



CATALOGUE NO. 5302.0

EMBARGOED UNTIL 11.30 A.M. 13 FEBRUARY 1986

BALANCE OF PAYMENTS, AUSTRALIA, DECEMBER QUARTER 1985

PHONE INQUIRIES for more information about these statistics - contact Mr Neil Patterson on Canberra (062) 52 5519 or any of our State offices.

other inquiries including copies of publications - contact Information Services on Canberra (062) 52 6627 or in any of our State offices.

MAIL INQUIRIES write to Information Services, ABS, PO Box 10, Belconnen, ACT 2616 or any of our State offices.

CHANGES IN THIS ISSUE

Commencing with this issue, major changes have been made in the presentation of balance of payments statistics to bring them into line with the latest statistical standards and user requirements.

The changes embodied in the new presentation are described in an ABS information paper entitled **Changes in the Presentation of Australian Balance of Payments Statistics** (Catalogue No 5340.0) which was issued on 23 December 1985. Copies of this priced publication can be obtained from Information Services in any of our State Offices or by writing to Information Services at the above address.

The key changes embodied in the new quarterly presentation are:

- . The headings **visible trade** and **invisibles** in the current account are discontinued. They are replaced by **goods and services**, **income**, and **unrequited transfers**.
- . A more systematic approach to the classification of capital transactions is used. These transactions are classified to two broad sectors called **official** and **non-official**. The official sector is further split into **general government** and **Reserve Bank**. It is also possible to derive sector totals and grand totals for each of **foreign investment in Australia** and **Australian investment abroad**.
- . The balance **net official monetary movements** is discontinued because it has little analytical value under current circumstances.
- . The key partial balances are: **balance on merchandise trade**, **balance on goods and services**, **balance on current account**, and **balance on capital account**.

- The **balancing item** is no longer regarded as part of the capital account and the partial balance **net apparent capital inflow** is discontinued.

Commencing with this issue, the amount of detail published has been substantially increased. Also improvements have been made in the estimation of a number of balance of payments components and several new components have been introduced which were not previously measured. The sources and methods now used in compiling these components are described in Appendix A.

All of the series shown in this issue have been compiled, and will shortly be published, for a long run of past periods. All of the aggregate series and many component items will be available for all quarters from September quarter 1959. However, as a result of the changes described above, the comparability over time of some series has been affected. In instances where these breaks in series affect the continuity of estimates shown in this issue an estimate of the magnitude of the break is provided in Appendix B.

MAIN FEATURES

December quarter 1985 -

The merchandise trade deficit rose \$272 million over the deficit for the September quarter to reach \$1,081 million. Both exports and imports were down, by 5 per cent and 2 per cent respectively. In seasonally adjusted terms exports fell 3 per cent while imports rose 6 per cent, resulting in a merchandise trade deficit which was \$792 million higher than for the previous quarter. The increase in seasonally adjusted imports was largely in investment goods.

The balance on goods and services rose \$129 million to \$2,099 million.

The deficit on current account was \$3,922 million, up \$382 million on the September quarter deficit. About two thirds of the overall increase was attributable to the higher merchandise trade deficit.

The net inflow on capital account of \$3,033 million was up \$586 million on the previous quarter. The net capital transactions of the official and non-official sectors contributed almost equally to the increase.

The trade weighted index of the value of the Australian dollar (base May 1970 = 100) stood at 60.7, down 6.3 per cent on

the end of September 1985 and 25.3 per cent on the end of December 1984. Through the December quarter 1985, the dollar fell against the \$US (3.8 per cent), the £UK (6.1 per cent), the West German Mark (11.6 per cent) and the Japanese Yen (10.8 per cent).

Six months ended December 1985 -

The merchandise trade deficit, at \$1,890 million, was nearly double the deficit recorded for the six months ended December 1984, with imports rising by 25 per cent and exports by 20 per cent.

The net services deficit increased \$171 million or 9 per cent with services credits rising a little faster than debits.

The net income deficit rose by a third, largely reflecting higher interest payable abroad.

The current account deficit was \$7,462 million, up \$1,728 million or 30 per cent on the deficit for the corresponding period of the previous financial year.

ANALYSIS OF SELECTED MAJOR AGGREGATES

December quarter 1985 compared with the September quarter 1985 -

Current account

. Exports f.o.b. were \$8,060 million, \$435 million or 5 per cent lower than in the previous quarter.

. Seasonally adjusted exports f.o.b. fell 3 per cent with both rural and non-rural exports falling 3 per cent. All broad rural commodity groups recorded falls except the residual "other" category which rose 4 per cent. The largest fall was in cereal exports, down 11 per cent. The remaining rural commodity groups recorded falls of 1 or 2 per cent. Within non-rural, falls were recorded in metal and metal manufactures, down 8 per cent, metal ores and minerals, down 9 per cent, and in the residual "other" category, down 12 per cent mainly reflecting a fall in gold exports. The remaining broad commodity groups recorded rises of around 5 per cent.

. Imports f.o.b. fell \$163 million or 2 per cent to \$9,141 million.

. Seasonally adjusted imports f.o.b. rose 6 per cent with all broad commodity groups contributing to the rise except fuels which fell 11 per cent reflecting lower import volumes. Half of the overall increase in imports was attributable to machinery and transport equipment which rose 8 per cent. All other broad commodity groups recorded rises of 2 per cent to 13 per cent.

. The 8 per cent fall in seasonally adjusted exogenous imports largely reflected the fall in imports of fuels. Seasonally adjusted endogenous imports rose 9 per cent with about three quarters of this rise attributable to investment goods. Consumption goods showed little change on the previous quarter.

. Services credits rose by \$112 million or 9 per cent to \$1,414 million, with a 22 per cent increase in the travel item (mainly due to seasonal influences) accounting for about 70 per cent of the overall increase. Services debits were \$2,432 million, down \$31 million or 1 per

cent on the September quarter 1985. The passenger services and travel items, falling in response to seasonal influences, were responsible for most of the fall.

. The net income deficit of \$2,052 million was \$280 million above the previous quarter's deficit, largely reflecting seasonally high dividend distributions to non-residents (up \$198 million) in the December quarter. Interest on government borrowing from abroad also increased significantly, up \$89 million or 29 per cent.

. The net capital transactions of the official sector yielded an inflow of \$1,591 million, up \$294 million on the net inflow for the September quarter 1985. Mainly responsible for the increase were the Reserve Bank's transactions in reserve assets. Included in the estimate of general government foreign currency borrowing were the proceeds of drawings of Yen 90 billion (\$A601 million), Deutsche Mark 150 million (\$A84 million) and Swiss Franc 300 million (\$A210 million), which were used, respectively, to repay a former Yen loan and to refinance earlier Deutsche Mark and Swiss Franc loans of equivalent amounts.

. Interim estimates of the net capital transactions of the non-official sector: foreign investment in Australia (excluding borrowing by trading banks) indicated an inflow of \$3,799 million, up \$1,630 million on the inflow for the preceding quarter. The net inflow on account of transactions in portfolio and other investment (excluding borrowing by trading banks) which accounted for the bulk of the increase, was up \$1,662 million to \$3,051 million and included a sharp increase in borrowing.

. Interim estimates of the net capital transactions of the non-official sector, Australian investment abroad indicated a total net outflow of \$2,357 million up \$1,338 million on the previous quarter. Approximately two thirds of the increase was in Australian direct investment abroad (mainly in corporate equities).

Six months ended December 1985 compared with six months ended December 1984 -

Current account

. **Exports f.o.b.** were up \$2,798 million or 20 per cent on the half year to December 1984. Rural exports rose 21 per cent. Volume increases accounted for most of the 58 per cent rise in wool exports while meat and the "other rural" category each rose 29 per cent. The cereals and sugar series both recorded small falls. Non-rural exports were 20 per cent higher with all broad commodity groups contributing to the rise except machinery and transport equipment which fell 5 per cent. The largest rises were in metal ores and minerals (up 17 per cent), coal (up 20 per cent largely reflecting unit value increases) and other mineral fuels (up 47 per cent with unit values and volumes contributing roughly equally to the rise).

. **Imports f.o.b.** rose \$3,691 million or 25 per cent on the corresponding six months of the previous financial year. All broad commodity groups rose except fuels which fell 6 per cent with large volume declines being partly offset by unit value rises. Basic materials recorded a small rise, up 5 per cent, while all other broad commodity groups rose 15 per cent or more. Machinery and transport equipment recorded the largest rise and accounted for 60 per cent of the overall increase.

. **Services credits** rose \$403 million or 17 per cent. All major items recorded rises except official services which fell slightly. The largest increases were in transportation and travel, up 14 per cent and 28 per cent respectively, which together accounted for 82 per cent of the overall increase.

. **Services debits** were \$574 million or 13 per cent higher than for the half year to December 1984. Transportation debits were up 20 per cent and accounted for about three-quarters of the rise in services debits.

. **Income credits** increased \$126 million or 14 per cent. A significant fall in official investment income (mainly interest on international reserves) of

\$89 million was more than offset by the \$218 million rise in non-official investment income, the latter deriving mainly from income receivable on direct investment.

. **Income debits** rose strongly, up \$1,115 million or 30 per cent. Interest payable abroad accounted for about three-quarters of the rise. Dividends payable abroad on direct investment in enterprises in Australia also increased strongly, up \$209 million or 61 per cent. Other property income payable abroad was down 26 per cent, partially offsetting the strong rise in investment income payable abroad.

. **Unrequited transfers, credits** rose 35 per cent with the official and non-official sectors rising 33 per cent and 37 per cent respectively. **Unrequited transfers, debits** fell 2 per cent, with a 9 per cent fall in official unrequited transfers being partly offset by the 6 per cent rise attributable to the non-official sector.

Capital account

. The net capital inflow of the **official sector** was, at \$2,888 million, \$1,337 million higher than the inflow recorded for the corresponding period in 1984-85. The fall of \$386 million in the net inflow on account of general government transactions was more than offset by the rise of \$1,723 million in the net inflow on account of Reserve Bank transactions, which mainly reflected transactions in reserve assets.

. The inflow of \$5,968 million on account of the net capital transactions of the **non-official sector: foreign investment in Australia** was down \$572 million on the inflow in the corresponding period of 1984-85. Total direct investment increased by \$134 million, while the net inflow on account of portfolio and other investment fell \$706 million.

. The outflow of \$3,376 million on account of the net capital transactions of the **non-official sector: Australian investment abroad** was up \$952 million on the corresponding period of 1984-85. Australian direct investment abroad

increased by \$308 million while Australian portfolio and other investment abroad increased by \$644 million.

Levels of reserves

At 31 December 1985, Australia's holdings of **official reserve assets** valued at market rates of exchange and with gold holdings at market value stood at \$12,216 million. (Table 16).

REVISIONS

Significant revisions are made in this issue to estimates included in previous balance of payments publications. Some result from improvements in data sources or estimation methods which are introduced in this issue and described in Appendix A. Others occur because initial results from the annual survey of foreign investment for 1984-85 are incorporated and replace earlier estimates based on more timely but less comprehensive data sources; the series most affected are reinvested earnings (reinvestment of earnings), distributed direct investment income (credits), interest payable on Australian currency borrowing by general government, general government borrowing denominated in Australian currency and the portfolio and other investment component of foreign investment in the non-official sector.

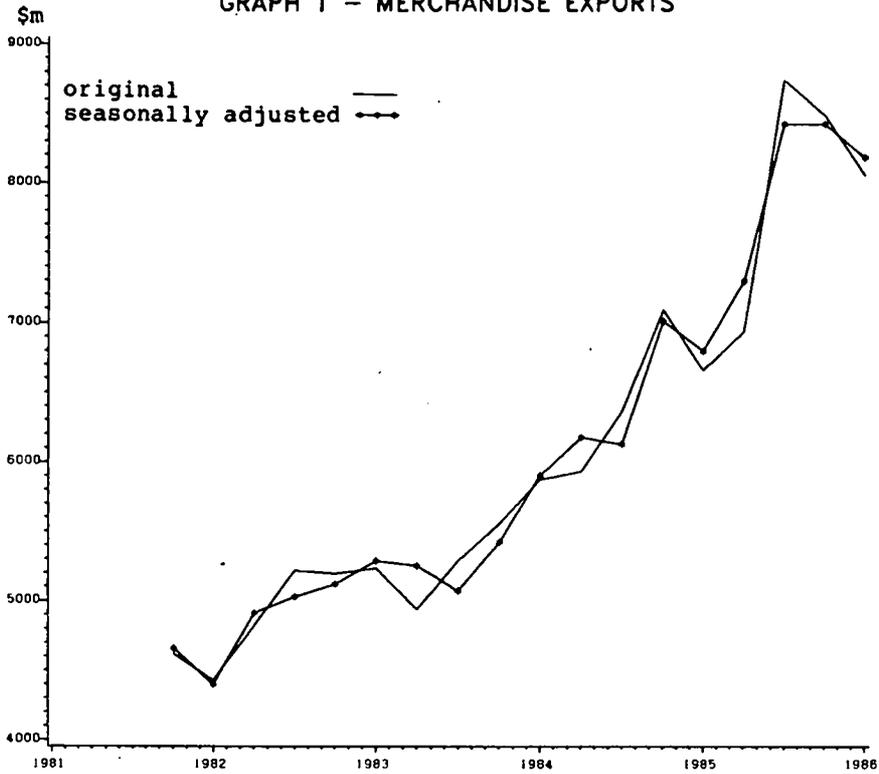
Travel credits has been revised to take account of the receipt of data for 1984 from the International Visitors Survey, conducted on behalf of the Australian Tourist Commission. Estimates based on the survey replace extrapolations previously published. Miscellaneous services, debits also shows significant revision for the years 1982-83 to 1984-85 resulting from revised data from the survey of non-trade foreign receipts and payments.

