

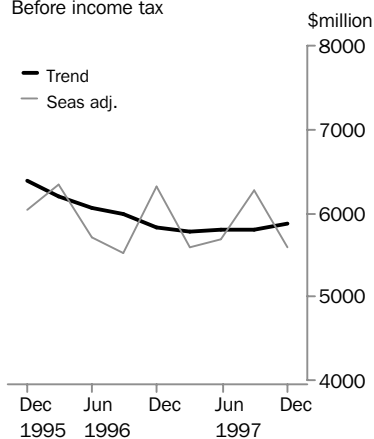
COMPANY PROFITS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) TUES 24 FEB 1998

DECEMBER QTR KEY FIGURES**Company profits**

Before income tax

**TREND ESTIMATES**

	Dec 97 \$m	% change Sep 97 to Dec 97	% change Dec 96 to Dec 97
Company profits before			
Income tax	5 879	1.2	1.0
Income tax & net interest	7 268	0.5	-0.4
Income tax, net interest & depreciation	11 522	0.5	1.7

SEASONALLY ADJUSTED

	Dec 97 \$m	% change Sep 97 to Dec 97	% change Dec 96 to Dec 97
Company profits before			
Income tax	5 580	-11.1	-11.7
Income tax & net interest	6 979	-8.7	-9.8
Income tax, net interest & depreciation	11 275	-4.5	-4.1

DECEMBER QTR KEY POINTS**TREND ESTIMATES**

- The provisional trend estimate of company profits before income tax, for companies with more than 30 employees is \$5,879m. After falling from a peak in the September 1995 quarter, the trend has been relatively flat since the December 1996 quarter.

SEASONALLY ADJUSTED

- The seasonally adjusted estimate of company profits before income tax decreased by 11.1% in the December 1997 quarter, largely as a result of businesses taking account of abnormal items in Mining, Transport, Services to finance and insurance, and Other services.
- The increase in company profits before income tax in the Retail trade industry in the December 1997 quarter was greater than it otherwise would have been as a result of some businesses changing their method of accounting for interest which reduced the level estimate for this industry in the September 1997 quarter.
- While some businesses noted recent developments in Asia as a reason for changes in profits, the overall impact appears to be minor in the December 1997 quarter.

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

NOTES

FORTHCOMING ISSUES

<i>ISSUE (Quarter)</i>	<i>RELEASE DATE</i>
March 1998	21 May 1998
June 1998	20 August 1998
September 1998	19 November 1998



CHANGES IN THIS ISSUE

This issue contains revisions to the September 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.



SAMPLING ERRORS

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

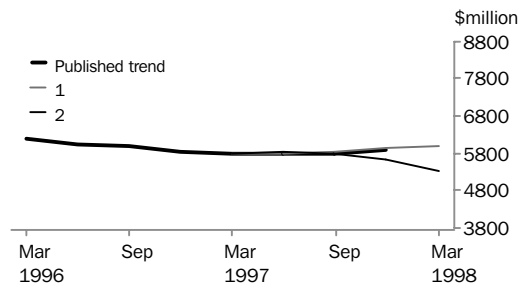


TREND REVISIONS

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 March 1998 seasonally adjusted estimate for company profits before income tax is higher than the December 1997 seasonally adjusted estimate by 10.0%.
- 2** The March 1998 seasonally adjusted estimate for company profits before income tax is lower than the December 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%.



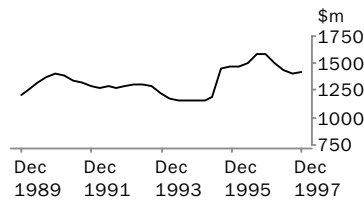
An increase of 10.0% in seasonally adjusted company profits before income tax in the March 1998 quarter would continue the relatively flat trend from the December 1996 quarter. A fall of this magnitude would result in the trend being revised to show a decline from the September 1997 quarter.

