

COMPANY PROFITS

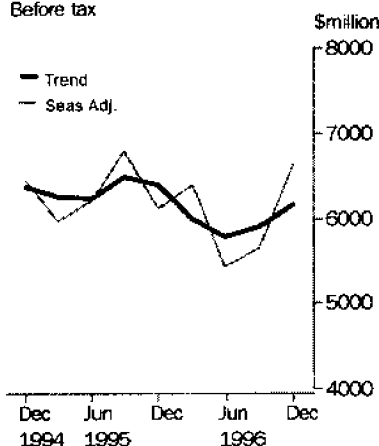
AUSTRALIA

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DECEMBER QTR KEY FIGURES

Company profits

Before tax



TREND ESTIMATES

	Dec 96 \$m	% change Sep 96 to Dec 96	% change Dec 95 to Dec 96
Company Profits before			
Income Tax	6 141	4.4	-3.8
Income Tax & Net Interest	7 593	2.4	-2.5
Income Tax, Net Interest & Depreciation	11 578	2.1	2.6

SEASONALLY ADJUSTED

	Dec 96 \$m	% change Sep 96 to Dec 96	% change Dec 95 to Dec 96
Company Profits before			
Income Tax	6 624	17.3	8.4
Income Tax & Net Interest	8 000	10.9	7.1
Income Tax, Net Interest & Depreciation	12 024	8.6	9.9

ORIGINAL ESTIMATES

	Dec 96 \$m	% change Sep 96 to Dec 96	% change Dec 95 to Dec 96
Company Profits before			
Income Tax	7 674	25.2	6.4
Income Tax & Net Interest	9 056	15.5	6.4
Income Tax, Net Interest & Depreciation	13 141	11.6	9.5

DECEMBER QTR KEY POINTS

TREND ESTIMATES

- The provisional trend estimate of company profits before income tax, for companies with more than 30 employees is \$6,141m. This is an increase of 4.4% from the revised September 1996 quarter estimate of \$5,885m. The trend estimate of profits has increased in the last two quarters.

SEASONALLY ADJUSTED

- The 17.3% increase in the seasonally adjusted estimate of company profits before income tax largely reflects increases in the mining and manufacturing industries.

ORIGINAL ESTIMATES

- The original estimate of company profits before income tax as reported for the December 1996 quarter was \$7,674, up 25.2% from the revised September 1996 quarter estimate. This growth has been influenced by seasonal increases in the retail trade and transport and storage industries, by companies taking account of abnormal items, particularly in the mining and manufacturing industries, and by reductions in net interest paid.

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

March 1997

22 May 1997

CHANGES IN THIS ISSUE

This issue contains revisions to the September 1996 quarter as a result of responses received after publication of the previous issue. It also contains minor revisions to the last five quarters due to late responses and corrections to data. Seasonal factors have also been re-analysed. The revisions affect all industries in original, seasonally adjusted and trend terms. These revisions do not substantially change the pattern of quarter-to-quarter movements.

SAMPLING ERRORS

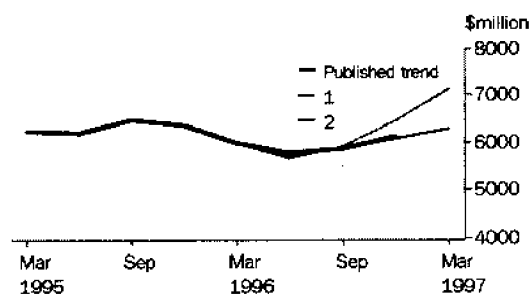
The sample design has been changed this quarter to introduce stratification by industry, size of business, and state/territory. Standard errors for estimates are shown on pages 14-15. In addition, the survey sample is now being revised quarterly. Refer to paragraphs 5-8 of the explanatory notes for more information. Because of the introduction of the new sample design, standard errors on the latest movements are higher than previously.

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 March 1997 seasonally adjusted estimate for company profits before income tax is higher than the December 1996 seasonally adjusted estimate by 10.0%.
- 2 The March 1997 seasonally adjusted estimate for company profits before income tax is lower than the December 1996 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%.

