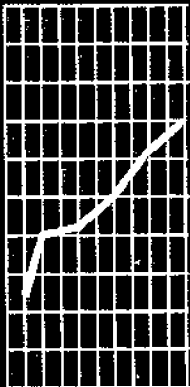


December Quarter 1995

International Investment Position Australia





EMBARGOED UNTIL 11.30 A.M. 1 MARCH 1996

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

**W. McLennan
Australian Statistician**

AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NO. 5306.0

© Commonwealth of Australia 1996

CONTENTS

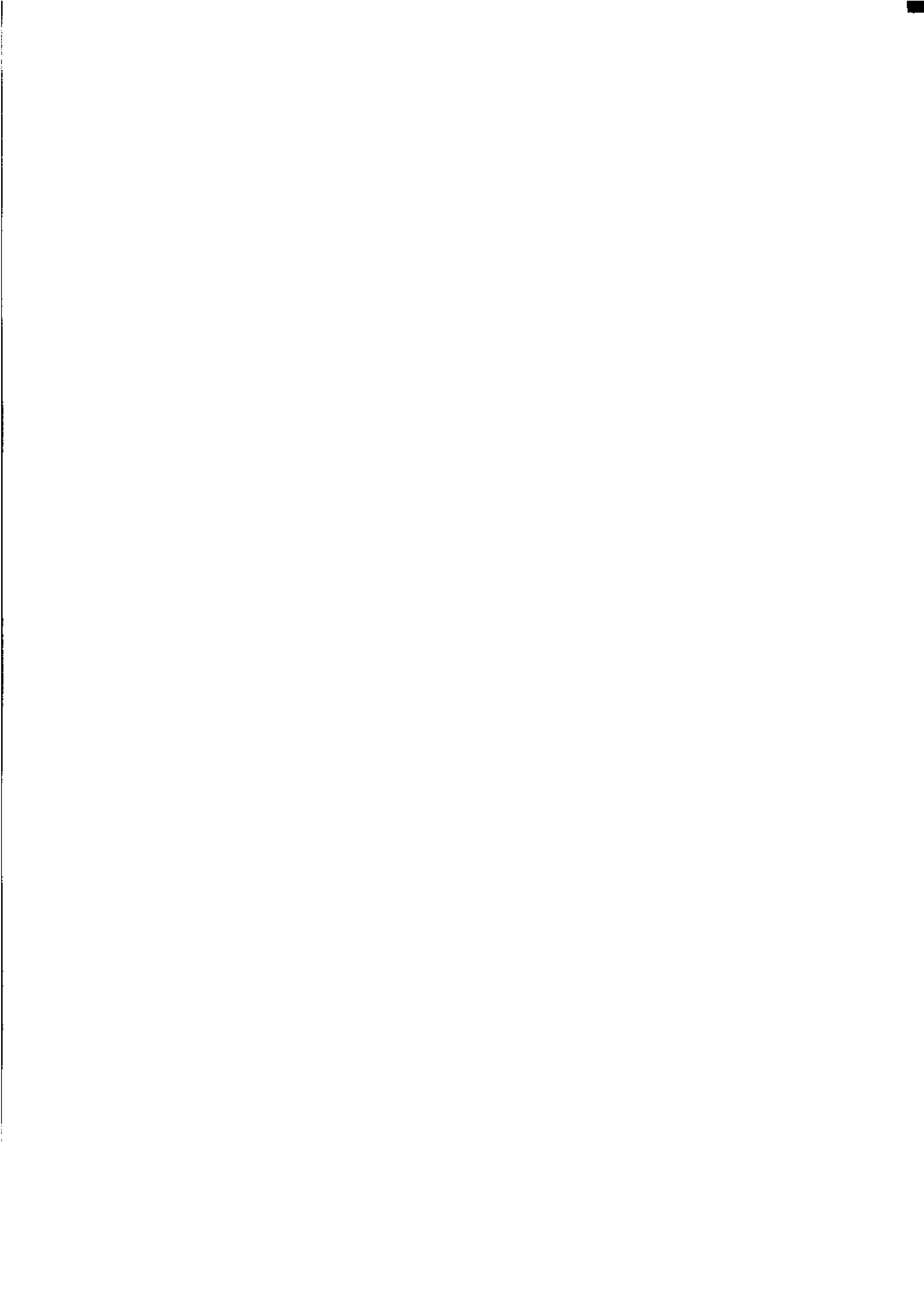
<i>Table</i>	<i>Page</i>
.. Main Features	1
.. Analysis of results	2
.. Next release date	6
.. Revisions	7
.. Special article — Quarterly collection of reinvestment of earnings data	8
Main Aggregates —	
1 Australia's net international investment position and income	11
2 Foreign investment in Australia - summary	12
3 Australian investment abroad - summary	13
4 Capital transactions	14
5 Investment income	15
6 Levels of investment at end of period	16
7 Levels of foreign debt at end of period	17
8 Interest payable on foreign debt	18
Ratios —	
9 Net foreign liabilities - ratios to GDP	19
10 Net investment income - ratios to exports	19
Foreign investment in Australia —	
11 Foreign investment in Australia, by country	20
12 Foreign investment in Australia, by industry	21
Foreign borrowing —	
13 Foreign borrowing: capital transactions and levels by domicile	22
14 Foreign borrowing: levels at end of period by currency	22
15 Foreign borrowing domiciled abroad: maturity of drawings, repayments and levels	23
Historical tables —	
16 International investment position at end of period	24
17 Capital transactions	25
18 Investment income	26
19 Levels of foreign debt at end of period	27
20 Foreign investment ratios	28
.. Explanatory notes	29
.. List of articles of interest in previous international investment and balance of payments publications	32

INQUIRIES

- *for further information about statistics in this publication and the availability of related unpublished statistics, contact Mr Kym Borgmeyer on Canberra (06) 252 6872, Mr Chris Kervin on (06) 252 5386 or any ABS State office.*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.*
-

Information Paper: Quality of Australian Balance of Payments Statistics, 1996 (5342.0) (\$10.00) is now available.

Please refer to the enclosed flyer for more details or contact
Mr Bob McColl on (06) 252 6189.



1

MAIN FEATURES
NET INTERNATIONAL INVESTMENT POSITION AND INCOME — SUMMARY

	Sept. qtr 1995(a)	Dec. qtr 1995	Percentage Change	
			Sept. qtr 1995 to Dec. qtr 1995	Dec qtr 1994 to Dec qtr 1995
	— \$A million —		— per cent —	
Net foreign liabilities at end of quarter —				
Net equity	87,185	87,947	0.9	9.4
Net debt (b)	179,456	184,864	3.0	8.5
Net other	2,626	2,307	-12.1	49.0
Total	269,267	275,118	2.2	9.0
Net investment income payable abroad during quarter	4,103	4,917	19.8	16.4

(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.

December quarter 1995

Net foreign liabilities of Australian residents at 31 December 1995 totalled \$275,118 million. This was an increase of \$5,851 million, or 2.2 per cent, on the revised estimate of the position one quarter earlier.

- The increase during the December quarter 1995 consisted of an inflow of \$4,834 million due to *net capital transactions* (the *balance on capital account* in the balance of payments); *exchange rate variations* of -\$71 million; and *other changes* of \$1,087 million in the value of net foreign liabilities.
- Underlying the increase during the December quarter 1995 was an increase in *foreign investment in Australia* (up \$18,002 million) partly offset by an increase in *Australian investment abroad* (up \$12,151 million). The rise in *foreign investment in Australia* was due to increases in foreign borrowing (up \$11,507 million) and equity holdings by non-residents in Australian enterprises (up \$6,375 million). Of the increases in equity and borrowing, about one fifth was attributable to foreign residents' participation in privatisations of Australian enterprises. The increase in *Australian investment abroad* stemmed from increases in equity holdings by Australian residents in foreign enterprises (up \$5,613 million), lending to non-residents (up \$4,691 million), and reserve assets (up \$1,408 million).

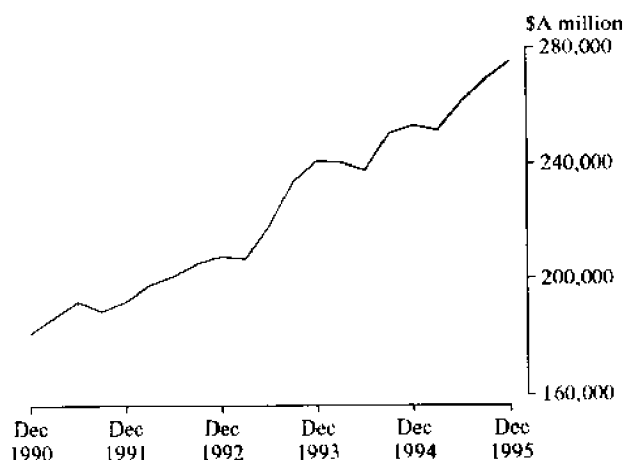
Net foreign debt at 31 December 1995 was \$184,864 million, up \$5,408 million (3.0%) on the revised estimate of the position a quarter earlier.

- The increase during the December quarter 1995 resulted from *net capital transactions* of \$4,453 million, *other changes* of \$715 million and *exchange rate variations* of \$240 million.
- The increase reflected a 8.5 per cent rise in the private sector's share of net debt, which was partly offset by a 4.7 per cent fall in the public sector's share. At 31 December 1995 the public sector accounted for 38.3 per cent of net foreign debt, down from 41.4 per cent a quarter earlier.

Net investment income payable abroad during the December quarter 1995 was \$4,917 million, up \$814 million (19.8%) on the amount payable in the September quarter 1995 and up \$691 million (16.4%) on the amount payable in the December quarter 1994.

- The increase in the December quarter 1995 over the September quarter 1995 resulted from a rise of \$920 million in *income payable on foreign investment in Australia*. This rise was mainly due to an increase of \$864 million in *income payable on equity*.
- The ratio of *net investment income to exports of goods and services* for the year ended December 1995 was 19.2 per cent, up 0.3 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)

	<i>Changes in levels during December quarter 1995</i>					<i>Level at 31 Dec. 1995</i>	<i>Investment Income during Dec. quarter 1995</i>
	<i>Level at 30 Sept. 1995</i>	<i>Capital Transactions</i>	<i>Exchange Rate Variations</i>	<i>Other Changes</i>			
Foreign Investment in Australia—							
Equity Liabilities	175,571	5,338	8	1,029	181,946	3,371	
Borrowing(a)	220,107	10,104	317	1,085	231,614	3,281	
Other Investment	10,875	243	75	-197	10,995	7	
Total	406,553	15,685	400	1,917	424,555	6,659	
Australian Investment Abroad—							
Equity Assets	88,386	4,669	386	557	93,999	1,249	
Reserve Assets	18,659	1,298	26	84	20,067	222	
Lending	21,992	4,353	52	287	26,683	258	
Other Investment	8,249	530	7	-98	8,688	12	
Total	137,286	10,850	471	830	149,437	1,741	
Net International Investment Position and Income(b)—							
Net Equity Liabilities	87,185	668	-379	472	87,947	2,121	
Net Debt(c)	179,456	4,453	240	715	184,864	2,801	
Net Other Investment	2,626	-287	68	-100	2,307	-5	
Net Foreign Liabilities	269,267	4,834	-71	1,087	275,118	4,917	

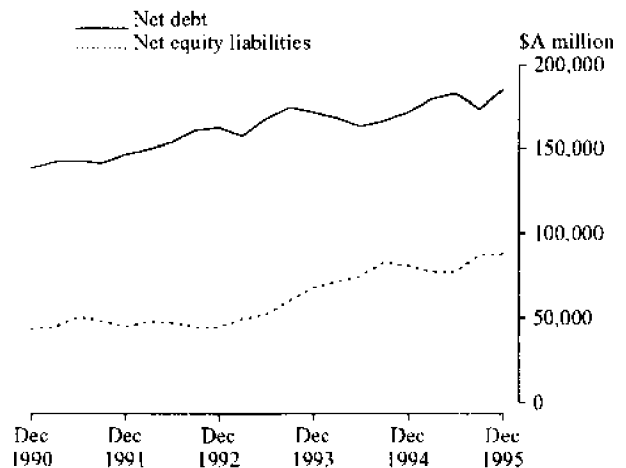
(a) Gross foreign debt. (b) Net international investment position equals foreign investment in Australia less Australian investment abroad. (c) Foreign borrowing by Australian residents less the sum of reserve assets and Australian lending abroad.

Australia's international investment position at 31 December 1995

Australia's net international investment position at 31 December 1995 consisted of net foreign liabilities of \$275,118 million. This was an increase of \$5,851 million (2.2%) on the position a quarter earlier and resulted from:

- net capital transactions of \$4,834 million;
- exchange rate variations of -\$71 million; and
- other changes of \$1,087 million.

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



The level of net foreign liabilities at 31 December 1995 represented the difference between the level of:

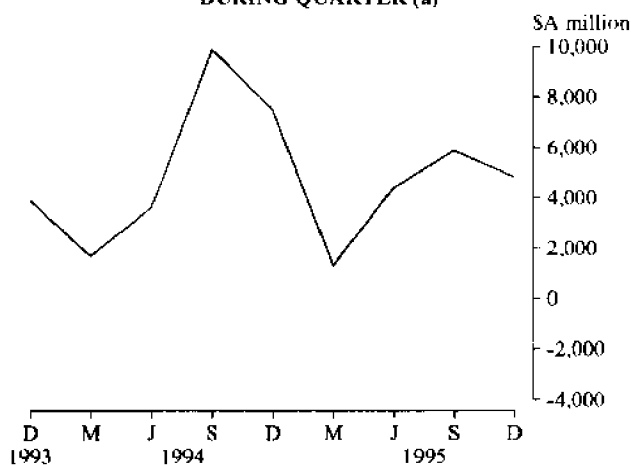
- foreign investment in Australia of \$424,555 million; and
- Australian investment abroad of \$149,437 million.

The level of net foreign liabilities consisted of:

- *net foreign debt* of \$184,864 million (67.2%);
- *net equity liabilities* of \$87,947 million (32.0%); and
- *net other investment* of \$2,307 million (0.8%).

During the December quarter 1995, the level of net foreign debt increased by 3.0 per cent and net equity liabilities increased by 0.9 per cent.

