

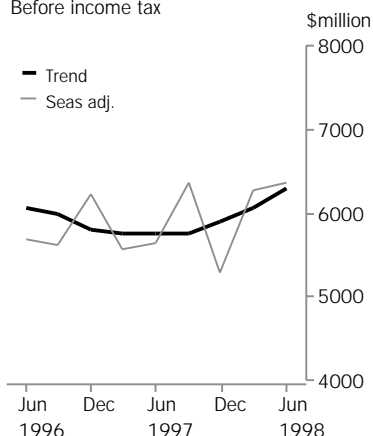
# COMPANY PROFITS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) THURS 20 AUG 1998

## Company profits

Before income tax



## JUNE QTR KEY FIGURES

### TREND ESTIMATES

	<i>Jun 98</i> \$m	<i>% change</i> <i>Mar 98 to</i> <i>Jun 98</i>	<i>% change</i> <i>Jun 97 to</i> <i>Jun 98</i>
Company profits before			
Income tax	6 282	3.7	9.3
Income tax & net interest	8 189	5.2	14.4
Income tax, net interest & depreciation	12 699	3.8	12.1

### SEASONALLY ADJUSTED

	<i>Jun 98</i> \$m	<i>% change</i> <i>Mar 98 to</i> <i>Jun 98</i>	<i>% change</i> <i>Jun 97 to</i> <i>Jun 98</i>
Company profits before			
Income tax	6 374	1.6	13.1
Income tax & net interest	8 249	2.1	15.0
Income tax, net interest & depreciation	12 772	2.8	12.6

## JUNE QTR KEY POINTS

### TREND ESTIMATES

- The provisional trend estimate of company profits before income tax for companies with more than 30 employees is \$6,282m.
- The trend estimate of company profits before income tax has now risen for four quarters. The trend estimate will continue to increase unless there is a decrease of more than 11% in the seasonally adjusted estimate in September 1998. See page 2 for further information.

### SEASONALLY ADJUSTED

- The seasonally adjusted estimate of company profits before income tax increased by 1.6% in the June 1998 quarter.
- The most significant movements were in Manufacturing (up \$213m), Wholesale trade (up \$175m), Mining (down \$239m) and Property and business services (down \$200m).
- The Manufacturing industry estimate has increased by 23.7% from March 1997, recording increases in all but one quarter during this period. The increase in the June quarter 1998 was largely driven by the Petroleum, coal, chemical and associated product manufacturing and the Printing, publishing and recorded media subdivisions.

- For further information about these and related statistics, contact Richard Butler on Sydney 02 9268 4357, or any ABS office shown on the back cover of this publication.

## NOTES

### FORTHCOMING ISSUES

#### ISSUE (Quarter)

September 1998

December 1998

#### RELEASE DATE

19 November 1998

23 February 1999

### CHANGES IN THIS ISSUE

There are no changes in this issue.

### SAMPLING ERRORS

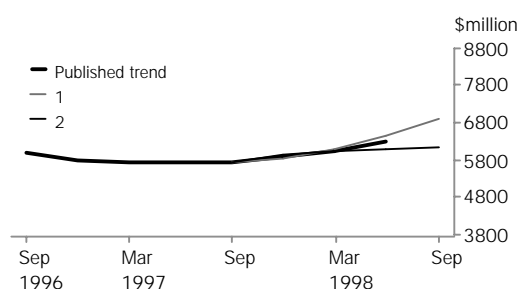
Standard errors for estimates contained in this publication are shown on pages 14–15.

### TREND REVISIONS

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

- 1** The September 1998 seasonally adjusted estimate for company profits before income tax is higher than the June 1998 seasonally adjusted estimate by 10.0%.
- 2** The September 1998 seasonally adjusted estimate for company profits before income tax is lower than the June 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%.

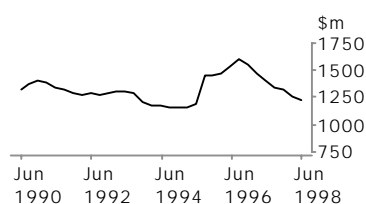


An increase of 10% in seasonally adjusted company profits before income tax in the September 1998 quarter would show an increase of 7.2% in the trend estimate from the June 1998 quarter. A fall of this magnitude would result in the trend being revised to reflect an increase of 0.7% in the September 1998 quarter trend estimate.