W. McLennan
Australian Statistician



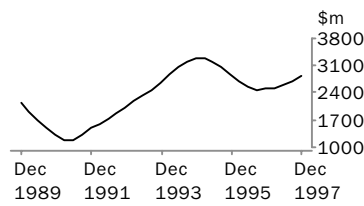
COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

MINING



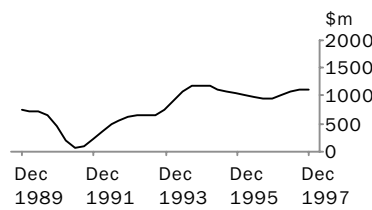
The Mining industry trend estimate is relatively unchanged (+0.9%) from the September 1997 quarter, following decreases in the previous four quarters.

MANUFACTURING



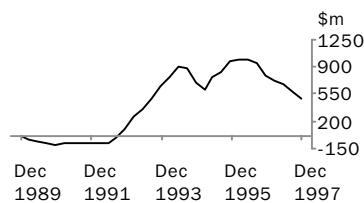
The Manufacturing industry trend estimate increased by 5.3%, continuing the increases recorded since the December 1996 quarter.

WHOLESALE/RETAIL



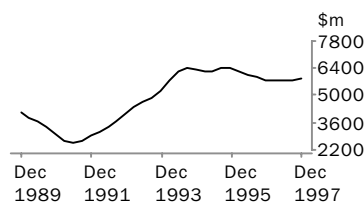
For the combined Wholesale and Retail trade industries, the trend estimate has shown a gradual increase since the December 1996 quarter. This is largely driven by the Wholesale trade industry in the last four quarters.

OTHER SELECTED INDUSTRIES(a)



The trend estimate for Other selected industries has declined since the June 1996 quarter.

TOTAL ALL INDUSTRIES



The All industries trend estimate has been relatively flat over the past five quarters.

(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			
1994-95			
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	11 665	7 756	6 043
December	13 006	8 938	7 538
March	10 202	6 133	4 828
June	10 398	6 208	4 684
1997-98			
September	12 574	8 335	6 871
December	12 605	8 258	6 847
SEASONALLY ADJUSTED			
1994-95			
December	10 713	7 525	6 385
March	10 445	7 237	6 029
June	10 754	7 452	6 238
1995-96			
September	11 342	7 934	6 741
December	10 884	7 389	6 041
March	11 619	7 992	6 349
June	11 129	7 266	5 696
1996-97			
September	10 969	7 092	5 519
December	11 754	7 741	6 319
March	11 185	7 041	5 591
June	11 442	7 197	5 676
1997-98			
September	11 809	7 644	6 274
December	11 275	6 979	5 580
TREND ESTIMATES			
1994-95			
December	10 686	7 512	6 351
March	10 659	7 429	6 236
June	10 782	7 471	6 277
1995-96			
September	11 056	7 666	6 418
December	11 283	7 770	6 382
March	11 387	7 734	6 195
June	11 438	7 647	6 054
1996-97			
September	11 431	7 519	5 982
December	11 325	7 296	5 819
March	11 371	7 242	5 785
June	11 434	7 239	5 796
1997-98			
September	11 463	7 231	5 811
December	11 522	7 268	5 879

COMPANY PROFITS BEFORE INCOME TAX, Depreciation and Interest Original

<i>Period</i>	<i>Company profits before income tax, net interest paid and depreciation</i>	<i>Depreciation</i>	<i>Company profits before income tax and net interest paid</i>	<i>Interest paid</i>	<i>Interest received</i>	<i>Net interest paid</i>	<i>Company profits before income tax</i>
	\$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	45 270	16 237	29 034	13 810	7 869	5 941	23 092
1994-95							
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	11 665	3 909	7 756	3 380	1 667	1 713	6 043
December	13 006	4 068	8 938	3 396	1 995	1 401	7 538
March	10 202	4 070	6 133	3 220	1 916	1 304	4 828
June	10 398	4 190	6 208	3 815	2 291	1 524	4 684
1997-98							
September	12 574	4 240	8 335	3 285	1 821	1 464	6 871
December	12 605	4 347	8 258	3 583	2 172	1 411	6 847