GRAPH 3: NET CAPITAL TRANSACTIONS DURING QUARTER (a)

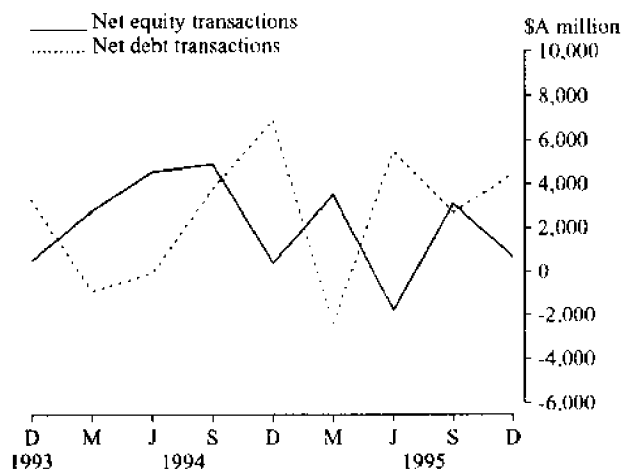


(a) Net capital transactions cover net equity, net debt and net other investment transactions

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

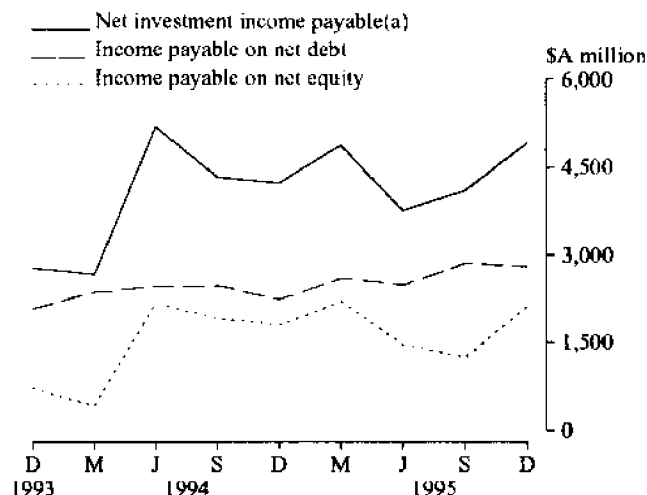
- a net inflow of \$15,685 million, due to additional liabilities incurred on foreign investment in Australia; partly offset by
- a net outflow of \$10,850 million, due to an increase in Australian investment abroad.

GRAPH 4: NET EQUITY AND DEBT TRANSACTIONS DURING QUARTER



Contributing to this outcome on net capital transactions were net inflows of \$4,453 million for net foreign debt and \$668 million for net equity investment.

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 December quarter 1995 was \$4,917 million, arising from income payable on foreign investment in Australia of \$6,659 million less income receivable on Australian investment abroad of \$1,741 million. Net investment income payable rose by \$814 million, or 19.8 per cent, on the amount recorded for the September quarter 1995 (due to an increase of \$920 million in income payable on foreign investment in Australia, partly offset by an increase of \$105 million in income receivable on Australian investment abroad).

Net investment income payable abroad mainly consisted of:

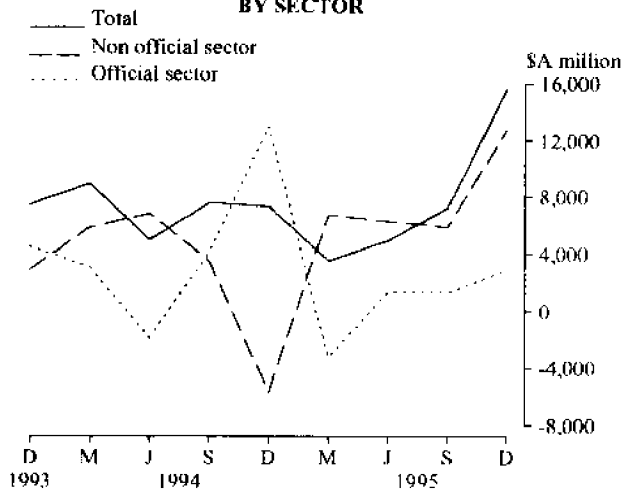
- \$2,801 million interest payable on net foreign debt; and
- \$2,121 million investment income payable on net equity liabilities.

Capital transactions (investment flows) in the December quarter 1995

Foreign investment in Australia

A net inflow of \$15,685 million was recorded for foreign investment in Australia during the December quarter 1995. This was an increase of \$8,414 million on the net inflow of \$7,271 million recorded for the previous quarter. This increase resulted from a rise of \$7,964 million in borrowing, a turnaround of \$252 million (to an inflow) in other investment and an increase of \$198 million in equity investment.

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



Foreign investment in the *official sector* in Australia increased \$1,554 million, from a net inflow of \$1,340 million in the September quarter 1995 to a net inflow of \$2,894 million in the December quarter 1995. The major flows within this sector were:

- a turnaround of \$5,344 million in general government borrowing domiciled in Australia, from a net outflow of \$1,171 million to a net inflow of \$4,173 million; and
- a turnaround of \$3,764 million in general government borrowing domiciled abroad, from a net inflow of \$2,534 million to a net outflow of \$1,230 million.

The net inflow of foreign investment in the *non-official sector* in Australia increased \$6,861 million, from \$5,930 million in the September quarter 1995 to \$12,791 million in the December quarter 1995. Approximately a quarter of this net inflow can be attributed to foreign residents' participation in privatisations of Australian enterprises.

Contributing to the increased net inflow into the non-official sector were:

- a turnaround of \$6,657 million in borrowing by the private sector from unrelated foreign lenders, from a net outflow of \$1,084 million to a net inflow of \$5,573 million;
- an increase of \$4,156 million in the net inflow from foreign direct investment in corporate equities, from \$366 million to \$4,522 million; and
- an increase of \$3,233 million in the net inflow due to borrowing from direct investors, from \$131 million to \$3,364 million.

These changes were partly offset by:

- a turnaround of \$4,117 million in foreign portfolio investment in corporate equities, from a net inflow of \$3,438 million to a net outflow of \$679 million; and
- a turnaround of \$3,481 million in borrowing by the public sector, from a net inflow of \$1,704 million to a net outflow of \$1,777 million.

Australian investment abroad

A net outflow of \$10,850 million was recorded for Australian investment abroad in the December quarter 1995, representing an increase of \$9,469 million on the net outflow of \$1,381 million for the previous quarter.

Australian investment abroad by the *official sector* turned around from a net inflow of \$290 million in the September quarter 1995 to a net outflow of \$1,371 million. This was mainly due to a turnaround of \$1,608 million in reserve assets, from a net inflow (sales) of \$310 million to a net outflow (purchases) of \$1,298 million.

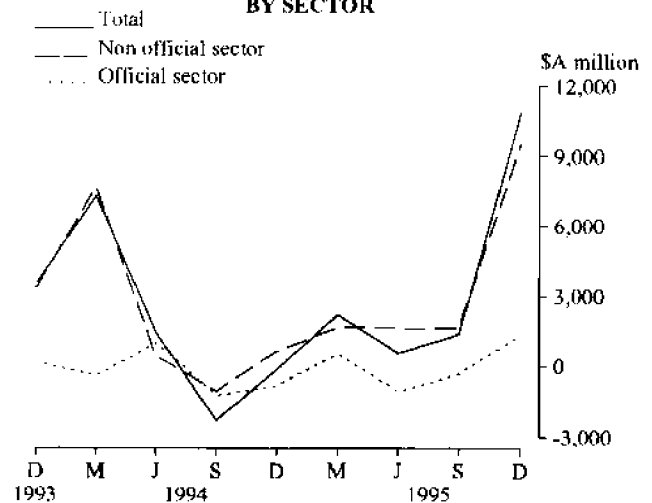
An increase of \$7,808 million in the net outflow was recorded for investment abroad by the *non official sector*, from \$1,671 million in the September quarter 1995 to \$9,479 million in the December quarter 1995. This result was mainly due to:

- a turnaround of \$4,166 million in lending to direct investment enterprises abroad, from a net inflow (repayments) of \$1,074 million to a net outflow of \$3,092 million;
- an increase of \$1,977 million in Australian portfolio investment in foreign corporate equities, from a net outflow of \$463 million to \$2,440 million;
- a turnaround of \$873 million in lending by the public sector, from a net inflow of \$541 million (repayments) to a net outflow of \$332 million;
- an increase of \$689 million in Australian direct investment in foreign corporate equities, from a net outflow of \$395 million to \$1,084 million; and
- a turnaround of \$578 million in accounts receivable/prepayments made, from a net inflow of \$145 million to a net outflow of \$433 million.

These changes were partly offset by:

- a decrease of \$445 million in lending by the private sector to unrelated foreign enterprises, from a net outflow of \$1,373 million to \$928 million.

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



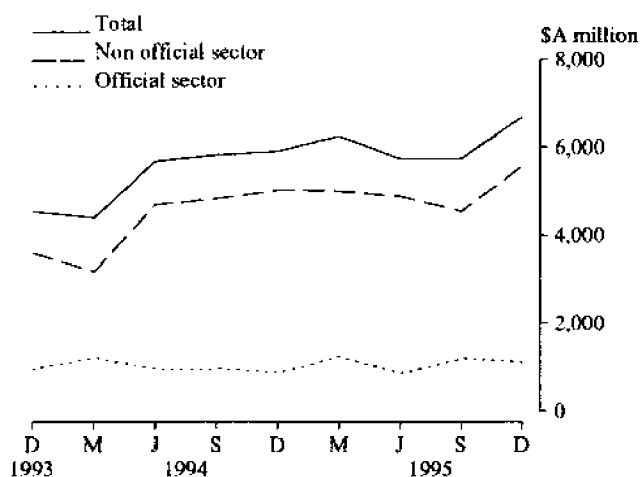
Investment income in the December quarter 1995

Income payable on foreign investment in Australia

Income payable on foreign investment in Australia was \$6,659 million in the December quarter 1995, an increase of \$920 million (16.0%) on the September quarter 1995 estimate. Income payable (including reinvested earnings) on equity holdings by non-residents in Australian enterprises accounted for \$3,371 million (50.6%) of the total investment income payable, up \$864 million (34.5%) on the previous quarter's estimate.

Income payable by the *official sector* was \$1,107 million, down \$93 million (7.8%) on the amount payable in the previous quarter. Income payable by the *non-official sector* rose \$1,012 million (22.3%) to \$5,551 million.

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



A decrease of \$326 million was recorded for interest payable on official sector borrowing domiciled in Australia and an increase of \$230 million for interest payable on official sector borrowing domiciled abroad.

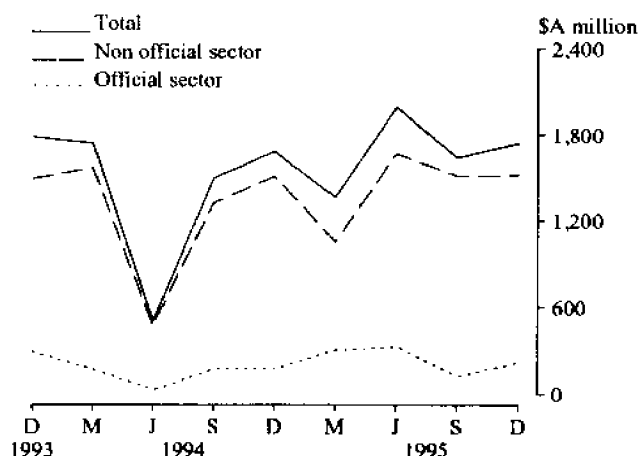
The largest increases in income payable by the non-official sector were recorded for:

- dividends payable on direct investment and portfolio investment in Australian corporate equities (up \$618 million and \$332 million respectively); and
- interest payable on private sector borrowing from unrelated foreign lenders (up \$164 million).

Income receivable on Australian investment abroad

Income receivable on Australian investment abroad during the December quarter 1995 was \$1,741 million, an increase of \$105 million on the previous quarter's estimate. Income receivable by the *official sector* (entirely interest on reserve assets) rose by \$97 million (77.6%) to \$222 million. Income receivable by the *non-official sector* rose by \$9 million (0.6%) to \$1,520 million.

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



Exchange rate variations in the December quarter 1995

Between 30 September 1995 and 31 December 1995, the Australian dollar depreciated 1.32 per cent against the United States dollar, and appreciated 3.29 per cent against the Japanese yen, 0.77 per cent against the United Kingdom pound and 0.09 per cent against the German mark. On a trade weighted basis, the Australian dollar appreciated 0.19 per cent.

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

Other changes in levels in the December 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 \$1,087 million in net liabilities. This increase represented the net effect of *other changes* in the level of foreign investment in Australia of \$1,917 million, partly offset by *other changes* in the level of Australian investment abroad of \$830 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 \$2,300 million in the level of investment. Reflected in this amount were: share valuation effects which accounted for an increase of \$2,026 million in the level of foreign portfolio investment in corporate equities and a decrease, after an adjustment for reinvestment of earnings, of \$650 million in the level of foreign direct investment in corporate equities; and price increases for debt securities which accounted for an increase of about \$962 million in the level of foreign borrowing. Share price decreases on foreign share markets accounted for a decrease of approximately \$276 million in the level of Australian investment abroad in foreign equities.

Levels of investment at 31 December 1995

Foreign investment in Australia

The level of foreign investment in Australia was \$424,555 million at 31 December 1995, an increase of \$18,002 million on the level at 30 September 1995. Making up the change in levels were:

- a net inflow of \$15,685 million from capital transactions;
- exchange rate changes of \$400 million; and
- other changes of \$1,917 million.

The *official sector* accounted for \$79,897 million, or 18.8 per cent, of the total level of foreign investment in Australia at 31 December 1995. The *non-official sector* accounted for the remaining \$344,658 million, or 81.2 per cent.

When analysed by instrument of investment, foreign investment in Australia, at 31 December 1995, consisted of the following:

- *foreign borrowing* of \$231,614 million (54.5%);
- *equity investment* of \$181,946 million (42.9%); and
- *other investment* of \$10,995 million (2.6%).

Australian investment abroad

The level of Australian investment abroad was \$149,437 million at 31 December 1995, an increase of \$12,151 million on the level at 30 September 1995. Making up the change in levels were:

- a net outflow of \$10,850 million from capital transactions;
- exchange rate changes of \$471 million; and
- other changes of \$830 million.

Investment abroad by the *official sector* (mainly holdings of reserve assets) was \$22,922 million, representing 15.3 per cent of the total level of Australian investment abroad, while the *non-official sector* accounted for the remaining 84.7 per cent (\$126,515 million). Equity assets accounted for 74.3 per cent of the level of non-official sector investment abroad.

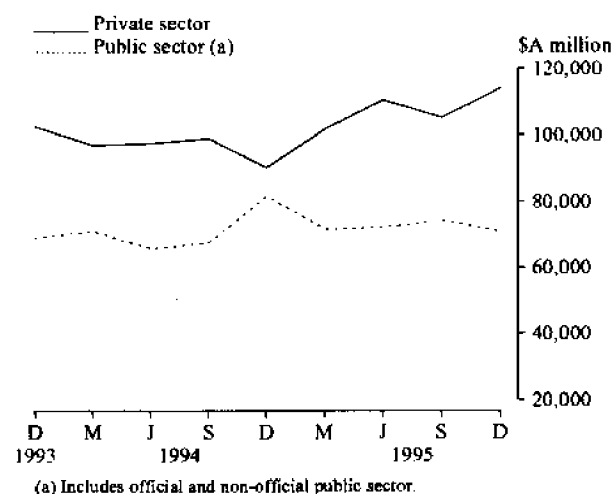
Australia's foreign debt

At 31 December 1995, Australia's *net foreign debt* was \$184,864 million, up \$5,408 million on the level at 30 September 1995.

