

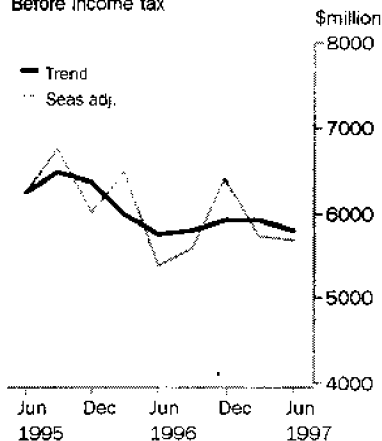
COMPANY PROFITS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) THURS 21 AUG 1997

Company profits

Before income tax



JUNE QTR KEY FIGURES

TREND ESTIMATES

	Jun 97 \$m	% change Mar 97 to Jun 97	% change Jun 96 to Jun 97
Company profits before			
Income tax	5 790	-2.3	0.5
Income tax & net interest	7 284	-1.7	-1.2
Income tax, net interest & depreciation	11 560	0.0	3.4

SEASONALLY ADJUSTED

	Jun 97 \$m	% change Mar 97 to Jun 97	% change Jun 96 to Jun 97
Company profits before			
Income tax	5 675	-1.2	5.3
Income tax & net interest	7 236	0.7	3.4
Income tax, net interest & depreciation	11 517	1.2	5.6

ORIGINAL ESTIMATES

	Jun 97 \$m	% change Mar 97 to Jun 97	% change Jun 96 to Jun 97
Company profits before			
Income tax	4 974	3.1	3.8
Income tax & net interest	6 459	5.2	2.5
Income tax, net interest & depreciation	10 672	4.5	5.2

JUNE QTR KEY POINTS

TREND ESTIMATES

- The provisional trend estimate of company profits before income tax, for companies with more than 30 employees is \$5,790m. This is a continuation of the relatively flat trend in profits which commenced in the June 1996 quarter.

SEASONALLY ADJUSTED

- The seasonally adjusted estimate of company profits before income tax decreased by 1.2% in the June 1997 quarter. This estimate has been largely affected by the decrease in the Transport and Storage industry.

ORIGINAL ESTIMATES

- The original estimate of company profits before income tax as reported for the June 1997 quarter is \$4,974m, an increase of 3.1% from the revised March 1997 quarter estimate. This increase has been limited by a number of abnormal losses reported in the Manufacturing, Transport and Storage, and Other Services industries.

INQUIRIES

- For further information about these and related statistics, contact Sue Phillips on 02 9268 4357, or any ABS Office.

NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)

RELEASE DATE

September 1997

20 November 1997

.....

CHANGES IN THIS ISSUE

This issue contains revisions to the March 1997 quarter as a result of responses received or revised after publication of the previous issue. The revisions affect all industries in original, seasonally adjusted and trend terms. This issue also includes revisions to estimates prior to the December 1996 quarter as a result of a reclassification of some oil producing and distribution units affecting estimates for Manufacturing and Wholesale Trade. Seasonal factors have also been reanalysed for some series.

.....

SAMPLING ERRORS

Standard errors for estimates contained in this publication are shown on pages 14–15.

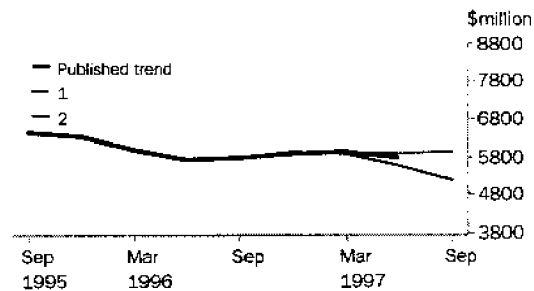
.....

TREND REVISIONS

The most recent trend estimates are likely to be revised when seasonally adjusted estimates for subsequent quarters become available. The graph below presents the effect of two possible scenarios on the previous trend estimates:

- 1** The September 1997 seasonally adjusted estimate for company profits before income tax is higher than the June 1997 seasonally adjusted estimate by 10.0%.
- 2** The September 1997 seasonally adjusted estimate for company profits before income tax is lower than the June 1997 seasonally adjusted estimate by 10.0%.

The percentage change of 10.0% was chosen because the average absolute percentage change, based on the last decade, has been 10.0%.

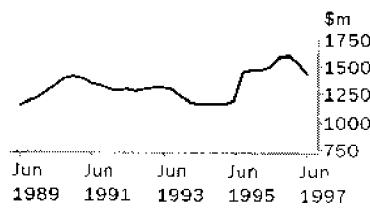


An increase of 10.0% in seasonally adjusted company profits before income tax in the September 1997 quarter would show a flat trend in the June 1997 quarter. A fall of the same magnitude would result in a decline in the trend from the March 1997 quarter and a downward revision in the trend for the June 1997 quarter.