COMPANY PROFITS BEFORE INCOME TAX, By Broad Industry All series

<i>Period</i>	<i>Mining</i>	<i>Manu- facturing</i>	<i>Cons- truction</i>	<i>Wholesale trade</i>	<i>Retail trade</i>	<i>Transport and storage</i>	<i>Services to finance and insurance</i>	<i>Property and business services</i>	<i>Other services</i>	<i>Total</i>
<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
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	5 949	10 061	726	2 339	1 626	943	253	- 173	1 369	23 092
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	156	581	274	164	155	-71	610	6 043
December	1 743	3 046	193	643	784	421	105	145	458	7 538
March	1 476	2 152	112	456	223	340	6	- 154	217	4 828
June	1 156	2 263	265	659	346	19	-13	-93	83	4 684
1997-98										
September	1 761	3 036	182	927	240	266	61	19	380	6 871
December	1 291	3 223	179	671	803	277	- 129	209	324	6 847
SEASONALLY ADJUSTED										
1994-95	4 668	13 034	525	2 758	1 942	650	915	- 335	1 133	25 291
1995-96	5 970	10 635	623	2 548	1 627	872	603	-9	1 957	24 827
1996-97	5 948	10 050	755	2 338	1 622	943	253	- 173	1 372	23 106
1995-96										
September	1 471	2 976	140	603	479	233	156	149	534	6 741
December	1 507	2 919	156	597	409	261	91	- 295	397	6 041
March	1 399	2 750	179	706	386	187	137	72	532	6 349
June	1 593	1 989	148	642	351	191	220	65	495	5 696
1996-97										
September	1 432	2 366	143	516	376	162	143	-79	460	5 519
December	1 793	2 673	149	590	407	243	105	-17	378	6 319
March	1 455	2 456	140	567	398	282	55	-72	311	5 591
June	1 268	2 555	323	665	440	256	-49	-6	224	5 676
1997-98										
September	1 598	2 767	167	864	328	267	46	12	226	6 274
December	1 325	2 822	140	617	419	95	- 124	44	243	5 580
TREND ESTIMATES										
1994-95	4 682	13 049	531	2 705	1 946	663	885	- 308	1 176	25 330
1995-96	5 901	11 185	621	2 527	1 629	849	594	- 153	1 897	25 049
1996-97	6 113	10 117	602	2 421	1 582	959	314	- 116	1 391	23 383
1995-96										
September	1 451	3 055	139	614	459	229	137	-87	420	6 418
December	1 466	2 881	161	640	423	231	140	-46	486	6 382
March	1 473	2 699	165	647	381	207	145	-22	500	6 195
June	1 511	2 549	157	625	365	181	172	2	492	6 054
1996-97										
September	1 590	2 484	146	575	374	192	163	-1	459	5 982
December	1 579	2 493	143	546	400	230	100	-53	380	5 819
March	1 506	2 537	153	609	409	271	44	-47	302	5 785
June	1 438	2 604	160	690	398	266	6	-16	250	5 796
1997-98										
September	1 405	2 705	160	730	387	217	-33	12	228	5 811
December	1 418	2 847	154	733	385	152	-70	39	222	5 879