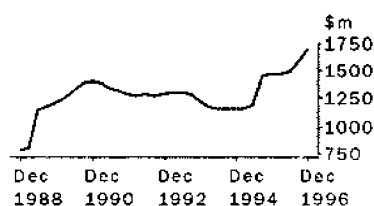


An increase of 10.0% in seasonally adjusted company profits before income tax in the March 1997 quarter would show an increasing trend from the June 1996 quarter.

T. J. Skinner
Acting Australian Statistician

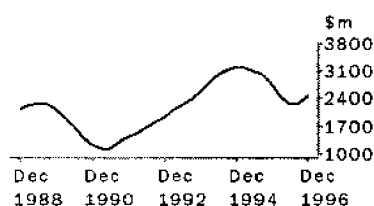
COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

MINING



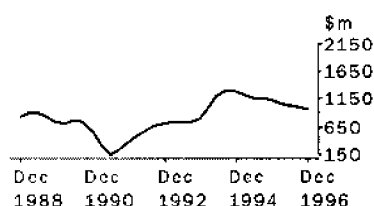
The rise in the Mining industry trend estimate has been influenced by some businesses taking account of abnormal items in the December 1996 quarter.

MANUFACTURING



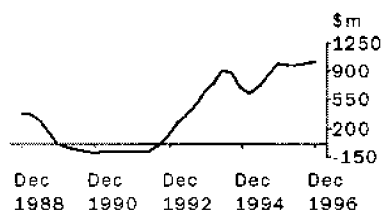
While the fall in the Manufacturing industry trend estimate since March 1995 appears to have ceased, the latest estimate is affected by some businesses taking account of abnormal items.

WHOLESALE/RETAIL



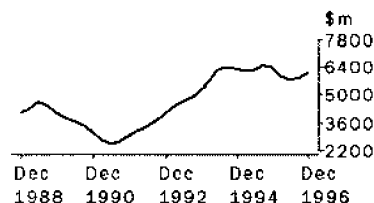
For the combined Wholesale and Retail trade industries, the trend estimate has gradually declined since the December 1994 quarter.

OTHER SELECTED INDUSTRIES



This includes Construction Transport & Storage, Services to Finance & Insurance, Property & Business Services, and Other Services. The trend estimate has shown little change since the December 1995 quarter.

TOTAL ALL INDUSTRIES



The All Industries trend estimate is 3.8% lower than the December 1995 estimate.

COMPANY PROFITS BEFORE INCOME TAX : All Series

Quarter	Company profits before income tax, net interest paid and depreciation	Company profits before income tax and net interest paid	Company profits before income tax
	\$m	\$m	\$m
ORIGINAL			
1993-94			
December	10 373	7 380	6 183
March	9 020	6 132	4 903
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	10 614	6 993	5 546
June	10 143	6 302	4 795
1996-97			
September	11 775	7 842	6 129
December	13 141	9 056	7 674
SEASONALLY ADJUSTED			
1993-94			
December	9 342	6 396	5 101
March	9 886	6 962	5 819
June	10 105	7 104	6 139
1994-95			
September	10 933	7 826	6 655
December	10 804	7 634	6 423
March	10 375	7 099	5 972
June	10 710	7 412	6 197
1995-96			
September	11 323	7 930	6 772
December	10 940	7 468	6 109
March	11 719	8 085	6 388
June	10 888	6 979	5 418
1996-97			
September	11 071	7 213	5 649
December	12 024	8 000	6 624
TREND ESTIMATES			
1993-94			
December	9 448	6 512	5 250
March	9 792	6 843	5 728
June	10 317	7 313	6 234
1994-95			
September	10 664	7 572	6 464
December	10 702	7 521	6 355
March	10 670	7 417	6 240
June	10 689	7 376	6 212
1995-96			
September	11 095	7 715	6 483
December	11 287	7 787	6 382
March	11 218	7 556	5 989
June	11 192	7 379	5 778
1996-97			
September	11 337	7 412	5 885
December	11 578	7 593	6 141

