



# COMPANY PROFITS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) THURS 18 NOV 1999

## SEPTEMBER QTR KEY FIGURES

### TREND ESTIMATES

	Sep 1999 \$m	% change Jun 1999 to Sep 1999	% change Sep 1998 to Sep 1999
Company profits before			
Income tax	7 991	2.1	23.3
Income tax & net interest	9 960	2.0	19.2
Income tax, net interest & depreciation	15 011	2.5	16.5

### SEASONALLY ADJUSTED

	Sep 1999 \$m	% change Jun 1999 to Sep 1999	% change Sep 1998 to Sep 1999
Company profits before			
Income tax	7 791	7.4	19.0
Income tax & net interest	9 835	7.6	19.9
Income tax, net interest & depreciation	14 945	6.5	17.3

## SEPTEMBER QTR KEY POINTS

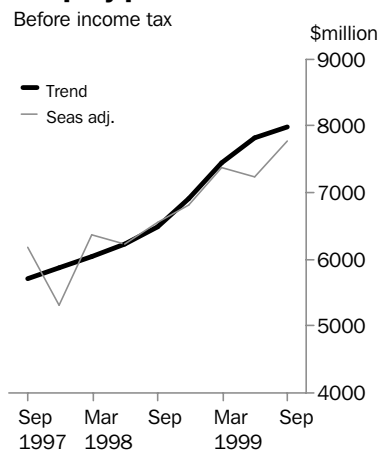
### TREND ESTIMATES

- The provisional trend estimate for company profits before income tax for companies with more than 30 employees is \$7,991m. This follows the application of a correction to remove the effect of the revaluation of BHP's Hot Briquette Iron plant, reported in June quarter 1999, from trend estimates (Note seasonally adjusted and original series are not similarly adjusted).
- Trend estimates have been increasing since the December quarter 1997, although the rate of growth in the most recent quarter (2.1%) is slower than the 4% to 8% growth seen in 1998-99.

### SEASONALLY ADJUSTED

- The seasonally adjusted estimate increased by 7.4% (\$540m) in the September quarter. However, this increase was significantly affected by Manufacturing which increased \$998m following the large fall, primarily associated with the BHP revaluation, reported last quarter.
- Other than Manufacturing, the only industry to report a seasonally adjusted increase was Wholesale Trade, which rose by \$116m (or 13.9%).
- Other industries reported seasonally adjusted decreases this quarter, with Services to Finance and Insurance (\$215m or 56.8%) and Other Services (\$114m or 15.5%) having the most significant falls.

### Company profits



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

# NOTES

## FORTHCOMING ISSUES

<i>ISSUE (Quarter)</i>	<i>RELEASE DATE</i>
December 1999	22 February 2000
March 2000	18 May 2000



## CHANGES IN THIS ISSUE

This issue contains revisions to the June 1999 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.

The standard errors for the company profits' level and movement estimates on pages 14-15 have been updated. These standard errors are based on a smoothed average of profits' estimates over the 1998-1999 financial year.



## SAMPLING ERRORS

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

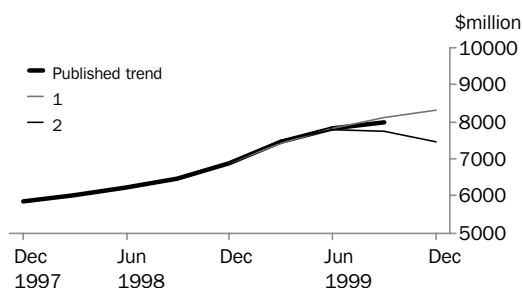


## TREND REVISIONS

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 December 1999 seasonally adjusted estimate for company profits before income tax is higher than the September 1999 seasonally adjusted estimate by 10.0%.
- 2** The December 1999 seasonally adjusted estimate for company profits before income tax is lower than the September 1999 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%.



