,243	5,800	1,061	1,450	1,450	1,450	1,450	1,302
Distributed earnings									
Dividends	1,532	2,034	2,815	663	533	708	504	1,070	478
Remitted profits	1,616	1,185	1,558	281	385	314	314	545	332
Interest	1,069	906	997	205	263	243	239	252	249
Total	4,217	4,126	5,371	1,149	1,181	1,266	1,057	1,867	1,059
Total, direct investment income	6,601	8,369	11,171	2,210	2,631	2,716	2,507	3,317	2,361
Portfolio and other investment income —									
Dividends	1,021	1,182	1,883	421	361	550	414	558	453
Interest —									
Public Sector	1,737	1,458	1,508	357	529	313	313	353	306
Private Sector	5,049	4,559	5,081	1,129	1,069	1,161	1,346	1,504	1,377
Total	6,786	6,017	6,589	1,485	1,598	1,474	1,659	1,857	1,683
Total, portfolio and other investment income	7,807	7,199	8,472	1,906	1,960	2,024	2,073	2,415	2,136
Total non-official	14,408	15,568	19,643	4,117	4,591	4,740	4,580	5,732	4,497
TOTAL	17,988	19,677	23,620	5,082	5,575	5,620	5,837	6,588	5,693
INCOME RECEIVABLE ON AUSTRALIAN INVESTMENT ABROAD									
OFFICIAL —									
General Government	4	16	7	4	2	3	1	1	1
Reserve Bank	1,465	853	975	26	173	171	307	325	124
Total official	1,468	869	983	30	174	174	308	327	125
NON-OFFICIAL —									
Direct Investment Income —									
Reinvested earnings	2,045	2,661	3,500	665	875	875	875	875	1,002
Distributed earnings —									
Dividends	385	271	333	68	106	34	72	121	40
Remitted profits	23	104	132	5	5	105	8	14	—
Interest(a)	74	109	-156	-49	-16	-53	-12	-75	12
Total(a)	334	266	309	23	95	87	68	59	52
Total, direct investment income	2,379	2,927	3,809	689	970	962	943	934	1,054
Portfolio and other investment income —									
Dividends	447	390	434	106	96	82	130	125	98
Interest	790	939	948	199	213	234	263	238	241
Total, portfolio and other investment income	1,238	1,329	1,382	305	309	316	394	363	339
Total non-official	3,617	4,256	5,191	994	1,279	1,278	1,337	1,297	1,393
TOTAL	5,085	5,125	6,173	1,024	1,453	1,451	1,645	1,624	1,519

(a) A negative value denotes an excess of income payable by direct investors in Australia to their direct investment groups abroad, over income receivable by direct investors in Australia from their direct investment groups abroad.

TABLE 6. LEVELS OF INVESTMENT AT END OF PERIOD
(SA million)

	Year			Quarter ended						
	1992-93	1993-94	1994-95	1993-94		1994-95			1995-96	
				June	September	December	March	June	September	
FOREIGN INVESTMENT IN AUSTRALIA										
OFFICIAL										
General Government —										
Borrowing —										
Domiciled abroad	38,038	38,223	46,539	38,223	37,188	41,432	42,235	46,539	48,474	
Domiciled in Australia	21,301	24,205	29,795	24,205	26,437	31,030	30,911	29,795	28,837	
Total	59,339	62,428	76,335	62,428	63,626	72,462	73,145	76,335	77,311	
Other	92	9	64	9	-58	111	86	64	15	
Total	59,247	62,419	76,399	62,419	63,568	72,573	73,231	76,399	77,326	
Reserve Bank	93	44	67	44	68	59	61	67	94	
Total official	59,340	62,463	76,466	62,463	63,636	72,632	73,292	76,466	77,420	
NON-OFFICIAL										
Direct investment —										
Corporate equities	70,099	78,881	84,704	78,881	84,360	82,076	82,743	84,704	87,427	
Net equity in branches	16,617	17,729	15,232	17,729	16,253	14,197	14,781	15,232	15,241	
Borrowing	22,202	21,912	21,374	21,912	21,084	18,737	19,538	21,374	20,964	
Other	3,326	3,303	3,571	3,303	3,339	3,532	3,498	3,571	4,059	
Total	112,244	121,824	124,881	121,824	125,035	118,541	120,560	124,881	127,689	
Portfolio and other investment										
Corporate equities	35,375	58,447	65,350	58,447	60,854	60,261	61,314	65,350	72,090	
Borrowing —										
Public sector	34,630	32,438	24,582	32,438	31,474	30,160	25,890	24,582	22,973	
Private sector	92,156	89,105	100,931	89,105	89,781	81,797	94,896	100,931	97,789	
Total	126,786	121,543	125,513	121,543	121,256	111,957	120,786	125,513	120,763	
Accounts payable/prepayments received	3,640	5,985	5,088	5,985	4,908	4,684	4,703	5,088	4,534	
Total portfolio and other investment	165,802	185,975	195,952	185,975	187,017	176,902	186,802	195,952	197,386	
Total non-official	278,046	307,799	320,832	307,799	312,053	295,444	307,363	320,832	325,076	
TOTAL	337,386	370,262	397,298	370,262	375,688	368,076	380,655	397,298	402,496	
AUSTRALIAN INVESTMENT ABROAD										
OFFICIAL										
Reserve assets	20,823	20,661	20,184	20,661	20,308	18,417	21,240	20,184	18,659	
Lending	140	661	58	661	66	53	31	58	55	
Accounts receivable/prepayments made	1,122	972	826	972	879	844	885	826	846	
Other	1,494	1,676	1,881	1,676	1,676	1,881	1,881	1,881	1,881	
Total official	23,579	23,970	22,949	23,970	22,929	21,195	24,037	22,949	21,441	
NON-OFFICIAL										
Direct investment —										
Corporate equities	44,870	46,289	50,553	46,289	45,478	44,527	48,158	50,553	49,915	
Net equity in branches	2,117	2,629	2,795	2,629	2,494	2,533	2,714	2,795	2,724	
Lending (a)	-2,165	-1,768	-2,297	-1,768	-677	-590	-1,242	-2,297	-3,596	
Other	374	426	207	426	324	288	214	207	275	
Total	45,196	47,576	51,258	47,576	47,620	46,758	49,844	51,258	49,318	
Portfolio and other investment										
Corporate equities	23,334	29,375	34,672	29,375	30,828	29,372	30,930	34,672	34,480	
Lending	22,303	23,136	24,115	23,136	23,432	21,187	24,251	24,115	23,290	
Accounts receivable/prepayments made	4,492	6,126	5,484	6,126	4,864	4,969	5,282	5,484	5,076	
Total	50,129	58,637	64,271	58,637	59,124	55,528	60,463	64,271	62,846	
Total non-official	95,325	106,213	115,529	106,213	106,744	102,287	110,307	115,529	112,164	
TOTAL	118,904	130,183	138,478	130,183	129,673	123,481	134,344	138,478	133,605	

(a) A negative value denotes an excess of borrowing by direct investors in Australia from their direct investment groups abroad, over lending by direct investors in Australia to their direct investment groups abroad.

TABLE 7. LEVELS OF FOREIGN DEBT AT END OF PERIOD
(SA million)

