

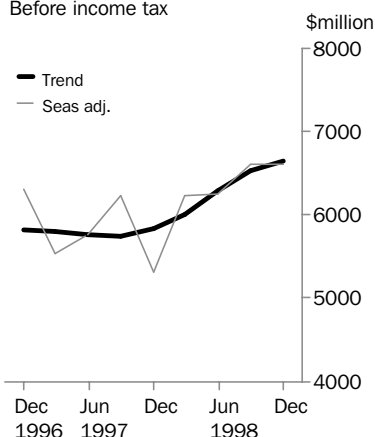
COMPANY PROFITS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) TUES 23 FEB 1999

Company profits

Before income tax



DECEMBER QTR KEY FIGURES

TREND ESTIMATES

	Dec 1998 \$m	% change Sep 1998 to Dec 1998	% change Dec 1997 to Dec 1998
Company profits before			
Income tax	6 649	1.6	13.7
Income tax & net interest	8 531	1.4	14.7
Income tax, net interest & depreciation	13 125	1.2	11.4

SEASONALLY ADJUSTED

	Dec 1998 \$m	% change Sep 1998 to Dec 1998	% change Dec 1997 to Dec 1998
Company profits before			
Income tax	6 605	-0.1	24.2
Income tax & net interest	8 671	5.3	25.9
Income tax, net interest & depreciation	13 253	3.7	17.3

DECEMBER QTR KEY POINTS

TREND ESTIMATES

- The provisional trend estimate for company profits before income tax for companies with more than 30 employees is \$6649m.
- Following decreases between December 1995 and September 1997, the trend estimate of company profits before income tax has risen over the past five quarters, but the rate of growth is slowing.

SEASONALLY ADJUSTED

- The seasonally adjusted estimate of company profits before income tax decreased by 0.1% in the December quarter 1998.
- The largest decrease was in Mining (down \$524m or 37%). This decrease was caused mainly by lower commodity prices and lower sales.
- The largest increases were in Services to Finance and insurance (\$205m), Manufacturing (\$125m) and Other services (\$103m)
- Retail trade again grew strongly, with a 8% increase this quarter following the September quarter increase of 37%.

- For further information about these and related statistics, contact Lazaros Georgiadis on Sydney 02 9268 4176, or any ABS office shown on the back cover of this publication.

NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)

RELEASE DATE

March 1999

20 May 1999

June 1999

19 August 1999

CHANGES IN THIS ISSUE

This issue contains revisions to the September 1998 quarter as a result of responses received 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.

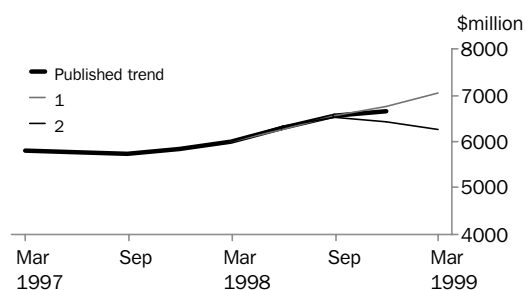
TREND REVISIONS

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 1999 seasonally adjusted estimate for company profits before income tax is higher than the December 1998 seasonally adjusted estimate by 10.0%.

2 The March 1999 seasonally adjusted estimate for company profits before income tax is lower than the December 1998 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%.

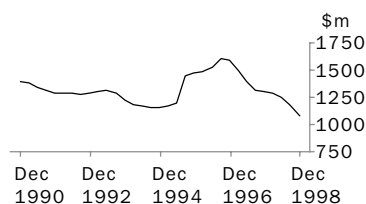


An increase of 10% in seasonally adjusted company profits before income tax in the March 1999 quarter would show an increase of 3.3% in the trend estimate from the December 1998 quarter. A fall of this magnitude would result in the trend being revised to reflect a decrease of 2.5% in the March 1999 quarter.

W. McLennan
Australian Statistician

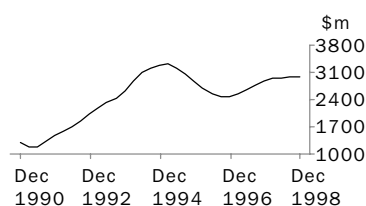
COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

MINING



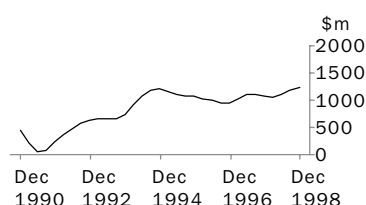
The Mining trend estimate has been decreasing since September 1996. The current quarter is the lowest reported quarterly profit since March 1989.