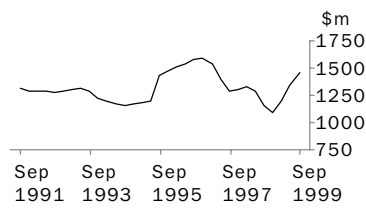
An increase of 10% in seasonally adjusted company profits before income tax in the December 1999 quarter would show an increase of 3.9% in the trend estimate from the September 1999 quarter. A fall of this magnitude would result in the trend being revised to reflect a decrease of 6.6% in the December 1999 quarter.

W. McLennan  
Australian Statistician



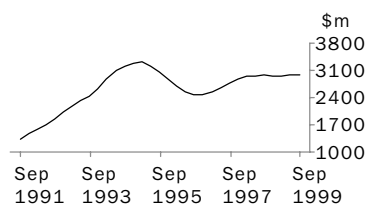
# COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

## MINING



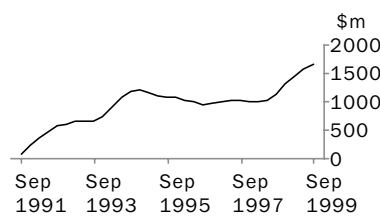
Despite a small seasonally adjusted fall this quarter, trend estimates for Mining have increased strongly over the past 3 quarters.

## MANUFACTURING



Trend estimates for Manufacturing have been flat over the past 6 quarters, with all movements over this period being less than 1%.

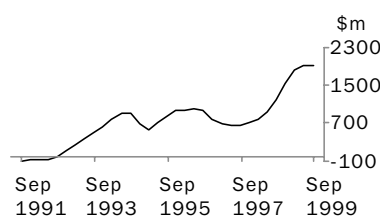
## WHOLESALE/RETAIL



Trend estimates for Wholesale have been rising since June quarter 1988, with the current estimate 47% higher than that for the September quarter last year.

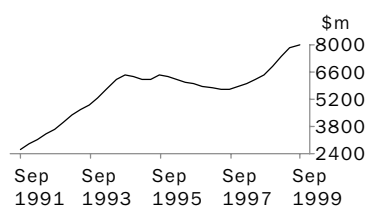
Following strong growth between June quarter 1998 and March quarter 1999, the trend estimate for Retail grew by 3% last quarter and has fallen by 1% this quarter.

## OTHER SELECTED INDUSTRIES(a)



After strong growth during 1997-98 and 1998-99, trend estimates for Other Selected Industries fell by 1% this quarter. While Transport and Storage continued to grow strongly this quarter, Services to Finance and Insurance and Other Services both decreased.

## TOTAL ALL INDUSTRIES



The All Industries trend estimate has been increasing since the December quarter 1997.

(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>1996-1997</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>1997-1998</b>			
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
<b>1998-1999</b>			
September	13 501	8 931	7 148
December	14 894	10 360	8 381
March	12 675	8 033	6 295
June	12 891	7 919	6 126
<b>1999-2000</b>			
September	15 802	10 630	8 448
SEASONALLY ADJUSTED			
<b>1996-1997</b>			
September	10 973	7 059	5 470
December	11 746	7 779	6 278
March	11 144	6 980	5 643
June	11 387	7 223	5 744
<b>1997-1998</b>			
September	11 786	7 564	6 182
December	11 284	6 840	5 308
March	12 420	8 064	6 376
June	12 802	8 238	6 225
<b>1998-1999</b>			
September	12 740	8 205	6 549
December	13 325	8 814	6 808
March	13 943	9 221	7 374
June	14 039	9 141	7 251
<b>1999-2000</b>			
September	14 945	9 835	7 791
TREND ESTIMATES			
<b>1996-1997</b>			
September	11 427	7 515	5 983
December	11 322	7 310	5 831
March	11 318	7 214	5 792
June	11 314	7 112	5 714
<b>1997-1998</b>			
September	11 422	7 144	5 710
December	11 807	7 451	5 876
March	12 214	7 766	6 045
June	12 575	8 077	6 239
<b>1998-1999</b>			
September	12 887	8 357	6 481
December	13 348	8 772	6 902
March	14 032	9 331	7 444
June	14 649	9 762	7 828
<b>1999-2000</b>			
September	15 011	9 960	7 991