The level of *net foreign debt* at 31 December 1995 was made up of borrowing from non-residents (*gross foreign debt*) of \$231,614 million, partly offset by reserve assets and Australian lending abroad of \$46,750 million.

The *public sector* (official and non-official) held \$70,864 million or 38.3 per cent of total net foreign debt at 31 December 1995, down 3.1 percentage points on the previous quarter. The *private sector* held \$114,000 million or 61.7 per cent compared with 58.6 per cent a quarter earlier.

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



Within the public sector, the *official sector* accounted for \$59,810 million or 32.4 per cent of total net foreign debt while the *non-official sector* accounted for \$11,054 million or 6.0 per cent.

As the summary table shows, there was an increase in net foreign debt during the December quarter due to transactions of \$4,453 million, other changes of \$715 million and exchange rate variations of \$240 million.

At 31 December 1995, 50.4 per cent (\$116,638 million) of Australia's foreign borrowing was denominated in foreign currencies and 49.6 per cent (\$114,976 million) in Australian dollars. US dollars represented the largest currency of borrowing, comprising \$79,965 million or 68.6 per cent of foreign currency borrowing. Of the amount denominated in Australian dollars, \$72,562 million (63.1%) was domiciled abroad with the remaining \$42,414 million domiciled in Australia.

Release date for March quarter 1996 issue

The expected release date for the March quarter 1996 issue of *International Investment Position, Australia* (5306.0) is 3 June 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 from 1989-90 onwards. The revisions are summarised in the table below.

For 1994-95 and September quarter 1995 the revisions have been largely caused by the incorporation of data from the 1994-95 annual *Survey of Foreign Investment (SFI)*.

In compiling results from the quarterly SFI, a coverage adjustment, based on historical trends, is incorporated for those entities not approached quarterly. This adjustment is retained until annual SFI results are available. In the December quarter issue of this publication each year, the coverage adjustment for the four quarters of the preceding financial year is replaced with the annual estimate.

Revisions for earlier years and some revisions for 1994-95 and September quarter 1995 have been 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*.

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>						Sept. quarter 1995
	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	
Capital transactions —							
Foreign investment in Australia	270	-910	332	-548	-1,943	2,372	1,279
Australian investment abroad	180	3	1,093	1,062	1,196	-116	1,573
<i>Net</i>	90	-913	-761	-1,610	-3,139	2,488	-294
Investment income —							
Foreign investment in Australia	-12	-2	33	4	-648	90	46
Australian investment abroad	-2	-5	4	0	-223	349	117
<i>Net</i>	-10	3	29	4	-425	-259	-71
Level of foreign debt —							
Foreign investment in Australia	0	-388	144	456	1,021	638	976
Australian investment abroad	100	251	500	996	1,244	1,277	2,243
<i>Net</i>	-100	-639	-356	-540	-223	-639	-1,267
Level of equity and other investment —							
Foreign investment in Australia	68	-157	22	457	-488	3,006	3,082
Australian investment abroad	452	488	638	1,632	1,633	1,473	1,438
<i>Net</i>	-384	-645	-616	-1,175	-2,121	1,533	1,644
Total level of investment —							
Foreign investment in Australia	68	-546	166	913	533	3,645	4,057
Australian investment abroad	551	738	1,138	2,628	2,877	2,750	3,681
<i>Net</i>	-483	-1,284	-972	-1,715	-2,344	895	376

QUARTERLY COLLECTION OF REINVESTMENT OF EARNINGS DATA

1. Introduction

This article describes the concept of *reinvestment of earnings* (or, *reinvested earnings*) and how these earnings are estimated in compiling balance of payments (BOP) and international investment position (IIP) statistics. It then discusses the initial results from a new quarterly collection which have led to better quality and more timely estimates of reinvestment of earnings.

The new quarterly collection commenced in respect of September quarter 1993. Estimates based on the results of this collection for the eight quarters to June quarter 1995 are introduced in this article and incorporated in the tables in both this publication and the December quarter 1995 issue of *Balance of Payments, Australia* (ABS Catalogue 5302.0).

2. The concept of reinvestment of earnings

In balance of payments and international investment position statistics, reinvestment of earnings represents the proportion of the undistributed income of a direct investment enterprise that is attributable to the equity of its foreign direct investor.

The concept of direct investment is broadly one of capital invested in an enterprise (called a direct investment enterprise) by an investor (called a direct investor) having a significant influence, either potentially or actually exercised, over the key policies of the direct investment enterprise. An equity link of 10% or more is deemed necessary for the investor to have a significant influence over the investee. For a detailed explanation of direct investment refer to the article titled 'Direct Investment' in the March quarter 1993 issue of 5306.0.

In accordance with international statistical standards, BOP and IIP statistics include as imputed transactions the reinvestment of earnings of resident direct investment enterprises attributable to their foreign direct investors, and the reinvestment of earnings of foreign direct investment enterprises attributable to their Australian direct investors. It is considered analytically useful to include reinvestment of earnings of direct investment enterprises in international investment transactions because of the substantial contribution that these earnings make to the stock of foreign investment in a country. As the influence of a direct investor is considered sufficient to determine the income distribution policy of its direct investment enterprise there is, in effect, a conscious decision by the direct investor to forego income in the current period in order to increase investment in the direct investment enterprise.

3. Time of recording and valuation of reinvestment of earnings

Reinvestment of earnings is recorded in respect of the period in which the income is earned. These earnings are based on the after tax operating profits recorded in enterprises' accounts, adjusted to add exempt income and to exclude capital and foreign exchange gains and losses and any special taxation provisions which have the effect of distorting income calculated for taxation purposes as a measure of operating profit or loss.

4. Classification and presentation in BOP and IIP statistics

In BOP statistics *reinvested earnings* resulting from foreign investment in Australia (FIA) are recorded in the direct investment income debits item in the current account and an equal but offsetting entry, *reinvestment of*

earnings, is recorded in the direct investment item in the capital account, thereby maintaining balance within the accounts. Similarly *reinvested earnings* resulting from Australian investment abroad (AIA) are recorded in the direct investment income credits item in the current account and its offsetting entry, *reinvestment of earnings*, is recorded as a direct investment transaction in the capital account.

In IIP statistics *reinvestment of earnings* which result from FIA and AIA appear as capital transactions. Their offsets, FIA and AIA *reinvested earnings*, appear as income in IIP presentations.

5. Previous compilation methodology for estimating reinvestment earnings

Annual estimates of reinvestment of earnings have previously been derived as the sum of reinvestment of earnings of branches reported in the quarterly and annual ABS Survey of Foreign Investment (SFI) and reinvestment of earnings of incorporated enterprises reported annually in the SFI.

Annual estimates of reinvestment of earnings were available with a lag of two quarters after the end of the reference year. Quarterly estimates were derived by evenly distributing annual estimates across the quarters of the year.

Until reinvestment of earnings data became available from the annual collection, annual extrapolations were made based on the trend in earlier years and a variety of indicators of economic conditions and corporate profitability. Annual extrapolations were evenly distributed across the quarters of the year. The lag involved in collecting annual data required the inclusion of extrapolated data in BOP and IIP quarterly publications for five quarters before replacement with survey estimates.

The lack of quarterly reported data on reinvestment of earnings often led to large revisions to quarterly and initial annual estimates of these earnings in BOP and IIP publications when annual reported data became available.

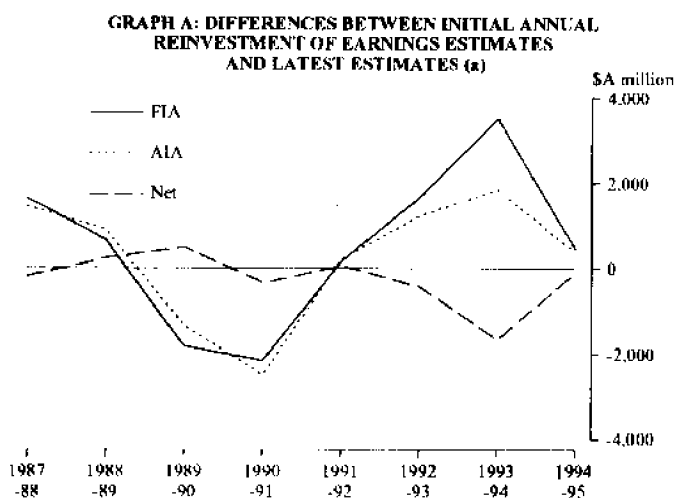
6. New compilation methodology based on quarterly collection of reinvestment of earnings data

To improve the accuracy and reliability of quarterly and annual estimates of reinvestment of earnings, a quarterly collection was introduced commencing in respect of September quarter 1993. This collection approaches Australian enterprise groups with direct foreign investors and Australian enterprise groups with direct investment enterprises abroad. Estimates from the collection will be available for publication with a lag of two quarters; this time lag reflects the amount of time required to obtain information from data providers and to process that information. Until data from the collection are available, extrapolated estimates will be included in BOP and IIP publications.

7. Benefits of moving to a quarterly collection of reinvestment of earnings data

As indicated above, incorporation of results from the quarterly collection of reinvestment of earnings into the regular BOP and IIP estimation processes will improve the quality and timeliness of the quarterly and annual estimates. The new quarterly collection methodology requires an extrapolation of two quarters only, compared with five quarters previously.

Graph A illustrates the differences between the latest annual estimates and the initial extrapolated annual estimates of reinvestment of earnings for each year from 1987-88 to 1994-95. The graph indicates that revisions to the initial FIA and AIA reinvestment of earnings series were large in some periods, although revisions to the net reinvestment of earnings series were generally significantly smaller.



(a) Latest estimates for 1993-94 and 1994-95 incorporate results from the new quarterly collection of reinvestment of earnings.

Following the introduction of the quarterly collection, revisions to published reinvestment of earnings estimates in future are expected to be smaller than occurred under the previous estimation methodology, and the revisions will also be incorporated on a more timely basis. Revisions will continue to be needed, however, as initial quarterly extrapolations are replaced with quarterly survey data and when initial survey data is subsequently revised by data providers (for example, when enterprise groups who prepare financial accounts on a six monthly basis replace preliminary estimates provided in the SFI with data based on those accounts).

Availability of quarterly survey-based estimates of reinvestment of earnings enables compilation of time series data which exhibit quarterly volatility, reflecting the influence of factors such as profitability and policies for the distribution of earnings to shareholders.

The increased frequency of reported data on reinvestment of earnings will also lead to more accurate final annual data. A large proportion of companies operating in the Australian economy have off-June year end reporting periods. Many of these companies do not adjust their earnings data to a June year end basis, which is required to compile BOP and IIP annual statistics on a financial year basis. Collection of earnings data on a quarterly basis will allow a more accurate derivation of annual reinvestment of earnings data for the June year end. In addition, it will be possible to derive more accurate calendar year data in order to meet the increasing demand for data on this basis to perform international data comparisons and to satisfy international data requests.

8. Presentation of results

In Table A below, results derived from the new quarterly collection are compared to previously published estimates of reinvestment of earnings for the period September quarter 1993 through to June quarter 1995.

The net reinvestment of earnings (FIA minus AIA) columns (columns 7 through 9) in Table A may be used to assess the impact of the new quarterly reinvestment of earnings estimates on the balance of payments net income deficit and current account deficit. The quarterly collection estimates result in a decrease in the deficits for December quarter 1993, March quarter 1994 and June quarter 1995 and an increase in the deficits for all other quarters. While there are significant movements in the quarterly deficits, the annual movements are relatively small, particularly in 1994-95.

The quarterly reinvested earnings estimates will have an offsetting impact upon the balance on capital account. There is no net impact on the balance of payments balancing item.

Table A. Comparison of previously published quarterly reinvestment of earnings estimates with estimates derived from the new quarterly collection (\$ million). (a) (b)

	FIA			AIA			Net(c)		
	New Quarterly Collection	Previously Published	Difference	New Quarterly Collection	Previously Published	Difference	New Quarterly Collection	Previously Published	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
September	647	1,061	-414	130	665	-535	517	396	121
December	462	1,061	-599	1,039	665	374	-577	396	-973
March	834	1,061	-227	1,124	665	459	-290	396	-686
June	1,626	1,061	565	140	665	-525	1,486	396	1,090
1993-94	3,570	4,244	-674	2,434	2,661	-227	1,136	1,583	-447
September	1,742	1,450	292	927	875	52	815	575	240
December	1,825	1,450	375	1,099	875	224	726	575	151
March	1,857	1,450	407	596	875	-279	1,262	575	686
June	831	1,450	-619	1,244	875	369	-413	575	-986
1994-95	6,255	5,800	455	3,866	3,500	366	2,389	2,300	89

(a) Reinvestment of earnings are published in Tables 2,3 and 4 of *International Investment Position, Australia* (Catalogue No. 5306.0) and Tables 6 and 32 of *Balance of Payments, Australia* (Catalogue No. 5302.0). Reinvested earnings are published in Table 5 of 5306.0 and Tables 2, 26 and 27 of 5302.0. The entries in the above table for AIA reinvestment of earnings are shown without use of balance of payments sign conventions which involve use of minus (-) signs for debit entries; that is, in the tables in 5302.0 they are presented with negative signs. (b) Previously published estimates refer to those published in the last issues (September quarter 1995) of publications 5302.0 and 5306.0. Previously published quarterly estimates for 1993-94 are based on results from the 1993-94 SFI. Previously published quarterly estimates shown for 1994-95 are extrapolations. (c) FIA reinvestment of earnings minus AIA reinvestment of earnings. A positive sign indicates an increase in the net income deficit, an increase in the current account deficit, and an increase in net foreign investment in Australian enterprises. A negative sign indicates a decrease in the net income deficit, a decrease in the current account deficit, and a decrease in net foreign investment in Australian enterprises or a turnaround from net foreign investment in Australian enterprises to net Australian investment in enterprises abroad.

Income and capital transactions estimates published in the context of the international investment position are also adjusted by the same amounts.

Impact on previously published annual estimates.

For the 1993-94 financial year, the new quarterly collection and the existing annual collection of reinvestment of earnings data were run in parallel. The annual estimate for 1993-94 derived from the new quarterly collection for FIA is \$3,570 million, which is \$674 million (or 16 percent) below the previously published annual survey estimate. For AIA the 1993-94 reinvestment of earnings estimate based on the quarterly collection is \$2,434 million, which is \$227 million (or 9 percent) below the previously published annual survey estimate.