MANUFACTURING



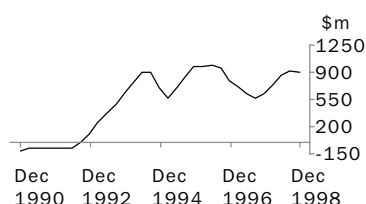
The trend estimate for Manufacturing grew at increasing rates between December 1996 and December 1997 but has been reasonably flat for the past three quarters.

WHOLESALE/RETAIL



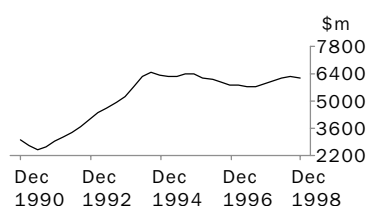
The trend estimate for Wholesale has been negative or relatively flat over the past five quarters. The trend estimate for Retail recorded strong growth in the three quarters to December 1998.

OTHER SELECTED INDUSTRIES(a)



The trend estimate for Other selected industries is flat this quarter following four quarters of increases.

TOTAL ALL INDUSTRIES



The All industries trend estimate has risen for each of 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

	<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>
Quarter	\$m	\$m	\$m
ORIGINAL			
1995-96			
December	12 004	8 510	7 213
March	10 620	6 993	5 546
June	10 146	6 300	4 794
1996-97			
September	11 658	7 750	6 037
December	12 993	8 929	7 526
March	10 187	6 122	4 820
June	10 376	6 218	4 672
1997-98			
September	12 546	8 308	6 841
December	12 651	8 143	6 668
March	11 310	7 039	5 464
June	11 717	7 132	5 154
1998-99			
September	13 501	8 931	7 148
December	14 816	10 162	8 189
SEASONALLY ADJUSTED			
1995-96			
December	10 896	7 441	6 010
March	11 573	7 926	6 331
June	11 126	7 271	5 787
1996-97			
September	10 990	7 081	5 519
December	11 766	7 834	6 310
March	11 106	6 940	5 544
June	11 397	7 207	5 760
1997-98			
September	11 812	7 596	6 243
December	11 302	6 890	5 320
March	12 375	8 020	6 244
June	12 816	8 228	6 247
1998-99			
September	12 784	8 237	6 609
December	13 253	8 671	6 605
TREND ESTIMATES			
1995-96			
December	11 275	7 770	6 376
March	11 368	7 716	6 203
June	11 434	7 641	6 083
1996-97			
September	11 435	7 529	5 997
December	11 314	7 310	5 815
March	11 336	7 238	5 799
June	11 357	7 160	5 773
1997-98			
September	11 434	7 166	5 744
December	11 778	7 436	5 846
March	12 195	7 755	6 010
June	12 636	8 123	6 289
1998-99			
September	12 975	8 411	6 541
December	13 125	8 531	6 649

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>
<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
1995-96	44 752	14 400	30 352	11 323	5 807	5 516	24 836
1996-97	45 215	16 196	29 019	13 816	7 852	5 964	23 055
1997-98	48 225	17 602	30 622	14 346	7 851	6 495	24 127
1995-96							
December	12 004	3 495	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	11 658	3 908	7 750	3 380	1 667	1 713	6 037
December	12 993	4 064	8 929	3 399	1 996	1 403	7 526
March	10 187	4 065	6 122	3 217	1 916	1 301	4 820
June	10 376	4 158	6 218	3 820	2 274	1 546	4 672
1997-98							
September	12 546	4 238	8 308	3 283	1 816	1 467	6 841
December	12 651	4 508	8 143	3 616	2 140	1 475	6 668
March	11 310	4 271	7 039	3 445	1 870	1 575	5 464
June	11 717	4 585	7 132	4 003	2 024	1 978	5 154
1998-99							
September	13 501	4 570	8 931	4 154	2 372	1 783	7 148
December	14 816	4 654	10 162	4 180	2 207	1 973	8 189

