



# AUSTRALIAN BUSINESS EXPECTATIONS

## SEPTEMBER QTR 1999 & JUNE QTR 2000

EMBARGO: 11:30AM (CANBERRA TIME) FRI 25 JUNE 1999

### KEY FIGURES

#### ORIGINAL ESTIMATES

	<b>Short-term Sep Qtr 1999 % change</b>	<b>Medium-term Jun Qtr 2000 % change</b>
Operating income	1.8	3.3
Selling prices	0.3	0.9
Profit	6.7	19.0
Employment	0.1	0.4

#### TREND ESTIMATES

	<b>Short-term Sep Qtr 1999 % change</b>	<b>Medium-term Jun Qtr 2000 % change</b>
Operating income	1.5	3.1
Selling prices	0.1	0.5
Profit	7.4	19.2
Employment	0.2	0.3

### KEY POINTS

#### ORIGINAL ESTIMATES

##### SHORT-TERM

- In the September quarter 1999, businesses expect increases in Operating income (1.8%), Selling prices (0.3%), Profit (6.7%) and Employment (0.1%). The positive expectations for Selling prices in September quarter 1999 contrast with June (-0.2%) and March (0.0%) quarters 1999.

##### MEDIUM-TERM

- In the year to the June quarter 2000, businesses expect increases in Operating income (3.3%), Selling prices (0.9%), Profit (19.0%) and Employment (0.4%). Expectations of Profit have increased for the last three quarters, with all industries expecting increases in the September quarter 1999.

#### TREND ESTIMATES

##### SHORT-TERM

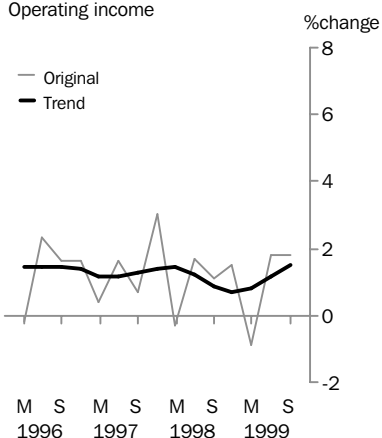
- In trend terms, for the September quarter 1999 businesses expect increases in Operating income (1.5%), Selling prices (0.1%), Profit (7.4%) and Employment (0.2%). All four business performance indicators are stronger than they were for the June quarter 1999.

##### MEDIUM-TERM

- In trend terms, for the June quarter 2000 businesses expect increases in Operating income (3.1%), Selling prices (0.5%), Profit (19.2%) and Employment (0.3%).

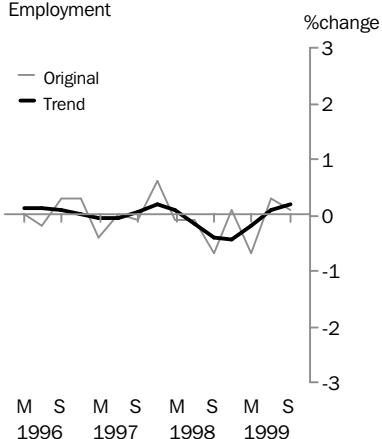
#### Short term

Operating income



#### Short term

Employment



- For further information about these and related statistics, contact Christine McLaughlin on Canberra 02 6252 5288, or any ABS office shown on the back cover of this publication.

# NOTES

## FORTHCOMING ISSUES

<i>ISSUE (Quarter)</i>	<i>RELEASE DATE</i>
December 1999	24 September 1999
March 2000	7 January 2000



## CHANGES IN THIS ISSUE

Some revisions will be made to Australian Business Expectations historical data in the next issue. The revisions will affect periods from December quarter 1995 to June quarter 1999 inclusive, and result from methodological improvements in the imputation of non-response. Data for the September quarter 1999 and the June quarter 2000 in this issue reflect the improved methods. Revised data for earlier periods will be available in the December quarter 1999 publication. Further information is provided in paragraphs 39 and 40 of the Explanatory Notes.

As a result of revised international standards for measuring economic variables, the term 'stocks' has been replaced with the term 'inventories'. More information can be found in paragraphs 41 and 42 of the Explanatory Notes.



W. McLennan  
Australian Statistician

# C O N T E N T S

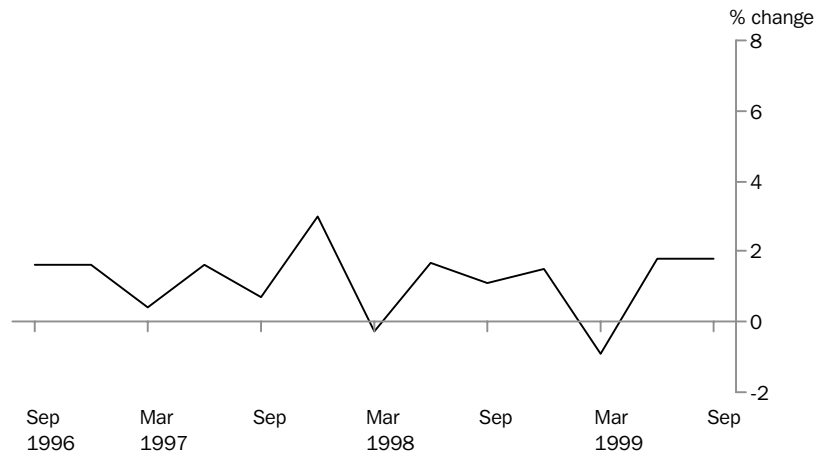
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# SUMMARY OF RESULTS: Short-term Outlook

## OPERATING INCOME

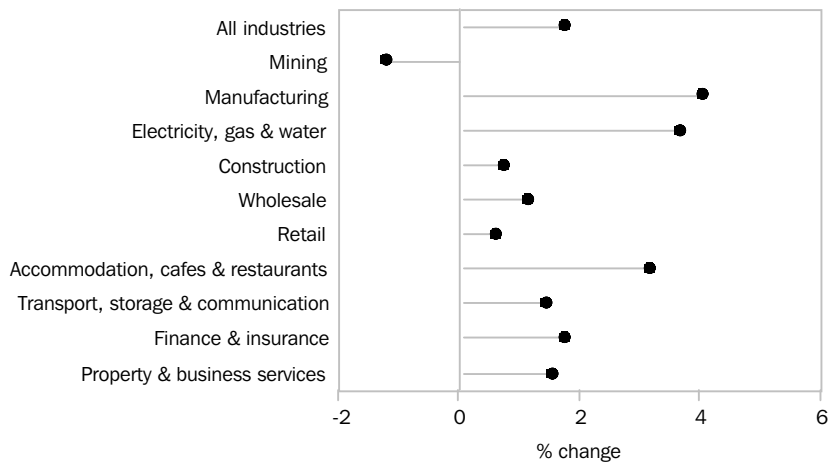
### TIME SERIES

The expected increase of 1.8% for Operating income in the September quarter 1999 is the same as that of the June quarter 1999. Small businesses expect an increase of 1.7%, while medium and large businesses expect increases of 1.4% and 2.0% respectively.



### MAIN INDUSTRY COMPARISON

All industries except Mining expect Operating income to increase in the September quarter 1999. The decrease in Mining is driven by large businesses and reflects business sentiment expecting lower production and selling prices.

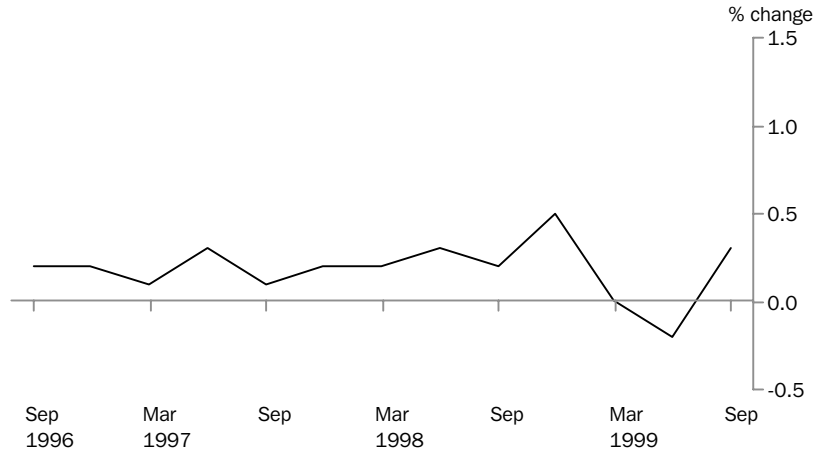


# SUMMARY OF RESULTS: Short-term Outlook *continued*

## SELLING PRICES

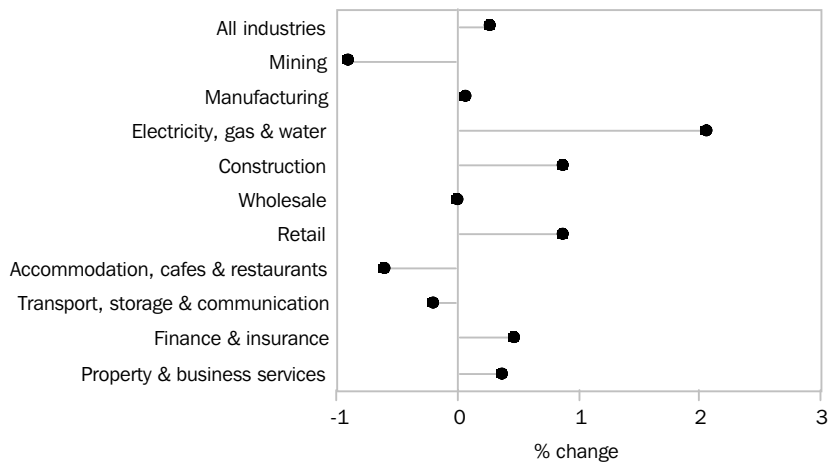
### TIME SERIES

Selling prices are expected to rise by 0.3% in the September quarter 1999. This increase follows the expected fall in Selling prices in the June quarter 1999 of 0.2%.