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	0.0	-6.6	17.2	-8.1	-0.1	20.9	-58.0	n.p.	-29.8	-7.0
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	31.5	-8.0	-1.3	455.4	-38.9	-180.1	69.7	26.1
December	10.7	17.2	23.3	10.7	186.5	157.4	-32.2	304.9	-24.9	24.7
March	-15.3	-29.3	-41.9	-29.2	-71.5	-19.3	-94.8	-206.1	-52.6	-35.9
June	-21.7	5.2	136.8	44.6	54.6	-94.6	-342.5	39.4	-61.7	-3.0
1997-98										
September	52.4	34.1	-31.4	40.8	-30.5	n.p.	555.6	120.2	357.1	46.7
December	-26.7	6.2	-1.9	-27.6	234.7	4.1	-312.6	1 008.6	-14.7	-0.4
SEASONALLY ADJUSTED										
1994-95	-3.5	17.5	41.7	68.4	15.1	-16.4	7.9	n.p.	53.1	14.9
1995-96	27.9	-18.4	18.7	-7.6	-16.2	34.1	-34.1	97.3	72.8	-1.8
1996-97	-0.4	-5.5	21.1	-8.2	-0.3	8.1	-58.1	n.p.	-29.9	-6.9
1995-96										
September	29.5	-7.2	-29.8	-9.0	0.2	19.4	-36.2	180.6	76.8	8.1
December	2.4	-1.9	11.3	-1.0	-14.7	11.9	-41.8	-297.9	-25.7	-10.4
March	-7.1	-5.8	15.3	18.3	-5.5	-28.3	50.8	124.4	34.0	5.1
June	13.9	-27.7	-17.4	-9.1	-9.1	2.1	61.1	-9.8	-6.8	-10.3
1996-97										
September	-10.1	18.9	-3.7	-19.5	7.0	-15.0	-35.0	-221.4	-7.2	-3.1
December	25.2	13.0	4.6	14.2	8.3	49.6	-26.9	78.1	-17.9	14.5
March	-18.8	-8.1	-6.6	-3.9	-2.2	16.0	-47.8	-313.2	-17.8	-11.5
June	-12.8	4.0	131.6	17.4	10.6	-9.2	-190.7	92.0	-28.1	1.5
1997-98										
September	26.0	8.3	-48.4	29.9	-25.6	4.2	192.6	317.0	0.9	10.5
December	-17.1	2.0	-16.2	-28.6	27.7	-64.2	-370.7	256.8	7.6	-11.1
TREND ESTIMATES										
1994-95	-3.7	18.1	49.0	59.4	13.5	-13.2	2.7	-498.5	56.4	14.4
1995-96	26.0	-14.3	16.9	-6.6	-16.3	28.1	-32.9	50.2	61.3	-1.1
1996-97	3.6	-9.5	-3.1	-4.2	-2.9	12.9	-47.1	24.1	-26.6	-6.7
1995-96										
September	21.9	-5.1	-27.5	-2.8	-2.4	6.7	-17.2	34.3	29.6	2.3
December	1.0	-5.7	16.0	4.3	-8.0	0.8	1.5	46.9	15.8	-0.6
March	0.4	-6.3	2.4	1.1	-9.9	-10.3	3.8	52.8	2.9	-2.9
June	2.6	-5.5	-4.4	-3.5	-4.1	-12.8	18.9	108.7	-1.7	-2.3
1996-97										
September	5.2	-2.6	-7.3	-7.9	2.4	6.0	-5.2	-144.1	-6.6	-1.2
December	-0.7	0.4	-1.9	-5.1	6.9	20.1	-38.4	n.p.	-17.3	-2.7
March	-4.7	1.8	7.1	11.7	2.3	17.7	-56.1	11.8	-20.6	-0.6
June	-4.5	2.6	4.5	13.2	-2.8	-2.0	-85.7	65.2	-17.0	0.2
1997-98										
September	-2.3	3.9	-0.3	5.8	-2.7	-18.3	-616.7	175.6	-8.9	0.2
December	0.9	5.3	-3.8	0.4	-0.7	-30.0	-115.3	220.5	-2.4	1.2

