



1996 Edition

EMBARGOED UNTIL 11:30 AM TUES 24 SEPTEMBER 1996

Balance of Payments Australia

Summary of Concepts, Sources and Methods



**BALANCE OF PAYMENTS, AUSTRALIA
SUMMARY OF CONCEPTS, SOURCES
AND METHODS, 1996 EDITION**

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AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NO. 5351.0

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PREFACE

This publication gives a summary description of the conceptual framework of Australia's balance of payments accounts and of the data sources and methods used to compile the statistics contained in balance of payments publications. It explains what the statistics measure, how they relate to other economic series, how they are produced, where they are published and why they are subject to varying degrees of accuracy and reliability. Its purpose is to provide users with an overview that will assist them in interpreting the statistics.

A more comprehensive description is contained in *Balance of Payments, Australia: Concepts, Sources and Methods* (5331.0) published in 1990. It is aimed at the users of balance of payments statistics who require a deeper understanding of the basis on which the accounts are compiled. This summary publication serves as an up-to-date, but less detailed, reference for those users.

The main Australian Bureau of Statistics (ABS) publications presenting balance of payments statistics are the quarterly and monthly publications (Catalogue Nos. 5302.0, and 5301.0 respectively) which are both titled *Balance of Payments, Australia*, and the annual publication (5363.0) which is titled *Balance of Payments and International Investment Position, Australia*. Descriptions contained in this publication are consistent with statistics released in the December quarter 1995 issue of the quarterly publication.

From time to time, particular concepts, sources or methods used in compiling balance of payments statistics are changed or modified in the light of reviews or other developments. The practice of advising users of these changes in the appropriate issues of publications 5301.0, 5302.0 and 5363.0 will continue.

The ABS invites comments on the usefulness of this publication as a guide to Australian balance of payments statistics. Such feedback will help in planning the content of future issues, the next issue of publication 5331.0, and the descriptive material included in the regular statistical bulletins.

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ABBREVIATIONS AND OTHER USAGES

ABS	Australian Bureau of Statistics
ACS	Australian Customs Service
ANA	Australian National Accounts
annual publication	<i>Balance of Payments and International Investment Position Australia (Catalogue No. 5363.0)</i>
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
ASIC	Australian Standard Industrial Classification
BEC	Broad Economic Categories
BPM	Balance of Payments Manual (Fourth Edition, IMF, Washington, D.C. USA 1977. Fifth Edition, IMF, Washington D.C. USA 1993.)
c.i.f.	cost, insurance and freight
EU	European Union
f.o.b	free on board
HS	Harmonised Commodity Description and Coding System (or Harmonised System)
IBRD	International Bank for Reconstruction and Development (World Bank)
IMF	International Monetary Fund
ITSS	International Trade in Services Survey
monthly imports publication	<i>Merchandise Imports (Balance of Payments Basis), Australia (Catalogue No. 5320.0)</i>
monthly balance of payments publication	<i>Balance of Payments, Australia (Catalogue No. 5301.0)</i>
n.e.c.	Not elsewhere classified
OAD	Overseas Arrivals and Departures Statistics
OECD	Organisation for Economic Cooperation and Development
OPEC	Organisation of Petroleum Exporting Countries
PC AUSSTATS	The ABS's on-line database service
quarterly balance of payments publication	<i>Balance of Payments, Australia (Catalogue No. 5302.0)</i>
SDRs	Special Drawing Rights
SFI	Survey of Foreign Investment
SITC	Standard International Trade Classification
SNA	<i>A System of National Accounts. (Revision 3, UN, New York, USA 1968. Revision 4, UN/IMF/OECD/EUROSTAT/World Bank, New York, USA 1993.)</i>
SORAT	Survey of Returned Australian Travellers
TWI	Trade Weighted Index

CHAPTER 1

A SHORT HISTORY

Official estimates of some of the major items in the Australian balance of payments were first published in 1931 and the range of estimates was expanded in 1933. Estimates were published year by year in the Commonwealth Year-book and later in official statements until publication was interrupted by World War II. These pre-war estimates, which eventually covered the years 1928-29 to 1936-37, were published in sterling rather than Australian currency.

1.2 More comprehensive official figures were published in 1950, covering the period 1928-29 to 1948-49. These were expressed in Australian currency. Annual figures have been published ever since.

1.3 Half-yearly statistics were introduced in 1951.

1.4 Publication of quarterly statistics commenced in 1962 while seasonally adjusted quarterly estimates were introduced in 1974.

1.5 Monthly balance of payments statistics were first published in April 1976. Seasonally adjusted monthly figures for the merchandise items were added in November 1980 and corresponding trend estimates were introduced in November 1986.

1.6 Detailed quarterly estimates of goods and services (on a balance of payments basis) in constant-price terms and associated implicit price deflators were first published in 1982.

1.7 In recent years the monthly, quarterly and annual printed publications containing balance of payments statistics have been supplemented by electronic releases. Electronic dissemination of monthly and quarterly statistics commenced during 1986 on PC AUSSTATS (the ABS's on-line database service). Subsequently a floppy disk service was introduced.

CHAPTER 2

THE CONCEPTUAL FRAMEWORK

Definition of the balance of payments

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. It may be described as a system of consolidated accounts in which the accounting entity is the Australian economy and the entries mostly refer to economic transactions between residents of Australia and residents of the rest of the world (non-residents).

2.2 Balance of payments statements cover a wide range of economic transactions which may be broadly divided into three categories. The first category comprises transactions in goods, services and income between residents of Australia and non-residents. The second category relates to financial transactions involving Australian claims on, and liabilities to, the rest of the world. Because the statement is constructed on a double-entry recording basis (see Paragraph 2.6), a third category, described as unrequited transfers, is required to provide offsetting entries for one-sided transactions such as gifts in cash and kind which have no *quid pro quo*. Two changes not arising from transactions - specifically changes in Australia's official reserve assets arising from the allocation (or cancellation) of Special Drawing Rights (SDRs) by the International Monetary Fund (IMF) and the monetisation (or demonetisation) of gold - are included by convention, to make the accounts more analytically useful.

2.3 Traditionally, the first and third of the above categories have been combined in what is described as the *current account* and the second category, together with the two changes not arising from transactions, has been shown separately in what is described as the *capital account*.

The conceptual framework

2.4 The *conceptual framework* of the Australian balance of payments consists of a set of basic principles and concepts designed to facilitate the systematic and consistent recording of the economic transactions and the other changes included in the balance of payments. The most basic principle involves the use of the internationally accepted convention of the double-entry recording system in which every transaction is represented by two entries of equal and opposite value. In addition, principles are adopted for distinguishing, on a consistent basis, between entities to be regarded as Australian residents and those to be regarded as non-residents, and for determining the scope of economic transactions and other changes to be included in the accounts. Uniform principles of valuation and timing are also used as a basis for the consistent recording of the transactions and other changes included in the accounts, although, in practice, this is not always achieved.

2.5 The conceptual framework of the Australian balance of payments broadly corresponds to that underlying the fourth edition (1977) of the IMF's *Balance of Payments Manual (BPM4)*. Work on implementing the recommendations of the fifth edition of the IMF's *Balance of Payments Manual (BPM5)*, released in late 1993, is currently underway. It is planned to introduce the new framework into Australia's balance of payments accounts from September quarter 1997.

The double-entry recording system

2.6 The *double-entry recording system* is used for recording balance of payments transactions. Under the internationally accepted conventions of the double entry system, credit entries are used to record exports of goods and services, income receivable and financial transactions involving either a reduction in the country's foreign financial assets or an increase in its foreign liabilities. Conversely, debit entries are used to record imports of goods and services, income payable and financial transactions involving either an increase in foreign financial assets or a decrease in foreign liabilities. Transactions in a double-entry accounting system are reflected in pairs of equal credit and debit entries. Any entries that are not automatically paired are matched by special offsetting entries. Such offsetting entries are necessary for the category of unrequited transfers and for the other changes not arising from transactions referred to in Paragraph 2.2, namely the allocation (or cancellation) of SDRs and the monetisation (or demonetisation) of gold.

2.7 It follows that, in principle, the net sum of all credit and debit entries is zero. In practice, some transactions are not measured accurately (errors), while others are not measured at all (omissions). Equality between the sum of the credit and debit entries is brought about by the inclusion of a *balancing item* which reflects net errors and omissions.

Concepts of territory and resident

2.8 In compiling the Australian balance of payments, it is necessary to determine the economic entities that are to be regarded as comprising the Australian economy. For this purpose, the Australian economy is conceived as comprising the economic entities that have a closer association with the *territory* of Australia than with any other territory. Each such economic entity is described as a *resident* of Australia. Any economic entity which is not determined to be a resident of Australia is described as a non-resident.

2.9 Australia's territory is defined to include the territories lying within its political frontiers and territorial seas and international waters over which it has exclusive jurisdiction. It does not include Australia's external territories such as Norfolk Island and Christmas Island.

2.10 The residents of Australia comprise general government institutions, individuals, enterprises and private non-profit bodies.

2.11 Australian resident *general government* institutions consist of Commonwealth, State and local government authorities and statutory bodies, but exclude government-owned or controlled (public) financial and trading enterprises. Australian embassies, consulates, military establishments and other entities of general government located abroad are treated as residents; similar entities of other countries located within Australia are treated as non-residents.

2.12 Resident *individuals* broadly encompass all persons residing in the territory of Australia on other than a temporary basis. They are persons whose general *centre of interest* is considered to rest in Australia. They include Australia's official diplomatic and consular representatives, members of

Australia's armed forces and other Australian government personnel (and their dependants) stationed abroad. All persons living in Australia for twelve months or more are considered to be residents with the exception of foreign diplomatic, consular, military and other government personnel (and their dependants) and foreign students studying in Australia (the centre of interest of these individuals is considered to be outside the territory of Australia). The centre of interest of persons visiting Australia for less than twelve months is considered to be outside Australia and therefore they are regarded as non-residents.

2.13 Resident *enterprises* include all enterprises engaged in the production of goods and services on a commercial or equivalent basis within the territory of Australia. They include both financial and trading enterprises. These enterprises may be incorporated or unincorporated; privately or government owned and/or controlled; and locally or foreign owned and/or controlled. The definition of an enterprise in terms of the territory in which it is located often makes it necessary to divide a single legal entity (e.g. a business incorporated or based in one country and its branch operating in another) into two or more separate enterprises.

Valuation

2.14 In principle, transactions and other changes should be valued in the balance of payments at market prices. A *market price* is defined as the amount of money that a willing buyer pays to acquire something from a willing seller, when such an exchange is between independent parties and one into which only commercial considerations enter. In compiling balance of payments statistics however, one or more of the conditions needed to establish a market price may be absent; for example, the parties to a transaction may not be independent but may be related or affiliated in some way. In practice, transactions are generally valued in the statistics at transactions prices because this basis provides the closest practical approximation to the market price principle. The *transactions price* is the price at which a transaction is recorded in the accounts of the transactors.

2.15 Amounts denominated in foreign currencies should, in principle, be converted to Australian currency at market rates of exchange prevailing at the time of the transaction. In practice, the actual rate used varies according to the source of the data and record keeping practices and may be a rate applying at a time different from the time at which the transaction takes place.

Timing

2.16 Transactions and other changes recorded in the balance of payments should, in principle, be recorded at the *time of change of ownership* (either actual or imputed). For current account transactions, this is conceived as the time when ownership of goods changes, when services are rendered, when reinvested earnings attributable to direct investors are earned, and when interest and dividends become due for payment. In the case of unrequited transfers, those which are imposed by one party on another, such as taxes and fines, should ideally be recorded at the time they become due for payment without penalty; whereas others should be recorded when the goods, services etc. to which they are offsets change ownership. For capital account transactions, the time of change of ownership is, by convention, normally taken to be the time at which transactions are entered in the books of

the transactors. Entries for loan drawings should be based on actual disbursements and not on commitments or authorisations. Entries for loan repayments should be recorded at the time they become due rather than on the actual payment date.

2.17 In practice, the nature of the available data sources is such that the time of recording of transactions will often differ from the time of change of ownership. This is particularly true in the case of transactions in goods which are, in the main, recorded at the time that administrative records relating to the movement of the goods across the customs frontier are processed. Where practical, timing adjustments are made for transactions in certain goods to ensure that they are recorded in the time period in which change of ownership occurs.

Economic transactions and other changes covered in the balance of payments

2.18 Despite its name the balance of payments is not primarily concerned with *payments* as that term is generally understood but, in the main, with *transactions*. An economic transaction (or, simply, transaction) occurs when something of economic value is provided by one party to another. The things that are considered to have economic value are goods, services, income and financial assets and liabilities. The transactions recorded in a balance of payments statement stem primarily from dealings between two parties, one usually being a resident and the other a non-resident.

2.19 International transactions included in a balance of payments statement may not involve the simultaneous payment of money (such as the acquisition of goods which have been pre-paid or sold on credit) and some may not involve any payment of money at all (such as barter trade or goods granted under foreign aid programs). In the case of goods, payment will frequently not coincide with the time of change of ownership of a good. For example, if a good changes ownership before payment, the change of ownership of the good is offset by the creation of a financial claim. When the payment is made in due course, the financial claim is extinguished. In this example there would be two transactions to be recorded in the balance of payments, involving two pairs of matched entries.

2.20 The types of transactions included in the balance of payments are exchanges, one-sided transactions and imputed transactions for reinvested earnings attributable to direct investors. Changes included in the balance of payments which do not arise from transactions are the monetisation (or demonetisation) of gold and the allocation (or cancellation) of SDRs.

2.21 *Exchanges* are the most important and numerous of the types of changes covered by the balance of payments and include all balance of payments transactions in which one transactor provides something of economic value to another transactor and receives in return something of equal value.

2.22 *One-sided transactions* refer to gifts, grants, taxes etc. where one transactor provides something of economic value to another but does not receive in return a *quid pro quo* to which an economic value can be assigned. In order to maintain the double entry system of accounting, the value provided is matched in the accounts by an offsetting entry which is referred to as an *unrequited transfer*. Another example of a one-sided transaction is migrants' transfers. A special sta-

tistical treatment is required when a person migrates, that is when the person's status changes from non-resident to resident (or vice versa). When this change occurs, the property owned by the migrant becomes the property of a resident instead of that of a non-resident (or vice versa). The changes involved in the transfer are included in principle in the balance of payments. Offset entries corresponding to the transfer of net worth are therefore required and, by convention, these are included in unrequited transfers. This treatment amounts to envisaging a transfer of property from the person in his or her capacity as a non-resident to the person in his or her capacity as a resident (or vice versa). In principle, this transaction embraces all the migrant's property whether or not it accompanies him or her but, in practice, only cash transfers are likely to be recorded.

2.23 *Imputed transactions* are included in the balance of payments for the reinvested earnings of Australian resident direct investment enterprises attributable to their non-resident direct investors and the reinvested earnings of non-resident direct investment enterprises attributable to their Australian resident direct investors. These earnings are regarded as being paid out as investment income and then reinvested in the enterprises from which they originated. They are, therefore, recorded as both a component of foreign investment income payable or receivable and a component of the flow of foreign investment capital. It is considered analytically useful to separately identify these transactions in balance of payments statements because of the substantial contribution that they make to the stock of direct investment capital in a country.

2.24 *Monetisation (or demonetisation)* of gold refers to the reclassification of gold from non-monetary to monetary gold (or vice versa). *Allocation (or cancellation) of SDRs* by the IMF involves the creation (or extinction) of foreign assets which form part of Australia's holdings of official reserve assets but for which there are no corresponding foreign liabilities. Changes in monetary gold holdings due to monetisation (or demonetisation) and changes in SDR holdings due to the allocation (or cancellation) of SDRs are included in the balance of payments as changes to Australia's official reserve assets and offset by a *counterpart item* within the reserve assets category.

Relationship to the national accounts

2.25 The national accounts is designed to provide a comprehensive and systematic framework for the presentation of the economic statistics of a country. The international standard for such a framework is the *System of National Accounts* (SNA) published jointly by the United Nations, IMF, OECD, Eurostat and World Bank. There is virtually complete concordance between the conceptual framework of the fifth edition of the IMF's *Balance of Payments Manual (BPM5)* and the 1993 edition of the SNA.

2.26 The Australian National Accounts (ANA) is defined to include the national income and expenditure accounts, input-output tables, State accounts, estimates of capital stock and financial accounts. In the Australian national income and expenditure accounts, transactions are classified into four accounts which represent the consolidated accounts of the nation - the domestic production account, the national income and outlay account, the national capital account and the overseas transactions account.

2.27 The *overseas transactions account* records all transactions of a current nature between Australian and overseas residents. This account is shown in the 1994-95 issue of *Australian National Accounts, National Income, Expenditure and Product* (5204.0) in summary form as Table 12 and in more detailed form as Table 62. Although this is an account for the overseas sector, the items are named from the Australian viewpoint. It shows that Australia's current receipts from overseas consist of the value of exports of goods and services, and income (dividends, interest, wages etc), unrequited transfers and extraordinary insurance claims received from overseas. These receipts are used to pay for imports of goods and services and for income and unrequited transfers provided to overseas. The balance of current receipts represents *net lending to overseas*. Positive net lending to overseas corresponds to a surplus on current transactions with overseas and negative net lending corresponds to a deficit.

2.28 *Net lending to overseas* can also be described as the excess of the *net acquisition of overseas financial assets* over the *net incurrence of overseas liabilities*. The ANA analyses *net lending to overseas* in a complementary table to the overseas transactions account in 5204.0 (Table 63 of the 1993-94 issue) by showing details of overseas capital transactions. It also provides an elaboration of net lending to overseas in the rest of the world sector in the financial accounts. These accounts are shown in the quarterly *Australian National Accounts, Financial Accounts* (5232.0).

2.29 The Australian balance of payments is encompassed within the conceptual framework of the ANA. It forms an identifiable segment of the ANA system. The recording of economic transactions between residents and non-residents in the overseas transactions account is largely paralleled by corresponding entries in the current account of the balance of payments. Similarly the recording of transactions in the net lending to overseas table and in the rest of the world sector of the financial accounts is largely paralleled by corresponding entries in the capital account of the balance of payments. The balance of payments current and capital accounts, however, are presented in greater detail than in the ANA. The balance of payments can thus be considered as meeting the need for an elaboration of the overseas transactions account and rest of the world sector of the financial accounts for purposes of the more specialised study of the nation's international economic relations.

2.30 Currently there is only one, admittedly important, difference in the conceptual treatment of overseas transactions in the ANA and in the Australian balance of payments, although there are a number of differences in the titles given to items and in classification. The difference in conceptual treatment relates to the reinvested earnings item.

2.31 Reinvested earnings attributable to direct investors are treated in the current account of the Australian balance of payments as part of income payable or receivable on direct investment with an equal offsetting amount being recorded in the capital account as a flow of direct investment capital (reinvestment of earnings). This treatment is in accordance with the guidelines of the fourth and fifth editions of the BPM. The ANA does not include reinvested earnings in the overseas transactions account, nor does it record a corresponding offsetting amount in the net lending to overseas table. Similarly, it does not include reinvested earnings in the rest of the world sector of the financial accounts.

2.32 The ANA follows guidelines in the 1968 edition of the SNA and views the reinvested earnings of resident enterprises as a component of the saving of these enterprises. (Saving provides a link between the income and outlay accounts of the relevant domestic sectors and their capital accounts.) The ANA does not attribute any of this saving to the owners (resident or non-resident) of the enterprises involved. Likewise, it does not attribute to residents any claims that they may have on the reinvested earnings of non-resident enterprises.

2.33 As the 1993 edition of the SNA recommends a different treatment of reinvested earnings that is consistent with the BPM, the ABS intends to adapt this treatment in the course of implementing the latest edition of the SNA.

Relationship to international investment position statistics

2.34 International investment position statistics provide information on the levels (stock) of foreign financial assets and liabilities of Australian residents at a particular date; increases and decreases in these assets and liabilities as a result of capital transactions; other changes in the value of these assets and liabilities (e.g. on account of exchange rate variations); and income receivable and payable on these assets and liabilities.