W. McLennan  
Australian Statistician

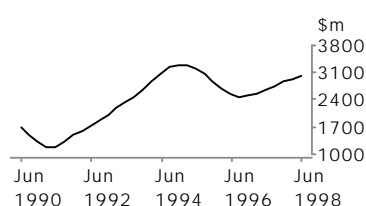
## COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

### MINING



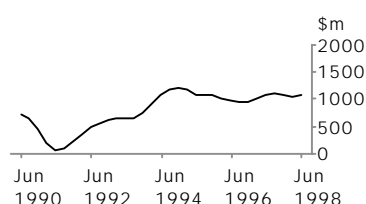
The Mining industry trend estimate has declined 24.0% from a peak in the September 1996 quarter.

### MANUFACTURING



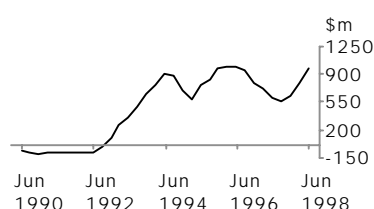
The Manufacturing industry trend estimate increased by 2.7%, continuing the increases recorded since the December 1996 quarter.

### WHOLESALE/RETAIL



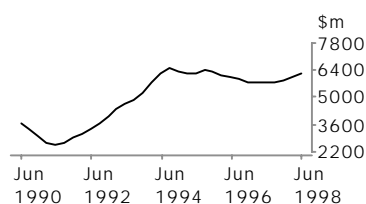
The Retail trade industry estimate has fallen gradually for five quarters. The Wholesale trade industry estimate has increased after declines in the previous two quarters.

### OTHER SELECTED INDUSTRIES(a)



The trend estimate for Other selected industries has increased in the last three quarters. The increase in the trend estimate has been driven largely by the Finance and insurance and Other services industries.

### TOTAL ALL INDUSTRIES



The All industries trend estimate has risen for each of the past four 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			
<b>1994-95</b>			
June	10 004	6 713	5 408
<b>1995-96</b>			
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
<b>1996-97</b>			
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
<b>1997-98</b>			
September	12 546	8 308	6 841
December	12 651	8 143	6 668
March	11 310	7 039	5 464
June	11 745	7 186	5 391
SEASONALLY ADJUSTED			
<b>1994-95</b>			
June	10 711	7 424	6 208
<b>1995-96</b>			
September	11 349	7 968	6 817
December	10 926	7 383	5 985
March	11 606	7 961	6 345
June	11 073	7 249	5 686
<b>1996-97</b>			
September	10 976	7 138	5 611
December	11 808	7 726	6 225
March	11 147	6 982	5 567
June	11 338	7 175	5 636
<b>1997-98</b>			
September	11 790	7 675	6 368
December	11 364	6 834	5 297
March	12 426	8 082	6 274
June	12 772	8 249	6 374
TREND ESTIMATES			
<b>1994-95</b>			
June	10 773	7 472	6 280
<b>1995-96</b>			
September	11 060	7 670	6 428
December	11 291	7 763	6 372
March	11 377	7 721	6 190
June	11 420	7 644	6 062
<b>1996-97</b>			
September	11 433	7 525	5 992
December	11 331	7 283	5 791
March	11 338	7 221	5 763
June	11 332	7 157	5 746
<b>1997-98</b>			
September	11 424	7 178	5 749
December	11 795	7 444	5 890
March	12 230	7 787	6 058
June	12 699	8 189	6 282

COMPANY PROFITS BEFORE INCOME TAX, Depreciation and Interest: **Original**

<i>Period</i>	<i>Company profits before income tax, net interest paid and depreciation</i> \$m	<i>Depreciation</i> \$m	<i>Company profits before income tax and net interest paid</i> \$m	<i>Interest paid</i> \$m	<i>Interest received</i> \$m	<i>Net interest paid</i> \$m	<i>Company profits before income tax</i> \$m
<b>1995-96</b>	44 752	14 400	30 352	11 323	5 807	5 516	24 836
<b>1996-97</b>	45 215	16 196	29 019	13 816	7 852	5 964	23 055
<b>1997-98</b>	48 253	17 577	30 676	14 023	7 711	6 311	24 365
<b>1994-95</b>							
June	10 004	3 291	6 713	3 247	1 942	1 305	5 408
<b>1995-96</b>							
September	11 982	3 432	8 550	2 620	1 354	1 266	7 283
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
<b>1996-97</b>							
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
<b>1997-98</b>							
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	11 745	4 559	7 186	3 679	1 885	1 795	5 391