### MAIN INDUSTRY COMPARISON

Mining, Accommodation, cafes and restaurants and Transport, storage and communication expect a fall, while Wholesale expects no change. The fall in selling prices in the Mining industry reflects the further expected short-term fall in the price of gold and other commodities.

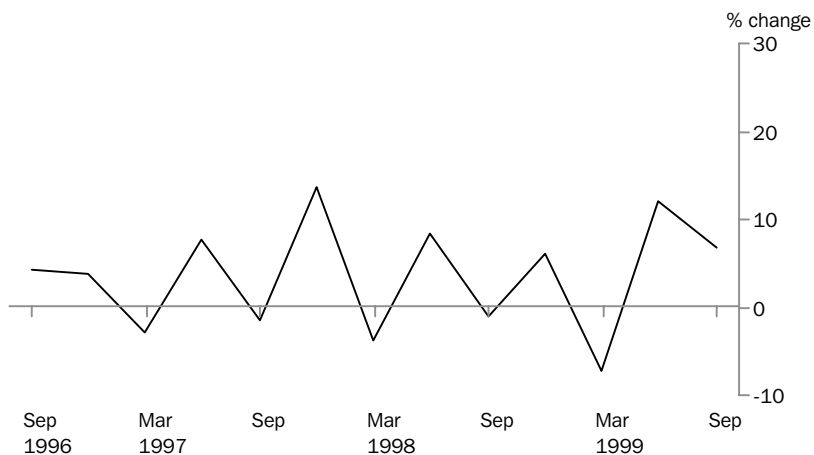


# SUMMARY OF RESULTS: Short-term Outlook *continued*

## PROFITS

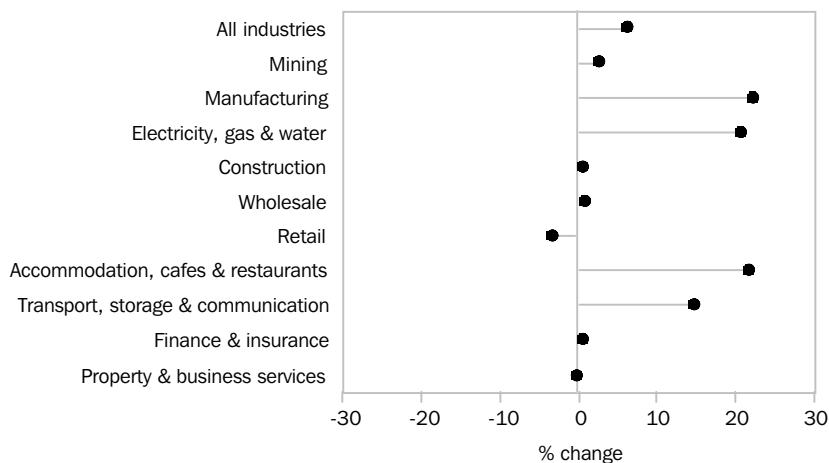
### TIME SERIES

Profits are expected to increase by 6.7% in the September quarter 1999. The expected change for large and medium businesses is 13.9% and 11.1% respectively, while small businesses expect a decrease of 1.5%.



### MAIN INDUSTRY COMPARISON

All industries expect an increase in Profit in the September quarter 1999, except Retail, which has expected a decrease in Profit in September quarters since the survey began. Manufacturing, Electricity, gas and water and Accommodation, cafes and restaurants expect increases in excess of 20.0%.

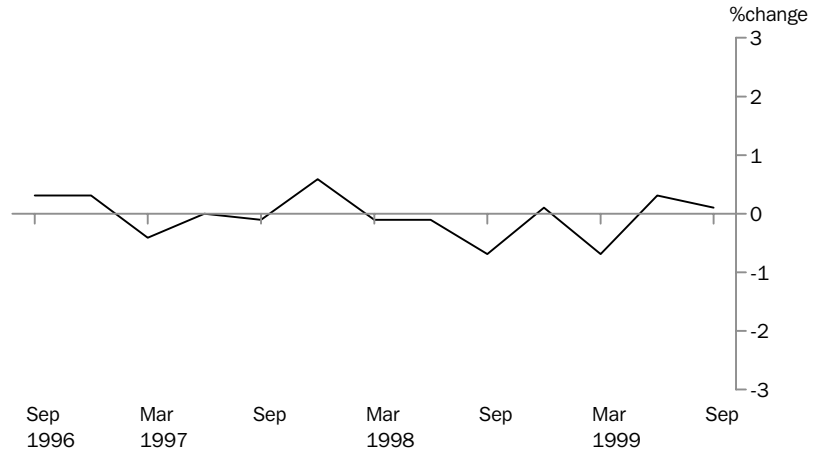


# SUMMARY OF RESULTS: Short-term Outlook *continued*

## EMPLOYMENT

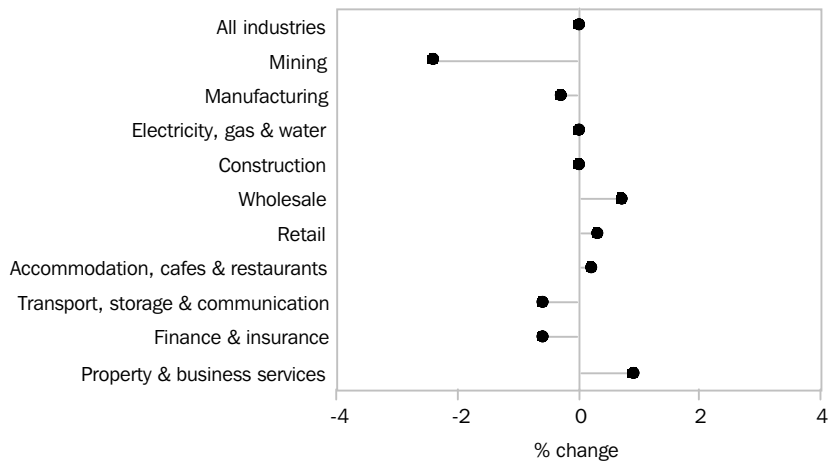
### TIME SERIES

Full time equivalent Employment is expected to rise by 0.1% in the September quarter 1999, which is the first increase in a September quarter since 1996.



### MAIN INDUSTRY COMPARISON

The Mining industry expects the largest decrease in Employment in September quarter 1999, and has expected decreases every quarter since September quarter 1997. The fall in profit reflects market conditions for this industry.

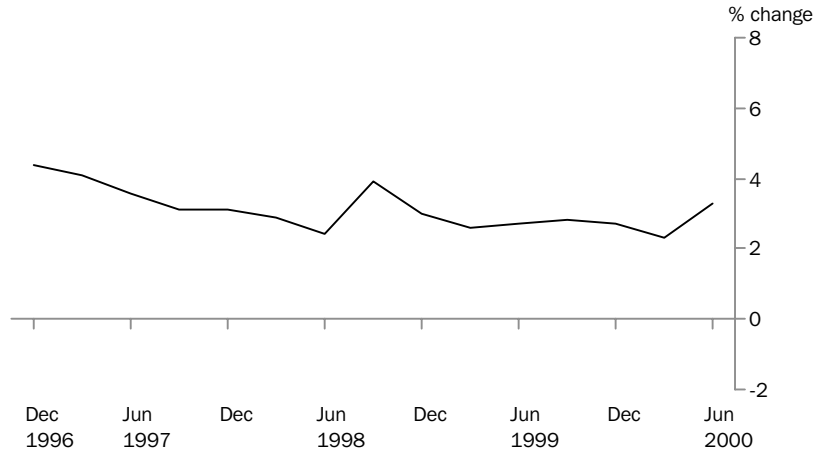


# SUMMARY OF RESULTS: Medium-term Outlook

## OPERATING INCOME

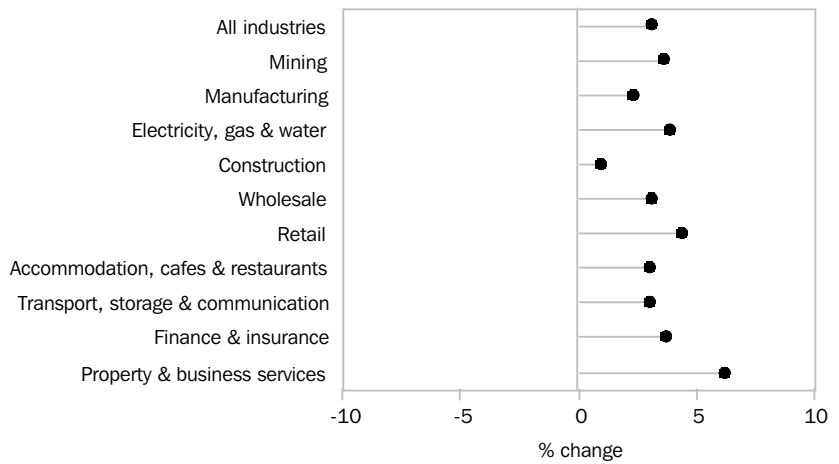
### TIME SERIES

Operating income is expected to increase by 3.3% in the medium term, which is the largest expected increase since September quarter 1998.



### MAIN INDUSTRY COMPARISON

Most industries expect Operating income to increase in the medium term by 3.0% or more. The Manufacturing and Construction industries expect increases of 2.5% and 1.2% respectively.



