



BUSINESS OPERATIONS AND INDUSTRY PERFORMANCE

AUSTRALIA

EMBARGO: 11.30AM (CANBERRA TIME) THURS 25 OCT 2001

CONTENTS

	<i>page</i>
Notes	2
Summary of findings	3

TABLES

SUMMARIES OF INDUSTRY PERFORMANCE

1 All industries, all sizes	12
2 All industries, large	13
3 All industries, other	14
4 Agriculture, forestry and fishing	15
5 Mining	16
6 Manufacturing	17
7 Electricity, gas and water supply	18
8 Construction	19
9 Wholesale trade	20
10 Retail trade	21
11 Accommodation, cafes and restaurants	22
12 Transport and storage	23
13 Communication services	24
14 Finance and insurance	25
15 Property and business services	26
16 Private community services	27
17 Cultural and recreational services	28
18 Personal and other services	29

ADDITIONAL TABLES

19 Selected items by subdivision	30
20 Relative standard errors of selected estimates, 1999–2000	31

ADDITIONAL INFORMATION

Explanatory notes	32
Technical note 1: Sampling variability	36
Technical note 2: National Accounts	37
Glossary	39

■ For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Joe Whelan on Canberra 02 6252 5288.

NOTES

ABOUT THIS ISSUE

This is the tenth annual publication in this series. It has been preceded by the preliminary 1999–2000 publication *Business Operations and Industry Performance* (Cat. no. 8142.0). Estimates from the 1994–95 to the 1999–2000 Economic Activity Surveys (EAS) are presented in this publication. The estimates contain revisions to previously published estimates that have resulted from further analysis of the data and additional data supplied by providers. It is expected that preliminary results from the 2000–01 EAS will be released in May 2002.

CHANGES IN THIS ISSUE

The majority of tables in this publication now include a six year time series, rather than five as in the previous issue.

The methodology to moderate data to account for extreme values has been changed. For more detailed information please refer to paragraphs 10, 11 and 12 of the Explanatory Notes.

FUTURE CHANGES

For 2000–01 the Economic Activity Survey (EAS) will not be collecting data from the Agriculture, forestry and fishing industry. This temporary reduction in coverage is expected to be reversed in 2001–02.

COMMENTS

The ABS welcomes feedback from users regarding the usefulness, range and quality of the data presented and explanations provided. Please send any comments to: The Director, Economy Wide Statistics Section, PO Box 10, Belconnen ACT 2616. Alternatively, email <merry.branson@abs.gov.au>.

.....

ABBREVIATIONS

ABS	Australian Bureau of Statistics
ANA	Australian National Accounts
ANZSIC	Australian and New Zealand Standard Industrial Classification
ATO	Australian Taxation Office
billion	thousand million
EAS	Economic Activity Survey
EBIT	Earnings Before Interest and Taxation
IGP	Industry Gross Product
IVA	Industry Value Added
OPBT	Operating Profit Before Tax
RSE	Relative standard error
SE	Standard error
SNA93	United Nations System of National Accounts 1993

Dennis Trewin
Australian Statistician

SUMMARY OF FINDINGS

OPERATING BUSINESSES AND EMPLOYMENT

The total number of employing businesses operating in the PUBLIC TRADING and PRIVATE SECTORS of the Australian economy fell by 1.6% between 1998–99 and 1999–2000, the second consecutive fall in the number of operating businesses following increases in each of the seven preceding years (the series began in 1990–91). In 1999–2000 there were 687,536 operating businesses, 11,296 fewer than in 1998–99. Refer to paragraphs 6, 7, 8 and 22 of the Explanatory notes for a detailed description of the business unit.

The decrease in the number of operating businesses occurred primarily among small and medium sized businesses, which fell by 11,397 (1.6%) to 684,316. The number of operating large businesses rose by 100 (3.2%) to 3,220, continuing the steady increase over the past five years.

Employment across all industries increased by 2.6% or 169,000 people between 1998–99 and 1999–2000.

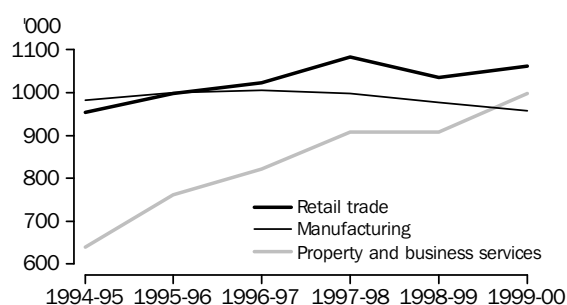
Of those employed at 30 June 2000, 4,130,000 (63%) were employed by small and medium sized businesses and 2,434,000 (37%) were employed by large businesses. These proportions have remained constant despite changes in the number of operating businesses and in employment.

Most industries experienced an increase in employment from 1998–99 to 1999–2000. The PERSONAL AND OTHER SERVICES industry recorded the largest increase in percentage terms (15.9%), while the PROPERTY AND BUSINESS SERVICES industry recorded the largest increase in terms of the actual number of persons employed (89,000) and the second largest increase in percentage terms (9.8%). The PROPERTY AND BUSINESS SERVICES industry contributed over 50% of the total increase in employment across all industries.

Decreases in employment were recorded in the MINING, MANUFACTURING, ELECTRICITY, GAS AND WATER SUPPLY and ACCOMMODATION, CAFES AND RESTAURANTS industries, with the MINING industry recording the largest decrease in percentage terms (9.7%) and the ACCOMMODATION, CAFES AND RESTAURANTS industry recording the largest decrease in terms of the actual number of persons employed (33,000).

The PROPERTY AND BUSINESS SERVICES industry (998,000) has now surpassed the MANUFACTURING industry (957,000) in terms of the number of people employed. Only the RETAIL TRADE industry employs more people (1,061,000).

EMPLOYMENT FOR SELECTED INDUSTRIES



OPERATING INCOME AND EXPENSES

Total operating income increased by \$73,507m (6.0%) between 1998–99 and 1999–2000. The operating income of large businesses increased by \$42,969m (6.7%) while for small and medium businesses it increased by \$30,538m (5.2%). Most industries recorded an

SUMMARY OF FINDINGS *continued*

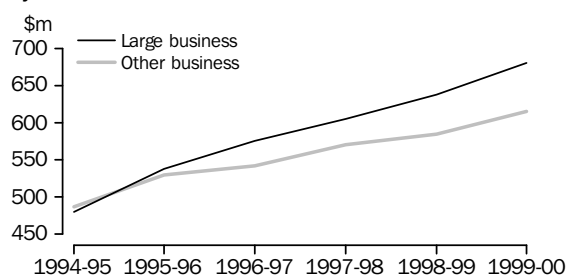
OPERATING INCOME AND EXPENSES *continued*

increase in operating income, with the largest percentage increase occurring in the CONSTRUCTION industry (14.4%). Decreases in operating income were recorded in the CULTURAL AND RECREATIONAL SERVICES and RETAIL TRADE industries (3.3% and 0.4% respectively).

Total operating expenses increased by \$74,643 (6.7%) between 1998–99 and 1999–2000. Among large businesses, operating expenses increased by \$44,568m (7.9%), while among small and medium businesses operating expenses increased by \$30,076m (5.5%). Most industries recorded an increase in operating expenses, with the largest percentage increase occurring in the CONSTRUCTION industry (16.0%). Decreases in operating expenses were recorded in the CULTURAL AND RECREATIONAL SERVICES and RETAIL TRADE industries (4.5% and 0.7% respectively).

In 1994–95, large businesses accounted for 49.6% of total operating income. In 1999–2000 the percentage contribution of large businesses to total operating income has increased to 52.5%. Similarly, the percentage contribution of large businesses to total operating expenses has increased from 48.8% in 1994–95 to 51.6% in 1999–2000.

TOTAL OPERATING INCOME FOR ALL INDUSTRIES,
by business size



OPERATING PROFIT BEFORE TAX

Operating profit before tax (OPBT) in 1999–2000 was \$117,926m, an increase of \$2,783m (2.4%) between 1998–99 and 1999–2000. However, the percentage increase in 1999–2000 was less than that for the two previous years. Between 1996–97 and 1997–98, OPBT increased by 11.9%, while between 1997–98 and 1998–99 OPBT increased by 8.5%.

OPBT for large businesses fell slightly to \$72,029m, a decrease of \$431m (0.6%) between 1998–99 and 1999–2000. For small and medium sized businesses, OPBT rose to \$45,896m in 1999–2000, an increase of \$3,214m (7.5%).

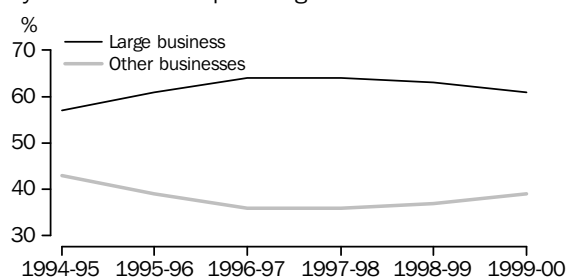
In percentage terms, the largest increase in OPBT (44.2%) occurred in the PERSONAL AND OTHER SERVICES industry, while the largest decrease (13.2%) occurred in the FINANCE AND INSURANCE industry. The large increase in OPBT in the PERSONAL AND OTHER SERVICES industry followed a large decrease (36.9%) in 1998–99 and a large increase (52.1%) in 1997–98. The decrease in OPBT in the FINANCE AND INSURANCE industry followed increases in 1998–99 (11.4%) and 1997–98 (12.4%). A significant increase (39.1%) in OPBT was also recorded in the AGRICULTURE, FORESTRY AND FISHING industry.

In 1994–95, large businesses accounted for 57.4% of OPBT. In 1999–2000 the percentage contribution of large businesses to OPBT has increased to 61.1% (decreasing from 63.9% in 1996–97).

SUMMARY OF FINDINGS *continued*

OPERATING PROFIT BEFORE TAX *continued*

OPERATING PROFIT BEFORE TAX FOR ALL INDUSTRIES,
by business size as a percentage of the total



TOTAL ASSETS AND LIABILITIES

In 1999–2000, total assets at the all industries level increased by 10.9%, while total liabilities increased by 15.6%. For large businesses, total assets increased by 13.2% and total liabilities increased by 17.9%, while for small and medium sized businesses, total assets increased by 1.8% and total liabilities increased by 2.0%.

Most industries recorded an increase in total assets and total liabilities. The CONSTRUCTION industry experienced the greatest percentage increase in total assets (22.5%), while the greatest percentage increase in total liabilities occurred in the ELECTRICITY, GAS AND WATER SUPPLY industry (25.1%). The greatest percentage decrease in total assets occurred in the PERSONAL AND OTHER SERVICES industry (11.1%), while the greatest percentage decrease in total liabilities occurred in the CULTURAL AND RECREATIONAL SERVICES industry (13.6%). The MINING industry was the only industry to experience an increase in total assets (2.7%) and a decrease in total liabilities (2.3%), while the PERSONAL AND OTHER SERVICES industry was the only industry to experience a decrease in total assets (11.1%) and an increase in total liabilities (1.9%). The FINANCE AND INSURANCE industry contributed 58.4% of the value of total assets, 69.2% of the value of total liabilities and 33.2% of the value of owners' equity.

CAPITAL EXPENDITURE

Capital expenditure has continued to increase for the last three years, increasing by 11.9% (\$8,877m) to \$83,591m in 1999–2000. The increase was not distributed evenly across all business sizes, with large businesses increasing their capital expenditure by 17.1% and small and medium businesses increasing their capital expenditure by 2.1%.

At the industry level, the largest percentage increase (143.7%) was recorded in the FINANCE AND INSURANCE industry, where capital expenditure rose from \$3,698m to \$9,014m. This was primarily due to takeovers and corporate acquisitions within the FINANCE AND INSURANCE industry. Increases in capital expenditure were also recorded in the ELECTRICITY, GAS AND WATER SUPPLY, ACCOMMODATION, CAFES AND RESTAURANTS and COMMUNICATION SERVICES industries (42.7%, 38.5% and 36.7% respectively). The largest percentage decrease (18.1%) was recorded in the MINING industry.

BUSINESS AVERAGES

Average employment at the all industries level increased by 4.4% in 1999–2000, from 9.0 persons to 9.4 persons. The increase was due entirely to small and medium businesses, which experienced an increase of 5.4% in their average employment, up from 5.6 persons to 5.9 persons. Large businesses experienced a decrease of 0.7% in their average employment, down from 761.0 persons to 755.6 persons. Similarly, average profit at the ALL INDUSTRIES level increased by 4.4%, due to a 10.0% increase in the average profit of small and medium businesses and a 3.7% decrease in the average profit of large businesses.

SUMMARY OF FINDINGS *continued*

BUSINESS PROFITABILITY

The proportion of all businesses making a profit has continued to increase over the last three years. Just over three quarters (75.6%) of all businesses reported making a profit in 1999–2000, compared to 74.6% of businesses in 1998–99.

This increase in business profitability is not distributed across all business sizes. The proportion of large businesses making a profit fell from 79.8% in 1998–99 to 75.8% in 1999–2000, while the proportion of small and medium businesses making a profit rose from 74.6% in 1998–99 to 75.6% in 1999–2000.

The industries which had the highest proportion of businesses making a profit in 1999–2000 were COMMUNICATION SERVICES (86.3%), PRIVATE COMMUNITY SERVICES (84.0%) and ACCOMMODATION, CAFES AND RESTAURANTS (82.2%).

The industries which had the highest proportion of businesses making a loss in 1999–2000 were MINING (38.1%), CULTURAL AND RECREATIONAL SERVICES (36.3%) and AGRICULTURE, FORESTRY AND FISHING (24.8%).