	Year			Quarter ended					
	1992-93	1993-94	1994-95	1993-94		1994-95		1995-96	
				June	September	December	March	June	September
FOREIGN BORROWING (GROSS DEBT)									
OFFICIAL —									
Commonwealth Government and Reserve Bank	21,469	22,913	27,929	22,913	25,460	28,610	28,566	27,929	27,182
State Government	37,963	39,560	48,473	39,560	38,233	43,912	44,640	48,473	50,223
Total official	59,432	62,472	76,402	62,472	63,694	72,521	73,206	76,402	77,405
NON-OFFICIAL —									
Financial Enterprises									
Public sector	23,047	23,144	15,802	23,144	22,350	21,542	16,588	15,802	16,310
Private sector	64,321	67,573	82,835	67,573	68,782	62,725	76,262	82,835	78,752
Total	87,368	90,717	98,636	90,717	91,132	84,267	92,849	98,636	95,062
Trading Enterprises									
Public sector	11,582	9,294	8,781	9,294	9,124	8,618	9,303	8,781	6,664
Private sector	50,038	43,443	39,470	43,443	42,083	37,809	38,172	39,470	40,000
Total	61,620	52,737	48,251	52,737	51,208	46,427	47,475	48,251	46,664
Total non-official	148,989	143,455	146,887	143,455	142,340	130,694	140,324	146,887	141,726
TOTAL	208,420	205,927	223,289	205,927	206,033	203,216	213,530	223,289	219,131
<i>Of which —</i>									
Public sector —									
Official	59,432	62,472	76,402	62,472	63,694	72,521	73,206	76,402	77,405
Non-official	34,630	32,438	24,582	32,438	31,474	30,160	25,890	24,582	22,973
Total	94,062	94,910	100,984	94,910	95,168	102,682	99,097	100,984	100,378
Private sector	114,359	111,017	122,305	111,017	110,865	100,534	114,434	122,305	118,753
AUSTRALIAN LENDING ABROAD AND RESERVE ASSETS									
OFFICIAL									
Reserve assets	20,823	20,661	20,184	20,661	20,308	18,417	21,240	20,184	18,659
Lending	140	661	58	661	66	53	31	58	55
Total official	20,963	21,322	20,242	21,322	20,374	18,470	21,271	20,242	18,714
NON-OFFICIAL —									
Financial enterprises	16,195	18,839	20,776	18,839	20,430	18,734	21,858	20,776	18,396
Trading enterprises	3,942	2,529	1,043	2,529	2,326	1,864	1,151	1,043	1,298
Total non-official	20,138	21,368	21,819	21,368	22,756	20,598	23,009	21,819	19,694
TOTAL	41,101	42,690	42,061	42,690	43,130	39,067	44,280	42,061	38,408
<i>Of which —</i>									
Public sector —									
Official	20,963	21,322	20,242	21,322	20,374	18,470	21,271	20,242	18,714
Non-official	8,378	8,134	9,307	8,134	9,573	9,074	9,631	9,307	6,289
Total	29,341	29,456	29,549	29,456	29,947	27,544	30,902	29,549	25,003
Private sector	11,760	13,234	12,512	13,234	13,183	11,523	13,378	12,512	13,405
NET FOREIGN DEBT(a)									
OFFICIAL	38,469	41,151	56,159	41,151	43,320	54,052	51,936	56,159	58,691
NON-OFFICIAL —									
Financial enterprises	71,173	71,878	77,861	71,878	70,702	65,533	70,991	77,861	76,666
Trading enterprises	57,678	50,208	47,208	50,208	48,882	44,563	46,324	47,208	45,367
Total non-official	128,851	122,086	125,068	122,086	119,584	110,097	117,315	125,068	122,032
TOTAL	167,320	163,237	181,228	163,237	162,904	164,148	169,251	181,228	180,723
<i>Of which</i>									
Public sector									
Official	38,469	41,151	56,159	41,151	43,320	54,052	51,936	56,159	58,691
Non-official	26,252	24,304	15,275	24,304	21,901	21,086	16,259	15,275	16,684
Total	64,721	65,455	71,435	65,455	65,221	75,138	68,195	71,435	75,375
Private sector	102,599	97,783	109,793	97,783	97,682	89,010	101,056	109,793	105,348

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

TABLE 8. INTEREST PAYABLE ON FOREIGN DEBT
(SA million)

	Year			Quarter ended					
	1992-93	1993-94	1994-95	1993-94		1994-95		1995-96	
				June	September	December	March	June	September
INTEREST PAYABLE ON FOREIGN BORROWING									
OFFICIAL —									
Commonwealth Government and Reserve Bank	1,425	1,156	1,267	202	310	273	479	205	453
State Government	2,156	2,953	2,710	763	674	607	778	651	742
Total official	3,580	4,109	3,977	965	984	880	1,257	856	1,195
NON-OFFICIAL —									
Financial Enterprises —									
Public sector	913	939	889	228	374	181	181	154	242
Private sector	3,438	2,917	3,599	680	733	725	1,039	1,101	1,066
Total	4,350	3,856	4,488	909	1,107	906	1,219	1,255	1,308
Trading Enterprises —									
Public sector	822	516	618	125	155	132	132	199	64
Private sector	2,591	2,458	2,459	627	596	676	536	651	556
Total	3,413	2,974	3,077	752	751	808	669	850	620
Total non-official	7,763	6,829	7,565	1,661	1,858	1,714	1,888	2,105	1,927
TOTAL	11,344	10,938	11,543	2,626	2,843	2,594	3,145	2,961	3,123
<i>Of which</i>									
Public sector —									
Official	3,580	4,109	3,977	965	984	880	1,257	856	1,195
Non-official	1,735	1,455	1,508	353	529	313	313	353	306
Total	5,315	5,564	5,485	1,318	1,513	1,193	1,570	1,209	1,501
Private sector	6,028	5,375	6,057	1,308	1,329	1,401	1,575	1,752	1,621
INTEREST RECEIVABLE ON AUSTRALIAN LENDING ABROAD AND RESERVE ASSETS									
OFFICIAL —									
Reserve assets	1,465	853	975	26	173	171	307	325	124
Lending	4	16	7	4	2	3	1	1	1
Total official	1,468	869	983	30	174	174	308	327	125
NON-OFFICIAL									
Financial enterprises	655	589	772	140	167	211	232	162	229
Trading enterprises	40	210	27	1	22	-38	6	17	22
Total non-official	695	799	746	140	189	173	238	145	251
TOTAL	2,163	1,668	1,729	170	363	347	547	472	377
<i>Of which —</i>									
Public sector —									
Official	1,468	869	983	30	174	174	308	327	125
Non-official	386	208	305	47	69	99	74	63	102
Total	1,854	1,078	1,288	77	244	272	383	390	227
Private sector	309	591	440	93	119	75	164	82	150
NET INTEREST PAYABLE(a)									
OFFICIAL —	2,112	3,240	2,994	935	810	706	949	529	1,070
NON-OFFICIAL									
Financial enterprises	3,695	3,266	3,716	769	940	695	987	1,093	1,078
Trading enterprises	3,373	2,764	3,104	751	729	846	662	867	598
Total non-official	7,068	6,030	6,820	1,521	1,669	1,541	1,649	1,960	1,676
TOTAL	9,180	9,270	9,814	2,456	2,479	2,247	2,598	2,489	2,746
<i>Of which —</i>									
Public sector —									
Official	2,112	3,240	2,994	935	810	706	949	529	1,070
Non-official	1,349	1,246	1,203	306	459	215	239	290	205
Total	3,461	4,486	4,197	1,241	1,270	921	1,187	819	1,275
Private sector	5,719	4,784	5,617	1,215	1,210	1,326	1,411	1,670	1,472

(a) Income payable on foreign borrowing less income receivable on Australian lending abroad and reserve assets.

TABLE 9. NET FOREIGN LIABILITIES — RATIOS TO GDP

Period	Annual GDP at current prices	Net foreign liabilities at end of period - \$A million -			Ratios of net foreign liabilities to GDP(a) - per cent -		
		Total	Foreign debt	Equity & other investment	Total	Foreign debt	Equity & other investment
<i>Year -</i>							
1992-93	403,453	218,481	167,320	51,162	54.2	41.5	12.7
1993-94	426,812	240,079	163,237	76,842	56.2	38.2	18.0
1994-95	454,505	258,820	181,228	77,593	56.9	39.9	17.1
<i>Year ended(b) -</i>							
<i>1993-94 -</i>							
June	426,812	240,079	163,237	76,842	56.2	38.2	18.0
<i>1994-95 -</i>							
September	434,545	246,015	162,904	83,112	56.6	37.5	19.1
December	441,759	244,595	164,148	80,447	55.4	37.2	18.2
March	448,000	246,311	169,251	77,061	55.0	37.8	17.2
June	454,505	258,820	181,228	77,593	56.9	39.9	17.1
<i>1995-96 -</i>							
September	459,963	268,890	180,723	88,167	58.5	39.3	19.2

(a) These ratios are derived by expressing net foreign liabilities at a particular date as a percentage of GDP(I) for the year preceding this date. (b) Estimates of annual GDP(I) refer to the sum of the four quarters ended with the quarters indicated.

TABLE 10. NET INVESTMENT INCOME — RATIOS TO EXPORTS

Period	Exports of goods & services	Net investment income payable abroad - \$A million -			Ratios of net investment income to exports(a) - per cent -		
		Total	Foreign debt	Equity & other investment	Total	Foreign debt	Equity & other investment
<i>Year -</i>							
1992-93	76,444	12,903	9,180	3,723	16.9	12.0	4.9
1993-94	82,540	14,552	9,270	5,282	17.6	11.2	6.4
1994-95	86,759	17,447	9,814	7,633	20.1	11.3	8.8
<i>Year ended(b) -</i>							
<i>1993-94 -</i>							
June	82,540	14,552	9,270	5,282	17.6	11.2	6.4
<i>1994-95 -</i>							
September	82,948	15,298	9,372	5,926	18.4	11.3	7.1
December	83,508	15,699	9,541	6,158	18.8	11.4	7.4
March	84,936	16,540	9,780	6,760	19.5	11.5	8.0
June	86,759	17,447	9,814	7,633	20.1	11.3	8.8
<i>1995-96 -</i>							
September	89,933	17,499	10,081	7,418	19.5	11.2	8.2

(a) These ratios are derived by expressing net investment income payable as a percentage of exports of goods and services for the year preceding this date. (b) Estimates of annual exports of goods and services and net investment income payable refer to the sum of the four quarters ended with the quarters indicated.