In reconciling the two sets of data for 1993-94 a number of revisions were identified to the annual collection results. For instance, of the downward adjustment of \$674 million to FIA estimates, \$441 million is attributable to revisions to data reported by providers in the annual survey, while the remaining \$233 million (or 5 percent of the previously published estimate) represents a difference in results from the quarterly and annual collections. The downward adjustment of \$227 million to AIA estimates is the result of an upward revision of \$101 million to the reported annual data which is more than offset by a difference of \$328 million (or 12 percent of the previously published estimate) between results from the quarterly and annual collections.

For the most part, these residual differences (after applying revisions to reported annual data) between the 1993-94 estimates from the annual and quarterly collections are due to off-June reporting by some providers to the annual collection. When aggregated, data collected quarterly should result in annual estimates which are more representative of the financial year ended June.

Differences may also occur if there was a variation in a direct investor's ownership of equity in an enterprise over the quarters of the financial year. Data from the quarterly collection of reinvestment of earnings reflect such changes each quarter and therefore will be more accurate than data from the annual collection which is calculated using the direct investor's ownership proportion at the end of the financial year.

Differences in the AIA reinvestment of earnings estimates may also result from variation in exchange rates. Data from the quarterly collection of reinvestment of earnings, converted using end of quarter exchange rates, will be more accurate than data from the annual collection, converted using end of year exchange rates, particularly in a period of significant exchange rate movement as occurred in 1993-94.

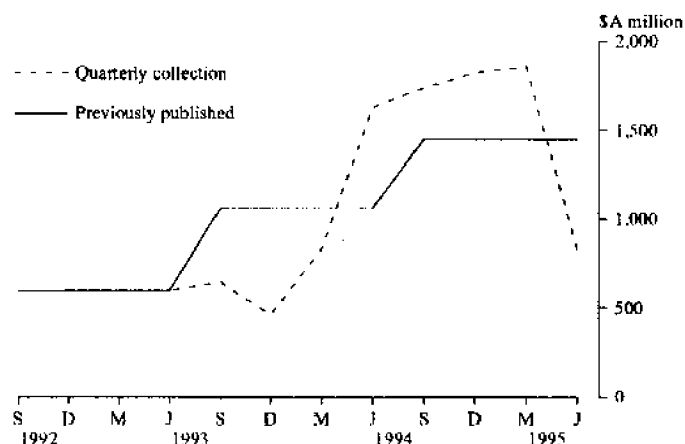
The previously published estimate for 1994-95 was an annual extrapolation. The new quarterly collection of reinvestment of earnings data has resulted in an upward revision to the 1994-95 FIA estimate of \$455 million (or 8 percent) and an increase in the AIA estimate of \$366 million (or 10 percent).

Impact on previously published quarterly estimates

Table A and Graphs B and C illustrate that the new quarterly collection of reinvestment of earnings data has introduced quarterly variability into the time series, reflecting the influence of factors such as profitability and policies for the distribution of earnings to shareholders. Previously published estimates have been an even distribution of annual estimates across the year. There is a resultant break in the quarterly series commencing September quarter 1993.

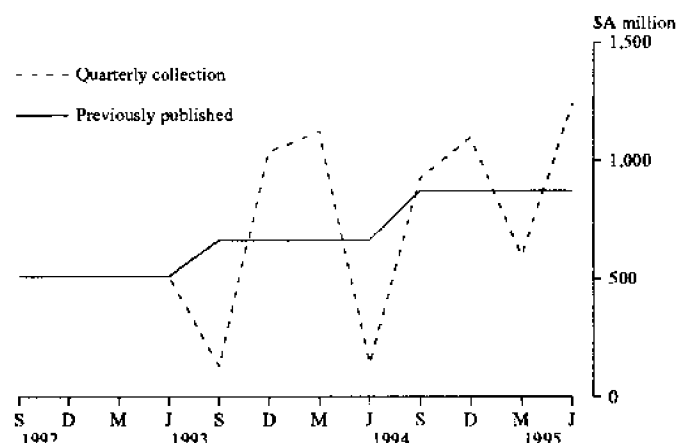
The revised FIA reinvestment of earnings quarterly estimates range from as low as \$462 million in December quarter 1993 (reflecting high distributed profits during the quarter), to as high as \$1,857 million in March quarter 1995 (reflecting strong corporate profits).

GRAPH B: FIA REINVESTMENT OF EARNINGS



The revised AIA reinvestment of earnings quarterly estimates show even greater volatility, reflecting the influence of a small number of enterprises with significant investments offshore, and range from \$130 million in September quarter 1993 to \$1,244 million in June quarter 1995.

GRAPH C: AIA REINVESTMENT OF EARNINGS



9. Conclusion and future directions

The quarterly collection of reinvestment of earnings data will be conducted on an ongoing basis. Estimates will be included in this publication and the quarterly *Balance of Payments, Australia* (5302.0) with a two quarter lag. Until survey results are available, extrapolations will be used.

The collection of quarterly reinvestment of earnings data is providing better quality and more timely information than previously available. Future work on this collection will include investigation of options for further improving the timeliness of results, with a view to incorporating them in the quarterly publication issued in respect of the reference period to which the data relate.

For further information about the quarterly collection of reinvestment of earnings data, contact Betty Gruber on Canberra (06) 252 5601.

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								
<i>Year—</i>								
1992-93	46,450	320	5,894	-2,280	236	4,170	50,620	3,662
1993-94	50,620	1,136	9,565	3,839	9,776	24,316	74,936	4,297
1994-95	74,936	2,389	4,639	-4,204	689	2,135	77,072	7,376
<i>Quarter ended—</i>								
<i>1994-95 —</i>								
September	74,936	815	4,084	296	2,685	7,880	82,817	1,913
December	82,817	726	-337	2,881	-5,684	-2,415	80,402	1,798
March	80,402	1,262	2,243	-5,328	-1,498	-3,322	77,080	2,204
June	77,080	-413	-1,350	-2,053	3,808	-9	77,072	1,461
<i>1995-96 —</i>								
September	77,072	177	2,923	4,445	2,568	10,114	87,185	1,240
December	87,185	177	491	-379	472	762	87,947	2,121
NET FOREIGN DEBT (d)								
<i>Year —</i>								
1992-93	153,208	..	7,819	6,633	-880	13,571	166,780	9,180
1993-94	166,780	..	3,192	-4,227	-2,729	-3,765	163,015	9,272
1994-95	163,015	..	13,796	3,900	-121	17,575	180,590	9,776
<i>Quarter ended—</i>								
<i>1994-95 —</i>								
September	163,015	..	3,785	-1,105	498	3,178	166,192	2,472
December	166,192	..	6,913	-2,421	262	4,230	170,423	2,238
March	170,423	..	-2,390	4,195	-953	853	171,275	2,588
June	171,275	..	5,488	3,231	596	9,314	180,590	2,478
<i>1995-96 —</i>								
September	180,590	..	2,692	-4,419	593	-1,133	179,456	2,861
December	179,456	..	4,453	240	715	5,408	184,864	2,801
NET OTHER INVESTMENT								
<i>Year—</i>								
1992-93	193	..	288	-131	-984	-826	-633	65
1993-94	-633	..	-709	16	1,111	418	-215	57
1994-95	-215	..	2,296	-158	132	2,271	2,056	—
<i>Quarter ended—</i>								
<i>1994-95 —</i>								
September	215	..	1,206	14	357	1,577	1,362	1
December	1,362	..	188	66	-67	187	1,548	2
March	1,548	..	215	-182	-85	-52	1,496	3
June	1,496	..	688	-56	73	559	2,056	-7
<i>1995-96 —</i>								
September	2,056	..	97	216	257	570	2,626	2
December	2,626	..	-287	68	-100	-319	2,307	-5
NET INTERNATIONAL INVESTMENT POSITION								
<i>Year—</i>								
1992-93	199,851	320	14,002	4,222	-1,628	16,915	216,767	12,907
1993-94	216,767	1,136	12,048	-372	8,157	20,969	237,735	14,127
1994-95	237,735	2,389	20,731	-461	-678	21,981	259,717	17,188
<i>Quarter ended—</i>								
<i>1994-95 —</i>								
September	237,735	815	9,074	-795	3,540	12,635	250,370	4,329
December	250,370	726	6,764	527	-6,014	2,002	252,373	4,226
March	252,373	1,262	68	-1,315	-2,535	-2,521	249,852	4,880
June	249,852	-413	4,825	1,122	4,331	9,865	259,717	3,752
<i>1995-96 —</i>								
September	259,717	177	5,713	242	3,419	9,551	269,267	4,103
December	269,267	177	4,657	-71	1,087	5,851	275,118	4,917

(a) Australia's net international investment position equals Foreign Investment in Australia less Australian Investment Abroad. (b) For the latest two quarters extrapolated estimates have been included until quarterly data becomes available. (c) Includes reinvested 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	110,892	2,364	8,245	55	986	11,651	122,542	6,555
1993-94	122,542	3,570	16,507	167	(c)12,059	32,303	154,845	7,544
1994-95	154,845	6,256	4,394	92	636	11,377	166,222	11,526
<i>Quarter ended—</i>								
<i>1994-95 —</i>								
September	154,845	1,742	2,730	14	3,247	7,734	162,580	2,850
December	162,580	1,825	112	9	(c)-6,405	-4,683	157,896	3,016
March	157,896	1,857	1,223	78	-1,081	2,077	159,973	3,028
June	159,973	831	553	10	(c)4,876	6,249	166,222	2,632
<i>1995-96 —</i>								
September	166,222	1,302	3,838	-26	(c)4,235	9,349	175,571	2,507
December	175,571	1,302	4,036	8	(c)1,029	6,375	181,946	3,371
BORROWING								
<i>Year—</i>								
1992-93	191,412	..	7,169	9,861	436	17,465	208,876	11,351
1993-94	208,876	..	8,053	6,281	-3,700	1,928	206,948	10,950
1994-95	206,948	..	11,259	6,388	668	16,979	223,927	11,502
<i>Quarter ended—</i>								
<i>1994-95 —</i>								
September	206,948	..	3,431	-1,047	758	3,142	210,091	2,831
December	210,091	..	5,063	-3,769	-1,024	270	210,360	2,582
March	210,360	..	70	7,505	1,219	6,357	216,717	3,132
June	216,717	..	2,695	3,699	(d)816	7,210	223,927	2,957
<i>1995-96 —</i>								
September	223,927	..	2,140	-6,322	(d)362	-3,820	220,107	3,227
December	220,107	..	10,104	317	(d)1,085	11,507	231,614	3,281
OTHER INVESTMENT								
<i>Year—</i>								
1992-93	6,837	..	564	52	573	43	6,880	85
1993-94	6,880	..	831	-72	1,362	2,121	9,002	88
1994-95	9,002	..	1,565	-46	273	1,792	10,794	53
<i>Quarter ended —</i>								
<i>1994-95 —</i>								
September	9,002	..	291	2	498	209	9,210	11
December	9,210	..	581	-5	-66	510	9,720	12
March	9,720	..	377	15	-60	301	10,021	18
June	10,021	..	898	27	-98	772	10,794	12
<i>1995-96 —</i>								
September	10,794	..	9	64	26	81	10,875	4
December	10,875	..	243	75	-197	120	10,995	7
TOTAL								
<i>Year—</i>								
1992-93	309,141	2,364	15,978	9,968	848	29,158	338,299	17,992
1993-94	338,299	3,570	25,390	-6,186	9,722	32,496	370,795	19,029
1994-95	370,795	6,256	17,218	6,434	240	30,148	400,943	23,710
<i>Quarter ended—</i>								
<i>1994-95 —</i>								
September	370,795	1,742	5,871	-1,031	4,503	11,085	381,881	5,822
December	381,881	1,825	5,532	-3,765	-7,496	-3,904	377,977	5,905
March	377,977	1,857	1,669	7,568	2,360	8,734	386,711	6,239
June	386,711	831	4,146	3,661	5,593	14,232	400,943	5,744
<i>1995-96 —</i>								
September	400,943	1,302	5,969	6,284	4,623	5,610	406,553	5,739
December	406,553	1,302	14,383	400	1,917	18,002	424,555	6,659

(a) For the latest two quarters extrapolated estimates have been included until quarterly data becomes available. (b) Includes reinvested 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								
Year—								
1992-93	64,442	2,045	2,351	2,335	750	7,480	71,922	2,893
1993-94	71,922	2,434	6,941	3,672	2,283	7,987	79,909	3,248
1994-95	79,909	3,866	245	4,295	1,325	9,241	89,151	4,149
Quarter ended—								
1994-95 —								
September	79,909	927	-1,354	-282	562	146	79,763	938
December	79,763	1,099	225	2,872	-721	-2,269	77,494	1,218
March	77,494	596	1,020	5,406	417	5,398	82,893	823
June	82,893	1,244	1,904	2,043	1,068	6,258	89,151	1,171
1995-96 —								
September	89,151	-125	914	-4,471	1,667	-764	88,386	1,268
December	88,386	1,125	3,544	386	557	5,613	93,999	1,249
LENDING								
Year—								
1992-93	15,963	..	3,298	1,523	489	5,310	21,274	706
1993-94	21,274	..	3,824	-1,078	747	1,999	23,273	824
1994-95	23,273	..	-566	1,180	-733	-119	23,154	751
Quarter ended—								
1994-95 —								
September	23,273	..	175	114	257	318	23,590	187
December	23,590	..	-906	-779	-386	-2,070	21,521	173
March	21,521	..	1,939	1,480	-737	2,681	24,202	237
June	24,202	..	-1,774	594	132	1,048	23,154	153
1995-96 —								
September	23,154	..	242	-1,065	145	-1,162	21,992	241
December	21,992	..	4,353	52	287	4,691	26,683	258
RESERVE ASSETS								
Year—								
1992-93	22,240	..	-3,949	1,705	827	-1,417	20,823	1,465
1993-94	20,823	..	1,037	976	-223	-162	20,661	853
1994-95	20,661	..	-1,971	1,308	186	-477	20,184	975
Quarter ended—								
1994-95 —								
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
1995-96 —								
September	20,184	..	-310	-839	-376	-1,525	18,659	124
December	18,659	..	1,298	26	84	1,408	20,067	222
OTHER INVESTMENT								
Year—								
1992-93	6,644	..	276	183	410	869	7,513	21
1993-94	7,513	..	1,540	-88	251	1,704	9,217	31
1994-95	9,217	..	-731	112	141	-479	8,738	53
Quarter ended—								
1994-95 —								
September	9,217	..	-1,496	13	141	-1,368	7,849	10
December	7,849	..	394	-72	1	323	8,172	9
March	8,172	..	162	167	24	353	8,525	15
June	8,525	..	210	29	26	213	8,738	19
1995-96 —								
September	8,738	..	106	-151	-232	-489	8,249	2
December	8,249	..	530	7	-98	439	8,688	12
TOTAL								
Year—								
1992-93	109,289	2,045	1,976	5,746	2,476	12,243	121,532	5,085
1993-94	121,532	2,434	13,342	5,813	1,564	11,527	133,060	4,902
1994-95	133,060	3,866	-3,514	6,895	919	8,166	141,226	6,522
Quarter ended—								
1994-95 —								
September	133,060	927	3,204	-236	963	-1,550	131,510	1,492
December	131,510	1,099	1,232	-4,242	-1,482	-5,906	125,604	1,679
March	125,604	596	1,601	8,884	175	11,253	136,859	1,359
June	136,859	1,244	-679	2,539	1,263	4,367	141,226	1,992
1995-96 —								
September	141,226	1,125	256	-6,526	1,204	-3,941	137,286	1,636
December	137,286	1,125	9,725	471	830	12,151	149,437	1,741

