



1996-97

New
Issue

8145.0

TELECOMMUNICATION SERVICES

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) FRI 15 JAN 1999

CONTENTS

	<i>page</i>
Notes	2
Summary of findings	3
 TABLES	
TELECOMMUNICATION SERVICES INDUSTRY	
1 Key aggregates	7
2 Key performance ratios	8
3 Assets and liabilities	8
INTERNET SERVICE PROVIDERS	
4 Income	9
5 Income, by source	9
6 Items of expenditure	10
7 Selected statistics, by employment size	11
8 Selected statistics, by income size	11
9 Locations and employment, by State	12
10 Selected volume data	12
SERVICE PROVIDERS	
11 Income	13
12 Income, by source	14
13 Items of expenditure	14
14 Selected statistics, by employment size	15
15 Selected statistics, by income size	15
16 Locations and employment, by State	16
17 Selected volume data	16
 ADDITIONAL INFORMATION	
Explanatory notes	17
Glossary	19

- For more information about these and related statistics, contact Annette Scott on Melbourne 03 9615 7977 or refer to the back cover of this publication.

NOTES

PURPOSE OF SURVEY

The 1996–97 Telecommunication Services Industry Survey was conducted to provide a statistical benchmark to allow policy makers and researchers to assess the impact of the deregulation of the industry, which took place on 1 July 1997.

SCOPE OF THE SURVEY

These results are primarily based on a census of the employing businesses recorded on the Australian Bureau of Statistics (ABS) Business Register classified to Class 7120, Telecommunication services of the Australian and New Zealand Standard Industrial Classification (ANZSIC). Also included in the survey were employing and non-employing businesses predominantly operating as Internet Service Providers (ISP) as obtained from industry sources. Businesses predominantly engaged in the provision of telecommunication consultancy services were excluded from the survey.

CHANGES IN THIS PUBLICATION

Some of the statistics presented in this publication have been revised significantly since the preliminary results were released in August 1998. These revisions have resulted from the additional response after the initial release of the data and amendments made to data items as a result of more intensive data editing.

SYMBOLS AND OTHER USAGES

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
IGP	Industry Gross Product
ISP	Internet Service Providers
n.a.	not available
n.p.	not available for publication but included in totals where applicable
OPBT	Operating Profit Before Tax
..	not applicable
—	nil or rounded to zero

Where figures have been rounded, discrepancies may occur between the sum of component items and the total.

W. McLennan
Australian Statistician

SUMMARY OF FINDINGS

INTRODUCTION

This publication presents final results of a survey of the telecommunication services industry in respect of the 1996–97 financial year. These statistics update and extend the results previously released in *Telecommunication Services, Australia, Preliminary, 1996–97* (Cat. no. 8148.0) which was issued in August 1998.

THE INDUSTRY

At the end of June 1997 there were 411 businesses operating in the telecommunication services industry. The industry comprised:

- 3 carriers;
- 306 Internet Service Providers (ISPs) (including non-employed businesses); and
- 102 other service providers.

Other service providers mainly provided services such as on-selling basic carrier services, network services, etc.

Of the 411 businesses in the industry, 319 (78%) commenced operations in the industry prior to July 1996.

Employment

The industry employed a total of 79,654 persons at end of June 1997. Employment declined by 10,335 persons between 30 June 1996 and 30 June 1997.

Income and expenses

In the year ended 30 June 1997, the telecommunication services industry generated \$20,927.2 million in income. About half of this (\$10,471.9 million) was earned through the provision of 'basic and specialised' services (comprised of local, long-distance and international calls, specialised voice services and video conferencing services).

Mobile services generated \$3,854.4 million (18% of total income) and a further \$2,513.2 million was earned through the provision of data services and other telecommunication services.

Total expenses for the industry for the year ended 30 June 1997 were \$19,458.2 million.

Performance

The 411 businesses in the industry generated total income per person employed of \$262,700 and recorded labour costs per employee of \$62,600. The industry had assets at 30 June 1997 totalling \$35,635.4 million and liabilities totalling \$22,230.5 million, giving a net worth of \$13,404.9 million.

The total industry operating profit before tax (OPBT) was \$1,472.8 million and the operating profit margin was 7.1%. Both these figures have been revised from preliminary figures published in 1998.

The Industry Gross Product (IGP) (essentially the value of outputs minus the cost of inputs) was \$12,234.4 million. This figure has been revised upwards since the release of preliminary results.

SUMMARY OF FINDINGS *continued*

CARRIERS

There were three carriers licensed to operate in the industry up to the end of June 1997.