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										
<b>1995-96</b>	5 950	10 771	619	2 546	1 629	780	602	-10	1 949	<b>24 836</b>
<b>1996-97</b>	5 862	10 126	728	2 338	1 623	918	253	- 164	1 370	<b>23 055</b>
<b>1997-98</b>	5 318	11 615	798	2 857	1 583	980	80	- 204	1 339	<b>24 365</b>
<b>1995-96</b>										
March	1 418	2 401	146	597	217	246	85	-5	440	<b>5 546</b>
June	1 459	1 765	119	632	277	-46	254	-25	360	<b>4 794</b>
<b>1996-97</b>										
September	1 574	2 599	156	581	274	158	155	-71	610	<b>6 037</b>
December	1 743	3 046	193	643	784	415	105	139	458	<b>7 526</b>
March	1 476	2 152	112	456	221	334	6	- 154	217	<b>4 820</b>
June	1 069	2 328	267	658	345	11	-13	-78	85	<b>4 672</b>
<b>1997-98</b>										
September	1 759	3 026	182	926	240	268	61	-32	410	<b>6 841</b>
December	1 066	3 357	177	652	840	282	- 226	165	355	<b>6 668</b>
March	1 478	2 475	219	471	208	323	15	-53	328	<b>5 464</b>
June	1 015	2 757	219	808	295	107	229	- 284	245	<b>5 391</b>
SEASONALLY ADJUSTED										
<b>1995-96</b>	5 984	10 640	621	2 545	1 625	871	599	-10	1 958	<b>24 833</b>
<b>1996-97</b>	5 838	10 117	758	2 335	1 615	916	250	- 164	1 375	<b>23 039</b>
<b>1997-98</b>	5 280	11 636	841	2 855	1 510	979	77	- 206	1 341	<b>24 312</b>
<b>1995-96</b>										
March	1 370	2 770	176	723	391	185	147	56	525	<b>6 345</b>
June	1 650	1 970	148	622	347	184	199	66	500	<b>5 686</b>
<b>1996-97</b>										
September	1 468	2 398	147	515	373	163	154	-61	453	<b>5 611</b>
December	1 724	2 640	148	592	409	240	107	-24	389	<b>6 225</b>
March	1 415	2 484	135	590	400	275	64	-94	299	<b>5 567</b>
June	1 231	2 595	327	637	433	239	-75	15	234	<b>5 636</b>
<b>1997-98</b>										
September	1 640	2 802	173	862	326	277	59	-20	248	<b>6 368</b>
December	1 046	2 900	137	601	440	104	- 217	-1	286	<b>5 297</b>
March	1 416	2 860	262	608	375	264	71	7	409	<b>6 274</b>
June	1 177	3 073	268	783	370	333	164	- 193	398	<b>6 374</b>
TREND ESTIMATES										
<b>1995-96</b>	5 908	11 185	620	2 527	1 628	847	593	- 154	1 897	<b>25 051</b>
<b>1996-97</b>	6 027	10 168	596	2 431	1 577	933	303	- 127	1 386	<b>23 293</b>
<b>1997-98</b>	5 138	11 569	841	2 748	1 551	951	3	- 167	1 345	<b>23 979</b>
<b>1995-96</b>										
March	1 471	2 699	163	650	382	206	145	-26	499	<b>6 190</b>
June	1 531	2 548	158	621	364	178	169	3	491	<b>6 062</b>
<b>1996-97</b>										
September	1 602	2 482	147	574	373	189	165	2	459	<b>5 992</b>
December	1 550	2 494	142	550	400	225	103	-53	379	<b>5 791</b>
March	1 476	2 551	152	613	407	263	49	-50	301	<b>5 763</b>
June	1 398	2 640	155	694	398	256	-15	-26	246	<b>5 746</b>
<b>1997-98</b>										
September	1 342	2 748	162	709	390	213	-69	4	250	<b>5 749</b>
December	1 316	2 861	186	685	389	204	-54	-4	306	<b>5 890</b>
March	1 263	2 941	226	670	387	239	19	-54	368	<b>6 058</b>
June	1 218	3 019	267	683	385	295	107	- 113	420	<b>6 282</b>