2.35 Capital transactions measured in international investment position statistics are equivalent to the transactions measured in the balance of payments capital account. Therefore, capital transactions arising from foreign investment in Australia less capital transactions arising from Australian investment abroad, as measured in international investment position statistics, equals the balance on capital account recorded in the balance of payments. Income payable on foreign investment in Australia and receivable on Australian in-

vestment abroad are equivalent to the investment income debit and credit items, respectively, included in the balance of payments current account. As the balance of payments accounts are only concerned with economic transactions, the stock of foreign financial assets and liabilities and changes (e.g. due to exchange rate variations) in that stock not due to transactions are excluded from the scope of the accounts. They are, however, captured in the international investment position summary table, which can be viewed as a reconciliation table, reconciling changes in levels of Australia's international assets and liabilities with capital transactions in the balance of payments.

2.36 Classifications such as the direction of investment (foreign investment in Australia or Australian investment abroad), institutional sector, type of capital (direct investment, reserve assets and portfolio and other investment), instrument of investment, country, etc. are used consistently in both balance of payments and international investment statistics.

2.37 A difference in presentation between the two sets of statistics is the use of signs. A negative sign is used for increases in foreign assets (debits) in the balance of payments capital account whereas a decrease in foreign assets is shown without a sign. A negative sign is also used for income payable abroad (debits) in the current account. In international investment statistics, increases in foreign assets are shown without a sign, while decreases are shown with a negative sign; and income, both receivable and payable, is generally shown without a sign.

2.38 The following table illustrates the relationship between balance of payments and international investment position statistics.

Table 1. Relationship between the Balance of Payments and International Investment Position Statements

<i>Balance of Payments</i>					
<p>Current Account (current transactions)</p> <p><i>Merchandise</i> Exports fob Imports fob Balance on merchandise trade</p> <p><i>Services</i> Credits Debits Net Services</p> <p><i>Income</i> Credits Investment income Other property income Labour and other income Debits Investment income Other property income Labour and other income Net Income</p> <p><i>Unrequited Transfers</i> Credits Debits Net Unrequited Transfers</p> <p><i>Balance on Current Account</i></p>		<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Investment Income</p> <p>Income payable on Foreign investment in Australia</p> <p>Income receivable on Australian investment abroad</p> <p>Net investment income</p> </div>			
<p>Level at Beginning of Period</p> <p>Foreign Investment in Australia</p> <p>Australian investment abroad</p> <p>Net international investment position at beginning of period</p>	<p>Capital Account (capital transactions)</p> <p>Foreign investment in Australia</p> <p>Australian investment abroad</p> <p><i>Balance on Capital Account</i> (net capital transactions)</p>	<p>Exchange Rate changes</p>	<p>Other Changes (other valuation changes, reclassification, etc.)</p>	<p>Level at End of Period</p> <p>Foreign investment in Australia</p> <p>Australian investment abroad</p> <p>Net international investment position at end of period</p>	<p>Income payable on Foreign investment in Australia</p> <p>Income receivable on Australian investment abroad</p> <p>Net investment income</p>
<p><i>Balancing Item</i> (the sum, with sign reversed, of balance on capital account and balance on current account)</p>					

International Investment Position

CHAPTER 3

CLASSIFICATION

Overview

The compilation of balance of payments statistics requires the collection of information on all economic transactions between Australian residents and non-residents. For effective utilisation, the great mass of information that is obtained from many different sources first needs to be organised into categories suitable for economic analysis. The framework chosen for the organisation of statistical data is described as a classification and the format chosen for the Australian balance of payments is shown in Table 2 at the end of this chapter.

3.2 The selected classification is the result of the interplay of many factors, some of which reinforce one another and others of which are in conflict. The selection was mainly influenced by the international recommendations for balance of payments and national accounts statistics, and the preferences of major users of the statistics. However, the need to be practical was also important, especially in the determination of items to be included in or excluded from the classification.

3.3 As described in paragraphs 2.2 and 2.3, the balance of payments statement is divided into a current account and a capital account. The *current account* records transactions between Australian residents and non-residents in goods, services, income, and unrequited transfers. 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 two changes not arising from transactions - the allocation (or cancellation) of SDRs and the monetisation (or demonetisation) of gold.

3.4 Transactions are recorded 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.

3.5 Current transactions are recorded *gross* and capital transactions *net*. This means that for each item in the current account the credit entries are recorded separately from the debit entries. For example, *travel credits* are shown separately from *travel debits*. For each item in the capital account, debit and credit transactions are combined to produce a single result for the item, which may be either a net credit or a net debit. For example, in a given period, foreign purchases of shares issued by companies in Australia (credit) are netted against foreign sales of shares issued by companies in Australia (debit) and the net result is recorded in the appropriate item in the capital account.

Current account

3.6 The major headings in the current account are *goods and services, income* and *unrequited transfers*. The sub-headings under *goods and services* are *merchandise* and *services*.

Merchandise (balance of payments basis)

3.7 *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 mainly from foreign trade statistics which are adjusted for coverage, timing and (imports only) valuation to put them on a balance of payments basis.

Commodity breakdowns of merchandise

3.8 Commodity breakdowns of merchandise exports and imports are provided in all balance of payments publications. The classification scheme, which is also used in international merchandise trade statistics, is the United Nations' *Standard International Trade Classification (SITC)*. From January 1988, the third revision (Rev 3) of the SITC (see UN Statistical Papers Series M No. 34 Rev 3, New York 1986) was adopted in ABS international merchandise trade statistics. It was also adopted in balance of payments publications from the October 1988 monthly publication, at which time estimates for a long run of earlier periods were recompiled on the new basis. For periods prior to January 1988, this was done by mapping data classified on the previous basis to the closest items in the new classification.

3.9 The commodity breakdowns for merchandise exports and imports shown in the balance of payments are given in Tables 3 and 4 at the end of this chapter together with the Section(s) or Division(s) of the SITC which comprise the groupings shown.

3.10 Since the commodity breakdown of exports shown in the balance of payments is based largely on data at the two-digit level of the SITC, reasonable continuity has been preserved. However, there are some relatively minor structural and definitional differences between SITC Revisions 2 and 3 at the two-digit level which cause a statistical break in the commodity-classified time series between December 1987 and January 1988.

3.11 In defining *rural* exports largely in terms of *sections* (1-digit level) or *divisions* (2-digit level) of the SITC, many individual items are classified differently from what might have been the case with a more detailed system. For example, *canned fruit salad* is included in rural while *cotton yarn* is not - both items might equally well have been classified to *rural* (on the basis of their origin), or to non-rural (due to the high proportion of value added during subsequent processing).

3.12 The terms *rural* and *non-rural* are therefore used in a broad sense and the limitations mentioned above should be borne in mind when the estimates are used for analytical purposes.

3.13 Merchandise imports are broken down into three "end-use" categories, *consumption goods, capital goods* and *intermediate and other goods*. These end-use categories are further dissected into a total of 26 SITC Rev 3-based commodity groups.

3.14 The 26 merchandise imports commodity groups have been designed so they result in meaningful groupings which

have sufficient value to warrant separate identification; provide an appropriate spread across all end-use categories without any unduly large residual components; and provide detail for major import commodities. The 26 merchandise imports commodity groups are further sub-divided into a total of 109 commodity sub-groups. Detail at this level is not published but is available as a special data service. Table 3 at the end of this chapter outlines these classifications and their commodity sub-groups.

3.15 Further information on the imports classification is contained in the Information Paper, *Change to Commodity Classification of Merchandise Imports in Balance of Payments Publications* (ABS Catalogue No. 5344.0), which was released on 14 April 1994.

Services

3.16 *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 (e.g. goods purchased by travellers).

Income

3.17 *Income* covers income earned by Australian residents from non-residents (credits) or by non-residents from residents (debits). It includes investment income (e.g. dividends and interest), other property income (e.g. royalties) and labour income (e.g. wages and salaries).

Unrequited transfers

3.18 *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.

Capital account

3.19 Within the *capital account*, transactions are classified successively by *resident institutional sector*, *direction of investment*, *type of capital* and *instrument of investment*. Supplementary breakdowns of borrowing are also provided.

Resident institutional sectors

3.20 Capital transactions, and some current transactions are grouped into two broad institutional sectors called *official* and *non-official*. The official sector is split into *general government* and *Reserve Bank of Australia*. The *general government* sector comprises the transactions of Departments of State and similar entities that are the agents of Commonwealth, State or local government. State government central borrowing authorities, private non-profit organisations serving government and those private non-profit organisations that serve households but are either financed and controlled by government or whose services are integrated with those of government are included in this category. Public business enterprises are, however, excluded from this sector and included in the non-official sector.

3.21 The non-official sector covers transactions of all other resident entities including banks, non-bank financial enterprises and households. *Banks* are deposit-taking institutions

in Australia licensed under the Banking Act to act as banks or which have been created under Commonwealth or State legislation. This category in balance of payments publications excludes the Reserve Bank but includes all other government owned banks. *Non-bank financial enterprises* are enterprises, other than the Reserve Bank and banks licensed under the Banking Act that are mainly engaged in incurring liabilities and acquiring financial assets. *Trading enterprises* are non-financial enterprises mainly engaged in the production of goods and services for sale in the market.

3.22 For some purposes, the non-official sector is dissected into a public component and a private component. The *public sector* grouping consists of government-owned and/or controlled business enterprises while the *private sector* grouping consists of all other entities. Examples of public sector business enterprises are: the Australian Industry Development Corporation, the Australian Wheat Board and Telstra (Commonwealth trading and financial enterprises); and the New South Wales State Electricity Commission (State trading enterprise).

Direction of investment

3.23 This classification refers to the basic distinction between inward and outward investment; that is, foreign investment in Australia or Australian investment abroad. Broadly, *foreign investment in Australia* refers to capital transactions which increase or decrease the stock of financial assets in Australia owned by non-residents. Conversely, *Australian investment abroad* refers to capital transactions which increase or decrease the stock of foreign financial assets owned by Australian residents.

3.24 There is one exception to the above definition of foreign investment in Australia and Australian investment abroad. It concerns direct investment activity (described in paragraphs 3.26 to 3.29) where the classification of particular investment transactions to either foreign investment in Australia or Australian investment abroad depends upon the direction of the equity link which underlies the establishment of the direct investment relationship between the transactors. The net result of capital transactions between a foreign direct investor and its direct investment enterprise in Australia is recorded as foreign investment in Australia. This is so even if the only transactions between the entities during a particular period result in an increase in the Australian enterprise's financial assets abroad. An analogous treatment is used in the case of an Australian direct investor with a foreign direct investment enterprise; the net result of all capital transactions between the two entities is recorded as Australian investment abroad.

Type of capital

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

3.26 The concept of *direct investment* is broadly one of capital invested in an enterprise by an investor (called a *direct investor*) having a significant influence, either potentially or actually exercised, over the key policies of the enterprise (called a *direct investment enterprise*). Under the definition of direct investment used in compiling the statistics from 1985-86, ownership of 10 per cent of more of the ordinary shares or voting stock (or an equivalent equity interest) is generally regarded as indicative of significant influence by

an investor. Prior to 1985-86, this equity threshold is 25 per cent.

3.27 Significant influence includes a controlling influence as well as other influence which falls short of control, but which is nonetheless regarded as significant in the determination of key policies of the enterprise. Therefore, direct investment in Australia should be regarded as a broader measure than investment associated with foreign control.

3.28 Where a significant-influence link is established between enterprises, investment transactions between any enterprise in the *investor* group of enterprises (that is, enterprises in a group under common control - described as *direct investors*) and the *investee* enterprise and any enterprise which it controls are regarded as direct investment. In such cases the investee enterprise and the enterprises it controls are described as *direct investment enterprises*.

3.29 A strict application of the definition of direct investment could occasionally lead to some odd results and therefore exceptions are made in some important cases. For example, if a foreign subsidiary of an Australian resident enterprise is established purely to channel funds to its Australian parent, the intermediary role of the subsidiary is ignored for the purpose of classifying the funds acquired by the parent. Otherwise borrowing which is essentially portfolio and other investment would be classified as direct investment.

3.30 *Reserve assets* are those foreign financial assets that are effectively controlled and available for use by the central authorities for meeting balance of payments needs. The category comprises changes in *official reserve assets* and the counterpart items *allocation/cancellation of SDRs* and *monetisation/demonetisation of gold*.

3.31 Changes in official reserve assets recorded in the balance of payments are those resulting from transactions, the allocation (or cancellation) of SDRs and the monetisation (or demonetisation) of gold. Changes resulting from valuation effects are excluded.

3.32 *Portfolio and other investment* covers all foreign investment activity not classified as direct investment or reserve assets.

Instrument of investment

3.33 Many instruments of investment are identified in the Australian balance of payments. Some of these are only applicable to one type of capital. For example, the instruments *reinvestment of earnings* and *net equity in branches* are only used for direct investment.

3.34 For analytical reasons and for ease of reporting by enterprises, similar instruments are combined into groups. Instruments such as deposits, loans, finance leases, bonds, bills and notes are combined and called *borrowing* (foreign investment in Australia) or *lending* (Australian investment abroad).

Supplementary classifications of borrowing

3.35 Three supplementary classifications of borrowing are used in balance of payments statistics. These are:

Domicile of borrowing, which separates borrowing domiciled in Australia from borrowing domiciled abroad. *Borrowing domiciled in Australia* comprises those non-equity securi-

ties issued in Australia which, while largely targeted for Australian residents, are taken up by non-residents, usually through security brokers and nominees. Examples of these securities, all of which are tradeable, are government and semi-government fixed interest securities, certificates of deposit issued by banks, debentures, promissory notes and other issues by private enterprises. This category also includes deposits held with Australian banks by non-residents.

- *Borrowing domiciled abroad* refers to all other forms of borrowing by Australian residents i.e. borrowing on foreign capital markets. It includes non-equity securities (including Australian dollar Eurobond issues), mortgages and certificates of deposit issued abroad as well as non-securitised borrowing from non-residents.
- Drawings and repayments of borrowing domiciled abroad. *Drawings* include the drawdown on loans, the issue by residents of non-equity securities abroad, the receipt of finance under finance lease agreements etc. *Repayments* of borrowing domiciled abroad include the repayment of loans, the redemption of securities issued abroad, the withdrawal of deposits, lease payments under a finance lease agreement etc.
- Purchases and sales of securities domiciled in Australia by non-residents. *Purchases* include both the on-market purchases and the take-up of new issues by non-residents of debt issued in Australia. *Sales* include both the on-market sales by and the redemption from non-residents of debt issued in Australia.

Country classification

3.36 The general principles applying to the compilation of a global balance of payments statement for Australia can be applied to the preparation of a statement for Australia's transactions with an individual country or a group of countries. All that is necessary is to substitute a reference to residents of that country or group of countries for each reference to non-residents as a whole. Such a statement is published for both the current and capital accounts.

3.37 The following general principles are used in the Australian balance of payments to allocate transactions between countries and country groupings. In accordance with the general criterion of change of ownership which underlies the recording of balance of payments transactions, the country classification of merchandise is, in principle, based on the country of the former owner, for imports, and the country of the new owner, for exports. Analogously, the country classification of services is based on the country of the provider or recipient and the regional classification of income is based on the country earning the income or from which the income is earned. The country allocation of unrequited transfers is made according to the country of allocation of the one-sided transaction to which the unrequited transfer is an offset. (For example, the offset entry to an Australian donation of food aid abroad is allocated according to the country of residence of the new owner, the recipient, of the food). The country allocation of capital account transactions is based on the country of residence of the creditor in the case of Australia's foreign liabilities or of the debtor in the case of Australia's foreign financial assets.

3.38 In practice, some divergences exist from these principles due to data sources using different classification principles or because of the difficulties that suppliers of information may have in responding to collections on the required basis.

3.39 The countries and country groupings separately identified in the Australian balance of payments are listed in Table 4 at the end of this chapter. The main country groupings include the Asia Pacific Economic Cooperation (APEC) group, the Association of South East Asian Nations (ASEAN), the European Union (EU), the Organisation for Economic Cooperation and Development (OECD) and the Organisation of Petroleum Exporting Countries (OPEC).

3.40 *International institutions* (such as the United Nations (UN), the International Monetary Fund (IMF) the Interna-

tional Bank for Reconstruction and Development (World Bank), the Asian Development Bank and the Bank for International Settlements (BIS) are included in the International institutions category.

3.41 In some instances, balance of payments transactions cannot be classified by country. These transactions are recorded under *unallocated*. For reserve assets, only limited country data are available. As a result, foreign exchange denominated in \$US is classified to the USA, even though some of these assets may be held in other countries. Foreign exchange not denominated in \$US is classified to *Other OECD*. While this reflects the fact that these reserves represent claims on countries that are mostly members of the OECD, a more specific country breakdown is not available.

TABLE 2. THE AUSTRALIAN BALANCE OF PAYMENTS CLASSIFICATION

<i>CURRENT ACCOUNT</i>	<i>CAPITAL ACCOUNT(a)</i>
GOODS AND SERVICES	OFFICIAL
MERCHANDISE (BALANCE OF PAYMENTS BASIS)	GENERAL GOVERNMENT
Exports f.o.b.(b)	FOREIGN INVESTMENT IN AUSTRALIA
Rural exports f.o.b.(b)	Borrowing
Non-rural exports f.o.b.(b)	Domiciled abroad
Imports f.o.b.(c)	Domiciled in Australia
Consumption goods(c)	Other
Capital goods(c)	AUSTRALIAN INVESTMENT ABROAD
Other goods(c)	Lending
SERVICES	Accounts receivable/prepayments made
Shipment	Other
Freight on merchandise	RESERVE BANK OF AUSTRALIA
Insurance on merchandise	FOREIGN INVESTMENT IN AUSTRALIA
Other transportation	Use of IMF credit
Passenger services	Other
Port services etc.	AUSTRALIAN INVESTMENT ABROAD
Travel	Reserve assets
Students' expenditure	Official reserve assets
Other	Monetary gold
Other services	SDRs
Official	Reserve position in IMF
Defence services(d)	Foreign exchange
Financial services(d)	Counterpart item - Allocation/cancellation of SDRs
Miscellaneous services(d)	Counterpart item - Monetisation/demonetisation of gold
Non-official	Other
Expenditure of foreign governments(b)	NON-OFFICIAL
Expenditure of officials	FOREIGN INVESTMENT IN AUSTRALIA
Expenditure of other employees	Direct investment
Financial services	Reinvestment of earnings
Insurance services n.e.c.	Corporate equities
Miscellaneous services	Equity in branches
INCOME	Borrowing
PROPERTY INCOME	Other direct investment
Investment income(a)	Portfolio and other investment
Official	Corporate equities
General Government	Borrowing
Interest on borrowing domiciled abroad(c)	Banks
Interest on borrowing domiciled in Australia(c)	Non-bank enterprises
Reserve Bank	Accounts payable/prepayments received
Non-official	Public sector
Direct investment income	Private sector
Reinvested earnings	AUSTRALIAN INVESTMENT ABROAD
Distributed earnings	Direct investment
Remitted profits	Reinvestment of earnings
Dividends	Corporate equities
Interest	Equity in branches
Portfolio and other investment income	Lending
Dividends	Other direct investment
Interest	Portfolio and other investment
Other property income	Corporate equities
Cinema and television film royalties(d)	Lending
Other(d)	Banks
LABOUR AND OTHER INCOME	Non-bank enterprises
Official(c)	Accounts receivable/prepayments made
Non-official	Public sector
Labour income	Private sector
Earnings in Australia	
Earnings abroad(b)	
Insurance income	
UNREQUITED TRANSFERS	
Official	
Foreign aid(c)	
Papua New Guinea aid(c)	
Other foreign aid(c)	
Pensions(c)	
Miscellaneous transfers(d)	
Non-official	
Migrants' transfers	
Withholding taxes(c)	
Miscellaneous transfers	

(a) Additional detail is available in international investment positions statistics; see paragraphs 5.15 to 5.16 of this publication. (b) The only possible entry is a credit. (c) The only possible entry is a debit. (d) The component is only separately published in respect of debits.