Employment

The three carriers employed a total of 71,337 persons at the end of June 1997; 69,217 (97%) were employed on a full-time basis. Total employment has fallen by 11,973 persons since 30 June 1996.

Income and expenses

Carriers generated income of \$18,552.0 million (89%) of the total industry income in 1996–97. The major sources of income for these businesses were the provision of telecommunication services, of which:

- \$9,365.7 million (50%) was derived from the sale of 'basic and specialised' services;
- \$3,401.4 million (18%) from mobile services; and
- \$2,315.2 million (12%) from data services and other telecommunication services.

Of the remaining income, the largest contributor was rent, leasing and hiring income which totalled \$2,260.2 million (12% of total).

Of the \$16,621.7 million of carrier expenses, \$4,684.5 million (28%) was paid in labour costs, \$2,752.4 million (17%) was accrued from depreciation and amortisation expenses and interest expenses totalled \$700.9 million (4%).

Performance

The three carrier businesses had an OPBT of \$1,934.9 million and an operating profit margin of 10.5%.

The three carriers generated telecommunication services income per person of \$211,900 and labour costs per employee of \$65,700. These businesses had assets at 30 June 1997 totalling \$33,056.2 million and liabilities totalling \$20,148.5 million, giving a net worth of \$12,907.7 million.

One or more carriers may dominate some of the statistics presented in this publication. The consent to release these statistics has been obtained from the relevant carriers.

INTERNET SERVICE PROVIDERS

There were 306 businesses at the end of June 1997 predominantly operating as ISPs. The number of ISP businesses does not include businesses, particularly small businesses, which provide Internet services but derive the majority of their income from other sources, such as computer services and other business services.

At 30 June 1997 ISP businesses had 709,000 dial-up Internet subscribers, and 60,600 permanently connected subscribers. There were 230,200 customers who received virtual web or web hosting services.

Of the 306 ISP businesses, 224 had entered the market prior to 1 July 1996 and 82 had entered during the 1996–97 financial year.

SUMMARY OF FINDINGS *continued*

INTERNET SERVICE PROVIDERS *continued*

Employment

ISP businesses employed a total of 1,646 persons, 1,355 (82%) of whom were employed full-time.

Income and expenses

In 1996–97 ISP businesses received income totalling \$160.4 million of which the majority (\$151.2 million (94%)) was generated from the sale of Internet services. The provision of dial-up access was undertaken by 264 businesses and generated \$103.6 million. The provision of permanent connections which was undertaken by 151 businesses generated \$26.2 million. Other large income items included web page design which totalled \$6.7 million, consultancy services of \$3.2 million and network services of \$2.5 million.

Of the total income of these businesses, \$97.4 million (61%) was sourced from households, \$49.5 million (31%) was sourced from businesses, \$9.8 million (6%) was received from the government sector, and \$3.7 million (2%) was received from other sources. A total of seven businesses received a minor amount of income from overseas sources.

The majority of income, \$153.7 million (96%), was earned by businesses which had operated prior to 1 July 1996 with only \$6.8 million income being earned by the 82 businesses which commenced in 1996–97.

Total expenses for ISPs amounted to \$192.8 million. The largest expense of ISP businesses was wages and salaries which totalled \$37.9 million (20% of total expenses). Another significant expense was \$67.5 million interconnection/transmission expenses which includes \$5.7 million in international outpayments.

Performance

The 306 ISPs generated income per person of \$97,500 and recorded labour costs per employee of \$26,200. These businesses had assets at 30 June 1997 totalling \$128.8 million and liabilities totalling \$81.9 million, giving a net worth of \$46.9 million.

ISPs as a group made an operating loss before tax of \$32.4 million and had an operating profit margin of –20.7%.

IGP for ISPs was \$20.3 million.

SERVICE PROVIDERS

There were 102 businesses at the end of June 1997 predominantly in service provision other than Internet service provision. These businesses include agents/dealers and other intermediaries which, for example, onsell telecommunication services.

Of the 102 businesses, 92 (90%) commenced operation prior to July 1996 and 10 entered the market during the 1996–97 financial year.

SUMMARY OF FINDINGS *continued*

SERVICE PROVIDERS *continued*

Employment

Service providers employed 5,444 persons on a full-time basis and 1,228 persons on a part-time basis at the end of June 1997. The total employment of service providers has increased by 1,050 persons since 30 June 1996.