An upward revision of \$200 million has been necessary to the initial December quarter 1985 estimate of imports f.o.b., published in the December 1985 issue of **Balance of Payments, Australia (5301.0)**, to take account of an unusual backlog in the processing of import entries by the Australian Customs Service in November 1985. This processing backlog was recovered in January 1986 and a compensating downward timing adjustment will be reflected in the initial balance of payments imports estimate for that month which will be published in the forthcoming January 1986 issue of 5301.0. Year-to-date estimates covering the seven months from July 1985 to January 1986 will therefore be unaffected by these adjustments.

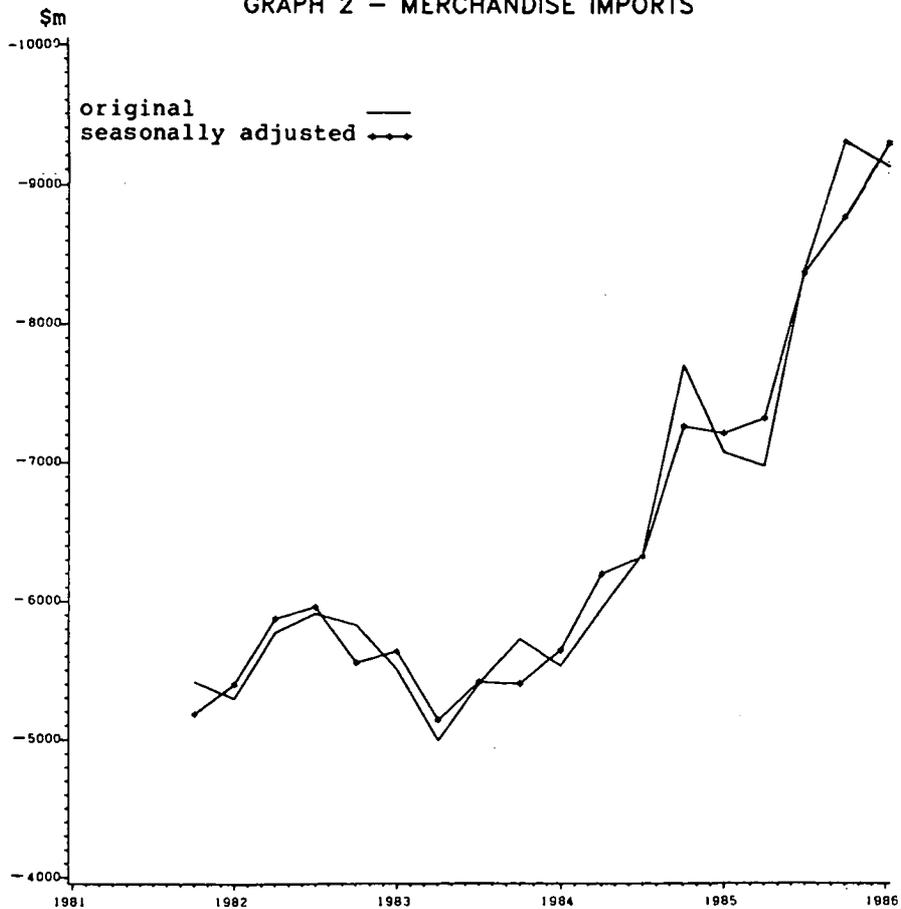
Other (less significant) revisions also arise in a number of series from the incorporation of the latest results of other surveys and data sources.

GRAPHS OF PRINCIPAL BALANCE OF PAYMENTS AGGREGATES

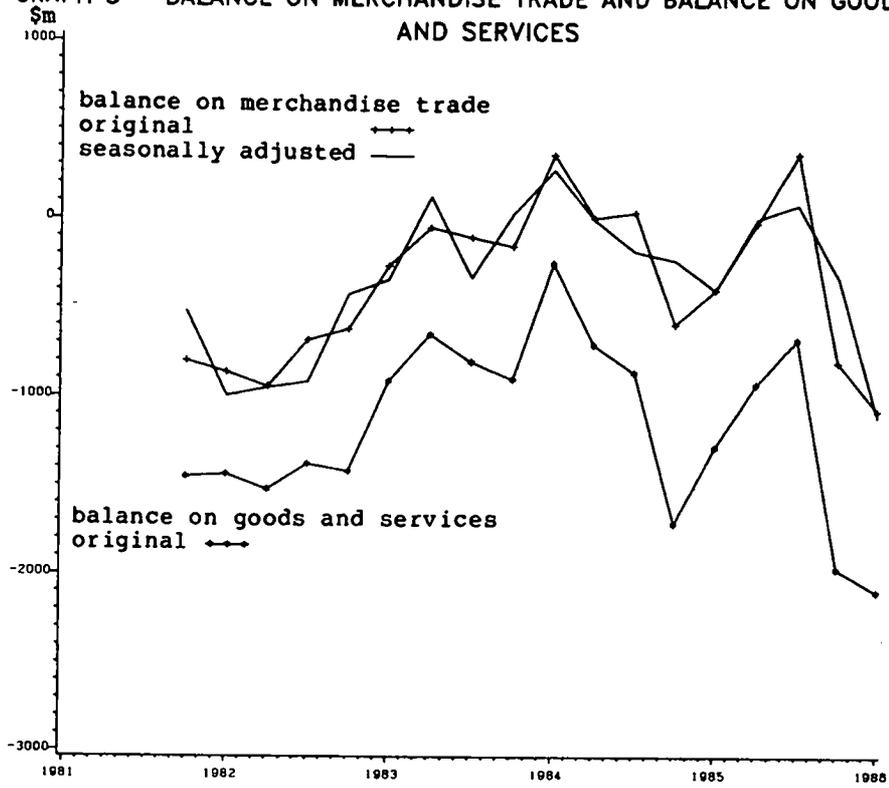
GRAPH 1 - MERCHANDISE EXPORTS



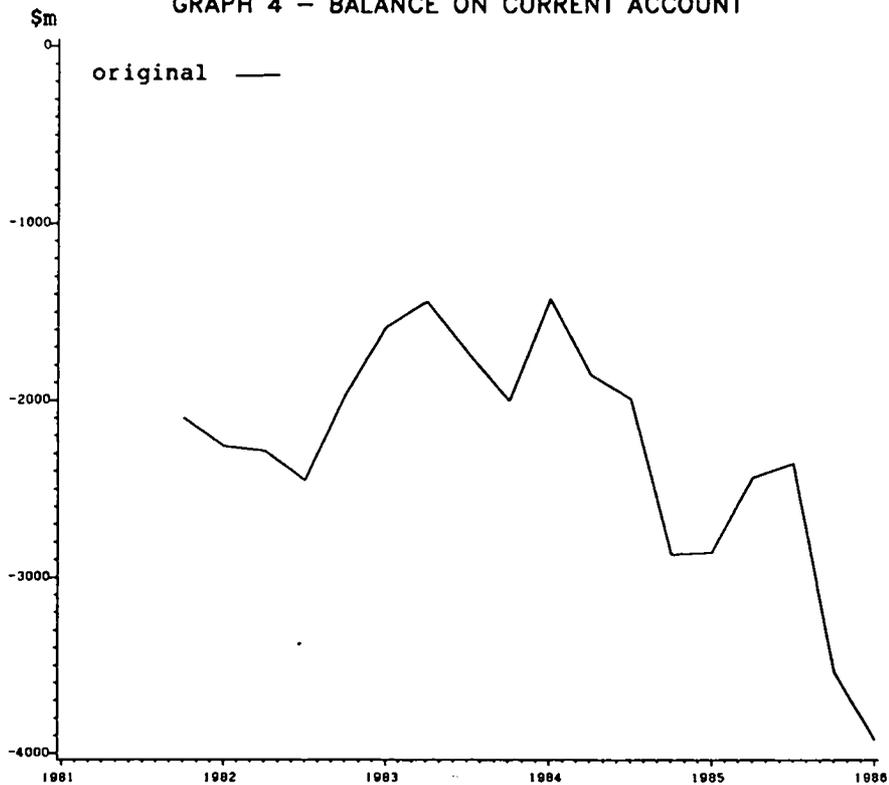
GRAPH 2 - MERCHANDISE IMPORTS



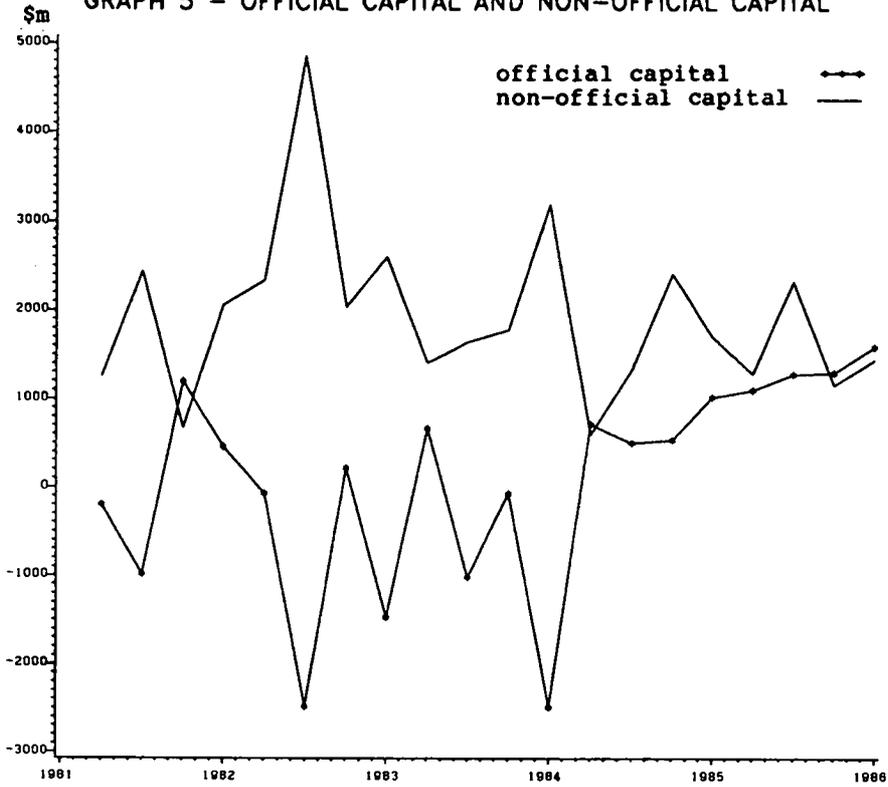
GRAPH 3 - BALANCE ON MERCHANDISE TRADE AND BALANCE ON GOODS AND SERVICES



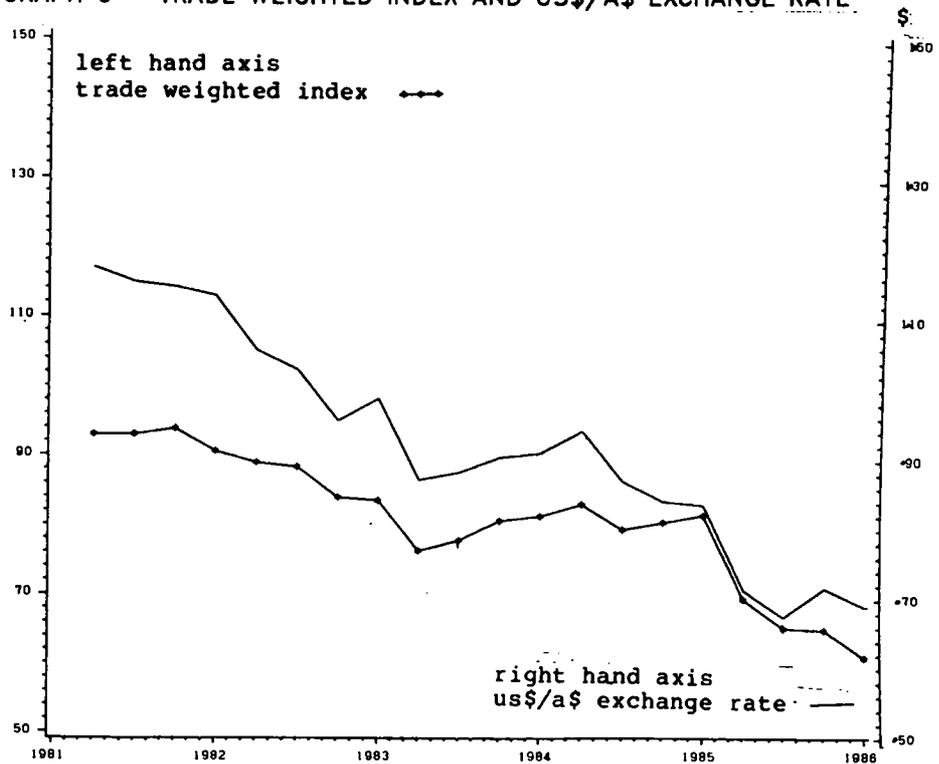
GRAPH 4 - BALANCE ON CURRENT ACCOUNT



GRAPH 5 - OFFICIAL CAPITAL AND NON-OFFICIAL CAPITAL



GRAPH 6 - TRADE WEIGHTED INDEX AND US\$/A\$ EXCHANGE RATE



EXPLANATORY NOTES

INTRODUCTION

This publication contains preliminary estimates of Australia's balance of payments for December quarter 1985, together with revised estimates for previous quarters and financial years. Longer term estimates, from September quarter 1959, consistent with those shown in this issue, will shortly be available in the publication **Balance of Payments, Australia - Historical Series on Microfiche** (5337.0) December quarter 1985.