T. J. Skinner
Acting Australian Statistician

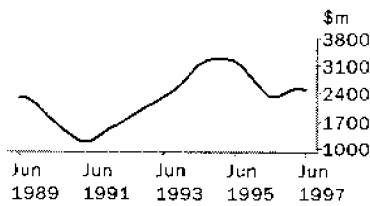
COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

MINING



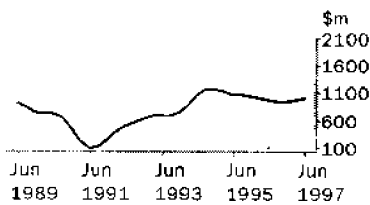
The trend estimate for the Mining industry has declined in the last two quarters following increases in the previous three quarters.

MANUFACTURING



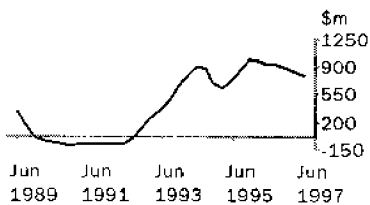
The Manufacturing industry trend estimate is relatively unchanged (-0.7%) from the March 1997 quarter, but this has been affected by some businesses taking account of abnormal losses.

WHOLESALE/RETAIL



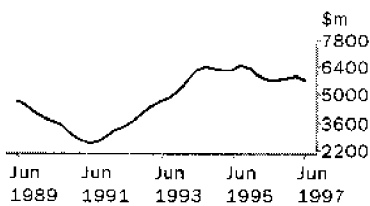
For the combined Wholesale and Retail Trade industries, the trend estimate continues to gradually increase from the September 1996 quarter.

OTHER SELECTED INDUSTRIES(a)



The trend estimate for Other Selected Industries has been in decline since December 1995.

TOTAL ALL INDUSTRIES



The All Industries trend estimate has decreased by 2.3% from the March 1997 quarter and is relatively unchanged (+0.5%) from the June 1996 quarter.

(a) This includes Construction, Transport & storage, Services to finance & insurance, Property & business services, and Other services.

COMPANY PROFITS BEFORE INCOME TAX : All series

Quarter	<i>Company profits before income tax, net interest paid and depreciation</i>	<i>Company profits before income tax and net interest paid</i>	<i>Company profits before income tax</i>
	\$m	\$m	\$m
ORIGINAL			
1993-94			
June	9 447	6 440	5 367
1994-95			
September	11 440	8 297	7 135
December	11 908	8 728	7 660
March	9 479	6 276	5 013
June	10 004	6 713	5 408
1995-96			
September	11 982	8 550	7 283
December	12 004	8 510	7 213
March	10 620	6 993	5 546
June	10 146	6 300	4 794
1996-97			
September	11 691	7 780	6 067
December	13 065	8 986	7 583
March	10 214	6 138	4 824
June	10 672	6 459	4 974
SEASONALLY ADJUSTED			
1993-94			
June	10 133	7 135	6 201
1994-95			
September	10 918	7 813	6 627
December	10 779	7 613	6 384
March	10 395	7 118	6 000
June	10 733	7 442	6 242
1995-96			
September	11 335	7 940	6 756
December	10 898	7 438	6 017
March	11 750	8 089	6 468
June	10 903	7 002	5 389
1996-97			
September	10 997	7 150	5 595
December	11 870	7 884	6 408
March	11 381	7 186	5 741
June	11 517	7 236	5 675
TREND ESTIMATES			
1993-94			
June	10 320	7 317	6 260
1994-95			
September	10 658	7 569	6 464
December	10 693	7 514	6 340
March	10 678	7 428	6 253
June	10 721	7 412	6 241
1995-96			
September	11 098	7 720	6 473
December	11 288	7 784	6 365
March	11 227	7 557	5 993
June	11 182	7 376	5 762
1996-97			
September	11 268	7 357	5 804
December	11 417	7 400	5 907
March	11 560	7 410	5 924
June	11 560	7 284	5 790

COMPANY PROFITS BEFORE INCOME TAX, Depreciation and Interest: Original

Period	Company profits before income tax, net interest paid and depreciation	Depreciation	Company profits before income tax and net interest paid	Interest paid	Interest received	Net interest paid	Company profits before income tax
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1994-95	42 831	12 817	30 014	11 233	6 435	4 799	25 216
1995-96	44 752	14 400	30 352	11 324	5 807	5 516	24 836
1996-97	45 642	16 278	29 364	13 641	7 726	5 915	23 449
1993-94							
June	9 447	3 008	6 440	2 393	1 320	1 073	5 367
1994-95							
September	11 440	3 143	8 297	2 549	1 386	1 163	7 135
December	11 908	3 179	8 728	2 697	1 629	1 068	7 660
March	9 479	3 204	6 276	2 740	1 477	1 263	5 013
June	10 004	3 291	6 713	3 247	1 942	1 305	5 408
1995-96							
September	11 982	3 432	8 550	2 620	1 354	1 266	7 283
December	12 004	3 494	8 510	2 702	1 405	1 296	7 213
March	10 620	3 627	6 993	2 867	1 419	1 447	5 546
June	10 146	3 846	6 300	3 135	1 629	1 507	4 794
1996-97							
September	11 691	3 911	7 780	3 381	1 667	1 713	6 067
December	13 065	4 079	8 986	3 400	1 998	1 403	7 583
March	10 214	4 076	6 138	3 233	1 919	1 314	4 824
June	10 672	4 213	6 459	3 628	2 142	1 485	4 974