**TABLE 3. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE EXPORTS
COMMODITY GROUPS AND SITC R3**

<i>Exports</i>	<i>SITC rev 3 Section or Division</i>
Rural --	
Meat & meat preparations	01
Cereal grains and cereal preparations	04
Sugar, sugar preparations & honey	06
Wool and sheepskins	21(part), 26(part)
Other rural	00, 02, 03, 05, 07 to 09, 12, 21(part), 22 to 25, 26(part), 29, 4
Non-rural --	
Metal ores & minerals	27, 28
Mineral fuels --	
Coal, coke and briquettes	32
Other mineral fuels	33 to 35
Metals --	
Gold	95, 97
Other metals	67, 68
Machinery	71 to 77
Transport equipment	78, 79
Other manufactures	5, 61 to 66, 69, 8
Other non-rural	11, 93, 96, 98

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3**

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>	
CONSUMPTION GOODS	FOOD AND BEVERAGES, MAINLY FOR CONSUMPTION	Dairy products	112‡	022.1, .31, .32	
			122‡	022.22-24, .33, .49 023 024	
		Fish, crustaceans and molluscs	112‡	034.1 035.1, .2	
			122‡	036 (excl. 036.2) 034 (excl. 034.1) 035.3, .4 036.2 037	
		Vegetables and vegetable preparations	112‡	054 (excl. 054.7, .8)	
			122‡	054.7 056 (excl. 056.4)	
		Fruit and fruit preparations	112‡	057 (excl. 057.71)	
			122‡	058.1, .9 059	
		Preparations of coffee, tea and cocoa	112‡	074	
			122‡	071 (excl. 071.1) 073	
	Beverages	122‡	111 112 (excl. 112.11)		
	Other food	112‡	025.1 061.6 075		
		122‡	011 012 016 017 (excl. 017.1) 042.3 048 (excl. 048.2) 061.29 062 091 098 (excl. 098.6) 421.41, .42		
		HOUSEHOLD ELECTRICAL ITEMS	Television receivers	61‡	761
			Radio broadcast receivers	61‡	762
			Video recording or reproducing apparatus	41‡	763.81
			Electric ovens, cookers, etc.	61‡	775.86
Other household electrical items			61‡	763 (excl. 763.31, .81, .84) 775 (excl. 775.49, .79, .81, .85, .86, .88, .89)	
			62‡	775.85	

‡ Part only

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3 – *continued***

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
	NON-INDUSTRIAL TRANSPORT EQUIPMENT	Passenger motor cars	51	781
		Other non-industrial transport equipment	522	713.31 785 (excl. 785.35-37) 786.1 792.2, .81 793.1, .91
	TEXTILES, CLOTHING AND FOOTWEAR	Floor coverings	61‡	659
		Articles of apparel	62‡	841 (excl. 841.5, .6) 842 (excl. 842.8) 843.1, .2 844 (excl. 844.8) 845 (excl. 845.4, .5)
			63‡	841.5, .6 842.8 843.7, .8 844.8 845.4, .5
		Clothing accessories	62‡	846.93, .94 848 (excl. 848.2)
			63‡	846 (excl. 846.93, .94) 848.2
		Footwear	62‡	85
		Other textile products	62‡	658 (excl. 658.1)
			63‡	651.16, .19, .22, .31, .32, .61, .71, .81, .83, .85, .94
	TOYS, BOOKS AND LEISURE GOODS	Printed matter	62‡	892.85
			63‡	892 (excl. 892.81-83, .85, .86)
		Children's toys	62‡	894.2
		Sporting goods	62‡	894.7
		Unrecorded media for sound, vision, computers, etc.	62‡	898.4, .5
		Recorded media for sound, vision, computers, etc.	62‡	898.6, .7
		Other toys and leisure goods	61‡	894.1
			62‡	898.1, .2
			63‡	894.3 894.4

‡ Part only

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3 – *continued***

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
	CONSUMPTION GOODS NES	Medicaments	63‡	542
		Perfumery, cosmetics, toilet preparations	63‡	553
		Pottery	62‡	666
		Furniture	61‡ 62‡	821 (excl. 821.11-13, .19, .2) 821.13
		Travel goods, handbags, etc.	62‡	83
		Photographic apparatus and equipment	61‡ 63‡	881.11, .13, .3 881.12
		Watches and clocks	61‡	885.3, .4
		Works of art, collector's pieces, antiques	61‡ 63‡	896 (excl. 896.12) 896.12
		Jewellery of precious metal	61‡	897.31
		Consumption goods nes	61‡	697.3 (excl. 697.33), .81 721.21 724.33 743.41, .45 871.11 885.7 (excl. 885.71) 891.3, .93, .95 897.3 (excl. 897.31) 899.6
			62‡	612 (excl. 612.1) 635.4 665.2 696 (excl. 696.3) 697.4, .82 699.78 821.2 884.2 885.92, .93 893.2, .32, .99 895.92 897.2 899.1, .33, .37, .4 (excl. 899.49), .7 (excl. 899.72), .87, .89, .95, .97
			63‡	122 292.7 533.52 541.91 554 629.92, .99 642.2, .43, .93-95 696.3 699.31, .32 778.11, .21 895.2 899.31, .32, .34, .39, .82

‡ Part only

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3 – *continued***

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
CAPITAL GOODS	MACHINERY AND INDUSTRIAL EQUIPMENT	Agricultural machinery	41‡	721 (excl. 721.19, .21, .29, .39, .98, .99) 722.4
		Civil engineering and contractors' plant and equipment	41‡	723 (excl. 723.9)
		Machinery for processing textiles or leather	41‡	724.35, .4 (excl. 724.49) .5, .7, .8 (excl. 724.88)
		Printing and book-binding machinery	41‡	726 (excl. 726.35, .89, .9)
		Metal working machinery	41‡	731 733 735.1 737 (excl. 737.19, .29, .39, .49)
		Pumps for liquids	41‡	742 (excl. 742.75, .9)
		Compressors used in refrigerating equipment	41‡	743.15
		Filtering and purifying machinery	41‡	743.6
		Mechanical handling equipment	41‡	744 (excl. 744.19, .9)
		Electro-diagnostic apparatus	41‡	774
		Other machinery and industrial equipment	41‡	711 (excl. 711.9) 712.1 713.8 716 (excl. 716.9) 718 (excl. 718.19, .78, .99) 722.3 725 (excl. 725.9) 727 (excl. 727.19, .29) 728 (excl. 728.19, .39, .5) 741 (excl. 741.28, .35, .39, .49, .59, .72, .9) 742.75 743.1 (excl. 743.15), .43, .5 745 (excl. 745.19, .29, .39, .68, .93, .97) 749.1 771 (excl. 771.29) 778.4 (excl. 778.48), .6 (excl. 778.69), .7 (excl. 778.79), .81, .82, .84

‡ Part only

TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
 END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
 BEC BASIC CATEGORIES AND SITC R3 - *continued*

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
	ADP EQUIPMENT		41‡	752
	TELECOMMUNICATIONS EQUIPMENT		41‡	764 (excl. 764.9)
	CIVIL AIRCRAFT		521‡	792.3, .4
	INDUSTRIAL TRANSPORT EQUIPMENT NES	Motor vehicles for transporting goods	521‡	782.1
		Other industrial transport equipment	521‡	782.2 783 786 (excl. 786.1, .89) 791 (excl. 791.9) 792.1, .5, .82 793.2 (excl. 793.29), .7
	CAPITAL GOODS NES	Hand tools	41‡	695 (excl. 695.5, .6)
		Office machines	41‡	751
		Medical, surgical, dental and veterinary instruments	41‡	872
		Measuring, checking, analysing and controlling apparatus	41‡	874 (excl. 874.12, .14, .24, .26, .39, .54, .56, .69, .79, .9)
		Capital goods nes	41‡	001.11, .31 692 699.12 763.31, .84 791.91 793.5, .99 812.1 871 (excl. 871.11, .19, .39, .49, .99) 873 (excl. 873.19, .29) 881.21, .22 885.94, .95 894.6 895.11 897.4 899.88

‡ Part only

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3 - *continued***

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
INTERMEDIATE AND OTHER GOODS	FOOD AND BEVERAGES, MAINLY FOR INDUSTRY		111‡	001 (excl. 001.11, .31) 025.3 041 042 (excl. 042.3) 043 045 (excl. 045.2) 054.8 057.71 058.2 071.1 072.1 222 (excl. 222.7) 223.1, .2
			121‡	017.1 022.21, .41 025.2 035.5 046 047 048.2 056.4 058.3 061 (excl. 061.29, .6) 072 (excl. 072.1) 081.2, .5, .94 098.6 112.11 223.9 411.12, .13, .31 421 (excl. 421.41, 42, .5, .61, .71) 422.29, .39, .49 431.2 592.17
	PRIMARY INDUSTRIAL SUPPLIES NES		21	044 045.2 081.1 121 21 222.7 223.4, .5, .7 231 232.2 244 246 247 251.1 261.4 263 (excl. 263.4) 264 265 (excl. 265.12) 267.2 268 (excl. 268.7) 269 272 273 (excl. 273.24) 274

‡ Part only

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3 – *continued***

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
	PRIMARY INDUSTRIAL SUPPLIES NES -- continued			277 278 281 282 283.1 284.1 285.1 286 287 288 289 291 292 (excl. 292.7, .96) 431.33 634.5, .91 667 (excl. 667.29, .39, .4) 689.14 793.3 971.03
	FUELS AND LUBRICANTS	Crude petroleum	31‡	333
		Motor spirit	321	334.11
		Other petroleum products	322‡	334 (excl. 334.11)
		Other fuels	31‡	245.01 321 322.21, .3 343.2 344.9
			322‡	245.02 322.1, .22 325 342 343.1 344 (excl. 344.9) 345 597.7
	PARTS FOR TRANSPORT EQUIPMENT	Pneumatic rubber tyres	53‡	625 (excl. 625.9)
		Internal combustion piston engines	53‡	713 (excl. 713.31, .8, .9)
		Parts for internal combustion piston engines	53‡	713.9
		Parts and accessories for road motor vehicles	53‡	784
		Parts for aeroplanes	53‡	792.9

‡ Part only

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3 - *continued***

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
	PARTS FOR TRANSPORT EQUIPMENT - continued	Other parts for transport equipment	53‡	625.9 699.15, .61 714 778.12, .23, .31, .34 785.35-37 786.89 791.99 821.11, .12 885.71
	PARTS FOR ADP EQUIPMENT		42‡	759.97
	OTHER PARTS FOR CAPITAL GOODS	Ball or roller bearings	42‡	746
		Taps, cocks, valves, etc.	42‡	747
		Parts and accessories for office machines	42‡	759 (excl. 759.97)
		Parts and accessories for telecommunications equipment	42‡	764.9
		Electrical switches, relays, etc.	42‡	772
		Electronic integrated circuits	42‡	776.4
		Other parts for capital goods	42‡	612.1 629.2 657.73, .91, .92 695.5, .6 711.9 712.8 716.9 718.19, .78, .99 721.19, .29, .39, .98, .99 723.9 724.49, .6, .88, .9 725.9 726.35, .89, .9 727.19, .29 728.19, .39, .5 735.9 737.19, .29, .39, .49 741.28, .35, .39, .49, .59, .72, .9 742.9 743.8, .9

‡ Part only

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3 – *continued***

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
		Other parts for capital goods – continued		744.19, .9 745.19, .29, .39, .68, .93, .97 748 (excl. 748.3) 749 (excl. 749.1) 771.29 773.22, .23 776 (excl. 776.4) 778.48, .69, .79, .83, .85, .86, .89 871.19, .39, .49, .99 873.19, .29 874.12, .14, .24, .26, .39, .54, .56, .69, .79, .9 881.23, .24
	ORGANIC AND INORGANIC CHEMICALS	Carboxylic acids and their derivatives	22‡	513
		Nitrogen-function compounds	22‡	514
		Lactams, heterocyclic compounds and nucleic acids	22‡	515.6, .7
		Sodium hydroxide in aqueous solution	22‡	522.63
		Metallic salts and peroxysalts, of organic acids	22‡	523
		Other organic and inorganic chemicals	22‡	510.99 511 512 515 (excl. 515.6, .7) 516 522 (excl. 522.63) 524 525
	PAPER AND PAPERBOARD	Newsprint, in rolls or sheets	22‡	641.1
		Paper and paperboard of a kind used for graphic purposes	22‡	641.2, .3
		Articles of paper and paperboard	22‡	642 (excl. 642.2, .43, .93-95)
		Other paper and paperboard	22‡	641.4, .5, .6, .7, .9

‡ Part only

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3 - *continued***

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
	TEXTILE YARN AND FABRICS	Textile yarn	22‡	651 (excl. 651.16, .19, .22, .31, .32, .61, .71, .81, .83, .85, .94)
		Woven cotton fabrics	22‡	652
		Woven fabrics of man-made textiles	22‡	653
		Other textile yarn and fabrics	22‡	654 655 656 657 (excl. 657.73, .91, .92) 658.1
	IRON AND STEEL		22‡	67
	PLASTICS	Plastics in primary forms	22‡	57
		Plastics in non-primary forms	22‡	58
	NON-MONETARY GOLD		22‡	971.01
	PROCESSED INDUSTRIAL SUPPLIES NES	Wood, simply worked	22‡	248
		Wood pulp	22‡	251 (excl. 251.1)
		Dyeing, tanning and colouring materials	22‡	53 (excl. 533.52)
		Medicinal and pharmaceutical products (other than medicaments)	22‡	541 (excl. 541.91)
		Non-crude fertilizers	22‡	56
		Clay construction materials and refractory construction materials	22‡	662
		Glass	22‡	664
		Non-ferrous metals	22‡	68 (excl. 689.14)
		Nails, screws, nuts, bolts, etc.	22‡	694
		Photographic and cinematographic supplies	22‡	882

‡ Part only

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3 - *continued***

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
		Processed industrial supplies nes	22‡	081.3, .4, .95, .99 232.1 261.3 263.4 265.12 266 267.1 268.7 273.24 283.2 284.2 285.2 292.96 335 411 (excl. 411.12, .13, .31) 421.5, .61, .71 422 (excl. 422.29, .39, .49) 431 (excl. 431.2, .33) 551 591 592 (excl. 592.17) 593 597 (excl. 597.7) 598 611 613 621 629.1, .91 633 634 (excl. 634.5, .91) 635 (excl. 635.4) 661 663 665 (excl. 665.2) 667.29, .39, .4 691 693 697.33, .5 699 (excl. 699.12, .15, .31, .32, .61, .78) 724.39 748.3 773 (excl. 773.22, .23) 775.49, .79, .81, .88, .89 778.17, .19, .22, .24, .29, .33, .35 811 812.2 813 821.19 881.14, .15 883

‡ Part only

**TABLE 4. CONCORDANCE BETWEEN BALANCE OF PAYMENTS MERCHANDISE IMPORTS
END-USE CATEGORIES, COMMODITY GROUPS, SUB-GROUPS,
BEC BASIC CATEGORIES AND SITC R3 – *continued***

<i>End-use Category</i>	<i>Commodity Group</i>	<i>Commodity Sub-group</i>	<i>Broad Economic Category (BEC) Classification Code</i>	<i>Standard International Trade Classification Revision 3 (SITC R3) Commodity Code</i>
		Processed industrial supplies nes – continued		884 (excl. 884.2) 885.5, .91, .96-99 892.81-83, .86 893.1, .31, .94, .95 895.12, .9 (excl. 895.92) 898.9 899.2, .35, .36, .49, .72, .81, .83-86, .91, .92, .94 971.02 792.83 793.29 891 (excl. 891.3, .93, .95) 899.96
	OTHER GOODS	Military equipment	7‡	
		Other goods nes	7‡	93 95 96 98

‡ Part only

Sources: United Nations, *Classification by Broad Economic Categories*, Statistical Papers, Series M, No. 53, Rev. 3.
United Nations, *Standard International Trade Classification Revision 3*, Statistical Papers, Series M, No. 34, Rev. 3.

TABLE 5. COUNTRY CLASSIFICATION IN AUSTRALIAN BALANCE OF PAYMENTS STATISTICS (a)

COUNTRIES	COUNTRY GROUPS
Belgium and Luxembourg	APEC
Canada	ASEAN
Central America and Caribbean, excluding Mexico	EU
China, People's Republic of	OECD
Fiji	OPEC
France (b)	
Germany (c)	
Greece	
Hong Kong	
Indonesia	
Ireland, Republic of	
Italy	
Japan	
Korea, Republic of	
Malaysia	
Mexico	
Netherlands	
New Zealand	
Papua New Guinea	
Philippines	
Russian Federation (d)	
Singapore	
South Africa	
Sweden	
Switzerland (e)	
Taiwan	
Thailand	
United Kingdom	
United States of America	
Africa nes	
America nes	
Asia nes	
Europe nes	
Oceania nes	
International capital markets	
International institutions	
Unallocated	

(a) AFRICA NES includes Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Brazzaville), Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea - Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Reunion Island, Rwanda, Sao Tome & Principe, Senegal, Seychelles, Sierra Leone, Somalia, St Helena, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Western Sahara, Zaire, Zambia and Zimbabwe.

AMERICA NES includes Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Falkland Islands, French Guiana, Guyana, Paraguay, Peru, St Pierre & Miquelon, Suriname, Uruguay and Venezuela.

ASIA NES includes Afghanistan, Armenia, Azerbaijan, Bahrain, Bangladesh, Bhutan, British Indian Ocean Territory, Brunei, Burma (Myanmar), Cambodia, East Timor, Georgia, India, Iran, Iraq, Kuwait, Israel, Jordan, Kazakhstan, Democratic People's Republic of Korea, Kyrgyzstan, Laos, Lebanon, Macao, Maldives, Mongolia, Nepal, Oman, Pakistan, Qatar, Saudi Arabia, Sri Lanka, Syria, Tajikistan, Turkmenistan, United Arab Emirates, Uzbekistan, Vietnam and Yemen.

EUROPE NES includes Albania, Austria, Azores, Belarus, Bosnia/Herzegovina, Bulgaria, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Faeroe Islands, Finland, Gibraltar, Greenland, Hungary, Iceland, Latvia, Lithuania, Macedonia, Malta, Moldova, Norway, Poland, Portugal, Romania, San Marino, Slovak Republic, Slovenia, Spain, Turkey, Ukraine and Yugoslavia.

OCEANIA NES includes American Samoa, Australian Antarctic Territory, Canton & Enderbury Islands, Caroline Islands, Christmas Island (Aust - Indian Ocean), Christmas Island (British - Pacific), Cocos (Keeling) Islands, Cook Islands, Fanning Island, French Polynesia, French Southern & Antarctic Territory, Gardner Island, Guam, Johnston & Sand Islands, Kiribati, Marianas Islands, Marquesas Islands, Marshall Islands, Midway Islands, Nauru, New Caledonia, Niue, Norfolk Island, Ocean Islands, Pacific Islands nei, Pitcairn Island, Solomon Islands, Tahiti, Tokelau, Tonga, Trust Territory of Pacific Islands, Tuvalu, Vanuatu, Wake Island, Wallis & Futuna Islands, Washington Island and Western Samoa.

APEC includes Brunei, Canada, Chile, China, People's Republic of, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Taiwan, Thailand and United States of America.

ASEAN includes Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand.

EU includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom.

OECD includes Andorra, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Mexico, Monaco, New Zealand, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States of America.

OPEC includes Algeria, Gabon, Indonesia, Iran, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

(b) Includes Andorra and Monaco. (c) Prior to 1990-91, the former Germany, Democratic Republic is included in Europe nes. (d) The remaining republics of the former USSR have been included in either Europe nes or Asia nes from 1992-93 onwards. (e) Includes Liechtenstein.

CHAPTER 4

PRESENTATION

Overview

The Australian balance of payments estimates are compiled and published in the form of time series. Long series of monthly, quarterly and annual estimates are available. The monthly estimates are compiled back to July 1971, the quarterly estimates back to September Quarter 1959 and the annual estimates back to 1945-46.

4.2 Much more information is available for the quarterly estimates than for the monthly. Even more information is available for the annual estimates; for example, estimates classified by country are only compiled on an annual basis. The estimates for the latest month are likely to be less reliable than the corresponding quarterly and annual estimates and the detailed estimates are likely to be less accurate than the broader aggregates.

4.3 The Australian statistics are released in monthly, quarterly and annual publications. In each publication there are one or more main tables and a number of supplementary tables. The main tables provide summary statistics: they show the main aggregates and the more important components of the aggregates. The supplementary tables provide additional breakdowns as well as related statistics. Each publication contains an analysis of the latest results.