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										
1995-96	5 950	10 771	619	2 546	1 629	780	602	-10	1 949	24 836
1996-97	5 862	10 126	728	2 338	1 623	918	253	-164	1 370	23 055
1997-98	5 207	11 627	819	2 889	1 577	923	-177	-40	1 303	24 127
1996-97										
September	1 574	2 599	156	581	274	158	155	-71	610	6 037
December	1 743	3 046	193	643	784	415	105	139	458	7 526
March	1 476	2 152	112	456	221	334	6	-154	217	4 820
June	1 069	2 328	267	658	345	11	-13	-78	85	4 672
1997-98										
September	1 759	3 026	182	926	240	268	61	-32	410	6 841
December	1 066	3 357	177	652	840	282	-226	165	355	6 668
March	1 478	2 475	219	471	208	323	15	-53	328	5 464
June	904	2 768	240	840	289	50	-28	-120	210	5 154
1998-99										
September	1 722	3 057	206	693	400	272	97	95	606	7 148
December	800	3 562	266	667	1 142	520	291	308	635	8 189
SEASONALLY ADJUSTED										
1995-96	6 030	10 643	616	2 543	1 637	870	605	-9	1 959	24 894
1996-97	5 912	10 118	749	2 333	1 637	915	255	-164	1 376	23 132
1997-98	5 132	11 657	851	2 887	1 521	921	-177	-44	1 306	24 054
1996-97										
September	1 340	2 418	156	520	371	170	145	-65	462	5 519
December	1 876	2 602	150	599	400	234	96	-28	381	6 310
March	1 412	2 499	125	586	401	270	45	-84	290	5 544
June	1 284	2 600	318	628	464	242	-32	13	243	5 760
1997-98										
September	1 454	2 840	185	870	323	287	48	-23	258	6 243
December	1 171	2 844	139	608	427	96	-233	-7	275	5 320
March	1 409	2 879	243	604	378	258	53	19	400	6 244
June	1 098	3 093	284	805	393	279	-45	-32	373	6 247
1998-99										
September	1 409	2 878	210	639	536	294	82	110	451	6 609
December	885	3 003	209	625	578	332	287	132	554	6 605
TREND ESTIMATES										
1995-96	5 934	11 191	618	2 526	1 638	847	594	-153	1 897	25 092
1996-97	6 087	10 174	602	2 430	1 595	933	303	-126	1 386	23 384
1997-98	5 152	11 528	827	2 767	1 593	899	-191	5	1 308	23 889
1996-97										
September	1 601	2 484	149	575	373	191	163	0	461	5 997
December	1 592	2 486	143	551	399	223	97	-53	376	5 815
March	1 506	2 554	151	612	414	261	49	-48	299	5 799
June	1 389	2 649	158	691	409	257	-5	-25	249	5 773
1997-98										
September	1 312	2 752	166	709	394	219	-55	-8	255	5 744
December	1 298	2 872	191	696	377	197	-78	-7	299	5 846
March	1 289	2 939	225	679	386	217	-67	-7	350	6 010
June	1 253	2 966	246	683	436	266	9	27	404	6 289
1998-99										
September	1 180	2 978	237	683	501	308	117	75	463	6 541
December	1 081	2 977	215	649	576	321	199	115	516	6 649