BUSINESS COMPARISONS

Looking at the quartile estimate of a particular performance indicator gives an indication of the distribution or variation in business performance for the indicator in a particular industry or in the economy as a whole.

In 1999–2000, the industry with the largest profit margin at the highest quartile was the FINANCE AND INSURANCE industry (40.0%), closely followed by the AGRICULTURE, FORESTRY AND FISHING industry (38.9%).

Despite recording the second largest profit margin at the highest quartile, the AGRICULTURE, FORESTRY AND FISHING industry recorded a profit margin of 0% at the lowest quartile. The TRANSPORT AND STORAGE and PROPERTY AND BUSINESS SERVICES industries also recorded 0% profit margins at the lowest quartile, with only the MINING and CULTURAL AND RECREATIONAL SERVICES industries demonstrating worse returns at the lowest quartile with (-12.1%) and (-4.3%) respectively.

The industry with the largest return on assets at the highest quartile was the PRIVATE COMMUNITY SERVICES industry (92.9%), followed by the PERSONAL AND OTHER SERVICES industry (61.0%).

The industry with the largest return on net worth at the highest quartile was the PERSONAL AND OTHER SERVICES industry (162.5%), closely followed by the PRIVATE COMMUNITY SERVICES industry (161.5%). Despite these two industries having such large percentage returns at the highest quartile, their returns on a net worth as a whole were only 13.1% and 17.2% respectively.

AGRICULTURE, FORESTRY AND FISHING

The recent decline in the number of operating businesses in the AGRICULTURE, FORESTRY AND FISHING industry continued in 1999–2000. From a peak of 118,483 operating businesses in 1995–96, in 1999–2000 there were 112,116 operating businesses, a fall of 5.4% over the four year period. Total assets and total liabilities have continued to increase in this industry, with liabilities increasing at a greater rate than assets.

In 1999–2000 the industry experienced an 11.7% increase in total operating income and an increase of 11.5% in total operating expenses. Operating profit before tax rose by 39.1%, and capital expenditure rose by 4.8%.

SUMMARY OF FINDINGS *continued*

MINING

The number of operating businesses in the MINING industry fell by 6.7% in 1999–2000, continuing the steady decline of recent years. The number of operating businesses in the industry is now 35.7% lower than the level recorded in 1994–95. Employment in the industry also continued its recent decline, down by 9.7% to 65,000.

While total operating income increased slightly (by 0.5%) in 1999–2000, the rate of increase continued to slow. After a decrease of 1.9% in 1998–99, total operating expenses increased by 1.1% in 1999–2000. Operating profit before tax rose by 2.0% and capital expenditure fell by 18.1%.

The proportion of businesses in the industry making a profit increased to 58.2% in 1999–2000, with an accompanying decrease in the proportion of businesses making a loss (38.1%). Up to 1998–99, the proportion of profitable businesses had been steadily falling while the proportion of unprofitable businesses has been rising. Despite the increase in the proportion of profitable businesses in the MINING industry in 1999–2000, the industry had the lowest proportion of businesses making a profit across all industries.

MANUFACTURING

In 1999–2000 the number of operating businesses and employment in the MANUFACTURING industry continued the decline evident in these indicators since 1996–97. The number of operating businesses in the industry has fallen by 16.8% since 1996–97 while employment has fallen by 4.9% over the same period. In 1999–2000, the number of operating businesses in the industry fell by 5.2% while employment fell by 2.0%.

Total operating income increased by 4.7% in 1999–2000, while total operating expenses increased by 4.1%. The increase in both indicators was consistent with that shown by both series over recent years. Operating profit before tax increased by 20.0% and capital expenditure decreased by 9.4%.

The Manufacturing industry accounted for 18.8% of total operating income across all industries in 1999–2000, the largest contributor of any industry. The industry's percentage contribution to total operating income across all industries was slightly less than it was in 1998–99, when the industry contributed 19.0%.

The average employment and average profit for businesses in the MANUFACTURING industry has continued to increase since 1996–97. Average employment has increased from 18.4 persons to 21.1 persons since 1996–97, an increase of 14.7%. Average profit increased by 45.2% over the same period, increasing 26.6% in 1999–2000.

ELECTRICITY, GAS AND WATER SUPPLY

The ELECTRICITY, GAS AND WATER SUPPLY industry experienced a small increase (0.8%) in the number of operating businesses in 1999–2000 and employment in the industry fell by 2.0%. The increase in the number of operating businesses continued the trend of recent years, as did the decrease in employment. The increases in the number of operating businesses and decreases in employment had the effect of lowering the average employment in the industry by 3.7% to 185.5 persons, below the level recorded in 1994–95 (301.7) persons.

Total operating income in the ELECTRICITY, GAS AND WATER SUPPLY industry increased by 5.0% in 1999–2000 and total operating expenses increased by 4.5%. Operating profit before tax rose by 7.4% and capital expenditure rose by 42.7%.

SUMMARY OF FINDINGS *continued*

CONSTRUCTION

A decrease of 2.3% in the number of operating businesses in the CONSTRUCTION industry in 1999–2000 continued the decline of recent years. The decline (9.9%) in employment in the industry in 1998–99 was reversed slightly by a 1.4% increase in 1999–2000.

Total operating income in the CONSTRUCTION industry increased by 14.4% and total operating expenses increased by 16.0%. Operating profit before tax increased by 5.1% while capital expenditure increased by 2.6%. Total assets and total liabilities increased significantly among businesses in the CONSTRUCTION industry, by 22.5% and 17.1% respectively, and resulted in an increase of 34.8% in net worth.

As in 1998–99, increased activity in the CONSTRUCTION industry was partially due to the desire to have projects completed prior to the Olympic Games and the introduction of the GST.

WHOLESALE TRADE

The WHOLESALE TRADE industry experienced a slight increase (0.4%) in the number of operating businesses in 1999–2000, while employment in the industry rose by 3.5%. The increases continued the upward trend evident in these indicators since 1996–97.

Since 1996–97, the number of operating businesses in the industry has increased by 6.3%, employment has increased by 19.8%, and average employment has increased from 9.2 persons to 10.7 persons (an increase of 16.3%).

Total operating income in the WHOLESALE TRADE industry increased by 5.7% in 1999–2000 and total operating expenses increased by 6.2%. The WHOLESALE TRADE industry contributed 16.7% of the overall estimate for total operating income (second only to the MANUFACTURING industry).

Operating profit before tax increased by 17.0% in the WHOLESALE TRADE industry, the second consecutive year of increase in this indicator, following a 38.0% increase in 1998–99. In this industry, operating profit before tax is now 61.5% higher than the level recorded in 1997–98.

RETAIL TRADE

The RETAIL TRADE industry experienced a 2.5% fall in the number of operating businesses in 1999–2000, while employment rose by 2.5%. This had the effect of raising average employment in the industry from 9.7 persons to 10.3 persons, an increase of 6.2%. The industry remains the largest employer in the Australian economy, employing 1,061,000 people, or 16.2% of the total employment across all industries.

Total operating income and total operating expenses fell in the industry in 1999–2000, by 0.4% and 0.7% respectively. Increases were recorded in operating profit before tax (4.9%) and average profit (8.5%) which has increased continually since 1995–96. The proportion of businesses making a profit decreased for the second consecutive year and is now at 78.4%, down from 81.0% in 1998–99 and 7.7 percentage points below the proportion recorded in 1997–98 (86.1%).

ACCOMMODATION, CAFES AND RESTAURANTS

The number of businesses operating in the ACCOMMODATION, CAFES AND RESTAURANTS industry fell by 2.0% in 1999–2000, while employment in the industry fell by 7.2%. The level of employment in the industry has now fallen for two consecutive years by a total of 10.8%. In that period, average employment in the industry has fallen from 15.0 persons to 13.8 persons, a decrease of 8.0%.

SUMMARY OF FINDINGS *continued*

ACCOMMODATION, CAFES AND RESTAURANTS *continued*

Decreases were recorded in operating profit before tax (4.6%) and average profit (3.8%). The proportion of businesses making a profit increased for the third consecutive year and is now at 82.2%, up from 74.3% in 1998–99 and 17.1 percentage points above the proportion recorded in 1996–97 (65.1%).

Total assets and total liabilities fell by 4.5% and 2.2% respectively in 1999–2000. Capital expenditure in the industry rose by 38.5% in 1999–2000, this followed a fall of 24.5% in 1998–99.

TRANSPORT AND STORAGE

Employment in the TRANSPORT AND STORAGE industry rose by 5.5%, with average employment in the industry increasing from 10.9 persons to 11.5 persons, an increase of 5.5%.

Total operating income rose by 12.6% in 1999–2000 and total operating expenses rose by 14.1%. Operating profit before tax fell by 10.5% and capital expenditure fell by 1.4%. The proportion of businesses making a profit in the industry increased to 71.9%, up from 65.6% in 1998–99.

Total assets and total liabilities rose by 10.1% and 17.3% respectively in 1999–2000, following decreases in both indicators in 1998–99.

Care should be taken when comparing data for this industry over time as the estimates for this industry have been influenced by the privatisation of public transport services, mergers, takeovers and major restructuring. These influences have resulted in more units coming into scope of the Economic Activity Survey (EAS). Refer to paragraph 4 of the Explanatory notes for details of EAS scope and coverage. The ROAD TRANSPORT industry includes businesses such as road freight transport operators, charter bus services, tramway passenger transport operators, hire car services, taxi cabs, school bus services and taxi truck hire.

COMMUNICATION SERVICES

In 1998–99 the COMMUNICATION SERVICES industry experienced a 10.7% increase in the number of operating businesses, the largest increase of any industry. However, in 1999–2000 the number of operating businesses in the industry decreased by 1.6%.

Total operating income and total operating expenses in the industry increased in 1999–2000, by 12.1% and 15.9% respectively. The industry also experienced increases in total assets (13.0%) and total liabilities (15.8%). Capital expenditure in the industry increased by 36.7%.

The COMMUNICATION SERVICES industry recorded the highest proportion of businesses making a profit (86.3%) in 1999–2000 across all industries. The proportion of businesses making a profit increased by 14.5 percentage points in 1999–2000, and is now 37.0 percentage points higher than the level recorded in 1997–98.

FINANCE AND INSURANCE

The FINANCE AND INSURANCE industry demonstrated a substantial 143.7% increase in capital expenditure during 1999–2000, this followed the 28.3% reduction in capital expenditure reported in 1998–99.

Increase in total operating income of 6.0% was offset by 13.3% increase in total operating expenses, which resulted in a 13.2% reduction in operating profit before tax. Assets and

SUMMARY OF FINDINGS *continued*

FINANCE AND INSURANCE *continued*

liabilities followed a similar trend with 16.7% and 22.1% respectively, as a result owners equity has demonstrated a 4.1% reduction after two consecutive years of increase.

Decreases in the industry ratios for the FINANCE AND INSURANCE industry were not mirrored by the corresponding business comparisons. Across the board increases in the business comparisons suggest a broad based improvement in the performance of businesses within the FINANCE AND INSURANCE industry, while the industry ratios show decreases. One reason for this dichotomy is outlined in paragraph ## of the explanatory notes.

PROPERTY AND BUSINESS SERVICES

Employment in the PROPERTY AND BUSINESS SERVICES industry increased by 9.8%, total operating income increased by 12.2% and total operating expenses increased by 11.1%. Operating profit before tax increased by 11.9%. A decrease of 0.9% in the number of operating businesses combined with the increased level of employment in the industry raised the average employment from 6.9 persons to 7.6 persons (an increase of 10.2%).

The increases in total operating income and total operating expenses followed similar increases in 1998–99. Since 1994–95, total operating income in the industry has increased by 82.2%, total operating expenses has increased by 89.7% and operating profit before tax has increased by 42.2%.

PRIVATE COMMUNITY SERVICES

The number of operating businesses in the PRIVATE COMMUNITY SERVICES industry fell by 2.2% in 1999–2000. However, despite the fall in the number of operating businesses in 1999–2000, employment in the industry increased by 3.5%, total operating income increased by 10.4% and total operating expenses increased by 12.8%. Operating profit before tax fell by 9.4%.

Total assets and total liabilities in the industry fell, by 2.2% and 4.3% respectively, while capital expenditure rose by 15.3%.

CULTURAL AND RECREATIONAL SERVICES

Employment in the CULTURAL AND RECREATIONAL SERVICES industry rose by 8.5% in 1999–2000. The number of operating businesses fell by 1.2%, total operating income fell by 3.3% and total operating expenses fell by 4.5%. The increase in employment combined with the decrease in the number of operating businesses increased the average employment in the industry from 10.6 to 11.6 persons.

Operating profit before tax rose by 6.2% in the CULTURAL AND RECREATIONAL SERVICES industry. Profit levels in this industry have increased over the last three years, with operating profit before tax now almost three times higher than the level recorded in 1996–97. Average profit in the industry increased by 7.3% in 1999–2000 and is now 206.9% higher than the average recorded in both 1995–96 and 1996–97.

The proportion of businesses making a profit in the CULTURAL AND RECREATIONAL SERVICES industry fell by 1.1 percentage points to 60.3%, the second lowest proportion of businesses making a profit across all industries.

PERSONAL AND OTHER SERVICES

The number of operating businesses in the PERSONAL AND OTHER SERVICES industry fell by 2.1% in 1999–2000, while employment in the industry increased by 28,000 persons. This is reflected in the average employment increasing from 5.1 persons to 6.1 persons, an increase of 19.6%.

SUMMARY OF FINDINGS *continued*

PERSONAL AND OTHER SERVICES *continued*

Total operating income in the industry increased by \$1,635 million, total operating expenses increased by \$1,223 million, total assets fell by \$1,927 million, while total liabilities rose by \$95 million. The PERSONAL AND OTHER SERVICES industry was the only industry to experience a decrease in total assets and an increase in total liabilities.