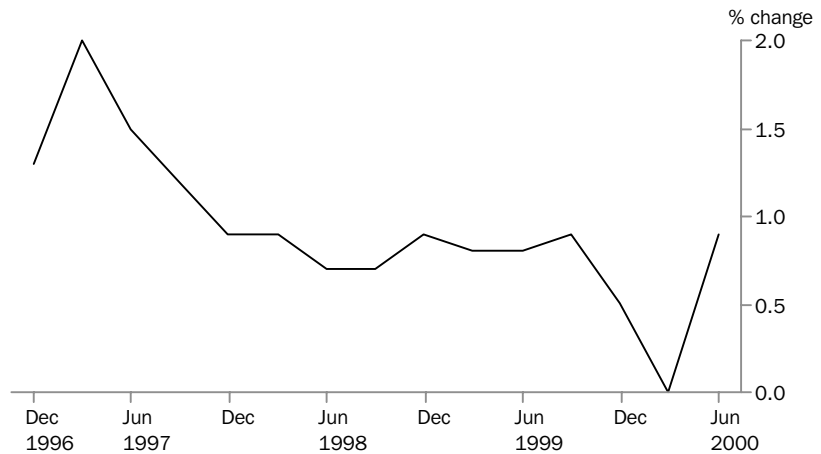


# SUMMARY OF RESULTS: Medium-term Outlook *continued*

## SELLING PRICES

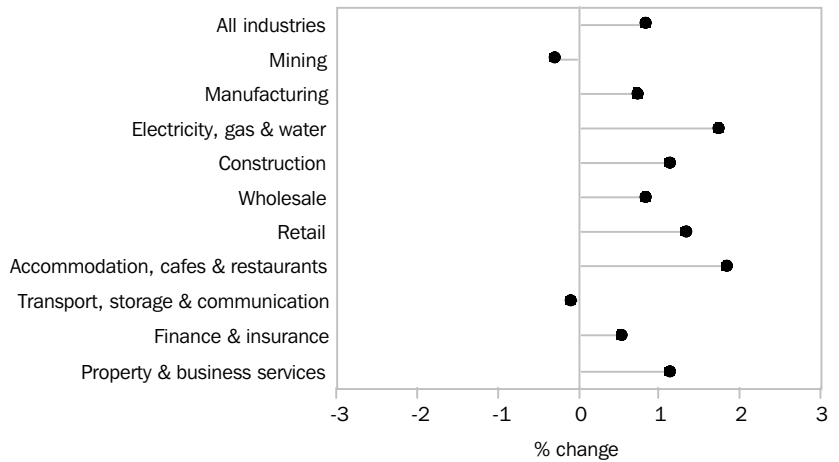
### TIME SERIES

Selling prices are expected to rise by 0.9% in the medium-term. The expected change for large and medium businesses is 0.9% and 1.3% respectively, while small businesses expect an increase of 0.8%.



### MAIN INDUSTRY COMPARISON

All industries expect Selling prices to increase in the medium-term, except Mining and Transport, storage and communication which expect falls of 0.3% and 0.1% respectively. The medium-term outlook for Selling prices in the Mining industry is less than the short-term outlook. Expectations are that Selling prices will improve.

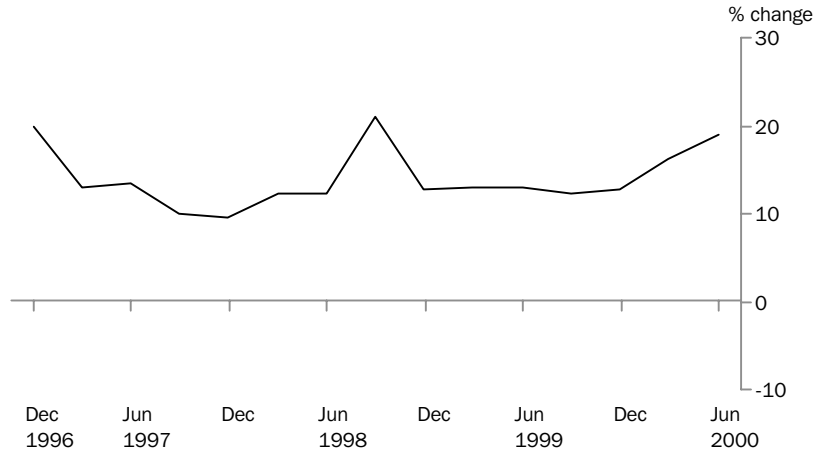


# SUMMARY OF RESULTS: Medium-term Outlook *continued*

## PROFITS

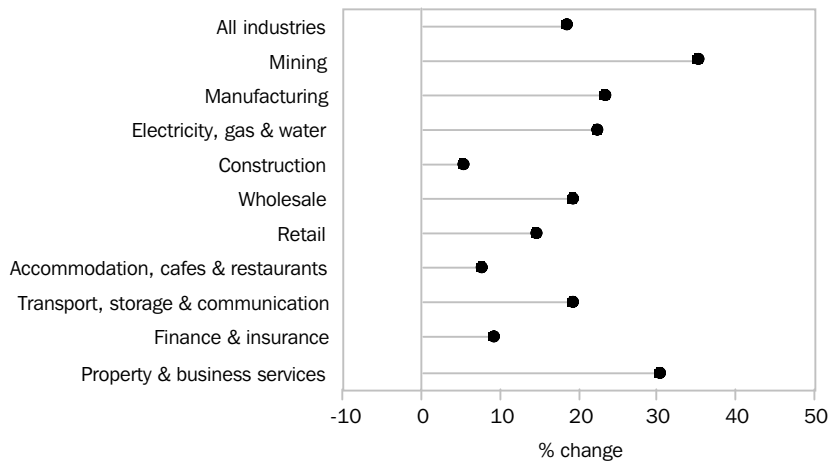
### TIME SERIES

Profits are expected to increase by 19.0% in the medium term, with all business sizes expecting increases in excess of 17.0%.



### MAIN INDUSTRY COMPARISON

Medium term Profit expectations are for increases across all industries, with the strongest expected increase being for Mining and Property and business services with 35.8% and 30.9% respectively.

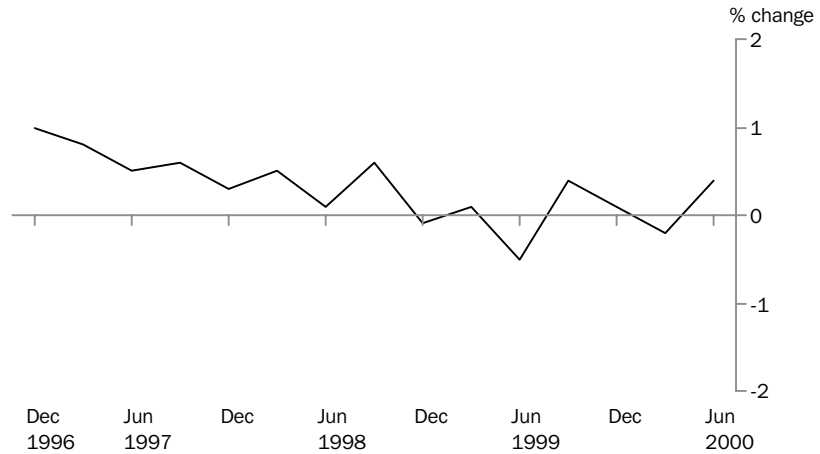


# SUMMARY OF RESULTS: Medium-term Outlook *continued*

## EMPLOYMENT

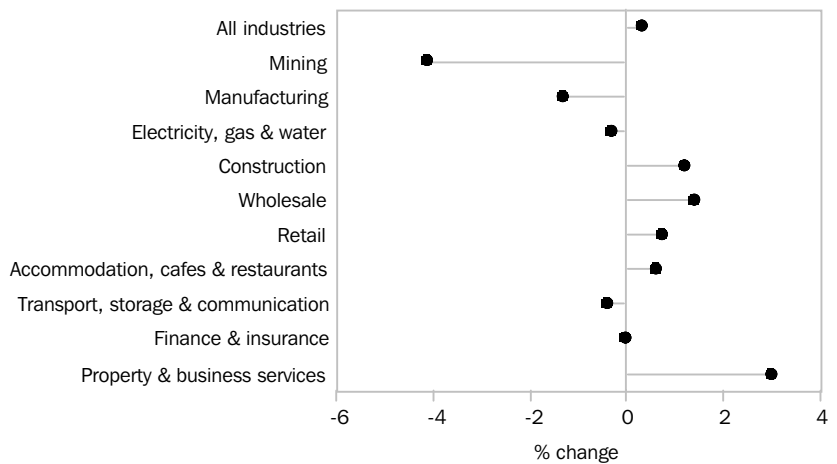
### TIME SERIES

Full time equivalent Employment is expected to rise by 0.4% in the medium term. Employment for small and medium businesses is expected to increase by 0.9% and 0.8% respectively, while large business expect a decrease of 0.4%. This is consistent with short term expectations.



### MAIN INDUSTRY COMPARISON

The Mining industry expects the largest decrease in Employment in the medium term, and has expected decreases in every quarter since the June quarter 1997. Property and business services expects the largest increase in employment, which is the highest expected increase for this industry since the beginning of the survey.



## EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR

	<i>Sep Qtr</i> 1998	<i>Dec Qtr</i> 1998	<i>Mar Qtr</i> 1999	<i>Jun Qtr</i> 1999	<i>Sep Qtr</i> 1999
Business performance indicators	%	%	%	%	%
ORIGINAL					
Trading performance					
Operating income	1.1	1.5	-0.9	1.8	1.8
Selling prices	0.2	0.5	0.0	-0.2	0.3
Profit	-1.0	6.0	-7.3	12.1	6.7
Investment					
Capital expenditure	2.8	4.9	1.3	2.9	1.1
Inventories	-0.3	-0.7	-0.3	-0.8	-0.4
Employment					
Full time equivalent	-0.7	0.1	-0.7	0.3	0.1
Operating expenses					
Wages	0.8	1.2	0.1	0.9	1.1
Non-wage labour	0.8	0.6	0.3	0.4	0.7
Other	1.3	1.1	0.0	0.7	1.4
Total	1.2	1.1	0.0	0.7	1.4
TREND					
Trading performance					
Operating income	0.9	0.7	0.8	1.1	1.5
Selling prices	0.3	0.2	0.1	0.0	0.1
Profit	0.8	0.7	2.9	5.7	7.4
Investment					
Capital expenditure	3.4	3.3	2.7	2.2	1.8
Inventories	-0.5	-0.5	-0.5	-0.5	-0.7
Employment					
Full time equivalent	-0.4	-0.4	-0.2	0.1	0.2
Operating expenses					
Wages	0.7	0.7	0.7	0.8	1.0
Total	0.9	0.7	0.6	0.8	1.0

## SHORT-TERM WEIGHTED NET BALANCE—September Qtr 1999

## BUSINESSES EXPECTING.....

	<i>Decreases</i>	<i>No change</i>	<i>Increases</i>	<i>Net balance</i>
Business performance indicators	%	%	%	%
.....				
Trading performance				
Operating income	17.5	37.9	44.5	27.4
Selling prices	8.9	68.2	22.9	14.3
Profit	23.6	25.1	51.7	28.4
Investment				
Capital expenditure	14.8	56.8	28.3	13.2
Inventories	29.4	44.2	26.4	-3.0
Employment				
Full time equivalent	19.0	63.2	17.7	-1.3
Operating expenses				
Wages	12.7	43.6	43.7	31.0
Non-wage labour	11.0	51.1	38.0	27.0
Other	13.2	49.0	37.8	25.1
.....				

## INDUSTRY EXPECTATIONS, Short-term Outlook Expected Aggregate Change

## EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
Business performance indicators	%	%	%	%	%

## MINING

Trading performance					
Operating income	1.3	-2.4	-0.2	1.6	-1.2
Selling prices	-0.8	0.4	0.3	-2.8	-0.9
Profit	6.2	2.4	-0.4	12.3	3.3
Investment					
Capital expenditure	2.5	-4.5	3.4	-2.0	-5.0
Inventories	1.4	4.6	3.0	-2.1	-2.0
Employment					
Full time equivalent	-1.7	-1.2	-0.7	-1.7	-2.4
Operating expenses					
Wages	-1.6	-1.3	-0.4	-1.7	-1.8
Non-wage labour	-0.9	-1.5	-1.0	-2.2	-4.1
Other	0.2	-4.4	1.1	-0.5	0.2
Total	-0.1	-3.8	0.8	-0.7	-0.2

## MANUFACTURING

Trading performance					
Operating income	3.2	0.4	-2.1	3.0	4.1
Selling prices	0.0	0.3	0.0	0.0	0.1
Profit	11.0	4.2	-17.8	27.4	22.9
Investment					
Capital expenditure	8.1	14.7	5.7	3.4	1.7
Inventories	-1.0	-1.6	0.1	-0.9	-1.0
Employment					
Full time equivalent	-0.3	-0.4	-0.2	-0.5	-0.3
Operating expenses					
Wages	0.9	0.6	0.3	0.4	0.8
Non-wage labour	0.8	0.3	0.3	0.4	0.8
Other	2.3	-0.2	0.0	0.7	2.9
Total	2.0	-0.1	0.1	0.6	2.5

## ELECTRICITY, GAS &amp; WATER

Trading performance					
Operating income	-0.2	-2.0	-5.2	2.6	3.7
Selling prices	0.5	-0.2	0.1	-0.2	2.1
Profit	8.3	-12.9	-25.3	0.3	21.3
Investment					
Capital expenditure	3.7	4.3	-0.8	0.5	-1.7
Inventories	0.1	-0.4	0.3	-0.9	-0.8
Employment					
Full time equivalent	-1.5	-0.8	-0.3	-0.2	0.1
Operating expenses					
Wages	0.0	0.3	0.3	0.9	-1.2
Non-wage labour	0.1	0.0	0.4	0.0	-0.1
Other	-2.0	0.2	-0.6	3.3	1.1
Total	-1.8	0.2	-0.5	3.0	0.9

## CONSTRUCTION

Trading performance					
Operating income	0.6	0.8	0.2	-0.6	0.8
Selling prices	0.2	0.6	0.2	-0.2	0.9
Profit	1.5	5.2	-7.6	8.1	1.1
Investment					
Capital expenditure	0.2	0.7	1.4	11.8	4.6
Inventories	0.7	-0.1	-0.3	-0.1	-0.5
Employment					
Full time equivalent	-1.4	-0.5	1.3	-2.2	0.1
Operating expenses					
Wages	0.2	0.2	0.7	-2.3	0.4
Non-wage labour	1.0	-0.2	0.5	-2.1	0.4
Other	0.6	0.5	1.0	-1.5	0.6
Total	0.6	0.4	0.9	-1.6	0.6

## EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
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Business performance indicators % % % % %

## WHOLESALE

Trading performance					
Operating income	0.6	1.0	1.1	2.7	1.2
Selling prices	0.2	0.7	0.2	0.3	0.0
Profit	-6.1	-2.4	10.2	23.5	1.3
Investment					
Capital expenditure	4.2	3.6	6.5	1.0	3.6
Inventories	-0.8	-1.1	-0.8	-0.3	-0.6
Employment					
Full time equivalent	0.0	-0.3	-0.4	1.0	0.8
Operating expenses					
Wages	1.0	1.4	0.5	1.0	2.4
Non-wage labour	0.7	0.9	0.6	0.7	1.5
Other	1.3	1.2	0.4	0.7	1.0
Total	1.2	1.2	0.4	0.7	1.1

## RETAIL

Trading performance					
Operating income	0.4	4.4	-4.0	0.1	0.7
Selling prices	0.3	0.8	-0.1	-0.5	0.9
Profit	-8.2	16.6	-26.2	1.1	-3.1
Investment					
Capital expenditure	-10.1	1.0	-3.9	9.6	22.2
Inventories	0.8	-0.5	-1.4	-1.5	1.3
Employment					
Full time equivalent	0.1	0.6	-1.2	0.2	0.4
Operating expenses					
Wages	1.5	2.5	-1.0	0.6	1.6
Non-wage labour	1.6	1.5	-1.0	0.6	0.8
Other	1.3	3.3	-1.3	-0.1	1.0
Total	1.4	3.2	-1.2	0.0	1.1

## ACCOMMODATION, CAFES &amp; RESTAURANTS

Trading performance					
Operating income	0.2	2.1	-1.7	1.3	3.2
Selling prices	0.2	0.7	-0.2	0.6	-0.6
Profit	-6.9	-1.0	-19.2	3.0	22.2
Investment					
Capital expenditure	4.0	2.1	5.3	2.0	6.9
Inventories	-0.5	0.5	-0.3	-0.4	0.5
Employment					
Full time equivalent	-0.5	1.0	-0.4	0.5	0.3
Operating expenses					
Wages	1.1	2.1	-0.2	1.4	1.1
Non-wage labour	1.1	2.0	0.0	0.7	1.0
Other	0.9	2.2	0.5	0.8	0.8
Total	1.0	2.2	0.3	1.0	0.9

## TRANSPORT, STORAGE &amp; COMMUNICATION

Trading performance					
Operating income	0.5	3.7	2.1	1.8	1.5
Selling prices	-0.1	0.1	-0.1	-1.1	-0.2
Profit	7.7	14.2	21.9	3.3	15.3
Investment					
Capital expenditure	3.3	8.2	-8.7	8.4	-10.9
Inventories	-0.1	-4.4	-1.2	-1.2	1.9
Employment					
Full time equivalent	-1.0	-0.8	-4.3	-0.8	-0.6
Operating expenses					
Wages	0.4	0.4	-0.3	1.0	-0.9
Non-wage labour	-0.8	-0.9	0.8	2.5	-0.5
Other	-1.0	1.4	-3.4	1.9	-0.8
Total	-0.7	1.0	-2.4	1.7	-0.8

## EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
Business performance indicators	%	%	%	%	%

## FINANCE &amp; INSURANCE

Trading performance					
Operating income	1.0	3.5	1.4	4.1	1.8
Selling prices	0.1	0.0	-0.1	-0.1	0.5
Profit	0.2	6.7	0.8	11.5	1.2
Investment					
Capital expenditure	0.5	3.3	3.1	0.1	-0.3
Inventories	-0.2	0.0	0.0	2.2	2.3
Employment					
Full time equivalent	-0.6	-0.1	-0.1	0.3	-0.6
Operating expenses					
Wages	2.2	2.6	0.2	1.2	0.4
Non-wage labour	3.9	0.8	0.9	0.9	0.5
Other	1.4	3.5	0.8	1.8	2.1
Total	1.5	3.4	0.7	1.7	1.9

## PROPERTY &amp; BUSINESS SERVICES

Trading performance					
Operating income	-0.2	1.2	-0.3	2.3	1.6
Selling prices	0.7	0.8	-0.6	-0.2	0.4
Profit	-9.8	5.6	-6.4	1.3	-0.5
Investment					
Capital expenditure	3.3	2.7	4.0	1.0	1.6
Inventories	0.3	-0.5	0.2	0.0	0.1
Employment					
Full time equivalent	0.2	1.2	-0.9	3.0	1.0
Operating expenses					
Wages	0.8	2.0	0.0	3.6	3.0
Non-wage labour	0.4	1.3	-0.5	0.6	2.0
Other	1.2	0.0	0.8	2.1	1.7
Total	1.1	0.6	0.5	2.5	2.1

## ALL INDUSTRIES

Trading performance					
Operating income	1.1	1.5	-0.9	1.8	1.8
Selling prices	0.2	0.5	0.0	-0.2	0.3
Profit	-1.0	6.0	-7.3	12.1	6.7
Investment					
Capital expenditure	2.8	4.9	1.3	2.9	1.1
Inventories	-0.3	-0.7	-0.3	-0.8	-0.4
Employment					
Full time equivalent	-0.7	0.1	-0.7	0.3	0.1
Operating expenses					
Wages	0.8	1.2	0.1	0.9	1.1
Non-wage labour	0.8	0.6	0.3	0.4	0.7
Other	1.3	1.1	0.0	0.7	1.4
Total	1.2	1.1	0.0	0.7	1.4