Income and expenses

In 1996–97 these businesses received income totalling \$2,214.7 million of which:

- \$1,106.2 million (50%) was generated from the provision of 'basic and specialised' services; and
- \$453.1 million (20%) was generated from the provision of mobile services.

Of those businesses offering basic services:

- 22 businesses provided local call services generating \$406.8 million in income from 1,712.7 million calls;
- 24 businesses provided 740.3 million minutes of domestic long-distance services generating income of \$325.0 million; and
- 29 businesses provided 147.4 million minutes of international long-distance services which generated income of \$238.8 million.

A total of 18 businesses received mobile services income of \$453.1 million and provided 607.7 million minutes of mobile use.

Of the total income of these businesses, \$1,431.2 million (65%) was sourced from businesses, \$570.3 million (26%) was sourced from households, \$88.8 million (4%) from the government sector and \$21.7 million (1%) from other sources.

A total of 20 businesses received \$102.7 million (5%) of income from overseas sources.

Service providers had total expenses of \$2,643.7 million in the year ended 30 June 1997. The largest expenses were transmission/interconnection expenses (domestic and overseas) of \$1,450.8 million, and labour costs of \$253.8 million.

These figures have been substantially revised since the release of preliminary results.

Performance

Service providers collectively had an operating loss before tax of \$429.7 million and an operating profit margin of –19.7%.

The IGP for service providers was –\$49.6 million.

The 102 service providers generated income per person employed of \$332,000 and recorded labour costs per employee of \$38,000. These businesses had assets at 30 June 1997 totalling \$2,450.4 million and liabilities totalling \$2,000.0 million, giving a net worth of \$450.4 million.

1

KEY AGGREGATES, Telecommunication Services Industry

	Carriers	Internet Service Providers	Service providers (including Agents/Dealers)	Total
Businesses at end of June 1997				
Commenced operations in telecommunication industry before July 1996 (no.)	3	224	92	319
Commenced operations in telecommunication industry during 1996–97 (no.)	—	82	10	92
<i>Total (no.)</i>	3	306	102	411
Employment at end June 1996 (no.)	83 310	1 058	5 622	89 989
Employment at end June 1997(a)				
Full-time (no.)	69 217	1 355	5 444	76 016
Part-time (no.)	2 120	291	1 228	3 639
<i>Total (no.)</i>	71 337	1 646	6 672	79 654
Income				
Income from telecommunication services				
Basic and specialised services (\$m)(b)	9 365.7	—	1 106.2	10 471.9
Mobile services (\$m)	3 401.4	—	453.1	3 854.4
Internet services (\$m)	30.5	151.2	1.7	183.5
Data services and other telecommunication services (\$m)	2 315.2	1.3	196.6	2 513.2
<i>Total (\$m)</i>	15 112.8	152.6	1 757.7	17 023.0
Commission income (\$m)	—	—	76.2	76.3
Income from rebates/incentives (\$m)	—	—	57.5	57.5
Rent, leasing and hiring income (\$m)	2 260.2	0.2	88.8	2 349.3
Other income (\$m)	1 179.0	7.6	234.5	1 421.1
<i>Total (\$m)</i>	18 552.0	160.4	2 214.7	20 927.2
Expenses				
Labour costs (\$m)(c)	4 684.5	40.3	253.8	4 978.6
Depreciation and amortisation (\$m)	2 752.4	9.8	113.1	2 875.3
Interest (\$m)	700.9	2.6	10.5	713.9
Other expenses (\$m)	8 484.0	140.1	2 266.4	10 890.4
<i>Total (\$m)</i>	16 621.7	192.8	2 643.7	19 458.2
Operating profit/loss before tax (\$m)	1 934.9	-32.4	-429.7	1 472.8
Operating profit margin (%)	10.5	-20.7	-19.7	7.1
Industry gross product (\$m)	12 263.7	20.3	-49.6	12 234.4

(a) Employment data excludes some staff not predominantly engaged in the telecommunication services industry. Where full-time/part-time employment split is unavailable, figures have been incorporated in full-time data.

(b) Includes income from local, domestic long-distance and international calls, telephone cards, teleconferencing/video conferencing services, and specialised voice services.

(c) Includes staff training expenses and provision for termination/redundancy payments.