The proportion of businesses in the industry that made a profit in 1999–2000 was 73.9%, a 4.4 percentage point increase on the proportion recorded in 1998–99.

SUMMARY OF INDUSTRY PERFORMANCE, All industries—all sizes

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	681 976	695 040	698 888	703 314	698 832	687 536
Employment	'000	5 809	6 104	6 260	6 538	6 394	6 563
Total operating income	\$m	967 082	1 067 912	1 117 701	1 176 209	1 223 120	1 296 627
Total operating expenses	\$m	882 091	972 789	1 024 489	1 075 188	1 111 037	1 185 680
Operating profit before tax	\$m	91 447	96 745	94 821	106 144	115 143	117 926
Total assets	\$m	2 008 120	2 173 518	2 360 340	2 539 261	2 661 895	2 952 983
Total liabilities	\$m	1 323 363	1 390 020	1 622 428	1 735 559	1 784 465	2 063 695
Capital expenditure	\$m	56 867	63 858	63 207	73 835	74 714	83 591
Industry gross product(a)(b)	\$m	249 456	276 370	276 152	299 716	na	na
Industry value added(a)(b)	\$m	na	na	na	326 947	338 787	360 540
Business averages							
Average employment	no.	8.4	8.6	8.7	9.1	9.0	9.4
Average income	\$'000	1 402	1 508	1 556	1 636	1 712	1 848
Average expenses	\$'000	1 279	1 373	1 427	1 495	1 556	1 690
Average profit	\$'000	133	137	132	148	161	168
Average assets	\$'000	2 911	3 069	3 287	3 532	3 727	4 208
Average net worth	\$'000	993	1 106	1 028	1 118	1 228	1 267
Average IGP(b)	\$'000	366	394	388	421	na	na
Average IVA(b)	\$'000	na	na	na	459	479	519
Industry ratios							
Profit margin	%	9.5	9.1	8.5	9.0	9.4	9.1
Return on assets	%	4.6	4.5	4.0	4.2	4.3	4.0
Return on net worth	%	13.4	12.3	12.8	13.2	13.1	13.3
Interest coverage	times	2.5	2.3	2.4	2.6	2.8	2.6
Investment rate (IGP)(b)	%	21.3	21.9	22.0	23.2	na	na
Investment rate (IVA)(b)	%	na	na	na	21.3	21.2	20.9
Business profitability							
Made a profit	%	na	(c)77.3	73.2	74.5	74.6	75.6
Broke even	%	na	(c)3.2	3.8	4.7	3.4	3.6
Made a loss	%	na	(c)19.5	23.0	20.8	21.9	20.7
Business comparisons							
Profit margin							
Highest quartile	%	na	(c)17.1	20.3	20.3	19.2	20.7
Median value	%	na	(c)6.0	7.6	6.7	6.3	8.3
Lowest quartile	%	na	(c)—	—	—	—	0.5
Return on assets							
Highest quartile	%	na	(c)37.4	31.4	32.2	28.6	38.6
Median value	%	na	(c)11.5	8.2	9.0	8.1	10.2
Lowest quartile	%	na	(c)—	—	0.4	0.1	0.9
Return on net worth							
Highest quartile	%	na	(c)88.9	75.0	73.6	71.4	85.1
Median value	%	na	(c)25.9	16.1	17.4	17.3	19.2
Lowest quartile	%	na	(c)—	-0.9	—	—	—

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

(b) Excludes the Finance and Insurance industries.

(c) Excludes Subdivision 01 - Agriculture.

SUMMARY OF INDUSTRY PERFORMANCE, All industries—large

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	2 746	2 918	2 964	3 054	3 120	3 220
Employment	'000	2 185	2 234	2 314	2 265	2 376	2 434
Total operating income	\$m	479 868	538 099	575 596	605 894	638 042	681 011
Total operating expenses	\$m	430 330	481 310	516 538	540 374	567 126	611 694
Operating profit before tax	\$m	52 472	58 842	60 611	67 751	72 461	72 029
Total assets	\$m	1 578 330	1 697 013	1 871 670	2 031 712	2 135 632	2 416 989
Total liabilities	\$m	1 103 464	1 163 602	1 374 964	1 488 587	1 527 700	1 801 771
Capital expenditure	\$m	36 322	41 858	39 217	46 408	48 657	56 979
Industry gross product(a)(b)	\$m	118 477	132 829	130 395	141 300	na	na
Industry value added(a)(b)	\$m	na	na	na	na	166 396	176 026
Business averages							
Average employment	no.	795.3	765.0	779.5	741.2	761.0	755.6
Average income	\$'000	174 619	184 247	193 890	198 264	204 354	211 455
Average expenses	\$'000	156 593	164 802	173 996	176 824	181 641	189 932
Average profit	\$'000	19 094	20 148	20 417	22 170	23 208	22 365
Average assets	\$'000	574 338	581 063	630 475	664 828	684 005	750 478
Average net worth	\$'000	172 799	182 642	167 316	177 724	194 710	191 026
Average IGP(b)	\$'000	48 029	50 836	49 451	52 582	na	na
Average IVA(b)	\$'000	na	na	na	na	60 527	62 139
Industry ratios							
Profit margin	%	10.9	10.9	10.5	11.2	11.4	10.6
Return on assets	%	3.3	3.5	3.2	3.3	3.4	3.0
Return on net worth	%	11.0	11.0	12.2	12.5	11.9	11.7
Interest coverage	times	2.0	2.0	2.1	2.2	2.3	2.1
Investment rate (IGP)(b)	%	27.8	29.1	28.4	30.1	na	na
Investment rate (IVA)(b)	%	na	na	na	na	27.8	27.9
Business profitability							
Made a profit	%	na	(c)77.5	78.1	78.0	79.8	75.8
Broke even	%	na	(c)0.5	0.9	0.7	0.4	0.4
Made a loss	%	na	(c)21.9	21.0	21.3	19.8	23.9
Business comparisons							
Profit margin							
Highest quartile	%	na	(c)13.1	13.8	13.4	14.8	13.6
Median value	%	na	(c)4.8	5.4	4.7	4.8	5.0
Lowest quartile	%	na	(c)0.3	0.6	0.5	0.7	0.2
Return on assets							
Highest quartile	%	na	(c)12.6	13.6	12.3	12.2	13.7
Median value	%	na	(c)5.1	5.2	4.8	5.2	4.4
Lowest quartile	%	na	(c)0.4	0.5	0.4	0.6	0.2
Return on net worth							
Highest quartile	%	na	(c)37.7	39.9	37.7	39.1	44.2
Median value	%	na	(c)13.2	13.5	12.2	13.2	14.3
Lowest quartile	%	na	(c)1.3	2.3	1.2	2.4	1.4

na not available

(a) IVA replaces IGP from 1997-98 onwards.

(b) Excludes the Finance and Insurance industries.

(c) Excludes Subdivision 01 - Agriculture.

SUMMARY OF INDUSTRY PERFORMANCE, All industries—other

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	679 229	692 122	695 923	700 260	695 713	684 316
Employment	'000	3 624	3 870	3 945	4 273	4 018	4 130
Total operating income	\$m	487 214	529 813	542 106	570 315	585 078	615 616
Total operating expenses	\$m	451 761	491 479	507 951	534 814	543 911	573 987
Operating profit before tax	\$m	38 976	37 903	34 210	38 394	42 682	45 896
Total assets	\$m	429 791	476 505	488 671	507 549	526 263	535 994
Total liabilities	\$m	219 899	226 419	247 464	246 972	256 765	261 924
Capital expenditure	\$m	20 545	22 000	23 990	27 427	26 057	26 612
Industry gross product(a)(b)	\$m	130 979	143 541	145 757	158 416	na	na
Industry value added(a)(b)	\$m	na	na	na	na	172 391	184 514
Business averages							
Average employment	no.	5.3	5.5	5.5	6.0	5.6	5.9
Average income	\$'000	709	751	758	797	823	881
Average expenses	\$'000	657	697	710	747	765	822
Average profit	\$'000	57	54	48	54	60	66
Average assets	\$'000	625	676	683	709	740	767
Average net worth	\$'000	305	355	337	364	379	392
Average IGP(b)	\$'000	193	206	206	223	na	na
Average IVA(b)	\$'000	na	na	na	na	245	267
Industry ratios							
Profit margin	%	8.0	7.2	6.3	6.7	7.3	7.5
Return on assets	%	9.1	8.0	7.0	7.6	8.1	8.6
Return on net worth	%	18.6	15.2	14.2	14.7	15.8	16.7
Interest coverage	times	4.9	4.4	3.9	4.9	4.9	5.6
Investment rate (IGP)(b)	%	15.5	15.2	16.3	17.1	na	na
Investment rate (IVA)(b)	%	na	na	na	na	15.0	14.3
Business profitability							
Made a profit	%	na	(c)77.3	73.2	74.5	74.6	75.6
Broke even	%	na	(c)3.3	3.8	4.7	3.5	3.7
Made a loss	%	na	(c)19.5	23.0	20.8	21.9	20.7
Business comparisons							
Profit margin							
Highest quartile	%	na	(c)17.1	20.3	20.4	19.2	20.7
Median value	%	na	(c)6.0	7.6	6.7	6.3	8.3
Lowest quartile	%	na	(c)—	—	—	—	0.5
Return on assets							
Highest quartile	%	na	(c)37.5	31.4	32.2	28.6	39.3
Median value	%	na	(c)11.7	8.3	9.0	8.1	10.2
Lowest quartile	%	na	(c)—	—	0.3	0.1	0.9
Return on net worth							
Highest quartile	%	na	(c)88.9	75.0	73.9	71.9	85.1
Median value	%	na	(c)25.9	16.1	17.5	17.3	19.2
Lowest quartile	%	na	(c)-0.1	-0.9	—	—	—

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

(b) Excludes the Finance and Insurance industries.

(c) Excludes Subdivision 01 - Agriculture.

SUMMARY OF INDUSTRY PERFORMANCE, Agriculture, forestry and fishing

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	115 885	118 483	117 501	115 224	112 418	112 116
Employment	'000	344	340	349	346	344	355
Total operating income	\$m	26 999	30 431	31 939	32 286	31 918	35 649
Total operating expenses	\$m	23 460	25 465	27 577	27 935	28 373	31 626
Operating profit before tax	\$m	3 331	4 388	3 754	4 561	4 239	5 897
Total assets	\$m	126 208	137 083	145 236	146 663	147 449	161 633
Total liabilities	\$m	20 130	21 627	23 595	24 979	27 479	31 292
Capital expenditure	\$m	3 982	5 138	4 837	5 506	5 154	5 399
Industry gross product(a)	\$m	9 371	10 850	10 881	11 939	na	na
Industry value added(a)	\$m	na	na	na	12 403	12 494	14 238
Business averages							
Average employment	no.	3.0	2.9	3.0	3.0	3.1	3.2
Average income	\$'000	233	257	271	279	283	317
Average expenses	\$'000	202	215	234	242	252	282
Average profit	\$'000	29	37	32	40	38	53
Average assets	\$'000	1 089	1 156	1 233	1 269	1 308	1 439
Average net worth	\$'000	915	973	1 033	1 053	1 065	1 161
Average IGP	\$'000	81	92	92	103	na	na
Average IVA	\$'000	na	na	na	107	111	127
Industry ratios							
Profit margin	%	12.3	14.4	11.8	14.1	13.3	16.5
Return on assets	%	2.6	3.2	2.6	3.1	2.9	3.6
Return on net worth	%	3.1	3.8	3.1	3.7	3.5	4.5
Interest coverage	times	3.1	3.5	3.0	3.7	3.4	3.9
Investment rate (IGP)	%	42.5	47.4	44.5	46.1	na	na
Investment rate (IVA)	%	na	na	na	44.4	41.3	37.9
Business profitability							
Made a profit	%	na	98.1	65.5	70.4	72.5	74.3
Broke even	%	na	0.2	5.4	1.9	0.2	0.9
Made a loss	%	na	1.7	29.0	27.7	27.3	24.8
Business comparisons							
Profit margin							
Highest quartile	%	na	27.9	31.6	31.8	32.5	38.9
Median value	%	na	13.5	15.2	15.3	15.9	19.3
Lowest quartile	%	na	0.3	-8.4	-2.8	-3.0	—
Return on assets							
Highest quartile	%	na	35.4	7.1	6.8	6.4	7.6
Median value	%	na	15.2	2.4	2.5	2.6	3.2
Lowest quartile	%	na	0.3	-1.1	-0.4	-0.4	—
Return on net worth							
Highest quartile	%	na	60.0	8.2	8.2	7.7	9.2
Median value	%	na	29.0	2.7	2.8	2.9	3.5
Lowest quartile	%	na	-6.3	-1.3	-0.5	-0.5	-0.2