## 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										
<b>1995-96</b>	27.5	-17.2	23.8	-7.7	-15.7	20.2	-34.2	97.2	73.9	-1.5
<b>1996-97</b>	-1.5	-6.0	17.6	-8.1	-0.3	17.6	-58.0	n.p.	-29.7	-7.2
<b>1997-98</b>	-9.3	14.7	9.6	22.2	-2.5	6.7	-68.5	-24.9	-2.3	5.7
<b>1995-96</b>										
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
<b>1996-97</b>										
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
<b>1997-98</b>										
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	-31.3	11.4	-0.1	71.7	42.1	-66.9	n.p.	-433.4	-25.4	-1.3
SEASONALLY ADJUSTED										
<b>1995-96</b>	28.1	-18.3	18.5	-7.6	-16.2	34.2	-34.3	97.0	72.8	-1.8
<b>1996-97</b>	-2.4	-4.9	21.9	-8.3	-0.6	5.2	-58.3	n.p.	-29.8	-7.2
<b>1997-98</b>	-9.6	15.0	11.0	22.3	-6.5	6.8	-69.1	-26.0	-2.5	5.5
<b>1995-96</b>										
March	-6.5	-4.2	13.6	20.8	-4.7	-29.6	60.0	119.0	30.0	6.0
June	20.4	-28.9	-15.7	-14.0	-11.4	-0.7	35.4	17.9	-4.9	-10.4
<b>1996-97</b>										
September	-11.0	21.7	-0.6	-17.2	7.6	-11.6	-22.5	-191.9	-9.2	-1.3
December	17.4	10.1	0.3	14.9	9.6	47.1	-30.4	61.0	-14.2	10.9
March	-17.9	-5.9	-8.7	-0.5	-2.4	14.8	-40.7	-296.8	-23.2	-10.6
June	-13.0	4.5	142.5	8.1	8.4	-13.2	-217.9	116.1	-21.9	1.2
<b>1997-98</b>										
September	33.3	8.0	-47.1	35.3	-24.8	15.9	178.8	-230.1	6.3	13.0
December	-36.2	3.5	-21.0	-30.3	35.0	-62.3	-467.1	96.7	15.3	-16.8
March	35.4	-1.4	91.8	1.1	-14.6	153.6	132.9	n.p.	42.8	18.4
June	-16.9	7.5	2.1	28.9	-1.4	26.1	129.1	n.p.	-2.6	1.6
TREND ESTIMATES										
<b>1995-96</b>	26.1	-14.3	16.5	-6.6	-16.3	27.9	-32.9	50.2	61.3	-1.1
<b>1996-97</b>	2.0	-9.1	-3.8	-3.8	-3.1	10.1	-48.9	17.5	-26.9	-7.0
<b>1997-98</b>	-14.7	13.8	41.0	13.1	-1.7	1.9	-99.0	-31.9	-3.0	2.9
<b>1995-96</b>										
March	1.3	-6.2	2.2	1.0	-9.8	-11.3	2.2	45.5	2.6	-2.9
June	4.0	-5.6	-3.5	-4.5	-4.6	-13.8	16.7	112.3	-1.5	-2.1
<b>1996-97</b>										
September	4.7	-2.6	-6.9	-7.5	2.4	6.5	-2.4	-49.2	-6.6	-1.2
December	-3.2	0.5	-3.0	-4.2	7.1	19.0	-37.3	n.p.	-17.4	-3.4
March	-4.8	2.3	6.9	11.6	1.9	16.7	-52.3	5.2	-20.5	-0.5
June	-5.2	3.5	1.7	13.1	-2.3	-2.7	-129.6	49.0	-18.3	-0.3
<b>1997-98</b>										
September	-4.1	4.1	4.3	2.2	-1.8	-16.7	-375.5	114.7	1.8	0.1
December	-1.9	4.1	15.4	-3.4	-0.3	-4.3	22.4	-196.1	22.3	2.5
March	-4.0	2.8	21.1	-2.2	-0.6	17.3	135.8	n.p.	20.1	2.9
June	-3.5	2.7	18.3	1.9	-0.5	23.5	454.2	-108.0	14.2	3.7