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
<b>1996-1997</b>	45 215	16 196	29 019	13 816	7 852	5 964	23 055
<b>1997-1998</b>	48 225	17 602	30 622	14 346	7 851	6 495	24 127
<b>1998-1999</b>	53 960	18 718	35 242	16 275	8 984	7 291	27 951
<b>1996-1997</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>1997-1998</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	11 717	4 585	7 132	4 003	2 024	1 978	5 154
<b>1998-1999</b>							
September	13 501	4 570	8 931	4 154	2 372	1 783	7 148
December	14 894	4 534	10 360	4 115	2 137	1 979	8 381
March	12 675	4 642	8 033	3 752	2 014	1 738	6 295
June	12 891	4 973	7 919	4 253	2 461	1 792	6 126
<b>1999-2000</b>							
September	15 802	5 172	10 630	4 392	2 211	2 182	8 448

## 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>1996-1997</b>	5 862	10 126	728	2 338	1 623	918	253	- 164	1 370	<b>23 055</b>
<b>1997-1998</b>	5 207	11 627	819	2 889	1 577	923	- 177	-40	1 303	<b>24 127</b>
<b>1998-1999</b>	4 883	10 936	939	2 851	2 552	1 459	1 105	516	2 710	<b>27 951</b>
<b>1996-1997</b>										
June	1 069	2 328	267	658	345	11	-13	-78	85	<b>4 672</b>
<b>1997-1998</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	904	2 768	240	840	289	50	-28	- 120	210	<b>5 154</b>
<b>1998-1999</b>										
September	1 722	3 057	206	693	400	272	97	95	606	<b>7 148</b>
December	955	3 494	283	654	1 158	522	386	213	716	<b>8 381</b>
March	992	2 610	188	646	454	360	194	31	819	<b>6 295</b>
June	1 214	1 775	261	857	541	305	428	177	568	<b>6 126</b>
<b>1999-2000</b>										
September	1 997	3 186	239	996	507	489	161	126	746	<b>8 448</b>
SEASONALLY ADJUSTED										
<b>1996-1997</b>	5 943	10 119	741	2 334	1 628	916	250	- 168	1 372	<b>23 135</b>
<b>1997-1998</b>	5 191	11 658	848	2 888	1 511	922	- 181	-47	1 303	<b>24 091</b>
<b>1998-1999</b>	4 896	10 844	942	2 851	2 661	1 459	1 106	516	2 709	<b>27 982</b>
<b>1996-1997</b>										
June	1 284	2 612	305	634	465	248	-42	-4	242	<b>5 744</b>
<b>1997-1998</b>										
September	1 359	2 834	189	877	323	279	65	-25	281	<b>6 182</b>
December	1 138	2 855	137	615	432	92	- 256	7	288	<b>5 308</b>
March	1 594	2 856	257	583	360	265	73	29	359	<b>6 376</b>
June	1 100	3 112	264	813	395	286	-62	-58	375	<b>6 225</b>
<b>1998-1999</b>										
September	1 296	2 870	218	643	538	285	107	111	481	<b>6 549</b>
December	1 027	2 959	219	621	594	330	355	54	649	<b>6 808</b>
March	1 084	3 019	223	757	786	303	246	114	842	<b>7 374</b>
June	1 488	1 995	282	829	743	542	397	237	738	<b>7 251</b>
<b>1999-2000</b>										
September	1 474	2 993	256	945	681	503	172	143	624	<b>7 791</b>
TREND ESTIMATES										
<b>1996-1997</b>	6 112	10 172	600	2 356	1 586	933	303	- 127	1 384	<b>23 320</b>
<b>1997-1998</b>	5 215	11 526	920	2 461	1 571	1 077	- 193	5	1 288	<b>23 870</b>
<b>1998-1999</b>	4 806	11 874	945	2 871	2 605	1 435	1 019	434	2 665	<b>28 655</b>
<b>1996-1997</b>										
June	1 392	2 650	162	618	407	269	-4	-30	250	<b>5 714</b>
<b>1997-1998</b>										
September	1 285	2 753	192	620	394	265	-54	-8	263	<b>5 710</b>
December	1 309	2 871	228	613	375	264	-81	-2	299	<b>5 876</b>
March	1 335	2 939	250	611	380	268	-72	-1	335	<b>6 045</b>