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										
1995-96	27.5	-17.2	23.8	-7.7	-15.7	20.2	-34.2	97.2	73.9	-1.5
1996-97	-1.5	-6.0	17.6	-8.1	-0.3	17.6	-58.0	n.p.	-29.7	-7.2
1997-98	-11.2	14.8	12.5	23.6	-2.9	0.5	-170.0	75.3	-4.9	4.7
1996-97										
September	7.9	47.3	31.5	-8.0	-1.3	442.9	-38.9	-180.1	69.7	25.9
December	10.7	17.2	23.3	10.7	186.5	162.8	-32.2	297.0	-24.9	24.7
March	-15.3	-29.3	-41.9	-29.2	-71.8	-19.4	-94.8	-210.3	-52.6	-36.0
June	-27.6	8.2	138.8	44.4	56.0	-96.7	-340.8	49.1	-60.8	-3.1
1997-98										
September	64.6	29.9	-31.7	40.7	-30.3	n.p.	561.8	58.9	382.6	46.4
December	-39.4	11.0	-2.8	-29.6	249.3	5.1	-469.1	612.9	-13.4	-2.5
March	38.7	-26.3	23.6	-27.7	-75.3	14.5	106.8	-132.3	-7.5	-18.1
June	-38.8	11.8	9.5	78.5	39.2	-84.6	-281.7	-125.4	-36.2	-5.7
1998-99										
September	90.5	10.4	-14.2	-17.5	38.2	448.9	448.2	179.2	188.9	38.7
December	-53.6	16.5	29.1	-3.8	185.7	91.1	200.3	224.3	4.8	14.6
SEASONALLY ADJUSTED										
1995-96	28.6	-18.3	18.1	-7.7	-16.1	34.2	-34.0	97.3	72.8	-1.7
1996-97	-2.0	-4.9	21.7	-8.3	0.0	5.2	-57.9	n.p.	-29.8	-7.1
1997-98	-13.2	15.2	13.6	23.8	-7.1	0.6	-169.3	73.4	-5.1	4.0
1996-97										
September	-21.1	22.5	6.0	-15.2	1.6	-8.4	-37.0	-198.3	-8.6	-4.6
December	39.9	7.6	-3.6	15.1	7.8	37.5	-33.6	56.8	-17.5	14.3
March	-24.7	-4.0	-16.7	-2.1	0.4	15.2	-52.8	-201.5	-23.8	-12.1
June	-9.0	4.0	154.4	7.0	15.7	-10.4	-170.4	115.5	-16.3	3.9
1997-98										
September	13.2	9.3	-41.7	38.7	-30.5	18.9	250.0	-274.5	6.2	8.4
December	-19.4	0.1	-24.8	-30.2	32.4	-66.5	-584.8	67.5	6.5	-14.8
March	20.3	1.2	74.4	-0.5	-11.5	168.2	122.8	356.0	45.4	17.4
June	-22.1	7.4	16.7	33.2	3.8	8.1	-184.9	-270.6	-6.6	0.1
1998-99										
September	28.3	-7.0	-25.9	-20.6	36.5	5.3	282.2	441.0	20.9	5.8
December	-37.2	4.4	-0.3	-2.3	7.9	12.9	250.1	20.1	22.7	-0.1
TREND ESTIMATES										
1995-96	26.6	-14.3	35.8	-6.6	-16.2	27.9	-32.9	50.2	61.3	-0.7
1996-97	2.6	-9.1	-2.6	-3.8	-2.7	10.1	-48.9	17.8	-26.9	-6.8
1997-98	-15.4	13.3	37.5	13.9	-0.1	-3.6	-163.0	103.6	-5.6	2.2
1996-97										
September	4.5	-2.7	-4.7	-7.1	0.8	6.4	-7.1	-102.0	-6.7	-1.4
December	-0.6	0.1	-3.8	-4.1	6.8	17.2	-40.8	n.p.	-18.3	-3.0
March	-5.4	2.7	5.8	11.0	3.8	17.0	-49.2	10.0	-20.5	-0.3
June	-7.8	3.7	4.7	13.0	-1.2	-1.4	-111.0	46.7	-16.8	-0.5
1997-98										
September	-5.5	3.9	4.8	2.6	-3.6	-15.1	-921.4	68.4	2.2	-0.5
December	-1.0	4.4	14.9	-1.9	-4.3	-9.7	-42.0	14.8	17.5	1.8
March	-0.7	2.3	17.9	-2.4	2.3	10.0	14.5	-6.0	17.0	2.8
June	-2.7	0.9	9.2	0.5	12.9	22.5	114.0	467.3	15.5	4.6
1998-99										
September	-5.9	0.4	-3.4	0.1	14.9	15.7	n.p.	181.6	14.5	4.0
December	-8.4	0.0	-9.5	-5.0	15.0	4.4	70.0	53.8	11.5	1.6