(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										
<b>1995-96</b>	5 950	10 771	619	2 546	1 629	780	602	-10	1 949	<b>24 836</b>
<b>1996-97</b>	5 862	10 126	728	2 338	1 623	918	253	-164	1 370	<b>23 055</b>
<b>1997-98</b>	5 318	11 615	798	2 857	1 583	980	80	-204	1 339	<b>24 365</b>
<b>1995-96</b>										
March	1 418	2 401	146	597	217	246	85	-5	440	<b>5 546</b>
June	1 459	1 765	119	632	277	-46	254	-25	360	<b>4 794</b>
<b>1996-97</b>										
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December	1 743	3 046	193	643	784	415	105	139	458	<b>7 526</b>
March	1 476	2 152	112	456	221	334	6	-154	217	<b>4 820</b>
June	1 069	2 328	267	658	345	11	-13	-78	85	<b>4 672</b>
<b>1997-98</b>										
September	1 759	3 026	182	926	240	268	61	-32	410	<b>6 841</b>
December	1 066	3 357	177	652	840	282	-226	165	355	<b>6 668</b>
March	1 478	2 475	219	471	208	323	15	-53	328	<b>5 464</b>
June	1 015	2 757	219	808	295	107	229	-284	245	<b>5 391</b>
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
<b>1995-96</b>	6 499	12 631	683	3 305	1 940	1 059	825	703	2 708	<b>30 352</b>
<b>1996-97</b>	6 502	12 263	826	2 930	1 961	1 263	78	467	2 728	<b>29 019</b>
<b>1997-98</b>	6 004	13 626	853	3 297	2 244	1 559	-162	15	3 241	<b>30 676</b>
<b>1995-96</b>										
March	1 549	2 837	161	788	306	315	180	188	669	<b>6 993</b>
June	1 634	2 291	131	827	356	19	285	114	643	<b>6 300</b>
<b>1996-97</b>										
September	1 732	3 198	181	763	369	241	205	146	914	<b>7 750</b>
December	1 903	3 538	217	792	878	516	74	219	791	<b>8 929</b>
March	1 628	2 624	135	587	292	433	-115	-25	561	<b>6 122</b>
June	1 238	2 903	293	789	422	73	-86	126	462	<b>6 218</b>
<b>1997-98</b>										
September	1 926	3 496	201	1 024	381	408	-58	49	882	<b>8 308</b>
December	1 268	3 902	194	761	1 025	428	-275	24	816	<b>8 143</b>
March	1 632	2 933	234	584	372	452	-48	58	821	<b>7 039</b>
June	1 178	3 296	224	927	466	271	218	-115	722	<b>7 186</b>
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
<b>1995-96</b>	9 897	18 029	989	4 269	2 724	2 148	1 247	1 415	4 035	<b>44 752</b>
<b>1996-97</b>	10 003	18 171	1 200	3 879	2 890	2 560	515	1 334	4 662	<b>45 215</b>
<b>1997-98</b>	10 073	19 694	1 283	4 326	3 310	3 003	159	941	5 464	<b>48 253</b>
<b>1995-96</b>										
March	2 398	4 190	239	1 023	510	586	284	373	1 018	<b>10 620</b>
June	2 543	3 649	218	1 063	555	329	410	303	1 074	<b>10 146</b>
<b>1996-97</b>										
September	2 597	4 661	264	978	614	541	293	347	1 363	<b>11 658</b>
December	2 758	5 041	296	1 052	1 102	813	197	448	1 286	<b>12 993</b>
March	2 501	4 107	230	815	524	778	-1	200	1 034	<b>10 187</b>
June	2 147	4 363	410	1 034	651	427	26	339	979	<b>10 376</b>
<b>1997-98</b>										
September	2 836	5 019	306	1 279	632	748	55	253	1 417	<b>12 546</b>
December	2 407	5 422	300	1 009	1 290	766	-209	251	1 417	<b>12 651</b>
March	2 604	4 417	341	846	647	781	23	298	1 354	<b>11 310</b>
June	2 226	4 835	336	1 193	741	709	291	139	1 276	<b>11 745</b>