4.4 The published statistics include balances, constant price estimates, implicit price deflators, terms of trade measures, seasonally adjusted estimates and trend estimates, stocks (levels) of foreign financial assets and liabilities and the reconciliation of stocks with capital transactions. Statistics on exchange rates and the trade weighted index of the value of the Australian dollar are also provided in the supplementary tables.

Balances

4.5 As explained in Chapter 2, in a complete balance of payments statement, the net sum of all debit and credit entries (including the entry for the balancing item) is necessarily zero because of the double-entry system of accounting that is used to record the transactions. But, with any selection of items, it is possible for credit entries to exceed debit entries or debit entries to exceed credit entries and this is referred to as a *surplus* or *deficit* respectively. It is also common to speak of the net sum of credit and debit entries for a selection of items as a balance on these items, for example, *balance* on merchandise trade, *balance* on current account etc.

4.6 In Australian balance of payments statements released prior to February 1986, a group of transactions comprising official monetary movements was segregated from other transactions and a balance called net official monetary movements - equal to the net sum of the other transactions - was shown. Until the floating of the Australian dollar in December 1983, this balance was described as the measure of *overall balance* in balance of payments statistics.

4.7 Following the floating of the Australian dollar, *net official monetary movements* no longer served as the measure of overall balance. In publications released since February 1986, no overall balance is presented nor any balance corre-

sponding to *net official monetary movements*. This is in line with trends in the presentation of balance of payments statistics in other countries with floating exchange rates. However, as the Reserve Bank is shown as a separate sector in the current classification, users are still able to analyse official monetary movements and may readily derive a measure similar to *net official monetary movements* by reversing the sign of *reserve assets*.

4.8 Partial balances are derived as the net sum of specified current or capital account items. The Australian balance of payments statement presents a number of such balances. In the current account, the *balance on merchandise trade* and the *balance on current account* have traditionally been important to analysts. The *balance on goods and services* emphasises the nexus between the balance of payments and the domestic production account of the national accounts. In the capital account, the *balance on capital account* is shown.

4.9 Many balance of payments analysts regard it as important to take into account all the items, partial balances and related statistics when analysing the accounts. Statistics about movements in exchange rates are among the more important of the related statistics.

Constant price estimates

4.10 Estimates of exports and imports of goods and services at current and *constant (average 1989-90) prices* are presented in the quarterly and annual balance of payments publications. These publications also present commodity details of merchandise exports and imports as well as imports by economic end usage categories, at current and constant prices.

4.11 A value at constant prices may be thought of as being derived by expressing the current price value of each component transaction as the product of a price and quantity, and by substituting base year prices for each actual current period price. As a consequence, although they are expressed in money terms, constant price values vary only with changes in the quantities of the goods and services transacted. Aggregates at constant prices for each period are obtained by summing the constant price values for individual transactions. In effect, quantities of the individual commodities involved in the transactions are combined using their prices in the base year as weights.

4.12 There are two basic approaches which can be taken to estimate a constant-price value. The first approach uses the methodology implied by the definition of a constant price value: for an individual commodity, the estimate of quantity in each period is multiplied by the base year average unit price. This method, referred to as *quantity revaluation*, can be applied if the commodity is defined narrowly enough to ensure that it is homogeneous in content and free from quality changes over time (since a change in quality is considered to be a change in quantity).

4.13 The second, and more commonly used, approach to obtaining constant price estimates is referred to as *price deflation*. A measure of the price component of the current-price value is obtained (usually in the form of a price index) and is divided into the current-price value to obtain the constant-

price value. Relative price movements are normally more highly correlated between commodities than are relative quantity movements. Therefore, an adequate indicator of price movement can generally be obtained with less data than that required to obtain an equally adequate indicator of quantity movement (which is required in the quantity revaluation approach). A further advantage of price deflation is that, in the compilation of price indexes, changes due to quality can be more readily excluded, thus ensuring that quality changes are automatically reflected as quantity changes in the constant price estimates.

4.14 In some instances data constraints are such that directly relevant quantity or price data are not available to revalue a current-price value. In these circumstances, a proxy series comprising quantity or price movements of related commodities may be used. One type of price index which is often used as a proxy indicator of price movement is the implicit price deflator of related commodities which have already been revalued with directly relevant quantity or price data (see paragraphs 4.20 to 4.24 for a description of implicit price deflators).

4.15 A brief description of the methods used in estimating the constant price values of exports and imports follows. A fuller discussion of the methods used in estimating constant price values and the major approximations made in compiling constant price estimates appears in Section 4 of the ABS publication *Australian National Accounts, Concepts, Sources and Methods* (5216.0)

Exports of merchandise

4.16 For approximately 85 per cent, by value, of export commodities, the constant price estimates are obtained by quantity revaluation. The constant price estimates of the remainder are calculated using either price indexes or implicit price deflators obtained from quantity revaluation. The price indexes used include the U.S. Bureau of Economic Analysis's price index for computer equipment and the ABS price indexes published in *Export Price Index, Australia* (6405.0), and *Price Indexes of Articles Produced by Manufacturing Industry, Australia* (6412.0). The constant price values of the coverage and timing adjustments made to bring exports as recorded in international merchandise trade statistics (trade basis) onto a balance of payments basis are derived using relevant implicit price deflators (see paragraphs 4.20 to 4.24 for an explanation of implicit price deflators).

Exports of services

4.17 Constant-price values are obtained mainly by deflation of the current-price values, using relevant ABS price indexes published in *Consumer Price Index, Australia* (6401.0), *Price Indexes of Articles Produced by Manufacturing Industry, Australia* (6412.0) and *Award Rates of Pay Indexes, Australia* (6312.0) as well as some special purpose price indexes. Quantity revaluation is also used for some transportation services, where it is assumed that the volume of services sold moves in the same way as the capacity to provide the service.

Imports of merchandise

4.18 All constant price estimates are derived using detailed price indexes to deflate the corresponding current price values. ABS price indexes published in *Import Price Index,*

Australia (6414.0) are used to deflate all but two components. The exceptions are computer equipment where a computer equipment price index from the U.S. Bureau of Economic Analysis is used and 'other transport equipment' where an overseas price index for rail and sea components is used.

Imports of Services

4.19 In most cases, current price values of the components are deflated using consumer price indexes from overseas countries, adjusted for exchange rate changes. In all other cases, special purpose price indexes, implicit price deflators and ABS price indexes from *Consumer Price Index, Australia* (6401.0), and *Import Price Index, Australia* (6414.0) are used.

Implicit price deflators and terms of trade

4.20 *Implicit price deflators* (IPDs) relating to goods and services and corresponding *terms of trade* measures are also presented in the quarterly and annual balance of payments publications.

4.21 An IPD is obtained by dividing a current-price value by its corresponding constant-price value. Thus IPDs are derived measures (hence the term *implicit*) and are not normally the direct measures of price change by which current price estimates are converted to constant price estimates.

4.22 IPDs provide a measure of the price change between the base period of the relevant constant-price estimate and any other period. They are affected by both changes in prices between periods, and changes in the physical composition of the aggregate from which the IPD is derived.

4.23 Comparisons of IPDs between two periods other than the base period therefore reflect both changes in the prices between the two periods and changes in the composition of the aggregate between the two periods. Because the composition of an aggregate often changes from period to period, IPDs do not compare the price of a constant basket of goods and services between any two periods except in comparing the base period with any other period. IPDs calculated from quarterly aggregates may be particularly affected by changes in the physical composition of those aggregates. As much of the quarter-to-quarter change in the physical composition is of a seasonal nature, IPDs derived from seasonally-adjusted data are normally more reliable than those calculated from unadjusted data. Even so, seasonally-adjusting the series may not completely eliminate the impact of seasonal changes on the derived IPDs.

4.24 A more detailed discussion of the nature of IPDs is presented in Appendix B of the ABS publication *Australian National Accounts: Concepts, Sources and Methods* (5216.0).

4.25 There are several ways of measuring the *terms of trade*. A common method is to calculate an index of the form:

$$\frac{\text{Price index of exports}}{\text{Price index of imports}} \times 100$$

This method is used in Australia's balance of payments publications and the price indexes used are the IPDs for exports and imports of goods and services.

Seasonal adjustment and trend estimates

4.26 Most current account series 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 the quarterly and monthly publications.

4.27 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.

4.28 The seasonal adjustment factors for balance of payments series are revised at annual reanalyses to take account of additional original data and other information that has become available.

4.29 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 combining the independently-adjusted components of the balances.

4.30 The seasonally-adjusted estimates of merchandise exports f.o.b. and imports f.o.b. shown in the monthly publication can exhibit highly volatile movements from month to month, which make it difficult to interpret the movement of the series even after adjustment for seasonal variation. The seasonally adjusted series can, however, be smoothed to reduce the impact of the irregular component in the adjusted series. There are a number of ways of accomplishing this, depending on the intended uses of the smoothed series. If importance is attached to measuring the underlying change in the most recent periods, moving averages employing appropriate weighting patterns should be adopted; the choice of averaging technique will determine, in part, the degree of smoothness of the derived series. For example, a 23-term moving average will generally even out more of the short term fluctuation in a series (and therefore appear smoother) than will a 13-term moving average. However, the longer the term of the moving average, the longer is the time series affected by revisions resulting from more recent data. The degree of smoothness alone cannot always be used as the sole criterion in determining which moving average is appropriate to ensure that the underlying trend-cycle of a series is reflected in the smoothed series.

4.31 The monthly trend estimates of merchandise exports f.o.b. and imports f.o.b. are derived by applying a 13-term Henderson-weighted moving average to the seasonally adjusted series. While this technique enables trend data for the latest period to be produced, it does result in revisions to the trend estimates for the most recent months as additional observations become available. There may also be revisions as a result of changes in the original data, and as a result of the re-estimation of the seasonal factors. Details of *trend-cycle* weighting patterns are available on request.

4.32 The possible impact of future months observations on the provisional trend estimates of the balance on current account

for the latest three months can be gauged from the table and graph found in the Reliability of Contemporary Trend Estimates section of 5301.0. These show the revisions to the trend estimates that would result if the seasonally adjusted estimate for the following month is 25 per cent higher or lower than that for the current month, assuming no revisions to past estimates. The 25 per cent range represents the average percentage movement, without regard to sign, of the seasonally adjusted current account deficit over the last decade.

Exchange rates and trade weighted index

4.33 The monthly, quarterly and annual balance of payments publications show the exchange rates of the Australian dollar with four major currencies and the SDR, and a trade-weighted index of the value of the Australian dollar. The series are all shown on an end-of-period and period average basis.

4.34 The exchange rates are derived using rates provided by the Reserve Bank of Australia in respect of each trading day. The rate for the US dollar 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 largely in Asian markets. The rates shown are indications of market value only and could differ from those quoted by Australian banks.

4.35 The value of the SDR is calculated by the IMF on the basis of a weighted basket of five currencies- the US dollar, West German mark, French franc, Japanese yen and pound sterling. The IMF publishes the value of the SDR each day in terms of US dollars; the latest available rate is crossed with the 4pm \$A/\$US rate.

4.36 The trade-weighted index (TWI) for each trading day 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. 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.

4.37 The end-of-period rates relate to the last trading day of the reference period. The period averages are compiled by the ABS by averaging the trading-day figures.

Official reserve assets

4.38 Each of the monthly, quarterly and annual publications includes a table reconciling the level of Australia's official reserve assets (i.e. Australia's international reserves) with the changes in these assets which, after deducting valuation effects, are recorded in the balance of payments.

4.39 Changes in the levels at the end of each period are dissected into those which are included in the balance of payments (i.e. those resulting from transactions, the allocation or cancellation of SDRs and the monetisation or demonetisation of gold) and those which are due to the effects of revaluations.

CHAPTER 5

PUBLICATIONS AND OTHER PRODUCTS

Overview

The Australian balance of payments statistics are published monthly, quarterly and annually. The estimates for a period first appear in the monthly publication and later in the quarterly and annual publications in that order. The statistics are also disseminated, in conjunction with other ABS statistics, electronically and on floppy disk. Special data services providing regional and long term monthly and quarterly series are also available soon after the release of the relevant publications. These are available on floppy disk and paper.

5.2 Further information about balance of payments transactions is provided in other ABS publications. International investment publications provide more information about investment income and the capital account in a form strictly consistent with balance of payments publications. More detailed statistics on most international transactions in services are also available.

Monthly publication

5.3 The monthly publication, *Balance of Payments, Australia* (5301.0) is usually released around twenty one working days after the end of the reference month. It provides principal balance of payments aggregates and other relevant series in seven tables for the latest fifteen months and three financial years, as well as for the current year-to-date and corresponding period for the previous year. The publication also includes graphs and analytical notes on the estimates.

Quarterly publication

5.4 The quarterly publication, *Balance of Payments, Australia* (5302.0), although less timely than 5301.0, provides more detailed balance of payments estimates and other background data. It contains thirty five tables, most of which show data for the latest ten quarters and three financial years, and is released about two months after the end of the reference quarter. The last three tables contain historical information, on an annual and quarterly basis, for the past sixteen years. This publication also includes graphs, analytical notes on the estimates, and feature articles.

Annual publication

5.5 The annual publication, *Balance of Payments, Australia and International Investment Position*, (5363.0) is primarily useful as a reference document. It is published when all the estimates are, as far as possible, final or subject to only minor revision. The release date for this publication is about eleven months after the end of the reference year. The publication presents statistics on Australia's balance of payments and international investment position. It amalgamates information previously published in three separate publications: *Balance of Payments, Australia* (5303.0), *International Investment Position, Australia* (5305.0) and *International Trade in Services, Australia* (5354.0).

These three publications were discontinued in 1994. The new publication includes annual balance of payments estimates in tables similar to those in 5302.0, for the latest six financial years. In addition, it includes detailed breakdowns of Australia's exports and imports of services, regional balance of

payments and international investment position estimates, historical series back to 1945-46, graphs, related statistics including Australia's transactions with the IMF, an analytical commentary and special feature articles. This publication contains sixty seven tables.

Historical series

5.6 Long-term annual series are available in several publications. The annual publication 5363.0 provides estimates, back to 1945-46. Official estimates for earlier years, back to 1928-29, are available in the three annual issues of the Commonwealth Bureau of Census and Statistics publication *The Australian Balance of Payments* which is also known as the *red book*. The first issue, released in 1950, covered the period 1928-29 to 1948-49. Estimates for years prior to 1936-37 in the *red book* are only in respect of the current account and international reserves, i.e. other capital account series for that period are not available. Series in the *red book* are not strictly comparable with series in 5363.0 and careful note should be taken of the explanatory notes in each of these publications.

Special data services

5.7 Quarterly and monthly historical series are available as special data services on floppy disk or computer printout. These services provide the quarterly series shown in 5302.0 back to September quarter 1959 and the monthly series shown in 5301.0 back to July 1971. An additional table showing quarterly details of changes in the components of official reserve assets (gold, SDRs, reserve position in the IMF and foreign exchange) back to September quarter 1959 is also included. These services are available soon after the release of the relevant publications.

5.8 Historical regional balance of payments series at the greatest level of country and regional detail are also available on floppy disk or computer printout shortly after the release of 5363.0.

Other forms of balance of payments release

5.9 Monthly and quarterly balance of payments statistics are currently disseminated electronically on the ABS on-line database PC AUSSTATS. This service provides all the balance of payments series which are available in 5301.0 and 5302.0, as well as historical series. The series are updated shortly after embargo time for release of each publication.

5.10 The ABS quarterly release *Time Series Service* provides a wide range of ABS economic statistics on magnetic tape (1334.0), floppy disk (1337.0) and microfiche (1335.0). This release, which includes all monthly and quarterly balance of payments series available in 5301.0 and 5302.0, is available soon after the release of ABS publication *Quarterly Estimates of National Income and Expenditure, Australia* (5206.0) each quarter.

International merchandise trade releases

5.11 Merchandise imports and exports statistics are available on a monthly, quarterly and annual basis. Merchandise im-

ports statistics are first released, on a monthly basis, in the ABS publication *Merchandise Imports (Balance of Payments Basis) Australia* (5320.0) about thirteen working days after the reference month. Much more detailed statistics, but not on a balance of payments basis, are also released at this time in a range of standard and tailored unpublished products which can be delivered either electronically on floppy disk, magnetic tape or microfiche or on paper.

5.12 There is one regular international merchandise trade publication covering both exports and imports: the quarterly *International Merchandise Trade, Australia* (5422.0). More detailed statistics are available as special data services. Data are also disseminated via paper, floppy disk, microfiche, magnetic tape or via electronic mail.

International trade in services

5.13 Detailed annual estimates of Australia's international trade in services and selected royalties transactions are included in the annual ABS publication *Balance of Payments and International Investment Position, Australia* (5363.0). It shows statistics on Australia's exports and imports of services and foreign payments and receipts for royalties. Classifications include detailed service/royalty product, country and country group. These statistics were previously included in the annual ABS publication *International Trade in Services, Australia* (5354.0) which was discontinued in 1994.

5.14 Detailed quarterly estimates of transportation services provided by Australian residents to non-residents, and by non-residents to residents, are available as a special data

service. As well as providing a further disaggregation of the transport services items in the balance of payments, the estimates provide associated information on freight earnings and other selected operating measures. These statistics were previously released in the quarterly publication *International Transportation Services, Australia* (5350.0), which was discontinued in 1989.

International investment position

5.15 Additional information about capital account and investment income transactions is available in international investment position publications. These estimates are consistent with balance of payments estimates. International investment position statistics also provide comprehensive statistics on the levels of foreign investment in Australia, the levels of Australian investment abroad and the size of Australia's foreign debt.

5.16 International investment position statistics are released quarterly in the publication *International Investment Position, Australia* (5306.0) and annually in the publication *Balance of Payments and International Investment Position, Australia* (5363.0). Annual statistics were previously released in the publication *International Investment Position, Australia* (5305.0) which was discontinued in 1994. Data are also disseminated on PC AUSSTATS and through the Time Series Service (1311.0). More detailed international investment position statistics are available as special data services.

CHAPTER 6

DATA SOURCES

Introduction

The Australian balance of payments estimates are derived from a wide range of sources. The data sources employed range from those that are wholly or partly a by-product of government administration, such as international merchandise trade statistics, to those developed specifically for balance of payments purposes, such as the International Trade in Services Survey. The sources have been broadly classified under the following major headings:

- ABS sources
- Reserve Bank of Australia sources
- Other sources

They are described in the following sections.

Australian Bureau of Statistics sources

International merchandise trade statistics

6.2 International merchandise trade statistics are monthly statistics compiled by the ABS on the quantities and values of goods which cross the Australian customs frontier.

6.3 Importers and exporters (or their agents) are required to obtain clearance from the Australian Customs Service (ACS) for goods brought into or taken out of Australia. After the clearances have been processed by the ACS, details are provided to the ABS for the purpose of compiling international merchandise trade statistics,

6.4 *Exports* are recorded statistically in the month during which the goods are shipped from Australia. *Imports* are recorded statistically in the calendar month in which the import entries are passed to the ABS.

6.5 Analysis of imports data has shown that, in aggregate, approximately 85 per cent by value of imports recorded for a particular month actually arrived during that month, 10 per cent actually arrived during the previous month with the remaining 5 per cent arriving in earlier months. For individual commodities, the percentage by value representing actual arrivals in a month can vary considerably.

6.6 In international merchandise trade statistics, the published value of exports is the free on board (f.o.b.) transactions value of goods, expressed in Australian dollars, while the published value of imports is the f.o.b. Customs value. The use of the f.o.b. valuation means that trade values include transport and other service charges involved in delivering the goods to the port of shipment in the country of export (including any charges for loading of the goods on board the carrier at that port) but exclude all charges, particularly the cost of freight and insurance, involved in delivering the goods beyond the port of shipment.

6.7 In international merchandise trade statistics, the values of exports and imports of goods denominated in foreign currencies are, in general, converted into Australian dollars at market rates of exchange. For imports, the rates used are the mid-point of the buy and sell rates applicable on the date of export from the foreign country.

6.8 International merchandise trade statistics are used to derive estimates of *merchandise exports f.o.b.* and *merchandise imports f.o.b.* in the balance of payments. Preliminary monthly data are available in time for the monthly merchandise imports (balance of payments basis) and balance of payments publications. However, international merchandise trade statistics are not based on the coverage, timing and valuation principles required for recording merchandise in the balance of payments. All movable goods (with a few specified exceptions) which change ownership between residents and non-residents should be recorded in the balance of payments. They should be recorded at the time their ownership changes and they should be valued at the price at which the transaction occurs.