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

SUMMARY OF INDUSTRY PERFORMANCE, Mining

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	2 476	2 219	1 985	1 832	1 706	1 591
Employment	'000	82	85	86	78	72	65
Total operating income	\$m	35 570	39 093	42 307	44 329	44 628	44 841
Total operating expenses	\$m	29 557	32 510	35 308	37 732	37 019	37 416
Operating profit before tax	\$m	6 040	6 866	7 563	6 784	7 380	7 525
Total assets	\$m	75 247	75 857	85 292	91 012	93 883	96 433
Total liabilities	\$m	36 135	45 219	49 192	55 794	58 375	57 030
Capital expenditure	\$m	7 153	6 763	7 824	11 134	11 702	9 579
Industry gross product(a)	\$m	17 400	19 896	20 842	22 774	na	na
Industry value added(a)	\$m	na	na	na	23 773	23 336	23 859
Business averages							
Average employment	no.	32.8	37.6	42.2	42.4	42.1	41.0
Average income	\$'000	14 194	17 270	20 843	23 989	26 149	28 147
Average expenses	\$'000	11 795	14 362	17 395	20 419	21 690	23 486
Average profit	\$'000	2 410	3 033	3 726	3 671	4 324	4 724
Average assets	\$'000	30 027	33 510	42 021	49 253	55 008	60 532
Average net worth	\$'000	15 608	13 535	17 785	19 059	20 805	24 734
Average IGP	\$'000	6 944	8 789	10 268	12 324	na	na
Average IVA	\$'000	na	na	na	12 865	13 673	14 976
Industry ratios							
Profit margin	%	17.0	17.6	17.9	15.3	16.5	16.8
Return on assets	%	8.0	9.1	8.9	7.5	7.9	7.8
Return on net worth	%	15.4	22.4	20.9	19.3	20.8	19.1
Interest coverage	times	5.1	5.3	5.2	4.9	4.8	5.0
Investment rate (IGP)	%	41.1	34.0	37.5	48.9	na	na
Investment rate (IVA)	%	na	na	na	46.8	50.1	40.1
Business profitability							
Made a profit	%	na	62.7	56.7	53.5	49.0	58.2
Broke even	%	na	2.8	6.9	2.0	1.8	3.6
Made a loss	%	na	34.5	36.4	44.5	49.2	38.1
Business comparisons							
Profit margin							
Highest quartile	%	na	18.8	28.0	26.1	14.3	35.5
Median value	%	na	3.2	8.7	4.0	0.5	8.9
Lowest quartile	%	na	1.5	-20.5	-27.1	-48.7	-12.1
Return on assets							
Highest quartile	%	na	17.0	38.7	20.2	13.0	27.4
Median value	%	na	17.0	5.2	2.2	—	5.9
Lowest quartile	%	na	-21.0	-9.7	-14.3	-22.6	-10.6
Return on net worth							
Highest quartile	%	na	18.8	73.4	63.5	68.0	54.2
Median value	%	na	-53.3	10.6	7.3	12.4	10.4
Lowest quartile	%	na	-75.4	-16.5	-23.7	-16.5	-16.9

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

SUMMARY OF INDUSTRY PERFORMANCE, Manufacturing

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	47 748	52 732	54 644	51 786	47 918	45 437
Employment	'000	983	1 000	1 006	998	977	957
Total operating income	\$m	201 546	210 343	216 080	223 696	233 004	243 882
Total operating expenses	\$m	187 762	197 888	203 419	211 637	220 405	229 460
Operating profit before tax	\$m	16 031	13 693	13 072	13 601	13 146	15 779
Total assets	\$m	164 832	178 842	183 948	192 180	204 703	213 572
Total liabilities	\$m	91 411	93 086	101 238	108 757	125 508	129 652
Capital expenditure	\$m	10 104	11 664	10 513	13 007	12 404	11 240
Industry gross product(a)	\$m	60 500	62 960	62 754	65 766	na	na
Industry value added(a)	\$m	na	na	na	67 655	68 694	71 310
Business averages							
Average employment	no.	20.6	19.0	18.4	19.3	20.4	21.1
Average income	\$'000	4 221	3 989	3 954	4 320	4 863	5 367
Average expenses	\$'000	3 932	3 753	3 723	4 087	4 600	5 050
Average profit	\$'000	336	260	239	263	274	347
Average assets	\$'000	3 452	3 392	3 366	3 711	4 272	4 700
Average net worth	\$'000	1 538	1 626	1 514	1 611	1 653	1 847
Average IGP	\$'000	1 267	1 194	1 148	1 270	na	na
Average IVA	\$'000	na	na	na	1 306	1 434	1 569
Industry ratios							
Profit margin	%	8.0	6.5	6.0	6.1	5.6	6.5
Return on assets	%	9.7	7.7	7.1	7.1	6.4	7.4
Return on net worth	%	21.8	16.0	15.8	16.3	16.6	18.8
Interest coverage	times	7.0	5.1	4.9	4.6	4.3	4.6
Investment rate (IGP)	%	16.7	18.5	16.8	19.8	na	na
Investment rate (IVA)	%	na	na	na	19.2	18.1	15.8
Business profitability							
Made a profit	%	na	75.8	79.4	78.4	76.4	77.6
Broke even	%	na	0.5	0.2	0.2	0.8	0.3
Made a loss	%	na	23.6	20.4	21.5	22.9	22.1
Business comparisons							
Profit margin							
Highest quartile	%	na	13.1	14.6	13.8	12.3	14.1
Median value	%	na	4.0	5.3	4.9	4.1	5.7
Lowest quartile	%	na	—	—	0.3	—	0.1
Return on assets							
Highest quartile	%	na	38.5	43.3	40.0	31.0	46.7
Median value	%	na	11.1	12.5	12.5	10.0	16.0
Lowest quartile	%	na	—	0.5	1.0	0.1	0.6
Return on net worth							
Highest quartile	%	na	95.8	104.5	105.6	100.0	105.2
Median value	%	na	26.6	33.3	31.6	30.0	38.4
Lowest quartile	%	na	—	2.6	2.4	1.7	—

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

SUMMARY OF INDUSTRY PERFORMANCE, Electricity, gas and water supply

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	221	223	232	245	259	261
Employment	'000	67	60	55	50	50	49
Total operating income	\$m	29 751	29 715	30 250	31 879	35 770	37 551
Total operating expenses	\$m	26 009	26 159	25 894	27 069	30 778	32 169
Operating profit before tax	\$m	3 762	3 465	4 212	4 800	5 058	5 433
Total assets	\$m	106 224	111 574	115 576	122 371	135 405	143 154
Total liabilities	\$m	48 459	47 254	47 655	54 516	58 652	73 361
Capital expenditure	\$m	3 011	5 312	3 568	4 952	5 132	7 324
Industry gross product(a)	\$m	12 538	12 430	13 269	14 493	na	na
Industry value added(a)	\$m	na	na	na	14 130	14 150	14 937
Business averages							
Average employment	no.	301.7	266.8	234.1	201.4	192.7	185.5
Average income	\$'000	134 383	132 230	129 617	128 547	137 210	142 105
Average expenses	\$'000	117 481	116 407	110 954	109 155	118 061	121 736
Average profit	\$'000	16 991	15 419	18 047	19 354	19 403	20 560
Average assets	\$'000	479 809	496 500	495 228	493 451	519 396	541 738
Average net worth	\$'000	260 924	286 220	291 032	273 621	294 416	264 116
Average IGP	\$'000	56 632	55 313	56 856	58 440	na	na
Average IVA	\$'000	na	na	na	56 977	54 276	56 528
Industry ratios							
Profit margin	%	12.6	11.7	13.9	15.1	14.1	14.5
Return on assets	%	3.5	3.1	3.6	3.9	3.7	3.8
Return on net worth	%	6.5	5.4	6.2	7.1	6.6	7.8
Interest coverage	times	2.1	2.0	2.2	2.4	2.5	2.4
Investment rate (IGP)	%	24.0	42.7	26.9	34.2	na	na
Investment rate (IVA)	%	na	na	na	35.0	36.3	49.0
Business profitability							
Made a profit	%	na	51.8	74.0	78.2	73.8	74.9
Broke even	%	na	14.3	1.3	0.4	12.0	5.5
Made a loss	%	na	33.9	24.8	21.4	14.1	19.7
Business comparisons							
Profit margin							
Highest quartile	%	na	17.8	20.8	35.2	30.7	24.1
Median value	%	na	2.4	11.9	19.0	10.5	13.2
Lowest quartile	%	na	-2.4	—	2.9	2.2	4.2
Return on assets							
Highest quartile	%	na	4.4	6.2	10.6	10.9	7.5
Median value	%	na	0.6	2.3	4.4	4.1	2.4
Lowest quartile	%	na	-0.3	-0.5	1.6	0.4	0.4
Return on net worth							
Highest quartile	%	na	6.4	11.3	31.3	28.3	22.3
Median value	%	na	—	3.0	9.6	7.7	6.3
Lowest quartile	%	na	-1.3	-0.8	2.3	0.2	1.3

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

SUMMARY OF INDUSTRY PERFORMANCE, Construction

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	77 293	79 501	79 036	78 315	76 725	74 974
Employment	'000	306	326	356	393	354	359
Total operating income	\$m	51 875	55 332	61 597	70 454	73 349	83 929
Total operating expenses	\$m	48 825	53 061	58 552	66 887	68 795	79 836
Operating profit before tax	\$m	3 287	2 316	3 152	3 144	4 288	4 508
Total assets	\$m	23 567	24 846	28 138	32 189	34 377	42 108
Total liabilities	\$m	18 135	17 803	19 726	22 166	23 880	27 955
Capital expenditure	\$m	1 361	1 749	1 828	2 624	2 281	2 341
Industry gross product(a)	\$m	13 435	14 225	15 587	17 922	na	na
Industry value added(a)	\$m	na	na	na	19 225	20 041	21 808
Business averages							
Average employment	no.	3.9	4.0	4.3	4.9	4.4	4.6
Average income	\$'000	657	675	748	870	920	1 073
Average expenses	\$'000	618	647	711	826	863	1 021
Average profit	\$'000	42	28	38	39	54	58
Average assets	\$'000	298	303	342	397	431	539
Average net worth	\$'000	69	86	102	124	132	181
Average IGP	\$'000	170	174	189	221	na	na
Average IVA	\$'000	na	na	na	237	251	279
Industry ratios							
Profit margin	%	6.3	4.2	5.1	4.5	5.8	5.4
Return on assets	%	13.9	9.3	11.2	9.8	12.5	10.7
Return on net worth	%	60.5	32.9	37.5	31.4	40.8	31.9
Interest coverage	times	6.6	4.1	5.4	6.4	9.3	8.0
Investment rate (IGP)	%	10.1	12.3	11.7	14.6	na	na
Investment rate (IVA)	%	na	na	na	13.7	11.4	10.7
Business profitability							
Made a profit	%	na	73.2	72.2	70.2	82.3	76.6
Broke even	%	na	4.2	3.5	5.1	3.7	5.2
Made a loss	%	na	22.6	24.3	24.6	14.0	18.2
Business comparisons							
Profit margin							
Highest quartile	%	na	17.9	20.3	16.6	19.3	20.5
Median value	%	na	6.1	5.8	5.3	6.7	7.5
Lowest quartile	%	na	—	—	—	2.1	0.9
Return on assets							
Highest quartile	%	na	39.2	59.6	54.7	55.8	55.6
Median value	%	na	15.8	16.7	16.1	16.1	16.6
Lowest quartile	%	na	—	—	—	5.3	2.5
Return on net worth							
Highest quartile	%	na	100.0	128.3	150.0	100.0	119.4
Median value	%	na	42.8	30.9	41.1	38.5	39.3
Lowest quartile	%	na	—	-5.3	—	—	—

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

SUMMARY OF INDUSTRY PERFORMANCE, Wholesale trade

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Industry gross product							
Operating businesses	no.	43 900	41 947	39 725	40 439	42 075	42 234
Employment	'000	429	410	389	431	456	466
Total operating income	\$m	172 857	184 707	183 545	190 477	205 064	216 764
Total operating expenses	\$m	167 663	178 434	178 132	185 948	197 819	210 136
Operating profit before tax	\$m	7 791	6 826	5 889	5 513	7 609	8 906
Total assets	\$m	81 107	76 561	75 500	85 036	90 634	97 783
Total liabilities	\$m	59 755	52 032	50 897	59 408	61 807	64 766
Capital expenditure	\$m	2 547	2 701	2 362	2 791	3 943	3 924
Industry Gross Product(a)	\$m	24 751	23 750	22 517	24 492	na	na
Industry value added(a)	\$m	na	na	na	26 226	29 787	31 659
Business averages							
Average employment	no.	9.5	9.4	9.2	10.2	10.5	10.7
Average income	\$'000	3 848	4 226	4 365	4 515	4 709	4 972
Average expenses	\$'000	3 733	4 082	4 236	4 408	4 543	4 820
Average profit	\$'000	173	156	140	131	175	204
Average assets	\$'000	1 806	1 752	1 796	2 016	2 081	2 243
Average net worth	\$'000	475	561	585	608	662	757
Average IGP	\$'000	551	543	536	581	na	na
Average IVA	\$'000	na	na	na	622	684	726
Industry ratios							
Profit margin	%	4.5	3.7	3.2	2.9	3.7	4.1
Return on assets	%	9.6	8.9	7.8	6.5	8.4	9.1
Return on net worth	%	36.5	27.8	23.9	21.5	26.4	27.0
Interest coverage	times	5.0	4.5	4.2	4.5	6.1	6.8
Investment rate (IGP)	%	10.3	11.4	10.5	11.4	na	na
Investment rate (IVA)	%	na	na	na	10.6	13.2	12.4
Business profitability							
Made a profit	%	na	70.1	73.6	76.0	75.8	75.1
Broke even	%	na	1.7	2.1	2.1	2.3	3.1
Made a loss	%	na	28.2	24.3	21.9	21.9	21.8
Business comparisons							
Profit margin							
Highest quartile	%	na	9.3	10.0	10.5	8.3	10.1
Median value	%	na	3.8	2.4	2.8	2.8	4.2
Lowest quartile	%	na	-0.4	—	0.2	0.1	0.2
Return on assets							
Highest quartile	%	na	21.9	19.9	23.6	18.3	21.8
Median value	%	na	7.3	6.0	8.2	7.1	10.1
Lowest quartile	%	na	-1.5	—	1.2	0.6	0.2
Return on net worth							
Highest quartile	%	na	86.6	67.3	100.0	78.0	85.3
Median value	%	na	29.5	24.1	33.3	30.5	43.9
Lowest quartile	%	na	—	1.5	9.3	5.1	5.3