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>	<i>Total manu- facturing</i>
<i>Period</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										
<b>1995-96</b>	2 291	269	731	1 127	2 114	754	1 656	1 774	56	<b>10 771</b>
<b>1996-97</b>	2 285	203	625	1 098	1 925	602	1 502	1 842	42	<b>10 126</b>
<b>1997-98</b>	2 962	233	683	1 198	2 259	719	1 985	1 509	67	<b>11 615</b>
<b>1995-96</b>										
March	513	42	158	218	499	160	456	343	12	<b>2 401</b>
June	295	49	98	229	541	129	-47	459	12	<b>1 765</b>
<b>1996-97</b>										
September	632	53	160	266	374	189	439	478	9	<b>2 599</b>
December	842	54	167	324	569	153	528	396	13	<b>3 046</b>
March	440	55	141	198	427	89	451	348	2	<b>2 152</b>
June	371	40	158	310	556	172	84	621	17	<b>2 328</b>
<b>1997-98</b>										
September	635	86	188	287	556	201	578	455	40	<b>3 026</b>
December	1 015	70	206	374	684	174	438	371	26	<b>3 357</b>
March	700	41	123	231	426	160	485	312	-3	<b>2 475</b>
June	613	36	166	306	593	184	484	370	4	<b>2 757</b>
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
<b>1995-96</b>	2 813	395	971	1 359	2 387	892	1 829	1 897	88	<b>12 631</b>
<b>1996-97</b>	2 834	310	926	1 286	2 250	764	1 806	2 026	63	<b>12 263</b>
<b>1997-98</b>	3 447	328	946	1 365	2 549	877	2 381	1 647	86	<b>13 626</b>
<b>1995-96</b>										
March	627	74	219	270	561	190	501	377	18	<b>2 837</b>
June	433	82	161	317	611	178	-5	497	19	<b>2 291</b>
<b>1996-97</b>										
September	762	82	224	310	458	230	600	518	14	<b>3 198</b>
December	989	84	238	372	641	194	556	446	19	<b>3 538</b>
March	552	82	218	245	510	128	498	385	7	<b>2 624</b>
June	531	62	246	358	640	213	152	678	22	<b>2 903</b>
<b>1997-98</b>										
September	743	110	251	332	623	245	651	496	45	<b>3 496</b>
December	1 157	93	263	415	742	217	586	398	30	<b>3 902</b>
March	805	65	201	271	500	196	548	346	2	<b>2 933</b>
June	743	60	231	347	684	219	595	407	10	<b>3 296</b>
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
<b>1995-96</b>	3 902	595	1 402	1 691	3 438	1 359	2 840	2 663	139	<b>18 029</b>
<b>1996-97</b>	3 982	497	1 441	1 670	3 437	1 253	2 910	2 869	113	<b>18 171</b>
<b>1997-98</b>	4 650	507	1 432	1 709	3 746	1 375	3 587	2 548	139	<b>19 694</b>
<b>1995-96</b>										
March	895	123	332	351	825	303	755	574	31	<b>4 190</b>
June	715	134	263	404	870	295	249	689	30	<b>3 649</b>
<b>1996-97</b>										
September	1 056	132	345	401	745	355	877	724	24	<b>4 661</b>
December	1 278	129	364	467	934	316	858	660	33	<b>5 041</b>
March	838	126	345	344	816	257	776	584	20	<b>4 107</b>
June	810	109	386	457	942	324	398	901	36	<b>4 363</b>
<b>1997-98</b>										
September	1 037	157	375	426	927	370	948	720	58	<b>5 019</b>
December	1 444	138	381	500	1 048	339	906	623	43	<b>5 422</b>
March	1 112	108	317	353	787	326	832	567	15	<b>4 417</b>
June	1 057	103	360	430	983	339	901	638	23	<b>4 835</b>

## 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)
- *Stocks 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 ( $\$5,900\text{m} \pm \$140\text{m}$ )
- There are approximately nineteen chances in twenty that the real value falls within the ranges \$5,620m and \$6,180m ( $\$5,900\text{m} \pm \$280\text{m}$ )

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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