June	1 286	2 963	250	617	422	280	15	16	390	<b>6 239</b>
<b>1998-1999</b>										
September	1 163	2 973	230	631	511	285	141	38	509	<b>6 481</b>
December	1 095	2 962	222	664	639	312	256	88	664	<b>6 902</b>
March	1 202	2 963	236	739	716	379	322	138	749	<b>7 444</b>
June	1 347	2 977	256	837	738	460	301	169	743	<b>7 828</b>
<b>1999-2000</b>										
September	1 460	2 972	267	916	729	525	253	184	685	<b>7 991</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>1996-1997</b>	-1.5	-6.0	17.6	-8.1	-0.3	17.6	-58.0	-1 600.2	-29.7	-7.2
<b>1997-1998</b>	-11.2	14.8	12.5	23.6	-2.9	0.5	-170.0	75.3	-4.9	4.7
<b>1998-1999</b>	-6.2	-5.9	14.6	-1.3	61.8	58.2	723.7	1 379.1	107.9	15.8
<b>1996-1997</b>										
June	-27.6	8.2	138.8	44.4	56.0	-96.7	-340.8	49.1	-60.8	-3.1
<b>1997-1998</b>										
September	64.6	29.9	-31.7	40.7	-30.3	2 328.1	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
<b>1998-1999</b>										
September	90.5	10.4	-14.2	-17.5	38.2	448.9	448.2	179.2	188.9	38.7
December	-44.5	14.3	37.6	-5.7	189.7	92.0	298.7	124.1	18.3	17.3
March	3.9	-25.3	-33.5	-1.3	-60.8	-31.0	-49.6	-85.5	14.4	-24.9
June	22.4	-32.0	38.7	32.7	19.0	-15.3	119.9	473.4	-30.6	-2.7
<b>1999-2000</b>										
September	64.5	79.5	-8.7	16.2	-6.3	60.5	-62.3	-28.8	31.4	37.9
SEASONALLY ADJUSTED										
<b>1996-1997</b>	-1.8	-4.9	20.4	-8.2	-0.3	5.1	-58.4	-1 249.6	-29.8	-7.1
<b>1997-1998</b>	-12.7	15.2	14.4	23.7	-7.2	0.6	-172.4	71.9	-5.0	4.1
<b>1998-1999</b>	-5.7	-7.0	11.1	-1.3	76.1	58.3	710.4	1 191.6	108.0	16.2
<b>1996-1997</b>										
June	-17.5	5.3	134.9	11.8	19.8	-10.1	-169.9	94.7	-7.5	1.8
<b>1997-1998</b>										
September	5.9	8.5	-38.1	38.4	-30.4	12.7	252.4	-517.9	15.8	7.6
December	-16.3	0.7	-27.4	-29.9	33.6	-67.2	-496.6	127.9	2.6	-14.1
March	40.0	0.0	87.3	-5.2	-16.6	188.7	128.3	312.5	24.6	20.1
June	-31.0	8.9	2.9	39.5	9.5	8.0	-185.4	-299.4	4.7	-2.4
<b>1998-1999</b>										
September	17.8	-7.8	-17.7	-20.9	36.4	-0.4	272.2	290.8	28.1	5.2
December	-20.7	3.1	0.8	-3.5	10.3	15.7	232.9	-51.8	35.0	4.0
March	5.5	2.0	1.6	22.0	32.3	-8.3	-30.7	112.1	29.7	8.3
June	37.3	-33.9	26.7	9.5	-5.4	78.9	61.5	109.1	-12.4	-1.7
<b>1999-2000</b>										
September	-1.0	50.0	-9.3	13.9	-8.4	-7.1	-56.8	-39.8	-15.5	7.4
TREND ESTIMATES										
<b>1996-1997</b>	2.7	-9.1	-2.9	-6.7	-2.9	10.1	-49.0	17.4	-27.0	-7.1
<b>1997-1998</b>	-14.7	13.3	53.2	4.4	-0.9	15.4	-163.7	104.1	-7.0	2.4
<b>1998-1999</b>	-7.8	3.0	2.8	16.7	65.8	33.3	627.9	8 288.8	106.9	20.0
<b>1996-1997</b>										
June	-9.9	3.9	10.5	4.3	-0.5	5.9	-108.5	36.8	-14.3	-1.3
<b>1997-1998</b>										
September	-7.7	3.9	18.6	0.3	-3.2	-1.4	-1 162.7	73.6	5.2	-0.1
December	1.9	4.3	18.6	-1.1	-4.8	-0.3	-50.0	80.0	13.7	2.9
March	2.0	2.3	9.7	-0.3	1.3	1.4	11.7	46.9	12.0	2.9
June	-3.7	0.8	0.2	1.0	11.0	4.5	120.4	1 945.7	16.5	3.2
<b>1998-1999</b>										
September	-9.6	0.3	-7.9	2.2	21.0	1.8	859.6	147.4	30.5	3.9
December	-5.8	-0.4	-3.8	5.3	25.2	9.6	81.7	130.1	30.3	6.5
March	9.8	0.0	6.6	11.3	12.0	21.3	25.9	56.6	12.8	7.9
June	12.1	0.5	8.5	13.2	3.1	21.3	-6.6	22.1	-0.8	5.2
<b>1999-2000</b>										
September	8.4	-0.2	3.9	9.4	-1.3	14.2	-15.9	9.1	-7.8	2.1