TABLE 11. FOREIGN INVESTMENT IN AUSTRALIA, BY COUNTRY
(\$A million)

Country of investor	Year			Quarter ended						
	1992-93	1993-94	1994-95	1993-94			1994-95			1995-96
				June	September	December	March	June	September	
CAPITAL TRANSACTIONS(a)										
OECD —										
USA	10,406	10,967	168	1,672	464	234	-2,209	1,679	1,478	
Japan	-3,161	-1,643	112	1,244	1,512	2,020	67	553	1,966	
Switzerland	22	312	-105	-371	1,690	-333	-935	-527	-132	
EU —										
UK	3,624	8,759	601	306	3,045	-2,048	823	-1,220	1,660	
Other	782	4,522	1,745	2,990	-1,991	2,181	2,152	-598	-1,559	
Total	4,406	13,281	2,346	3,295	1,055	133	2,975	-1,817	100	
Other OECD(c)	833	1,433	-91	28	781	-801	-15	-57	-1,557	
Total OECD	12,506	24,349	2,429	5,869	5,501	-2,787	-118	-168	1,854	
ASEAN	-1,136	969	-1,027	681	-303	-1,421	265	431	-968	
Other countries	1,721	3,725	-1,946	573	-1,429	-2,182	907	758	-175	
International capital markets	6,066	325	11,293	-4,512	-2,421	5,925	2,321	5,467	1,128	
International institutions	-954	12	321	-212	-153	470	474	470	95	
Unallocated	687	1,523	10,035	1,743	2,807	3,087	1,758	2,383	4,246	
TOTAL	18,890	30,903	21,102	4,143	3,999	3,093	5,608	8,401	5,992	
APEC	—	—	-2,339	—	1,969	-7,016	531	3,240	540	
INVESTMENT INCOME(b)										
OECD —										
USA	4,959	6,080	3,544	1,460	754	931	679	1,179	795	
Japan	2,225	2,163	2,096	509	528	490	596	482	611	
Switzerland	477	501	325	114	87	48	69	120	64	
EU —										
UK	3,166	3,707	3,260	1,112	589	734	777	1,160	558	
Other	1,084	1,383	957	342	234	289	258	176	235	
Total	4,251	5,090	4,217	1,454	823	1,023	1,035	1,336	793	
Other OECD(c)	606	349	299	79	133	27	107	33	23	
Total OECD	12,518	14,183	10,481	3,616	2,324	2,520	2,486	3,151	2,287	
ASEAN	376	277	233	73	70	56	53	54	70	
Other countries	910	713	704	190	138	142	213	211	196	
International capital markets	3,337	3,712	3,943	971	1,045	872	1,077	949	1,090	
International institutions	40	35	-4	8	9	4	-2	-14	-11	
Unallocated	808	758	8,264	225	1,989	2,027	2,010	2,238	2,060	
TOTAL	17,988	19,677	23,620	5,082	5,575	5,620	5,837	6,588	5,693	
APEC	—	—	6,730	—	1,609	1,628	1,557	1,935	1,678	
LEVELS OF INVESTMENT AT END OF PERIOD										
OECD —										
USA	74,048	85,217	85,691	85,217	83,981	80,637	79,117	85,691	87,160	
Japan	51,377	48,904	51,085	48,904	49,541	46,602	49,013	51,085	52,936	
Switzerland	8,102	8,237	8,310	8,237	9,039	8,543	7,779	8,310	8,214	
EU —										
UK	63,151	74,488	76,052	74,488	78,358	75,757	77,631	76,052	77,884	
Other	22,675	30,299	33,808	30,299	29,244	31,600	33,812	33,808	32,274	
Total	85,826	104,787	109,860	104,787	107,602	107,357	111,442	109,860	110,158	
Other OECD(c)	11,039	11,899	11,304	11,899	12,663	11,496	11,273	11,304	10,313	
Total OECD	230,393	259,044	266,250	259,044	262,826	254,636	258,624	266,250	268,781	
ASEAN	7,500	9,076	7,886	9,076	8,574	7,142	7,559	7,886	6,714	
Other countries	19,928	21,803	20,941	21,803	20,364	18,053	19,693	20,941	21,279	
International capital markets	60,706	61,136	70,199	61,136	58,862	63,346	68,364	70,199	67,528	
International institutions	142	154	476	154	1	471	946	476	1,360	
Unallocated	18,716	19,049	31,548	19,049	25,065	24,428	25,467	31,548	36,836	
TOTAL	337,386	370,262	397,298	370,262	375,688	368,076	380,655	397,298	402,496	
APEC	—	—	171,627	—	170,339	158,520	161,765	171,627	172,688	

(a) From September quarter 1994, 'Reinvestment of earnings' is not classified by country and is therefore included in 'Unallocated'. (b) From September quarter 1994, 'Reinvested earnings' is not classified by country and is therefore included in 'Unallocated'. (c) From 1994-95 Mexico is included in 'Other OECD'.

TABLE 12. FOREIGN INVESTMENT IN AUSTRALIA, BY ANZSIC INDUSTRY(a)
(SA million)

Industry of investment	Year			Quarter ended						
	1992-93	1993-94	1994-95	1993-94		1994-95			1995-96	
				June	September	December	March	June	September	
CAPITAL TRANSACTIONS										
Mining	63	2,335	-641	400	539	-1,674	328	166	130	
Manufacturing	4,230	9,964	-81	1,694	934	43	607	203	-146	
Electricity, gas and water	-699	-861	-853	-569	-143	4	-84	-629	269	
Wholesale trade	693	-3,700	-1,355	-1,184	133	-636	248	-603	-135	
Retail trade	398	842	-1,816	90	193	-1,884	18	-143	63	
Transport and storage	205	621	-211	-207	-52	91	86	18	170	
Finance and insurance(b)	1,784	11,497	4,575	6,003	24	-4,320	3,851	5,020	666	
Property and Business Services	-262	795	200	184	165	-322	104	252	51	
Other industries(c)	12,357	9,055	12,640	-2,061	1,838	8,804	-546	2,545	1,069	
Unallocated(d)(e)	656	355	8,643	-206	2,237	3,168	1,664	1,574	4,343	
TOTAL	18,890	30,903	21,102	4,143	3,999	3,093	5,608	8,401	5,992	
INVESTMENT INCOME										
Mining	1,981	2,188	1,821	493	375	488	319	640	275	
Manufacturing	3,581	3,606	1,514	940	400	438	351	324	349	
Electricity, gas and water	224	72	123	26	15	15	10	83	18	
Wholesale trade	963	1,299	1,024	468	142	163	182	535	56	
Retail trade	224	258	112	87	28	30	25	29	24	
Transport and storage	652	682	391	145	102	109	80	100	61	
Finance and insurance(b)	5,562	5,858	5,320	1,399	1,384	1,054	1,492	1,389	1,602	
Property and Business Services	287	652	586	122	159	115	147	165	213	
Other industries(c)	3,555	4,015	5,271	933	1,288	1,191	1,524	1,269	1,224	
Unallocated(d)(e)	957	1,047	7,457	469	1,682	2,017	1,706	2,053	1,872	
TOTAL	17,988	19,677	23,620	5,082	5,575	5,620	5,837	6,588	5,693	
LEVELS OF INVESTMENT AT END OF PERIOD										
Mining	34,313	39,586	38,734	39,586	40,848	37,855	38,012	38,734	39,594	
Manufacturing	59,078	69,274	67,277	69,274	67,670	64,246	65,713	67,277	67,481	
Electricity, gas and water	4,364	3,710	2,907	3,710	3,539	3,393	3,358	2,907	3,129	
Wholesale trade	25,232	25,500	25,363	25,500	25,186	25,285	25,668	25,363	23,588	
Retail trade	5,263	5,525	3,343	5,525	5,690	3,784	3,478	3,343	3,284	
Transport and storage	8,826	9,688	9,621	9,688	9,625	9,345	9,503	9,621	9,564	
Finance and insurance(b)	110,855	122,130	130,467	122,130	123,923	117,000	123,791	130,467	127,004	
Property and Business Services	17,357	17,736	19,144	17,736	17,896	17,972	18,645	19,144	16,762	
Other industries(c)	68,922	72,996	94,256	72,996	75,744	83,533	86,810	94,256	88,511	
Unallocated(e)	3,176	4,116	6,185	4,116	5,569	5,662	5,678	6,185	23,579	
TOTAL	337,386	370,262	397,298	370,262	375,688	368,076	380,655	397,298	402,496	

(a) The industry categories shown are based on the 1993 edition of ANZSIC and relate to the predominant activity of the enterprise group receiving the investment funds. This is not necessarily the industry of the end use of the funds; see Explanatory notes, paragraph 19. (b) Includes Reserve Bank and the State government component of General government. (c) Includes Commonwealth government component of General government. (d) From September quarter 1994 "Reinvestment of earnings" is not classified by industry and is included in "Unallocated". (e) From September quarter 1994, investment in trading enterprises placed through nominees and brokers is not classified by industry and is also included in "Unallocated".