COMPANY PROFITS BEFORE INCOME TAX, By Broad Industry: All series

Period	Mining	Manu- facturing	Cons- truction	Wholesale trade	Retail trade	Transport and storage	Services to finance and insurance	Property and business services	Other services	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
ORIGINAL										
1994-95	4 668	13 011	500	2 758	1 933	649	916	- 340	1 121	25 216
1995-96	5 950	10 771	619	2 546	1 629	780	602	-10	1 949	24 836
1996-97	6 099	10 015	741	2 334	1 627	945	308	-185	1 566	23 449
1994-95										
March	1 256	2 996	106	520	254	84	-10	-284	91	5 013
June	1 049	2 845	156	652	379	153	278	-279	175	5 408
1995-96										
September	1 605	3 278	150	660	349	252	158	157	674	7 283
December	1 468	3 327	205	656	786	328	104	-137	476	7 213
March	1 418	2 401	146	597	217	246	85	5	440	5 546
June	1 459	1 765	119	632	277	-46	254	25	360	4 794
1996-97										
September	1 574	2 599	174	581	274	164	156	-71	617	6 067
December	1 743	3 048	210	644	784	421	106	145	483	7 583
March	1 476	2 153	108	456	224	340	4	-159	222	4 824
June	1 307	2 214	249	653	345	21	42	101	245	4 974
SEASONALLY ADJUSTED										
1994-95	4 657	13 043	512	2 755	1 931	645	914	- 335	1 131	25 254
1995-96	5 953	10 629	617	2 539	1 615	729	602	-6	1 953	24 630
1996-97	6 108	10 004	753	2 329	1 608	933	307	-188	1 566	23 419
1994-95										
March	1 242	3 434	118	624	451	114	55	-226	189	6 000
June	1 107	3 255	184	652	473	200	250	-174	295	6 242
1995-96										
September	1 501	2 967	156	614	473	215	173	124	533	6 756
December	1 514	2 904	157	600	416	249	54	-270	394	6 017
March	1 401	2 741	165	702	380	326	149	59	544	6 468
June	1 537	2 016	138	623	347	-61	226	81	482	5 389
1996-97										
September	1 471	2 360	181	547	370	140	168	-111	469	5 595
December	1 803	2 664	162	580	416	319	57	8	400	6 408
March	1 458	2 453	123	565	390	446	69	92	329	5 741
June	1 376	2 526	288	636	433	27	13	7	368	5 675
TREND ESTIMATES										
1994-95	4 678	13 055	528	2 705	1 935	644	885	- 308	1 175	25 298
1995-96	5 892	10 815	622	2 525	1 617	783	595	-154	1 897	24 593
1996-97	6 165	9 889	714	2 346	1 595	941	336	-125	1 565	23 425
1994-95										
March	1 161	3 305	134	690	471	146	211	-133	266	6 253
June	1 186	3 232	192	631	466	173	171	-133	323	6 241
1995-96										
September	1 458	3 091	143	617	456	241	138	-90	419	6 473
December	1 471	2 844	159	640	422	255	132	-44	486	6 365
March	1 464	2 541	159	645	378	180	146	-21	500	5 993
June	1 499	2 339	161	624	361	106	179	1	492	5 762
1996-97										
September	1 586	2 334	154	581	372	163	161	-6	459	5 804
December	1 605	2 471	158	566	393	270	96	-51	399	5 907
March	1 533	2 551	184	586	411	295	47	-44	362	5 924
June	1 441	2 533	217	613	420	213	32	-23	344	5 790



COMPANY PROFITS BEFORE INCOME TAX, By Broad Industry—Percentage Changes: All series(a)