2. Descriptions of the concepts, data sources and methods used in compiling the estimates are to be found in **Balance of Payments, Australia - Concepts, Sources and Methods** (5331.0) released in March 1981. Changes to concepts, sources and methods since that publication are described in the 1983-84 annual balance of payments publication (5303.0), the September 1985 quarterly publication (5302.0), the Information Paper **Changes in the Presentation of Australian Balance of Payments Statistics** (5340.0) issued on 23 December 1985 and Appendix A to this issue.

3. This publication contains four main tables and 12 supplementary tables. The main tables (Tables 1 to 4) provide summary statistics; they show the main aggregates and the more important components of the aggregates. The supplementary tables (Tables 5 to 16) provide additional breakdowns, related series (e.g. exchange rates and the trade-weighted index) and reconciliations of selected balance of payments series with other series (i.e. with foreign trade statistics and levels of official reserve assets).

SCOPE OF THE BALANCE OF PAYMENTS

4. The Australian balance of payments is

a statistical statement designed to provide a systematic record of Australia's economic transactions with the rest of the world. The statement is divided into a current account and a capital account. Table 1 presents summary statistics covering both accounts.

RECORDING OF TRANSACTIONS

5. Transactions are recorded in the balance of payments as either **debits** or **credits**. The following transactions are regarded as debits and identified by a minus sign: the acquisition of goods and services from non-residents, income payable to non-residents, unrequited transfers provided to non-residents, increases in foreign financial assets and decreases in foreign liabilities. Credits have no arithmetic sign and consist of these transactions: the provision of goods and services to non-residents, income receivable from non-residents, unrequited transfers received from non-residents, decreases in foreign financial assets and increases in foreign liabilities. These sign conventions apply in all tables except Table 16, in which decreases in Australia's official reserve assets are shown with a minus sign and increases in these assets are shown with no arithmetic sign.

CURRENT ACCOUNT

6. The **current account** records transactions between Australian residents and non-residents in merchandise, other goods and services, income and unrequited transfers. Table 2 summarises the estimates of current account transactions, while Table 3 provides corresponding seasonally adjusted estimates.

MERCHANDISE (BALANCE OF PAYMENTS BASIS)

7. **Merchandise** covers movable goods (with a few exceptions) which change ownership from residents to non-residents (exports) and from non-residents to residents (imports). The series are derived from foreign trade statistics which are adjusted for coverage, timing and (imports only) valuation to put them on a balance of payments basis. Table 7 provides details of the adjustments.

COMMODITY BREAKDOWNS OF MERCHANDISE

8. Commodity breakdowns of merchandise exports and imports are provided in Table 5 and on a seasonally adjusted basis in Table 6. The groupings shown consist of the following Australian Export Commodity Classification (AECC) and Australian Import Commodity Classification (AICC) divisions and/or sections:

Exports	Section or Division of AECC
Rural -	
Meat and meat preparations	01
Cereal grains and cereal preparations	04
Sugar, sugar preparations and honey	06
Wool and sheepskins	Parts of 21, 26 and 65.
Other rural	00, 02, 03, 05, 07 to 09, 21 (part), 22 to 25, 26(part), 29, 4
Non-rural -	
Metal ores and minerals	27,28
Mineral fuels - Coal, coke and briquettes	32
Other	33, 34
Metals and metal manufactures	67 to 69
Machinery and transport equipment	7
Other non-rural	1, 5, 61 to 64,65 (part), 66, 8, 9

Imports	Section or Division of AICC
Food, beverages and tobacco	0, 1
Fuels	3
Basic materials	2,4
Chemicals (incl plastics)	5
Textiles, fabrics, etc	65
Metals and metal manufactures	67 to 69
Machinery and transport equipment	7
Other imports	61 to 64, 66, 8, 9

EXOGENOUS AND ENDOGENOUS IMPORTS

9. **Exogenous imports** comprise a group of imported goods which it has been found useful to identify separately in economic analysis because the transactions in these goods are lumpy, subject to government arrangements or significantly affected by factors other than the general level of economic activity in Australia. Exogenous imports include fuels, certain large items of equipment imported by both the public and private sectors, and certain other government goods. **Endogenous imports** comprise imports of all goods other than those regarded as exogenous.

SERVICES

10. **Services** covers services rendered by Australian residents to non-residents (credits) and by non-residents to residents (debits), together with transactions in a few types of goods (eg goods purchased by travellers). Detailed estimates are shown in Table 8.

INCOME AND UNREQUITED TRANSFERS

11. **Income** covers income earned by Australian residents from non-residents (credits) or by non-residents from residents (debits). It includes investment income (eg dividends and interest), other property income (eg

royalties) and labour income (eg wages and salaries). Tables 9 and 10 give detailed estimates.

12. **Unrequited transfers** covers the offsetting entries required by the double-entry system of accounting when resources (goods, services and financial assets) are provided, without something of economic value being received in return, by non-residents to Australian residents (offsetting credits required) and by residents to non-residents (offsetting debits required). It includes foreign aid, migrants' transfers, gifts, donations, pensions and taxes. Detailed estimates are provided in Table 11.

CAPITAL ACCOUNT

13. The **capital account** records transactions in Australia's foreign financial assets and liabilities, including the creation and extinction of claims on or by the rest of the world and a few specified other changes. Summary estimates for the capital account appear in Table 4.

RESIDENT INSTITUTIONAL SECTORS

14. Capital transactions, and some current transactions, are grouped into two broad institutional sectors called **official** and **non-official**, with the former split into **general government** and **Reserve Bank of Australia**. The general government sector comprises the transactions of the Commonwealth, the States, local government authorities and statutory bodies, but it excludes the transactions of public business enterprises. Details of general government and Reserve Bank capital transactions are given in Tables 12 and 13 respectively. The non-official sector covers transactions of all other resident entities including private and government owned banks, private and public business enterprises, and households. Estimates of the capital transactions of the non-official sector are detailed in Tables 14 and 15.

FOREIGN INVESTMENT IN AUSTRALIA AND AUSTRALIAN INVESTMENT ABROAD

15. Broadly, **foreign investment in Australia** covers transactions which increase or decrease the liabilities of residents to non-residents and **Australian investment abroad** covers transactions which increase or decrease Australia's foreign financial assets.

BALANCES

16. This publication presents a number of **balances**, eg balance on goods and services, balance on capital account. A balance is derived as the net sum of the credit and debit entries selected for inclusion.

SEASONAL ADJUSTMENT

17. Most of the current account series in this publication are affected to some extent by seasonal influences and it is useful to recognise and take account of this element of variation. Therefore **seasonally adjusted estimates** are presented in Tables 3 and 6.

18. Seasonal adjustment may be carried out by various methods and the results may vary slightly according to the procedure adopted. Accordingly, seasonally adjusted statistics should not be regarded as in any way definitive. In interpreting particular seasonally adjusted statistics it is important, therefore, to bear in mind the methods by which they have been derived and the limitations to which the methods used are subject. Details of the seasonal adjustment methods used are available on request.

19. For those items showing substantial irregular movement, particular care should be taken in interpreting quarter-to-quarter movements in the adjusted figures, as the short term movements cannot be assumed to indicate changes in trend.

20. In order to maintain an accounting identity, the seasonally adjusted balances (balance on merchandise trade, balance on goods and services and balance on current account) are derived by differencing independently adjusted series.

21. The seasonally adjusted statistics shown in this issue have been revised following a re-analysis which takes into account the new dissections, and additional data that have become available since the last seasonal re-analysis.

OFFICIAL RESERVE ASSETS, EXCHANGE RATES AND THE TRADE WEIGHTED INDEX

22. Table 16 shows changes in **official reserve assets** dissected into those which are included in the balance of payments (ie those resulting from transactions and a few specified other changes), and those which are due to the effects of revaluations.

23. Table 16 also shows the **exchange rates** of the Australian dollar with four major currencies and a **trade-weighted index** of the value of the Australian dollar.

24. The exchange rates shown are provided by the Reserve Bank of Australia and relate to the last trading day of the quarter. Prior to 12 December 1983, the rate for the US dollar was the mid-point of the rates at which the Reserve Bank was prepared to deal with Australian trading banks. From that date, the rate is a representative mid-point determined by the Reserve Bank on the basis of market quotations at 4pm Eastern Australian time. Rates for the other currencies are calculated by crossing the rate for the US dollar with the mid-points of closing buying and selling rates in New York (prior to 31 October 1983) or largely in Asian markets (from 31 October 1983); in the case of New Zealand, the rate is based on the rate between the US and New Zealand dollars as set by the Reserve Bank of New Zealand. The rates shown are indications of market value only and could differ from those quoted by Australian banks.

25. The trade-weighted index is also provided by the Reserve Bank and is an index of the average value of the Australian dollar vis-a-vis currencies of Australia's trading partners. Prior to 12 December 1983, the index was as published each morning by the Reserve Bank; from that date, the index is as calculated at 4pm on the basis of the representative rate for the US dollar and rates for other currencies, mainly from Asian markets.

ACCURACY AND RELIABILITY OF ESTIMATES

26. Because the transactions recorded in the balance of payments are of many different kinds, compilation of balance of payments estimates entails the use of a very wide range of statistical data of varying degrees of accuracy and timeliness. One feature that is common to all components of the estimates, whatever the source of the basic data, is the element of judgement that has to be applied in compiling them.

27. Therefore care should be exercised in the use and interpretation of estimates in this publication. The latest estimates are **preliminary and subject to revision** as more accurate data come to hand. Also, the more detailed estimates may be less accurate in relative terms than broader items and aggregates of which they form components.

SERIES AVAILABLE ON REQUEST

28. Detailed quarterly statistics relating to transportation can be obtained from Mr Mark Kristofferson on Canberra (062) 52 6057.

RELATED PUBLICATIONS

29. Other ABS publications which may be of interest include:

Balance of Payments Australia (5301.0) - issued monthly

Balance of Payments, Australia, Historical Series on Microfiche (5337.0) - new quarterly issue to be released shortly.

Balance of Payments, Australia 1983-84 (5303.0)

Balance of Payments, Australia: Concepts, Sources and Methods (5331.0) - published 19 March 1981

Changes in the Presentation of Australian Balance of Payments Statistics (5340.0) - published 23 December 1985

Imports by Commodity Divisions, Australia (Preliminary) (5405.0) - issued monthly

Exports by Commodity Divisions, Australia (Preliminary) (5402.0) - issued monthly

Exports and Imports (Balance of Payments Basis) at Constant Prices, Australia (5332.0) - issued quarterly

Foreign Investment, Australia 1984-85 (Preliminary) (5304.0)

Foreign Investment, Australia (5306.0) - issued quarterly

30. Current publications produced by the ABS are listed in the **Catalogue of Publications, Australia (1101.0)**. The ABS also issues, on Tuesdays and Fridays, a **Publications Advice (1105.0)** which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

SYMBOLS AND OTHER USAGES

na not available
 nya not yet available
 - nil or rounded to zero.