## STATE EXPECTATIONS, Short-term Outlook Expected Aggregate Change

## EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
Business performance indicators	%	%	%	%	%

## NEW SOUTH WALES

Trading performance					
Operating income	0.8	1.2	-1.2	1.1	1.8
Selling prices	0.3	0.7	0.1	-0.1	0.3
Profit	-8.0	-3.1	-12.4	4.8	3.7
Investment					
Capital expenditure	1.7	6.4	4.4	2.8	3.0
Inventories	0.0	-1.1	-0.8	-0.3	0.1
Employment					
Full time equivalent	-1.2	0.1	-0.3	-0.1	0.1

## VICTORIA

Trading performance					
Operating income	1.1	1.3	-1.3	2.6	2.8
Selling prices	0.4	0.3	0.0	-0.2	0.5
Profit	2.0	-3.0	-1.3	17.7	-0.8
Investment					
Capital expenditure	5.1	6.1	1.1	1.5	3.4
Inventories	0.6	-1.1	-1.1	-0.7	0.0
Employment					
Full time equivalent	-0.1	0.0	-0.3	0.4	0.4

## QUEENSLAND

Trading performance					
Operating income	2.3	1.9	-1.7	2.1	0.2
Selling prices	-0.2	0.7	-0.6	-0.7	0.0
Profit	-0.2	6.5	-7.7	8.9	-4.1
Investment					
Capital expenditure	1.1	4.2	6.0	3.1	0.8
Inventories	-0.3	-1.8	-0.9	-2.2	-1.1
Employment					
Full time equivalent	-0.2	0.2	-0.7	1.4	0.1

## SOUTH AUSTRALIA

Trading performance					
Operating income	2.0	0.4	0.4	4.9	3.4
Selling prices	0.4	0.4	0.3	0.1	0.3
Profit	12.4	-16.0	6.9	37.5	37.9
Investment					
Capital expenditure	2.6	0.4	-4.9	3.8	9.2
Inventories	-2.4	-0.4	-1.3	-0.8	-0.2
Employment					
Full time equivalent	-1.2	1.0	-0.8	0.5	0.0

## EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
Business performance indicators	%	%	%	%	%

## WESTERN AUSTRALIA

Trading performance					
Operating income	1.2	1.0	1.5	0.5	1.3
Selling prices	0.4	0.3	0.0	-0.9	0.7
Profit	3.4	4.3	18.2	2.0	9.1
Investment					
Capital expenditure	7.5	3.0	0.5	-2.4	0.2
Inventories	-1.2	2.1	2.6	-0.2	-1.2
Employment					
Full time equivalent	-0.7	0.2	-0.3	-1.2	-0.1

## TASMANIA

Trading performance					
Operating income	-4.8	1.5	-1.4	0.0	-0.5
Selling prices	-1.1	0.4	0.3	0.5	-0.9
Profit	-3.9	-3.7	-8.3	-1.6	-16.6
Investment					
Capital expenditure	1.8	4.0	0.9	-3.5	0.5
Inventories	-5.1	-0.6	-0.8	-2.6	-0.6
Employment					
Full time equivalent	-0.7	0.1	0.2	0.0	-0.1

## AUSTRALIA

Trading performance					
Operating income	1.1	1.5	-0.9	1.8	1.8
Selling prices	0.2	0.5	0.0	-0.2	0.3
Profit	-1.0	6.0	-7.3	12.1	6.7
Investment					
Capital expenditure	2.8	4.9	1.3	2.9	1.1
Inventories	-0.3	-0.7	-0.3	-0.8	-0.4
Employment					
Full time equivalent	-0.7	0.1	-0.7	0.3	0.1

## SIZE OF BUSINESS, Short-term Outlook Expected Aggregate Change

## EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
Business performance indicators	%	%	%	%	%

## SMALL

Trading performance					
Operating income	0.0	0.6	-0.5	0.9	1.7
Selling prices	0.2	0.5	-0.1	-0.1	0.4
Profit	-7.3	-5.7	-10.8	5.1	-1.5
Investment					
Capital expenditure	3.8	5.1	4.1	2.6	3.2
Inventories	-0.5	-0.7	0.1	-0.5	-0.3
Employment					
Full time equivalent	-1.2	0.0	-0.1	0.7	0.5
Operating expenses					
Wages	0.5	1.0	0.4	1.4	1.5
Non-wage labour	0.7	0.6	0.8	0.1	1.1
Other	1.5	1.2	0.7	0.6	2.3
Total	1.3	1.1	0.6	0.7	2.2

## MEDIUM

Trading performance					
Operating income	1.4	0.2	-0.1	1.1	1.4
Selling prices	0.3	0.5	-0.2	-0.6	0.2
Profit	1.1	-6.4	1.4	13.9	11.1
Investment					
Capital expenditure	1.6	3.7	6.1	0.7	4.2
Inventories	-0.8	-0.6	-1.0	-0.7	-1.2
Employment					
Full time equivalent	-0.2	0.2	-0.5	-0.3	0.2
Operating expenses					
Wages	0.8	1.6	0.2	0.2	1.5
Non-wage labour	0.5	1.3	0.0	0.2	1.1
Other	1.2	0.5	-0.1	0.3	0.3
Total	1.1	0.8	0.0	0.3	0.6

## LARGE

Trading performance					
Operating income	2.3	3.9	-2.1	3.4	2.0
Selling prices	0.1	0.5	0.2	-0.1	0.3
Profit	9.0	17.5	-7.0	19.6	13.9
Investment					
Capital expenditure	2.2	5.1	-3.1	3.9	-1.8
Inventories	0.1	-1.8	-0.4	-1.3	0.0
Employment					
Full time equivalent	-0.3	0.2	-1.5	0.1	-0.3
Operating expenses					
Wages	1.2	1.2	-0.4	0.7	0.5
Non-wage labour	1.0	-0.1	-0.3	0.9	0.0
Other	1.2	1.6	-0.9	1.0	0.9
Total	1.2	1.5	-0.8	0.9	0.8

MEDIUM-TERM OUTLOOK, Expected Aggregate Change: **Original and Trend**EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF  
THE PREVIOUS YEAR .....

	<i>Jun Qtr</i> 1999	<i>Sep Qtr</i> 1999	<i>Dec Qtr</i> 1999	<i>Mar Qtr</i> 2000	<i>Jun Qtr</i> 2000
Business performance indicators	%	%	%	%	%

## ORIGINAL

Trading performance					
Operating income	2.7	2.8	2.7	2.3	3.3
Selling prices	0.8	0.9	0.5	0.0	0.9
Profit	13.1	12.4	12.8	16.2	19.0
Investment					
Capital expenditure	3.2	2.1	13.9	0.6	-0.5
Inventories	0.3	0.4	-0.3	-0.2	0.1
Employment					
Full time equivalent	-0.5	0.4	0.1	-0.2	0.4
Operating expenses					
Wages	1.5	1.8	1.2	1.0	1.9
Non-wage labour	1.1	1.4	1.0	0.6	1.2
Other	1.7	1.7	1.4	0.9	1.9
Total	1.6	1.7	1.4	0.9	1.9

## TREND

Trading performance					
Operating income	2.7	2.6	2.6	2.8	3.1
Selling prices	0.9	0.7	0.5	0.4	0.5
Profit	12.3	12.2	13.6	16.3	19.2
Investment					
Capital expenditure	2.5	2.4	2.0	1.2	0.6
Inventories	0.3	0.1	0.0	-0.1	0.0
Employment					
Full time equivalent	0.0	0.0	0.0	0.1	0.3
Operating expenses					
Wages	1.5	1.5	1.3	1.4	1.5
Total	1.6	1.5	1.3	1.4	1.6

BUSINESSES EXPECTING.....

	<i>Decreases</i>	<i>No change</i>	<i>Increases</i>	<i>Net balance</i>
Business performance indicators	%	%	%	%
.....				
Trading performance				
Operating income	10.7	29.0	60.3	48.7
Selling prices	7.2	52.1	40.6	33.9
Profit	20.0	19.9	60.5	40.9
Investment				
Capital expenditure	14.9	55.5	29.6	14.4
Inventories	22.4	48.6	28.9	6.5
Employment				
Full time equivalent	16.4	55.3	28.4	12.0
Operating expenses				
Wages	10.7	29.8	59.5	48.9
Non-wage labour	8.4	38.9	52.8	44.4
Other	10.2	37.8	52.0	42.6

.....

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF  
THE PREVIOUS YEAR .....