6.9 Balance of payments *timing adjustments* are made where goods are known to change ownership in one period but are recorded in trade statistics in another. The extent to which such adjustments can be made is limited. Unless information is available on the time that goods change ownership, it is, for practical purposes, assumed that the closest approximation to this time is the *time of shipment* for exports and the *time of entry lodgement* with ACS for imports. For exports, this timing is the same as that used in compiling international merchandise trade statistics. For imports, this timing requires adjustments to international merchandise trade statistics to take account of significant changes in the volume of import entries processed by the ACS. Again, to reflect changes of ownership, *coverage adjustments* are made to include goods which change ownership but for which a customs entry is not completed (unrecorded exports and imports) and to exclude goods crossing the customs frontier which do not change ownership.

6.10 Both exports and imports are recorded in the balance of payments at the required f.o.b. transactions value, using data supplied on export and import entries. Although the value of imports published in international merchandise trade statistics is the Customs value (an f.o.b. basis of valuation), imports are also recorded on import entries at f.o.b. transactions values. An *import valuation adjustment* is shown in reconciliation tables associated with balance of payments statements to reconcile the value of imports based on the Customs value with the value of imports based on the f.o.b. transactions value.

6.11 International merchandise trade statistics are also used in conjunction with other data to derive the balance of payments items freight on imports, insurance on exports, port services credits, insurance on imports, and general government accounts receivable/prepayments made.

Survey of Foreign Investment

6.12 The ABS has conducted a regular Survey of Foreign Investment (SFI) since 1947-48. Currently, the survey is conducted quarterly and annually, with a small amount of information obtained monthly.

6.13 The annual collection is conducted as a stratified random sample of all enterprise groups known to fall within the scope of the survey. Approximately 4,500 enterprise groups are surveyed annually from a population of about 5,600 enterprise groups identified as being within scope of the statis-

tics. The quarterly surveys collect somewhat less information than the annual surveys. They approach about 1,200 enterprise groups known to have foreign financial assets or liabilities in excess of certain amounts and about 80 broking and nominee enterprises acting on behalf of foreign principals. The monthly collection approaches a small number of enterprise groups - currently 17 - by telephone to obtain information for compiling selected monthly balance of payments series.

6.14 The SFI collects information on the levels of foreign investment in Australia and Australian investment abroad, including the levels of foreign debt, and associated capital and income transactions. In principle, the scope of the SFI includes all foreign investment in Australia and Australian investment abroad but, in practice, it is currently more efficient to collect data on certain aspects of foreign investment activity from other sources. These data relate to: Commonwealth Government borrowing domiciled abroad, general government liabilities to international development financing institutions, Commonwealth Government investment abroad and the foreign investment activity of the Reserve Bank. The other sources used include the Survey of Principal Transport Enterprises and special advices.

6.15 The following balance of payments items are estimated using results from the SFI: *investment income credits and debits (part); fees for financial services credits and debits; withholding taxes debits; State government borrowing domiciled abroad; general government borrowing domiciled in Australia; general government lending (part); foreign investment in the Australian non-official sector and Australian investment abroad by the non-official sector.*

6.16 Preliminary monthly capital account data for the items *State government borrowing domiciled abroad, general government borrowing domiciled in Australia and non-official public sector non-equity securities domiciled in Australia* are compiled from the SFI monthly collection, in time for inclusion in the monthly balance of payments publication. The SFI quarterly collection provides quarterly data for these items with a lag of about one month after the reference quarter. Preliminary quarterly data for the other capital account items are available with a lag of about five weeks, in time for the quarterly balance of payments publication. Revised quarterly data are provided with a current lag of about four months.

6.17 Quarterly investment income data for the official sector, for banks, for public sector enterprises and for shares and other securities issued in Australia are provided from the SFI quarterly collection with a lag of about one month. Quarterly data for the remaining investment income items are provided with a lag of about five weeks.

6.18 Quarterly data are subject to revision as more data, especially from the SFI annual collection, become available. Results covering capital flows and investment income from the annual collection are provided with a lag of about seven months after the reference year.

International Trade in Services Survey.

6.19 Prior to the early 1980s, much of the data for services was sourced from foreign exchange records of banks in what was known as the Survey of Non-Trade Foreign Receipts and Payments (or "tickets"). However, deregulation of Australia's financial markets and the removal of foreign ex-

change controls in the mid-1980s saw the coverage and classification of data emanating from the tickets system deteriorate markedly.

6.20 To counter the data quality problems that were arising in the tickets system, the ABS began developing surveys in the mid 1970's to estimate some items in the balance of payments. By the late 1980's estimates for transportation, travel, insurance and financial services were all sourced from surveys. In 1987-88 the final gap in the coverage of non-financial sector services was plugged with the introduction of the International Trade in Services Survey (ITSS). As a result, "tickets" was dropped completely as a data source for services statistics from that time.

6.21 The ITSS was first conducted for the year 1987-88 and subsequently for the year 1989-90. In both years it obtained detailed benchmark data for use in compiling balance of payments estimates. A limited amount of data was also collected from the major contributors for 1988-89 and 1990-91, to update the detailed benchmark data.

6.22 From 1991-92 onwards, the ITSS has had both quarterly and annual components. The annual collection provides detailed benchmark data while the quarterly collection provides more frequent updates of the quarterly estimates benchmarked to the annual collection.

6.23 Initially, the ITSS sought detailed product and country information across a range of selected services and royalties transactions from a large sample of businesses. It was designed to provide benchmark estimates of the *other non-official miscellaneous services credits and debits items and the other property income credits and debits items*, in the balance of payments, as well as dissections of these items. As a result of subsequent collection strategy reviews, four other long-standing ABS surveys have since been integrated into the ITSS collection process. These are the Survey of International Insurance Transactions (annual); the Survey of International Shipping Operations (quarterly); the Survey of International Airline Operations (monthly, quarterly and annual) and the Survey of International Travel Enterprises (quarterly and annual).

6.24 The ITSS now comprises:

- A monthly collection from resident international airline operators to obtain limited information on sales of passenger fares. Monthly results are available approximately twelve working days after the reference month, in time for inclusion in the monthly balance of payments publication.
- A quarterly sample collection of approximately 600 enterprises with a significant level of international trade in services, using "tailored" forms for enterprises with selected services such as shipping, air transport and travel, and a "general" form for other enterprises. Quarterly results are available about two months after the reference quarter. Until survey results are available, extrapolations are used.
- An annual sample collection from approximately 2,900 enterprises, using a "general" international trade in services form and "tailored" forms for enterprises with selected services such as: insurance; information technol-

ogy; and film, television and music royalties. Annual survey results are available within six months of the reference year, in time for inclusion in the annual balance of payments and international investment position publication.

6.25 Data from the ITSS are used to compile: Freight on exports; Other transportation debits and credits (part); Travel debits (indicator series to move quadrennial benchmarks); Insurance services debits and credits (part); Non-official miscellaneous services debits and credits; and Other property income debits and credits (part).

Survey of Returned Australian Travellers

6.26 The Survey of Returned Australian Travellers (SORAT) commenced in respect of July 1991 and was run monthly for the succeeding 12 months, covering the 1991-92 financial year. The survey sought information about expenditure and income earned by Australian residents while travelling abroad in that period.

6.27 The survey approached a sample of returned Australian travellers, selected from passenger card data provided to the ABS by the Department of Immigration and Multicultural Affairs (DIMA). (DIMA collects passenger cards completed by or on behalf of every person entering Australia.)

6.28 Information from the SORAT has been used to update the benchmark estimate for the *travel debits* item in the balance of payments current account to which indicator series are pegged; to obtain a survey estimate of *labour income credits* and its offsetting debit item *expenditure of non-resident entity employees* for the first time; and to establish better regional estimates of the *travel debits* item.

6.29 The SORAT is currently conducted every four years to update these benchmark estimates.

Other ABS Sources

(i) Survey of Principal Transport Enterprises

6.30 This survey is conducted quarterly and provides monthly data on payments for, and deliveries of, major items of transport equipment (e.g. aircraft and ships) purchased abroad by large resident transport operators; and on receipts for, and deliveries of, such equipment sold to foreign purchasers by these enterprises. Information from the survey is used to compile part of the coverage and timing adjustments used to derive *merchandise exports f.o.b.* and *merchandise imports f.o.b.* on a balance of payments basis. The coverage adjustments comprise additions to recorded exports and imports to take account of those sales and deliveries of transport equipment that are not included in international merchandise trade statistics. Timing adjustments are made to recorded imports where the time of delivery of equipment (assumed to be the time of change of ownership) and the time of recording in international merchandise trade statistics differ. The survey also provides a measure of the international trade credit and prepayments associated with the purchase or sale of transport equipment by these transport enterprises (part of the non-official capital items *accounts payable/prepayments received* and *accounts receivable/prepayments made*).

6.31 Information on anticipated monthly transactions is also collected each quarter and monitored monthly, in consultation with the enterprises concerned, for use in deriving the *merchandise* and *accounts receivable/prepayments made* items. This information is available in time for the monthly balance of payments publication but subsequent amendments may be necessary when actual transactions data from the survey become available about one month after the end of the quarter.

(ii) Survey of Embassies and Consulates

6.32 This ABS survey is the principal source for estimates of expenditure by foreign governments on maintaining their representation in Australia. It was initially run in respect of 1984-85, again in 1987-88, and most recently in respect of 1991-92. Selected embassies and consulates in Australia are approached to provide, on a voluntary basis, details of numbers of diplomatic staff, numbers of locally engaged staff, salaries paid, other current operating expenses and capital expenditure. These data are used to derive *expenditure of foreign governments*, *expenditure of foreign government employees*, and *labour income - earnings in Australia*.

(iii) Overseas Arrivals and Departures

6.33 Persons arriving in, or departing from, Australia are required to complete prescribed questionnaires in the form of Incoming and Outgoing Passenger cards. These cards provide information to the Department of Immigration and Multicultural Affairs for administrative purposes and serve as the source of statistics on overseas arrivals and departures.

6.34 The statistics, which measure the number of movements of travellers into and out of Australia are published in the ABS monthly, quarterly and annual publications *Overseas Arrivals and Departures, Australia* (3401.0, 3402.0 and 3404.0 respectively). Monthly statistics are available about six weeks after the reference period.

6.35 Estimates of the number of short term visitors in Australia during a particular month are derived from this monthly source by averaging the number of short-term arrivals and departures of visitors to Australia. These estimates are applied to estimates of the per capita expenditure of non-resident travellers in Australia (derived from the International Visitor Survey (see paragraphs 6.43 and 6.44) to calculate the major part of *travel credits*. They are also applied to estimates of the per capita earnings of non-resident visitors from resident employers in Australia (also derived from the International Visitor Survey) to calculate *non-official labour income debits* and its offsetting credit item *expenditure of resident-entity employees*.

6.36 Estimates of the number of short-term Australian visitors abroad during a particular month are derived by averaging the number of short-term departures abroad and arrivals from abroad of Australian residents. These estimates are applied to estimates of the per capita expenditure of Australian travellers abroad (derived from the travel component of ITSS and from SORAT) to calculate *travel debits*. They are also applied to estimates of the per capita earnings of Australian visitors from non-resident employers abroad to derive the credit item *labour income - earnings abroad* and its offsetting debit item *expenditure of non-resident entity employees*.

(iv) *Other ABS sources*

6.37 Other information collected by the ABS is used in the estimation of balance of payments items. Data from *Research and Experimental Development, Business Enterprises, Australia* (8104.0), published annually, assist in the estimation of *other property income, credits*.

6.38 From time to time, the ABS makes other inquiries of enterprises and authorities in order to ensure complete coverage and correct treatment of balance of payments transactions.

Reserve Bank sources

Official reserve assets

6.39 The Reserve Bank of Australia is responsible for compiling information relating to official reserve assets (Australia's international reserves). It compiles a monthly series, which it first published in March 1970, on the levels of official reserve assets, comprising official holdings of gold, foreign exchange, SDRs and Australia's reserve position in the IMF. Changes in the value of these assets occur not only as a result of economic transactions, the allocation or cancellation of SDRs and the monetisation or demonetisation of gold, but also as a result of fluctuations in the market value of certain of these assets and in the market rates of exchange used to convert them to Australian dollars. Statistics compiled by the Reserve Bank on changes in the levels of official reserve assets include a series showing changes due to revaluations and a derived series showing changes due to economic transactions, the allocation or cancellation of SDRs and the monetisation or demonetisation of gold. The derived series is included in the balance of payments under official reserve assets (in the Reserve Bank sector of the capital account). Changes due to revaluations are excluded from the balance of payments. The data are supplied by the Reserve Bank in time for the monthly balance of payments publication.

Other Reserve Bank sources

6.40 Other data are also provided by the Reserve Bank in time for the monthly balance of payments publication. These data are mainly used in compiling the *Reserve Bank sector* of the capital account and *Reserve Bank investment income credits and debits*. Some minor and infrequent Reserve Bank transactions, which are not available for separate publication under the Reserve Bank sector, are recorded under *other investment abroad* of the general government sector.

Other sources

Commonwealth Government ledgers

6.41 Commonwealth Government ledgers are made available to the ABS within three days of the end of each month and therefore in time for the monthly balance of payments publication. The ledgers contain itemised data on all Commonwealth Government expenditures and receipts during the month. While for many items it is clear from the ledgers which amounts are spent overseas and which are spent in Australia (the latter are not included in the balance of payments), for some items the amount sent overseas has to be estimated as a proportion of total expenditure. Data from the ledgers represent either cash payments or cash receipts and

therefore do not necessarily accord with the principles for recording transactions in the balance of payments. Information from the ledgers is used to directly estimate the following items: *official labour income debits, foreign aid debits and miscellaneous official transfers debits*. It is used to directly estimate part of several other items: *travel credits, miscellaneous non-official services credits, miscellaneous official services debits, expenditure of Australian government employees, general government investment income credits, interest on general government borrowing domiciled abroad, official unrequited transfers credits, and migrants transfers credits*. It is also used, in conjunction with other sources, to estimate *other official services credits and general government accounts receivable/prepayments made*.

Commonwealth Government loans advice

6.42 This monthly advice, which is available in time for the monthly balance of payments publication, provides data for the item *Commonwealth Government borrowing domiciled abroad*.

International Visitor Survey

6.43 The International Visitor Survey was conducted in respect of the financial years 1971-72 to 1974-75 and for the calendar years 1979, 1981 and 1983 to 1986 by the former Australian Tourist Commission. It was not conducted for 1987. It was recommenced by the Bureau of Tourism Research (BTR) in 1988 and results were made available quarterly from March 1989. Data from the International Visitor Survey are available with a lag of about three months after the end of each quarter.

6.44 This sample survey collects information from short-term visitors to Australia immediately prior to their departure from Australia. Data obtained from this survey on per capita expenditure of non-resident travellers in Australia are used, together with estimates of the number of short-term visitors to Australia (obtained from overseas arrivals and departures statistics), to derive estimates for the major part of the *travel credits* item. Data collected from the survey on per capita earnings of non-resident visitors from resident employers in Australia are used in conjunction with the visitor numbers information to estimate *non-official labour income debits* and its offsetting credit item *expenditure of resident entity employees*.

Other

6.45 Government budget papers, special official advices from relevant government departments, various departmental reports and information provided by joint defence facilities etc. in Australia are used in the estimation of a number of balance of payments items, including: part of *travel credits*, part of *other official services credits, expenditure of foreign governments, expenditure of foreign government employees, part of passenger services debits, official financial services debits*, part of *miscellaneous official services debits, labour income credits - earnings in Australia*, part of *migrants' transfers credits, Australian government pensions, other foreign investment in the Australian general government sector, general government lending abroad and other general government investment abroad*.

CHAPTER 7

METHODS OF ESTIMATION

Overview

The process of estimating the balance of payments accounts is complex, reflecting the complexity of the conceptual framework and the varied nature of the numerous data sources used. While an outline of the estimation process for each balance of payments item is given in the Appendix, the following paragraphs indicate the two broad methods used to estimate entries for particular balance of payments items for the reference period.

7.2 The first method is to use data available in respect of the reference period from the relevant data sources. This method, of course, requires that up-to-date source data are available at the time that estimation takes place. Because of the timely nature of the release of statistics in the monthly and quarterly balance of payments publications, certain source data are not available in time for the compilation of estimates for certain items, or parts of items, for the reference period (and perhaps other current periods). In such cases, the second method, described as *extrapolation*, may be used. This method is discussed in Paragraph 7.6 below. It should be noted, however, that extrapolation is used only in the case of items for which the method is judged to be reasonably satisfactory. For example, the method is considered to be satisfactory in the case of the services items in the current account but not for volatile items comprising most of the non-official sector of the capital account.

7.3 Most broad balance of payments aggregates, such as *net services* or *total official capital* are estimated as the net sum of credit and debit entries for component balance of payments items for the period concerned.

7.4 Because only a limited amount of source data for the reference month are available in time for compilation of the monthly or quarterly balance of payments publication, extrapolation methods are used to estimate entries for a number of current account items. The initial estimates are therefore preliminary and subject to revision as more complete and accurate information becomes available.

7.5 Sometimes it is not possible to estimate entries for particular items for the reference period due to lack of available data sources or because extrapolation methods are not considered satisfactory in the case of the items concerned. There are a number of items of this kind which cannot be estimated for the reference month or quarter in time for inclusion in the monthly publication. These cover the non-official sector items of the capital account (except *non-equity securities domiciled in Australia* and *accounts receivable/prepayments made*) which are estimated as quarterly series only, because little information is available on private capital movements on a monthly basis. Because of the double-entry system of accounting employed in the compilation of balance of payments statistics, aggregates of the items which cannot be estimated for a particular period are derived as residuals. In the monthly publication, the item *non-official capital plus balancing item* is the capital account resid-

ual aggregate, derived by deducting *total official capital* from the *balance on capital account plus balancing item*. This latter item is of equivalent magnitude (but opposite sign) to the *balance on current account*.

Use of extrapolation

7.6 *Extrapolation* is the method used for estimating current entries for certain balance of payments items for which source data are not available in time for inclusion in balance of payments publications. As mentioned earlier, it is only used where the method is judged to be reasonably satisfactory for the item concerned. Extrapolation denotes projecting the series for a particular item forward, taking into account such factors as related statistical indicators, historical developments in the series, the latest available source data, seasonal factors, appropriate economic and social influences and any other known factors that are considered to be relevant. Related statistical indicators are series which either directly affect or are directly affected by certain balance of payments series. The indicator series could in fact be other balance of payments series. Examples of such relationships are travel and overseas arrivals and departures statistics, and transportation and international merchandise trade statistics.

Distribution of longer-period data to shorter periods

7.7 Some data sources provide quarterly data but not monthly data. Therefore, in order to make monthly estimates, quarterly data must be distributed among the months. This may be done by using the pattern provided by partial data or related statistical indicators. However, if no basis exists for making monthly allocations, it may not be attempted (as is the case for the non-official sector of the capital account) or quarterly estimates may be evenly distributed (as is the case for non-official sector investment income items). Similar practices apply for data sources available annually but not quarterly.

Revisions and revisions policy

7.8 Balance of payments estimates (and, in particular, the latest monthly and quarterly estimates) are subject to revision. Revisions generally move estimates closer to their final published values and therefore the practice of revision is consistent with the aim of providing the most accurate estimates possible.

7.9 The general policy adopted in relation to revisions is to take every practicable opportunity to incorporate more accurate information into the estimates for every period.

7.10 To minimise disruption to the historical database, if revisions affecting periods *prior to the previous financial year* are small, they are usually held over until the January or July issue of the monthly publication (5301.0) and the corresponding December quarter or June quarter issue of the quarterly publication (5302.0).

CHAPTER 8

QUALITY OF BALANCE OF PAYMENTS STATISTICS

Introduction

To be of most benefit to users, statistics need to be not only relevant (measure the things users are interested in) but also as accurate, reliable and timely as possible. *Accuracy* is concerned with the proximity of an estimate of an item to the ideal, or true, value of that item. *Reliability* is concerned with how close the initial and intermediate estimates for a particular period are to the final estimate for that period. *Timeliness* refers to the lag between the end of the reference period and the initial publication of statistics for that period. Relevant statistics that are both accurate and published with a short time lag can be said to be of high quality. This chapter discusses the issues surrounding data quality as they relate to balance of payments statistics. It offers users of balance of payments statistics some insights into how they may assess the quality of the statistics and outlines some of the steps the ABS takes to ensure that the quality of the balance of payments statistics is of high standard. A more detailed assessment of the quality of Australian balance of payments statistics is included in the ABS information paper *Quality of Australian Balance of Payments Statistics, Australia*, (5342.0), released in February 1996.