(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

<i>Period</i>	<i>Mining</i>	<i>Manu- facturing</i>	<i>Construction</i>	<i>Wholesale trade</i>	<i>Retail trade</i>	<i>Transport and storage</i>	<i>Services to finance and insurance</i>	<i>Property and business services</i>	<i>Other services</i>	Total
<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
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	5 949	10 061	726	2 339	1 626	943	253	- 173	1 369	23 092
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	156	581	274	164	155	-71	610	6 043
December	1 743	3 046	193	643	784	421	105	145	458	7 538
March	1 476	2 152	112	456	223	340	6	- 154	217	4 828
June	1 156	2 263	265	659	346	19	-13	-93	83	4 684
1997-98										
September	1 761	3 036	182	927	240	266	61	19	380	6 871
December	1 291	3 223	179	671	803	277	- 129	209	324	6 847
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	6 588	12 178	824	2 940	1 964	1 288	78	455	2 718	29 034
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	595	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	181	763	369	247	205	146	914	7 756
December	1 903	3 538	217	793	878	522	74	221	791	8 938
March	1 628	2 624	135	590	295	439	- 115	-25	561	6 133
June	1 324	2 817	291	794	422	80	-86	113	452	6 208
1997-98										
September	1 928	3 502	201	1 026	381	405	-58	101	850	8 335
December	1 472	3 768	194	778	989	422	- 206	63	778	8 258
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	10 089	18 086	1 198	3 904	2 893	2 587	515	1 340	4 658	45 270
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	264	978	614	547	293	347	1 363	11 665
December	2 758	5 041	296	1 056	1 102	820	197	449	1 286	13 006
March	2 500	4 107	230	823	526	784	-1	200	1 034	10 202
June	2 234	4 278	408	1 048	651	435	26	343	974	10 398
1997-98										
September	2 838	5 014	306	1 281	631	744	56	318	1 386	12 574
December	2 432	5 288	299	1 028	1 252	758	- 141	307	1 381	12 605

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	2 269	202	632	1 098	1 905	604	1 507	1 801	43	10 061
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	569	153	528	396	13	3 046
March	440	55	141	198	427	89	451	348	2	2 152
June	354	40	164	310	535	173	88	579	18	2 263
1997-98										
September	628	86	185	287	567	197	577	467	41	3 036
December	890	67	192	371	699	167	444	366	27	3 223
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	2 818	309	933	1 286	2 232	765	1 811	1 960	64	12 178
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	641	194	556	446	19	3 538
March	552	82	218	245	510	128	498	385	7	2 624
June	515	62	253	358	623	214	156	613	24	2 817
1997-98										
September	734	110	249	332	635	238	651	508	45	3 502
December	1 030	91	249	413	751	210	593	401	31	3 768
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	3 965	497	1 449	1 671	3 419	1 265	2 914	2 792	115	18 086
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	132	345	401	745	355	877	724	24	4 661
December	1 278	129	364	467	934	316	858	660	33	5 041
March	838	126	345	344	816	257	776	584	20	4 107
June	792	109	394	459	924	337	403	824	37	4 278
1997-98										
September	1 025	158	373	426	934	359	948	733	59	5 014
December	1 315	136	367	499	1 052	329	914	632	44	5 288

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 have been revised concurrently since September quarter 1997 to take account of the latest original data. A more detailed review is conducted annually. The nature of the seasonal adjustment process is such that the magnitude of some revisions resulting from each adjustment 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 (02) 6252 6345.

EXPLANATORY NOTES

DESCRIPTION OF TERMS	<p>22 A description of the terms used in this publication is given below:</p> <p>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.</p> <p>Company profits before income tax <i>Net operating profit or loss before income tax and extraordinary items</i> and is net of capital profits or losses and dividends received.</p> <p>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.</p> <p>Depreciation of fixed assets This is as per management accounts and includes depreciation on equipment acquired under a finance lease.</p>
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 and Sales, Selected Industries, 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	<p>n.p. not available for publication</p>

S T A N D A R D E R R O R S

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

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