Period	Mining	Manu- facturing	Construction	Wholesale trade	Retail trade	Transport and storage	Services to finance and insurance	Property and business services	Other services	Total
ORIGINAL										
1994-95	-3.4	18.5	36.1	68.0	17.0	-16.2	7.8	n.p.	54.4	15.6
1995-96	27.5	-17.2	23.8	-7.7	-15.7	20.2	-34.2	97.2	73.9	-1.5
1996-97	2.5	-7.0	19.6	-8.3	-0.1	21.1	-48.9	n.p.	-19.6	-5.6
1994-95										
March	17.9	-17.8	-23.4	-37.6	-72.2	-57.4	-102.4	-565.1	-76.6	-34.6
June	-16.5	-5.0	47.4	25.5	49.3	81.6	n.p.	1.7	93.4	7.9
1995-96										
September	53.1	15.2	-4.0	1.3	-8.1	64.9	-42.9	156.5	283.9	34.7
December	-8.5	1.5	37.0	-0.6	125.3	30.3	-34.1	-187.0	-29.3	-1.0
March	-3.4	-27.8	-28.7	-9.0	-72.4	-25.0	-18.8	96.5	-7.6	-23.1
June	2.9	-26.5	-18.7	5.7	27.6	-118.7	200.1	-423.4	-18.3	-13.6
1996-97										
September	7.9	47.3	46.3	-8.0	-1.3	455.4	-38.8	-180.1	71.5	26.6
December	10.7	17.3	21.0	10.8	186.5	157.4	-32.0	304.9	-21.8	25.0
March	-15.3	-29.4	-48.7	-29.2	-71.4	-19.3	-96.0	-209.7	-54.0	-36.4
June	-11.5	2.8	131.4	43.2	54.0	-93.9	880.0	36.7	10.1	3.1
SEASONALLY ADJUSTED										
1994-95	-3.5	17.3	40.1	68.2	14.9	-18.9	7.8	n.p.	53.0	14.7
1995-96	27.8	-18.5	20.4	-7.8	-16.4	13.1	-34.1	98.1	72.7	-2.5
1996-97	2.6	-5.9	22.1	-8.3	-0.4	27.9	-49.0	n.p.	-19.8	-4.9
1994-95										
March	13.8	8.2	12.2	-19.5	-6.5	-24.6	-85.0	-245.3	-38.4	-6.0
June	-10.9	5.2	55.0	4.6	5.1	76.5	357.9	22.7	56.3	4.0
1995-96										
September	35.5	8.8	-14.8	-5.9	-0.2	7.3	-30.9	170.9	80.6	8.2
December	0.9	-2.1	0.5	-2.4	-12.1	15.8	68.5	318.7	-26.2	-10.9
March	-7.4	-5.6	5.2	17.1	-8.5	30.9	174.6	121.8	38.2	7.5
June	9.7	-26.5	-16.6	-11.3	-8.7	-118.7	51.4	38.1	-11.4	-16.7
1996-97										
September	-4.3	17.1	31.4	-12.1	6.6	330.6	-25.8	236.3	-2.7	3.8
December	22.6	12.9	-10.9	6.0	12.4	127.1	-66.0	107.2	-14.7	14.5
March	-19.1	-7.9	-24.0	-2.5	-6.2	39.9	20.7	n.p.	-17.6	-10.4
June	-5.7	3.0	134.4	12.5	11.0	-93.8	-80.5	107.8	11.9	-1.2
TREND ESTIMATES										
1994-95	3.7	18.4	48.9	56.7	13.4	-16.8	2.7	-498.8	56.3	14.3
1995-96	26.0	17.2	17.7	-6.6	-16.4	21.6	-32.9	50.1	61.4	-2.8
1996-97	4.6	8.6	14.7	-7.1	-1.4	20.2	-43.4	18.6	-17.5	-4.8
1994-95										
March	-0.3	0.4	29.3	-2.8	-3.3	-0.5	-11.7	-74.4	-2.9	-1.4
June	2.1	-2.2	43.2	-8.6	-1.0	18.3	-19.1	-0.1	21.5	-0.2
1995-96										
September	23.0	-4.4	-25.8	-2.2	-2.1	39.6	-19.4	31.9	29.7	3.7
December	0.9	-8.0	11.4	3.8	-7.5	5.7	-4.4	51.7	15.9	-1.7
March	-0.5	-10.6	0.2	0.7	10.4	-29.3	10.7	52.6	2.9	-5.9
June	2.3	-8.0	1.1	-3.2	-4.4	-40.9	22.5	105.0	-1.5	-3.8
1996-97										
September	5.8	-0.2	-4.7	-6.9	2.9	53.0	-9.8	-679.0	-6.8	0.7
December	1.2	5.9	3.2	-2.7	5.7	65.8	40.3	-752.7	-13.1	1.8
March	-4.5	3.2	16.2	3.6	4.5	9.4	-51.0	13.4	-9.2	0.3
June	-6.0	-0.7	18.0	4.7	2.2	-28.1	-32.7	47.6	-5.0	-2.3

(a) The percentages in this table have been calculated from a series defined to the nearest \$1000 and may vary slightly from calculations based on the published series in Table 3 which have been rounded to the nearest \$million.