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
1993-94	38 419	11 810	26 609	8 872	4 084	4 788	21 821
1994-95	42 831	12 817	30 014	11 233	6 435	4 799	25 216
1995-96	44 742	14 388	30 354	11 323	5 807	5 517	24 838
1993-94							
December	10 373	2 993	7 380	2 240	1 042	1 197	6 183
March	9 020	2 888	6 132	2 110	881	1 229	4 903
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	10 614	3 621	6 993	2 867	1 419	1 447	5 546
June	10 143	3 841	6 302	3 135	1 628	1 507	4 795
1996-97							
September	11 775	3 933	7 842	3 378	1 666	1 713	6 129
December	13 141	4 085	9 056	3 358	1 976	1 382	7 674

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

	Mining	Manu- facturing	Cons- truction	Wholesale trade	Retail trade	Transport and storage	Services to finance and insurance	Property and business services	Other services	Total
Period	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
ORIGINAL										
1993-94	4 833	10 655	368	1 965	1 652	774	849	-1	726	21 821
1994-95	4 668	12 626	500	3 143	1 933	649	916	-340	1 121	25 216
1995-96	5 950	10 517	410	2 800	1 629	780	602	-10	2 159	24 838
1994-95										
September	1 297	3 405	101	874	383	215	232	161	467	7 135
December	1 066	3 601	138	876	916	198	416	61	388	7 660
March	1 256	2 874	106	641	254	84	-10	-284	91	5 013
June	1 049	2 746	156	751	379	153	278	-279	175	5 408
1995-96										
September	1 605	3 206	80	732	349	252	158	157	744	7 283
December	1 468	3 286	121	697	786	328	104	-137	560	7 213
March	1 418	2 311	107	688	217	246	85	-5	479	5 546
June	1 459	1 714	102	683	277	-46	254	-25	377	4 795
1996-97										
September	1 585	2 595	124	590	272	164	171	14	615	6 129
December	1 760	2 996	142	644	776	415	174	201	567	7 674
SEASONALLY ADJUSTED										
1993-94	4 828	10 773	366	1 959	1 680	778	848	7	739	21 979
1994-95	4 657	12 644	512	3 141	1 931	651	914	-335	1 131	25 248
1995-96	5 953	10 367	416	2 796	1 615	781	602	-6	2 163	24 687
1994-95										
September	1 216	3 072	105	832	525	187	246	131	340	6 655
December	1 092	3 136	106	857	482	146	364	-65	307	6 423
March	1 242	3 295	118	716	451	132	55	-226	189	5 972
June	1 107	3 141	184	735	473	186	250	-174	295	6 197
1995-96										
September	1 501	2 902	83	690	473	224	173	124	603	6 772
December	1 514	2 868	93	682	416	275	54	-270	477	6 109
March	1 401	2 638	121	763	380	294	149	59	583	6 388
June	1 537	1 958	118	661	347	-11	226	81	500	5 418
1996-97										
September	1 481	2 356	130	556	368	135	183	-26	467	5 649
December	1 821	2 619	109	631	411	360	125	64	484	6 624
TREND ESTIMATES										
1993-94	4 859	10 720	355	2 026	1 706	763	862	77	752	22 120
1994-95	4 678	12 649	494	3 092	1 935	651	885	-308	1 194	25 271
1995-96	5 883	10 564	426	2 778	1 619	826	593	-137	2 080	24 633
1994-95										
September	1 167	3 117	98	788	512	174	263	33	312	6 464
December	1 165	3 193	112	814	487	151	239	-76	270	6 355
March	1 161	3 206	133	776	471	149	211	-133	265	6 240
June	1 186	3 133	152	713	466	178	171	-133	346	6 212
1995-96										
September	1 458	3 012	92	699	456	245	138	-90	474	6 483
December	1 471	2 778	100	715	422	260	131	-49	553	6 382
March	1 464	2 476	112	702	378	188	143	-19	545	5 989
June	1 490	2 297	122	662	362	133	182	21	509	5 778
1996-97										
September	1 588	2 307	122	615	372	159	184	49	488	5 885
December	1 695	2 456	117	586	390	242	157	30	468	6 141