31. Where figures have been rounded, discrepancies may occur between the sums of component items and totals.

A.R. BAGNALL
ACTING AUSTRALIAN STATISTICIAN

TABLE 1. BALANCE OF PAYMENTS - SUMMARY

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
CURRENT TRANSACTIONS -													
GOODS AND SERVICES -													
MERCHANDISE (a) -													
Exports fob	20656	23724	29440	5558	5872	5932	6362	7095	6662	6938	8745	8495	8060
Imports fob	-21705	-23497	-30104	-5715	-5520	-5932	-6330	-7692	-7062	-6963	-8387	-9304	-9141
BALANCE ON MERCHANDISE TRADE	-1049	227	-664	-157	352	-	32	-597	-400	-25	358	-809	-1081
SERVICES -													
Credits	4030	4312	4884	1027	1120	1084	1081	1090	1223	1272	1299	1302	1414
Debits	-6813	-7280	-8840	-1778	-1727	-1795	-1980	-2212	-2109	-2179	-2340	-2463	-2432
NET SERVICES	-2783	-2968	-3956	-751	-607	-711	-899	-1122	-886	-907	-1041	-1161	-1018
BALANCE ON GOODS AND SERVICES	-3832	-2741	-4620	-908	-255	-711	-867	-1719	-1286	-932	-683	-1970	-2099
INCOME AND UNREQUITED TRANSFERS -													
Credits	2748	3559	3874	800	866	915	978	867	936	985	1086	1073	1165
Debits	-5638	-8099	-9788	-1896	-2038	-2058	-2107	-2021	-2511	-2492	-2764	-2643	-2988
NET TRANSFERS	-2890	-4540	-5914	-1096	-1172	-1143	-1129	-1154	-1575	-1507	-1678	-1570	-1823
BALANCE ON CURRENT ACCOUNT	-6722	-7281	-10534	-2004	-1427	-1854	-1996	-2873	-2861	-2439	-2361	-3540	-3922
NET CAPITAL TRANSACTIONS -													
OFFICIAL -													
GENERAL GOVERNMENT -													
Foreign investment in Australia	1023	979	2589	299	558	60	62	526	852	438	773	463	514
Australian investment abroad	-213	-489	-267	-145	-147	-116	-81	61	-38	-174	-116	62	-24
Total	810	490	2322	154	412	-56	-19	587	813	264	657	524	490
RESERVE BANK -													
Foreign investment in Australia	28	8	80	15	17	13	-38	15	25	19	20	-13	9
Australian investment abroad	-2461	-1853	1520	-240	-2923	752	558	-68	179	814	595	786	1092
Total	-2433	-1845	1600	-225	-2906	765	520	-53	204	833	615	773	1101
TOTAL OFFICIAL	-1623	-1355	3922	-71	-2494	709	501	534	1017	1097	1273	1297	1591
NON-OFFICIAL -													
Foreign investment in Australia	9252	9142	12651	1926	3267	2159	1790	3533	3007	3455	2658	2169	3799(b)
Australian investment abroad	-1556	-2262	-4932	-144	-80	-1567	-470	-1119	-1305	-2174	-333	-1019	-2357(c)
TOTAL NON-OFFICIAL	7696	6880	7719	1782	3187	592	1320	2414	1702	1281	2325	1150	1442(b)(c)
BALANCE ON CAPITAL ACCOUNT	6073	5525	11641	1711	693	1301	1821	2948	2719	2378	3598	2447	3033(b)(c)
BALANCING ITEM	649	1756	-1107	293	734	553	175	-75	142	61	-1237	1093	-889(d)

(a) Balance of payments basis

(b) Excludes borrowing by trading banks.

(c) Excludes lending by trading banks.

(d) Includes borrowing and lending by trading banks.

TABLE 2. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SUMMARY

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
CURRENT TRANSACTIONS -													
GOODS AND SERVICES -													
MERCHANDISE (a) -													
Exports fob	20656	23724	29440	5558	5872	5932	6362	7095	6662	6938	8745	8495	8060
Imports fob	-21705	-23497	-30104	-5715	-5520	-5932	-6330	-7692	-7062	-6963	-8387	-9304	-9141
BALANCE ON MERCHANDISE TRADE	-1049	227	-664	-157	352	-	32	-597	-400	-25	358	-809	-1081
SERVICES -													
Credits -													
Shipment	397	362	395	89	95	93	85	92	94	99	110	107	112
Other transportation	1649	1746	2082	419	446	435	446	486	529	526	541	567	579
Travel	1113	1204	1327	283	335	310	276	271	339	379	338	350	428
Other services	871	1000	(1080)	236	244	246	274	241	261	268	310	278	295
Total services credits	4030	4312	4884	1027	1120	1084	1081	1090	1223	1272	1299	1302	1414
Debits-													
Shipment	-1806	-2030	-2522	-489	-481	-505	-555	-653	-596	-593	-680	-719	-726
Other transportation	-1676	-1695	-2098	-431	-399	-407	-458	-504	-479	-527	-588	-633	-607
Travel	-1916	-2177	-2588	-538	-514	-522	-603	-690	-651	-632	-615	-659	-639
Other services	-1415	-1378	-1632	-320	-333	-361	-364	-365	-383	-427	-457	-452	-460
Total services debits	-6813	-7280	-8840	-1778	-1727	-1795	-1980	-2212	-2109	-2179	-2340	-2463	-2432
NET SERVICES	-2783	-2968	-3956	-751	-607	-711	-899	-1122	-886	-907	-1041	-1161	-1018
BALANCE ON GOODS AND SERVICES	-3832	-2741	-4620	-908	-255	-711	-867	-1719	-1286	-932	-683	-1970	-2099
INCOME -													
Credits -													
Property income -													
Reinvested earnings (b)	246	329	294	82	82	82	83	73	74	73	74	100	100
Other (c)	930	1199	1357	236	259	290	414	330	349	306	372	351	404
Labour and other income	238	245	207	41	40	117	47	53	51	50	53	51	50
Total income credits	1414	1773	1858	359	381	489	544	456	474	429	499	502	554
Debits -													
Property income -													
Reinvested earnings (b)	586	-555	-565	-138	-139	-139	-139	-141	-141	-141	-142	-155	-155
Other	-4661	-5834	-7393	-1346	-1511	-1475	-1502	-1498	-1907	-1898	-2090	-2075	-2400
Labour and other income	-135	-155	-167	-35	-38	-41	-41	-36	-42	-45	-44	-44	-51
Total income debits	-4210	-6544	-8125	-1519	-1688	-1655	-1682	-1675	-2090	-2084	-2276	-2274	-2606
NET INCOME	-2796	-4771	-6267	-1160	-1307	-1166	-1138	-1219	-1616	-1655	-1777	-1772	-2052
UNREQUITED TRANSFERS -													
Credits													
Debits (d)	-1428	-1555	-1663	-377	-350	-403	-425	-346	-421	-408	-488	-369	-382
NET UNREQUITED TRANSFERS	-94	231	353	64	135	23	9	65	41	148	99	202	229
BALANCE ON CURRENT ACCOUNT	-6722	-7281	-10534	-2004	-1427	-1854	-1996	-2873	-2861	-2439	-2361	-3540	-3922

(a) Balance of payments basis

(b) From September quarter 1985, the entries are not strictly comparable with entries for previous periods because of the change in the definition of direct investment. See Appendix B for details.

(c) Up to and including June quarter 1985, this income is recorded after deducting withholding tax on both interest and dividends. From September quarter 1985 withholding tax is not deducted.

(d) From September quarter 1985, includes withholding tax.

TABLE 3. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED - SUMMARY

\$MILLION

	QUARTERS ENDED-									
	1983-84				1984-85				1985-86	
	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
CURRENT TRANSACTIONS -										
GOODS AND SERVICES -										
MERCHANDISE (a) -										
Exports fob	5422	5904	6179	6127	7013	6797	7302	8432	8430	8189
Imports fob	-5398	-5636	-6187	-6313	-7251	-7201	-7305	-8355	-8757	-9308
BALANCE ON MERCHANDISE TRADE	24	268	-8	-186	-238	-404	-3	77	-327	-1119
SERVICES -										
Credits -										
Shipment	89	95	93	85	92	94	99	110	107	112
Other transportation	419	433	432	463	484	514	523	561	567	562
Travel	305	309	283	309	293	312	345	378	379	394
Other services	243	247	243	265	247	264	266	299	285	296
Total services credits	1056	1084	1051	1122	1116	1184	1233	1348	1338	1364
Debits -										
Shipment	-466	-484	-526	-557	-621	-599	-621	-682	-683	-730
Other transportation	-410	-412	-422	-451	-476	-496	-548	-579	-598	-628
Travel	-504	-523	-539	-616	-645	-660	-655	-630	-615	-647
Other services	-331	-345	-347	-353	-377	-399	-410	-443	-466	-480
Total services debits	-1711	-1764	-1834	-1977	-2119	-2154	-2234	-2334	-2362	-2485
NET SERVICES	-655	-680	-783	-855	-1003	-970	-1001	-986	-1024	-1121
BALANCE ON GOODS AND SERVICES	-631	-412	-791	-1041	-1241	-1374	-1004	-909	-1351	-2240
INCOME (e) -										
Credits -										
Property income -										
Reinvested earnings (b)										
Other (c)										
Labour and other income										
Total income credits										
Debits -										
Property income -										
Reinvested earnings (b)										
Other										
Labour and other income										
Total income debits										
NET INCOME										
UNREQUITED TRANSFERS (e) -										
Credits										
Debits (d)										
NET UNREQUITED TRANSFERS										
BALANCE ON CURRENT ACCOUNT (e)										

NOT YET AVAILABLE

(a) Balance of payments basis

(b) See footnote (b) to Table 2.

(c) See footnote (c) to Table 2.

(d) See footnote (d) to Table 2.

(e) Estimates for these items should be available within the next few days. Should you require these estimates please telephone Canberra (062) 525519 (reverse charges if you wish).

TABLE 4. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - SUMMARY

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
NET CAPITAL TRANSACTIONS -													
OFFICIAL -													
GENERAL GOVERNMENT -													
Foreign investment in Australia													
Borrowing	967	1072	2635	320	576	81	95	551	870	408	806	487	479
Other	56	-93	-46	-21	-18	-21	-32	-25	-19	30	-32	-24	35
Total	1023	979	2589	299	558	60	62	526	852	438	773	463	514
Australian investment abroad	-213	-489	-267	-145	-147	-116	-81	61	-38	-174	-116	62	-24
TOTAL	810	490	2322	154	412	-56	-19	587	813	264	657	524	490
RESERVE BANK -													
Foreign investment in Australia	28	8	80	15	17	13	-38	15	25	19	20	-13	9
Australian investment abroad -													
Reserve assets	-2461	-1853	1520	-240	-2923	752	558	-68	179	814	595	786	1092
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-2461	-1853	1520	-240	-2923	752	558	-68	179	814	595	786	1092
TOTAL	-2433	-1845	1600	-225	-2906	765	520	-53	204	833	615	773	1101
TOTAL OFFICIAL	-1623	-1355	3922	-71	-2494	709	501	534	1017	1097	1273	1297	1591
NON-OFFICIAL -													
Foreign investment in Australia-													
Direct investment (a) -													
Reinvestment of earnings	-586	555	565	138	139	139	139	141	141	141	142	155	155
Other (b)	1481	1453	1979	792	1441	-72	-708	1001	-306	175	1109	208	593
Portfolio & other investment(a) (c)	8357	7134	10107	996	1687	2092	2359	2391	3172	3139	1407	1806	3051 (d)
Total foreign investment in Australia	9252	9142	12651	1926	3267	2159	1790	3533	3007	3455	2658	2169	3799 (d)
Australian investment abroad -													
Direct investment (a) -													
Reinvestment of earnings	-246	-329	-294	-82	-82	-82	-83	-73	-74	-73	-74	-100	-100
Other (b)	-557	-1001	-2104	-113	-18	-112	-758	-536	-398	-478	-692	-101	-1088
Portfolio & other investment(a) (c)	-753	-932	-2534	51	20	-1373	371	-510	-833	-1623	433	-818	-1169(e)
Total Australian investment abroad	-1556	-2262	-4932	-144	-80	-1567	-470	-1119	-1305	-2174	-333	-1019	-2357(e)
TOTAL NON-OFFICIAL	7696	6880	7719	1782	3187	592	1320	2414	1702	1281	2325	1150	1442 (d)(e)
BALANCE ON CAPITAL ACCOUNT	6073	5525	11641	1711	693	1301	1821	2948	2719	2378	3598	2447	3033 (d)(e)

(a) From September quarter 1985, the entries are not strictly comparable with entries for previous periods because of the change in the definition of direct investment and, for portfolio and other investment, changes in the coverage of foreign currency borrowing and lending by trading banks. See Appendix B for details.

(b) Direct investment borrowing and lending by trading banks is included in portfolio and other investment.

(c) Includes direct investment borrowing and lending by trading banks.

(d) Excludes borrowing by trading banks.

(e) Excludes lending by trading banks.