(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>	<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>
PROFITS BEFORE INCOME TAX										
<b>1996-1997</b>	5 862	10 126	728	2 338	1 623	918	253	- 164	1 370	<b>23 055</b>
<b>1997-1998</b>	5 207	11 627	819	2 889	1 577	923	- 177	-40	1 303	<b>24 127</b>
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<b>1999-2000</b>										
September	1 997	3 186	239	996	507	489	161	126	746	<b>8 448</b>
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
<b>1996-1997</b>	6 502	12 263	826	2 930	1 961	1 263	78	467	2 728	<b>29 019</b>
<b>1997-1998</b>	5 961	13 670	876	3 328	2 239	1 532	- 388	137	3 267	<b>30 622</b>
<b>1998-1999</b>	5 883	12 953	1 002	3 337	3 214	2 314	994	1 031	4 514	<b>35 242</b>
<b>1996-1997</b>										
June	1 238	2 903	293	789	422	73	-86	126	462	<b>6 218</b>
<b>1997-1998</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	1 135	3 340	247	958	461	245	-8	6	748	<b>7 132</b>
<b>1998-1999</b>										
September	1 987	3 426	215	834	562	477	135	240	1 055	<b>8 931</b>
December	1 203	4 055	301	760	1 346	768	307	371	1 249	<b>10 360</b>
March	1 221	3 075	195	760	619	576	154	206	1 226	<b>8 033</b>
June	1 473	2 397	291	982	687	493	398	214	983	<b>7 919</b>
<b>1999-2000</b>										
September	2 242	3 839	246	1 082	659	820	82	523	1 137	<b>10 630</b>
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
<b>1996-1997</b>	10 003	18 171	1 200	3 879	2 890	2 560	515	1 334	4 662	<b>45 215</b>
<b>1997-1998</b>	10 032	19 743	1 308	4 350	3 301	2 987	-66	1 057	5 514	<b>48 225</b>
<b>1998-1999</b>	10 000	19 352	1 420	4 423	4 372	3 914	1 416	2 195	6 868	<b>53 960</b>
<b>1996-1997</b>										
June	2 147	4 363	410	1 034	651	427	26	339	979	<b>10 376</b>
<b>1997-1998</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	2 185	4 884	361	1 217	732	693	66	255	1 326	<b>11 717</b>
<b>1998-1999</b>										
September	3 013	5 082	329	1 084	836	824	219	488	1 625	<b>13 501</b>
December	2 190	5 631	410	1 029	1 649	1 154	392	649	1 790	<b>14 894</b>
March	2 234	4 647	294	1 028	891	994	288	493	1 805	<b>12 675</b>
June	2 564	3 992	386	1 281	996	943	517	565	1 647	<b>12 891</b>
<b>1999-2000</b>										
September	3 394	5 481	330	1 347	974	1 270	205	916	1 885	<b>15 802</b>