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										
1993-94	-8.3	33.3	13.6	34.0	19.8	96.7	491.7	99.7	154.2	30.2
1994-95	-3.4	18.5	36.1	60.0	17.0	-16.2	7.8	n.p.	54.4	15.6
1995-96	27.5	-16.7	-18.1	-10.9	-15.7	20.2	-34.2	97.2	92.6	-1.5
1994-95										
September	18.8	27.4	29.6	38.1	-7.4	32.4	-2.7	264.8	165.0	32.9
December	-17.8	5.8	36.9	0.2	139.1	-8.0	79.2	-62.2	-16.8	7.4
March	17.9	-20.2	-23.4	-26.8	-72.2	-57.4	-102.4	-565.1	-76.6	-34.6
June	-16.5	-4.5	47.4	17.1	49.3	81.6	n.p.	1.7	93.4	7.9
1995-96										
September	53.1	16.7	-48.9	-2.5	-8.1	64.9	-42.9	156.5	323.7	34.7
December	-8.5	2.5	52.4	-4.8	125.3	30.3	-34.1	-187.0	-24.8	-1.0
March	-3.4	-29.7	-11.9	-1.4	-72.4	-25.0	-18.8	96.5	-14.4	-23.1
June	2.9	-25.8	-4.7	-0.7	27.6	-118.7	200.1	-423.4	-21.2	-13.5
1996-97										
September	8.6	51.4	22.2	-13.6	-1.8	455.8	-32.8	154.3	62.9	27.8
December	11.0	15.4	13.8	9.2	185.0	153.3	1.5	1 366.4	-7.7	25.2
SEASONALLY ADJUSTED										
1993-94	-8.4	33.8	17.0	35.0	19.6	95.2	492.4	101.5	147.2	30.4
1994-95	-3.5	17.4	40.1	60.3	14.9	-16.3	7.8	n.p.	53.0	14.9
1995-96	27.8	-18.0	-18.9	-11.0	-16.4	20.0	-34.1	98.1	91.3	-2.2
1994-95										
September	4.9	0.4	11.8	33.7	2.9	-2.2	14.3	n.p.	18.1	8.4
December	-10.2	2.1	0.5	3.0	-8.3	-22.1	47.7	-150.0	-9.7	-3.5
March	13.8	5.0	12.2	-16.4	-6.5	-9.8	-85.0	-245.3	-38.4	-7.0
June	-10.9	-4.7	55.0	2.7	5.1	40.8	357.9	22.7	56.3	3.8
1995-96										
September	35.5	-7.6	-54.6	-6.2	-0.2	20.6	-30.9	170.9	104.3	9.3
December	0.9	-1.2	11.8	-1.1	-12.1	22.7	-68.5	-318.7	-20.9	-9.8
March	-7.4	-8.0	30.1	11.8	-8.5	6.9	174.6	121.8	22.2	4.6
June	9.7	-25.8	-2.2	-13.3	-8.7	-103.8	51.4	38.1	-14.3	-15.2
1996-97										
September	-3.7	20.4	9.7	-15.9	6.0	n.p.	-19.0	-132.5	-6.6	4.3
December	22.9	11.1	-16.2	13.5	11.8	167.7	-31.9	342.5	3.8	17.3
TREND ESTIMATES										
1993-94	-6.1	33.7	5.6	34.4	26.5	79.0	515.7	115.2	133.8	31.9
1994-95	-3.7	18.0	39.3	52.6	13.4	-14.7	2.7	-498.8	58.7	14.2
1995-96	25.7	-16.5	-13.7	-10.1	-16.4	26.8	-33.0	55.7	74.3	-2.5
1994-95										
September	0.4	4.7	4.2	16.8	-1.0	-11.3	-0.5	-53.3	12.7	3.7
December	-0.2	2.5	14.3	3.3	-4.9	-13.2	-9.1	-327.7	-13.5	-1.7
March	-0.3	0.4	19.5	-4.7	-3.3	-1.6	-11.7	-74.4	-1.8	-1.8
June	2.1	-2.3	13.7	-8.1	-1.0	19.5	-19.1	-0.1	30.6	-0.4
1995-96										
September	23.0	-3.9	-39.2	-2.0	-2.1	37.8	-19.4	31.9	36.8	4.4
December	0.8	-7.8	8.3	2.4	-7.5	6.3	-5.0	46.2	16.8	-1.6
March	-0.4	-10.9	12.4	-1.8	-10.4	-27.8	9.1	60.8	-1.6	-6.2
June	1.8	-7.2	8.8	-5.7	-4.2	-29.1	27.1	212.6	-6.6	-3.5
1996-97										
September	6.6	0.4	-0.2	-7.0	2.8	19.6	1.1	128.7	-4.0	1.8
December	6.7	6.5	-3.7	-4.8	4.8	51.9	-14.3	-38.3	-4.2	4.4