**TABLE 13. FOREIGN BORROWING:
CAPITAL TRANSACTIONS AND LEVELS BY DOMICILE (a)**
(SA million)

	Year			Quarter ended						
	1992-93	1993-94	1994-95	1993-94		1994-95			1995-96	
				June	September	December	March	June	September	
Capital transactions —										
Domiciled abroad —										
Foreign currency	3,193	-965	8,432	-1,029	-3,144	5,700	416	-4	5,068	
Australian currency	4,568	3,180	13,378	-1,849	652	2,664	3,363	6,700	-1,806	
Total	7,760	2,215	4,946	-2,878	-2,492	3,036	3,779	6,695	3,262	
Domiciled in Australia —										
Securities —										
Purchases by non-residents	35,992	42,690	64,521	12,524	14,953	15,992	15,850	17,726	15,077	
Sales by non-residents	36,104	39,148	59,633	11,646	12,388	11,674	16,141	19,430	16,218	
Net	-113	3,542	4,888	878	2,565	4,318	-291	-1,704	-1,141	
Deposits	-7	1,750	491	962	179	-173	-551	1,036	-635	
Total	-119	5,293	5,379	1,839	2,744	4,145	842	-668	-1,776	
Total	7,641	7,508	10,325	-1,039	252	1,109	2,936	6,027	1,486	
Levels at end of period —										
Domiciled abroad —										
Foreign currency	124,081	117,892	115,473	117,892	115,150	105,983	112,774	115,473	112,311	
Australian currency	53,025	53,269	67,790	53,269	54,262	56,388	60,610	67,790	68,393	
Total	177,105	171,161	183,264	171,161	169,412	162,371	173,384	183,264	180,703	
Domiciled in Australia —										
Securities	24,515	26,359	31,248	26,359	28,139	32,545	32,399	31,248	30,319	
Deposits	6,800	8,407	8,777	8,407	8,482	8,299	7,747	8,777	8,109	
Total	31,315	34,766	40,025	34,766	36,621	40,844	40,146	40,025	38,428	
Total	208,420	205,927	223,289	205,927	206,033	203,216	213,530	223,289	219,131	

(a) For a definition of domicile, see Explanatory notes, paragraph 17.

**TABLE 14. FOREIGN BORROWING:
LEVELS AT END OF PERIOD BY CURRENCY**
(SA million)

	Year			Quarter ended						
	1992-93	1993-94	1994-95	1993-94		1994-95			1995-96	
				June	September	December	March	June	September	
Foreign currencies —										
United States Dollars	91,927	84,758	81,004	84,758	78,983	72,598	76,678	81,004	81,685	
Pounds Sterling	2,102	2,173	2,155	2,173	2,622	2,277	2,410	2,155	2,104	
Swiss Francs	2,917	3,047	2,645	3,047	3,149	3,041	3,338	2,645	2,238	
Deutsche Marks	1,485	1,451	2,379	1,451	1,620	1,759	2,103	2,379	2,231	
Japanese Yen	17,902	19,435	21,147	19,435	22,032	19,713	20,302	21,147	19,829	
Other(a)	9,115	9,446	69,903	9,446	9,002	9,003	9,580	69,903	70,197	
Total foreign currencies	125,448	120,310	117,811	120,310	117,407	108,390	114,411	117,811	113,749	
Australian Dollars	82,972	85,617	105,477	85,617	88,626	94,826	99,119	105,477	105,382	
Total	208,420	205,927	223,289	205,927	206,033	203,216	213,530	223,289	219,131	

(a) Includes unallocated foreign currency borrowing.

TABLE 15. FOREIGN BORROWING DOMICILED ABROAD (a) : MATURITY OF DRAWINGS, REPAYMENTS AND LEVELS
(\$A million)

	Year			Quarter ended						
	1992-93	1993-94	1994-95	1993-94		1994-95			1995-96	
				June	September	December	March	June	September	
DRAWINGS										
CONTRACTUALLY DUE FOR REPAYMENT —										
Within 3 months	418,013	407,531	211,066	80,441	66,599	49,195	46,649	48,624	16,456	
3 months to less than 6 months	47,871	48,401	39,919	17,337	9,160	8,091	11,663	11,005	9,665	
6 months to less than 1 year	16,053	26,487	35,654	2,956	7,225	17,796	2,615	8,019	10,939	
1 year to less than 2 years	3,319	4,514	4,785	1,687	1,031	1,405	1,754	595	1,258	
2 years to less than 5 years	10,530	12,784	17,229	2,963	4,691	5,366	3,153	4,018	3,323	
5 years to less than 10 years	8,262	9,807	9,933	1,805	3,188	2,203	1,854	2,688	2,843	
10 years or more	4,750	3,402	1,586	344	784	366	65	371	403	
REPAYABLE AT CALL OR OF INDEFINITE MATURITY										
Expected to be repaid —	10,223	2,952	2,262	1,072	1,223	310	418	310	522	
Within 1 year from drawdown	5,935	3,238	1,561	893	529	300	588	144	430	
1 year or more from drawdown										
UNALLOCATED(b)	-10,173	-15,406	-6,288	1,111	1,310	1,791	-1,813	-1,374	-2,128	
TOTAL	514,782	503,711	317,706	108,387	93,120	83,240	66,947	74,398	43,711	
REPAYMENTS										
TIME ELAPSED SINCE DRAWDOWN —										
Less than 3 months	417,968	410,241	210,165	82,412	67,457	52,564	45,339	44,805	15,586	
3 months to less than 6 months	49,143	54,248	46,913	22,565	11,765	11,597	11,042	12,508	12,472	
6 months to less than 1 year	20,654	27,836	40,823	3,507	11,108	17,235	4,154	8,326	10,393	
1 year to less than 2 years	5,950	5,742	5,308	1,094	1,458	1,041	1,611	1,198	1,289	
2 years to less than 5 years	12,520	10,917	6,875	1,538	2,890	1,829	1,090	1,065	1,911	
5 years to less than 10 years	6,709	5,716	7,086	1,045	1,513	2,980	1,639	954	596	
10 years or more	3,208	2,254	1,226	121	370	584	95	177	244	
UNALLOCATED(b)	-9,130	-15,459	-5,635	-1,017	-949	-1,553	-1,802	-1,331	-2,043	
TOTAL	507,022	501,496	312,760	111,265	95,612	86,276	63,169	67,703	40,449	
LEVELS AT END OF PERIOD										
BORROWING WITH CONTRACTUAL TERMS —										
Less than 1 year to maturity	82,179	77,517	77,507	77,517	71,603	63,646	70,556	77,507	76,154	
1 year to less than 2 years	13,031	12,834	14,071	12,834	13,469	13,823	14,208	14,071	14,370	
2 years to less than 5 years	32,092	31,809	38,575	31,809	34,228	39,106	40,468	38,575	40,464	
5 years to less than 10 years	27,928	28,848	34,043	28,848	30,846	27,897	30,763	34,043	30,974	
10 years or more	5,920	4,400	5,874	4,400	4,807	4,769	4,914	5,874	6,590	
AT CALL OR INDEFINITE BORROWING —										
Expected to be repaid —	3,144	1,863	3,794	1,863	2,607	3,813	3,450	3,794	4,309	
Within 1 year	11,691	11,976	10,183	11,976	11,156	9,021	9,484	10,183	8,784	
1 year or more										
UNALLOCATED(b)	1,121	1,915	-783	1,915	696	296	-459	-783	-940	
TOTAL	177,105	171,161	183,264	171,161	169,412	162,371	173,384	183,264	180,703	

(a) For a definition of domiciled abroad see Explanatory notes, paragraph 17. (b) Includes the impact of lending by direct investment enterprises to their direct investors abroad.

TABLE 16. INTERNATIONAL INVESTMENT POSITION AT END OF PERIOD
(SA million)