	<i>Jun Qtr</i> 1999	<i>Sep Qtr</i> 1999	<i>Dec Qtr</i> 1999	<i>Mar Qtr</i> 2000	<i>Jun Qtr</i> 2000
Business performance indicators	%	%	%	%	%
.....					
MINING					
Trading performance					
Operating income	4.0	1.4	3.2	1.5	3.8
Selling prices	-2.1	-0.3	-1.0	-2.1	-0.3
Profit	27.4	-1.2	5.1	14.6	35.8
Investment					
Capital expenditure	-3.3	-6.2	-2.9	-17.4	-22.3
Inventories	-4.5	2.1	-1.2	-1.2	-5.3
Employment					
Full time equivalent	-2.6	-1.7	-1.5	-2.9	-4.1
Operating expenses					
Wages	-1.3	-1.1	-0.4	-1.9	-4.6
Non-wage labour	-1.0	-2.1	-2.0	-3.0	-5.5
Other	0.2	0.3	3.0	-0.8	0.2
Total	-0.1	0.0	2.4	-1.1	-0.7
.....					
MANUFACTURING					
Trading performance					
Operating income	2.3	2.7	2.5	3.1	2.5
Selling prices	0.7	0.6	0.5	0.7	0.8
Profit	19.6	13.4	15.2	25.3	23.9
Investment					
Capital expenditure	1.5	11.1	6.9	11.6	1.6
Inventories	0.0	-0.3	-0.9	-1.1	-0.9
Employment					
Full time equivalent	-0.2	0.4	0.0	-0.2	-1.3
Operating expenses					
Wages	1.7	1.9	1.2	1.4	1.1
Non-wage labour	1.4	1.4	1.3	1.1	0.8
Other	1.1	1.2	0.7	0.9	0.6
Total	1.2	1.3	0.8	1.0	0.7
.....					
ELECTRICITY, GAS & WATER					
Trading performance					
Operating income	1.7	2.5	2.9	3.5	4.1
Selling prices	0.6	1.2	0.6	0.6	1.8
Profit	12.3	6.9	3.6	1.5	23.0
Investment					
Capital expenditure	15.3	11.0	-4.8	-9.0	-9.1
Inventories	-3.3	-2.1	-1.5	0.7	-1.8
Employment					
Full time equivalent	-1.9	-1.9	-0.8	-0.8	-0.3
Operating expenses					
Wages	0.0	-0.1	1.1	1.3	0.2
Non-wage labour	0.3	-0.5	1.1	1.0	1.2
Other	-0.3	1.7	3.1	4.4	1.1
Total	-0.3	1.5	2.9	4.0	1.0
.....					
CONSTRUCTION					
Trading performance					
Operating income	1.8	1.9	2.1	0.3	1.2
Selling prices	0.5	0.9	0.8	0.5	1.2
Profit	5.7	8.9	11.2	10.3	6.0
Investment					
Capital expenditure	1.3	1.7	1.2	3.6	5.0
Inventories	1.1	0.4	-0.1	0.1	-1.4
Employment					
Full time equivalent	-0.5	0.0	1.0	-1.4	1.3
Operating expenses					
Wages	1.0	0.4	2.0	-1.1	1.2
Non-wage labour	1.4	-0.1	1.2	-1.6	0.8
Other	1.4	1.3	1.3	-0.6	0.9
Total	1.4	1.1	1.4	-0.8	0.9

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF  
THE PREVIOUS YEAR .....

	<i>Jun Qtr</i> 1999	<i>Sep Qtr</i> 1999	<i>Dec Qtr</i> 1999	<i>Mar Qtr</i> 2000	<i>Jun Qtr</i> 2000
Business performance indicators	%	%	%	%	%
.....					
WHOLESALE					
Trading performance					
Operating income	3.6	3.1	4.2	2.3	3.3
Selling prices	0.9	1.0	1.0	0.2	0.9
Profit	15.8	23.8	24.6	17.6	19.9
Investment					
Capital expenditure	16.3	1.5	3.4	9.1	2.9
Inventories	0.5	0.2	0.3	-0.9	-0.1
Employment					
Full time equivalent	0.5	1.3	0.3	0.5	1.5
Operating expenses					
Wages	2.6	1.8	1.7	2.1	3.3
Non-wage labour	1.8	1.1	1.4	1.6	2.1
Other	2.5	1.8	2.2	0.8	2.0
Total	2.5	1.8	2.2	0.9	2.1
.....					
RETAIL					
Trading performance					
Operating income	2.8	2.8	1.2	2.4	4.6
Selling prices	1.2	1.3	0.6	0.3	1.4
Profit	11.2	6.9	3.9	14.3	15.3
Investment					
Capital expenditure	6.1	2.4	2.5	9.3	17.8
Inventories	1.3	1.0	-0.4	2.5	3.6
Employment					
Full time equivalent	0.5	0.8	-0.2	0.5	0.8
Operating expenses					
Wages	2.0	2.8	1.4	1.7	2.9
Non-wage labour	1.8	1.9	0.8	2.7	1.9
Other	1.9	2.3	0.7	1.3	3.7
Total	1.9	2.3	0.8	1.3	3.6
.....					
ACCOMMODATION, CAFES & RESTAURANTS					
Trading performance					
Operating income	1.8	2.2	2.5	2.3	3.2
Selling prices	1.6	1.0	2.1	1.6	1.9
Profit	9.3	0.7	4.4	8.5	8.3
Investment					
Capital expenditure	4.7	1.9	1.8	11.9	4.9
Inventories	0.0	0.1	0.6	0.2	0.9
Employment					
Full time equivalent	0.0	0.3	0.5	1.7	0.7
Operating expenses					
Wages	1.8	1.6	2.1	2.1	3.0
Non-wage labour	1.5	1.4	1.9	1.4	1.9
Other	0.7	2.4	2.2	1.1	2.3
Total	1.0	2.2	2.1	1.4	2.5
.....					
TRANSPORT, STORAGE & COMMUNICATION					
Trading performance					
Operating income	3.2	4.5	4.6	4.3	3.2
Selling prices	-0.3	0.5	0.4	0.1	-0.1
Profit	17.7	12.2	21.4	15.0	20.0
Investment					
Capital expenditure	5.1	-1.6	30.4	-8.8	-10.7
Inventories	-0.4	3.4	-0.8	2.0	2.0
Employment					
Full time equivalent	-2.1	-2.1	-0.9	-1.4	-0.4
Operating expenses					
Wages	-0.2	0.0	0.2	0.7	0.3
Non-wage labour	-0.7	0.8	0.5	0.3	-0.3
Other	1.5	3.5	0.9	3.3	0.1
Total	1.0	2.5	0.7	2.5	0.2

## EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF THE PREVIOUS YEAR .....

	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000	Jun Qtr 2000
Business performance indicators	%	%	%	%	%

## FINANCE &amp; INSURANCE

Trading performance					
Operating income	4.2	5.1	4.9	7.0	3.9
Selling prices	0.5	0.0	-0.4	0.0	0.6
Profit	13.7	11.3	16.7	22.6	9.9
Investment					
Capital expenditure	-1.9	2.8	-0.4	-0.8	-0.4
Inventories	0.1	0.0	0.0	0.0	0.0
Employment					
Full time equivalent	-1.0	-0.6	-1.2	0.6	-0.1
Operating expenses					
Wages	2.2	3.8	1.5	2.7	1.5
Non-wage labour	2.1	3.5	1.3	1.7	0.2
Other	1.7	2.5	1.6	1.9	2.0
Total	1.7	2.7	1.6	2.0	1.9

## PROPERTY &amp; BUSINESS SERVICES

Trading performance					
Operating income	2.0	4.0	2.5	1.2	6.4
Selling prices	1.6	1.5	0.3	-2.0	1.2
Profit	5.7	25.3	12.5	17.9	30.9
Investment					
Capital expenditure	2.0	1.1	23.1	1.2	4.8
Inventories	0.0	1.0	0.4	-0.8	2.1
Employment					
Full time equivalent	0.6	1.6	0.5	-1.0	3.1
Operating expenses					
Wages	1.7	3.0	1.3	0.4	4.5
Non-wage labour	0.9	2.7	0.9	-0.2	3.3
Other	1.3	0.7	1.2	-0.1	3.3
Total	1.3	1.4	1.2	0.0	3.7

## ALL INDUSTRIES

Trading performance					
Operating income	2.7	2.8	2.7	2.3	3.3
Selling prices	0.8	0.9	0.5	0.0	0.9
Profit	13.1	12.4	12.8	16.2	19.0
Investment					
Capital expenditure	3.2	2.1	13.9	0.6	-0.5
Inventories	0.3	0.4	-0.3	-0.2	0.1
Employment					
Full time equivalent	-0.5	0.4	0.1	-0.2	0.4
Operating expenses					
Wages	1.5	1.8	1.2	1.0	1.9
Non-wage labour	1.1	1.4	1.0	0.6	1.2
Other	1.7	1.7	1.4	0.9	1.9
Total	1.6	1.7	1.4	0.9	1.9



## STATE EXPECTATIONS, Medium-term Outlook Expected Aggregate Change

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF  
THE PREVIOUS YEAR .....

	<i>Jun Qtr</i> 1999	<i>Sep Qtr</i> 1999	<i>Dec Qtr</i> 1999	<i>Mar Qtr</i> 2000	<i>Jun Qtr</i> 2000
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Business performance indicators % % % % %

## NEW SOUTH WALES

Trading performance					
Operating income	2.6	2.7	2.8	1.5	3.0
Selling prices	0.8	1.1	0.6	-0.1	1.0
Profit	7.5	11.5	5.6	9.3	16.3
Investment					
Capital expenditure	3.7	1.1	6.8	6.7	5.6
Inventories	0.1	0.4	-0.2	1.0	-0.3
Employment					
Full time equivalent	-0.9	0.3	0.0	-0.7	0.1

## VICTORIA

Trading performance					
Operating income	3.6	3.3	3.0	3.3	4.1
Selling prices	1.1	0.7	0.8	0.5	0.9
Profit	18.4	8.8	11.0	23.2	33.7
Investment					
Capital expenditure	4.3	1.4	33.9	1.0	3.4
Inventories	1.0	0.4	-0.2	0.2	0.3
Employment					
Full time equivalent	0.2	0.7	0.2	0.6	0.4

## QUEENSLAND

Trading performance					
Operating income	2.0	2.5	2.1	0.8	2.0
Selling prices	0.6	0.6	0.0	-0.3	0.8
Profit	9.5	6.6	8.6	6.5	15.7
Investment					
Capital expenditure	3.9	8.3	1.8	0.7	-3.9
Inventories	-0.1	-0.4	-1.2	-3.3	-1.7
Employment					
Full time equivalent	0.1	0.9	0.0	-0.2	0.9

## SOUTH AUSTRALIA

Trading performance					
Operating income	3.4	2.8	2.7	3.8	5.7
Selling prices	0.8	1.0	0.8	0.3	0.7
Profit	20.9	-0.6	10.2	27.4	46.1
Investment					
Capital expenditure	8.6	-6.0	22.2	0.6	-7.0
Inventories	0.3	1.8	-0.2	0.3	-0.4
Employment					
Full time equivalent	-0.5	0.6	0.3	0.4	0.1

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF  
THE PREVIOUS YEAR .....