(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										
1995-96	5 950	10 771	619	2 546	1 629	780	602	-10	1 949	24 836
1996-97	5 862	10 126	728	2 338	1 623	918	253	-164	1 370	23 055
1997-98	5 207	11 627	819	2 889	1 577	923	-177	-40	1 303	24 127
1996-97										
September	1 574	2 599	156	581	274	158	155	-71	610	6 037
December	1 743	3 046	193	643	784	415	105	139	458	7 526
March	1 476	2 152	112	456	221	334	6	-154	217	4 820
June	1 069	2 328	267	658	345	11	-13	-78	85	4 672
1997-98										
September	1 759	3 026	182	926	240	268	61	-32	410	6 841
December	1 066	3 357	177	652	840	282	-226	165	355	6 668
March	1 478	2 475	219	471	208	323	15	-53	328	5 464
June	904	2 768	240	840	289	50	-28	-120	210	5 154
1998-99										
September	1 722	3 057	206	693	400	272	97	95	606	7 148
December	800	3 562	266	667	1 142	520	291	308	635	8 189
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1995-96	6 499	12 631	683	3 305	1 940	1 059	825	703	2 708	30 352
1996-97	6 502	12 263	826	2 930	1 961	1 263	78	467	2 728	29 019
1997-98	5 961	13 670	876	3 328	2 239	1 532	-388	137	3 267	30 622
1996-97										
September	1 732	3 198	181	763	369	241	205	146	914	7 750
December	1 903	3 538	217	792	878	516	74	219	791	8 929
March	1 628	2 624	135	587	292	433	-115	-25	561	6 122
June	1 238	2 903	293	789	422	73	-86	126	462	6 218
1997-98										
September	1 926	3 496	201	1 024	381	408	-58	49	882	8 308
December	1 268	3 902	194	761	1 025	428	-275	24	816	8 143
March	1 632	2 933	234	584	372	452	-48	58	821	7 039
June	1 135	3 340	247	958	461	245	-8	6	748	7 132
1998-99										
September	1 987	3 426	215	834	562	477	135	240	1 055	8 931
December	1 138	4 105	285	797	1 331	765	255	356	1 130	10 162
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1995-96	9 897	18 029	989	4 269	2 724	2 148	1 247	1 415	4 035	44 752
1996-97	10 003	18 171	1 200	3 879	2 890	2 560	515	1 334	4 662	45 215
1997-98	10 032	19 743	1 308	4 350	3 301	2 987	-66	1 057	5 514	48 225
1996-97										
September	2 597	4 661	264	978	614	541	293	347	1 363	11 658
December	2 758	5 041	296	1 052	1 102	813	197	448	1 286	12 993
March	2 501	4 107	230	815	524	778	-1	200	1 034	10 187
June	2 147	4 363	410	1 034	651	427	26	339	979	10 376
1997-98										
September	2 836	5 019	306	1 279	632	748	55	253	1 417	12 546
December	2 407	5 422	300	1 009	1 290	766	-209	251	1 417	12 651
March	2 604	4 417	341	846	647	781	23	298	1 354	11 310
June	2 185	4 884	361	1 217	732	693	66	255	1 326	11 717
1998-99										
September	3 013	5 082	329	1 084	836	824	219	488	1 625	13 501
December	2 155	5 777	394	1 067	1 630	1 153	337	629	1 674	14 816

COMPANY PROFITS, By Detailed Manufacturing Industry: **Original**

	<i>Food, beverages and tobacco</i>	<i>Textile, clothing, footwear and leather</i>	<i>Wood and paper products</i>	<i>Printing, publishing and recorded media</i>	<i>Petroleum, coal, chemicals and assoc. products</i>	<i>Non- metallic mineral products</i>	<i>Metal products</i>	<i>Machinery and equipment</i>	<i>Other manu- facturing</i>	Total manu- facturing
<i>Period</i>	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
PROFITS BEFORE INCOME TAX										
1995-96	2 291	269	731	1 127	2 114	754	1 656	1 774	56	10 771
1996-97	2 285	203	625	1 098	1 925	602	1 502	1 842	42	10 126
1997-98	2 947	232	694	1 185	2 246	723	1 989	1 537	73	11 627
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	371	40	158	310	556	172	84	621	17	2 328
1997-98										
September	635	86	188	287	556	201	578	455	40	3 026
December	1 015	70	206	374	684	174	438	371	26	3 357
March	700	41	123	231	426	160	485	312	-3	2 475
June	598	35	177	293	580	189	488	398	10	2 768
1998-99										
September	817	35	212	334	470	211	574	376	28	3 057
December	984	79	296	456	557	268	513	384	24	3 562
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1995-96	2 813	395	971	1 359	2 387	892	1 829	1 897	88	12 631
1996-97	2 834	310	926	1 286	2 250	764	1 806	2 026	63	12 263
1997-98	3 454	327	959	1 360	2 537	880	2 386	1 676	92	13 670
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	531	62	246	358	640	213	152	678	22	2 903
1997-98										
September	743	110	251	332	623	245	651	496	45	3 496
December	1 157	93	263	415	742	217	586	398	30	3 902
March	805	65	201	271	500	196	548	346	2	2 933
June	750	59	244	341	672	221	600	436	16	3 340
1998-99										
September	843	57	265	390	536	242	651	405	36	3 426
December	1 125	114	347	507	637	309	614	418	33	4 105
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1995-96	3 902	595	1 402	1 691	3 438	1 359	2 840	2 663	139	18 029
1996-97	3 982	497	1 441	1 670	3 437	1 253	2 910	2 869	113	18 171
1997-98	4 659	506	1 437	1 717	3 735	1 375	3 591	2 577	145	19 743
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	810	109	386	457	942	324	398	901	36	4 363
1997-98										
September	1 037	157	375	426	927	370	948	720	58	5 019
December	1 444	138	381	500	1 048	339	906	623	43	5 422
March	1 112	108	317	353	787	326	832	567	15	4 417
June	1 066	103	365	438	972	340	905	666	29	4 884
1998-99										
September	1 175	100	459	496	827	354	952	666	52	5 082
December	1 461	154	540	623	946	424	911	669	50	5 777