	Foreign investment in Australia				Australian investment abroad				Net international investment position(a)			
	Equity	Borrowing(b)	Other	Total	Equity	Reserve assets and lending	Other	Total	Net equity	Net debt	Net other	Net foreign liabilities
ANNUAL												
1983-84	32,221	44,101	5,551	81,873	8,018	14,208	4,481	26,706	24,203	29,893	1,070	55,166
1984-85	37,562	67,473	6,583	111,618	11,687	16,265	5,808	33,760	25,875	51,208	774	77,858
1985-86	41,453	92,550	6,884	140,587	20,253	17,005	6,024	43,283	20,900	75,545	859	97,304
1986-87	65,290	107,417	7,441	180,148	34,876	21,279	6,616	62,771	30,414	86,138	825	117,377
1987-88	70,217	123,122	7,454	200,792	41,393	26,873	6,353	74,619	28,824	96,248	1,101	126,173
1988-89	87,411	146,717	7,403	241,532	52,720	29,419	7,278	89,417	34,691	117,298	125	152,115
1989-90	97,355	162,770	6,416	266,541	56,797	31,016	7,857	95,670	40,558	131,754	-1,441	170,871
1990-91	105,370	179,251	6,424	291,045	54,931	36,468	7,663	99,063	50,439	142,782	-1,239	191,982
1991-92	110,866	191,268	6,841	308,975	63,845	37,703	6,603	108,151	47,020	153,565	238	200,824
1992-93	122,091	208,420	6,874	337,386	70,321	41,101	7,482	118,904	51,770	167,320	608	218,481
1993-94	155,057	205,927	9,278	370,262	78,293	42,690	9,200	130,181	76,763	163,237	78	240,081
1994-95	165,287	223,289	8,723	397,298	88,019	42,061	8,397	138,478	77,267	181,228	325	258,820
QUARTERLY												
1990-91 —												
December	101,010	171,317	6,288	278,616	57,109	32,915	7,532	97,556	43,901	138,402	-1,244	181,060
March	103,588	175,840	6,660	286,088	58,466	33,740	7,258	99,464	45,122	142,100	-598	186,624
June	105,370	179,251	6,424	291,045	54,931	36,468	7,663	99,063	50,439	142,782	-1,239	191,982
1991-92 —												
September	106,048	177,425	6,881	290,353	58,067	36,231	7,292	101,590	47,980	141,194	-411	188,763
December	107,916	186,602	7,565	302,082	62,917	40,001	7,092	110,009	44,999	146,601	474	192,073
March	108,436	185,399	6,985	300,821	60,398	35,802	6,896	103,096	48,038	149,597	89	197,724
June	110,866	191,268	6,841	308,975	63,845	37,703	6,603	108,151	47,020	153,565	238	200,824
1992-93												
September	108,298	200,028	7,005	315,331	63,798	39,322	6,938	110,059	44,500	160,706	67	205,272
December	111,363	199,538	7,505	318,405	66,334	37,323	7,129	110,787	45,028	162,215	375	207,619
March	116,435	194,764	6,964	318,163	67,042	37,399	6,992	111,434	49,392	157,365	29	206,729
June	122,091	208,420	6,874	337,386	70,321	41,101	7,482	118,904	51,770	167,320	608	218,481
1993-94 —												
September	138,040	217,054	8,682	363,776	77,798	42,541	7,834	128,173	60,242	174,513	849	235,603
December	150,510	211,195	9,389	371,094	80,933	39,205	8,102	128,241	69,577	171,990	1,287	242,854
March	152,534	211,738	8,751	373,023	78,929	43,889	7,735	130,553	73,605	167,849	1,016	242,470
June	155,057	205,927	9,278	370,262	78,293	42,690	9,200	130,183	76,763	163,237	79	240,079
1994-95 —												
September	161,466	206,033	8,189	375,688	78,800	43,130	7,744	129,673	82,666	162,904	445	246,015
December	156,533	203,216	8,328	368,076	76,432	39,067	7,983	123,481	80,102	164,148	345	244,595
March	158,838	213,530	8,287	380,655	81,802	44,280	8,262	134,344	77,036	169,251	24	246,311
June	165,287	223,289	8,723	397,298	88,019	42,061	8,397	138,478	77,267	181,228	325	258,820
1995-96 —												
September	174,757	219,131	8,607	402,496	87,119	38,408	8,078	133,605	87,638	180,723	529	268,890

(a) Equals foreign investment in Australia less Australian investment abroad. (b) As a result of a change in the methodology used to value non-equity securities issued on foreign capital markets, levels from December quarter 1991 are not strictly comparable with levels from earlier periods.

TABLE 17. CAPITAL TRANSACTIONS
(SA million)

	Foreign investment in Australia				Australian investment abroad				Net capital transactions(a)			
	Equity	Borrowing	Other	Total	Equity	Reserve assets and lending	Other	Total	Net equity	Net debt	Net other	Total
ANNUAL												
1983-84	969	8,132	1,066	10,167	1,540	2,024	881	4,445	-571	6,108	184	5,722
1984-85	1,797	12,674	619	15,090	2,965	1,162	1,353	3,156	-1,169	13,836	-734	11,632
1985-86	2,732	16,958	303	19,994	5,740	1,133	255	4,862	3,008	18,091	49	14,282
1986-87	7,825	15,082	67	22,841	9,427	2,879	564	12,870	-1,602	12,203	-631	9,971
1987-88	8,064	20,061	51	28,176	9,803	6,311	160	16,274	-1,740	13,749	-108	11,901
1988-89	10,477	21,530	780	32,788	8,716	3,378	635	12,728	1,761	18,153	146	20,060
1989-90	6,729	18,960	851	24,838	2,641	3,135	-25	5,751	4,088	15,825	-826	19,086
1990-91	10,319	12,067	-484	21,903	-701	4,890	156	4,344	11,021	7,178	640	17,559
1991-92	5,333	9,389	668	15,390	3,345	-2,770	-897	-321	1,988	12,159	1,565	15,711
1992-93	10,688	7,641	562	18,890	3,635	-896	220	2,960	7,052	8,537	341	15,931
1993-94	22,493	7,508	904	30,907	8,631	4,444	1,506	14,580	13,862	3,064	-602	16,324
1994-95	10,842	10,324	-66	21,101	4,610	-3,088	-1,053	469	6,233	13,413	987	20,633
QUARTERLY												
1990-91 --												
December	3,526	56	528	2,942	2,037	182	98	2,317	1,489	-238	-626	625
March	1,921	6,039	386	8,346	1,134	2,372	-250	3,256	787	3,667	636	5,090
June	2,988	3,454	-252	6,190	-2,738	3,043	456	761	5,726	411	-708	5,429
1991-92 --												
September	1,549	1,789	589	3,926	1,919	-850	-52	1,017	-370	2,639	641	2,909
December	1,582	3,409	755	5,746	2,408	1,352	-208	3,552	-827	2,058	963	2,194
March	349	2,012	571	1,790	974	-2,992	-263	-4,229	1,323	5,004	308	6,019
June	1,853	2,179	-104	3,928	8	279	373	661	1,861	2,459	269	4,589
1992-93												
September	974	5,641	386	7,000	95	-948	-117	-970	879	6,588	502	7,970
December	2,829	1,031	499	2,298	2,594	1,023	147	1,719	235	8	352	579
March	3,854	-3,538	-279	37	905	240	-120	1,026	2,948	-3,778	-159	-989
June	3,030	6,569	-44	9,554	41	835	309	1,185	2,989	5,734	-354	8,370
1993-94 --												
September	5,599	2,819	225	8,643	2,767	1,495	-5	4,257	2,832	1,324	230	4,386
December	5,613	1,559	495	7,666	3,140	-1,163	359	2,336	2,473	2,722	135	5,330
March	6,730	4,169	-448	10,451	1,830	4,792	-299	6,323	4,900	-623	-149	4,128
June	4,550	-1,039	631	4,143	893	-680	1,450	1,664	3,657	-359	-819	2,479
1994-95 --												
September	4,449	252	-702	3,999	136	-416	-1,575	-1,855	4,313	668	873	5,855
December	1,809	1,109	175	3,093	641	-1,942	313	-988	1,169	3,051	-139	4,081
March	2,702	2,936	-31	5,608	306	2,208	83	2,597	2,396	729	-113	3,011
June	1,882	6,027	492	8,401	3,527	-2,938	126	715	-1,645	8,965	366	7,686
1995-96 --												
September	4,889	1,486	-384	5,992	1,406	-1,319	-278	-192	3,484	2,805	-106	6,183

(a) Equals foreign investment in Australia less Australian investment abroad.

TABLE 18. INVESTMENT INCOME
(\$A million)