TABLE 5. BALANCE OF PAYMENTS - MERCHANDISE TRADE (BALANCE OF PAYMENTS BASIS) - ORIGINAL

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
EXPORTS FOB (a) -													
RURAL EXPORTS FOB -													
Meat and meat preparations	1675	1393	1372	422	381	279	311	383	294	280	415	461	412
Cereals and cereal preparations	1849	2817	4043	297	481	1091	948	904	873	1139	1127	919	817
Sugar, sugar preps. and honey	608	676	615	192	225	61	198	236	111	111	157	171	158
Wool and sheepskins	1789	2000	2573	388	517	580	515	383	521	717	952	635	797
Other (dairy produce, fruit etc.)	1984	2132	2427	543	510	511	568	634	551	517	725	787	741
TOTAL RURAL	7905	9018	11030	1842	2114	2522	2540	2540	2350	2764	3376	2973	2925
NON-RURAL EXPORTS FOB -													
Metal ores and minerals	3852	4229	4748	1111	1130	871	1117	1142	1152	1053	1401	1439	1238
Mineral fuels -													
Coal, coke and briquettes	3078	3338	4665	814	827	917	780	1156	1064	1093	1352	1318	1346
Other	1058	1437	2356	311	328	353	445	557	449	579	771	720	756
Metals and metal manufactures	1912	2192	2515	570	537	515	570	596	618	539	762	771	655
Machinery and transport equipment	1150	1379	1662	355	411	277	336	487	419	332	424	416	443
Other	1701	2131	2464	555	525	477	574	617	610	578	659	858	697
TOTAL NON-RURAL	12751	14706	18410	3716	3758	3410	3822	4555	4312	4174	5369	5522	5135
TOTAL EXPORTS FOB	20656	23724	29440	5558	5872	5932	6362	7095	6662	6938	8745	8495	8060
IMPORTS FOB (a) -													
Food, beverages and tobacco	-1017	-1211	-1476	-283	-291	-326	-311	-327	-374	-386	-389	-402	-413
Fuels	-3087	-2209	-2321	-501	-489	-610	-609	-695	-488	-516	-622	-628	-487
Basic materials	-728	-873	-1052	-224	-209	-214	-226	-286	-244	-243	-279	-282	-275
Chemicals (including plastics)	-1769	-2155	-2567	-514	-496	-581	-564	-644	-590	-593	-740	-763	-719
Textiles, fabrics etc	-1009	-1304	-1452	-311	-316	-328	-349	-398	-350	-316	-388	-431	-428
Metals and metal manufactures	-1193	-1143	-1462	-262	-246	-298	-337	-367	-363	-335	-397	-422	-430
Machinery and transport equipment	-8595	-9261	-12830	-2300	-2215	-2194	-2552	-3239	-2996	-2904	-3691	-4214	-4242
Other	-4307	-5341	-6944	-1320	-1258	-1381	-1382	-1736	-1657	-1670	-1881	-2162	-2147
TOTAL IMPORTS FOB	-21705	-23497	-30104	-5715	-5520	-5932	-6330	-7692	-7062	-6963	-8387	-9304	-9141
Of which:													
Exogenous (b)	-4097	-3098	-4237	-704	-710	-833	-851	-1246	-884	-914	-1193	-1364	-1180
Endogenous (b)	-17608	-20399	-25867	-5011	-4810	-5099	-5479	-6446	-6178	-6049	-7194	-7940	-7961
BALANCE ON MERCHANDISE TRADE	-1049	227	-664	-157	352	-	32	-597	-400	-25	358	-809	-1081

(a) For composition of component series, see paragraph 8 of the Explanatory Notes.

(b) For definitions, see paragraph 9 of the Explanatory Notes.

TABLE 6. BALANCE OF PAYMENTS - MERCHANDISE TRADE (BALANCE OF PAYMENTS BASIS) - SEASONALLY ADJUSTED

\$MILLION

	QUARTERS ENDED-									
	1983-84				1984-85				1985-86	
	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
EXPORTS FOB (a) -										
RURAL EXPORTS FOB -										
Meat and meat preparations	388	380	325	298	349	293	328	398	418	410
Cereals and cereal preparations	346	564	869	920	1052	1024	903	1099	1070	955
Sugar, sugar preps. and honey	143	188	164	180	179	92	299	142	131	129
Wool and sheepskins	503	524	491	485	496	530	605	898	821	812
Other (dairy produce, fruit etc)	505	523	598	519	589	566	605	663	730	762
TOTAL RURAL	1885	2179	2447	2402	2665	2505	2740	3200	3170	3068
NON-RURAL EXPORTS FOB -										
Metal ores and minerals	1018	1092	1020	1094	1046	1114	1235	1371	1319	1196
Mineral fuels -										
Coal, coke and briquettes	816	863	947	726	1160	1107	1123	1266	1323	1397
Other	317	321	347	458	556	444	575	793	708	756
Metals and metal manufactures	540	547	547	558	562	634	573	744	727	671
Machinery and transport equipment	327	375	337	337	450	379	408	424	385	399
Other	519	527	534	552	574	614	648	634	798	702
TOTAL NON-RURAL	3537	3725	3732	3725	4348	4292	4562	5232	5260	5121
TOTAL EXPORTS FOB	5422	5904	6179	6127	7013	6797	7302	8432	8430	8189
IMPORTS FOB (a) -										
Food, beverages and tobacco	-281	-288	-321	-321	-326	-371	-379	-401	-401	-408
Fuels	-491	-523	-593	-600	-673	-530	-502	-613	-603	-536
Basic materials	-200	-222	-233	-221	-257	-257	-265	-272	-255	-289
Chemicals (including plastics)	-488	-519	-614	-540	-610	-618	-629	-707	-722	-754
Textiles, fabrics etc	-285	-314	-360	-352	-365	-348	-347	-390	-395	-426
Metals and metal manufactures	-246	-256	-315	-327	-346	-376	-354	-386	-398	-445
Machinery and transport equipment	-2182	-2249	-2324	-2510	-3068	-3034	-3099	-3622	-3988	-4289
Other	-1225	-1265	-1427	-1442	-1606	-1667	-1730	-1964	-1995	-2161
TOTAL IMPORTS FOB	-5398	-5636	-6187	-6313	-7251	-7201	-7305	-8355	-8757	-9308
Of which:										
Exogenous (b)	-694	-744	-816	-842	-1224	-926	-900	-1184	-1339	-1229
Endogenous (b)	-4704	-4892	-5371	-5471	-6027	-6275	-6405	-7171	-7418	-8079
BALANCE ON MERCHANDISE TRADE	24	268	-8	-186	-238	-404	-3	77	-327	-1119

(a) See footnote (a) to Table 5.

(b) See footnote (b) to Table 5.

TABLE 7. MERCHANDISE TRADE - FOREIGN TRADE STATISTICS ADJUSTED FOR BALANCE OF PAYMENTS PURPOSES

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
EXPORTS -													
Foreign trade statistics	21454	24055	29908	5669	5981	6020	6385	7282	6732	6972	8922	8583	8153
Adjustments -													
Coverage	-597	-437	-337	-114	-112	-123	-88	-33	-87	-106	-111	-131	-129
Timing	-201	106	-131	3	3	35	65	-154	17	72	-66	43	36
Merchandise exports (balance of payments basis)	20656	23724	29440	5558	5872	5932	6362	7095	6662	6938	8745	8495	8060
IMPORTS -													
Foreign trade statistics	21263	23541	29051	5800	5534	5931	6276	6955	6715	7396	7985	9104	8654
Adjustments -													
Coverage	51	64	397	23	18	18	5	14	119	117	147	302	158
Timing	407	-151	625	-117	-42	-30	38	708	217	-554	254	-104	322
Valuation	-16	43	31	9	10	13	11	15	11	4	1	2	7
Merchandise imports (balance of payments basis)	21705	23497	30104	5715	5520	5932	6330	7692	7062	6963	8387	9304	9141

TABLE 8. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SERVICES

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
CREDITS -													
Shipment -													
Freight on exports	392	356	388	88	94	91	83	90	92	98	108	105	110
Insurance on exports	5	6	7	1	1	2	2	2	2	1	2	2	2
Total	397	362	395	89	95	93	85	92	94	99	110	107	112
Other transportation -													
Passenger services	486	507	601	122	135	136	114	121	158	171	151	159	175
Port services etc	1163	1239	1481	297	311	299	332	365	371	355	390	408	404
Total	1649	1746	2082	419	446	435	446	486	529	526	541	567	579
Travel	1113	1204	1327	283	335	310	276	271	339	379	338	350	428
Other services -													
Official -													
145	170	183	42	38	39	51	34	40	46	63	35	36	
Non-official -													
Expenditure of foreign govts													
Expenditure of foreign govt employees	57	67	76	15	18	16	18	20	19	18	19	18	20
Expenditure of resident entity employees													
92	106	123	23	28	29	26	26	32	35	30	31	38	
Insurance services nec	13	4	10	1	1	1	1	2	3	2	3	3	3
Miscellaneous services	521	608	640	144	147	150	167	147	155	155	183	178	185
Total	726	830	897	194	206	207	223	207	221	222	247	243	259
Total other services	871	1000	1080	236	244	246	274	241	261	268	310	278	295
TOTAL SERVICES CREDITS	4030	4312	4884	1027	1120	1084	1081	1090	1223	1272	1299	1302	1414
DEBITS -													
Shipment -													
Freight on imports	-1795	-2018	-2506	-486	-478	-502	-552	-649	-592	-589	-676	-713	-720
Insurance on imports	-11	-12	-16	-3	-3	-3	-3	-4	-4	-4	-4	-6	-6
Total	-1806	-2030	-2522	-489	-481	-505	-555	-653	-596	-593	-680	-719	-726
Other transportation -													
Passenger services	-888	-968	-1220	-253	-215	-227	-273	-312	-265	-297	-346	-364	-325
Port services etc	-788	-727	-878	-178	-184	-180	-185	-192	-214	-230	-242	-269	-282
Total	-1676	-1695	-2098	-431	-399	-407	-458	-504	-479	-527	-588	-633	-607
Travel	-1916	-2177	-2588	-538	-514	-522	-603	-690	-651	-632	-615	-659	-639
Other services -													
Official -													
Defence services	-66	-63	-73	-14	-10	-18	-21	-13	-18	-16	-26	-14	-15
Financial services	-19	-23	-33	-5	-14	-2	-2	-8	-8	-7	-10	-7	-6
Miscellaneous services	-121	-139	-162	-31	-29	-37	-42	-31	-39	-39	-53	-40	-48
Total	-206	-225	-268	-50	-53	-57	-65	-52	-65	-62	-89	-61	-69
Non-official -													
Expenditure of Aust govt employees													
-88	-84	-99	-19	-19	-21	-25	-22	-22	-23	-23	-31	-28	-29
Expenditure of non-resident entity employees													
-124	-134	-169	-32	-31	-33	-38	-44	-42	-41	-42	-41	-40	
Insurance services nec	-109	-161	-144	-40	-40	-40	-41	-36	-36	-36	-36	-54	-54
Miscellaneous services	-888	-774	-952	-179	-190	-210	-195	-211	-217	-265	-259	-268	-268
Total	-1209	-1153	-1364	-270	-280	-304	-299	-313	-318	-365	-368	-391	-391
Total other services	-1415	-1378	-1632	-320	-333	-361	-364	-365	-383	-427	-457	-452	-460
TOTAL SERVICES DEBITS	-6813	-7280	-8840	-1778	-1727	-1795	-1980	-2212	-2109	-2179	-2340	-2463	-2432
NET SERVICES	-2783	-2968	-3956	-751	-607	-711	-899	-1122	-886	-907	-1041	-1161	-1018

TABLE 9. BALANCE OF PAYMENTS - CURRENT ACCOUNT - INCOME CREDITS

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
PROPERTY INCOME -													
Investment income -													
Official -													
General government	21	21	24	5	5	5	6	6	6	6	6	6	3
Reserve Bank	509	748	837	163	181	187	217	212	208	205	212	168	166
Total official	530	769	861	168	186	192	223	218	214	211	218	174	169
Non-official -													
Direct investment income(a)-													
Reinvested earnings	246	329	294	82	82	82	83	73	74	73	74	100	100
Distributed earnings -													
Remitted profits	54	48	51	5	3	7	33	17	20	5	9	54	71
Dividends (b)	138	144	152	12	21	18	93	39	30	18	65	39	51
Interest (b)	16	40	17	2	3	22	13	3	2	4	8	6	8
Total	208	232	220	19	27	47	139	59	52	27	82	99	130
Total direct investment income	454	561	514	101	109	129	222	132	126	100	156	199	230
Portfolio and other investment income (a) (b) -													
Dividends	21	18	31	1	6	1	10	7	9	7	8	12	15
Interest	93	92	115	23	23	24	22	26	30	30	29	46	46
Total	114	110	146	24	29	25	32	33	39	37	37	58	61
Total non-official	568	671	660	125	138	154	254	165	165	137	193	257	291
Total investment income	1098	1440	1521	293	324	346	477	383	379	348	411	431	460
Other property income	78	88	130	25	17	26	20	20	44	31	35	20	44
TOTAL PROPERTY INCOME	1176	1528	1651	318	341	372	497	403	423	379	446	451	504
LABOUR AND OTHER INCOME -													
Labour income -													
Earnings in Australia	34	36	38	9	9	9	9	9	9	9	11	10	10
Earnings abroad	124	134	169	32	31	33	38	44	42	41	42	41	40
Total	158	170	207	41	40	42	47	53	51	50	53	51	50
Insurance income	80	75	-	-	-	75	-	-	-	-	-	-	-
TOTAL LABOUR AND OTHER INCOME	238	245	207	41	40	117	47	53	51	50	53	51	50
TOTAL INCOME CREDITS	1414	1773	1858	359	381	489	544	456	474	429	499	502	554

(a) See footnote (b) to Table 2.