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Industry gross product							
Operating businesses	no.	108 356	108 738	105 879	106 299	104 189	101 603
Employment	'000	954	998	1 023	1 083	1 035	1 061
Total operating income	\$m	149 682	164 419	176 757	185 416	180 419	179 723
Total operating expenses	\$m	144 845	160 719	172 813	181 212	174 791	173 529
Operating profit before tax	\$m	6 251	4 134	4 535	5 753	6 275	6 584
Total assets	\$m	42 596	46 485	47 764	53 285	54 240	50 714
Total liabilities	\$m	29 906	32 836	35 216	37 428	36 124	31 429
Capital expenditure	\$m	2 613	3 463	3 297	3 364	3 312	3 480
Industry gross product(a)	\$m	24 922	25 246	26 834	29 405	na	na
Industry value added(a)	\$m	na	na	na	31 385	31 041	30 629
Business averages							
Average employment	no.	8.7	9.1	9.4	9.9	9.7	10.3
Average income	\$'000	1 370	1 493	1 623	1 701	1 690	1 744
Average expenses	\$'000	1 326	1 459	1 587	1 663	1 638	1 684
Average profit	\$'000	57	38	42	53	59	64
Average assets	\$'000	390	422	439	489	508	492
Average net worth	\$'000	116	124	115	146	170	187
Average IGP	\$'000	228	229	246	270	na	na
Average IVA	\$'000	na	na	na	288	291	297
Industry ratios							
Profit margin	%	4.2	2.5	2.6	3.1	3.5	3.7
Return on assets	%	14.7	8.9	9.5	10.8	11.6	13.0
Return on net worth	%	49.3	30.3	36.1	36.3	34.6	34.1
Interest coverage	times	5.5	3.1	3.7	3.5	3.7	3.8
Investment rate (IGP)	%	10.5	13.7	12.3	11.4	na	na
Investment rate (IVA)	%	na	na	na	10.7	10.7	11.4
Business profitability							
Made a profit	%	na	75.7	76.5	86.1	81.0	78.4
Broke even	%	na	0.3	1.5	2.3	1.8	2.3
Made a loss	%	na	23.9	22.0	11.6	17.2	19.3
Business comparisons							
Profit margin							
Highest quartile	%	na	10.0	11.1	10.0	11.7	13.3
Median value	%	na	4.3	4.0	4.9	5.3	5.3
Lowest quartile	%	na	—	0.3	1.1	1.1	0.6
Return on assets							
Highest quartile	%	na	37.6	40.8	44.7	35.1	41.5
Median value	%	na	13.3	14.5	18.1	12.6	14.9
Lowest quartile	%	na	0.3	2.0	3.5	3.0	2.2
Return on net worth							
Highest quartile	%	na	100.0	128.1	93.7	83.3	87.7
Median value	%	na	35.1	35.6	43.2	34.6	30.5
Lowest quartile	%	na	-4.3	-2.9	-0.7	3.0	-2.4

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	30 000	31 055	31 010	31 422	30 788	30 182
Employment	'000	393	394	426	474	456	423
Total operating income	\$m	25 800	26 431	27 643	31 938	31 969	32 174
Total operating expenses	\$m	23 865	24 884	25 796	29 820	30 438	30 680
Operating profit before tax	\$m	1 946	1 582	1 880	2 158	1 612	1 538
Total assets	\$m	27 949	27 318	31 674	32 416	32 517	31 065
Total liabilities	\$m	16 910	13 598	16 229	17 618	18 171	17 777
Capital expenditure	\$m	1 802	2 391	3 060	2 851	2 152	2 981
Industry gross product(a)	\$m	9 766	9 918	10 680	12 016	na	na
Industry value added(a)	\$m	na	na	na	12 888	13 053	13 443
Business averages							
Average employment	no.	12.8	12.4	13.4	15.0	14.6	13.8
Average income	\$'000	841	832	866	1 008	1 022	1 050
Average expenses	\$'000	778	783	809	942	973	1 001
Average profit	\$'000	63	50	59	68	52	50
Average assets	\$'000	911	860	993	1 024	1 040	1 014
Average net worth	\$'000	360	432	484	467	459	434
Average IGP	\$'000	318	312	335	379	na	na
Average IVA	\$'000	na	na	na	407	417	439
Industry ratios							
Profit margin	%	7.5	6.0	6.8	6.8	5.0	4.8
Return on assets	%	7.0	5.8	5.9	6.7	5.0	5.0
Return on net worth	%	17.6	11.5	12.2	14.6	11.2	11.6
Interest coverage	times	3.0	2.8	3.3	3.5	3.0	3.1
Investment rate (IGP)	%	18.5	24.1	28.7	23.7	na	na
Investment rate (IVA)	%	na	na	na	22.1	16.5	22.2
Business profitability							
Made a profit	%	na	74.1	65.1	73.3	74.3	82.2
Broke even	%	na	2.6	0.8	5.3	4.8	2.3
Made a loss	%	na	23.3	34.1	21.4	21.0	15.5
Business comparisons							
Profit margin							
Highest quartile	%	na	12.2	16.7	14.9	14.8	18.5
Median value	%	na	5.5	5.7	7.0	8.1	6.6
Lowest quartile	%	na	0.1	-2.5	—	—	1.8
Return on assets							
Highest quartile	%	na	22.2	19.0	22.9	20.5	21.9
Median value	%	na	7.7	6.4	6.1	5.8	8.8
Lowest quartile	%	na	0.2	-2.0	—	0.9	2.6
Return on net worth							
Highest quartile	%	na	41.7	34.4	47.1	44.2	41.0
Median value	%	na	16.4	12.7	8.7	17.3	14.7
Lowest quartile	%	na	—	-3.1	—	—	0.4

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	26 910	27 280	26 541	26 843	27 633	27 757
Employment	'000	306	302	320	319	310	327
Total operating income	\$m	45 336	48 111	54 129	55 890	55 579	62 595
Total operating expenses	\$m	42 729	45 199	50 585	52 337	51 803	59 132
Operating profit before tax	\$m	2 633	2 905	3 564	3 671	3 850	3 446
Total assets	\$m	63 744	63 386	63 393	70 685	66 232	72 894
Total liabilities	\$m	34 260	33 995	36 011	44 158	40 712	47 755
Capital expenditure	\$m	4 766	5 062	5 004	5 246	5 691	5 609
Industry gross product(a)	\$m	17 377	19 837	20 045	20 422	na	na
Industry value added(a)	\$m	na	na	na	21 549	22 155	23 732
Business averages							
Average employment	no.	11.3	10.9	11.7	11.5	10.9	11.5
Average income	\$'000	1 671	1 729	1 972	2 018	1 950	2 195
Average expenses	\$'000	1 575	1 624	1 843	1 890	1 818	2 073
Average profit	\$'000	97	104	130	133	135	121
Average assets	\$'000	2 349	2 277	2 309	2 552	2 324	2 556
Average net worth	\$'000	1 087	1 056	997	958	895	881
Average IGP	\$'000	640	713	730	737	na	na
Average IVA	\$'000	na	na	na	778	777	832
Industry ratios							
Profit margin	%	5.8	6.0	6.6	6.6	6.9	5.5
Return on assets	%	4.1	4.6	5.6	5.2	5.8	4.7
Return on net worth	%	8.9	9.9	13.0	13.8	15.1	13.7
Interest coverage	times	2.8	2.9	3.3	2.9	3.1	2.8
Investment rate (IGP)	%	27.4	25.5	25.0	25.7	na	na
Investment rate (IVA)	%	na	na	na	24.3	25.7	23.6
Business profitability							
Made a profit	%	na	67.2	72.0	74.5	65.6	71.9
Broke even	%	na	5.4	5.7	4.0	3.6	6.0
Made a loss	%	na	27.5	22.3	21.5	30.8	22.0
Business comparisons							
Profit margin							
Highest quartile	%	na	16.7	16.1	16.9	15.9	12.1
Median value	%	na	5.2	7.6	5.2	3.0	3.3
Lowest quartile	%	na	-0.2	—	—	-1.3	—
Return on assets							
Highest quartile	%	na	23.6	23.7	21.5	23.4	23.2
Median value	%	na	6.4	9.0	8.8	7.8	8.1
Lowest quartile	%	na	-1.8	—	0.7	-1.7	—
Return on net worth							
Highest quartile	%	na	62.5	54.5	65.9	66.7	72.7
Median value	%	na	15.8	23.6	23.4	25.8	26.4
Lowest quartile	%	na	-11.1	-1.4	1.1	—	0.8

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	1 956	2 363	3 049	3 540	3 917	3 857
Employment	'000	127	137	125	118	119	120
Total operating income	\$m	20 290	22 435	23 941	24 855	29 839	33 442
Total operating expenses	\$m	17 533	19 192	21 954	20 486	23 761	27 544
Operating profit before tax	\$m	2 868	3 234	1 989	4 603	6 103	6 122
Total assets	\$m	32 094	34 373	37 964	36 358	40 608	45 884
Total liabilities	\$m	17 814	17 730	23 714	21 196	22 530	26 094
Capital expenditure	\$m	4 488	6 217	5 365	5 304	6 173	8 437
Industry gross product(a)	\$m	12 605	12 888	14 956	15 648	na	na
Industry value added(a)	\$m	na	na	na	16 205	16 661	18 617
Business averages							
Average employment	no.	63.4	54.5	38.8	32.0	30.0	30.8
Average income	\$'000	10 161	8 924	7 432	6 769	7 533	8 591
Average expenses	\$'000	8 780	7 634	6 815	5 579	5 999	7 076
Average profit	\$'000	1 437	1 286	618	1 254	1 541	1 573
Average assets	\$'000	16 073	13 673	11 786	9 902	10 252	11 787
Average net worth	\$'000	7 151	6 621	4 424	4 129	4 564	5 084
Average IGP	\$'000	6 312	5 127	4 643	4 262	na	na
Average IVA	\$'000	na	na	na	4 414	4 206	4 783
Industry ratios							
Profit margin	%	14.1	14.4	8.3	18.5	20.5	18.3
Return on assets	%	8.9	9.4	5.2	12.7	15.0	13.3
Return on net worth	%	20.1	19.4	14.0	30.4	33.8	30.9
Interest coverage	times	5.7	5.5	3.7	6.0	8.3	8.6
Investment rate (IGP)	%	35.6	48.2	35.9	33.9	na	na
Investment rate (IVA)	%	na	na	na	32.7	37.1	45.3
Business profitability							
Made a profit	%	na	70.4	70.6	49.3	71.8	86.3
Broke even	%	na	5.0	4.7	4.7	3.7	—
Made a loss	%	na	24.5	24.7	45.9	24.5	13.7
Business comparisons							
Profit margin							
Highest quartile	%	na	32.6	30.4	15.7	29.3	12.2
Median value	%	na	3.2	5.4	—	10.0	5.6
Lowest quartile	%	na	-1.0	-3.3	-8.6	—	3.2
Return on assets							
Highest quartile	%	na	79.2	76.0	24.6	72.6	21.4
Median value	%	na	18.2	28.8	—	39.7	9.4
Lowest quartile	%	na	6.0	-2.2	-22.7	-23.0	3.9
Return on net worth							
Highest quartile	%	na	82.6	169.1	130.0	96.9	66.7
Median value	%	na	14.5	54.8	78.0	47.3	18.1
Lowest quartile	%	na	-18.2	6.4	24.6	23.1	-6.3

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	19 500	18 945	18 493	18 799	18 675	18 192
Employment	'000	290	309	299	301	303	309
Total operating income	\$m	97 438	120 354	124 030	129 325	135 852	144 032
Total operating expenses	\$m	75 016	87 449	94 293	95 787	98 666	111 755
Operating profit before tax	\$m	22 414	32 681	29 709	33 389	37 211	32 287
Total assets	\$m	1 035 176	1 138 403	1 292 526	1 399 478	1 477 002	1 723 236
Total liabilities	\$m	826 979	884 037	1 087 547	1 154 597	1 168 953	1 427 712
Capital expenditure	\$m	4 223	4 079	3 046	5 156	3 698	9 014
Industry Gross Product(a)	\$m	..	..	..	..	..	..
Industry value added(a)	\$m	..	..	..	..	..	..
Business averages							
Average employment	no.	14.6	15.7	15.2	15.0	15.1	15.6
Average income	\$'000	4 883	6 106	6 313	6 429	6 758	7 292
Average expenses	\$'000	3 759	4 437	4 800	4 762	4 908	5 658
Average profit	\$'000	1 123	1 658	1 512	1 660	1 851	1 635
Average assets	\$'000	51 873	57 759	65 793	69 570	73 470	87 244
Average net worth	\$'000	10 433	12 906	10 434	12 173	15 323	14 962
Average IGP	\$'000	..	..	..	..	..	..
Average IVA	\$'000	..	..	..	..	..	..
Industry ratios							
Profit margin	%	23.0	27.2	24.0	25.8	27.4	22.4
Return on assets	%	2.2	2.9	2.3	2.4	2.5	1.9
Return on net worth	%	10.8	12.8	14.5	13.6	12.1	10.9
Interest coverage	times	..	..	..	..	..	..
Investment rate (IGP)	%	..	..	..	..	..	..
Investment rate (IVA)	%	..	..	..	..	..	..
Business profitability							
Made a profit	%	na	75.6	81.2	83.0	75.2	79.0
Broke even	%	na	8.3	5.2	4.0	7.1	6.8
Made a loss	%	na	16.1	13.6	13.1	17.7	14.2
Business comparisons							
Profit margin							
Highest quartile	%	na	41.8	42.2	42.7	33.9	40.0
Median value	%	na	17.7	16.5	15.4	14.2	18.9
Lowest quartile	%	na	3.0	3.5	4.8	0.6	1.6
Return on assets							
Highest quartile	%	na	32.3	16.9	21.9	37.5	52.5
Median value	%	na	9.5	5.5	7.9	6.5	14.4
Lowest quartile	%	na	0.5	1.2	2.1	0.3	2.0
Return on net worth							
Highest quartile	%	na	82.9	52.5	67.7	67.9	147.9
Median value	%	na	23.0	13.6	17.2	16.2	36.7
Lowest quartile	%	na	—	—	2.6	—	3.7