	<i>Payable on foreign investment in Australia</i>				<i>Receivable on Australian investment abroad</i>				<i>Net investment income payable(a)</i>			
	<i>Interest</i>				<i>Interest</i>				<i>Interest</i>			
	<i>Equity income (b)</i>	<i>Borrowing</i>	<i>Other</i>	<i>Total</i>	<i>Equity income (b)</i>	<i>Reserve assets and lending</i>	<i>Other</i>	<i>Total</i>	<i>Net equity income (b)</i>	<i>Net debt</i>	<i>Net other</i>	<i>Total</i>
ANNUAL												
1983-84	2,104	3,705	26	5,833	556	821	89	1,468	1,548	2,884	-63	4,365
1984-85	2,236	5,314	39	7,589	515	914	95	1,525	1,721	4,400	-56	6,064
1985-86	2,338	6,587	133	9,058	1,146	710	110	1,966	1,192	5,877	23	7,092
1986-87	2,725	7,892	113	10,730	1,816	678	175	2,669	909	7,214	-62	8,062
1987-88	4,222	8,844	35	13,101	2,479	1,051	104	3,634	1,743	7,793	-69	9,467
1988-89	5,242	10,821	269	16,331	2,540	1,267	104	3,911	2,702	9,554	164	12,419
1989-90	5,240	14,380	372	19,993	1,961	1,848	155	3,963	3,280	12,532	217	16,029
1990-91	5,192	14,817	170	20,178	859	2,248	120	3,228	4,332	12,569	50	16,951
1991-92	4,702	13,324	93	18,119	1,263	2,382	54	3,699	3,440	10,941	40	14,421
1992-93	6,554	11,344	92	17,990	2,901	2,164	21	5,085	3,653	9,181	71	12,905
1993-94	8,646	10,939	94	19,679	3,426	1,668	31	5,125	5,221	9,270	63	14,554
1994-95	12,057	11,543	21	23,620	4,398	1,729	47	6,173	7,657	9,813	-25	17,447
QUARTERLY												
<i>1990-91 —</i>												
December	1,782	3,632	55	5,468	152	522	35	710	1,629	3,110	19	4,759
March	1,120	3,849	37	5,007	155	537	29	720	966	3,312	9	4,287
June	1,447	3,656	34	5,137	264	613	26	903	1,183	3,043	8	4,234
<i>1991-92 —</i>												
September	1,124	3,717	24	4,865	317	614	17	948	806	3,103	8	3,917
December	1,035	3,186	26	4,247	348	636	13	997	687	2,549	13	3,250
March	1,104	3,231	20	4,355	273	595	10	879	831	2,636	9	3,477
June	1,439	3,190	23	4,652	324	537	14	875	1,115	2,652	9	3,777
<i>1992-93 —</i>												
September	1,684	3,117	18	4,819	661	668	5	1,333	1,023	2,449	13	3,486
December	1,564	2,835	33	4,432	794	493	5	1,291	770	2,342	28	3,141
March	1,459	2,813	18	4,290	623	632	5	1,259	836	2,182	13	3,031
June	1,846	2,579	23	4,447	823	372	6	1,201	1,022	2,207	17	3,246
<i>1993-94 —</i>												
September	1,800	2,976	24	4,800	819	598	8	1,425	982	2,378	16	3,376
December	2,592	2,563	20	5,176	913	486	9	1,408	1,679	2,078	11	3,768
March	1,826	2,774	20	4,620	849	414	5	1,269	977	2,359	15	3,351
June	2,426	2,626	29	5,082	844	170	9	1,024	1,582	2,456	20	4,058
<i>1994-95 —</i>												
September	2,729	2,843	3	5,575	1,082	363	8	1,453	1,647	2,479	-5	4,122
December	3,022	2,594	4	5,620	1,097	347	8	1,451	1,925	2,247	-4	4,168
March	2,683	3,145	10	5,837	1,085	547	13	1,645	1,597	2,598	3	4,192
June	3,623	2,961	4	6,588	1,134	472	18	1,624	2,488	2,489	-13	4,965
<i>1995-96 —</i>												
September	2,565	3,123	5	5,693	1,140	377	2	1,519	1,425	2,746	3	4,174

(a) Equals income payable on foreign investment in Australia less income receivable on Australian investment abroad. (b) Includes dividends, remitted profits of branches and reinvested earnings of direct investment enterprises attributable to their direct foreign investors.

TABLE 19. LEVELS OF FOREIGN DEBT AT END OF PERIOD(a)
(SA million)

	Public Sector Borrowing								Net foreign debt(b)
	Commonwealth government and Reserve Bank	State government	Public trading and financial enterprises	Total	Private sector borrowing	Total foreign borrowing	Reserve assets	Lending abroad	
ANNUAL									
1983-84	8,534	339	8,907	17,781	26,320	44,101	12,417	1,791	29,893
1984-85	12,982	1,901	14,982	29,865	37,608	67,473	13,517	2,748	51,208
1985-86	19,753	3,855	19,009	42,618	49,933	92,550	13,024	3,981	75,545
1986-87	23,678	6,684	19,589	49,951	57,466	107,417	17,594	3,685	86,138
1987-88	22,909	10,219	23,736	56,865	66,257	123,122	20,182	6,691	96,248
1988-89	18,607	18,230	28,010	64,847	81,870	146,717	20,410	9,009	117,298
1989-90	19,654	19,788	32,525	71,968	90,802	162,770	21,871	9,145	131,754
1990-91	17,429	24,435	33,536	75,400	103,850	179,251	24,047	12,421	142,782
1991-92	16,848	28,425	33,529	78,802	112,466	191,268	22,240	15,463	153,565
1992-93	21,469	37,963	34,630	94,062	114,359	208,420	20,823	20,278	167,320
1993-94	22,913	39,560	32,438	94,910	111,017	205,927	20,661	22,029	163,237
1994-95	27,929	48,473	24,582	100,984	122,305	223,289	20,184	21,877	181,228
QUARTERLY									
<i>1990-91</i>									
December	18,909	20,865	36,540	76,314	95,004	171,317	24,989	7,926	138,402
March	18,755	22,366	35,097	76,218	99,622	175,840	23,593	10,147	142,100
June	17,429	24,435	33,536	75,400	103,850	179,251	24,047	12,421	142,782
<i>1991-92</i>									
September	17,798	26,031	32,543	76,372	101,053	177,425	23,836	12,395	141,194
December	21,204	26,471	33,987	81,662	104,939	186,602	25,451	14,550	146,601
March	18,624	28,074	32,461	79,160	106,240	185,399	21,314	14,488	149,597
June	16,848	28,425	33,529	78,802	112,466	191,268	22,240	15,463	153,565
<i>1992-93</i>									
September	17,949	33,536	34,140	85,625	114,403	200,028	21,566	17,756	160,706
December	19,223	33,391	33,759	86,373	113,165	199,538	20,112	17,211	162,215
March	18,873	33,178	32,072	84,123	110,642	194,764	18,888	18,511	157,365
June	21,469	37,963	34,630	94,062	114,359	208,420	20,823	20,278	167,320
<i>1993-94</i>									
September	20,442	42,459	34,595	97,496	119,558	217,054	22,023	20,518	174,513
December	22,289	42,080	33,538	97,908	113,287	211,195	20,955	18,250	171,990
March	23,242	43,428	33,195	99,864	111,874	211,738	20,834	23,055	167,849
June	22,913	39,560	32,438	94,910	111,017	205,927	20,661	22,029	163,237
<i>1994-95</i>									
September	25,460	38,233	31,474	95,168	110,865	206,033	20,308	22,822	162,904
December	28,610	43,912	30,160	102,682	100,534	203,216	18,417	20,650	164,148
March	28,566	44,640	25,890	99,097	114,434	213,530	21,240	23,040	169,251
June	27,929	48,473	24,582	100,984	122,305	223,289	20,184	21,877	181,228
<i>1995-96</i>									
September	27,182	50,223	22,973	100,378	118,753	219,131	18,659	19,749	180,723

(a) As a result of a change in the methodology used to value non-equity securities issued on foreign capital markets, levels from December quarter 1991 are not strictly comparable with levels from earlier periods. (b) Equals total foreign borrowing less reserve assets and lending abroad.

TABLE 20. FOREIGN INVESTMENT RATIOS
(SA million)

Period	Ratios of net foreign liabilities to GDP(a) - per cent -			Net international investment position servicing - Ratios of net investment income payable to exports(b) - per cent -		
	Total	Foreign debt	Equity and other investment	Total	Foreign debt	Equity and other investment
ANNUAL						
1987-88	42.1	32.1	10.0	18.3	15.1	3.2
1988-89	44.7	34.5	10.2	22.4	17.2	5.2
1989-90	46.1	35.5	10.5	26.3	20.6	5.7
1990-91	50.8	37.8	13.0	25.6	19.0	6.6
1991-92	52.0	39.8	12.2	20.6	15.6	5.0
1992-93	54.2	41.5	12.7	16.9	12.0	4.9
1993-94	56.2	38.2	18.0	17.6	11.2	6.4
1994-95	56.9	39.9	17.1	20.1	11.3	8.8
QUARTERLY						
<i>Year ended(c) -</i>						
<i>1990-91 -</i>						
December	48.0	36.7	11.3	26.5	19.8	6.7
March	49.3	37.5	11.8	25.8	19.6	6.2
June	50.8	37.8	13.0	25.6	19.0	6.6
<i>1991-92 -</i>						
September	49.9	37.3	12.6	25.5	18.6	6.9
December	50.6	38.6	12.0	22.9	17.5	5.4
March	51.7	39.1	12.6	21.5	16.4	5.1
June	52.0	39.8	12.2	20.6	15.6	5.0
<i>1992-93 -</i>						
September	52.6	41.2	11.4	19.6	14.4	5.2
December	52.6	41.1	11.5	18.9	13.7	5.2
March	52.0	39.6	12.4	17.9	12.8	5.1
June	54.2	41.5	12.7	16.9	12.0	4.9
<i>1993-94 -</i>						
September	57.6	42.7	14.9	16.3	11.6	4.7
December	58.6	41.5	17.1	16.8	11.1	5.7
March	57.7	40.0	17.8	16.9	11.1	5.8
June	56.2	38.2	18.0	17.6	11.2	6.4
<i>1994-95 -</i>						
September	56.6	37.5	19.1	18.4	11.3	7.1
December	55.4	37.2	18.2	18.8	11.4	7.4
March	55.0	37.8	17.2	19.5	11.5	8.0
June	56.9	39.9	17.1	20.1	11.3	8.8
<i>1995-96 -</i>						
September	58.5	39.3	19.2	19.5	11.2	8.2

(a) These ratios are derived by expressing net foreign liabilities at the end of the period shown as a percentage of GDP(I) for the year preceding this date. (b) These ratios are derived by expressing net investment income payable as a percentage of exports of goods and services for the year preceding this date. (c) Estimates of annual GDP(I) and annual exports of goods and services and net investment income payable refer to the sum of the four quarters ended with the quarters indicated.