## 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										
<b>1996-1997</b>	2 285	203	625	1 098	1 925	602	1 502	1 842	42	<b>10 126</b>
<b>1997-1998</b>	2 947	232	694	1 185	2 246	723	1 989	1 537	73	<b>11 627</b>
<b>1998-1999</b>	2 966	198	882	1 349	2 290	837	929	1 413	72	<b>10 936</b>
<b>1996-1997</b>										
June	371	40	158	310	556	172	84	621	17	<b>2 328</b>
<b>1997-1998</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	598	35	177	293	580	189	488	398	10	<b>2 768</b>
<b>1998-1999</b>										
September	817	35	212	334	470	211	574	376	28	<b>3 057</b>
December	936	71	266	436	598	278	540	352	18	<b>3 494</b>
March	689	44	209	281	531	189	378	281	6	<b>2 610</b>
June	524	47	195	298	692	159	-563	405	20	<b>1 775</b>
<b>1999-2000</b>										
September	662	82	217	310	759	239	539	361	18	<b>3 186</b>
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
<b>1996-1997</b>	2 834	310	926	1 286	2 250	764	1 806	2 026	63	<b>12 263</b>
<b>1997-1998</b>	3 454	327	959	1 360	2 537	880	2 386	1 676	92	<b>13 670</b>
<b>1998-1999</b>	3 492	290	1 074	1 571	2 590	977	1 262	1 585	112	<b>12 953</b>
<b>1996-1997</b>										
June	531	62	246	358	640	213	152	678	22	<b>2 903</b>
<b>1997-1998</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	750	59	244	341	672	221	600	436	16	<b>3 340</b>
<b>1998-1999</b>										
September	843	57	265	390	536	242	651	405	36	<b>3 426</b>
December	1 111	106	314	487	673	320	613	403	28	<b>4 055</b>
March	819	65	255	329	604	215	439	333	17	<b>3 075</b>
June	719	62	239	365	778	200	-442	444	30	<b>2 397</b>
<b>1999-2000</b>										
September	982	100	268	350	823	290	598	405	23	<b>3 839</b>
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
<b>1996-1997</b>	3 982	497	1 441	1 670	3 437	1 253	2 910	2 869	113	<b>18 171</b>
<b>1997-1998</b>	4 659	506	1 437	1 717	3 735	1 375	3 591	2 577	145	<b>19 743</b>
<b>1998-1999</b>	4 853	454	1 575	2 008	3 778	1 418	2 472	2 616	177	<b>19 352</b>
<b>1996-1997</b>										
June	810	109	386	457	942	324	398	901	36	<b>4 363</b>
<b>1997-1998</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	1 066	103	365	438	972	340	905	666	29	<b>4 884</b>
<b>1998-1999</b>										
September	1 175	100	459	496	827	354	952	666	52	<b>5 082</b>
December	1 441	146	417	597	975	436	911	664	44	<b>5 631</b>
March	1 162	104	355	440	899	324	738	591	35	<b>4 647</b>
June	1 075	104	344	475	1 077	304	-129	696	46	<b>3 992</b>
<b>1999-2000</b>										
September	1 334	141	382	451	1 174	412	887	658	42	<b>5 481</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** 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.