.. not applicable

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	110 126	111 302	117 106	123 792	128 386	127 246
Employment	'000	640	762	822	908	909	998
Total operating income	\$m	59 756	80 807	82 393	88 675	97 066	108 860
Total operating expenses	\$m	50 994	70 492	72 440	78 553	87 059	96 729
Operating profit before tax	\$m	8 703	10 354	10 126	10 932	11 054	12 368
Total assets	\$m	169 058	192 303	182 144	195 113	199 191	192 015
Total liabilities	\$m	93 847	101 064	97 459	96 121	102 597	92 144
Capital expenditure	\$m	5 061	4 647	5 902	5 438	6 307	6 888
Industry gross product(a)	\$m	24 887	32 568	36 890	37 936	na	na
Industry value added(a)	\$m	na	na	na	42 142	46 913	51 628
Business averages							
Average employment	no.	5.7	6.7	6.8	7.1	6.9	7.6
Average income	\$'000	534	706	677	695	734	832
Average expenses	\$'000	456	616	595	616	659	739
Average profit	\$'000	78	90	83	86	84	95
Average assets	\$'000	1 511	1 679	1 497	1 530	1 507	1 467
Average net worth	\$'000	672	797	696	776	731	763
Average IGP	\$'000	223	284	303	298	na	na
Average IVA	\$'000	na	na	na	331	355	394
Industry ratios							
Profit margin	%	14.6	12.8	12.3	12.3	11.4	11.4
Return on assets	%	5.1	5.4	5.6	5.6	5.5	6.4
Return on net worth	%	11.6	11.3	12.0	11.0	11.4	12.4
Interest coverage	times	2.9	2.8	3.2	3.9	3.6	3.3
Investment rate (IGP)	%	20.3	14.3	16.0	14.3	na	na
Investment rate (IVA)	%	na	na	na	12.9	13.4	13.3
Business profitability							
Made a profit	%	na	75.2	78.1	70.2	70.4	71.2
Broke even	%	na	7.0	5.4	9.6	6.4	8.3
Made a loss	%	na	17.8	16.5	20.2	23.1	20.5
Business comparisons							
Profit margin							
Highest quartile	%	na	21.4	20.8	24.5	20.5	21.5
Median value	%	na	8.0	8.4	7.4	6.8	9.2
Lowest quartile	%	na	0.5	1.2	—	—	—
Return on assets							
Highest quartile	%	na	45.9	36.0	42.9	44.5	55.5
Median value	%	na	14.3	16.7	18.7	10.6	13.4
Lowest quartile	%	na	1.6	1.4	—	—	—
Return on net worth							
Highest quartile	%	na	70.6	89.0	84.8	100.0	93.2
Median value	%	na	30.4	34.0	29.9	23.3	33.3
Lowest quartile	%	na	—	—	-2.0	-1.5	—

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	48 825	50 012	53 883	54 579	54 613	53 423
Employment	'000	562	642	656	699	666	689
Total operating income	\$m	25 678	28 184	32 554	34 874	34 787	38 388
Total operating expenses	\$m	22 391	25 646	29 082	30 955	31 005	34 974
Operating profit before tax	\$m	3 288	2 444	3 486	3 928	3 783	3 429
Total assets	\$m	28 913	29 946	29 142	34 256	37 802	36 971
Total liabilities	\$m	14 692	13 282	13 784	17 541	17 838	17 064
Capital expenditure	\$m	2 029	1 761	2 694	2 593	2 617	3 017
Industry gross product(a)	\$m	13 035	15 393	18 409	20 304	na	na
Industry value added(a)	\$m	na	na	na	20 901	19 829	22 111
Business averages							
Average employment	no.	11.4	12.6	11.9	12.6	12.0	12.6
Average income	\$'000	521	555	593	628	626	704
Average expenses	\$'000	454	505	530	557	558	641
Average profit	\$'000	67	48	64	71	68	63
Average assets	\$'000	587	589	531	617	681	678
Average net worth	\$'000	289	328	280	301	359	365
Average IGP	\$'000	264	303	336	366	na	na
Average IVA	\$'000	na	na	na	376	357	405
Industry ratios							
Profit margin	%	12.8	8.7	10.7	11.3	10.9	8.9
Return on assets	%	11.4	8.2	12.0	11.5	10.0	9.3
Return on net worth	%	23.1	14.7	22.7	23.5	19.0	17.2
Interest coverage	times	7.6	5.6	8.5	8.6	8.8	8.0
Investment rate (IGP)	%	15.6	11.4	14.6	12.8	na	na
Investment rate (IVA)	%	na	na	na	12.4	13.2	13.6
Business profitability							
Made a profit	%	na	69.0	71.7	69.1	75.9	84.0
Broke even	%	na	6.8	6.8	9.0	5.4	1.2
Made a loss	%	na	24.2	21.6	21.9	18.6	14.8
Business comparisons							
Profit margin							
Highest quartile	%	na	24.1	28.6	31.0	30.7	23.2
Median value	%	na	8.8	9.0	8.9	9.1	12.2
Lowest quartile	%	na	—	—	—	0.4	2.6
Return on assets							
Highest quartile	%	na	88.0	65.5	87.2	76.5	92.9
Median value	%	na	15.5	16.2	12.1	12.9	50.9
Lowest quartile	%	na	—	—	—	0.6	8.2
Return on net worth							
Highest quartile	%	na	120.0	124.9	146.3	108.9	161.5
Median value	%	na	14.3	18.2	29.1	25.0	111.5
Lowest quartile	%	na	-7.6	-1.4	—	-2.8	4.1

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	15 239	15 847	15 575	15 699	15 577	15 400
Employment	'000	158	165	169	155	166	180
Total operating income	\$m	13 289	16 311	18 694	19 726	21 529	20 815
Total operating expenses	\$m	11 044	15 362	17 777	17 894	18 891	18 038
Operating profit before tax	\$m	2 267	948	927	1 843	2 609	2 770
Total assets	\$m	19 200	20 835	25 350	31 385	30 559	30 153
Total liabilities	\$m	10 046	11 705	15 443	16 661	16 734	14 464
Capital expenditure	\$m	2 863	2 002	3 180	3 082	3 230	3 489
Industry gross product(a)	\$m	5 387	4 794	5 210	5 949	na	na
Industry value added(a)	\$m	na	na	na	8 904	9 661	9 549
Business averages							
Average employment	no.	10.2	10.1	10.5	9.7	10.6	11.6
Average income	\$'000	855	998	1 163	1 238	1 370	1 335
Average expenses	\$'000	710	940	1 105	1 123	1 202	1 157
Average profit	\$'000	146	58	58	116	166	178
Average assets	\$'000	1 235	1 275	1 576	1 970	1 945	1 934
Average net worth	\$'000	589	559	616	924	880	1 006
Average IGP	\$'000	347	293	324	373	na	na
Average IVA	\$'000	na	na	na	559	615	613
Industry ratios							
Profit margin	%	17.1	5.8	5.0	9.3	12.1	13.3
Return on assets	%	11.8	4.6	3.7	5.9	8.5	9.2
Return on net worth	%	24.8	10.4	9.4	12.5	18.9	17.7
Interest coverage	times	7.6	3.3	2.9	4.8	8.2	7.7
Investment rate (IGP)	%	53.1	41.8	61.0	51.8	na	na
Investment rate (IVA)	%	na	na	na	34.6	33.4	36.5
Business profitability							
Made a profit	%	na	61.3	71.0	76.5	61.4	60.3
Broke even	%	na	5.6	3.2	3.6	7.1	3.4
Made a loss	%	na	33.0	25.8	19.9	31.6	36.3
Business comparisons							
Profit margin							
Highest quartile	%	na	17.8	20.0	29.2	22.4	15.4
Median value	%	na	4.0	6.4	6.1	3.6	3.9
Lowest quartile	%	na	-1.9	—	1.5	-3.0	-4.3
Return on assets							
Highest quartile	%	na	29.5	24.2	17.8	24.6	38.9
Median value	%	na	5.1	7.8	1.3	5.3	9.0
Lowest quartile	%	na	-3.1	-0.5	1.0	-6.9	-10.3
Return on net worth							
Highest quartile	%	na	63.2	57.2	66.7	66.7	81.6
Median value	%	na	10.3	16.4	43.6	17.2	15.6
Lowest quartile	%	na	-2.0	-1.3	0.6	-8.3	5.3

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

		1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Selected indicators							
Operating businesses	no.	33 540	34 394	34 229	34 497	33 953	33 260
Employment	'000	168	175	179	184	176	204
Total operating income	\$m	11 214	11 240	11 844	12 389	12 347	13 982
Total operating expenses	\$m	10 398	10 327	10 864	10 935	11 434	12 657
Operating profit before tax	\$m	836	911	963	1 465	925	1 333
Total assets	\$m	12 207	15 705	16 693	16 833	17 295	15 368
Total liabilities	\$m	4 883	4 752	4 723	4 619	5 105	5 200
Capital expenditure	\$m	863	908	727	786	917	871
Industry gross product(a)	\$m	4 160	3 891	4 032	4 302	na	na
Industry value added(a)	\$m	na	na	na	4 638	4 953	5 965
Business averages							
Average employment	no.	5	5	5	5	5	6
Average income	\$'000	331	320	336	351	359	417
Average expenses	\$'000	307	294	308	310	332	378
Average profit	\$'000	25	26	27	42	27	40
Average assets	\$'000	360	447	474	477	503	459
Average net worth	\$'000	216	312	340	346	354	303
Average IGP	\$'000	123	111	114	122	na	na
Average IVA	\$'000	na	na	na	132	144	178
Industry averages							
Profit margin	%	8	8	8	12	8	10
Return on assets	%	7	6	6	9	5	9
Return on net worth	%	11	8	8	12	8	13
Interest coverage	times	5	6	6	8	6	8
Investment rate (IGP)	%	21	23	18	18	na	na
Investment rate (IVA)	%	na	na	na	17	19	15
Business profitability							
Made a profit	%	na	69	74	78	70	74
Broke even	%	na	5	3	5	5	2
Made a loss	%	na	26	23	17	26	24
Business comparisons							
Profit margin							
Highest quartile	%	na	21	22	22	20	21
Median value	%	na	6	9	9	7	10
Lowest quartile	%	na	—	—	2	-1	1
Return on assets							
Highest quartile	%	na	40	53	54	42	61
Median value	%	na	11	15	16	8	22
Lowest quartile	%	na	—	—	—	-3	—
Return on net worth							
Highest quartile	%	na	60	78	80	69	163
Median value	%	na	15	29	24	17	44
Lowest quartile	%	na	-3	-2	—	-5	-3

na not available

— nil or rounded to zero (including null cells)

(a) IVA replaces IGP from 1997-98 onwards.

	Employment	Total income	OPBT	Total assets	IVA
	'000	\$m	\$m	\$m	\$m
ALL INDUSTRIES	6 563	1 296 627	117 926	2 952 983	360 540
Agriculture, forestry and fishing	355	35 649	5 897	161 633	14 238
Agriculture	317	29 937	5 373	151 479	12 207
Services to agriculture, forestry and fishing	38	5 712	524	10 154	2 031
Mining	65	44 841	7 525	96 433	23 859
Coal mining	17	11 245	1 328	17 755	4 961
Oil and gas extraction	6	10 340	3 560	35 172	8 806
Metal ore mining	24	16 257	2 091	34 762	7 867
Other mining and services to mining	18	6 999	545	8 744	2 225
Manufacturing	957	243 882	15 779	213 572	71 310
Food, beverage and tobacco manufacturing	187	55 070	3 155	62 016	14 374
Textile, clothing, footwear and leather manufacturing	65	9 587	394	5 815	2 985
Wood and paper product manufacturing	65	15 800	1 276	11 822	5 231
Printing, publishing and recorded media	100	17 577	2 025	20 681	7 517
Petroleum, coal, chemical and associated product manufacturing	100	40 288	2 602	31 363	9 819
Non-metallic mineral product manufacturing	40	11 259	1 136	13 133	4 085
Metal product manufacturing	144	39 425	2 897	38 054	11 851
Machinery and equipment manufacturing	199	47 704	1 923	27 795	13 094
Other manufacturing	57	7 171	371	2 893	2 355
Electricity, gas and water supply	49	37 551	5 433	143 154	14 937
Electricity and gas supply	36	31 354	3 772	93 159	11 374
Water supply, sewerage and drainage services	13	6 197	1 660	49 995	3 564
Construction	359	83 929	4 508	42 108	21 808
General construction	133	50 137	2 164	27 669	9 558
Construction trade services	226	33 792	2 344	14 439	12 250
Wholesale trade	466	216 764	8 906	97 783	31 659
Basic material wholesaling	95	58 985	2 110	29 317	6 499
Machinery and motor vehicle wholesaling	189	77 229	3 563	33 792	13 749
Personal and household good wholesaling	183	80 550	3 233	34 673	11 410
Retail trade	1 061	179 723	6 584	50 714	30 629
Food retailing	442	59 796	2 033	13 443	9 413
Personal and household good retailing	455	65 600	3 047	24 372	13 776
Motor vehicle retailing and services	165	54 327	1 504	12 900	7 440
Accommodation, cafes and restaurants	423	32 174	1 538	31 065	13 443
Transport and storage	327	62 595	3 446	72 894	23 732
Road transport	150	19 954	785	11 839	8 057
Rail transport	31	6 313	391	17 157	2 837
Services to transport	72	15 617	636	14 688	4 921
Other transport and storage	74	20 711	1 633	29 210	7 917
Communication services	120	33 442	6 122	45 884	18 617
Finance and insurance	309	144 032	32 287	1 723 236	..
Finance	167	101 976	26 693	1 324 843	..
Insurance	47	24 937	3 042	349 289	..
Services to finance and insurance	95	17 118	2 552	49 105	7 055
Property and business services	998	108 860	12 368	192 015	51 628
Property services	115	18 171	2 300	62 988	8 154
Business services	883	90 689	10 068	129 027	43 474
Private community services	689	38 388	3 429	36 971	22 111
Cultural and recreational services	180	20 815	2 770	30 153	9 549
Motion picture, radio and television services	38	8 450	1 251	15 119	3 284
Libraries, museums and the arts	19	1 285	94	1 191	553
Sport and recreation	123	11 079	1 425	13 844	5 712
Personal and other services	204	13 982	1 333	15 368	5 965
Personal services	126	6 650	742	3 469	3 793
Other services	78	7 332	591	11 898	2 172