COMPANY PROFITS, By Broad Industry: Original

Period	Mining \$m	Manu- facturing \$m	Construction \$m	Wholesale trade \$m	Retail trade \$m	Transport and storage \$m	Services to finance and insurance \$m	Property and business services \$m	Other services \$m	Total \$m
PROFITS BEFORE INCOME TAX										
1994-95	4 668	13 011	500	2 758	1 933	649	916	- 340	1 121	25 216
1995-96	5 950	10 771	619	2 546	1 629	780	602	-10	1 949	24 836
1996-97	6 099	10 015	741	2 334	1 627	945	308	-185	1 566	23 449
1994-95										
March	1 256	2 996	106	520	254	84	-10	- 284	91	5 013
June	1 049	2 845	156	652	379	153	278	- 279	175	5 408
1995-96										
September	1 605	3 278	150	660	349	252	158	157	674	7 283
December	1 468	3 327	205	656	786	328	104	- 137	476	7 213
March	1 418	2 401	146	597	217	246	85	5	440	5 546
June	1 459	1 765	119	632	277	-46	254	-25	360	4 794
1996-97										
September	1 574	2 599	174	581	274	164	156	-71	617	6 067
December	1 743	3 048	210	644	784	421	106	145	483	7 583
March	1 476	2 153	108	456	224	340	4	- 159	222	4 824
June	1 307	2 214	249	653	345	21	42	- 101	245	4 974
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1994-95	5 169	14 641	607	3 597	2 185	836	1 002	507	1 469	30 014
1995-96	6 499	12 631	683	3 305	1 940	1 059	825	703	2 708	30 352
1996-97	6 723	12 120	843	2 937	1 964	1 290	128	441	2 918	29 364
1994-95										
March	1 390	3 383	132	738	317	123	18	-18	191	6 276
June	1 200	3 309	184	889	443	182	332	- 105	280	6 713
1995-96										
September	1 721	3 719	169	844	419	320	238	318	800	8 550
December	1 594	3 784	222	845	860	404	121	83	596	8 510
March	1 549	2 837	161	788	306	315	180	188	669	6 993
June	1 634	2 291	131	827	356	19	285	114	643	6 300
1996-97										
September	1 732	3 198	199	763	369	247	205	146	921	7 780
December	1 903	3 541	235	794	878	522	74	221	818	8 986
March	1 628	2 625	133	591	296	439	115	-26	567	6 138
June	1 459	2 756	276	790	421	82	-37	100	612	6 459
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1994-95	8 113	19 834	957	4 466	2 931	1 481	1 435	1 310	2 303	42 831
1995-96	9 897	18 029	989	4 269	2 724	2 148	1 247	1 415	4 035	44 752
1996-97	10 236	18 036	1 208	3 898	2 896	2 583	576	1 353	4 857	45 642
1994-95										
March	2 121	4 680	215	954	500	277	140	180	412	9 479
June	1 965	4 606	273	1 113	628	357	462	90	511	10 004
1995-96										
September	2 533	5 063	234	1 098	600	572	331	486	1 065	11 982
December	2 423	5 127	298	1 085	1 059	661	221	252	878	12 004
March	2 398	4 190	239	1 023	510	586	284	373	1 018	10 620
June	2 543	3 649	218	1 063	555	329	410	303	1 074	10 146
1996-97										
September	2 597	4 661	281	978	614	547	294	347	1 372	11 691
December	2 758	5 044	313	1 056	1 102	820	198	449	1 323	13 065
March	2 500	4 107	226	823	528	784	-2	205	1 041	10 214
June	2 381	4 224	387	1 040	652	431	86	351	1 121	10 672

COMPANY PROFITS, By Detailed Manufacturing Industry: Original

Period	Food, beverages and tobacco	Textile clothing footwear and leather	Wood and paper products	Printing, publishing and recorded media	Petroleum, coal, chemicals and assoc. products	Non-metallic mineral products	Metal products	Machinery and equipment	Other manu-facturing	Total manu-facturing
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
PROFITS BEFORE INCOME TAX										
1994-95	2 252	469	983	1 411	2 165	1 132	2 364	2 170	64	13 011
1995-96	2 291	269	731	1 127	2 114	754	1 656	1 774	56	10 771
1996-97	2 295	201	621	1 089	1 890	598	1 511	1 769	42	10 015
1994-95										
March	494	109	195	343	566	269	586	427	7	2 996
June	395	97	235	333	528	220	528	494	17	2 845
1995-96										
September	603	101	270	340	475	240	687	550	12	3 278
December	880	77	205	340	598	225	560	423	19	3 327
March	513	42	158	218	499	160	456	343	12	2 401
June	295	49	98	229	541	129	-47	459	12	1 765
1996-97										
September	632	53	160	266	374	189	439	478	9	2 599
December	842	54	167	324	572	153	528	396	13	3 048
March	440	55	139	197	427	89	451	350	3	2 153
June	380	38	156	301	517	167	92	546	16	2 214
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1994-95	2 746	594	1 162	1 535	2 443	1 225	2 510	2 325	101	14 641
1995-96	2 813	395	971	1 359	2 387	892	1 829	1 897	88	12 631
1996-97	2 827	308	921	1 277	2 221	760	1 815	1 931	61	12 120
1994-95										
March	605	141	239	375	629	291	617	469	17	3 383
June	537	131	278	372	603	252	568	542	26	3 309
1995-96										
September	728	130	330	387	548	265	731	576	25	3 719
December	1 025	109	261	386	667	259	602	448	26	3 784
March	627	74	219	270	561	190	501	377	18	2 837
June	433	82	161	317	611	178	-5	497	19	2 291
1996-97										
September	762	82	224	310	458	230	600	518	14	3 198
December	989	84	238	372	644	194	556	446	19	3 541
March	552	81	216	244	511	128	498	387	8	2 625
June	524	60	243	351	607	209	161	581	20	2 756
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1994-95	3 782	795	1 542	1 807	3 441	1 663	3 469	3 191	146	19 834
1995-96	3 902	595	1 402	1 691	3 438	1 359	2 840	2 663	139	18 029
1996-97	3 975	494	1 442	1 662	3 411	1 260	2 919	2 762	111	18 036
1994-95										
March	861	192	335	448	875	403	863	674	29	4 680
June	805	183	376	433	848	367	799	758	38	4 606
1995-96										
September	1 002	180	437	469	826	381	979	750	39	5 063
December	1 289	157	370	467	917	380	857	650	39	5 127
March	895	123	332	351	825	303	755	574	31	4 190
June	715	134	263	404	870	295	249	689	30	3 649
1996-97										
September	1 056	133	345	401	745	355	877	724	24	4 661
December	1 278	130	364	467	937	316	858	660	33	5 044
March	838	125	345	343	817	257	776	586	20	4 107
June	802	106	387	452	912	332	408	792	33	4 224