	<i>Jun Qtr</i> 1999	<i>Sep Qtr</i> 1999	<i>Dec Qtr</i> 1999	<i>Mar Qtr</i> 2000	<i>Jun Qtr</i> 2000
Business performance indicators	%	%	%	%	%

## WESTERN AUSTRALIA

Trading performance					
Operating income	2.5	1.9	2.6	2.5	5.0
Selling prices	1.0	0.9	0.6	-0.3	1.0
Profit	6.6	4.7	6.0	10.3	5.7
Investment					
Capital expenditure	-1.1	-2.4	-4.1	-0.8	0.2
Inventories	0.5	0.7	0.2	0.2	4.0
Employment					
Full time equivalent	-0.3	0.4	0.1	-0.8	0.7

## TASMANIA

Trading performance					
Operating income	-3.0	2.1	1.1	1.8	3.0
Selling prices	-0.3	0.7	0.7	0.5	0.6
Profit	1.2	2.8	-0.2	11.1	22.6
Investment					
Capital expenditure	3.0	39.7	5.6	-1.7	-0.8
Inventories	-2.3	-1.1	-1.5	-1.0	-1.0
Employment					
Full time equivalent	-1.0	0.1	0.4	-0.1	-0.3

## AUSTRALIA

Trading performance					
Operating income	2.7	2.8	2.7	2.3	3.3
Selling prices	0.8	0.9	0.5	0.0	0.9
Profit	13.1	12.4	12.8	16.2	19.0
Investment					
Capital expenditure	3.2	2.1	13.9	0.6	-0.5
Inventories	0.3	0.4	-0.3	-0.2	0.1
Employment					
Full time equivalent	-0.5	0.4	0.1	-0.2	0.4

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF  
THE PREVIOUS YEAR .....

	<i>Jun Qtr</i> 1999	<i>Sep Qtr</i> 1999	<i>Dec Qtr</i> 1999	<i>Mar Qtr</i> 2000	<i>Jun Qtr</i> 2000
Business performance indicators	%	%	%	%	%
.....					
SMALL					
Trading performance					
Operating income	1.6	2.6	2.9	1.7	3.4
Selling prices	0.8	0.8	0.7	-0.2	0.8
Profit	2.9	13.5	11.4	13.2	17.3
Investment					
Capital expenditure	3.9	5.6	17.4	5.8	4.7
Inventories	0.7	0.3	-0.1	0.4	1.5
Employment					
Full time equivalent	-0.9	0.5	0.5	0.3	0.9
Operating expenses					
Wages	1.0	1.6	1.6	0.9	2.5
Non-wage labour	0.9	1.2	1.3	0.6	1.6
Other	1.9	1.6	2.1	0.7	2.3
Total	1.8	1.6	2.0	0.7	2.3
.....					
MEDIUM					
Trading performance					
Operating income	2.8	2.7	2.2	1.3	2.5
Selling prices	1.0	1.1	0.6	-0.5	1.3
Profit	19.3	15.3	17.7	18.0	20.2
Investment					
Capital expenditure	3.1	2.2	4.7	4.9	6.8
Inventories	-0.4	-1.0	-0.4	-0.8	-0.4
Employment					
Full time equivalent	-0.1	1.2	0.2	-1.5	0.8
Operating expenses					
Wages	1.7	2.4	1.6	0.0	2.3
Non-wage labour	1.2	2.0	0.9	-0.1	1.5
Other	0.5	1.7	1.1	0.7	1.1
Total	0.7	1.8	1.2	0.5	1.4
.....					
LARGE					
Trading performance					
Operating income	4.2	3.3	2.8	3.7	3.7
Selling prices	0.8	0.8	0.4	0.5	0.9
Profit	28.8	11.0	12.7	19.2	20.4
Investment					
Capital expenditure	2.6	-1.8	12.1	-6.7	-7.4
Inventories	0.3	1.5	-0.6	-0.5	-1.0
Employment					
Full time equivalent	-0.1	-0.1	-0.7	0.1	-0.4
Operating expenses					
Wages	1.8	1.6	0.7	1.7	1.1
Non-wage labour	1.2	1.1	0.6	0.9	0.4
Other	1.9	1.7	0.7	1.4	1.8
Total	1.9	1.7	0.7	1.5	1.6

# EXPLANATORY NOTES

## INTRODUCTION

**1** This publication contains estimates of future economic activity based on the business expectations of senior executives, managers and proprietors of businesses operating in Australia. The estimates have been compiled from data collected by the Australian Bureau of Statistics (ABS) in its quarterly survey of business expectations.

**2** This survey commenced with short term expectations for the December quarter 1993 and medium term expectations for the September quarter 1994. This quarter's publication contains estimates of the expected change between the June quarter 1999 and the September quarter 1999 and the June quarter 2000.

**3** The seasonal adjustment of these series has been reviewed, and the series have been found to be either not seasonal and/or very volatile and, hence, not of sufficient quality to be published at this time. The original and trend series will continue to be published indicators, with the trend providing an indication of the underlying direction of the series. Trend estimates are provided on pages 12 and 20.

**4** The survey is conducted by mail each quarter. This quarter's survey was collected during May and June 1999.

**5** It is based on a stratified random sample of approximately 3,000 businesses selected from the ABS annual Economic Activity Survey (EAS). EAS in turn derives its survey population from the ABS central register of business units.

**6** The sample is stratified by industry, sector (private and government business) and size of business (measured by number of employees). Within each stratum businesses are sampled randomly, with each business in a stratum having the same probability of selection.

**7** The sample is supplemented by a further sample of businesses which have been added to the ABS business register since the original EAS sample was selected. This ensures that the expectations of relatively new businesses are taken into account in the overall estimates.

## SCOPE OF THE SURVEY

**8** The statistics in this publication relate to employing businesses in all industries and sectors of the Australian economy except:

- agriculture, forestry and fishing; and
- general government.

**9** Data related to intended sheep matings are collected annually by the ABS and published in catalogue 7111.0 and 7113.0 publications from the Agricultural Commodity Survey.

**10** The Australian Bureau of Agricultural and Resource Economics (ABARE) publishes its forecasts for specific commodities and for the Agriculture industry generally, as part of the annual Outlook conference in February each year. ABARE updates these forecasts in its quarterly publication *Australian Commodities—Forecasts and Issues*.

## CLASSIFICATION

**11** Each statistical unit selected in the survey is classified to an industry according to the Australian and New Zealand Standard Industrial Classification (ANZSIC).

# EXPLANATORY NOTES

## BUSINESS SIZE

**12** Data presented in this publication is classified by three business sizes :

- small (less than 20 employees, except for manufacturers where it is less than 100);
- medium (20 to 99 employees, except for manufacturers where it is 100 to 599 employees); and
- large (100 or more employees, except for manufacturers where it is 600 or more employees).

## PROPORTION OF BUSINESSES SELECTED BY SIZE WITHIN AUSTRALIA

	<i>Small</i>	<i>Medium</i>	<i>Large</i>	<i>All businesses</i>
	%	%	%	%
Manufacturing	58.5	19.1	22.4	100.0
Other industries	55.0	16.4	28.7	100.0
All industries	56.0	17.1	26.9	100.0

## STATISTICAL UNIT

**13** The statistical unit used in the survey of business expectations is the management unit. The management unit is the highest level accounting unit within a business for which sub-annual accounts are maintained, having regard for industry homogeneity.

**14** In nearly all cases the management unit coincides with the legal entity owning the business (i.e. company, partnership, trust, sole proprietor, etc.).

**15** 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'.

## BUSINESS PERFORMANCE INDICATORS

**16** The survey uses a set of well recognised economic trading indicators in measuring future trading activity. These indicators are: Operating income, selling prices, operating expenses, employment, etc. See Glossary for details.

**17** The survey asks for full-time equivalent paid persons working. This is not a usual definition of employment as used by the ABS. It would be incorrect to assume a direct comparison with labour force statistics or other ABS employment statistics for instance.

## SIMPLE AND WEIGHTED NET BALANCE

**18** The simple net balance for a selected indicator is estimated by subtracting the percentage of respondents predicting a 'fall' from the percentage of respondents expecting a 'rise'.

**19** The net balance is a *qualitative* statistic best suited to indicating the sentiment of businesses about future business conditions, and measures the net proportion of businesses predicting a rise or fall in future business conditions.

**20** The weighted net balance is estimated by weighting the surveyed direction of change for each unit by its benchmark level response for the equivalent variable in the EAS.

**21** Weighting the responses enables larger businesses to have an influence upon the net balance proportional to the level of their expenditure, employment size, etc. Movements in the weighted net balance indicate the net proportion of business activity predicting a rise or fall in future business conditions.

## EXPLANATORY NOTES

**EXPECTED AGGREGATE CHANGE** **22** The expected aggregate change measures the forecasted percentage change in the level of a particular indicator. It is estimated by weighting the expected percentage change reported by respondents to the survey by their proportion of aggregate sales, expenditure, employment, etc. in the economy as measured from the benchmark estimate in the EAS.

**23** The weighted aggregate estimate of a particular indicator, combined with an estimated level, can be used to quantify its expected future movement.

**COMPARISON OF RESULTS** **24** The weighted net balance and expected aggregate change are complementary measures which, in combination, give a broad indication of future business conditions. It is possible to obtain estimates in opposite directions for the net balance and weighted aggregate change estimates.

**25** The weighted net balance provide a *qualitative* measure of the proportion of businesses predicting the direction of change in future business conditions. The expected aggregate change, however, provides a *quantitative* measure predicting the magnitude of change in a selected variable.