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 excluding 921 and 922)

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

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

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

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

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

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

COMPARISON WITH OTHER ABS STATISTICS

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

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

UNPUBLISHED STATISTICS

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

RELATED PUBLICATIONS

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

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

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

SYMBOLS AND OTHER USAGES

n.p. not available for publication

STANDARD ERRORS

INTRODUCTION

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

LEVEL ESTIMATES

To illustrate, let us say that the published level estimate for company profits before income tax is \$5,900m and the calculated standard error in this case is \$140m. The standard error is then used to interpret the level estimate of \$5,900m.

For instance, the standard error of \$140m indicates that:

- There are approximately two chances in three that the real value falls within the range \$5,760m to \$6,040m (\$5,900m \pm \$140m)
- There are approximately nineteen chances in twenty that the real value falls within the ranges \$5,620m and \$6,180m (\$5,900m \pm \$280m)

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	5	10	12
Manufacturing			
Food, beverages and tobacco	13	13	20
Textiles, clothing, footwear and leather	3	4	4
Wood and paper products	12	14	18
Printing, publishing and recorded media	16	17	19
Petroleum, coal, chemical and assoc. products	33	35	40
Non-metallic mineral products	11	10	11
Metal products	13	13	15
Machinery and equipment	34	34	36
Other manufacturing	11	11	12
Total manufacturing	59	60	68
Construction	28	36	53
Wholesale trade	64	62	65
Retail trade	30	29	35
Transport and storage	43	44	53
Services to finance and insurance	38	91	41
Property and business services	77	72	82
Other services	30	30	35
Total	139	161	159

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 \$5,900m, and the next quarter the published level estimate is \$6,300m. In this example the calculated standard error for the movement estimate is \$145m. The standard error is then used to interpret the published movement estimate of +\$400m.

For instance, the standard error of \$145m indicates that:

- There are approximately two chances in three that the real movement over the two quarter period falls within the range \$255m to \$545m ($\$400m \pm \$145m$)
- There are approximately nineteen chances in twenty that the real movement falls within the range \$110m to \$690m ($\$400m \pm \$290m$)

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	9	12	16
Manufacturing			
Food, beverages and tobacco	15	17	26
Textiles, clothing, footwear and leather	4	4	5
Wood and paper products	14	16	19
Printing, publishing and recorded media	17	18	20
Petroleum, coal, chemical and assoc. products	32	32	36
Non-metallic mineral products	10	9	10
Metal products	16	16	19
Machinery and equipment	37	38	40
Other manufacturing	14	14	15
Total manufacturing	62	62	69
Construction	35	36	51
Wholesale trade	67	66	68
Retail trade	32	31	33
Transport and storage	43	46	56
Services to finance and insurance	31	71	34
Property and business services	77	65	72
Other services	40	39	55
Total	145	153	161

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- POST** Client Services, ABS, PO Box 10, Belconnen ACT 2616
- EMAIL** client.services@abs.gov.au