(a) For the latest two quarters extrapolated estimates have been included until quarterly data becomes available. (b) Includes reinvested 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	1994-95			1995-96		
				September	December	March	June	September	December
FOREIGN INVESTMENT IN AUSTRALIA									
OFFICIAL —									
General Government —									
Borrowing —									
Domiciled abroad	10,063	3,760	7,419	-1,075	4,571	24	3,898	2,534	-1,230
Domiciled in Australia	830	4,580	5,044	5,238	8,293	3,247	-5,239	-1,171	4,173
Total	10,893	8,340	12,463	4,163	12,864	-3,223	-1,341	1,362	2,943
Other	-35	83	73	-49	169	25	-22	-49	50
Total	10,858	8,423	12,536	4,114	13,033	-3,248	-1,363	1,313	2,893
Reserve bank	39	-49	23	24	-9	2	6	27	1
Total official	10,897	8,374	12,559	4,138	13,024	-3,246	-1,357	1,340	2,894
NON-OFFICIAL —									
Direct investment —									
Reinvestment of earnings(b)	2,364	3,570	6,256	1,742	1,825	1,857	831	1,302	1,302
Corporate equities	3,657	1,019	1,174	1,717	-1,675	826	306	366	4,522
Net equity in branches	575	850	288	69	30	95	94	34	193
Borrowing	1,322	544	-607	-568	-1,876	430	1,407	131	3,364
Other	222	29	1,047	386	262	157	241	128	8
Total	5,496	6,012	8,158	3,346	-1,433	3,366	2,879	1,961	9,389
Portfolio and other investment —									
Corporate equities	4,013	14,638	2,932	944	1,533	301	153	3,438	-679
Borrowing —									
Public sector	-195	-438	-3,410	-1,806	195	26	-1,824	1,704	-1,777
Private sector	-2,246	-344	2,789	1,618	-6,111	2,834	4,447	-1,084	5,573
Total	-2,441	782	-621	-188	-5,916	2,860	2,623	620	3,796
Accounts payable/prepayments received —									
Public sector	-2	845	-484	795	30	-58	340	-323	118
Private sector	379	-126	929	167	120	302	339	235	167
Total	377	719	445	627	150	244	678	-88	285
Total	1,949	14,575	2,756	1,29	-4,333	3,406	3,455	3,970	3,402
Total non-official	7,445	20,586	10,914	3,475	-5,667	6,772	6,334	5,930	12,791
TOTAL	18,342	28,960	23,473	7,613	7,357	3,526	4,977	7,271	15,685
AUSTRALIAN INVESTMENT ABROAD									
OFFICIAL —									
Reserve assets	-3,949	1,037	1,971	-529	-945	521	-1,018	-310	1,298
Lending	-47	521	-603	-595	-13	21	27	—	—
Accounts receivable/prepayments made	-125	-150	-146	-93	-35	41	-59	20	73
Other	128	182	205	205	—	—	—	—	—
Total official	-3,993	1,590	-2,515	-1,217	-788	541	-1,051	-290	1,371
NON-OFFICIAL —									
Direct investment —									
Reinvestment of earnings(b)	2,045	2,434	3,866	927	1,099	596	1,244	1,125	1,125
Corporate equities	1,740	1,626	128	-420	-18	-40	605	395	1,084
Net equity in branches	777	673	119	67	142	30	14	57	20
Lending(a)	-1,878	1,568	926	1,490	412	213	-1,189	-1,074	3,092
Other	159	22	-329	-127	-62	-103	-37	19	24
Total	2,844	6,323	4,709	1,805	1,573	696	636	522	5,346
Portfolio and other investment —									
Corporate equities	-167	4,642	-492	-867	101	1,010	1,285	463	2,440
Lending —									
Public sector	166	75	657	325	-152	67	416	-541	332
Private sector	5,057	1,811	-1,547	-1,045	-1,153	1,680	-1,028	1,373	928
Total	5,223	1,735	-889	-720	-1,304	1,747	-612	832	1,260
Accounts receivable/prepayments made —									
Public sector	-84	1,217	-1,183	-1,123	-173	-100	212	-42	150
Private sector	198	268	722	-154	459	323	94	-104	283
Total	114	1,486	-461	-1,277	286	224	306	-145	433
Total	5,170	7,863	-1,842	-2,864	-918	960	979	1,149	4,133
Total non-official	8,014	14,186	2,867	-1,059	655	1,656	1,615	1,671	9,479
TOTAL	4,021	15,777	353	-2,276	-133	2,197	565	1,381	10,850

(a) A negative value denotes a net withdrawal of investment. (b) For the latest two quarters extrapolated estimates have been included until quarterly data becomes available.

TABLE 5. INVESTMENT INCOME
(\$A million)

	Year			Quarter ended					
	1992-93	1993-94	1994-95	1994-95			1995-96		
				September	December	March	June	September	December
INCOME PAYABLE ON FOREIGN INVESTMENT IN AUSTRALIA									
OFFICIAL —									
General Government —									
Interest on borrowing domiciled abroad	2,029	2,955	2,595	588	662	717	628	667	897
Interest on borrowing domiciled in Australia	1,513	1,119	1,387	385	214	547	241	545	219
Other income	—	—	—	—	—	—	—	—	—
Total	3,542	4,074	3,982	973	876	1,264	870	1,212	1,117
Reserve Bank	38	35	14	9	4	-12	-14	-13	-9
Total official	3,580	4,109	3,968	982	879	1,251	856	1,200	1,107
NON-OFFICIAL —									
Direct investment income —									
Reinvested earnings(a)	2,364	3,570	6,256	1,742	1,825	1,857	831	1,302	1,302
Distributed earnings —									
Dividends	1,553	2,058	2,574	524	641	469	940	463	1,081
Remitted profits	1,616	1,184	1,493	376	316	337	465	316	229
Interest	1,045	895	988	258	241	237	251	290	221
Total	4,214	4,137	5,034	1,157	1,197	1,044	1,656	1,069	1,532
Total, direct investment income	6,578	7,707	11,310	2,900	3,022	2,901	2,487	2,371	2,834
Portfolio and other investment income —									
Dividends	1,021	1,179	1,833	338	530	426	539	427	759
Interest —									
Public Sector	1,744	1,470	1,518	529	313	313	363	321	373
Private Sector	5,067	4,564	5,081	1,074	1,160	1,348	1,499	1,421	1,585
Total	6,811	6,034	6,599	1,603	1,473	1,661	1,862	1,741	1,959
Total, portfolio and other investment income	7,833	7,212	8,432	1,940	2,003	2,087	2,401	2,168	2,717
Total non-official	14,411	14,920	19,741	4,840	5,026	4,988	4,888	4,539	5,551
TOTAL	17,992	19,029	23,710	5,822	5,905	6,239	5,744	5,739	6,659

INCOME RECEIVABLE ON AUSTRALIAN INVESTMENT ABROAD

OFFICIAL									
General Government	4	16	7	2	3	1	1	1	—
Reserve Bank	1,465	853	975	173	171	307	325	124	222
Total official	1,468	869	983	174	174	308	327	125	222
NON-OFFICIAL —									
Direct investment income —									
Reinvested earnings(a)	2,045	2,434	3,866	927	1,099	596	1,244	1,125	1,125
Distributed earnings —									
Dividends	377	264	295	92	34	64	104	38	33
Remitted profits	23	105	149	9	112	12	16	—	22
Interest(b)	67	97	144	-16	-52	-11	-66	-2	-36
Total(b)	334	272	300	86	95	65	54	36	19
Total, direct investment income	2,379	2,706	4,166	1,014	1,194	661	1,298	1,161	1,144
Portfolio and other investment income —									
Dividends	447	390	433	94	80	128	130	105	69
Interest	790	937	940	210	231	262	237	244	306
Total, portfolio and other investment income	1,238	1,326	1,373	304	311	390	368	349	376
Total non-official	3,617	4,032	5,539	1,318	1,505	1,051	1,665	1,511	1,520
TOTAL	5,085	4,902	6,522	1,492	1,679	1,359	1,992	1,636	1,741

(a) For the latest two quarters extrapolated estimates have been included until quarterly data becomes available. (b) 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
(\$A million)

	Year			Quarter ended					
	1992-93	1993-94	1994-95	1994-95			1995-96		
				September	December	March	June	September	December
FOREIGN INVESTMENT IN AUSTRALIA									
OFFICIAL —									
General Government —									
Borrowing —									
Domiciled abroad	38,038	38,223	44,976	37,005	40,449	40,346	44,976	47,134	45,883
Domiciled in Australia	21,301	24,205	29,864	28,830	37,210	34,108	29,864	28,898	33,954
Total	59,339	62,428	74,841	65,835	77,658	74,454	74,841	76,031	79,837
Other	-92	-9	64	-58	111	86	64	15	-35
Total	59,247	62,419	74,905	65,777	77,769	74,540	74,905	76,046	79,802
Reserve Bank	93	44	67	68	59	61	67	94	95
Total official	59,340	62,463	74,972	65,845	77,828	74,601	74,972	76,140	79,897
NON-OFFICIAL —									
Direct investment									
Corporate equities	70,629	79,146	86,208	85,517	83,387	84,024	86,208	88,835	93,386
Net equity in branches	16,605	17,811	15,883	16,551	14,611	15,290	15,883	15,841	16,319
Borrowing	21,911	21,625	22,249	21,642	19,382	20,359	22,249	21,837	25,484
Other	3,337	3,288	4,267	3,771	4,058	4,116	4,267	4,410	4,382
Total	112,483	121,870	128,607	127,482	121,437	123,787	128,607	130,924	139,570
Portfolio and other investment									
Corporate equities	35,308	57,888	64,131	60,511	59,898	60,660	64,131	70,895	72,242
Borrowing —									
Public sector	35,096	33,156	25,054	31,508	30,354	26,217	25,054	23,237	19,520
Private sector	92,438	89,694	101,717	91,038	82,907	95,626	101,717	98,907	106,678
Total	127,533	122,850	126,771	122,546	113,261	121,843	126,771	122,144	126,198
Accounts payable/prepayments received	3,635	5,723	6,463	5,497	5,552	5,820	6,463	6,449	6,648
Total portfolio and other investment	166,476	186,462	197,364	188,554	178,711	188,322	197,364	199,489	205,088
Total non-official	278,959	308,332	325,972	316,036	300,148	312,110	325,972	330,412	344,658
TOTAL	338,299	370,795	400,943	381,881	377,977	386,711	400,943	406,553	424,555
AUSTRALIAN INVESTMENT ABROAD									
OFFICIAL —									
Reserve assets	20,823	20,661	20,184	20,308	18,417	21,240	20,184	18,659	20,067
Lending	140	661	58	66	53	31	58	55	55
Accounts receivable/prepayments made	1,122	972	826	879	844	885	826	846	919
Other	1,494	1,676	1,881	1,676	1,881	1,881	1,881	1,881	1,881
Total official	23,579	23,970	22,949	22,929	21,195	24,037	22,949	21,441	22,922
NON-OFFICIAL —									
Direct investment —									
Corporate equities	44,917	45,917	51,771	46,662	45,720	49,262	51,771	50,707	51,780
Net equity in branches	2,117	2,667	2,858	2,521	2,572	2,764	2,858	2,748	2,876
Lending (a)	-1,755	-1,259	-2,230	-640	530	-1,166	-2,230	-3,306	-153
Other	375	460	94	272	217	121	94	121	139
Total	45,653	47,784	52,492	48,815	47,979	50,982	52,492	50,269	54,641
Portfolio and other investment —									
Corporate equities	24,888	31,325	34,522	30,580	29,202	30,866	34,522	34,932	39,344
Lending	22,889	23,872	25,326	24,165	21,998	25,337	25,326	25,242	26,781
Accounts receivable/prepayments made	4,522	6,109	5,937	5,021	5,230	5,638	5,937	5,401	5,749
Total	52,300	61,306	65,785	59,766	56,430	61,840	65,785	65,575	71,874
Total non-official	97,953	109,090	118,277	108,582	104,409	112,822	118,277	115,844	126,515
TOTAL	121,532	133,060	141,226	131,510	125,604	136,859	141,226	137,286	149,437

(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
 (\$A million)