**26** A comparison of the various expectations measures is provided in the following table:

### COMPARISON OF THREE MEASURES OF BUSINESS EXPECTATIONS

	<i>Simple net balance</i>	<i>Weighted net balance</i>	<i>Weighted aggregate</i>
	%	%	%
Operating income	27.0	27.4	1.8
Wage costs	29.3	31.0	1.1
Employment			
Full time equivalent	4.7	-1.3	0.1

**27** For the September quarter 1999 a simple net balance of 4.7% of businesses expect a rise in employment. The fall in the employment weighted net balance of 1.3% indicates that the businesses expecting a fall in employment tend to be larger than those expecting a rise.

**TREND ESTIMATES** **28** The trend estimates are derived by applying a 7-term Henderson moving average to the (unpublished) seasonally adjusted series. The seasonally adjusted series will be available for publication in upcoming releases. 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* (Cat. no. 1348.0) or contact the Assistant Director, Time Series Analysis on (02) 6252 6345.

## EXPLANATORY NOTES

### RELIABILITY OF ESTIMATES

**29** All of the estimates in this publication are subject to:

- sampling error;
- non-sampling error; and
- benchmark bias.

### SAMPLING ERROR

**30** Sampling error is due to the use of a sample rather than a complete enumeration; that is, the estimates differ from the values that would have been obtained if all units were surveyed. A measure of the likely difference is given by the *standard error*, which indicates the extent to which an estimate might have varied by chance because only a sample of units was included. There are about two chances in three that the difference will be within one standard error, and about nineteen chances in twenty that the difference will be within two standard errors.

### STANDARD ERRORS

**31** The table below provides standard errors for some of the main estimates of this publication. As an example of how the standard errors can be interpreted, given that the short term expectation for *Operating Income* for Australia is 1.8% with a standard error of 0.4, there would be two chances in three that the true value would be within the range 1.4% and 2.2%.

#### STANDARD ERRORS OF KEY ESTIMATES, SHORT-TERM EXPECTATION, AUSTRALIA

<i>Business performance indicator</i>	<i>Survey estimate</i>	<i>Standard error</i>
Operating income	1.8	0.4
Selling prices	0.3	0.1
Profit	6.7	0.6
Capital expenditure	1.1	0.6
Inventories	-0.4	0.3
Employment	0.1	0.1
Wage costs	1.1	0.2

### NON-SAMPLING ERROR

**32** All other inaccuracies are referred to collectively as non-sampling error. The major areas of concern are: non-response; mis-reporting of data by respondents; and deficiency in the central register of economic units.

**33** Every effort is made to reduce the non-sampling error to a minimum by careful design of questionnaires and efficient editing and operating procedures.

**34** The expected aggregate change is designed to reflect business expectations for each business performance indicator, as accurately as possible. However, while the estimates should be appropriate measures of business climate, the expectations may not predict actual movements accurately. Businesses may be too optimistic or pessimistic in their predictions at different times.

**35** In addition, actual movements would be partly comprised of activity of relatively recently formed businesses, and businesses which are formed during the expectations reference period. These businesses are not immediately represented in Australian Business Expectations because they would not have been included on the ABS central register of economic units. Allowance is made in other ABS series for coverage deficiencies relating to newly formed businesses, but no allowance for this is made in Australian Business Expectations. This is important for some variables, where the contribution of new businesses to growth in that variable is relatively substantial (e.g. employment, capital expenditure or stocks).

## EXPLANATORY NOTES

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### BENCHMARKS

**36** Benchmark (or base level) information is obtained from the ABS annual EAS. It is used to weight individual business responses by their relative contribution to each business performance indicator. This enables percentage responses from different businesses to be aggregated.

**37** In June each year a new sample is selected from units surveyed by EAS in the previous financial year. New benchmarks are introduced for the survey conducted in August each year. The benchmark data become increasingly out of date as they are used in the surveys conducted in November, February and May. In certain cases, the benchmark data may not accurately reflect the current activity of a business. It is currently not possible to measure the extent of any such inaccuracies.

**38** Results from the EAS are published in *Business Operations and Industry Performance* (Cat. no. 8140.0).

### EXPECTED REVISIONS

**39** While redeveloping the Australian Business Expectations for year 2000 compliance, the opportunity was taken to implement a methodological change for the imputation of non-response. The impact of revisions will depend on the amount of imputation required for non-response. Revised data will be available in the December quarter 1999 release of this publication. Data back to December quarter 1995 will be available on request.

**40** Preliminary analysis indicates that the impact of the revisions are expected to be minimal.

### CHANGES DUE TO INTERNATIONAL STANDARDS

**41** As a result of revised international standards for measuring economic variables, the term 'stocks' has been replaced with the term 'inventories'.

**42** Further information on the changes to international standards can be found in *Information Paper: Implementation of Revised International Standards in the Australian National Accounts* (Cat. no. 5251.0).



## G L O S S A R Y

<b>Capital expenditure</b>	The expected change in the value of capital expenditure in new tangible assets.
<b>Inventories</b>	The expected change in the book value of inventories between the end of the collection quarter and the end of the reference periods.
<b>Non-wage labour expenses</b>	<p>The expected change in the total amount of employment related expenses not paid directly to employees.</p> <p>Some of these expenses are payroll tax, workers' compensation and superannuation.</p>
<b>Operating income</b>	<p>The expected change in operating income derived from the sale of goods or the provision of services by a business in terms of value.</p> <p>Financial institutions report on the expected change in gross interest income plus fees and commissions.</p> <p>Non-profit or charitable organisations report on the expected change in fees received for services, donations from the public and government grants and subsidies.</p>
<b>Other operating expenses</b>	<p>The expected change in the total amount of all expenses which are not classified as labour expenses.</p> <p>Some of these expenses are overheads, advertising, raw materials and packaging and handling.</p>
<b>Paid persons working</b>	The expected change in the number of paid persons working. Where part-time or casual employees are involved employers are requested to convert to a full-time equivalent. It should be noted that most other ABS series which provide data on paid persons working do not use a full-time equivalent measure.
<b>Profit</b>	<p>Profit is a derived item based on the present trading performance of a business and the expected changes to the level of sales of goods and services and the sum of all expense items.</p> <p>The difference between the new benchmarks for the <i>sales of goods and services</i> and the sum of all expenses items (the sum of <i>total wage expense, non-wage labour expense and all other operating expenses</i>) as determined by the responses received, the EAS benchmarks for those items and an indicator of present trading performance (cost/income ratio) are used to determine the expected change in profit for the reference periods.</p> <p>Because of reporting difficulties experienced with the cost/income ratios, caution should be exercised in interpreting profit expectations.</p>
<b>Reference periods</b>	<p>There are two reference periods surveyed each quarter:</p> <ul style="list-style-type: none"><li>▪ Short-term (if the current quarter is June 1999, then the quarter being surveyed is September 1999); and</li><li>▪ Medium-term (if the current quarter is June 1999, then the quarter being surveyed is June 2000).</li></ul>
<b>Selling prices</b>	<p>The expected change in the unit price of goods sold or services provided by the business. Where a business sells a range of products or services a representative product or service is used.</p> <p>Financial institutions report on interest rates, services and commissions charged.</p> <p>The benchmark for weighting the selling prices response is derived from associating selling prices with total expenses.</p>

## GLOSSARY

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<b>State information</b>	<p>State information has been derived for businesses in the survey which operate in more than one State.</p> <p>This has been achieved by</p> <ul style="list-style-type: none"><li>▪ applying a weight (the proportion of a business' economic activity undertaken in each State) to the benchmarks for that business to arrive at potentially eight different benchmarks for each business performance indicator; and</li><li>▪ applying the overall percentage change in the business performance indicators obtained from the survey to each of the State benchmarks for each business performance indicator.</li></ul>
<b>Total operating expenses</b>	<p>This is a derived estimate from the weighted response for the total of wage, non-wage labour and all other expenses.</p>
<b>Total wage expenses</b>	<p>The expected change in the total amount of direct wage and salaries paid to employees.</p>

## U N P U B L I S H E D   D A T A

AVAILABLE DATA	<p>The amount of data collected from the Survey of Business Expectations is much greater than the data contained in this publication.</p> <p>Subject to the ABS provisions for maintaining the confidentiality of respondents and their information, more detailed information by industry and size of business may be made available on request.</p>
SIZE OF BUSINESS	<p>The size of business is based on employment. Additional data can be estimated for the following size ranges:</p> <ul style="list-style-type: none"><li>▪ less than 20 employees;</li><li>▪ 20 to 99 employees;</li><li>▪ 100 to 599 employees;</li><li>▪ 600 or more employees;</li><li>▪ small (less than 20 employees except for manufacturers, where it is less than 100 employees);</li><li>▪ medium (20 to 99 employees except for manufacturers, where it is 100 to 599 employees); and</li><li>▪ large (100 or more employees except for manufacturers, where it is 600 or more employees).</li></ul>
INDUSTRY	<p>Industry is classified according to ANZSIC and is available at the 1 and 2 digit level. Additional data is available for:</p> <ul style="list-style-type: none"><li>▪ 15 industries categorised at the one digit ANZSIC level;</li><li>▪ 47 industries categorised at the two digit ANZSIC level; and</li><li>▪ user defined industry groups such as 'service industries'.</li></ul>
STATE INFORMATION	<p>State information has been derived from the business activity conducted by business in each State. Where sufficient information is available to provide satisfactory estimates, data may be made available at the same level of detail as that for Australia. State information is subject to a greater degree of variance than the Australia data.</p>
NET BALANCE	<p>A weighted net balance for industries and size of business can be produced as a special data service.</p>
MORE INFORMATION	<p>For more information please contact the officer named at the front of this publication or write to:</p> <p>Assistant Director Data Management and Dissemination Economy Wide Statistics Australian Bureau of Statistics PO Box 10 Belconnen ACT 2616.</p>

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