.. not applicable

	<i>Total income</i>	<i>Total expenses</i>	<i>Total assets</i>	<i>Total liabilities</i>
	%	%	%	%
ALL INDUSTRIES	1	1	1	1
Agriculture, forestry and fishing	2	2	1	3
Agriculture	2	2	2	3
Services to agriculture; forestry and fishing	4	4	3	5
Mining	—	—	—	—
Coal mining	..	..	..	..
Oil and gas extraction	..	..	..	..
Metal ore mining	..	..	..	..
Other mining and services to mining	3	2	2	3
Manufacturing	—	1	1	2
Food, beverage and tobacco manufacturing	—	—	3	4
Textile, clothing, footwear and leather manufacturing	1	1	2	2
Wood and paper product manufacturing	2	2	1	2
Printing, publishing and recorded media	1	1	2	3
Petroleum, coal, chemical and associated product manufacturing	—	1	3	2
Non-metallic mineral product manufacturing	1	1	1	2
Metal product manufacturing	1	3	3	5
Machinery and equipment manufacturing	—	1	1	2
Other manufacturing	1	1	3	4
Electricity, gas and water supply	1	1	3	5
Electricity and gas supply	..	..	..	..
Water supply, sewerage and drainage services	3	7	9	31
Construction	5	5	5	5
General construction	6	6	6	6
Construction trade services	8	8	9	10
Wholesale trade	4	4	4	4
Basic material wholesaling	6	6	6	7
Machinery and motor vehicle wholesaling	8	7	7	7
Personal and household good wholesaling	7	7	8	9
Retail trade	3	3	4	4
Food retailing	4	4	6	8
Personal and household good retailing	6	6	7	7
Motor vehicle retailing and services	4	4	5	6
Accommodation, cafes and restaurants	7	7	10	10
Transport and storage	3	3	3	3
Road transport	7	8	8	9
Rail transport	—	—	—	—
Services to transport	7	7	11	14
Other transport and storage	1	1	1	1
Communication services	1	1	—	1
Finance and insurance	2	2	1	1
Finance	2	2	1	1
Insurance	3	3	2	2
Services to finance and insurance	8	6	3	3
Property and business services	4	4	3	3
Property services	6	7	6	10
Business services	5	5	3	3
Private community services	5	5	8	8
Cultural and recreational services	4	4	6	8
Motion picture, radio and television services	6	6	9	13
Libraries, museums and the arts	6	6	11	13
Sport and recreation	5	5	8	6
Personal and other services	5	5	11	6
Personal services	7	7	9	10
Other services	6	6	14	8

— nil or rounded to zero (including null cells)

.. not applicable

EXPLANATORY NOTES

INTRODUCTION

1 The statistical results presented in this publication have been derived from the annual Economic Activity Survey (EAS) for the financial year ending June 2000.

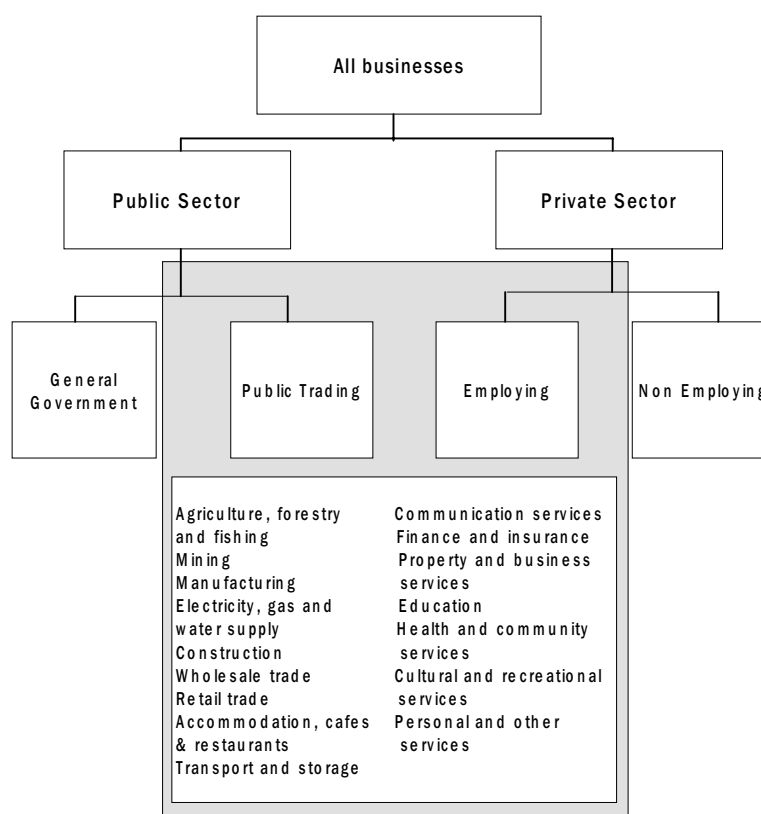
REFERENCE PERIOD

2 The EAS results are from details of profit and loss statements and balance sheets collected from selected businesses, mainly by mail-out questionnaires. For 1999–2000, businesses were asked to provide data in respect of the financial year ending June 2000. In a minority of cases, where businesses did not account on a June-year basis, details were reported in respect of the accounting year which ended between October 1999 and September 2000.

3 The estimates relate to businesses in the public trading and private employing sectors of the economy only.

SCOPE AND COVERAGE

4 The diagram below illustrates the dissection of business in the Australian economy.



5 The population frame for the EAS statistics consisted of all business units in the Australian economy except for:

- Agricultural businesses with an estimated value of agricultural operations less than \$22,500;
- non-employing businesses in all other industries i.e. businesses which have not registered as group employers with the ATO; and
- businesses classified to the General Government sector (note: government-owned Public Trading Enterprises were included).

STATISTICAL UNIT

6 The business unit about which information is collected and published for the EAS is termed the management unit. This is the highest level unit within a business, for which a set of management accounts are maintained. In most cases it coincides with the legal entity owning the business (i.e. company, partnership,

EXPLANATORY NOTES *continued*

STATISTICAL UNIT *continued*

trust, sole operator, etc.). However, in the case of large diversified businesses there are often a number of management units, 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.

7 The ABS Business Register provided the population frame from which management units were selected for inclusion in the EAS.

8 Approximately 20,000 management units were selected for the EAS-based collection using stratified random sampling techniques. All management units with employment of 200 or more persons were automatically selected in the sample.

9 Data in this publication have been adjusted to allow for lags in processing new businesses to the ABS business register, and the omission of some businesses from the register.

10 Since the beginning of the survey, 'surprise outliering' has been used as the methodology to identify and reduce the impact on the estimates of businesses whose response to the survey was significantly different to those of its peers. Where the extreme values have been confirmed as correct, the sample weight that had originally been applied to the business is reduced to 1. That is, the business represents itself and not others. In the vast majority of cases surprise outliering has the effect of reducing the estimates by more than they should. To compensate for this, the methodology has been changed for the 1999–2000 reference period by the introduction of 'winsorised outliering'. The introduction of winsorisation was not industry wide, with the Mining, Manufacturing, and Electricity, gas and water supply industries expected to convert at a later date.

11 Winsorising reduces the harsh impact of surprise outliering by moderating the impact of businesses who perform differently to their peers. The improved methodology, which does not rely on a subjective judgement, will provide for more stable time series estimates.

12 An analysis of the 1998–99 estimate was undertaken to identify the impact on the estimates of the change in methodology. At the all industries level the impact of the change is minimal. However for some data items in some industries there is an impact on the estimates. The industries most affected by the implementation of winsorising were RETAIL TRADE and PERSONAL AND OTHER SERVICES with balance sheet data items demonstrating the greatest impact. A detailed table showing the impact of the changed methodology is available by contacting the inquiries officer listed on the front page of this publication.

CLASSIFICATION BY SIZE

13 This publication presents statistics broken into two categories, defined as follows:

- large businesses include all management units which employ 200 or more persons or have assets worth more than \$200m; and
- other businesses are those management units which employ less than 200 persons and do not have assets worth more than \$200m.

14 Other size dissections can be made available on request.

CLASSIFICATION BY INDUSTRY

15 This publication presents statistics classified according to the *Australian and New Zealand Standard Industrial Classification (ANZSIC), 1993* (Cat. no. 1292.0). Each business unit is classified to a single industry. The industry allocated is based on an estimate of the primary activity of the management unit irrespective of whether a range of activities or a single activity is undertaken by the unit. For example, a management unit which derives most of its income from construction activities would have all operations included in

EXPLANATORY NOTES *continued*

CLASSIFICATION BY INDUSTRY *continued*

the aggregates and ratios for the CONSTRUCTION industry division, even if significant secondary activities (e.g. quarrying) were undertaken. This is different from the approach that might be taken to the collection of statistics on an activity basis.

ROUNDING

16 Where figures have been rounded, discrepancies may occur between the sums of the component items and totals. Published percentages are calculated prior to rounding of figures and therefore some discrepancy may occur between those percentages and those that could be calculated from rounded figures.

DATA CONFRONTATION

17 Care should be exercised when comparing results from different ABS surveys due to likely differences in scope, methodology, data item definition and reference period.

LIMITATIONS OF FINANCIAL DATA ANALYSIS

18 This publication presents a wide range of data that can be used to analyse business and industry performance. It is important that any analysis be based upon a range of data presented rather than focusing on one variable.

19 Differences in accounting policy and practices across businesses and industries also lead to some inconsistencies in the data input to the statistics. While much of the accounting process is subject to standards, there is still a great deal of flexibility left to managers and accountants in the accounting policy and practices they adopt. For example, acceptable methods of asset valuation include historical cost, replacement cost and current market value. The timing of asset revaluations also varies considerably across businesses. The way profit is measured is affected by management policy on such things as depreciation rates, bad debt provisions and write off and goodwill write off. The varying degree to which businesses consolidate their accounts may also affect the ratios calculated.

20 Those ratios compiled from a combination of flow and level items need to be treated with additional caution. The information contained in balance sheets indicates the level of assets and liabilities at a point in time. Information contained in profit and loss statements summarises the flows (or transactions) which have taken place during the past financial year. Ratios which include both level and flow items in their derivation may be volatile due to the timing differences involved.

21 The above limitations are not meant to imply that analysis based on this data should be avoided, only that they should be borne in mind when interpreting the data presented in this publication.

22 The counts of operating businesses included in this publication should be used with some caution. Over and above the sampling error associated with these estimates, they are more affected than are other estimates presented by such things as internal restructuring of businesses (e.g. changes in divisional structure), mergers, takeovers and changes in the quality of the ABS Business Register. Because of these influences, estimates of the number of businesses have been smoothed, using a three-year moving average. This technique reduces the effect the above influences have on movements in the number of operating businesses across the years. Having applied this technique, the estimates are then considered suitable for use in analysing changes in the relative composition of industries and the generation of business averages. (NB a two-year average is applied to the most recent year's estimate, incorporating the current year's estimate with that of the previous year). These management unit counts exclude management units which were part year operators i.e. operating at the beginning of the reference period but not at the end.

23 It is important to note that if an industry is dominated by a number of large businesses, it is possible for one or more of the significant businesses to affect

EXPLANATORY NOTES *continued*

LIMITATIONS OF FINANCIAL DATA ANALYSIS *continued*

the aggregates, business averages and industry ratios with out having a similar effect on the business comparisons and business profitability measures. It is also possible for a business can rank highly in the business comparisons, while having little effect on the industry ratios and aggregates. For example, if a unit reported an operating profit of \$50,000 and total assets of \$10,000 it would have a return on assets of 500% and rank well above the 75th percentile for return on assets, while its contribution to the aggregates and industry ratios would be minimal.

ACKNOWLEDGMENT

24 ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is very much appreciated: without it, the wide range of statistics published by the ABS would not be available. Information received by the ABS is treated in strict confidence as required by the *Census and Statistics Act 1905*.

RELATED PUBLICATIONS

25 Some of the industry-specific collections used to compile the statistics in this publication can provide fine level breakdowns of the data (e.g. by State). For more information on these surveys refer to the following ABS publications.

- *Agriculture, Australia, 1999–2000* (Cat. no. 7113.0)
- *Electricity, Gas, Water and Sewerage Industries, Australia, 1999–2000* (Cat. no. 8208.0)
- *Manufacturing Industry, Australia, 1999–2000* (Cat. no. 8221.0)
- *Mining Operations, Australia, 1999–2000* (Cat. no. 8415.0)

STATISTICS AVAILABLE ON REQUEST

26 Finer industry dissections than those presented in this publication can be found in the ABS product *Summary of Industry Performance* (Cat. no. 8140.0.55.002). This product provides a one page summary of each industry's structure, income statement, balance sheet, economic values, business averages and performance ratios to the ANZSIC subdivision (2 digit) level. For most ANZSIC subdivisions, separate Summaries of Industry Performance are available for small and medium (combined) and for large sizes of businesses.