	Year			Quarter ended					
	1992-93	1993-94	1994-95	1994-95			1995-96		
				September	December	March	June	September	December
FOREIGN BORROWING (GROSS DEBT)									
OFFICIAL -									
Commonwealth Government and Reserve Bank	21,469	22,913	28,176	25,544	28,752	28,362	28,176	27,420	31,306
State Government	37,963	39,560	46,732	40,359	48,965	46,153	46,732	48,705	48,626
Total official	59,432	62,472	74,908	65,903	77,717	74,515	74,908	76,125	79,932
NON-OFFICIAL									
Financial Enterprises —									
Public sector	23,402	23,559	15,928	22,348	21,557	16,606	15,928	16,280	12,936
Private sector	64,321	67,424	83,051	68,968	62,841	76,367	83,051	79,262	87,829
Total	87,723	90,983	98,979	91,316	84,398	92,973	98,979	95,542	100,765
Trading Enterprises —									
Public sector	11,694	9,597	9,126	9,160	8,797	9,611	9,126	6,957	6,585
Private sector	50,028	43,896	40,915	43,712	39,449	39,618	40,915	41,482	44,332
Total	61,722	53,493	50,041	52,872	48,245	49,229	50,041	48,439	50,917
Total non-official	149,445	144,476	149,020	144,188	132,643	142,202	149,020	143,981	151,682
TOTAL	208,876	206,948	223,927	210,091	210,360	216,717	223,927	220,107	231,614
<i>Of which —</i>									
Public sector —									
Official	59,432	62,472	74,908	65,903	77,717	74,515	74,908	76,125	79,932
Non-official	35,096	33,156	25,054	31,508	30,354	26,217	25,054	23,237	19,520
Total	94,527	95,629	99,961	97,410	108,071	100,732	99,961	99,363	99,452
Private sector	114,349	111,319	123,966	112,680	102,289	115,985	123,966	120,744	132,161
AUSTRALIAN LENDING ABROAD AND RESERVE ASSETS									
OFFICIAL									
Reserve assets	20,823	20,661	20,184	20,308	18,417	21,240	20,184	18,659	20,067
Lending	140	661	58	66	53	31	58	55	55
Total official	20,963	21,322	20,242	20,374	18,470	21,271	20,242	18,714	20,122
NON-OFFICIAL —									
Financial enterprises	16,765	20,167	21,927	21,260	19,586	22,943	21,927	19,584	23,405
Trading enterprises	4,369	2,445	1,168	2,265	1,882	1,228	1,168	2,352	3,223
Total non-official	21,134	22,612	23,096	23,525	21,468	24,171	23,096	21,936	26,628
TOTAL	42,097	43,934	43,338	43,898	39,938	45,442	43,338	40,651	46,750
<i>Of which —</i>									
Public sector —									
Official	20,963	21,322	20,242	20,374	18,470	21,271	20,242	18,714	20,122
Non-official	8,787	8,663	9,457	9,609	9,149	9,746	9,457	6,303	8,466
Total	29,750	29,985	29,699	29,983	27,618	31,017	29,699	25,017	28,588
Private sector	12,347	13,949	13,639	13,915	12,319	14,425	13,639	15,633	18,162
NET FOREIGN DEBT(a)									
OFFICIAL —	38,469	41,151	54,665	45,529	59,248	53,244	54,665	57,411	59,810
NON-OFFICIAL —									
Financial enterprises	70,958	70,816	77,052	70,056	64,811	70,030	77,052	75,958	77,360
Trading enterprises	57,353	51,047	48,872	50,607	46,364	48,001	48,872	46,087	47,694
Total non-official	128,311	121,864	125,924	120,663	111,175	118,031	125,924	122,045	125,054
TOTAL	166,780	163,015	180,590	166,192	170,423	171,275	180,590	179,456	184,864
<i>Of which —</i>									
Public sector —									
Official	38,469	41,151	54,665	45,529	59,248	53,244	54,665	57,411	59,810
Non-official	26,309	24,493	15,597	21,898	21,205	16,471	15,597	16,934	11,054
Total	64,778	65,644	70,262	67,427	80,453	69,715	70,262	74,346	70,864
Private sector	102,002	97,370	110,327	98,765	89,970	101,560	110,327	105,111	114,000

(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	1994-95			1995-96		
				September	December	March	June	September	December
INTEREST PAYABLE ON FOREIGN BORROWING									
OFFICIAL —									
Commonwealth Government and Reserve Bank	1,425	1,156	1,263	309	273	476	205	458	283
State Government	2,156	2,953	2,705	673	606	775	651	741	824
Total official	3,580	4,109	3,968	982	879	1,251	856	1,200	1,107
NON-OFFICIAL —									
Financial Enterprises —									
Public sector	920	951	890	374	181	181	154	242	235
Private sector	3,438	2,914	3,625	740	731	1,046	1,108	1,078	1,142
Total	4,358	3,865	4,515	1,114	912	1,227	1,262	1,320	1,377
Trading Enterprises —									
Public sector	822	516	628	155	132	132	208	79	138
Private sector	2,591	2,460	2,391	580	658	522	631	628	658
Total	3,413	2,976	3,019	736	790	654	839	707	796
Total non-official	7,771	6,841	7,534	1,849	1,703	1,881	2,101	2,027	2,173
TOTAL	11,351	10,950	11,502	2,831	2,582	3,132	2,957	3,227	3,281
<i>Of which —</i>									
Public sector —									
Official	3,580	4,109	3,968	982	879	1,251	856	1,200	1,107
Non-official	1,742	1,466	1,518	529	313	313	363	321	373
Total	5,323	5,575	5,486	1,510	1,193	1,564	1,219	1,521	1,481
Private sector	6,028	5,375	6,016	1,320	1,389	1,568	1,738	1,706	1,800
INTEREST RECEIVABLE ON AUSTRALIAN LENDING ABROAD AND RESERVE ASSETS									
OFFICIAL —									
Reserve assets	1,465	853	975	173	171	307	325	124	222
Lending	4	16	7	2	3	1	1	1	—
Total official	1,468	869	983	174	174	308	327	125	222
NON-OFFICIAL —									
Financial enterprises	663	599	769	165	209	232	163	231	233
Trading enterprises	40	210	-26	20	-39	4	-11	9	26
Total non-official	703	808	743	185	171	236	152	240	258
TOTAL	2,171	1,678	1,726	359	344	544	479	366	480
<i>Of which —</i>									
Public sector —									
Official	1,468	869	983	174	174	308	327	125	222
Non-official	393	220	308	70	99	75	64	102	111
Total	1,862	1,089	1,291	244	273	383	391	227	332
Private sector	309	589	436	115	72	161	88	139	148
NET INTEREST PAYABLE(a)									
OFFICIAL —	2,112	3,240	2,985	807	706	943	529	1,074	886
NON-OFFICIAL —									
Financial enterprises	3,695	3,266	3,746	948	703	995	1,099	1,089	1,144
Trading enterprises	3,373	2,766	3,045	716	829	650	850	698	771
Total non-official	7,068	6,032	6,791	1,664	1,532	1,645	1,949	1,787	1,915
TOTAL	9,180	9,272	9,776	2,472	2,238	2,588	2,478	2,861	2,801
<i>Of which —</i>									
Public sector —									
Official	2,112	3,240	2,985	807	706	943	529	1,074	886
Non-official	1,349	1,246	1,210	459	214	238	298	219	263
Total	3,461	4,486	4,195	1,267	920	1,181	828	1,293	1,149
Private sector	5,719	4,786	5,581	1,205	1,318	1,407	1,650	1,568	1,652

(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	216,767	166,780	49,987	53.7	41.3	12.4
1993-94	426,812	237,735	163,015	74,721	55.7	38.2	17.5
1994-95	454,505	259,717	180,590	79,127	57.1	39.7	17.4
<i>Year ended(b) —</i>							
<i>1994-95 —</i>							
September	434,545	250,370	166,192	84,178	57.6	38.2	19.4
December	441,759	252,373	170,423	81,950	57.1	38.6	18.6
March	448,000	249,852	171,275	78,576	55.8	38.2	17.5
June	454,505	259,717	180,590	79,127	57.1	39.7	17.4
<i>1995-96</i>							
September	459,963	269,267	179,456	89,811	58.5	39.0	19.5
December	n.y.a.	275,118	184,864	90,254	n.y.a.	n.y.a.	n.y.a.

(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	76,396	12,907	9,180	3,727	16.9	12.0	4.9
1993-94	82,361	14,127	9,272	4,354	17.2	11.3	5.3
1994-95	86,371	17,188	9,776	7,377	19.9	11.3	8.5
<i>Year ended(b) —</i>							
<i>1994-95 —</i>							
September	82,621	14,936	9,366	5,239	18.1	11.3	6.3
December	83,103	16,395	9,526	6,321	19.7	11.5	7.6
March	84,579	18,618	9,753	8,104	22.0	11.5	9.6
June	86,371	17,188	9,776	7,377	19.9	11.3	8.5
<i>1995-96 —</i>							
September	89,554	16,961	10,165	6,704	18.9	11.4	7.5
December	92,073	17,652	10,728	7,021	19.2	11.7	7.6

(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	1994-95			1995-96		
				September	December	March	June	September	December
CAPITAL TRANSACTIONS(a)									
OECD									
USA	10,297	8,878	2,148	1,126	1,855	-1,807	973	2,575	3,143
Japan	-3,057	-1,622	756	3,872	1,280	-2,061	-2,335	1,956	7,342
Switzerland	31	258	-253	974	-1,783	-253	809	61	106
EU—									
UK	3,533	8,654	2,130	3,765	-1,319	879	-1,194	1,776	3,650
Other	849	4,376	2,552	-1,317	1,995	2,332	-458	-1,564	-955
Total	4,382	13,030	4,683	2,448	675	3,211	-1,652	213	2,695
Other OECD(c)	833	1,432	422	914	674	121	61	-1,579	21
Total OECD	12,487	21,976	7,756	9,335	1,355	-789	-2,145	3,104	13,306
ASEAN	-1,137	961	-373	324	-528	71	-240	938	1,981
Other countries	1,677	3,682	-144	-758	-1,173	1,126	660	-130	-432
International capital markets	5,584	516	11,533	-2,420	5,926	2,321	5,708	329	-225
International institutions	-954	12	321	-153	470	474	-470	95	158
Unallocated	686	1,814	4,380	1,286	1,308	322	1,464	5,001	896
TOTAL	18,342	28,960	23,473	7,613	7,357	3,526	4,977	7,271	15,685
APEC	—	—	3,015	6,177	-390	-1,992	-780	1,680	11,972
INVESTMENT INCOME(b)									
OECD—									
USA	4,962	5,517	5,217	1,276	1,309	1,179	1,452	785	1,026
Japan	2,225	2,187	2,773	692	637	758	686	613	581
Switzerland	477	439	443	140	52	83	168	66	110
EU—									
UK	3,174	3,542	4,542	1,123	1,111	1,288	1,020	579	1,130
Other	1,084	1,195	1,483	451	369	436	228	240	368
Total	4,258	4,737	6,026	1,574	1,480	1,723	1,248	819	1,498
Other OECD(c)	606	364	556	160	146	157	93	15	59
Total OECD	12,529	13,245	15,015	3,842	3,624	3,901	3,648	2,297	3,274
ASEAN	376	275	375	145	78	75	78	72	60
Other countries	902	772	932	196	197	294	245	198	204
International capital markets	3,337	3,712	3,957	1,045	872	1,077	963	1,129	1,088
International institutions	40	35	-4	9	4	-2	-14	-11	27
Unallocated	808	991	3,434	585	1,131	895	824	2,053	2,005
TOTAL	17,992	19,029	23,710	5,822	5,905	6,239	5,744	5,739	6,659
APEC	—	—	9,582	2,382	2,336	2,347	2,517	1,665	1,885
LEVELS OF INVESTMENT AT END OF PERIOD									
OECD—									
USA	74,321	83,995	88,649	87,652	84,735	83,236	88,649	90,694	93,837
Japan	51,479	49,008	50,913	51,841	52,925	52,466	50,913	51,284	59,578
Switzerland	8,077	8,132	7,132	7,991	5,987	6,132	7,132	7,019	6,964
EU—									
UK	63,509	75,317	76,034	77,999	74,783	77,101	76,034	78,066	83,993
Other	23,256	31,165	34,956	30,075	31,542	34,100	34,956	33,531	33,213
Total	86,765	106,483	110,990	108,074	106,325	111,201	110,990	111,598	117,205
Other OECD(c)	11,070	12,382	13,488	14,406	13,234	13,097	13,488	11,723	11,947
Total OECD	231,713	260,000	271,172	269,964	263,205	266,132	271,172	272,317	289,533
ASEAN	7,500	8,893	8,441	9,284	8,541	8,661	8,441	7,016	9,296
Other countries	19,868	21,831	22,580	21,791	20,352	21,712	22,580	22,546	22,295
International capital markets	60,706	61,185	76,329	61,333	64,628	68,413	76,329	72,302	69,752
International institutions	142	154	476	1	471	946	476	1,360	1,516
Unallocated	18,369	18,732	21,946	19,507	20,780	20,847	21,946	31,012	32,164
TOTAL	338,299	370,795	400,943	381,881	377,977	386,711	400,943	406,553	424,555
APEC	—	—	177,255	178,689	172,611	172,618	177,255	176,332	189,956

(a) From September quarter 1995, 'Reinvestment of earnings' is not classified by country and is therefore included in 'Unallocated'. (b) From September quarter 1995, '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	1994-95				1995-96	
				September	December	March	June	September	December
CAPITAL TRANSACTIONS									
Mining	-142	1,865	-305	701	-1,672	503	164	95	-445
Manufacturing	4,182	9,466	5,606	629	2,203	1,522	1,251	-291	3,569
Electricity, gas and water	-699	-865	-1,029	-169	-77	154	-629	325	1,186
Wholesale trade	663	-3,697	-1,041	328	-625	81	-826	-99	665
Retail trade	394	822	-1,805	165	-1,885	48	-132	-73	7
Transport and storage	-216	689	44	-6	-61	56	54	205	-36
Finance and insurance(b)	1,239	10,786	6,039	781	-4,262	4,130	5,391	1,124	6,180
Property and Business Services	338	536	405	261	-283	105	322	53	104
Other industries(c)	12,617	8,693	14,063	4,258	13,378	-3,028	-545	1,052	3,289
Unallocated(d)(e)	641	667	1,495	666	641	262	74	4,880	1,166
TOTAL	18,342	28,960	23,473	7,613	7,357	3,526	4,977	7,271	15,685
INVESTMENT INCOME									
Mining	1,987	2,195	2,196	595	483	472	646	283	313
Manufacturing	3,589	3,323	4,183	1,039	1,081	917	1,146	396	790
Electricity, gas and water	224	73	125	16	15	11	84	18	71
Wholesale trade	921	1,265	1,658	429	328	522	379	56	83
Retail trade	223	257	194	60	52	38	44	24	28
Transport and storage	655	711	977	266	279	279	154	61	83
Finance and insurance(b)	5,591	5,688	6,626	1,736	1,501	1,675	1,714	1,780	1,607
Property and Business Services	290	403	650	175	156	126	194	216	185
Other industries(c)	3,562	3,871	4,396	1,135	948	1,320	994	1,247	1,143
Unallocated(d)(e)	949	1,244	2,704	373	1,062	879	390	1,657	2,355
TOTAL	17,992	19,029	23,710	5,822	5,905	6,239	5,744	5,739	6,659
LEVELS OF INVESTMENT AT END OF PERIOD									
Mining	34,764	40,055	37,995	39,358	36,264	36,612	37,995	38,644	38,453
Manufacturing	59,087	70,410	76,390	74,659	71,222	73,225	76,390	75,691	79,623
Electricity, gas and water	4,364	3,717	2,770	3,537	3,310	3,197	2,770	3,048	4,117
Wholesale trade	25,157	25,436	25,887	25,251	25,430	25,978	25,887	24,755	25,725
Retail trade	5,489	5,511	3,727	5,970	4,080	3,786	3,727	3,514	3,526
Transport and storage	8,819	9,694	9,539	9,205	8,953	9,235	9,539	9,486	9,429
Finance and insurance(b)	112,670	122,816	132,608	123,460	116,540	124,938	132,608	129,412	135,708
Property and Business Services	16,912	17,743	20,540	19,005	19,153	19,858	20,540	17,107	16,623
Other industries(c)	68,401	72,454	87,857	77,397	89,191	86,438	87,857	89,332	93,439
Unallocated(e)	2,637	2,959	3,629	4,039	3,833	3,443	3,629	15,564	17,913
TOTAL	338,299	370,795	400,943	381,881	377,977	386,711	400,943	406,553	424,555