(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

	Mining	Manu- facturing	Construction	Wholesale trade	Retail trade	Transport and storage	Services to finance and insurance	Property and business services	Other services	Total
Period	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
PROFITS BEFORE INCOME TAX										
1993-94	4 833	10 655	368	1 965	1 652	774	849	-1	726	21 821
1994-95	4 668	12 626	500	3 143	1 933	649	916	- 340	1 121	25 216
1995-96	5 950	10 517	410	2 800	1 629	780	602	-10	2 159	24 838
1994-95										
September	1 297	3 405	101	874	383	215	232	161	467	7 135
December	1 066	3 601	138	876	916	198	416	61	388	7 660
March	1 256	2 874	106	641	254	84	-10	- 284	91	5 013
June	1 049	2 746	156	751	379	153	278	- 279	175	5 408
1995-96										
September	1 605	3 206	80	732	349	252	158	157	744	7 283
December	1 468	3 286	121	697	786	328	104	- 137	560	7 213
March	1 418	2 311	107	688	217	246	85	-5	479	5 546
June	1 459	1 714	102	683	277	-46	254	-25	377	4 795
1996-97										
September	1 585	2 595	124	590	272	164	171	14	615	6 129
December	1 760	2 996	142	644	776	415	174	201	567	7 674
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1993-94	5 386	12 202	460	2 621	1 962	1 005	1 347	585	1 040	26 609
1994-95	5 169	14 241	607	3 997	2 185	836	1 002	507	1 469	30 014
1995-96	6 499	12 378	496	3 559	1 940	1 059	825	703	2 896	30 354
1994-95										
September	1 397	3 783	127	1 080	443	273	243	417	533	8 297
December	1 183	3 986	164	1 070	982	258	408	213	465	8 728
March	1 390	3 262	132	860	317	123	18	-18	191	6 276
June	1 200	3 210	184	987	443	182	332	- 105	280	6 713
1995-96										
September	1 721	3 648	102	915	419	320	238	318	867	8 550
December	1 594	3 743	146	887	860	404	121	83	672	8 510
March	1 549	2 747	128	879	306	315	180	188	701	6 993
June	1 634	2 240	120	879	356	19	285	114	656	6 302
1996-97										
September	1 745	3 194	142	772	367	247	224	222	929	7 842
December	1 916	3 473	158	778	863	515	167	295	890	9 056
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1993-94	8 487	16 763	681	3 712	2 836	1 597	1 532	1 171	1 639	38 419
1994-95	8 113	19 227	957	5 074	2 931	1 481	1 435	1 310	2 303	42 831
1995-96	9 885	17 628	798	4 671	2 724	2 148	1 247	1 415	4 226	44 742
1994-95										
September	2 145	4 997	214	1 345	636	430	329	627	716	11 440
December	1 883	5 255	255	1 351	1 167	417	504	412	664	11 908
March	2 121	4 513	215	1 121	500	277	140	180	412	9 479
June	1 965	4 462	273	1 257	628	357	462	90	511	10 004
1995-96										
September	2 533	4 945	166	1 216	600	572	331	486	1 133	11 982
December	2 423	5 051	221	1 161	1 059	661	221	252	955	12 004
March	2 392	4 066	206	1 147	510	586	284	373	1 050	10 614
June	2 538	3 566	205	1 147	555	329	410	303	1 088	10 143
1996-97										
September	2 608	4 620	225	1 019	609	547	346	421	1 379	11 775
December	2 762	4 983	239	1 016	1 082	812	351	529	1 367	13 141