Factors influencing the accuracy, reliability and timeliness of balance of payments statistics

8.2 In principle, balance of payments statistics should be compiled by summing the foreign accounts, whether actual or notional, of every economic unit (i.e., every government body, business, household etc.) in Australia. In practice, this is not feasible. The Australian balance of payments estimates are therefore derived by combining data from a wide range of sources of varying degrees of accuracy, frequency, detail and timeliness.

8.3 While estimates of balance of payments components should be as accurate and up-to-date as possible, these objectives must be seen against a background of a number of practical considerations and other constraints. Most data sources suffer from one or more deficiencies for balance of payments purposes: time lags in collection and processing; inappropriate or insufficient coverage; incorrect valuation and timing etc. While efforts are continually being made to overcome or minimise such problems, account must be taken of other considerations such as the availability and timeliness of data from any alternative source, the cost of collection, the relative cost-benefit of full and sample collections, the likely attitude of and burden upon data providers and the possible effects on other collections. In these circumstances, it is inevitable that available source data will always fall short of the ideal requirements for balance of payments purposes.

8.4 Consequently, a trade-off between timeliness, on the one hand, and accuracy and/or detail on the other becomes necessary. The timing of the three main balance of payments publications is based on such a compromise. The monthly balance of payments publication (5301.0) provides a timely current indicator of broad balance of payments trends on the basis of limited source data and with some loss of accuracy and detail in order to achieve the greatest possible timeliness.

8.5 The quarterly balance of payments publication (5302.0) provides less timely but more comprehensive estimates. This publication is released as soon as there are sufficient source data available at a reasonable level of detail to make publication in some detail possible. The timing of this release is scheduled so that it can include original and seasonally adjusted estimates of goods and services at constant prices and preliminary data for the reference quarter from the quarterly Survey of Foreign Investment.

8.6 The annual publication (5363.0) provides detailed estimates, which are, as far as possible, final or subject to only minor revision. It incorporates information for the reference year from all major data sources. It is not issued until figures from the annual Survey of Foreign Investment are available for the reference year.

8.7 The above schedule implies that the latest estimates in the monthly balance of payments publication, to a greater extent than estimates in quarterly and annual balance of payments publications, are preliminary and subject to revision as more complete and accurate information becomes available. Further, the more detailed estimates may be less accurate in relative terms than broader items and aggregates of which they form components.

8.8 Particular care should be exercised in interpreting month-to-month movements in original and seasonally adjusted series as short term movements cannot be assumed to indicate changes in trend. The monthly estimates are volatile, being subject to seasonal factors (except where adjusted) and large irregular influences. The irregular influences may reflect both random economic events and difficulties of statistical recording. Seasonal adjustment does not aim to remove the irregular or non-seasonal influences which may be present in any particular month. This means that the month-to-month movements of the seasonally adjusted estimates may not be reliable indicators of trend behaviour. For example, irregular factors unrelated to the trend account for more than half the seasonally adjusted monthly movements with the following frequency:

Balance on current account: 9 in 10 months
 Merchandise exports f.o.b: 8 in 10 months
 Merchandise imports f.o.b: 9 in 10 months.

8.9 The impact of the irregular influences upon the seasonally adjusted series is reduced by deriving trend estimates. The monthly balance of payments publication incorporates trend estimates for merchandise exports f.o.b., merchandise imports f.o.b. and the overall current account balance.

Reliability of the monthly estimates

8.10 The production of preliminary monthly balance of payments statistics, as indicated previously, involves a trade-off between timeliness and accuracy. The first-published estimates are made available very quickly after key preliminary data are obtained from certain sources - basically international merchandise trade statistics, data on official reserve assets from the Reserve Bank, data on general government transactions from the Commonwealth Government's accounting records and data on public sector investment from some major enterprises. However, it is not possible for most enter-

prises to provide information about their foreign transactions within a few weeks of the end of the month.

8.11 For those current account items for which current monthly and quarterly data are not available (notably, most of the services, income and unrequited transfers items relating to the non-official sector), estimates are made by extrapolating historical series. The latest monthly and quarterly estimates are subsequently revised as more information becomes available. It should be noted that where data are collected from enterprises in quarterly surveys (e.g. most investment income data for the non-official sector), revisions to extrapolations of past results will affect three adjacent months and involve adjustments in the same direction to earlier estimates for those months.

8.12 The first-published monthly estimates have generally proved to be reasonable indicators of the final results. The average monthly revisions to both total current account credits and to total current account debits have been quite small in percentage terms. Also the initial current account deficit estimates have, on most occasions, correctly indicated the direction of movement from the previous month shown by subsequent revised estimates.

8.13 While care is needed in their use and interpretation, the initial month's estimates are considered useful for those analytic purposes requiring a broad indication of current developments in the external accounts.

Quality assessment

8.14 There are a number of factors that can be examined in assessing data quality. These are discussed below:

Sample error

8.15 Where various balance of payments items are subject to sample error, the size of the sample error is one measure of accuracy. Sampling procedures are used in the Survey of Foreign Investment, the International Trade in Services Survey, the International Visitor Survey, the Survey of Returned Australian Travellers, and Overseas Arrivals and Departures statistics. Overall sample errors are usually small and for many estimates non-sample errors (examples of which are given below) are of much greater concern.

Balancing item (net errors and omissions)

8.16 One method of assessing the accuracy of balance of payments statistics is to consider the size of the balancing item. The adoption of the double entry accounting system of recording means that, in principle, the net sum of all credit and debit entries should be equal to zero. In practice, due to data source deficiencies, some transactions are not recorded accurately (errors) and some may not be recorded at all (omissions). Persistently large figures for this item may be taken as an indication of serious errors and omissions in the accounts. However, a small balancing item does not necessarily mean that only small errors and omissions have occurred, since the errors and omissions may be offsetting.

8.17 There are various ways in which the size of the balancing item can be assessed. For example, it might be examined as a proportion of a country's total current or capital account transactions, or a sub-set of these, or as a proportion of a country's gross domestic product.

8.18 Australia's quarterly balancing item is much more volatile than its annual balancing item and this volatility has become more marked since the mid 1980s. This may partly reflect timing and valuation problems arising from rapid movements in exchange rates and the impact of deregulation of financial markets. The inference that timing differences are a source of the volatility is supported in those cases where the consecutive quarterly balancing items tend to be offsetting in broad magnitude and sign.

Behaviour of series over time

8.19 To assess the quality of certain balance of payments series an analyst could look at whether the behaviour of series over time provides a good explanation of economic activity, or whether series appear to behave in erratic and inexplicable ways. Often, it is useful to examine related series to determine whether a ratio formed by the series behaves in an appropriate way. Examples of such ratios are: freight rates, comparing transport debits (freight earned by non-resident carriers) to imports f.o.b.; and investment yields, comparing income debits to the level of foreign investment in Australia.

Data confrontation

8.20 Some assessment of the accuracy of various series in the balance of payments can be made by examining the accounting relationship that exists between these and other related economic statistics.

8.21 Within international investment statistics, for example, collections are designed to capture international capital flows and stocks together. Essentially, the level of foreign assets (or liabilities) at the end of a given period should be equal to the level of foreign assets at the end of the previous period, plus creations less cancellations of financial claims during the period and plus the net effect of any revaluations or reclassifications during the period. For example, the level of foreign lending by a resident bank at the end of a period will equal the previous level of foreign lending plus drawdowns less repayments of foreign loans plus the net effect of other factors such as foreign exchange rate variations, market price fluctuations, write-offs, and so forth. In international investment statistics all these elements are accounted for; nevertheless, there may be residual statistical errors which may arise from previously reported data being in error, reporting errors in current periods, and coverage error (where enterprises in the survey population change from period to period). By examining these residuals closely and by querying any large residuals with enterprises in collections, such residual errors can be kept to a minimum.

8.22 Data obtained from an enterprise in one survey can also be compared with the same or related data reported by that enterprise in a different survey. Data confrontation at this detailed level has proved very useful in identifying deficiencies and improving data quality in respect of international investment and financial accounts statistics.

Partner country comparisons

8.23 As other countries also compile balance of payments statistics it is possible to compare their estimates of transactions with Australia and Australia's estimates of transactions with those countries. These analyses are referred to as partner country comparisons. This has not been done to any significant degree so far as there are many conceptual and practical difficulties in undertaking such comparisons. However,

the ABS has recently undertaken a joint bilateral merchandise trade statistics reconciliation study with the United States Bureau of the Census covering merchandise trade flows (on an international merchandise trade basis) between Australia and the United States of America for the years 1991 and 1992. The study demonstrated that a significant part of the asymmetry in the bilateral flows resulted from conceptual factors underlying the compilation of the statistics. Actual data errors proved to be relatively insignificant. For example, the residual (unexplained) discrepancies represented 1.3% and 1.1%, respectively, of Australia's published merchandise import and export trade with the USA for 1992.

The statistical process

8.24 Another way to assess data quality is to examine the statistical process used to collect, verify, aggregate, adjust, analyse and publish statistics. This examination may reveal problems in certain parts of the statistical process, for example out-of-date sample frames, inadequate coverage, poor response rates in collections etc. Throughout this publication and the more detailed Concepts, Sources and Methods publication (5331.0) various references are made to specific prob-

lems in the statistical process associated with various data sources.

Estimation procedures

8.25 The estimation procedures used to compile various balance of payments items also need to be examined in assessing data quality. For example, it may be useful to look at the impact that alternative assumptions would have in producing somewhat different outcomes.

Application of revisions policy

8.26 The frequency and timing of the application of revisions to statistical time series may itself influence the apparent nature of errors and perception of quality. For example, if revisions are consistently stockpiled for several periods before being applied to the data, a spurious seasonality to the pattern of errors may be introduced but some offsetting of errors may occur. At the same time, during the period between major updates a misleading impression of the reliability of the statistics might be conveyed.

APPENDIX : LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM

<i>Item</i>	<i>Item description</i>	<i>Source of data</i>	<i>Method of estimation</i>
CURRENT ACCOUNT.			
MERCHANDISE (BALANCE OF PAYMENTS BASIS)			
Exports f.o.b.	All movable goods (with a few exceptions) which change ownership from residents to non-residents.	The series is based on exports recorded in ABS international merchandise trade statistics adjusted for coverage and timing to a balance of payments basis. International merchandise trade statistics are derived from the Australian Customs Service (ACS) recording system.	Exports in international merchandise trade statistics are adjusted for coverage and timing to a balance of payments basis.
• Exports recorded in international merchandise trade statistics		ABS international merchandise trade statistics (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.
• Adjustments for coverage and timing		The main sources of the adjustment series are:	
		(1) ABS international merchandise trade statistics (monthly), the required component or commodity data usually being available in time for the monthly balance of payments publication;	
		(2) ABS Survey of Principal Transport Enterprises (quarterly) available with a lag of about one month, with preliminary information (monthly) available in time for the monthly balance of payments publication;	
		(3) A Wool International advice (monthly) usually available in time for the monthly balance of payments publication;	
		(4) A Reserve Bank of Australia advice (monthly) usually available in time for the monthly balance of payments publication.	The various adjustment series are compiled directly from source data. Prior to receipt of complete data from the various sources, partial preliminary monthly information or extrapolations are used. Estimates may be revised when the complete data are received.
Imports f.o.b.	All movable goods (with a few exceptions) which change ownership from non-residents to residents.	The series is based on imports recorded in ABS international merchandise trade statistics adjusted for coverage timing and valuation to a balance of payments basis. International merchandise trade statistics are derived from the ACS recording system.	Imports in international merchandise trade statistics are adjusted for coverage, timing and valuation to a balance of payments basis.
• Imports recorded in international merchandise trade statistics		As for exports f.o.b.	As for exports f.o.b.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM—continued

Item	Item description	Source of data	Method of estimation
<ul style="list-style-type: none"> • Adjustments for coverage, timing and valuation 			
		The main sources of the adjustment series are:	
		(1) ABS international merchandise trade statistics (monthly), the required component or commodity data usually being available in time for the monthly balance of payments publication;	
		(2) ABS Survey of Principal Transport Enterprises (quarterly) available with a lag of about one month, with preliminary information (monthly) available in time for the monthly balance of payments publication;	
		(3) An ACS advice (monthly) usually available in time for the monthly balance of payments publication.	
		The various adjustment series are compiled directly from source data. Prior to receipt of complete data from the various sources, partial preliminary monthly information or extrapolations are used. Estimates may be revised when the complete data are received.	
		Quarterly estimates are compiled directly from source data. Monthly estimates are made by evenly distributing quarterly data among the months. Prior to the receipt of survey data, extrapolations are made based on movements in the exports series.	
		Annual estimates are derived from source data. Quarterly and monthly estimates are made by evenly distributing the annual estimates. Until source data become available, extrapolations are used.	
SERVICES (CREDITS)			
SHIPMENT (CREDITS)			
Freight on exports	Freight and other distributive services performed by resident transport operators on merchandise exports.		
Insurance on exports	Insurance services performed by resident insurers on merchandise exports.		

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM—continued

Item	Item description	Source of data	Method of estimation
OTHER TRANSPORTATION (CREDITS)			
Passenger services	International passenger services provided to non-residents by resident transport operators.	ABS ITSS — Airlines component (quarterly) available with a lag of about three months, with preliminary information (monthly) available in time for the monthly balance of payments publication; and ABS ITSS — Shipping component (quarterly) available with a lag of about three months.	This series measures the fare revenue earned by resident operators from ticket sales abroad. Quarterly estimates are compiled directly from source data. For <i>airlines</i> , monthly estimates are compiled from monthly source data but may be revised when the quarterly estimates become available. For <i>shipping</i> , monthly estimates are made by evenly distributing quarterly data among the months; until quarterly data become available, extrapolations are used.
Port services etc.	Goods and services (e.g. ships' bunkers, supplies, stevedoring, maintenance, port charges, etc.) procured in Australian ports by non-resident transport operators; goods and services purchased by foreign civilian crews in Australia; time charter and operational charter services provided by residents to non-residents; and miscellaneous transportation services provided by residents to non-residents such as the carriage of freight between overseas ports and the carriage of mail.	Monthly data on ships' bunkers and ship supplies is obtained from ABS foreign trade statistics. ABS ITSS — Airlines component (quarterly) available with a lag of about three months; and ABS ITSS — Shipping component (quarterly) available with a lag of about three months supplies all other data.	Quarterly estimates are compiled directly from source data. The expenditure on bunkers and other supplies is derived by subtraction from the total bunkers and supplies series provided in foreign trade statistics. For all expenditure by non-resident shipping operators, the Survey of International Trade in Services measures non-resident operators' bunkers and supplies taken on in Australia and earnings abroad of residents shipping and airline operators. Monthly estimates are made in accordance with monthly movements in total exports and imports as recorded in foreign trade statistics; until quarterly data become available, extrapolations are made based on movements in the total exports and imports series. For <i>expenditure in Australia by non-resident airline operators</i> , monthly estimates are made by evenly distributing quarterly data among the months; until survey data become available, extrapolations are used.
TRAVEL (CREDITS)	Acquisition of goods and services in Australia by non-resident travellers. Non-resident travellers include foreign students studying in Australia; persons visiting Australia for business, recreation or health reasons for less than one year; and foreign military personnel on rest and recreation leave in Australia. Foreign government officials (e.g. diplomats) and their dependants stationed in Australia are excluded as are non-resident persons working in Australia for resident employers, and foreign civilian crews (Australian expenditure of each of these groups is measured in other items).		

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
Students' expenditure		Annual information from the Department of Employment, Education, Training and Youth Affairs (DEETYA), AusAid; Commonwealth Government ledgers. AusAid extract (monthly) available in time for the monthly balance of payments publication; Commonwealth Government budget papers available soon after the Budget each year; the ABS publication <i>Overseas Arrivals and Departures</i> (3401.0) available monthly with a lag of about two months; an ABS survey of Student Finance (6550.0); and miscellaneous information from educational institutions.	Annual estimates of expenditure by students are compiled for two components: academic fees and expenditure on other goods and services. Data on student numbers and academic expenditure are obtained from DEETYA; and data on students where some element of their expenditure is financed by aid are obtained from AusAid. Additional data on academic fees, and on expenditure on goods and services are obtained from supplementary questions in the ABS Survey of Student Finance (6550.0), with additional duration of stay information obtained from educational establishments and ABS overseas arrivals and departure statistics. An annual estimate of per capita expenditure (PCE) is calculated by dividing the estimate of expenditure by the estimate of the numbers of non-resident students. Until annual expenditure data are available extrapolations of the PCE are made. Quarterly and monthly estimates of expenditure (other than that financed by aid which are compiled from the AusAid extract) are compiled by multiplying the approximate annual PCE by an estimate of student numbers for the period derived from overseas arrivals and departures statistics.
Expenditure of foreign military personnel on rest and recreation in Australia		Report by the United States Department of the Navy for the Western Australian Department of Transport, 1993. Information on numbers of visiting personnel is also obtained from the Department of Defence (quarterly) with a lag of about one week.	Estimates of the per capita expenditure per day of foreign military personnel on rest and recreation leave in Australia are multiplied by corresponding numbers of such personnel and the number of days in port. The per capita expenditure estimates are based on the data contained in the United States Department of the Navy report and updated by extrapolation. The military personnel figures are obtained quarterly and also updated by extrapolation. Monthly estimates are made by evenly distributing quarterly estimates.
On-carriage receipts of Australian domestic airlines		ABS ITSS - Airlines component (quarterly) available with a lag of about three months.	Quarterly estimates are compiled directly from source data. Monthly estimates are made by evenly distributing quarterly data among the months. Until quarterly data become available, extrapolations are used.
Other expenditure of non-resident travellers in Australia		Bureau of Tourism Research annual advice on pre-paid package tours with a lag of about twelve months	Estimates of pre-paid package tour expenditure are derived by multiplying estimates of per capita expenditure of non-resident travellers on pre-paid package tours by the number of travellers on pre-paid package tours as supplied by the Bureau of Tourism Research. Until survey data become available, extrapolations are used.
Pre-paid package tours			

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
Other travel		<p>Bureau of Tourism Research's International Visitor Survey (quarterly) available with lag of about three months; an annual report on pre-paid package tours from the Bureau of Tourism Research available with a lag of about twelve months; and the ABS publication <i>Overseas Arrivals and Departures</i> (3401.0) (monthly) available with a lag of about two months.</p>	<p>Estimates of per capita expenditure of non-resident travellers in Australia are multiplied by corresponding estimates of the numbers of such travellers (other than students, persons on pre-paid package tours and military crews). The <i>per capita expenditure</i> figures are derived quarterly from the International Visitor Survey. The quarterly figure is used for the months within each quarter. Until survey data become available, extrapolations are used. The <i>traveller numbers</i> figures are derived monthly by averaging the numbers of short-term arrivals and departures of visitors to Australia (other than those visiting for education purposes) that are published in <i>Overseas Arrivals and Departures</i> 3401.0. Until source data become available, extrapolations are used.</p>
OTHER SERVICES (CREDITS)			
Official	Acquisition of goods n.e.c. in Australia and services n.e.c. in Australia and abroad, by non-residents from the resident official sector.		
Defence services		<p>Commonwealth Government ledgers and a foreign exchange transactions report from the Department of Finance (monthly) available in time for the monthly publication; and official advices from the Department of Defence (one received monthly with a two week lag and the other received quarterly with a two month lag).</p>	<p>Quarterly estimates are compiled by combining data from the monthly ledgers and the quarterly advice from the Department of Defence. Until the other source data are available, the remaining components are estimated by extrapolation. Monthly estimates for all data not sourced from the ledgers are made by evenly allocating quarterly estimates.</p>
Aid services		<p>Commonwealth Government ledgers (monthly) and an AIDAB advice (monthly), both available in time for the monthly balance of payments publication.</p>	<p>Compiled directly from source data.</p>
Miscellaneous		<p>Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication.</p>	<p>Compiled directly from source data.</p>