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents preliminary estimates of company profits based on Management accounts for selected industries in Australia. The series have been compiled from data collected by the Australian Bureau of Statistics (ABS) in its quarterly Survey of Company Profits.

SCOPE AND COVERAGE

2 The survey is designed to measure profits, depreciation and net interest paid of companies (i.e. incorporated business enterprises) in the private sector in Australia.

3 The data in this publication relate to companies employing more than 30 people.

4 The scope of the survey:

- includes the following industries (Australian and New Zealand Standard Industrial Classification [ANZSIC] Divisions, Subdivisions and Groups):

Mining (Division B)

Manufacturing (Division C)

Food, beverages and tobacco (21)

Textiles, clothing, footwear and leather (22)

Wood and paper products (23)

Printing, publishing and recorded media (24)

Petroleum, coal, chemical and associated products (25)

Non-metallic mineral products (26)

Metal products (27)

Machinery and equipment (28)

Other manufacturing (29)

Construction (Division E)

Wholesale trade (Division F)

Retail trade (Division G)

Transport and storage (Division I)

Other financiers (733)

Financial asset investors (734)

Services to finance and insurance (75)

Property and business services (Division L)

Other services including

Electricity, gas and water supply (Division D)

Accommodation, cafes and restaurants (Division H)

Communication services (Division J)

Cultural and recreational services (Division P)

Personal services (95)

- excludes the following industries

Agriculture, forestry and fishing (Division A)

Central bank and Deposit taking financiers (731-732)

Insurance (74)

Government administration and defence (Division M)

Education (Division N)

Health and community services (Division O)

Other services (96)

Private households employing staff (97)

- the scope excludes public sector business units (i.e. all departments, authorities and other organisations owned and/or controlled by the Commonwealth, State and Local Governments). Primary producer marketing boards are classified as public sector and are also excluded.

EXPLANATORY NOTES

SURVEY SAMPLE DESIGN

5 Prior to the September quarter 1996 survey, the survey frames and samples were revised annually to ensure that they remained representative of the survey population. From the September quarter 1996 survey, the survey frames and samples are being revised each quarter. The aim is to further improve the quality of the survey estimates by selecting a sample which will be more representative of the survey population. Additionally, the timing of sample selection will now be consistent with other ABS surveys. This will lead to greater consistency when comparing data across these surveys.

6 With these revisions to the sample, some of the business units from the sampled sector are rotated out of the survey and are replaced by others, to spread the reporting workload equitably. The rate of rotation under quarterly sample selection is slightly higher than one quarter of the previous annual rate of rotation.

7 In the period between sample selections, there are changes to the survey frame. For example, businesses cease operating and businesses are newly established. The ABS produces an estimate of the contribution expected from new businesses each quarter, while allowance is made for the number of businesses in the sample which ceased trading during the quarter. For most quarters, the introduction of the quarterly sample selection reduces the size of the adjustments needed to account for new and ceased businesses.

8 For the Survey of Company Profits, which excludes businesses employing 30 or less people from published estimates, the effect of the adjustment for new businesses is relatively minor as the majority of new businesses tend to be small in size and outside the scope of this survey. The incidence of new, larger businesses commencing operation is less common. The adjustment for new businesses represents about 0.25% of the total estimate of company profits before income tax.

SURVEY METHODOLOGY

9 The survey is conducted by mail on a quarterly basis. Forms are sent to a sample of approximately 3,800 business units employing more than 30 people. The sample is selected from the ABS central register of businesses and is stratified by industry, number of employees and, from the March 1997 quarter, by State/Territory. All business units with over 250 employees and/or a known large profit/loss are included in the sample.

10 Respondents are asked to provide data on the same basis as their own management accounts. Where a particular business unit does not respond in a given survey, an estimate is substituted. Revisions may be made to these estimates if data are provided subsequently from those businesses. Aggregates are calculated from all data using the *number raised* estimation technique. Data are edited both at individual business unit level and at aggregate level.