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										
1993-94	2 130	380	913	1 134	1 633	1 047	1 895	1 402	122	10 655
1994-95	2 252	469	983	1 411	1 781	1 132	2 364	2 170	64	12 626
1995-96	2 291	269	731	1 127	1 859	754	1 656	1 774	56	10 517
1994-95										
September	579	145	279	364	503	332	584	594	24	3 405
December	786	118	274	371	404	311	666	655	16	3 601
March	494	109	195	343	444	269	586	427	7	2 874
June	395	97	235	333	429	220	528	494	17	2 746
1995-96										
September	603	101	270	340	403	240	687	550	12	3 206
December	880	77	205	340	557	225	560	423	19	3 286
March	513	42	158	218	409	160	456	343	12	2 311
June	295	49	98	229	490	129	-46	459	12	1 714
1996-97										
September	632	53	162	269	368	189	436	477	9	2 595
December	763	54	168	326	579	164	524	403	16	2 996
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1993-94	2 560	512	1 071	1 257	1 853	1 172	2 050	1 594	133	12 202
1994-95	2 746	594	1 162	1 535	2 042	1 225	2 510	2 325	101	14 241
1995-96	2 813	395	971	1 359	2 132	892	1 830	1 897	88	12 378
1994-95										
September	689	175	330	390	566	353	617	630	33	3 783
December	914	147	315	398	464	329	708	685	25	3 986
March	605	141	239	375	508	291	617	469	17	3 262
June	537	131	278	372	504	252	568	542	26	3 210
1995-96										
September	728	130	330	387	477	265	731	576	25	3 648
December	1 025	109	261	386	626	259	602	448	26	3 743
March	627	74	219	270	471	190	501	377	18	2 747
June	433	82	161	317	559	178	-5	497	19	2 240
1996-97										
September	762	82	227	313	453	230	596	517	14	3 194
December	895	82	239	372	657	204	552	451	21	3 473
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1993-94	3 453	673	1 522	1 490	2 571	1 556	2 973	2 364	160	16 763
1994-95	3 782	795	1 542	1 807	2 833	1 663	3 469	3 191	146	19 227
1995-96	3 902	595	1 402	1 691	3 036	1 359	2 841	2 663	139	17 628
1994-95										
September	939	225	424	457	760	455	846	848	44	4 997
December	1 178	195	407	469	661	438	960	911	35	5 255
March	861	192	335	448	708	403	863	674	29	4 513
June	805	183	376	433	704	367	799	758	38	4 462
1995-96										
September	1 002	180	437	469	708	381	979	750	39	4 945
December	1 289	157	370	467	841	380	857	650	39	5 051
March	895	123	332	351	701	303	755	574	31	4 066
June	715	134	263	404	786	295	250	689	30	3 566
1996-97										
September	1 056	132	345	403	708	355	873	723	24	4 620
December	1 194	128	359	468	948	323	858	668	36	4 983

EXPLANATORY NOTES

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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 and other services (95–96)
- excludes the following industries
 - Agriculture, forestry and fishing (Division A)
 - Central bank (731)
 - Deposit taking financiers (732)
 - Insurance (74)
 - Government administration and defence (Division M)
 - Education (Division N)
 - Health and community services (Division O)
 - 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

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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 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 and number of employees. 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.

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).

EXPLANATORY NOTES

CLASSIFICATION BY INDUSTRY (continued)

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.

DESCRIPTION OF TERMS

22 A description of the terms used in this publication are 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.

EXPLANATORY NOTES

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	<p>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:</p> <ul style="list-style-type: none"> ▪ 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	<p>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.</p>
RELATED PUBLICATIONS	<p>25 Users may also wish to refer to the following publications:</p> <ul style="list-style-type: none"> ▪ <i>Australian National Accounts, National Income Expenditure and Product</i> (5206.0) ▪ <i>Private New Capital Expenditure and Expected Expenditure, Australia</i>, (5625.0) ▪ <i>State Estimates of Private New Capital Expenditure</i> (5646.0) ▪ <i>Stocks, Selected Industry Sales and Expected Sales, Australia</i> (5629.0) ▪ <i>Australian Business Expectations</i> (5250.0) ▪ <i>Business Operations and Industry Performance, Australia</i> (8140.0) <p>26 Current publications produced by the ABS are listed in the <i>Catalogue of Publications and Products, Australia</i> (1101.0). The ABS also issues, on Tuesdays and Fridays, a <i>Release Advice</i> (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.</p>
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 tax is \$5,600m. 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, beverage 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 tax is \$5,600m, the next quarter the published level estimate is \$6,000m. 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, beverage 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

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