EXPLANATORY NOTES

Introduction

This publication provides comprehensive statistics on Australia's net international investment position, foreign investment in Australia and Australian investment abroad for the September quarter 1995, together with statistics for earlier periods.

2. More detailed annual international investment statistics up to 1993-94 may be found in *Balance of Payments and International Investment Position, Australia, 1993-94* (5363.0) released in July 1995. Descriptions of the concepts, definitions, classifications of data items, and sources and methods used in compiling the statistics are presented in *Foreign Investment, Australia: Summary of Concepts, Sources and Methods* (5355.0). That publication also includes an assessment of the accuracy and reliability of the statistics.

Scope and coverage

3. International investment statistics provide information on:

- *levels* (stock) of foreign financial assets and liabilities at a particular date;
- *capital transactions* (investment flows) resulting in increases and decreases in these assets and liabilities e.g., the purchase or sale by a non resident of shares in an Australian enterprise, drawings/repayments on a foreign loan facility;
- *exchange rate variations* due to movements of the Australian dollar against the other currencies in which these assets and liabilities are denominated; and
- *other changes* in levels due to a change in the market price of a claim (e.g., a share price movement), write-offs, reclassifications and reconciliation errors.

4. Due to the quarterly revisions policy, the *other changes* item for the latest quarter will sometimes include transactions relating to earlier periods, not identified in time to include in the transactions estimates for those periods. These transactions are subsequently allocated to the correct periods (with consequential revisions to levels estimates) in subsequent issues of this publication.

5. International investment statistics are compiled from several sources including the quarterly and annual collections of the Survey of Foreign Investment, and official advices. Coverage of the quarterly foreign investment collections is more limited than the corresponding annual collections and quarterly estimates are revised as results from the annual collections become available. Results from other sources are also revised but generally to a lesser extent. The annual collections are conducted using sampling techniques; for a discussion on the impact of this on foreign investment statistics see 'Introduction of sampling in foreign investment collections' on page 7 of the September quarter 1988 issue of *Foreign Investment, Australia* (5306.0).

Classifications and definitions

6. The more important classifications and definitions used in international investment statistics are outlined below.

7. *Australia's net international investment position* is defined as the difference between the level of foreign investment in Australia and the level of Australian investment abroad.

8. *Direction of investment*. This classification refers to the basic distinction between inward and outward investment; that is, foreign investment in Australia or Australian investment abroad. Broadly, *foreign investment in Australia* refers to the stock of financial assets in Australia owned by non-residents and capital transactions which increase or decrease this stock. Conversely, *Australian investment abroad* refers to the stock of foreign financial assets owned by Australian residents and capital transactions which increase or decrease that stock. A major exception to this concerns the treatment of direct investment activity (described in paragraph 13), where the classification of particular investment transactions and associated levels and income, to either foreign investment in Australia or Australian investment abroad, depends upon the direction of the equity link which underlies the establishment of the direct investment relationship between the transactors. If an Australian enterprise is a direct investment enterprise - that is a non-resident (the direct investor) has a significant equity holding in that enterprise - financial claims by the Australian direct investment enterprise on the foreign direct investor are netted against liabilities of the direct investment enterprise to the direct investor in measuring direct foreign investment in Australia. Similarly, netting of assets and liabilities occurs in arriving at Australian direct investment abroad.

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

10. General government comprises "Departments of State" and similar entities that are the agents or instruments of Commonwealth, State, or local government. State government central borrowing authorities and private non-profit organisations serving government are included in this category. Public sector business enterprises are excluded from this sector and included as appropriate in the other sectors. Banks comprise trading, savings and development banks which are licensed under the Banking Act to act as banks or which have been created under Commonwealth or State legislation. (This category in this publication excludes the Reserve Bank but includes various other government owned banks.) Non-bank financial enterprises are enterprises, other than the Reserve Bank and the trading, savings and development banks, that are mainly engaged in incurring liabilities and acquiring financial assets. Trading enterprises are non-financial enterprises mainly engaged in the production of goods and services for sale in the market.

11. For trading and financial enterprises, a further dissection is provided in some tables for public and private sector enterprises. The public sector grouping consists of government owned and/or controlled business enterprises while the private sector grouping consists of all other entities. The official sector is further dissected into Commonwealth and State Government components in some tables.

12. *Type of capital.* Three types of capital are distinguished: direct investment, reserve assets, and portfolio and other investment.

13. The concept of direct investment is broadly one of capital invested in an enterprise by an investor (called a *direct investor*) having a significant influence, either potentially or actually exercised, over the key policies of the enterprise (called a *direct investment enterprise*). Under the definition of direct investment used in compiling the statistics, ownership of 10 per cent or more of the ordinary shares or voting stock (or an equivalent equity interest) is generally regarded as indicative of significant influence by an investor. For a detailed discussion of direct investment see paragraphs 4.12 - 4.22 of *Foreign Investment, Australia: Summary of Concepts Sources and Methods* (5355.0).

14. *Reserve assets* are those foreign financial assets that are effectively controlled and available for use by the central authorities for meeting balance of payments needs. *Portfolio and other investment* covers all foreign investment activity not classified as *direct investment* or *reserve assets*.

15. Many types of *instrument of investment* are identified in this publication. Some of these are only applicable to one type of capital. For example, the instruments *reinvestment of earnings* and *net equity in branches* are only used for direct investment. For analytical reasons and for ease of reporting by enterprises, similar instruments are combined into groups. Deposits, loans, finance leases, bonds, bills, IMF credit and BIS placements are combined and called *borrowing* (foreign investment in Australia) or *lending* (Australian investment abroad). Prepayments made and received, and accounts receivable and payable, between enterprises in a direct investment relationship are combined and called *other direct investment*. Similar prepayments and accounts between enterprises not in a direct investment relationship are grouped together and called *accounts payable/prepayments received* (foreign investment in Australia) and *accounts receivable/prepayments made* (Australian investment abroad).

16. This publication shows statistics on both Australia's *gross foreign debt* (borrowing) and Australia's *net foreign debt*. Net foreign debt is arrived at after deducting reserve assets and lending abroad from gross foreign debt.

17. Several other classifications of *borrowing* are also included in this publication. These include:

- separate details of borrowing in foreign and Australian currency;
- currency of borrowing;
- country of domicile of borrowing, which separates borrowing domiciled in Australia from borrowing domiciled abroad. Borrowing domiciled in Australia comprises those securities issued in Australia which,

while largely targeted for Australian residents, are taken up by non-residents, usually through security brokers and nominees. Examples of these securities, all of which are tradeable, are government and semi-government fixed interest tradeable securities, as well as certificates of deposits issued by banks, debentures, promissory notes and other issues by private enterprises. This category also includes deposits held with Australian banks by non-residents. Borrowing domiciled abroad refers to all other borrowing from non-residents, including securities issued in foreign countries;

- purchases and sales of securities domiciled in Australia by non-residents. Purchases include both the on-market purchases and the take-up of new issues by non-residents of debt issued in Australia. Sales include both the on-market sales by and the redemption from non-residents of debt issued in Australia;
- drawings and repayments of borrowing domiciled abroad. Drawings include the drawdown on loans, the issue by residents of non-equity securities abroad, the receipt of finance under finance lease agreements etc. Repayments of borrowing domiciled abroad include the repayment of loans, the redemption of non-equity securities issued abroad, the withdrawal of deposits, lease payments (excluding the imputed interest component) under a finance lease agreement etc;
- maturity structure of drawings and repayments of borrowing domiciled abroad.

18. The *country* dissection of statistics on international investment shows countries investing in Australia. The classification is based upon the country of residence of the foreign creditor holding Australia's foreign liabilities. It does not necessarily reflect either the country of ultimate beneficial ownership of the investment, the country of immediate source of funds, or the country to which amounts borrowed will in fact be re-paid. The classification includes categories for various country and country groupings as well as categories for international capital markets and international institutions. In some instances, foreign investment activity cannot be classified by country and is therefore classified to *unallocated*. This category includes, from September quarter 1993, reinvestment of earnings and reinvested earnings. These types of investment can only be allocated to country after the results of annual collections are available.

19. As from the June quarter 1995 issue of this publication, international investment industry data are classified according to the Australian and New Zealand Standard Industrial Classification (ANSZIC), 1993 (1292.0). Industry statistics should be treated with some caution as they do not necessarily reflect the industry in which the funds are ultimately employed. The statistical unit (that is, the unit of observation and classification) generally consists of all enterprises in an enterprise group within a single resident institutional sector. The industry of this statistical unit, which may cover a broad range of activities, is determined on the basis of the predominant activity of the unit as a whole which may be quite different from the industry in which the funds are used. This applies especially to financial enterprises such as trading and merchant banks which may borrow funds as principals and then on-lend to clients in other industries.

20. An *unallocated* classification also exists for industry statistics. This category includes, from September quarter 1993, new investment through brokers and nominees in the trading enterprise sector and reinvestment of earnings and reinvested earnings. This investment can only be allocated by industry after the results of annual collections are available.