STATISTICAL UNIT

11 The survey uses the management unit as the statistical unit. The management unit is the highest-level accounting unit within a business, having regard to industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, etc). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it. Prior to 1989, the survey used a different statistical unit. Further details are available on request.

EXPLANATORY NOTES

CLASSIFICATION BY INDUSTRY

12 The Australian and New Zealand Standard Industrial Classification (ANZSIC) has been developed for use in both countries for the production and analysis of industry statistics. It replaces the Australian Standard Industrial Classification (ASIC) and the New Zealand Standard Industrial Classification (NZSIC).

13 For more information, users are referred to *Australian and New Zealand Standard Industrial Classification, 1993, ANZSIC*, ABS Cat. No. 1292.0 and New Zealand Cat No. 19.005.0092.

14 In order to classify company profits by industry, each statistical unit (as defined above) is classified to the Australian and New Zealand Standard Industrial Classification (ANZSIC) industry in which it *mainly* operates.

SEASONAL ADJUSTMENT

15 Seasonal adjustment is a means of removing the estimated effects of normal seasonal variation from the series so that the effects of other influences can be more clearly recognised.

16 In the seasonal adjustment of the series, account has been taken of both normal seasonal factors and 'trading day' effects (arising from the varying length of each month and the varying numbers of Sundays, Mondays, Tuesdays, etc. in the month). Adjustment has also been made for the influence of Easter which may affect the March and June quarter estimates.

17 Seasonal adjustment does not remove from the series the effect of irregular or non-seasonal influences (e.g. a change in interest rates). Particular care should be taken in interpreting quarterly movements in the adjusted figures in this publication, especially for detailed industry estimates.

18 Irregular influences that are highly volatile can make it difficult to interpret the series even after the adjustment for seasonal variation.

19 Seasonal factors are reviewed and revised annually to take account of each additional year's original data. The nature of the seasonal adjustment process is such that the magnitude of some revisions resulting from the re-analysis may be quite significant, especially for data for more recent quarters. For this reason, additional care should be exercised when interpreting movements in seasonally adjusted data for recent quarters.

20 The seasonally adjusted figures necessarily reflect the sampling and other errors to which the original figures are subject.

TREND ESTIMATES

21 The trend estimates are derived by applying a 7-term Henderson moving average to the seasonally adjusted series. The 7-term Henderson average (like all Henderson averages) is symmetric but, as the end of a time series is approached, asymmetric forms of the average are applied. Unlike the weights of the standard 7-term Henderson moving average, the weights employed here have been tailored to suit the particular characteristics of individual series. While the asymmetric weights enable trend estimates for recent quarters to be produced, it does result in revisions to the estimates for the most recent three quarters as additional observations become available. There may also be revisions because of changes in the original data and as a result of the re-estimation of the seasonal factors. For further information, see *A Guide to Interpreting Time Series—Monitoring 'Trends': an Overview* (1348.0) or contact the Assistant Director, Time Series Analysis on (06) 252 6345.

EXPLANATORY NOTES

DESCRIPTION OF TERMS

22 A description of the terms used in this publication is given below:

A company An incorporated private sector business enterprise. For the purpose of the survey, branches of overseas companies operating in Australia are included but overseas branches of Australian companies are excluded.

Company profits before income tax *Net operating profit or loss before income tax and extraordinary items* and is net of capital profits or losses and dividends received.

Net interest paid Interest expense less any interest income. Interest received from or paid to overseas sources is included. The interest component of finance lease payments is also included.

Depreciation of fixed assets This is as per management accounts and includes depreciation on equipment acquired under a finance lease.

COMPARISON WITH OTHER ABS STATISTICS

23 The series 'Company Profits Before Income Tax, Net Interest Paid and Depreciation' equates, broadly, with the national accounting series of 'Gross Operating Surplus of Private Corporate Trading Enterprises'. However, the two series are not directly comparable for the following reasons:

- the national accounts' estimates of gross operating surplus include the profits of all companies whereas results from the Survey of Company Profits relate only to those companies with employment of more than 30 persons
- the national accounts' estimates of gross operating surplus include estimates for companies classified to the agriculture, forestry, fishing and hunting, and community services industries
- the national accounts' estimates of gross operating surplus are after deduction of the stock valuation adjustment which measures the portion of income attributable to holding gains or losses resulting from stock valuation practices
- the national accounts' estimates of gross operating surplus include details relating to net third party insurance transfers, royalty and land rent payments
- the national accounts' estimates incorporate data from other sources such as taxation data as well as information from the Survey of Company Profits.

UNPUBLISHED STATISTICS

24 More detailed industry data from this survey are available on request, the cost for such a service being dependent upon the amount of data requested.

RELATED PUBLICATIONS

25 Users may also wish to refer to the following publications:

- *Australian National Accounts, National Income Expenditure and Product* (5206.0)
- *Private New Capital Expenditure and Expected Expenditure, Australia* (5625.0)
- *State Estimates of Private New Capital Expenditure* (5646.0)
- *Stocks, Selected Industry Sales and Expected Sales, Australia* (5629.0)
- *Australian Business Expectations* (5250.0)
- *Business Operations and Industry Performance, Australia* (8140.0).