(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 1995 'Reinvestment of earnings' is not classified by industry and is included in 'Unallocated'. (e) From September quarter 1995, 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	1994-95			1995-96		
				September	December	March	June	September	December
Capital transactions —									
Domiciled abroad —									
Foreign currency	2,808	-713	-7,251	-2,872	-5,454	823	252	5,448	2,266
Australian currency	4,480	3,474	13,381	652	2,664	3,376	6,689	-1,526	3,788
Total	7,288	2,760	6,130	-2,220	-2,790	4,199	6,941	3,922	6,054
Domiciled in Australia —									
Securities —									
Purchases by non-residents	35,992	42,690	64,272	17,860	19,700	12,564	14,148	15,077	20,909
Sales by non-residents	36,104	39,148	59,633	12,388	11,674	16,141	19,430	16,218	16,767
<i>Net</i>	-113	3,542	4,638	5,472	8,026	-3,578	-5,282	1,141	4,142
Deposits	-7	1,750	491	179	-173	551	1,036	-641	-92
Total	-119	5,292	5,129	5,651	7,853	-4,129	-4,246	-1,782	4,050
Total	7,169	8,053	11,259	3,431	5,063	70	2,695	2,140	10,104
Levels at end of period —									
Domiciled abroad —									
Foreign currency	124,705	118,869	118,095	116,280	107,475	114,720	118,095	114,345	115,375
Australian currency	52,856	53,314	65,464	54,133	55,276	58,373	65,464	66,999	72,562
Total	177,561	172,183	183,559	170,413	162,751	173,093	183,559	181,344	187,937
Domiciled in Australia —									
Securities	24,515	26,359	31,591	31,196	39,310	35,877	31,591	30,654	35,679
Deposits	6,800	8,407	8,777	8,482	8,299	7,747	8,777	8,109	7,997
Total	31,315	34,766	40,368	39,678	47,609	43,624	40,368	38,763	43,677
Total	208,876	206,948	223,927	210,091	210,360	216,717	223,927	220,107	231,614

(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	1994-95			1995-96		
				September	December	March	June	September	December
Foreign currencies —									
United States Dollars	92,511	85,460	81,587	78,797	72,468	76,677	81,587	82,176	79,965
Pounds Sterling	2,102	2,173	2,155	2,622	2,277	2,410	2,155	2,104	1,876
Swiss Francs	2,917	3,047	2,645	3,156	3,041	3,338	2,645	2,238	2,887
Deutsche Marks	1,485	1,451	2,379	1,620	1,759	2,103	2,379	2,231	2,109
Japanese Yen	17,995	19,560	21,257	22,047	19,725	20,336	21,257	19,565	22,475
Other(a)	9,063	9,597	10,410	10,297	10,612	11,494	10,410	7,469	7,325
Total foreign currencies	126,073	121,388	120,434	118,538	109,881	116,358	120,434	115,783	116,638
Australian Dollars	82,804	85,661	103,494	91,553	100,479	100,359	103,494	104,324	114,976
Total	208,876	206,948	223,927	210,091	210,360	216,717	223,927	220,107	231,614

(a) Includes unallocated foreign currency borrowing.

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

	Year			Quarter ended					
	1992-93	1993-94	1994-95	1994-95			1995-96		
				September	December	March	June	September	December
DRAWINGS									
CONTRACTUALLY DUE FOR REPAYMENT —									
Within 3 months	426,227	420,487	211,467	66,599	49,195	46,649	49,025	49,577	56,087
3 months to less than 6 months	47,871	48,413	39,916	9,158	8,091	11,663	11,005	9,565	12,012
6 months to less than 1 year	16,066	26,501	35,454	7,177	17,745	2,564	7,968	11,017	7,121
1 year to less than 2 years	3,319	4,556	4,785	1,031	1,405	1,754	595	1,251	1,410
2 years to less than 5 years	10,530	12,891	16,841	4,691	5,366	3,153	3,630	3,649	3,564
5 years to less than 10 years	8,370	9,897	9,933	3,188	2,203	1,854	2,688	2,852	2,751
10 years or more	4,750	3,402	1,586	784	366	65	371	590	909
REPAYABLE AT CALL OR OF INDEFINITE MATURITY									
Expected to be repaid —									
Within 1 year from drawdown	10,223	2,952	2,259	1,223	310	418	307	528	1,191
1 year or more from drawdown	5,935	3,247	1,593	534	304	601	154	893	353
UNALLOCATED(b)	-10,178	-15,371	-4,233	-842	-1,312	-1,208	-871	-2,933	-250
TOTAL	523,112	516,974	319,600	93,542	83,673	67,515	74,870	76,988	85,149
REPAYMENTS									
TIME ELAPSED SINCE DRAWDOWN —									
Less than 3 months	426,758	422,535	210,184	67,457	52,564	45,339	44,824	48,500	48,737
3 months to less than 6 months	49,143	54,237	46,868	11,722	11,597	11,042	12,507	12,378	13,768
6 months to less than 1 year	20,654	27,872	40,542	11,070	17,153	4,073	8,245	10,276	9,839
1 year to less than 2 years	5,950	5,818	5,311	1,458	1,041	1,611	1,201	1,285	1,964
2 years to less than 5 years	12,520	10,854	6,875	2,890	1,829	1,090	1,065	1,956	2,184
5 years to less than 10 years	6,709	5,995	7,086	1,513	2,980	1,639	954	1,262	1,406
10 years or more	3,208	2,254	1,226	370	584	95	177	244	1,228
UNALLOCATED(b)	-9,117	-15,352	-4,621	-718	1,285	-1,573	-1,045	-2,835	-31
TOTAL	515,824	514,214	313,471	95,762	86,463	63,316	67,929	73,066	79,094
LEVELS AT END OF PERIOD									
BORROWING WITH CONTRACTUAL TERMS —									
Less than 1 year to maturity	82,488	78,310	73,995	70,862	63,127	69,888	73,995	72,063	78,638
1 year to less than 2 years	13,031	13,018	12,838	13,469	13,823	14,208	12,838	13,749	15,747
2 years to less than 5 years	32,092	31,713	39,355	33,990	37,797	38,215	39,355	41,692	40,764
5 years to less than 10 years	28,039	28,878	36,054	30,845	28,009	31,023	36,054	32,626	31,010
10 years or more	5,920	4,330	5,622	4,807	4,769	4,914	5,622	6,682	6,940
AT CALL OR INDEFINITE BORROWING —									
Expected to be repaid —									
Within 1 year	3,144	1,863	3,832	2,607	3,813	3,450	3,832	4,312	4,869
1 year or more	11,677	11,996	9,698	11,049	8,785	9,133	9,698	9,675	8,687
UNALLOCATED(b)	1,171	2,074	2,166	2,785	2,628	2,263	2,166	546	1,282
TOTAL	177,561	172,183	183,559	170,413	162,751	173,093	183,559	181,344	187,937

(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	41,153	92,550	6,884	140,587	20,253	17,006	6,024	43,283	20,900	75,544	860	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	97,414	162,770	6,425	266,609	57,255	31,116	7,851	96,221	40,159	131,654	-1,426	170,388
1990-91	105,238	178,863	6,399	290,499	55,416	36,719	7,666	99,801	49,822	142,144	-1,268	190,698
1991-92	110,892	191,412	6,837	309,141	64,442	38,203	6,644	109,289	46,450	153,208	193	199,851
1992-93	122,542	208,876	6,880	338,299	71,922	42,097	7,513	121,532	50,620	166,780	-633	216,767
1993-94	154,845	206,948	9,002	370,795	79,909	43,934	9,217	133,060	74,936	163,015	-215	237,735
1994-95	166,222	223,927	10,794	400,943	89,151	43,338	8,738	141,226	77,072	180,590	2,056	259,717
QUARTERLY												
<i>1990-91</i>												
December	101,265	171,452	6,293	279,010	57,616	33,001	7,505	98,122	43,650	138,451	-1,212	180,889
March	103,905	175,876	6,671	286,452	58,954	33,973	7,241	100,168	44,951	141,903	-569	186,284
June	105,238	178,863	6,399	290,499	55,416	36,719	7,666	99,801	49,822	142,144	1,268	190,698
<i>1991-92</i>												
September	106,046	177,515	6,884	290,444	58,493	36,144	7,281	101,917	47,553	141,371	-397	188,527
December	107,917	186,703	7,553	302,173	63,460	39,886	7,074	110,420	44,456	146,817	479	191,753
March	108,454	185,391	6,980	300,825	61,380	35,746	6,929	104,055	47,074	149,645	51	196,770
June	110,892	191,412	6,837	309,141	64,442	38,203	6,644	109,289	46,450	153,208	193	199,851
<i>1992-93</i>												
September	105,863	200,092	7,005	312,959	64,854	39,664	6,933	111,451	41,009	160,428	72	201,508
December	108,457	199,597	7,500	315,554	67,410	37,915	7,125	112,451	41,047	161,681	375	203,103
March	116,154	195,256	6,950	318,360	68,156	38,241	7,001	113,397	47,998	157,015	-50	204,963
June	122,542	208,876	6,880	338,299	71,922	42,097	7,513	121,532	50,620	166,780	-633	216,767
<i>1993-94</i>												
September	137,957	218,220	8,455	364,631	79,062	43,813	7,813	130,687	58,895	174,407	642	233,944
December	150,373	212,201	9,149	371,723	82,171	40,794	8,078	131,043	68,202	171,407	1,070	240,680
March	152,428	212,522	8,481	373,431	80,517	44,937	7,713	133,167	71,911	167,584	769	240,264
June	154,845	206,948	9,002	370,795	79,909	43,934	9,217	133,060	74,936	163,015	-215	237,735
<i>1994-95</i>												
September	162,580	210,091	9,210	381,881	79,763	43,898	7,849	131,510	82,817	166,192	1,362	250,370
December	157,896	210,360	9,720	377,977	77,494	39,938	8,172	125,604	80,402	170,423	1,548	252,373
March	159,973	216,717	10,021	386,711	82,893	45,442	8,525	136,859	77,080	171,275	1,496	249,852
June	166,222	223,927	10,794	400,943	89,151	43,338	8,738	141,226	77,072	180,590	2,056	259,717
<i>1995-96</i>												
September	175,571	220,107	10,875	406,553	88,386	40,651	8,249	137,286	87,185	179,456	2,626	269,267
December	181,946	231,614	10,995	424,555	93,999	46,750	8,688	149,437	87,947	184,864	2,307	275,118

(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
(\$A million)

	Foreign investment in Australia				Australian investment abroad				Net capital transactions(a)			
	Equity (b)	Borrowing	Other	Total	Equity (b)	Reserve assets and lending	Other	Total	Net equity (b)	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	16,952	303	19,994	5,750	1,960	151	3,941	-3,008	18,918	-49	15,861
1986-87	7,822	15,082	-67	22,838	9,428	2,878	564	12,871	-1,606	12,204	-631	9,967
1987-88	8,062	20,061	51	28,174	9,803	6,311	160	16,274	1,741	13,749	-108	11,900
1988-89	10,477	21,531	781	32,789	8,716	3,378	635	12,729	1,761	18,153	145	20,059
1989-90	6,854	19,180	-925	25,108	2,778	3,213	-60	5,931	4,076	15,967	-865	19,177
1990-91	9,863	11,623	-494	20,993	-709	4,878	179	4,347	10,573	6,746	-672	16,646
1991-92	5,491	9,573	657	15,721	3,989	2,346	-870	772	1,503	11,920	1,527	14,949
1992-93	10,610	7,169	564	18,342	4,396	-651	276	4,021	6,214	7,819	288	14,321
1993-94	20,077	8,053	831	28,960	9,376	4,861	1,540	15,777	10,701	3,192	-709	13,184
1994-95	10,649	11,259	1,565	23,473	3,621	-2,537	-731	353	7,028	13,796	2,296	23,121
QUARTERLY												
1990-91 —												
December	3,527	25	-528	3,023	2,056	260	107	2,423	1,472	235	-636	601
March	1,942	6,159	385	8,486	1,137	2,417	-250	3,304	805	3,742	635	5,182
June	2,514	2,812	-267	5,059	-2,757	2,962	487	692	5,271	-150	-754	4,367
1991-92 —												
September	1,679	1,808	593	4,080	2,033	891	-53	1,089	-353	2,699	645	2,991
December	1,573	3,458	739	5,770	2,479	1,310	-189	3,601	-906	2,147	928	2,169
March	371	2,028	-570	1,828	-587	2,937	-253	-3,777	958	4,964	-317	5,605
June	1,868	2,280	-105	4,044	63	171	-375	-141	1,805	2,109	271	4,184
1992-93 —												
September	-192	5,429	398	5,635	362	-1,050	-100	-788	-554	6,479	497	6,422
December	3,156	-1,331	488	2,313	2,617	942	148	1,823	539	389	340	490
March	5,009	-3,210	-284	1,516	1,069	402	-109	1,362	3,940	3,612	-175	153
June	2,636	6,280	-38	8,879	348	939	337	1,624	2,289	5,341	-374	7,255
1993-94 —												
September	4,792	2,534	215	7,541	1,912	1,622	5	3,539	2,880	911	210	4,002
December	4,553	2,409	482	7,444	4,054	-859	359	3,554	499	3,267	123	3,889
March	5,990	3,446	-480	8,956	3,221	4,347	-301	7,266	2,769	-901	-178	1,690
June	4,742	-335	614	5,020	189	-249	1,478	1,417	4,553	-86	-864	3,603
1994-95 —												
September	4,473	3,431	-291	7,613	-426	354	-1,496	2,276	4,899	3,785	1,206	9,889
December	1,713	5,063	581	7,357	1,324	1,851	394	-133	389	6,913	188	7,490
March	3,080	70	377	3,526	-424	2,460	162	2,197	3,504	-2,390	215	1,329
June	1,384	2,695	898	4,977	3,147	-2,792	210	565	-1,763	5,488	688	4,412
1995-96 —												
September	5,140	2,140	-9	7,271	2,039	-552	-106	1,381	3,100	2,692	97	5,890
December	5,338	10,104	243	15,685	4,669	5,651	530	10,850	668	4,453	-287	4,834

(a) Equals foreign investment in Australia less Australian investment abroad. (b) In reference to reinvestment of earnings, prior to September 1993 comprehensive data was only collected annually for this item, with the quarterly estimates derived by evenly distributing the annual estimates. From September 1993 this item has been collected quarterly and thus estimates based on the results of this collection have been included. For the latest two quarters extrapolated estimates have been included until quarterly data becomes available.