(b) See footnote (c) to Table 2.

TABLE 10. BALANCE OF PAYMENTS - CURRENT ACCOUNT - INCOME DEBITS

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
PROPERTY INCOME -													
Investment income -													
Official -													
General government -													
Interest on foreign currency borrowing	-463	-540	-657	-134	-173	-147	-86	-166	-205	-180	-106	-214	-303
Interest on Australian currency borrowing	-78	-128	-270	-31	-32	-32	-33	-67	-68	-67	-68	-98	-98
Total	-541	-668	-927	-165	-205	-179	-119	-233	-273	-247	-174	-312	-401
Reserve Bank	-60	-44	-39	-1	-11	-9	-23	-10	-8	-6	-15	-13	-13
Total official	-601	-712	-966	-166	-216	-188	-142	-243	-281	-253	-189	-325	-414
Non-official -													
Direct investment income (a) -													
Reinvested earnings	586	-555	-565	-138	-139	-139	-139	-141	-141	-141	-142	-155	-155
Distributed earnings -													
Remitted profits	-427	-591	-432	-218	-96	-163	-114	-98	-63	-83	-188	-104	-105
Dividends	-585	-609	-629	-100	-229	-126	-154	-93	-248	-107	-181	-230	-320
Interest	-317	-412	-502	-112	-104	-74	-122	-114	-122	-123	-143	-147	-147
Total	-1329	-1612	-1563	-430	-429	-363	-390	-305	-433	-313	-512	-481	-572
Total direct investment income	-743	-2167	-2128	-568	-568	-502	-529	-446	-574	-454	-654	-636	-727
Portfolio and other investment income (a) -													
Dividends	-221	-291	-383	-42	-117	-57	-75	-28	-122	-107	-126	-44	-152
Interest -													
Public sector (b)	-478	-794	-1166	-173	-182	-194	-245	-249	-299	-282	-336	-334	-337
Private sector (c)	-1442	-1798	-2626	-395	-407	-496	-500	-500	-597	-762	-767	-776	-783
Total	-1920	-2592	-3792	-568	-589	-690	-745	-749	-896	-1044	-1103	-1110	-1120
Total portfolio and other investment income	-2141	-2883	-4175	-610	-706	-747	-820	-777	-1018	-1151	-1229	-1154	-1272
Total non-official	-2884	-5050	-6303	-1178	-1274	-1249	-1349	-1223	-1592	-1605	-1883	-1790	-1999
Total investment income	-3485	-5762	-7269	-1344	-1490	-1437	-1491	-1466	-1873	-1858	-2072	-2115	-2413
Other property income -													
Cinema and TV film royalties	-170	-200	-240	-50	-50	-50	-50	-60	-60	-60	-60	-42	-69
Other	-420	-427	-449	-90	-110	-127	-100	-113	-115	-121	-100	-73	-73
Total	-590	-627	-689	-140	-160	-177	-150	-173	-175	-181	-160	-115	-142
TOTAL PROPERTY INCOME	-4075	-6389	-7958	-1484	-1650	-1614	-1641	-1639	-2048	-2039	-2232	-2230	-2555
LABOUR AND OTHER INCOME -													
Official	-43	-44	-44	-11	-9	-11	-13	-10	-10	-10	-14	-13	-13
Non-official													
Labour income	-92	-106	-123	-23	-28	-29	-26	-26	-32	-35	-30	-31	-38
Insurance income		-5	-	-1	-1	-1	-2	-	-	-	-	-	-
Total non-official	-92	-111	-123	-24	-29	-30	-28	-26	-32	-35	-30	-31	-38
TOTAL LABOUR AND OTHER INCOME	-135	-155	-167	-35	-38	-41	-41	-36	-42	-45	-44	-44	-51
TOTAL INCOME DEBITS	-4210	-6544	-8125	-1519	-1688	-1655	-1682	-1675	-2090	-2084	-2276	-2274	-2606

(a) See footnote (b) to Table 2.

(b) Excluding interest payable by public sector trading banks and interest payable by the public sector on long term trade credit on imports.

(c) Including all interest payable by trading banks and all interest on long term trade credit on imports. See footnote (b).

TABLE 11. BALANCE OF PAYMENTS - CURRENT ACCOUNT - UNREQUITED TRANSFERS

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
CREDITS -													
Official	414	466	598	104	110	129	123	122	127	184	165	162	168
Non-official -													
Migrants' transfers	633	977	1052	253	291	210	223	207	249	278	318	285	316
Foreign government pensions	20	22	19	6	5	6	5	4	5	5	5	5	5
Miscellaneous transfers	267	321	347	78	79	81	83	78	81	89	99	119	122
Total	920	1320	1418	337	375	297	311	289	335	372	422	409	443
TOTAL UNREQUITED TRANSFERS CREDITS	1334	1786	2016	441	485	426	434	411	462	556	587	571	611
DEBITS -													
Official -													
Foreign aid -													
Papua New Guinea aid	-292	-318	-329	-77	-81	-79	-81	-79	-85	-84	-81	-80	-85
Other foreign aid	-391	-420	-470	-91	-62	-118	-149	-54	-120	-113	-183	-52	-72
Total	-683	-738	-799	-168	-143	-197	-230	-133	-205	-197	-264	-132	-157
Pensions	-71	-83	-97	-19	-19	-22	-23	-22	-22	-26	-27	-26	-26
Miscellaneous transfers	-52	-42	-63	-17	-9	-15	-1	-15	-11	-10	-27	-20	-10
Total official	-806	-863	-959	-204	-171	-234	-254	-170	-238	-233	-318	-178	-193
Non-official (a) -													
Migrants' transfers	-261	-291	-296	-66	-72	-78	-75	-74	-71	-79	-72	-79	-78
Withholding taxes	na	na	na	na	na	na	na	na	na	na	na	-4	-4
Miscellaneous transfers	-361	-401	-408	-107	-107	-91	-96	-102	-112	-96	-98	-108	-107
Total non-official	-622	-692	-704	-173	-179	-169	-171	-176	-183	-175	-170	-191	-189
TOTAL UNREQUITED TRANSFERS DEBITS	-1428	-1555	-1663	-377	-350	-403	-425	-346	-421	-408	-488	-369	-382
NET UNREQUITED TRANSFERS	-94	231	353	64	135	23	9	65	41	148	99	202	229

(a) See footnote (d) to Table 2.

TABLE 12. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF GENERAL GOVERNMENT

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
FOREIGN INVESTMENT IN AUSTRALIA -													
Borrowing -													
Foreign currency -													
Drawings	1150	1174	1807	452	586	107	30	733	375	259	440	59	896
Repayments	-568	-813	-880	-268	-321	-150	-74	-258	-211	-255	-155	-149	-640
Total	582	361	927	184	264	-43	-44	475	163	4	285	-90	256
Australian currency -													
Drawings	649	1291	3079	235	393	373	290	382	904	817	976	1014	nya
Repayments	-264	-580	-1371	-99	-81	-249	-151	-306	-197	-413	-455	-437	nya
Total	385	711	1708	136	312	124	139	76	707	404	521	577	223
Total borrowing	967	1072	2635	320	576	81	95	551	870	408	806	487	479
Other	56	-93	-46	-21	-18	-21	-32	-25	-19	30	-32	-24	35
TOTAL FOREIGN INVESTMENT IN AUSTRALIA	1023	979	2589	299	558	60	62	526	852	438	773	463	514
AUSTRALIAN INVESTMENT ABROAD -													
Lending	5	2	1	1	-2	1	3	-3	5	-4	3	-	2
Accounts receivable/prepayments made	-91	-483	-213	-145	-140	-115	-84	64	-41	-117	-119	62	47
Other	-127	-8	-55	-1	-5	-2	-	-	-2	-53	-	-	-73
TOTAL AUSTRALIAN INVESTMENT ABROAD	-213	-489	-267	-145	-147	-116	-81	61	-38	-174	-116	62	-24
TOTAL GENERAL GOVERNMENT	810	490	2322	154	412	-56	-19	587	813	264	657	524	490

TABLE 13. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE RESERVE BANK \$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
FOREIGN INVESTMENT IN AUSTRALIA -													
Use of IMF credit	37	-37	-	-	-37	-	-	-	-	-	-	-	-
BIS placements	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-9	45	80	15	54	13	-38	15	25	19	20	-13	9
TOTAL FOREIGN INVESTMENT IN AUSTRALIA	28	8	80	15	17	13	-38	15	25	19	20	-13	9
AUSTRALIAN INVESTMENT ABROAD-													
RESERVE ASSETS -													
Official reserve assets -													
Monetary gold	-	-	-	-	-	-	-	-	-	-	-	-	-
SDRs	-83	-58	-124	-34	46	-24	-46	-58	-30	-13	-23	-46	-17
Reserve position in IMF	-	-159	-57	-	-128	-	-31	-	-59	-	2	-6	2
Foreign exchange	-2378	-1636	1701	-206	-2841	776	635	-10	268	827	616	838	1107
Total	-2461	-1853	1520	-240	-2923	752	558	-68	179	814	595	786	1092
Allocation of SDRs	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RESERVE ASSETS	-2461	-1853	1520	-240	-2923	752	558	-68	179	814	595	786	1092
OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL AUSTRALIAN INVESTMENT ABROAD	-2461	-1853	1520	-240	-2923	752	558	-68	179	814	595	786	1092
TOTAL RESERVE BANK	-2433	-1845	1600	-225	-2906	765	520	-53	204	833	615	773	1101

TABLE 14. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE NON-OFFICIAL SECTOR:
FOREIGN INVESTMENT IN AUSTRALIA \$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
DIRECT INVESTMENT (a) -													
Reinvestment of earnings	-586	555	565	138	139	139	139	141	141	141	142	155	155
Corporate equities	391	585	353	256	234	47	48	-7	108	-34	286	231	592
Net equity in branches	574	-784	65	646	54	90	-1574	175	-98	-29	17	104	125
Borrowing (b) -													
Drawings	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya
Repayments	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya
Total	448	1050	1127	-107	993	-200	364	599	-138	90	576	-131	-260
Other	68	602	434	-3	160	-9	454	234	-178	148	230	4	136
TOTAL DIRECT INVESTMENT	895	2008	2544	930	1580	67	-569	1142	-165	316	1251	363	748
PORTFOLIO AND OTHER INVESTMENT (a)-													
Corporate equities	858	584	143	350	58	226	-50	18	-207	127	205	-214	-117
Borrowing -													
Trading banks (c) -													
Foreign currency (d)	328	377	1690	41	126	112	97	524	295	453	418	153	nya
Australian currency	42	59	683	91	-16	-30	13	303	333	-97	145	264	nya
Total	371	436	2373	132	110	83	111	827	628	356	563	417	nya
Enterprises n.e.c. -													
Public sector -													
Foreign currency	1186	2244	2897	134	480	1306	324	225	1253	1192	228	nya	nya
Australian currency	1350	111	677	-2	26	87	-	150	249	311	-33	nya	nya
Total	2536	2355	3574	132	506	1393	324	375	1502	1503	195	117	737
Of which -													
Drawings	3500	6470	12540	nya	nya	nya	2310	2461	3743	3338	2998	nya	nya
Repayments	-964	-4115	-8966	nya	nya	nya	-1987	-2086	-2241	-1835	-2804	nya	nya
Private sector -													
Drawings	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya
Repayments	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya	nya
Total	4586	3216	3778	182	1010	348	1676	1000	1249	1124	405	1514	2278
Total enterprises n.e.c.	7122	5571	7352	314	1516	1741	2000	1375	2751	2627	600	1631	3015
Total borrowing	7493	6007	9725	446	1626	1824	2111	2202	3379	2983	1163	2048	3015 (g)
Accounts payable/prepayments received -													
Public sector (e)	127	167	63	111	20	16	20	11	22	18	12	-13	93
Private sector (f)	-121	376	176	89	-17	26	278	160	-22	11	27	-15	60
Total	6	543	239	200	3	42	298	171	-	29	39	-28	153
TOTAL PORTFOLIO AND OTHER INVESTMENT	8357	7134	10107	996	1687	2092	2359	2391	3172	3139	1407	1806	3051 (g)
TOTAL FOREIGN INVESTMENT IN AUSTRALIA	9252	9142	12651	1926	3267	2159	1790	3533	3007	3455	2658	2169	3799 (g)

(a) From September quarter 1985, the entries are not strictly comparable with entries for previous periods because of the change in the definition of direct investment. See Appendix B for details.

(b) Direct investment borrowing by trading banks is included in portfolio and other investment.

(c) Includes direct investment borrowing - see footnote (b).

(d) Up to and including June quarter 1985, covers foreign currency borrowing for on-lending only. From September quarter 1985, covers all foreign currency borrowing. See Appendix B for details.