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
Non-official			
Expenditure of foreign governments	Official expenditure on goods and services provided by the resident non-official sector to foreign embassies, consulates, joint defence facilities and similar non-resident government entities in Australia.	) ABS Survey of Embassies and Consulates (irregular); Department of Foreign Affairs and Trade (DFAT) official advice (quarterly) on numbers of Diplomatic and Consular staff; and an official advice (quarterly) relating to joint defence facilities available with a lag of about two months.	For years in which the Survey of Embassies and Consulates is run, annual estimates of expenditure by foreign governments in maintaining their diplomatic and trade representation are compiled by combining data from the Survey and from the DFAT advice. Survey data are used to calculate an average expenditure (excluding salaries) per diplomat; this is multiplied by numbers of staff from the DFAT lists. Interpolation and extrapolation are used to estimate average per capita expenditure between survey years and until survey data are available. Monthly estimates are made by evenly allocating the quarterly estimate.
Expenditure of foreign government employees	Personal expenditure on goods and services in Australia by foreign government officials (e.g. diplomats) and their dependants stationed in Australia.	)	Quarterly estimates of expenditure on joint defence facilities are compiled directly from source data. Monthly estimates are made by evenly allocating quarterly estimates. Until source data are available, extrapolations are used.
Expenditure of resident entity employees	Expenditure on goods and services in Australia by non-resident workers out of the income they earn from resident employers.	)	Estimates of personal expenditure by foreign government employees and their dependants are compiled in two parts. First, quarterly estimates of expenditure by diplomatic staff (and dependants) are compiled, for years in which the Survey of Embassies and Consulates is run from data collected in the Survey combined with numbers of such personnel from the DFAT lists. Interpolation and extrapolation are used in other years and until source data become available. Quarterly and monthly estimates are compiled by evenly allocating annual estimates. Second, quarterly estimates of personal expenditure by foreign military staff (and their dependants) working at joint defence facilities are compiled from the official advice. Until quarterly data are available, extrapolations are used. Monthly estimates are compiled by evenly allocating quarterly estimates.
Financial services	Financial services provided to non-residents by non-official sector residents. Measured as fees, charges and commissions associated with financial transactions.	) ABS <i>Overseas Arrivals and Departures</i> (3401.0) (monthly) available with a lag of about two months; and the Bureau of Tourism Research's International Visitor Survey (quarterly) available with a lag of about three months.	This item provides offsetting entries of equal magnitude and opposite sign to <i>non-official labour income debits</i> . See the latter item for a description of the method of estimation.
Insurance services n.e.c.	Life and general insurance services (other than services relating to merchandise trade) provided by resident insurance and reinsurance enterprises to non-residents.	) ABS Survey of Foreign Investment (annual) available with a lag of about seven months. ABS ITSS - Insurance component (annual), available with a lag of about seven months.	Annual estimates are compiled directly from source data. Monthly estimates are compiled by evenly distributing annual data across the months. Until source data become available, extrapolations are used. Annual estimates are compiled directly from source data as the difference between premiums and claims to which is added commissions receivable. Quarterly and monthly

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
Miscellaneous services	Acquisition of services n.e.c. by non-residents from the resident non-official sector. The "Other" component below includes the following services: postal; telecommunications; computer and information; professional; rental and operational leasing; technical; management fees between related companies; agricultural; mining; manufacturing; construction; trade related; other business services; entertainment; health and education.	estimates are made by evenly distributing the annual estimates. Until source data become available extrapolations are used.	
Agency and advertising services provided to non-resident transport operators		ABS ITSS - Shipping component (quarterly) available with a lag of about three months; and ABS ITSS - Airline component (quarterly) also available with a lag of about three months.	Quarterly estimates are compiled directly from source data. Monthly estimates are made by evenly distributing quarterly data. Until source data become available, extrapolations are used.
Aid services		Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.
Processing and repair services		ABS international merchandise trade statistics (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.
Education services	Educational services provided to non-resident institutions (such as consultancy and course materials), and distance learning courses provided to non-residents overseas.	Results of an Austrade survey of education institutions (annual) available with a lag of about six months; and information from Department of Employment, Education, Training and Youth Affairs (DEETYA) available annually with a lag of about eight months. Private sector services data are obtained from the ITSS (annual) with a lag of about seven months.	Estimates are compiled directly from source data. Until source data are available, extrapolations are used.
Other		ABS ITSS (annual) available with a lag of about seven months; and ITSS (quarterly) available with a lag of about three months.	Annual and quarterly estimates are compiled from ITSS data (excluding amounts included in <i>aid services</i>). Monthly estimates are compiled by evenly distributing quarterly estimates.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
SERVICES (DEBITS)			
SHIPMENT (DEBITS)			
Freight on imports	Freight and other distributive services performed by non-residents on merchandise imports.	ABS international merchandise trade statistics which provide data on imports f.o.b. and imports c.i.f. on transactions value bases (monthly), and ABS ITSS -- Shipping and Airline components (both quarterly) which provide estimates of freight earnings by resident shipping and airline operators. Preliminary imports data are available in time for the monthly balance of payments publication and revised data are available with a lag of about two months. The freight earnings data are available with lags of about three months.	Estimated by deducting from imports c.i.f. transactions value: (1) imports f.o.b. transactions value, (2) a small estimate for insurance, and (3) freight earnings of resident transport operators. For (3), monthly estimates are made by distributing the quarterly survey estimates in accordance with movements in imports recorded in international merchandise trade statistics and until survey data become available, extrapolations based on the imports series are used.
Insurance on imports	Insurance services performed by non-resident insurers on merchandise imports.	ABS international merchandise trade statistics; ABS ITSS -- Insurance component (annual) available with a lag of about seven months.	Monthly, quarterly and annual estimates derived from source data.
OTHER TRANSPORTATION (DEBITS)			
Passenger services	International passenger services provided to residents by non-resident transport operators.		This series is measured by the fare revenue earned by non-resident operators from ticket sales in Australia, including revenue received from the Commonwealth Government for the carriage of immigrants under various assisted passage schemes.
Carriage of immigrants under Commonwealth Government assisted passage schemes		Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.
Other		ABS ITSS -- Airlines component (quarterly) available with a lag of about three months, with preliminary information (monthly) available in time for the monthly balance of payments publication; and ABS ITSS Shipping component (quarterly) available with a lag of about three months.	Quarterly estimates are compiled directly from source data. For <i>airlines</i> , monthly estimates are made by distributing quarterly estimates in accordance with monthly movements in international ticket sales in Australia by non-resident airlines; until quarterly source data become available, extrapolations are made based on the monthly ticket sales series. For <i>shipping</i> , monthly estimates are made by evenly distributing quarterly data. Until source data become available, extrapolations are used.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM—continued

Item	Item description	Source of data	Method of estimation
Port services etc.	Goods and services (e.g. supplies, stevedoring, maintenance, port charges, etc.) procured in foreign ports by resident transport operators, goods and services purchased by Australian crews abroad; time charter and operational charter services provided by non-residents to residents; and miscellaneous transportation services provided by non-residents to residents such as the carriage of freight between Australian ports and the carriage of mail.	ABS ITSS -- Airlines component (quarterly) available with a lag of about three and a half months; and ABS ITSS -- Shipping component (quarterly) available with a lag of about three months.	Quarterly estimates are compiled directly from source data. For expenditure abroad by resident airline operators, monthly estimates are made by evenly allocating quarterly estimates. Until source data become available, extrapolations are used. For expenditure abroad by non-resident shipping operators and earnings in Australia estimates are made by distributing quarterly survey data in accordance with movements in total exports and imports recorded in international merchandise trade statistics; until survey data become available, extrapolations are made based on movements in the total exports and imports series.
TRAVEL (DEBITS)	Acquisition of goods and services abroad by resident travellers. Resident travellers include Australian students studying abroad; and Australians going abroad for business, health or recreation reasons for less than one year. Australian government officials (e.g. diplomats) and their dependants stationed abroad are excluded as are Australians working abroad for non-resident employers and Australian crews (whose overseas expenditure is measured in other items).	Annual information from the Department of Employment, Education, Training and Youth Affairs (DEETYA), and AusAid; Commonwealth Government budget papers available soon after the Budget each year; the ABS publication <i>Overseas Arrivals and Departures</i> (3401.0) available monthly with a lag of about two months; an ABS Survey of Student Finance (6550.0); and miscellaneous information from educational institutions.	Estimates are made by multiplying estimates of per capita expenditure abroad by Australian students by student numbers. Because there is no source of information on expenditure, the annual per capita estimates are based on the expenditure data used to derive students' expenditure credits. Quarterly and monthly estimates are made by interpolation. Until source data are available, extrapolations are made. Student numbers are derived monthly from overseas arrivals and departures statistics using the average of arrivals and departures of residents for a period multiplied by the proportion of residents departing for education purposes in the same period. Until source data are available, extrapolations are used.
Students' expenditure			

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
Other travel	The four yearly ABS Survey of Returned Australian Travellers (SORAT) (initial data obtained in respect of 1991-92); ABS ITSS - Travel component (annual and quarterly) available with lags of about seven months (annual) and three months (quarterly); and the ABS publication <i>Overseas Arrivals and Departures</i> (3401.0) (monthly) available with a lag of about two months.	Estimates of per capita expenditure of Australian resident travellers abroad (other than students) are compiled quarterly from: the quarterly ITSS; a coverage adjustment for annual ITSS respondents; and an estimate based on the 1991-92 SORAT. When annual ITSS results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters. Monthly estimates are made by multiplying the quarterly per capita expenditure by the monthly overseas arrivals and departure numbers. Until annual data become available, extrapolations are used. The ITSS - Travel component is bench-marked to the 1991-92 SORAT. The traveller numbers figures are derived monthly by averaging the numbers of short-term departures abroad and arrivals from abroad of Australian residents (excluding the estimate of the number of students) that are published in 3401.0; until source data become available, extrapolations are used.	
OTHER SERVICES (DEBITS)			
Official	Acquisition of goods and services abroad for defence purposes by the resident official sector from non-residents.	A report on foreign exchange transactions from the Department of Finance (monthly) available in time for the monthly balance of payments publication.	Estimates are compiled directly from source data.
Financial services	Acquisition of financial services by the resident official sector from non-residents.	Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication.	Estimates are compiled directly from source data.
Loan flotation expenses		An official advice from the Commonwealth Treasury (annual, but containing monthly data) available with a lag of about three months.	Annual estimates are compiled directly from source data. Until source data are available, estimated as a proportion of Commonwealth Government borrowing abroad (or an extrapolation of such borrowing). Quarterly and monthly estimates are initially derived by evenly distributing annual data; these are subsequently replaced with actual data.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM—continued

Item	Item description	Source of data	Method of estimation
Loan management expenses		An official advice from the Commonwealth Treasury (annual) available with a lag of about one month.	Annual estimates are compiled directly from source data. Until source data are available extrapolations are used. Quarterly and monthly estimates are made by evenly allocating the annual estimate.
Miscellaneous services	Acquisition of goods and services n.e.c. by the resident official sector from non-residents. Mainly includes official expenditure on goods and services abroad by Australia's embassies, consulates and State government Agents-General.	Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication; and State government budget papers (annual) available with lags of about two to four months.	For services acquired by the Commonwealth Government, monthly estimates are compiled directly from source data. For services acquired by State governments, figures for annual expenditure are compiled directly from the source data while quarterly and monthly estimates are made by evenly distributing annual data. Until actual data are available extrapolations, or annual budget estimates (appropriations) also from the budget papers, are used.
Non-official			
Expenditure of Australian government employees	Personal expenditure on goods and services abroad by Australian government officials (e.g. diplomats) and their dependants stationed abroad.	Commonwealth Government ledgers and a report on foreign exchange transactions from the Department of Finance (both monthly) available in time for the monthly balance of payments publication; and State government budget papers (annual) available with lags of two to four months.	This item is compiled directly from monthly source data and from annual source data when available.
Expenditure of non-resident entity employees	Expenditure on goods and services abroad by resident workers out of the income they earn from non-resident employers.	ABS publication <i>Overseas Arrivals and Departures</i> (3401.0) (monthly) available with a lag of about two months; and the ABS Survey of Returned Australian Travellers (SORAT) (data obtained in respect of 1991-92).	This item provides offsetting entries of equal magnitude and opposite sign to <i>labour income credits-earnings abroad</i> . See the latter item for a description of the method of estimation.
Financial services	Financial services acquired by non-official sector residents from non-residents. Measured as fees, charges and commissions associated with financial transactions.	ABS Survey of Foreign Investment (annual) available with a lag of about seven months.	Annual estimates are compiled directly from source data. Monthly estimates are compiled by evenly distributing annual data. Until source data are available, extrapolations are used.
Insurance services n.e.c.	Life and general insurance services (other than services relating to merchandise trade) provided by non-resident insurance and reinsurance enterprises to residents. Measured as premiums less claims plus commissions payable.	ABS International Trade in Services Survey—Insurance component (annual) available with a lag of about seven months; and the publication from the Insurance and Superannuation Commission (ISC) <i>Selected Statistics on the General Insurance Industry</i> (annual).	Annual estimates are compiled directly from source data, except outward general insurance claims. The estimates are calculated as the difference between premiums and claims to which are added commissions payable. Outward general insurance claims are derived from ISC data. Quarterly and monthly estimates are made by evenly distributing the annual estimates. Until source data become available, extrapolations are used.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM - continued

Item	Item description	Source of data	Method of estimation
Miscellaneous services	Acquisition of services n.e.c. by the resident non-official sector from non-residents. The "Other" component below includes the following services: postal, telecommunications; computer and information; professional; rental and operational leasing; technical; management fees between related companies; agricultural; mining; manufacturing; construction; trade related; other business services; entertainment, health and education.		
Agency and advertising services provided to resident transport operators		ABS ITSS - Shipping component (quarterly) available with a lag of about three months; and ABS ITSS - Airlines component (quarterly) available with a lag of about three months.	Quarterly estimates are compiled directly from source data. Monthly estimates are made by evenly distributing quarterly data. Until source data become available, extrapolations are used.
Processing and repair services		ABS international merchandise trade statistics (monthly) available in time for the monthly balance of payments publication.	Estimates are compiled directly from source data.
Other		ABS ITSS (annual), available with a lag of about seven months; and ITSS (quarterly), available with a lag of about three months.	Annual and quarterly estimates are compiled from source data. Extrapolations are used until these data are available.
INCOME (CREDITS)			
PROPERTY INCOME (CREDITS)			
Investment income			
Official			
General government	Income receivable by resident general government from its ownership of foreign financial assets.	Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication; and ABS Survey of Foreign Investment (quarterly) available with a lag of five weeks.	For Commonwealth Government lending, monthly estimates are compiled directly from source data. For State Government lending, quarterly estimates are compiled directly from survey data and monthly estimates are made by evenly distributing quarterly data among the months. Until quarterly data become available, extrapolations are used.
Reserve Bank	Income receivable by the Reserve Bank from official holdings of foreign financial assets. Covers income receivable on Australia's official reserve assets and other foreign currency assets and interest and remuneration received from the IMF on behalf of the Commonwealth Government.	An official advice (monthly) provided by the Reserve Bank in time for the monthly balance of payments publication.	Compiled directly from source data.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM—continued

Item	Item description	Source of data	Method of estimation
Non-official			
Direct investment income			
Reinvested earnings	Undistributed earnings of non-resident direct investment enterprises attributable to their resident direct investors. Because these earnings are regarded as reinvested in the non-resident enterprises, offsetting entries of equal magnitude and opposite sign are made in the capital account (under <i>reinvestment of earnings</i>).	ABS Survey of Foreign Investment (quarterly and annual). Quarterly data are available with a lag of about seven months. Annual data are available with a lag of about seven months.	Quarterly estimates are compiled from data reported in the quarterly survey, adjusted to account for enterprises which do not respond promptly or are only surveyed annually. Monthly estimates are made by evenly distributing the quarterly estimates among the months. Until survey data become available, extrapolations are used. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.
Distributed earnings	Distributed earnings of non-resident direct investment enterprises receivable by their resident direct investors. Covers remitted profits, dividends and interest.	ABS Survey of Foreign Investment (quarterly and annual). Quarterly data are available with a lag of about two months. Annual data are available with a lag of about seven months.	Quarterly estimates are compiled from data reported in the quarterly survey, adjusted to account for enterprises which do not respond promptly or are only surveyed annually. Monthly estimates are made by evenly distributing the quarterly estimates among the months. Until survey data become available, extrapolations are used. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.
Portfolio and other investment income	Income receivable by the resident non-official sector on its portfolio and other investment abroad. Covers dividends and interest.		
Other property income	Income receivable by residents from their ownership of cinema and television film and other intellectual property normally evidenced by intangible assets (e.g. patents, licenses, copyrights, trademarks), where the rights to use the asset are acquired by non-residents.	ABS Survey of International Trade in Services (ITSS) (quarterly and annual) -- quarterly data are available with a lag of about three months and annual data are available with a lag of about seven months.	Annual and quarterly estimates are compiled directly from the results of the ITSS. Extrapolations are made until ITSS data are available. Monthly estimates are made by evenly distributing quarterly data.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM—continued

Item	Item description	Source of data	Method of estimation
LABOUR AND OTHER INCOME (CREDITS)			
Labour income			
Earnings in Australia	Labour income earned by residents working in Australia for non-resident employers such as foreign embassies, consulates, etc.	ABS Survey of Embassies and Consulates (irregular); the quarterly ABS publication <i>Average Weekly Earnings</i> (6302.0) available with a lag of about eleven weeks; a quarterly official advice from the Department of Foreign Affairs and Trade providing information about the number of locally-engaged staff of foreign government embassies and consulates; and an official advice (quarterly) from the Department of Defence relating to joint defence facilities available with a lag of eight weeks.	For <i>foreign government embassies and consulates</i> , estimates of the per capita earnings of locally-engaged staff are multiplied by corresponding estimates of the number of such staff. Annual estimates are made from source data for years in which the Survey of Embassies and Consulates is run. Estimates for other years are made by interpolation. Quarterly and monthly estimates are made by evenly distributing annual estimates. Until source data become available, extrapolations are used (movements in the <i>average weekly earnings</i> series being used to extrapolate per capita earnings). For joint defence facilities, quarterly estimates are compiled directly from source data. Monthly estimates are made by evenly distributing the quarterly estimates and, until source data become available, extrapolations are used.
Earnings abroad	Labour income earned by residents working abroad for non-resident employers.	ABS publication <i>Overseas Arrivals and Departures</i> (3401.0) (monthly) available with a lag of about two months; and ABS Survey of Returned Australian Travellers (SORAT), 1991-92.	Estimates of per capita earnings of Australian visitors to foreign countries from non-resident employers are multiplied by corresponding estimates of the number of such visitors. These per capita estimates are based on actual earnings of Australian residents overseas from the 1991-92 SORAT; estimates for months are made by interpolation or, until survey data become available, by extrapolation. The Australian visitor numbers figures are derived monthly by averaging the number of short term departures abroad and arrivals from abroad of Australian residents that are published in 3401.0; until source data become available, extrapolations are used.
Insurance income	Income of residents on account of life and general insurance transactions with non-resident insurers. Estimates for this item appear only when extraordinary claims are made. Extraordinary claims refer to any excess of total claims over total premiums in a particular year.	ABS ITSS - Insurance component (annual) available with a lag of about seven months.	Annual estimates of these claims are calculated using source data and are allocated to a particular quarter in cases where they can be identified as relating to that quarter. Such claims are relatively infrequent.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
INCOME (DEBITS)			
PROPERTY INCOME (DEBITS)			
Investment income			
Official			
General government			
Interest on borrowing domiciled abroad	Interest payable to non-residents on their loans to resident general government, and on their investment in those securities of resident general government that are domiciled abroad.	Commonwealth Government ledgers (monthly) available in time for the monthly publication; ABS Survey of Foreign Investment (monthly and quarterly) — producing monthly information in time for the monthly balance of payments publication and quarterly information with a lag of about five weeks; and an official advice (monthly) provided by the Department of the Treasury in time for the monthly publication.	For Commonwealth Government borrowing, monthly estimates are compiled directly from the ledgers. For State Government borrowing, monthly estimates are compiled directly from survey data. When quarterly survey results become available, differences between the quarterly estimates and the sum of monthly estimates are allocated across the months.
Interest on borrowing domiciled in Australia	Interest payable to non-residents on investment in those securities of resident general government that are domiciled in Australia.	Monthly data from the Survey of Foreign Investment.	Monthly and quarterly estimates are compiled directly from source data. When annual survey results become available, differences between the annual figures and the sum of the monthly figures are pro-rated across the year.
Reserve Bank	Income payable by the Reserve Bank to non-residents arising from certain official obligations of Australia. Includes interest and charges paid to the IMF on behalf of the Commonwealth Government and interest payable on placements by the Bank for International Settlements.	An official advice (monthly) provided by the Reserve Bank in time for the monthly balance of payments publication.	Compiled directly from source data.
Non-official			
Direct investment income			
Reinvested earnings	Undistributed earnings of resident direct investment enterprises attributable to their non-resident direct investors. Because these earnings are regarded as reinvested in the resident enterprises, offsetting entries of equal magnitude and opposite sign are made in the capital account (under <i>reinvestment of earnings</i>).	ABS Survey of Foreign Investment (quarterly and annual). Quarterly data are available with a lag of about six months. Annual data are available with a lag of about seven months.	Quarterly estimates are compiled from data reported in the quarterly survey, adjusted to account for enterprises which do not respond promptly or are only surveyed annually. Monthly estimates are made by evenly distributing the quarterly estimates among the months; and until survey data become available, extrapolations are used. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
Distributed earnings			
Remitted profits	Profits remitted by resident branches to their non-resident parent enterprises.	ABS Survey of Foreign Investment (quarterly and annual). Quarterly data are available with a lag of about two months. Annual data are available with a lag of about seven months.	Quarterly estimates are compiled from data reported in the quarterly survey, adjusted to account for enterprises which do not respond promptly or are only surveyed annually. Monthly estimates are made by evenly distributing the quarterly estimates among the months; and until survey data become available, extrapolations are used. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.
Dividends	Dividends payable by resident direct investment enterprises to their non-resident direct investors.		
Interest	Interest payable by resident direct investment enterprises to their non-resident direct investors.		
Portfolio and other investment income			
Dividends	Dividends payable to non-residents on their portfolio and other investment in resident enterprises.		
Interest	Interest payable to non-residents on their portfolio and other investment in Australia.		
Other property income			
Cinema and TV film royalties	Income payable by residents for the right to use cinema and television film, the copyrights to which are owned by non-residents.	International Trade in Services Survey (ITSS) (quarterly and annual), providing quarterly data with a lag of about three months, and annual data with a lag of about seven months.	Annual and quarterly estimates are compiled directly from the results of the ITSS. Until ITSS data are available, extrapolations are used. Monthly estimates are compiled by evenly distributing quarterly estimates.
Other	Income payable by residents for the right to use intellectual property (other than cinema and television film) owned by non-residents and normally evidenced by intangible assets such as patents, trademarks, and copyrights.		