Presentation

21. Tables 1 to 3 show the main international investment aggregates covering, respectively, Australia's net international investment position, foreign investment in Australia and Australian investment abroad. These tables are presented in the form of a reconciliation between opening and closing levels of investment, supplemented by investment income information. Tables 4 to 8 provide further details of capital transactions, investment income, levels of investment, foreign debt and interest payable on foreign debt. Tables 9 and 10 provide details of ratios of net foreign liabilities to GDP and net investment income to exports. Tables 11 and 12 provide further dissections of foreign investment in Australia by country and by industry. Tables 13 to 15 show additional statistics on foreign borrowing. Tables 16 to 20 are historical tables.

Reliability

22. As mentioned in paragraph 5, quarterly estimates presented in this publication are subject to revision. Revisions can arise for a variety of reasons but two contributing factors are especially worthy of note. The first affects estimates of *reinvested earnings* (income), its offset *reinvestment of earnings* (capital transaction) and *foreign portfolio investment in Australian corporate equities* (levels and transactions). Data for these items are only collected annually and hence estimates for the most recent periods are derived by extrapolating earlier entries. While this means that the estimates could be significantly revised at a future date, it is nevertheless considered useful to include them in the relevant tables. The second factor affects estimates of investment in certain categories of *portfolio and other investment* through nominees and brokers. The collection methods used in annual and quarterly collections differ and can result in significant revisions to quarterly data once the results of annual surveys become available.

Related publications

23. This publication is complemented by the annual publication *Balance of Payments and International Investment Position, Australia* (5363.0). Statistics on international investment capital transactions and income are also published in all balance of payments publications: the monthly, *Balance of Payments, Australia* (5301.0) and the quarterly, *Balance of Payments, Australia* (5302.0). The statistics are presented on a consistent basis in both sets of publications. Information about the concepts,

definitions, classifications of data items, and sources and methods used in compiling both sets of statistics are presented in *Foreign Investment, Australia: Summary of Concepts, Sources and Methods* (5355.0) and *Balance of Payments, Australia: Concepts, Sources and Methods* (5331.0).

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

Unpublished information

25. More detailed information is available in the standard release *International Investment Position, Australia, Supplementary Country by Broad Industry Statistics* (5352.0). Additional information on international investment activity is also available from the ABS on request. A charge may be made for providing these services. Inquiries about the standard release service or about other information should be made to the persons whose names appear in the inquiries box at the front of this publication, or to Information Services in the nearest ABS office.

Symbols and other usages

—	nil or rounded to zero
n.a.	not available
n.y.a.	not yet available
..	not applicable
ABS	Australian Bureau of Statistics
APEC	Asia Pacific Economic Co-operation
ASEAN	Association of South East Asian Nations
BIS	Bank of International Settlements
EEC	European Economic Community
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development

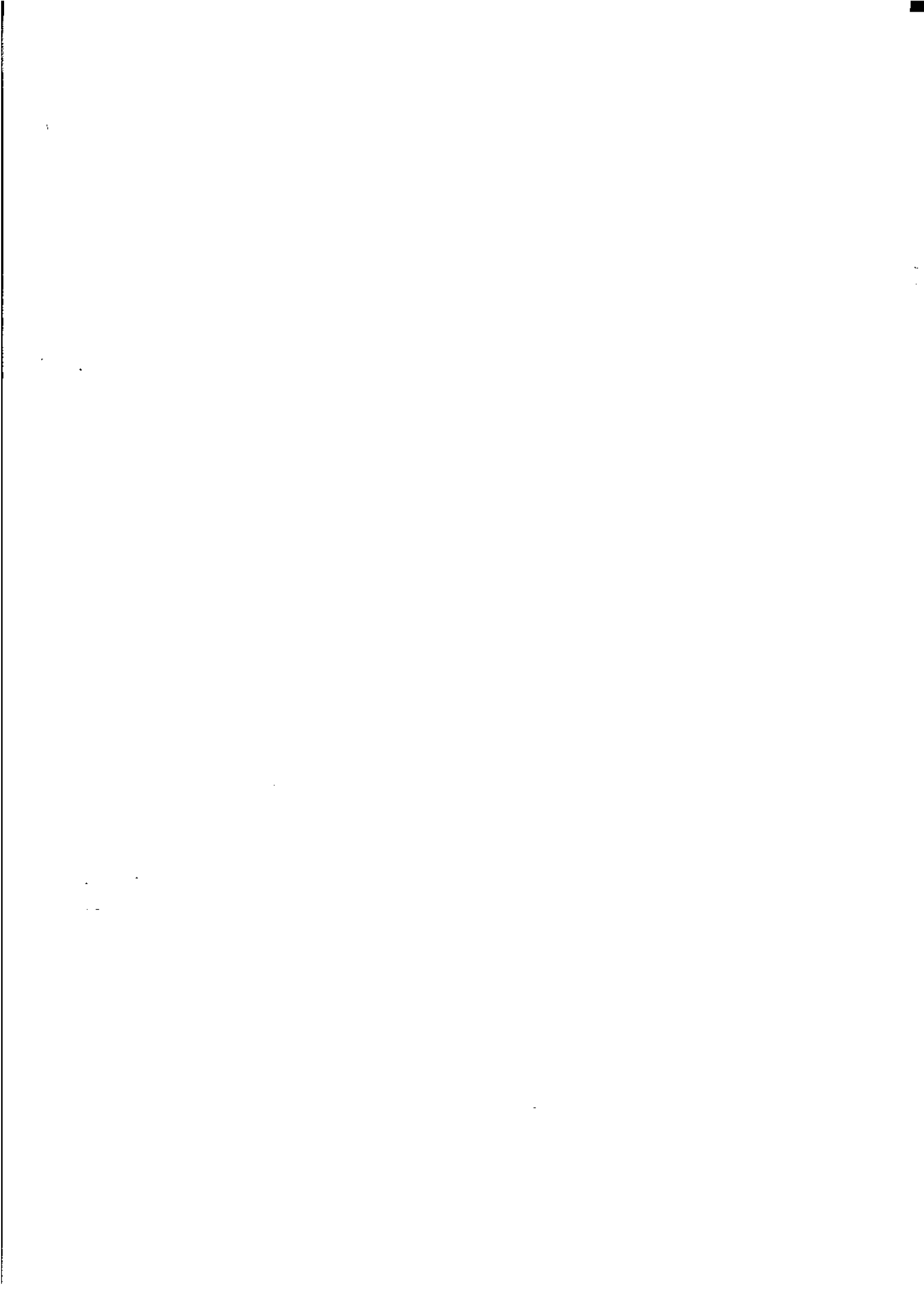
26. For capital transactions a negative value denotes a net withdrawal of investment; for levels of direct investment lending abroad, a negative value denotes an excess of borrowing by direct investors in Australia from their direct investment groups abroad over lending by direct investors in Australia to their direct investment groups abroad (see paragraph 8 for a further explanation); and similarly for income receivable on direct investment lending abroad an excess of income payable by direct investors over income receivable by direct investors.

27. As all figures have been rounded, discrepancies may occur between the sum of components and the total.

**APPENDIX
SPECIAL ARTICLES IN RECENT INTERNATIONAL INVESTMENT
AND BALANCE OF PAYMENTS PUBLICATIONS**

<i>Article</i>	<i>Publication (ABS Catalogue No.)</i>	<i>Issue</i>	<i>Page Reference</i>
The relationship between foreign investment and balance of payments statistics	5306.0	Mar qtr 1991	7-8
The relationship between balance of payments and national accounts statistics.	5302.0	Dec qtr 1991	7-10
The relationship between ABS international investment statistics and Foreign Investment Review Board approvals statistics	5306.0	Mar qtr 1992	9
Revised international standards for balance of payments statistics	5302.0	June qtr 1992	7-8
Australia's foreign debt	1350.0	Nov 1992	xi-xvi
Report of IMF working party on measurement of international capital flows	5302.0	Dec qtr 1992	6-10
Direct investment	5306.0	Mar qtr 1993	8-12
Recent changes to sources and methods used for estimating services and other property income	5302.0	Mar qtr 1993	6-7
Balancing item	5302.0	June qtr 1993	7-11
Supplementary foreign investment coverage survey	5306.0	Sept qtr 1993	8-10
Change to commodity classification of merchandise imports	5301.0	March 1994	2
Implementing revised international standards for balance of payments and international investment position statistics	5302.0	Sept qtr 1994	7-11
International comparison of balance of payments statistics	5363.0	1993-94	7-8
Statistical developments in APEC	5306.0	Dec qtr 1994	9-11
Foreign ownership of equity in Australian enterprise groups	5306.0	Mar qtr 1995	8-12

Copies of the above articles may be ordered from Mr Michael Atkinson, International Investment Section Phone (06) 252 6252. A charge may be made for providing these services.





For more information . . .

The ABS publishes a wide range of statistics and other information on Australia's economic and social conditions. Details of what is available in various publications and other products can be found in the *ABS Catalogue of Publications and Products* available at all ABS Offices (see below for contact details).

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