(e) Excludes long term trade credit by the public sector on imports.

(f) Includes all long term trade credit on imports. See footnote (e)

(g) Excludes borrowing by trading banks.

TABLE 15. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE NON-OFFICIAL SECTOR:
AUSTRALIAN INVESTMENT ABROAD

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
DIRECT INVESTMENT (a) -													
Reinvestment of earnings	-246	-329	-294	-82	-82	-82	-83	-73	-74	-73	-74	-100	-100
Corporate equities	-339	-1042	-1821	-69	-57	-19	-897	-585	-352	-393	-493	99	-939
Net equity in branches	-14	-60	-111	-7	-13	-3	-37	-13	-4	13	-107	-31	-44
Lending (b)	-192	111	-147	-16	-47	-45	219	66	-29	-82	-101	-168	-66
Other	-12	-10	-24	-21	99	-45	-43	-4	-13	-16	9	-1	-39
TOTAL DIRECT INVESTMENT	-803	-1330	-2397	-195	-100	-194	-841	-609	-472	-551	-766	-201	-1188
PORTFOLIO AND OTHER INVESTMENT (a)-													
Corporate equities	-665	-127	-824	-47	-27	-50	-3	-102	-341	-403	22	-98	-427
Lending -													
Trading banks (c) -													
Foreign currency (d)	282	-99	120	-32	130	-251	55	186	-108	-485	527	-528	nya
Australian currency	5	10	-23	25	5	-1	-18	7	14	-12	-31	-2	nya
Total	287	-89	97	-8	135	-252	37	193	-94	-497	496	-530	nya
Enterprises n.e.c.	-358	-335	-754	34	19	-934	546	-151	-328	-436	161	-181	-584
Total lending	-71	-424	-656	26	154	-1186	583	42	-422	-933	658	-711	-584 (e)
Accounts receivable/prepayments made -													
Public sector	27	-313	-643	89	-93	-135	-174	-200	-126	-193	-124	-21	-37
Private sector	-44	-68	-410	-17	-14	-2	-35	-250	56	-94	-122	12	-121
Total	-17	-381	-1053	72	-107	-137	-209	-450	-70	-287	-246	-9	-158
TOTAL PORTFOLIO AND OTHER INVESTMENT	-753	-932	-2534	51	20	-1373	371	-510	-833	-1623	433	-818	-1169 (e)
TOTAL AUSTRALIAN INVESTMENT ABROAD	-1556	-2262	-4932	-144	-80	-1567	-470	-1119	-1305	-2174	-333	-1019	-2357 (e)

(a) See footnote (a) to Table 14.

(b) Direct investment lending by trading banks is included in portfolio and other investment.

(c) Includes direct investment lending. From September quarter 1985, covers all foreign currency lending. See Appendix B for details.

(d) Up to and including June quarter 1985, selected borrowing is netted off against lending. From September quarter 1985, covers all foreign currency lending. See Appendix B for details.

(e) Excludes lending by trading banks.

TABLE 16. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

\$MILLION

	YEAR			QUARTERS ENDED-									
	1982-83	1983-84	1984-85	1983-84				1984-85				1985-86	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
OFFICIAL RESERVE ASSETS (\$MILLION) -													
Levels at end of year/quarter	10748	12417	13517(b)	10672	13350	12241	12417	12431(b)	2058	13130	13517	12505	12216
Changes in levels	4231	1669	(c)	-76	2679	-1110	176	(c)	-374	1072	387	-1011	-289
Of which -													
Changes due to effects of revaluations	1771	-186	(c)	-317	-246	-357	734	(c)	-194	1886	982	-225	802
Changes included in the balance of payments (a)	2461	1853	-1520	240	2923	-752	-558	68	-179	-814	-595	-786	-1092
EXCHANGE RATES (END OF YEAR/QUARTER) -													
UNITS OF FOREIGN CURRENCY PER \$A -													
United States dollar	0.8745	0.8613	0.6655	0.8965	0.9020	0.9350	0.8613	0.8330	0.8278	0.7051	0.6655	0.7077	0.6809
UK pound	0.5730	0.6378	0.5136	0.6001	0.6205	0.6461	0.6378	0.6696	0.7130	0.5641	0.5136	0.5042	0.4732
West German mark	2.227	2.399	2.030	2.365	2.451	2.426	2.399	2.526	2.606	2.172	2.030	1.891	1.672
Japanese yen	209.38	204.60	165.68	212.43	209.22	210.22	204.60	204.67	207.24	176.94	165.68	152.97	136.49
TRADE-WEIGHTED INDEX (END OF YEAR/QUARTER) OF VALUE OF THE AUSTRALIAN DOLLAR (MAY 1970 = 100)													
	77.7	79.2	65.0	80.4	81.1	82.9	79.2	80.3	81.3	69.2	65.0	64.8	60.7

(a) These entries carry the opposite sign to corresponding entries in tables 4 & 13. See paragraph 5 of the Explanatory Notes.

(b) From September quarter 1984, figures for official reserve assets are not fully comparable with earlier data due to changes in the Reserve Bank's accounting procedures.

(c) Not available. See footnote(b).

APPENDIX A

CHANGES IN SOURCES AND METHODS FROM THIS ISSUE

A.1 Associated with the changes in presentation introduced in this issue, improvements have been made in the estimation of a number of balance of payments components and several new components have been introduced which were not previously measured². This appendix describes the sources and methods used in compiling these components. One consequence of the improved sources and methods is that some previously-published estimates have been revised; the revisions resulting from the improvements are summarised in Table A at the end of this appendix.

Gold production

A.2 With previous issues of this bulletin net gold production was shown as a separate item for periods prior to 1976.

A.3 This item measured the net value of gold exported (excluded from the **merchandise exports** and **imports** items) plus the value of newly won gold monetised (ie retained by the Reserve Bank as part of Australia's official reserve assets). However, since the

¹ Described in the ABS Information Paper Catalogue No. 5340.0

² The changes in the investment income item and in the capital account (described in paragraphs A.11 and A.28 to A.31 in this appendix) are substantially the result of the first use of a new framework for foreign investment statistics and the introduction of some new data sources. For more information about the new framework and the changes that have been made to foreign investment statistics, please write to the Director, Foreign Investment Section, ABS, PO Box 10, Belconnen, ACT, 2616 or telephone Mr Colin Nagle on (062) 52 6254.

suspension of Part IV of the Banking Act 1959 and the removal of restrictions on the private ownership of, and transactions in, gold, this separate item has been included in merchandise trade. Should any transactions occur in the future involving monetisation or demonetisation of gold by the Reserve Bank, eg purchases from residents added to reserves (debit) or sales to residents deducted from reserves (credit), they will be recorded together with counterpart entries as reserve assets in accordance with international recommendations for compiling balance of payments statistics.

A.4 Commencing with this issue net gold production for all periods from 1959-60 to 1975-76 has been reclassified to the **merchandise exports** and **imports** items in accordance with the practice for subsequent periods.

Aid services

A.5 Commencing with this issue aid services provided to non-residents by the Australian government (either directly or through enterprises under Australian government aid programs) are measured. Whereas the value of such aid has been and will continue to be recorded as a debit entry in **official unrequited transfers - foreign aid**, the corresponding credit entry in **services** has not been previously included in the accounts.

A.6 Services provided directly by the Australian government are included in the credit item **other official services** while those provided through enterprises are included in **other non-official services - miscellaneous** (quarterly table 8). A small component of expenditure incurred overseas by the government in the provision of such services is now also

included in the debit item **other official services - miscellaneous** (quarterly table 8).

A.7 The estimates for each new series are compiled from the Commonwealth Government ledgers and from more detailed official advices concerning Australia's foreign aid.

Insurance services n.e.c.

A.8 Prior to this issue the only source used in compiling estimates of general and life insurance premiums (net of associated claims) payable overseas was the annual ABS survey of foreign investment. The survey did not completely cover all enterprises in the insurance industry or insurance brokers prior to 1980-81 and it does not collect insurance premiums (and associated claims) placed directly abroad by the insured.

A.9 Taxation statistics, which identify total insurance and reinsurance premiums placed abroad, are now used to adjust upwards, from 1976-77 onwards, those data from the survey that are used in compiling the debits series **non-official services - insurance services n.e.c.** (quarterly table 8). For years prior to 1976-77 insufficient detail is available from the survey to enable meaningful coverage adjustments to be made.

Official investment income

A.10 An estimate is now included for the income receivable by resident general government from its ownership of foreign financial assets. The series **official investment income - general government** (quarterly table 9) is compiled from Commonwealth Government ledgers.

Non-official investment income - portfolio and other investment income receivable:

A.11 The method of measuring **portfolio and other investment income** receivable by the non-official sector (quarterly table 9) is changed for entries from September

quarter 1982. For periods prior to September quarter 1982 both the dividend and interest components of this series continue to be compiled by applying estimated rates of return to the level of Australia's portfolio and other investment abroad. From September quarter 1982 the income components are directly compiled from income data collected in the **ABS surveys of Australian investment abroad**. Details of the improvements made to these surveys are provided in paragraph A.27.

Other property income

A.12 In previous issues estimates of income receivable and payable for the right to use non-financial intangible assets such as patents, licences and copyrights were compiled from the survey of non-trade foreign receipts and payments (colloquially referred to as the tickets collection). This survey is only capable of measuring those transactions for which a discrete settlement is remitted through the banking system. Intracorporate and other transactions which are settled on a net basis are not captured by this source.

A.13 Commencing with this issue the survey is replaced from 1968-69 by taxation statistics, which identify all royalty and similar income payments to non-residents, as the primary source for the two series **other property income, debits - cinema and television film royalties** and **other** (quarterly table 10). Prior to 1968-69 Commonwealth and State government departments and authorities were exempted from paying withholding taxes on such property income payable overseas and the coverage of the taxation statistics is therefore deficient for balance of payments purposes. Moreover, the taxation statistics are only available on an annual basis and with considerable delay. The survey estimates therefore continue to be used for periods prior to 1968-69, to distribute annual taxation data for subsequent years to quarters and months, and to extrapolate estimates for more recent periods.

A.14 No taxation statistics are available to measure income receivable from the right to use non-financial intangible assets. However the credit series **other property income** (quarterly table 9) has been revised upwards to make approximate allowance for intracorporate transactions which are not captured by the survey. Data in the ABS publication *Research and Experimental Development, Business Enterprises, Australia (8104.0)* were used to provide a broad measure of the extent of intracorporate transactions in technical know-how - a component of the broader balance of payments series, **other property income, credits**.

Labour income

A.15 The labour income (ie wages, salaries, etc) earned by non-resident visitors to Australia from resident employers in Australia and the labour income earned abroad by Australian residents from non-resident employers are explicitly included in the accounts with this issue. In previous issues the labour income earned (paid) was assumed to be exactly equal to the expenditure out of this income in the employing economy and the two offsetting transactions were omitted. The more rigorous dissection of the previous **invisibles** category into services, income and unrequited transfers and international statistical reporting requirements have necessitated the separate identification of this income and expenditure within the new presentation.

A.16 Labour income earned in Australia per non-resident visitor has been measured in the International Visitor Survey (IVS), conducted by the Australian Tourist Commission, for the benchmark years 1979, 1980, 1983 and 1984. In all other periods, estimates of income per visitor are made by extrapolating and interpolating the benchmark figures taking into account movements in average weekly earnings. An estimate of labour income payable to these non-residents is then derived by multiplying the estimated average income earned per visitor by the number of visitors (represented by the average number of short term arrivals and

departures of non-residents). The resulting estimates are recorded in the series **non-official labour income, debits** (quarterly table 10).

A.17 Expenditure in Australia by those foreign visitors earning income in Australia was measured in the IVS to be greatly in excess of the income earned. Expenditure out of this income is therefore estimated to equal income earned and is shown in **other non-official services, credits - expenditure of resident entity employees** (quarterly table 8). The additional expenditure of these visitors is included in the travel item.

A.18 No data are available for the income earned abroad by Australian visitors from non-resident employers. It has therefore been assumed that earnings for Australian visitors abroad are equivalent to the average amount earned by foreign visitors to Australia during the same period. This amount is multiplied by the number of Australian visitors abroad (represented by the average number of Australians departing for and returning from short term visits abroad). The resulting estimates are included in the series **labour income, credits - earnings abroad** (quarterly table 9). The exactly offsetting expenditure out of this income is included in the series **other non-official services, debits - expenditure of non-resident entity employees** (quarterly table 8).

A.19 The exactly offsetting nature of the entries for labour income and expenditure out of this income means that any error in the size of the items will not distort the **balance on current account** but may affect **net services and net income**.

Withholding taxes

A.20 Estimates are now included in the accounts for taxes withheld by the Australian Government on dividends, interest, royalties and insurance premiums payable to non-residents and for

withholding taxes payable to foreign administrations on dividends and interest receivable from non-residents. In addition, the relevant income and insurance series are now recorded gross of withholding taxes rather than after their deduction as in previous issues. The entries associated with these changes are, in principle, exactly offsetting and therefore do not affect the **balance on current account**.