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM—continued

Item	Item description	Source of data	Method of estimation
LABOUR AND OTHER INCOME (DEBITS)			
Official	Labour income earned by non-residents working for the resident official sector abroad (e.g. for Australia's embassies, consulates, defence establishments).	Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.
Non-official	Labour income earned by non-residents working for the resident non-official sector in Australia.	ABS publication <i>Overseas Arrivals and Departures</i> (3401.0) (monthly) available with a lag of about two months; and Bureau of Tourism Research's International Visitor Survey (quarterly) available with a lag of about three months.	Estimates of per capita earnings of non-resident visitors in Australia from resident employers are multiplied by corresponding estimates of the number of such visitors. Annual estimates of per capita earnings are derived from the Bureau of Tourism Research's International Visitor Survey. Estimates for months and quarters are made by interpolation, and until annual survey data become available, by extrapolation. The visitor numbers figures are derived monthly by averaging the number of short-term arrivals and departures of non-residents; until source data become available, extrapolations are used.
Insurance income	Income of non-residents on account of life and general insurance transactions with resident insurers. Estimates of this item appear only when extraordinary claims are made. Extraordinary claims refer to any excess of total claims over total premiums in a particular year.	ABS ITSS — Insurance component (annual), available with a lag of about seven months.	Annual estimates of these claims are calculated using source data and are allocated to a particular quarter in cases where they can be identified as relating to that quarter. Such claims are relatively infrequent.
UNREQUITED TRANSFERS (CREDITS)			
Official	Taxes, fines, fees, etc. receivable by the resident official sector from non-residents. Includes amounts withheld by the Commonwealth Government on dividends, interest, royalties, insurance premiums paid abroad and freight earnings in Australia of foreign ship operators.	Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication.	Monthly estimates of amounts withheld on <i>dividends, interest and royalties</i> are compiled directly from the ledgers. Annual estimates of taxes withheld on <i>insurance premiums</i> are calculated using source data. Taxes withheld on <i>shipping freight earnings</i> are estimated until source data become available. Until source data are available extrapolations are used.
Non-official	Migrants' transfers	Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.
Termination payments to Austraijans leaving the Papua New Guinea public service	Funds transferred to Australia by immigrants (including termination payments to Australians leaving the Papua New Guinea public service).	Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM—continued

Item	Item description	Source of data	Method of estimation
Business migrants' transfers	Funds transferred to Australia by immigrants admitted to the country under the Business Migration Program (BMP) or immigrants that qualify for the Business Skills Category (BSC). Since June 1995 all funds are attributable to BSC migrants, due to the cessation of the BMP.	Data concerning arrivals into the country of BSC applicants are obtained monthly from the Department of Immigration and Multicultural Affairs (DIMA), with a lag of about seven days. Information is also obtained from DIMA about average funds transferred per BSC applicant. These data are obtained from the results of a post arrival survey conducted by DIMA on a biannual basis.	For BSC applicants, the estimate of average funds transferred per applicant is multiplied by the number of applicants who enter Australia.
Other migrants' transfers		ABS publication <i>Overseas Arrivals and Departures</i> (3401.0) (monthly) available with a lag of about two months; and the discontinued ABS Survey of Non-trade Foreign Receipts and Payments.	An estimate of the average funds transferred per migrant is obtained by extrapolating data from the discontinued ABS Survey of Non-trade Foreign Receipts and Payments. This estimate is multiplied by the number of permanent settlers and long term arrivals, that are published in 3401.0. Until 3401.0 is available, extrapolations are used.
Miscellaneous transfers	Receipts by residents of gifts, donations, legacies, sustenance, pensions, etc. from non-residents.	Discontinued ABS Survey of Non-trade Foreign Receipts and Payments.	Estimates are obtained by extrapolating data from the discontinued Survey of Non-trade Foreign Receipts and Payments.
UNREQUITTED TRANSFERS (DEBITS)	Official	Foreign aid payments by the Commonwealth Government to Papua New Guinea and other payments made abroad under bilateral aid programs, the defence cooperation program and multilateral aid programmes (such as aid through United Nations agencies).	Compiled directly from source data.
Foreign aid		Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.
Pensions	Social security benefits paid by the Commonwealth Government to non-residents.	Commonwealth Government ledgers (monthly), available in time for the monthly balance of payments publication; and monthly advice from the Department of Social Security, available in time for the monthly balance of payments publication.	Compiled directly from source data.
Miscellaneous transfers	Contributions by the resident official sector towards the administrative expenses of various international organisations.	Commonwealth Government ledgers (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM—continued

Item	Item description	Source of data	Method of estimation
Non-official			
Migrants' transfers	Funds transferred abroad by emigrants.	ABS publication <i>Overseas Arrivals and Departures</i> (3401.0) (monthly) available with a lag of about two months; and the discontinued ABS Survey of Non-trade Foreign Receipts and Payments. This estimate is multiplied by the number of permanent and long term departures, that are published in 3401.0. Until 3401.0 is available, extrapolations are used.	An estimate of the average funds transferred per emigrant is obtained by extrapolating data from the now discontinued Survey of Non-trade Foreign Receipts and Payments. This estimate is multiplied by the number of permanent and long term departures, that are published in 3401.0. Until 3401.0 is available, extrapolations are used.
Withholding taxes	Amounts withheld by foreign governments as taxes on interest and dividends payable to Australian residents by non-residents.	ABS Survey of Foreign Investment (annual) available with a lag of about seven months.	Annual estimates are compiled directly from source data. Monthly estimates are made by evenly distributing annual data. Until data become available, extrapolations are used.
Miscellaneous transfers	Payments of gifts, donations, legacies, sustenance, pensions, taxes, etc. by the resident non-official sector to non-residents.	Discontinued ABS Survey of Non-trade Foreign Receipts and Payments.	Estimates are obtained by extrapolating data from the now discontinued Survey of Non-trade Foreign Receipts and Payments.
CAPITAL ACCOUNT			
OFFICIAL			
GENERAL GOVERNMENT			
Foreign investment in Australia			
Borrowing domiciled abroad	Net transactions (i.e. drawings less repayments) associated with borrowing from non-residents on capital markets abroad by resident general government. Includes loans from non-residents as well as new issues and redemptions of securities in foreign markets by the Commonwealth Government and State Government central borrowing authorities.	An official advice from the Department of the Treasury (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.
Commonwealth Government			
State Government			
		ABS Survey of Foreign Investment (monthly, quarterly and annual). The preliminary monthly information is available in time for the monthly balance of payments publication. Quarterly data are available with a lag of two months. Annual data are available with a lag of about seven months.	Data reported monthly and quarterly are adjusted to account for enterprises only surveyed annually. When quarterly survey results become available, differences between the quarterly figures and the sum of the monthly figures are pro-rated across the months. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
Borrowing domiciled in Australia	Net purchases (i.e. purchases less sales) by non-residents of securities issued in Australia by the resident general government. Includes securities issued in Australia by the Commonwealth Government and State Government central borrowing authorities.	ABS Survey of Foreign Investment (monthly, quarterly and annual). The preliminary monthly information is available in time for the monthly balance of payments publication. Quarterly data are available with a lag of two months. Annual data are available with a lag of about seven months.	Data reported monthly and quarterly are adjusted to account for enterprises only surveyed annually. When quarterly survey results become available, differences between the quarterly figures and the sum of the monthly figures are pro-rated across the months. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.
Other	Net transactions associated with liabilities of resident general government to international development financing institutions and occasional transactions associated with the sale of Australian embassy land abroad.	An official advice (monthly) available from the Department of the Treasury in time for the monthly balance of payments publication is the source for data on transactions with international development financing institutions. Details of other transactions included here are obtained, on a case by case basis, from the Government agencies involved.	Compiled directly from source data.
Australian investment abroad	Lending Net transactions associated with lending to non-residents by resident general government. Covers minor transactions associated with Commonwealth Government loans to foreign governments; Commonwealth government working balances held abroad other than in London; and lending abroad by State Government central borrowing authorities such as deposits held abroad.	Official advice (monthly) from the Department of Finance and AusAid, usually available in time for the monthly balance of payments publication, provide data on Commonwealth Government lending; and Survey of Foreign Investment (quarterly), available with a lag of about two months, provides data on State Government lending.	For Commonwealth Government lending, monthly estimates are compiled directly from source data. For State Government lending, quarterly estimates are compiled directly from source data. Monthly estimates are made by evenly distributing quarterly data across the months. Until source data are available, extrapolations are used.
Accounts receivable/ prepayments made	Net transactions associated with foreign financial assets of resident general government arising from prepayments for imports of goods and services and credit extended for exports of goods and services. Includes transactions resulting from leads and lags between payments made abroad for large items of defence equipment and deliveries of this equipment.	Commonwealth Government ledgers (monthly); a report on foreign exchange transactions from the Department of Finance (monthly); and international merchandise trade statistics (monthly), available in time for the monthly balance of payments publication.	This item is estimated as the difference in two separately compiled series relating to major items of equipment: one for payments and one for deliveries. Monthly estimates of payments are compiled from the Commonwealth Government ledgers. Monthly estimates of deliveries are compiled from selected international merchandise trade statistics (after adjustment to a change of ownership basis and to align more closely with classifications in the ledgers).
Other	Net transactions associated with assets of resident general government with international development financing institutions and some infrequent and minor Reserve Bank transactions in foreign assets which are not available for separate publication in the item <i>other investment abroad</i> within the <i>Reserve Bank</i> category.	Official advice (monthly) from the Department of the Treasury and the Reserve Bank usually available in time for the monthly balance of payments publication.	Compiled directly from source data. Until source data become available, extrapolations are used.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM - continued

Item	Item description	Source of data	Method of estimation
RESERVE BANK			
Foreign investment in Australia			
Use of IMF credit	Net purchases of foreign currency from the IMF by Australia, other than purchases within Australia's reserve position with the IMF.	An official advice (monthly) from the Reserve Bank available in time for the monthly balance of payments publication.	Compiled directly from source data.
Other	Net transactions of the Reserve Bank with non-residents affecting foreign liabilities (other than use of IMF credit). Examples are: Reserve Bank transactions with foreign central monetary authorities, including the Bank for International Settlements; and Reserve Bank transactions with international financing institutions.		
Australian investment abroad			
Reserve assets			
Official reserve assets	Net changes, other than revaluations and exchange rate changes in those foreign financial assets which are effectively controlled by the Reserve Bank and are available for meeting balance of payments needs. Includes those changes in official reserve assets which arise from international economic transactions, the allocation (or cancellation) of SDRs, and the monetisation (or demonetisation) of gold.	Reserve Bank's official reserve assets statistics (monthly) available in time for the monthly balance of payments publication.	Compiled directly from source data.
Allocation of SDRs	This is the counterpart to those changes in official reserve assets which are due to the allocation (or cancellation) of SDRs. This special offsetting entry is required because the allocation (or cancellation) of SDRs by the IMF is not an economic transaction. A similar counterpart item relating to monetisation (or demonetisation) of gold would be introduced if any significant monetisation or demonetisation were to occur.	An official advice from the Reserve Bank available in time for the monthly balance of payments publication.	Compiled directly from source data.
Other	Net transactions of the Reserve Bank with non-residents affecting foreign financial assets, excluding some minor transactions recorded in the general government category and transactions in reserve assets. In practice, no transactions have been classified to this item in recent years.		

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
NON-OFFICIAL			
FOREIGN INVESTMENT IN AUSTRALIA			
Direct investment			
Reinvestment of earnings	The earnings reinvested by non-resident direct investors in their resident direct investment enterprises. This item provides offsetting entries of equal magnitude and opposite sign to the current account item reinvested earnings debits.	ABS Survey of Foreign Investment (quarterly and annual). Quarterly data available with a lag of about six months. Annual data are available with a lag of about seven months	Monthly estimates are not compiled for these items. Data reported in quarterly surveys are adjusted to account for enterprises which do not respond promptly or are only surveyed annually. When annual survey results become available differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.
Corporate equities	Net transactions in ordinary and preference shares and units in trusts between non-resident direct investors and their resident direct investment enterprises.	ABS Survey of Foreign Investment (quarterly and annual). Quarterly data are available with a lag of about two months and annual data are available with a lag of about seven months.	Monthly estimates are not compiled for these items. Data reported in quarterly surveys are adjusted to account for enterprises which do not respond promptly or are only surveyed annually. When annual survey results become available differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.
Net equity in branches	Net transactions affecting the equity of non-resident direct investors in their resident branches and unincorporated enterprises.		
Borrowing	Net borrowing and lending transactions between resident direct investment enterprises and their non-resident direct investors.		
Other	Net transactions affecting the indebtedness n.e.c. of resident direct investment enterprises to their non-resident direct investors. Includes transactions associated with accounts receivable and payable, and prepayments made and received, for goods, services, interest, dividends etc.		
Portfolio and other investment			
Corporate equities	Net purchases (i.e. purchases less sales) by unrelated non-residents of ordinary and preference shares and units in trusts issued by resident enterprises.		

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
Borrowing	Net transactions associated with borrowing by resident bank and non-bank enterprises from unrelated non-residents. Includes loans from non-residents, securities issued to non-residents and deposits from non-residents.	Public sector securities domiciled in Australia (other than securities issued by banks)	Data reported monthly and quarterly are adjusted to account for enterprises only reporting annually. When quarterly survey results become available, differences between the quarterly figures and the sum of the monthly figures are pro-rated across the months. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.
Other	Net transactions of resident enterprises n.e.c. associated with accounts payable to, and prepayments received from, unrelated non-residents. Covers transactions affecting liabilities arising from credit extended for Australia's imports; prepayments received for Australia's exports; and accounts payable for property income.	ABS Survey of Foreign Investment (quarterly and annual). Quarterly data are available with a lag of about two months. Annual data are available with a lag of about seven months.	Monthly estimates are not compiled for this component. Data reported in quarterly surveys are adjusted to account for enterprises which do not respond promptly or are only surveyed annually. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.
Public sector Private sector		ABS Survey of Foreign Investment (quarterly); and ABS Survey of Principal Transport Enterprises (quarterly). Data from the first source are available with a lag of about five weeks. Data from the second source are available with a lag of about one month.	Monthly estimates are not compiled for these items. Quarterly estimates are compiled directly from source data.
AUSTRALIAN INVESTMENT ABROAD			
Direct investment	Reinvestment of earnings	ABS Survey of Foreign Investment (quarterly and annual). Quarterly data available with a lag of about six months. Annual data are available with a lag of about seven months.	Monthly estimates are not compiled for these items. Data reported in quarterly surveys are adjusted to account for enterprises only reporting annually. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

<i>Item</i>	<i>Item description</i>	<i>Source of data</i>	<i>Method of estimation</i>
Corporate equities	Net transactions in ordinary and preference shares and units in trusts between resident direct investors and their non-resident direct investment enterprises.	) ABS Survey of Foreign Investment (quarterly and annual). Preliminary quarterly data are available with a lag of about two months. Annual data are available with a lag of about seven months.	Monthly estimates are not compiled for these items. Data reported in quarterly surveys are adjusted to account for enterprises only reporting annually. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.
Net equity in branches	Net transactions affecting the equity of resident direct investors in their non-resident branches and unincorporated enterprises.))
Lending	Net lending and borrowing transactions between resident direct investors and their non-resident direct investment enterprises.))
Other	Net transactions affecting the indebtedness n.e.c. of non-resident direct investment enterprises to their resident direct investors n.e.c. Includes transactions associated with accounts payable and receivable and prepayments received and made for goods, services, interest, dividends, etc.))
Portfolio and other investment))
Corporate equities	Net purchases (i.e. purchases less sales) by resident enterprises and households of ordinary and preference shares and units in trusts issued by unrelated non-resident enterprises.	) ABS Survey of Foreign Investment (quarterly and annual). Preliminary quarterly data are available with a lag of about two months. Annual data are available with a lag of about seven months.	Monthly estimates are not compiled for these items. Data reported in quarterly surveys are adjusted to account for enterprises only reporting annually. When annual survey results become available, differences between the annual figures and the sum of the quarterly figures are pro-rated across the quarters.
Lending	Net transactions associated with lending by resident bank and non-bank enterprises to unrelated non-residents. Includes loans and advances to non-residents, deposits abroad and investment in foreign non-equity securities.))

APPENDIX: LIST OF SOURCES AND METHODS USED IN COMPILING ESTIMATES FOR EACH BALANCE OF PAYMENTS ITEM-continued

Item	Item description	Source of data	Method of estimation
Accounts receivable/ prepayments made	Net capital transactions of resident enterprises n.e.c. associated with accounts receivable from, and prepayments made to, unrelated non-residents. Covers transactions affecting claims arising from credit extended for Australia's exports; prepayments made for Australia's imports; and accounts receivable for property income.	ABS Survey of Foreign Investment (quarterly); ABS Survey of Principal Transport Enterprises (monthly and quarterly); and data collected monthly from principal public sector marketing authorities. Preliminary monthly data are available from the second and third sources in time for the monthly balance of payments publication. Quarterly data from the first source are available with a lag of about two months and from the second source with a lag of about one month.	Estimates are compiled directly from source data. Preliminary monthly estimates may be revised when quarterly survey data become available.
Public sector			
Private Sector		ABS Survey of Foreign investment (quarterly); and ABS Survey of Principal Transport Enterprises (quarterly). Preliminary data from the first source are available with a lag of about two months. Data from the second source are available with a lag of about one month.	Monthly estimates are not compiled for this item. Quarterly estimates are compiled directly from source data.

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