27 Another source of more detailed data is the ABS product *Industry Concentration Statistics* (Cat. no. 8140.0.55.001). This product shows the proportions of sales, persons employed and industry gross product that are concentrated among the 20 largest enterprise groups operating in each industry. The 'largest 20' are further subdivided by groups of four, viz. first four groups, second four groups, and so on.

28 Both the Summaries of Industry Performance and Industry Concentration Statistics can either be purchased separately as a product, or accessed through the ABS web based information service, AusStats. AusStats is a subscription service, providing access to a comprehensive range of ABS material. It is available on-line, via the World Wide Web, and is a part of the ABS web site where both free and charged data are integrated.

29 Additionally, a considerable amount of data from the EAS collection is available on request. In general, data requests entail a finer industry dissection and can be presented by size classifications tailored to a client's specific need. For example, size classifications based on specified ranges in the value of sales, profits or assets can be generated. Additionally, many other performance measures or ratios apart from those included in the publication can be generated. Some examples are liquidity, debt coverage, stocks turnover and assets turnover ratios. A charge is made for providing non standard data requests and information is only made available if it passes confidentiality testing.

TECHNICAL NOTE 1 SAMPLING VARIABILITY

RELATIVE STANDARD ERROR

- 1** Since the estimates in this publication are based on information obtained from a sample drawn from units in the surveyed population, the estimates are subject to sampling variability. That is, they may differ from the figures that would have been produced if all units had been included in the survey.
- 2** One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of units was included. The relative standard error (RSE) provides an immediate indication of the percentage errors likely to have occurred due to sampling, and thus avoids the need to refer to the size of the estimate. The relative standard errors table on page 31, provides RSEs for a selection of estimates presented in this publication. It should be noted that estimates for large businesses are generally not subject to sampling error as every effort is made to completely enumerate these businesses.
- 3** There are about 2 chances in 3 that the difference between the estimate shown and the true value will be within one SE, and about 19 chances in 20 that the difference will be within two SEs. Thus, for example, if the estimated value of a variable is \$12,000m and its RSE is 5%, its reliability in terms of sampling error can be interpreted as follows. There are about 2 chances in 3 that the true value of the variable lies within the range \$11,400m to \$12,600m, and 19 chances in 20 that it lies within the range \$10,800m and \$13,200m.
- 4** The size of the RSE may be a misleading indicator of the reliability of some of the estimates for operating profit before tax and industry value added. This situation may occur where an estimate may legitimately include positive and negative values reflecting the financial positions of different businesses. In these cases the aggregate estimate can be small relative to the contribution of individual businesses resulting in an SE which is large relative to the estimate.

NON-SAMPLING ERROR

- 5** The imprecision due to sampling variability, which is measured by the SE, is not to be confused with inaccuracies that may occur because of inadequacies in available sources from which the population frame was compiled, imperfections in reporting by providers, errors made in collection such as in recording and coding data, and errors made in processing data. Inaccuracies of this kind are collectively referred to as non-sampling error and they may occur in any enumeration, whether it be a full count or a sample.
- 6** While it is not possible to quantify non-sampling error, every effort is made to reduce it to a minimum. Collection forms are designed to be easy to complete and assist businesses to report accurately. Efficient and effective operating procedures and systems are used to compile the statistics.

TECHNICAL NOTE 2 NATIONAL ACCOUNTS

RELATIONSHIPS WITH NATIONAL ACCOUNTS ESTIMATES

- 1** Both the Economic Activity Survey (EAS) and the National Accounts attempt to measure overall economic activity, although the EAS is substantially narrower in scope and coverage. Differences also occur in the industry dissection of the two sets of statistics because they rely on different units frameworks.
- 2** The prime purpose of the EAS is to derive a set of economic measures based on information available from the standard financial accounts of trading and employing businesses. EAS data are also used in the compilation of National Accounts aggregates, especially those relating to measures of production.
- 3** The main summary measure of industry production in the National Accounts is gross value added (GVA) which is the value of output at basic prices minus the value of intermediate consumption at purchasers' prices. It has not been possible to exactly duplicate this concept in the output of the annual economic collections, but the major summary item, industry value added (IVA), is conceptually a close approximation.
- 4** Despite the close conceptual affinity between the definitions of IVA and GVA, there are substantial coverage, conceptual and methodological differences which make precise comparisons between the two series somewhat difficult. The more important of these are summarised below.

DIFFERENCES IN COVERAGE

- 5** These are the most significant of the differences between the IVA and GVA estimates. EAS does not cover business units classified to the general government sector, non-farm businesses without employees and households contributing to GVA through their ownership of dwellings, or an imputation for the services provided to owner occupiers, which are all included on the derivation of GVA in the National Accounts.

DIFFERENCES IN CONCEPT

- 6** The application of the standard formula for IVA is known to result in an understatement of the value added for businesses which do not charge directly or do not charge full commercial value for the services they provide to their clients. These include financial intermediaries, insurance and superannuation businesses and not for profit organisations.
- 7** Banks and some other financial intermediaries provide some services for which they do not charge explicitly. They do this by paying a lower rate of interest on deposits and charging a higher rate to borrowers. In the National Accounts, an estimate is made for financial intermediation services indirectly measured (FISIM), to measure the value of these services. This is added to the output of financial intermediaries. An estimate is also made for the consumption of FISIM by other industries, which is added to the intermediate consumption of those industries in the National Accounts.
- 8** Similarly, for general insurance business in the National Accounts, estimates of output include an imputed insurance service charge derived as premiums earned less claims due plus interest and other income earned on technical reserves. The National Accounts also makes an adjustment to GVA for other industries to account for their consumption of the insurance service charge.
- 9** Due to difficulties in collecting data to measure the output of financial intermediaries and insurance enterprises IVA has not been estimated for the Finance and Insurance industry.

DIFFERENCES IN METHODOLOGY

- 10** For Agriculture, the National Accounts estimates use the value of agricultural commodities produced to measure gross output. This measure of

DIFFERENCES IN METHODOLOGY *continued*

output is valued on an accruals basis as far as possible. In particular, sheep and cattle are included in output and GVA as the animal grows rather than as sold. National Accounts also include an estimate of the value of backyard production by households.

11 Gross product for Agriculture is obtained by deducting an estimate of intermediate inputs used within Agriculture from this estimate of gross output.

12 The IVA estimate for Agriculture is based on the results of the annual Agricultural Finance Survey for which most large businesses report on an accruals basis while small and medium businesses report on a cash basis.

13 There are a number of other specific adjustments made to the National Accounts that are not included in IVA. These are:

- the inventories valuation adjustment to exclude holding gains/losses;
- the value added by owner builders in the construction industry of dwellings and alterations and additions to dwellings is included in construction industry output GVA;
- an allowance for understatement of business income and expenses reported by respondents is included in output and GVA for all industries; and
- the value of fringe benefits are included as employee compensation, raising the level of GVA compared with IVA.

INPUT-OUTPUT STRATEGY

14 The annual National Accounts estimates of industry GVA and components are compiled using supply-use tables. These are a particular type of input-output table. Importantly, they enable data for the supply of products to be compared with data for the use of (demand for) commodities and for GVA to be compared with incomes. Because they are a balanced system, they enforce the conceptual equivalence between supply and demand for products and value added and incomes.

15 The ABS program of industry surveys, including EAS are key sources of data for much of the supply-use tables. However, some major components of the demand side of the equation — household final consumption expenditure in particular — have to be taken from other sources. When these data are included, inconsistencies in supply and demand of varying order become apparent.

16 Balance between the data are achieved by an iterative process of adjustment. In the process it is likely that EAS data will accept some of the adjustment in order to achieve balance in the whole system.

GLOSSARY

Business averages	These are derived by dividing the estimate of the financial variable in question by the number of operating businesses for that year.
Business comparisons	<p>Compares the profit margin, return on assets and return on net worth for each industry across quartiles. The quartiles divide the units at the 75, 50 and 25 percentile point. For example, table 8, shows that in the Construction industry, those businesses in the highest quartile (75% mark or higher) had a Profit margin of 20.5% or more in 1999–2000. While those in the lowest quartile (25% mark or lower) had a profit margin of less than 0.9%. The median value was a profit margin of 7.5%.</p> <p>For conceptual reasons, the calculation of the quartiles do not include units which reported zero profit, zero assets or zero net worth. For e.g. where net worth equals zero, it was not possible to calculate Return on net worth.</p>
Business profitability	The proportion of businesses that made a profit, loss or broke even. Broke even is defined as those businesses incurring a profit or loss of less than \$500.
Capital expenditure	Acquisition of fixed tangible assets (e.g. plant and machinery, property) and intangible assets (e.g. computer software, patents and licences) including those assets acquired under a finance lease. Also includes capital work done by employees or proprietors of the business for its own use or for rental or lease purposes.
Economic Activity Survey (EAS)	An annual business survey which is the main source of the statistics presented in this publication.
Employment	Includes working proprietors, working partners, permanent, part-time, temporary and casual employees, and managerial and executive employees working for a business during the last pay period in June each year. Employees absent on paid or prepaid leave are included.
Income from services	Includes repair, maintenance and service income and fees, income from work done or sales made on a commission basis, delivery or installation charges which are invoiced separately to customers, advertising income and management fees/charges from related or unrelated businesses. As a result of revised international standards, income from royalties from intellectual property are also a component of estimates of income from services commencing with estimates for 1997–98. Excluded are rent, leasing and hiring income, government bounties and subsidies, income from natural resource royalties, interest income and dividends.
Industry Value Added (IVA)	<p>Represents the value added by an industry to the intermediate inputs used by that industry. From 1997–98, IVA has replaced IGP as the official measure of the contribution by industries to GDP. While IVA and IGP both represent gross output less intermediate inputs (or alternatively, the value added to intermediate inputs), introduction of new international standards for measuring economic variables has meant changes to the way in which gross output and intermediate inputs are defined, as follows.</p> <p>Trading profit</p> <p><i>plus</i> Operational funding from Government</p> <p><i>plus</i> Own account capital work</p> <p style="padding-left: 20px;"><i>equals</i> Capitalised wages and salaries</p> <p style="padding-left: 20px;"><i>plus</i> Capitalised purchases</p> <p><i>less</i> Capitalised purchases</p> <p><i>equals</i> IGP</p> <p><i>plus</i> Computer software (non capitalised) expense</p> <p><i>plus</i> Indirect taxes (fringe benefits tax, payroll tax, land rates and taxes)</p>

GLOSSARY *continued*

Industry Value Added (IVA) <i>continued</i>	<i>plus</i> Exploration expenditure written off <i>less</i> Intellectual property royalty expense <i>equals</i> IVA
Interest coverage	The number of times over that businesses can meet their interest expenses from their earnings before interest and taxation, i.e. $\frac{\text{EBIT}}{\text{interest expenses}}$
Investment rate	The proportion of industry value added used to acquire capital, i.e. $\frac{\text{capital expenditure} \times 100}{\text{IVA}}$
Large businesses	See under 'Classification by size' in paragraph 13 of the Explanatory Notes.
Other businesses	See under 'Classification by size' in paragraph 13 of the Explanatory Notes.
Net worth	Total assets minus total liabilities. This is equal to the interests of shareholders or other owners in the assets of the business.
Management unit	See under 'Statistical unit' in paragraph 6 of the Explanatory Notes.
Operating business	A management unit which is still in existence at the end of the financial reporting period. See 'Management unit' above.
Profit margin	The percentage of operating income available as operating profit i.e. $\frac{\text{OPBT} \times 100}{\text{operating income}}$
Return on assets	Operating profit before tax as a percentage of the total book value of assets, i.e. $\frac{\text{OPBT} \times 100}{\text{total assets}}$
Return on net worth	Operating profit before tax as a percentage of shareholders' funds, i.e. $\frac{\text{OPBT} \times 100}{\text{net worth}}$
Sales of goods	Includes sales of goods whether or not manufactured by the business and sales or transfers to related businesses.
Total operating expenses	The total expenses of a business, excluding extraordinary items.
Total operating income	The total income of a business, excluding extraordinary items

FOR MORE INFORMATION...

- INTERNET** www.abs.gov.au the ABS web site is the best place to start for access to summary data from our latest publications, information about the ABS, advice about upcoming releases, our catalogue, and Australia Now—a statistical profile.
- LIBRARY** A range of ABS publications is available from public and tertiary libraries Australia-wide. Contact your nearest library to determine whether it has the ABS statistics you require, or visit our web site for a list of libraries.
- CPI INFOLINE** For current and historical Consumer Price Index data, call 1902 981 074 (call cost 77c per minute).
- DIAL-A-STATISTIC** For the latest figures for National Accounts, Balance of Payments, Labour Force, Average Weekly Earnings, Estimated Resident Population and the Consumer Price Index call 1900 986 400 (call cost 77c per minute).

INFORMATION SERVICE

Data which have been published and can be provided within five minutes are free of charge. Our information consultants can also help you to access the full range of ABS information—ABS user-pays services can be tailored to your needs, time frame and budget. Publications may be purchased. Specialists are on hand to help you with analytical or methodological advice.

- PHONE** **1300 135 070**
- EMAIL** **client.services@abs.gov.au**
- FAX** 1300 135 211
- POST** Client Services, ABS, GPO Box 796, Sydney 1041

WHY NOT SUBSCRIBE?

ABS subscription services provide regular, convenient and prompt deliveries of ABS publications and products as they are released. Email delivery of monthly and quarterly publications is available.

- PHONE** 1300 366 323
- EMAIL** subscriptions@abs.gov.au
- FAX** 03 9615 7848
- POST** Subscription Services, ABS, GPO Box 2796Y, Melbourne 3001



2814000007994
ISSN 1036-272X

RRP \$21.00