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>Borr- owing</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	1,818	678	175	2,670	908	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	105	3,912	2,702	9,554	164	12,419
1989-90	5,231	14,380	370	19,981	1,958	1,848	154	3,961	3,274	12,531	215	16,020
1990-91	5,186	14,821	170	20,176	849	2,248	120	3,223	4,337	12,566	50	16,953
1991-92	4,730	13,328	93	18,151	1,263	2,386	54	3,703	3,467	10,942	40	14,448
1992-93	6,555	11,351	85	17,992	2,893	2,172	21	5,085	3,662	9,180	65	12,907
1993-94	7,544	10,950	88	19,029	3,248	1,678	31	4,902	4,297	9,272	57	14,127
1994-95	11,526	11,502	53	23,710	4,149	1,726	53	6,522	7,376	9,776		17,188
QUARTERLY												
<i>1990-91</i> —												
December	1,777	3,633	55	5,465	151	523	35	710	1,626	3,110	19	4,755
March	1,120	3,848	37	5,006	145	538	29	711	976	3,310	9	4,295
June	1,447	3,659	34	5,140	265	616	26	907	1,182	3,043	8	4,234
<i>1991-92</i> —												
September	1,140	3,718	24	4,883	317	615	17	948	824	3,103	8	3,935
December	1,036	3,188	26	4,250	348	638	13	999	688	2,550	13	3,251
March	1,109	3,232	20	4,362	274	596	10	881	835	2,636	9	3,481
June	1,444	3,190	23	4,657	324	537	14	875	1,120	2,652	9	3,782
<i>1992-93</i> —												
September	1,700	3,118	18	4,836	661	669	5	1,335	1,039	2,449	13	3,502
December	1,564	2,836	26	4,426	794	494	5	1,292	770	2,342	21	3,134
March	1,446	2,816	18	4,281	623	635	5	1,262	823	2,182	13	3,018
June	1,845	2,581	23	4,449	816	374	6	1,196	1,029	2,207	17	3,253
<i>1993-94</i> —												
September	1,286	2,978	23	4,412	272	601	8	891	1,014	2,378	15	3,521
December	1,818	2,566	19	4,547	1,108	489	9	1,780	710	2,078	9	2,767
March	1,504	2,780	19	4,389	1,093	419	5	1,733	410	2,361	14	2,657
June	2,936	2,625	28	5,681	773	169	9	498	2,163	2,456	19	5,183
<i>1994-95</i> —												
September	2,850	2,831	11	5,822	938	359	10	1,492	1,913	2,472	1	4,329
December	3,016	2,582	12	5,905	1,218	344	9	1,679	1,798	2,238	2	4,226
March	3,028	3,132	18	6,239	823	544	15	1,359	2,204	2,588	3	4,880
June	2,632	2,957	12	5,744	1,171	479	19	1,992	1,461	2,478	-7	3,752
<i>1995-96</i> —												
September	2,507	3,227	4	5,739	1,268	366	2	1,636	1,340	2,861	2	4,103
December	3,371	3,281	7	6,659	1,249	480	12	1,741	2,121	2,801	5	4,917

(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. In reference to reinvested earnings, prior to September 1993 comprehensive data was only collected annually for this item, with the quarterly estimates derived by evenly distributing the annual estimates. From September 1993 this item has been collected quarterly and thus estimates based on the results of this collection have been included. For the latest two quarters extrapolated estimates have been included until quarterly data becomes available.

TABLE 19. LEVELS OF FOREIGN DEBT AT END OF PERIOD(a)
(\$A million)

	Public Sector Borrowing				Private sector borrowing	Total foreign borrowing	Reserve assets	Lending abroad	Net foreign debt(b)
	Commonwealth government and Reserve Bank	State government	Public trading and financial enterprises	Total					
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	3,982	75,544
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	9,245	131,654
1990-91	17,429	24,435	33,010	74,874	103,988	178,863	24,047	12,672	142,144
1991-92	16,848	28,425	33,681	78,954	112,458	191,412	22,240	15,963	153,208
1992-93	21,469	37,963	35,096	94,527	114,349	208,876	20,823	21,274	166,780
1993-94	22,913	39,560	33,156	95,629	111,319	206,948	20,661	23,273	163,015
1994-95	28,176	46,732	25,054	99,961	123,966	223,927	20,184	23,154	180,590
QUARTERLY									
1990-91 —									
December	18,909	20,865	36,546	76,320	95,131	171,452	24,989	8,012	138,451
March	18,755	22,366	35,149	76,269	99,607	175,876	23,593	10,380	141,903
June	17,429	24,435	33,010	74,874	103,988	178,863	24,047	12,672	142,144
1991-92									
September	17,798	26,031	32,654	76,484	101,031	177,515	23,836	12,308	141,371
December	21,204	26,471	34,027	81,702	105,001	186,703	25,451	14,435	146,817
March	18,624	28,074	32,467	79,166	106,225	185,391	21,314	14,432	149,645
June	16,848	28,425	33,681	78,954	112,458	191,412	22,240	15,963	153,208
1992-93 —									
September	17,949	33,536	34,213	85,698	114,394	200,092	21,566	18,098	160,428
December	19,023	33,391	34,044	86,458	113,139	199,597	20,112	17,803	161,681
March	18,873	33,178	32,577	84,627	110,629	195,256	18,888	19,353	157,015
June	21,469	37,963	35,096	94,527	114,349	208,876	20,823	21,274	166,780
1993-94 —									
September	20,464	42,459	35,255	98,178	120,042	218,220	22,023	21,790	174,407
December	22,289	42,080	34,287	98,656	113,545	212,201	20,955	19,839	171,407
March	23,247	43,428	33,603	100,278	112,244	212,522	20,834	24,103	167,584
June	22,913	39,560	33,156	95,629	111,319	206,948	20,661	23,273	163,015
1994-95 —									
September	25,544	40,359	31,508	97,410	112,680	210,091	20,308	23,590	166,192
December	28,752	48,965	30,354	108,071	102,289	210,360	18,417	21,521	170,423
March	28,362	46,153	26,217	100,732	115,985	216,717	21,240	24,202	171,275
June	28,176	46,732	25,054	99,961	123,966	223,927	20,184	23,154	180,590
1995-96 —									
September	27,420	48,705	23,237	99,363	120,744	220,107	18,659	21,992	179,456
December	31,306	48,626	19,520	99,452	132,161	231,614	20,067	26,683	184,864

(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
(\$A 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	45.9	35.5	10.4	26.3	20.5	5.7
1990-91	50.4	37.6	12.8	25.6	19.0	6.6
1991-92	51.7	39.7	12.1	20.7	15.6	5.0
1992-93	53.7	41.3	12.4	16.9	12.0	4.9
1993-94	55.7	38.2	17.5	17.2	11.3	5.3
1994-95	57.1	39.7	17.4	19.9	11.3	8.5
QUARTERLY						
<i>Year ended(c)</i>						
<i>1990-91</i>						
December	47.9	36.7	11.2	26.5	19.8	6.7
March	49.2	37.5	11.7	25.8	19.6	6.2
June	50.4	37.6	12.8	25.6	19.0	6.6
<i>1991-92</i>						
September	49.9	37.4	12.5	25.5	18.6	6.9
December	50.5	38.7	11.8	23.0	17.6	5.4
March	51.5	39.1	12.3	21.5	16.4	5.2
June	51.7	39.7	12.1	20.7	15.6	5.0
<i>1992-93</i>						
September	51.7	41.1	10.5	19.7	14.5	5.2
December	51.5	41.0	10.5	19.0	13.8	5.2
March	51.5	39.5	12.1	17.9	12.9	5.1
June	53.7	41.3	12.4	16.9	12.0	4.9
<i>1993-94</i>						
September	57.2	42.7	14.6	16.5	11.6	4.7
December	58.1	41.4	16.7	15.7	11.1	4.6
March	57.2	39.9	17.3	15.0	11.1	4.0
June	55.7	38.2	17.5	17.2	11.3	5.3
<i>1994-95</i>						
September	57.6	38.2	19.4	18.1	11.3	6.3
December	57.1	38.6	18.6	19.7	11.5	7.6
March	55.8	38.2	17.5	22.0	11.5	9.6
June	57.1	39.7	17.4	19.9	11.3	8.5
<i>1995-96</i>						
September	58.5	39.0	19.5	18.9	11.4	7.5
December	n.y.a.	n.y.a.	n.y.a.	19.2	11.7	7.6

(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 December 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

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 1995, 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. 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 1995, 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), and its offset *reinvestment of earnings* (capital transaction). Data for these items are collected and processed with a two quarter lag, and hence estimates for the latest two quarters 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 *portfolio corporate equities* and some *portfolio securities domiciled in Australia*. 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
EU	European Union
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development

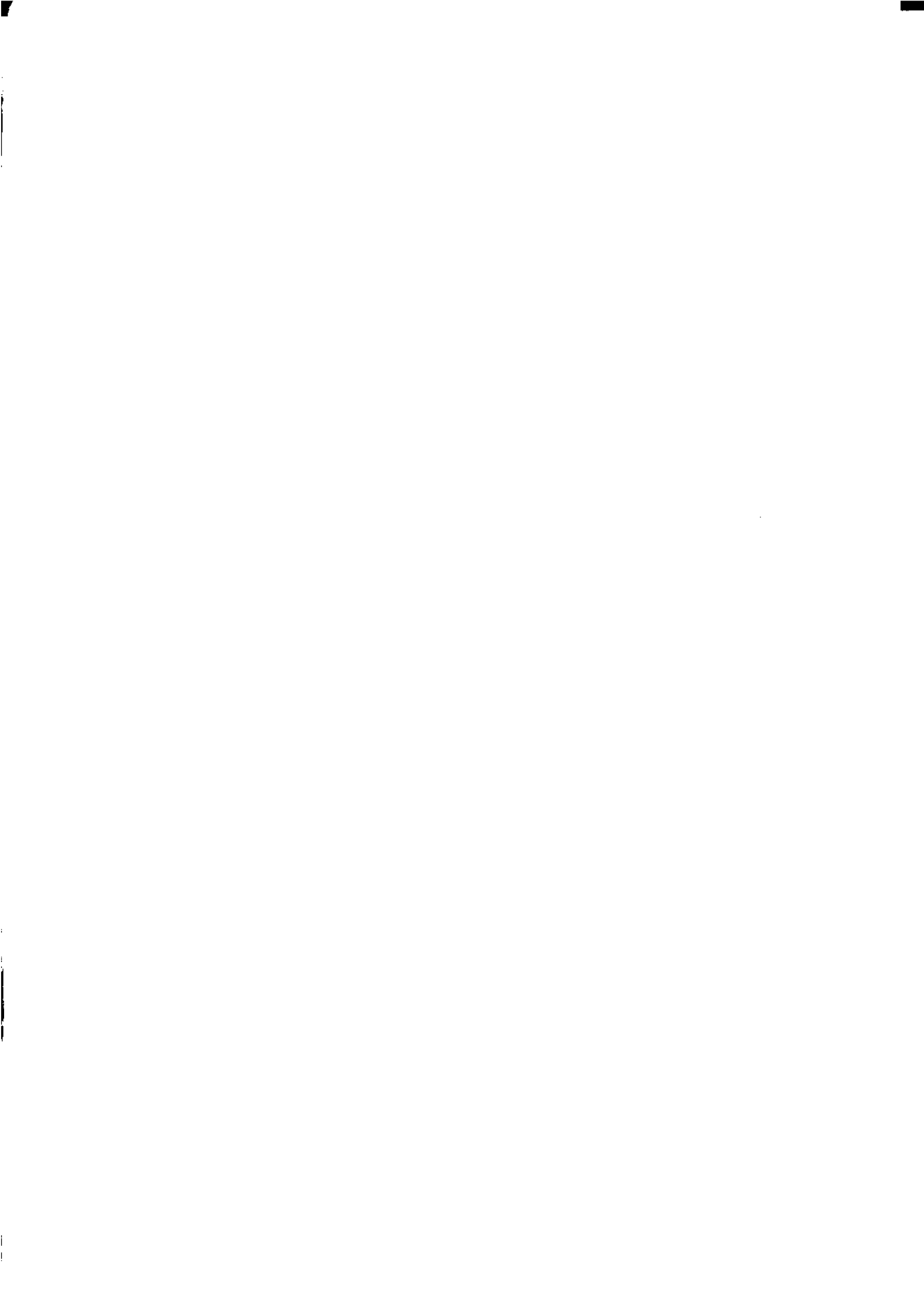
26. For capital transactions a negative value denotes a net withdrawal of investment; for levels of direct investment lending abroad, a negative value denotes an excess of borrowing by direct investors in Australia from their direct investment groups abroad over lending by direct investors in Australia 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
Country of destination of Australian direct investment in foreign corporate equities	5306.0	Sept qtr 1995	8-11

Copies of the above articles may be ordered from Mr Kym Borgmeyer, International Investment Section Phone (06) 252 6872. 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 from all ABS Offices.

ABS Products and Services

Many standard products are available from ABS bookshops located in each State and Territory. In addition to these products, information tailored to the needs of clients can be obtained on a wide range of media by contacting your nearest ABS Office. The ABS also provides a Subscription Service for standard products and some tailored information services.

National Dial-a-Statistic Line

0055 86 400

Steadycorn P/L: premium rate 25c/21.4 secs.

This number gives 24-hour access, 365 days a year, for a range of important economic statistics including the CPI.

Internet

<http://www.statistics.gov.au>

A wide range of ABS information is available via the Internet, with basic statistics available for each State, Territory and Australia. We also have Key National Indicators, ABS product release details and other information of general interest.

Sales and Inquiries

Keylink STAT.INFO/ABS
X.400 (C:Australia,PUB:Telememo,O:ABS,FN:STAT,SN:INFO)
Internet stat.info@abs.telememo.au

National Mail Order Service (06) 252 5249
Subscription Service 1800 02 0608

	Information Inquiries	Bookshop Sales
SYDNEY	(02) 268 4611	268 4620
MELBOURNE	(03) 9615 7755	9615 7755
BRISBANE	(07) 3222 6351	3222 6350
PERTH	(09) 360 5140	360 5307
ADELAIDE	(08) 237 7100	237 7582
HOBART	(002) 205 800	205 800
CANBERRA	(06) 252 6627	207 0326
DARWIN	(089) 432 111	432 111



Client Services, ABS, PO Box 10, Belconnen ACT 2616



Recommended retail price: \$15.50



2530600012953
ISSN 1037-8774