**17** Irregular influences that are highly volatile can make it difficult to interpret the series even after the adjustment for seasonal variation.

**18** 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.

**19** The seasonally adjusted figures necessarily reflect the sampling and other errors to which the original figures are subject.

### TREND ESTIMATES

**20** 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* (Cat. no. 1348.0) or contact the Assistant Director, Time Series Analysis on (02) 6252 6345.

## EXPLANATORY NOTES

DESCRIPTION OF TERMS	<p><b>21</b> A description of the terms used in this publication is given below:</p> <p><b>A company</b> 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><b>Company profits before income tax</b> <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><b>Net interest paid</b> 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><b>Depreciation of fixed assets</b> This is as per management accounts and includes depreciation on equipment acquired under a finance lease.</p>
COMPARISON WITH OTHER ABS STATISTICS	<p><b>22</b> 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"> <li>▪ 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</li> <li>▪ the national accounts' estimates of gross operating surplus include estimates for companies classified to the agriculture, forestry, fishing and hunting, and community services industries</li> <li>▪ 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</li> <li>▪ the national accounts' estimates of gross operating surplus include details relating to net third party insurance transfers, royalty and land rent payments</li> <li>▪ the national accounts' estimates incorporate data from other sources such as taxation data as well as information from the Survey of Company Profits.</li> </ul>
UNPUBLISHED STATISTICS	<p><b>23</b> 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><b>24</b> Users may also wish to refer to the following publications:</p> <ul style="list-style-type: none"> <li>▪ <i>Australian National Accounts, National Income, Expenditure and Product</i> (Cat. no. 5206.0)</li> <li>▪ <i>Private New Capital Expenditure and Expected Expenditure, Australia</i>, (Cat. no. 5625.0)</li> <li>▪ <i>State Estimates of Private New Capital Expenditure</i> (Cat. no. 5646.0)</li> <li>▪ <i>Stocks and Sales, Selected Industries, Australia</i> (Cat. no. 5629.0)</li> <li>▪ <i>Australian Business Expectations</i> (Cat. no. 5250.0)</li> <li>▪ <i>Business Operations and Industry Performance, Australia</i> (Cat. no. 8140.0).</li> </ul> <p><b>25</b> Current publications produced by the ABS are listed in the <i>Catalogue of Publications and Products, Australia</i> (Cat. no. 1101.0). The ABS also issues, on Tuesdays and Fridays, a <i>Release Advice</i> (Cat. no. 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 \$5,900m 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	4	4	6
Manufacturing	50	54	64
Construction	18	18	26
Wholesale trade	52	59	78
Retail trade	30	32	38
Transport and storage	23	28	37
Services to finance and insurance	20	18	19
Property and business services	89	68	76
Other services	21	20	29
Total	126	118	144

## 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	5	5	6
Manufacturing	50	53	65
Construction	21	22	31
Wholesale trade	62	74	100
Retail trade	17	19	20
Transport and storage	19	35	35
Services to finance and insurance	15	18	21
Property and business services	72	93	92
Other services	24	22	30
Total	116	141	163

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*POST* Client Services, ABS, PO Box 10, Belconnen ACT 2616

*EMAIL* [client.services@abs.gov.au](mailto:client.services@abs.gov.au)



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