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

SYMBOLS AND OTHER USAGES

n.p. not available for publication

STANDARD ERRORS

INTRODUCTION

The estimates in this publication are based on a sample drawn from units in the surveyed population. Because the entire population is not surveyed, the published estimates are subject to sampling error. The most common way of quantifying such sampling error is to calculate the standard error for the published estimate or statistic.

LEVEL ESTIMATES

To illustrate, let us say that the published level estimate for company profits before income tax is \$5,600m and the calculated standard error in this case is \$190m. The standard error is then used to interpret the level estimate of \$5,600m.

For instance, the standard error of \$190m indicates that:

- There are approximately two chances in three that the real value falls within the range \$5,410m to \$5,790m ($\$5,600\text{m} \pm \190m)
- There are approximately nineteen chances in twenty that the real value falls within the ranges \$5,220m and \$5,980m ($\$5,600\text{m} \pm \380m)

The real value in this case is the result we would obtain if we could enumerate the total population.

The following table shows the standard errors for national quarterly level estimates. These standard errors are based on a smoothed average of profits estimates.

	Company profits before income tax \$m	Company profits before income tax, net interest paid \$m	Company profits before income tax, net interest paid and depreciation \$m
Mining	10	10	11
Manufacturing			
Food, beverages and tobacco	17	20	32
Textiles, clothing, footwear and leather	6	7	7
Wood and paper products	14	14	17
Printing, publishing and recorded media	18	18	19
Petroleum, coal, chemical and assoc. products	25	24	27
Non-metallic mineral products	8	8	8
Metal products	22	22	25
Machinery and equipment	29	28	30
Other manufacturing	14	13	12
Total manufacturing	55	56	64
Construction	24	24	27
Wholesale trade	47	46	51
Retail trade	34	35	36
Transport and storage	27	30	38
Services to finance and insurance	24	24	24
Property and business services	166	132	128
Other services	37	32	36
Total	194	165	169

STANDARD ERRORS

MOVEMENT ESTIMATES

The following example illustrates how to use the standard error to interpret a movement estimate. Let us say that one quarter the published level estimate for company profits before income tax is \$5,600m, and the next quarter the published level estimate is \$6,000m. In this example the calculated standard error for the movement estimate is \$150m. The standard error is then used to interpret the published movement estimate of +\$400m.

For instance, the standard error of \$150m indicates that:

- There are approximately two chances in three that the real movement over the two quarter period falls within the range \$250m to \$550m ($\$400m \pm \$150m$)
- There are approximately nineteen chances in twenty that the real movement falls within the range \$100m to \$700m ($\$400m \pm \$300m$)

The following table shows the standard errors for national quarterly movement estimates. These standard errors are based on a smoothed average of profits estimates.

	Company profits before income tax \$m	Company profits before income tax, net interest paid \$m	Company profits before income tax, net interest paid and depreciation \$m
Mining	13	12	12
Manufacturing			
Food, beverages and tobacco	15	16	17
Textiles, clothing, footwear and leather	6	6	7
Wood and paper products	12	12	12
Printing, publishing and recorded media	14	14	15
Petroleum, coal, chemical and assoc. products	24	25	27
Non-metallic mineral products	6	6	6
Metal products	23	22	24
Machinery and equipment	33	32	32
Other manufacturing	8	8	8
Total manufacturing	54	53	56
Construction	26	26	28
Wholesale trade	51	52	53
Retail trade	40	40	41
Transport and storage	28	26	30
Services to finance and insurance	22	22	21
Property and business services	88	78	81
Other services	58	56	56
Total	151	143	148



FOR MORE INFORMATION

The ABS publishes a wide range of information on Australia's economic and social conditions. A catalogue of publications and products is available from any of our offices (see below).

INFORMATION CONSULTANCY SERVICES

Information tailored to special needs of clients can be obtained from the Information Consultancy Service available at ABS Offices (see below).

ABS PRODUCTS

A large number of ABS products is available from the ABS Bookshops (see below). The ABS also provides a subscription service – you can telephone the ABS Subscription Service Australia wide toll free on 1800 0206 08.

ELECTRONIC SERVICES

A large range of data is available via on-line services, diskette, magnetic tape, tape cartridge and CD ROM. For more details about our electronic data services, contact any ABS office (see below) or e-mail us at:

■ client.services@abs.gov.au

GENERAL SALES AND INQUIRIES

- | | |
|--------------------------|-------------------------|
| ■ Sydney 02 9268 4611 | ■ Adelaide 08 8237 7100 |
| ■ Melbourne 03 9615 7755 | ■ Hobart 03 6222 5800 |
| ■ Brisbane 07 3222 6351 | ■ Darwin 08 8943 2111 |
| ■ Perth 08 9360 5140 | ■ Canberra 02 6252 6627 |

■ Information Services, ABS
PO Box 10, Belconnen ACT 2616



2565100006973

ISSN 0818-9986

RRP \$15.50