A.21 Withholding taxes receivable by the Australian Government on dividends and interest are measured using the Commonwealth Government ledgers and, on royalties and insurance premiums, using taxation statistics. The estimates are included in the series **official unrequited transfers, credits** (quarterly table 11) for all periods for which the taxes are applicable.

A.22 For the most recent periods taxation statistics are not available and the series for withholding taxes receivable on royalties and insurance premiums are extrapolated on the basis of movements in the corresponding property income and insurance series.

A.23 The ABS surveys of foreign investment are used to compile estimates of **withholding taxes** payable on dividends and interest which are included in **non-official unrequited transfers, debits** (quarterly table 11). Data are available only from September quarter 1985.

Migrants' funds

A.24 For both credits and debits two components - **migrants' transfers** and **miscellaneous** - of **non-official unrequited transfers** (quarterly table 11) were previously derived solely from data collected in the **survey of non-trade foreign receipts and payments**. A recent review of these components has shown that, in recent years, many transactions which should have been recorded in the survey as migrants' funds have in fact been recorded as miscellaneous transfers or not recorded at all.

A.25 Information which is now available from official advices on the average value of funds transferred to Australia by each immigrant has been used, in conjunction with ABS data on the number of immigrants, to recompile the series for **immigrants' transfers** to Australia in recent years. The estimates in this issue are based on this recalculation. It has resulted not only in a significant reclassification of data from the miscellaneous category to migrants' funds but also a significant upward revision to **non-official unrequited transfers, credits** from 1983-84 to account for undercoverage of these transactions in the survey of non-trade foreign receipts and payments.

A.26 For years between 1973-74 and 1983-84 the **immigrants' transfers** series has been recalculated using the stable ratio of migrants' funds to total non-official unrequited transfers generated by the survey in the early 1970's when misrecording appears to have been much less prevalent. A similar technique has been applied in estimating **emigrants' transfers** abroad for all periods since 1973-74. As the survey remains the source for estimates of the migrants' transfers and miscellaneous components combined (except from 1983-84 when it is supplemented by other sources in compiling the credit estimates), the **miscellaneous** series are derived as residuals. The total non-official unrequited transfers series are therefore unaffected by these changes (apart from those mentioned in para A.25 above). While some obvious approximations and assumptions underly the recalculations, it is considered that they provide much better estimates of the components of non-official unrequited transfers than those which were previously available.

Australian portfolio and other investment abroad

A.27 Commencing with this issue, statistics on **Australian portfolio and other investment abroad** are significantly improved with the introduction of a new quarterly ABS survey of this activity and more comprehensive coverage in the corresponding annual survey. These

surveys have replaced the survey of non-trade foreign receipts and payments as the main data source, for periods from September quarter 1982, of capital transactions associated with Australian portfolio and other investment abroad (quarterly tables 4 and 15). As mentioned in paragraph A.11, they are also now the data source, for periods from September quarter 1982, for measuring corresponding income flows (quarterly table 9).

Borrowing and lending by trading banks

A.28 The transactions of trading banks in selected assets and liabilities which were combined to compile the former item 18, **non-official monetary sector transactions** are, from this issue, presented under two separate items in quarterly tables 14 and 15. In table 14 the transactions involving liabilities (ie deposits and other borrowing) of trading banks have been classified as **borrowing under foreign investment in Australia** of the **non-official sector**, while in table 15 the transactions involving assets (ie deposits and other borrowing) have been shown as **lending under Australian investment abroad** of the **non-official sector**. Trading banks' **borrowing** and **lending** have each been dissected into **foreign currency** and **Australian currency** claims.

A.29 Commencing with this issue the method of measuring **foreign currency borrowing** (quarterly table 14) and **foreign currency lending** (quarterly table 15) **by trading banks** has been changed. For foreign currency borrowing, entries up to June quarter 1985 measure transactions in selected liabilities only (as the remaining liabilities are deducted from assets in compiling the foreign currency lending series - see below) and are derived from the **ABS surveys of foreign investment**. From September quarter 1985, entries measure transactions in all liabilities

classified as borrowing, and are derived from the Reserve Bank's collection **selected foreign currency assets and liabilities of trading banks**. For foreign currency lending, entries up to June quarter 1985 measure transactions in net assets (ie assets less selected liabilities). From September quarter 1985, entries measure transactions in assets only. The source of data for trading banks' foreign currency lending from the December quarter 1984 continues to be the Reserve Bank's collection of **selected foreign currency assets and liabilities of trading banks**; estimates for periods prior to December quarter 1984 are based on their former collection of **foreign currency transactions and balances**. (See also Explanatory Notes in the June quarter 1985 issue of 5302.0).

A.30 In general, the method of measuring **Australian currency borrowing** (quarterly table 14) and **Australian currency lending** (quarterly table 15) is unchanged because the data sources are the same as before. For **Australian currency borrowing**, the entries continue to measure transactions in net liabilities (ie liabilities less selected assets). For **Australian currency lending**, entries continue to measure transactions in selected assets (as the remaining assets are deducted from liabilities in compiling the Australian currency borrowing series).

A.31 However the method of measuring the Australian currency component of trading banks' borrowing has been changed in one respect to include Australian currency loans domiciled abroad from the March quarter 1984. Data for these new entries are provided from the **ABS surveys of foreign investment**. The source of data for the rest of the component continues to be the Reserve Bank's monthly survey of trading bank deposits.

TABLE A

Summary of revisions to the balance of payments
arising from improvements in sources and methods
\$ million

	Year			September quarter 1985
	1982-83	1983-84	1984-85	
Revisions to:				
Balance on current account	- 209	89	- 48	13
Balance on capital account	- 343	- 28	- 752	-
Balancing item	552	- 61	800	- 13

APPENDIX B

ESTIMATES OF THE MAGNITUDE OF SERIES BREAKS

B.1 As a result of the changes which have been introduced in this issue, the series shown differ in a number of ways from those appearing in previous balance of payments releases. The series have been compiled, and will be made available¹ for a long run of past periods. Wherever possible, past series have been recompiled on the new basis, or the old and the new bases are close enough for series to be regarded as continuous².

¹ Historical estimates for periods prior to those shown in this publication, will be published in ABS catalogue no. 5337.0

² Further information about series falling into these categories will be provided in the forthcoming September quarter 1985 foreign investment publication (5306.0)

B.2 However, in some instances, a significant difference exists between the old and the new bases and it has not been possible to revise the entries prior to September quarter 1985 onto the new basis. In these instances a **series break** occurs between June and September quarters 1985. Table B at the end of this appendix provides, where possible, estimates of the magnitude of the breaks at September quarter 1985. While it will not be possible to provide corresponding data for earlier periods, it is planned to update the table to provide data for 1985-86 to users on request.

B.3 The reasons for the discontinuities in series shown in Table B are listed below.

Change in the definition of direct investment

B.4 The concept of direct investment remains broadly one of capital invested in an enterprise by an investor having a significant influence, either potentially or actually exercised, over the key policies of the enterprise. However, the detailed definition used in compiling the series has been changed, commencing with statistics for the September quarter 1985. Up to and including the June quarter 1985, ownership of 25 per cent or more of the ordinary shares or voting stock (or an equivalent equity interest) is generally used as a measure of significant influence by an investor. From September quarter 1985, this threshold is 10 per cent. Several other minor changes to the definition have been made.

B.5 The change in the definition essentially means that some types of transactions are now classified to different items in the accounts, or are included for the first time. Specifically, some investment income that up to and including June quarter 1985 would be included under **portfolio and other investment income** is from September quarter 1985 included in **direct investment income** (quarterly tables 9 and 10). Similarly, some capital transactions that up to June quarter 1985 would be included under **portfolio and other investment** are from September quarter 1985 included under **direct investment** (quarterly tables 4, 14 and 15). In addition, some **reinvested earnings (reinvestment of earnings)** that would be excluded from the balance of payments up to June quarter 1985 are included in the current and capital accounts from September quarter 1985 (quarterly tables 2,3,4,9,10,14 and 15).

B.6 Table B shows the magnitude of the series breaks arising from the change in classification of transactions from **portfolio and other investment income, debits to direct investment income, debits** and from **foreign portfolio and other investment in Australia to foreign direct investment in Australia**. However it has not been possible, at this stage, to quantify the impact of the series breaks arising from the change in classification of transactions in

investment income, credits or Australian investment abroad, or from the broadening of the scope of reinvested earnings (reinvestment of earnings). This will only be possible when the results of the 1985-86 annual survey of foreign investment become available.

B.7 The change in classification of transactions as a result of the wider definition of direct investment does not affect the continuity of the current account aggregates **total investment income, total property income and total income** or the balances **net income and balance on current account**. It similarly does not affect the continuity of the capital account aggregate **total non-official capital**, its components **foreign investment in Australia and Australian investment abroad**, or the **balance on capital account**. However, the broader scope of reinvested earnings (reinvestment of earnings) will affect, in a very minor way, the comparability between June and September quarters 1985 of the abovementioned current and capital account aggregates and balances.

Inclusion of withholding taxes paid abroad

(see also Appendix A, paragraphs A.20, A.23)

B.8 Investment income receivable from abroad from September quarter 1985 is reported before deduction of taxes withheld on this income. Previously this income was reported after deduction of withholding taxes. Data are not available for withholding taxes paid abroad for earlier periods and therefore it has not been possible to recompile the past income series on the new basis.

B.9 The inclusion of withholding taxes in investment income credits from September quarter 1985 affects the continuity of the following series: **other property income, credits** (quarterly tables 2 and 3), **direct investment income, credits - distributed earnings** and **portfolio and other investment income, credits** (quarterly table 9).

B.10 Offsetting entries for withholding taxes paid abroad are included in unrequited transfers debits from September quarter 1985. This affects the continuity of the following series: **unrequited transfers, debits** (quarterly tables 2 and 3) and **non-official unrequited transfers, debits** (quarterly table 11).

B.11 The inclusion of withholding taxes paid abroad also affects, in a minor way, the continuity of higher-level aggregates such as **net income** and **net unrequited transfers**. However, because of the offsetting nature of the various entries, the comparability over time of **net transfers** and the **balance on current account** is not affected.

Change in the measurement of foreign currency borrowing and lending by trading banks

(see also Appendix A, paragraphs A.28-A.30)

B.12 The method of measuring **foreign currency borrowing** (quarterly table 14)

and **foreign currency lending** (quarterly table 15) **by trading banks** has been changed, commencing with statistics for September quarters 1985. For foreign currency borrowing, entries up to June quarter 1985 measure transactions in selected liabilities only. From September quarter 1985, entries measure transactions in all liabilities classified as borrowing. For foreign currency lending, entries up to June quarter 1985 measure transactions in net assets (ie assets less selected liabilities). From September quarter 1985, entries measure transactions in assets only.

B.13 These changes affect the continuity of some higher-level aggregates such as **non-official capital - foreign investment in Australia** and **non-official capital - Australian investment abroad**. However, because the changes merely reflect a change in the classification of certain types of transactions from lending to borrowing, the continuity of **total non-official capital** and the **balance on capital account** is not affected. Income series are also unaffected by the changes.

TABLE B
Estimates of the magnitude of series breaks - September quarter 1985
\$ million

Reason for change/series affected	Entry compiled on the old basis	Entry compiled on the new basis (1)	Difference (2)
<u>Series breaks arising from the changed definition of direct investment:</u>			
1 INVESTMENT INCOME, DEBITS -			
DIRECT INVESTMENT INCOME (3)	- 459	- 481	- 22
PORTFOLIO AND OTHER INVESTMENT INCOME	-1176	-1154	22
2 NON-OFFICIAL CAPITAL, FOREIGN INVESTMENT IN AUSTRALIA -			
DIRECT INVESTMENT (4)	282	363	81
PORTFOLIO AND OTHER INVESTMENT	1887	1806	- 81
<u>Series breaks arising from the inclusion of withholding taxes paid abroad:</u>			
1. OTHER PROPERTY INCOME, CREDITS	347	351	4
UNREQUITED TRANSFERS, DEBITS	- 365	- 369	- 4
2. INVESTMENT INCOME, CREDITS -			
DIRECT INVESTMENT INCOME, DISTRIBUTED EARNINGS	97	99	2
PORTFOLIO AND OTHER INVESTMENT INCOME	56	58	2
NON-OFFICIAL UNREQUITED TRANSFERS, DEBITS	- 187	- 191	- 4
<u>Series breaks arising from the change in the measurement of foreign currency borrowing and lending by trading banks</u>			
1. FOREIGN CURRENCY BORROWING BY TRADING BANKS	121	153	32
FOREIGN CURRENCY LENDING BY TRADING BANKS	- 496	-528	-32

(1) As recorded in the balance of payments

(2) This is the estimate of the magnitude of the series break.

(3) Excluding the impact of the broader scope of reinvested earnings; see paragraphs B.5 and B.6.

(4) Excluding the impact of the broader scope of reinvestment of earnings; see paragraphs B.5 and B.6.