2

KEY PERFORMANCE RATIOS, Telecommunication Services Industry

	Carriers	Internet Service Providers	Service providers (including Agents/Dealers)	Total
Employment (no.)	71 337	1 646	6 672	79 654
Telecommunication services income per person employed (\$'000)	211.9	92.7	263.5	213.7
Total income per person employed (\$'000)	260.1	97.5	332.0	262.7
Total expenses per person employed (\$'000)	233.0	117.1	396.3	244.3
Labour costs per employee (\$'000)(a)	65.7	26.2	38.0	62.6
Labour costs to total expenses (%)	28.2	20.9	9.6	25.6
IGP per person employed (\$'000)	171.9	12.3	-7.4	153.6
IGP to labour costs (times)	2.6	0.5	-0.2	2.5

(a) Labour costs include redundancy payments not previously expensed. Number of employees excludes working proprietors and working partners of unincorporated businesses and is calculated at 30 June 1997.

3

ASSETS AND LIABILITIES, Telecommunication Services Industry

	Carriers	Internet Service Providers	Service providers (including Agents/Dealers)	Total
	\$m	\$m	\$m	\$m
Assets				
Closing trading stocks	104.5	1.0	20.3	125.9
Other current assets	6 276.8	79.6	1 603.9	7 960.2
Non-current assets	26 674.9	48.3	826.1	27 549.3
Total	33 056.2	128.8	2 450.4	35 635.4
Liabilities				
Current liabilities	9 360.5	69.2	1 450.4	10 880.2
Non-current liabilities	10 788.0	12.7	549.5	11 350.2
Total	20 148.5	81.9	2 000.0	22 230.5
Net worth	12 907.7	46.9	450.4	13 404.9

4

INCOME, Internet Service Providers

	<i>Businesses(a)</i>	<i>Value</i>
	no.	\$m
Income from telecommunication services		
Internet services		
Dial-up access	264	103.6
Permanent connections	151	26.2
Web services	155	2.9
Domain name hosting	122	1.4
Web page design	137	6.7
Networking services	42	2.5
Programming services	47	1.3
Consultancy	114	3.2
Other Internet income	32	3.5
<i>Total</i>	<i>306</i>	<i>151.2</i>
Data services	3	0.5
Other telecommunication services	16	0.9
<i>Total</i>	<i>306</i>	<i>152.6</i>
Rent, leasing and hiring income	13	0.2
Income from sale of telecommunication equipment	69	2.1
Other	121	5.5
Total	306	160.4

(a) Businesses may be involved in more than one type of telecommunication service. Hence they are counted against each type in which they are involved.

5

INCOME, By Source—Internet Service Providers

	<i>Businesses(a)</i>	<i>Value</i>
Source	no.	\$m
Domestic		
From households	256	97.4
From business	283	49.5
From government	110	9.8
From other	103	3.7
Overseas	7	—
Total	306	160.4

(a) Businesses may have more than one source of income. Hence they are counted against each source in which they are involved.

6

ITEMS OF EXPENDITURE, Internet Service Providers

	<i>Internet Service Providers</i>
	\$m
<hr/>	
Labour costs	
Wages and salaries	37.9
Superannuation	2.2
Workers' compensation	0.2
<i>Total</i>	40.3
Selected expenses	
Payments to subcontractors and consultants	9.4
Commission/rebate expenses	2.5
Domestic interconnection expenses	32.5
International outpayments	5.7
Transmission expenses	29.3
Rent, leasing and hiring expenses	
Lines and cables	2.1
Other rent, leasing and hiring expenses	7.7
<i>Total</i>	9.8
Advertising	8.7
Repair and maintenance	1.6
Other selected expenses	29.3
<i>Total</i>	128.9
Purchases	
Telecommunication equipment	4.2
Other purchases	3.2
<i>Total</i>	7.4
Other costs	16.2
Total	192.8
<hr/>	

7

SELECTED STATISTICS, By Employment Size—Internet Service Providers

	<i>Businesses at end June 1997</i>	<i>Total income</i>	<i>Employment at end June 1997</i>	<i>Labour costs</i>	<i>Operating profit before tax</i>	<i>Operating profit margin</i>	<i>Labour costs per employee</i>
	no.	\$m	no.	\$m	\$m	%	\$000
Businesses which commenced operation in the telecommunication industry prior to July 1996							
Employment size 0	48	4.3	—	..	0.3	7.8	..
Employment size 1–4	100	33.0	239	4.0	–3.6	–11.1	23.9
Employment size 5–19	70	48.2	672	14.7	–8.1	–16.8	22.1
Employment size 20 or more	6	68.2	544	20.0	–18.8	–28.9	36.7
<i>Total</i>	224	153.7	1 455	38.7	–30.1	–20.1	28.2
Businesses which commenced operations in the telecommunication industry during 1996–97							
Employment size 0	30	2.0	—	..	–0.1	3.9	..
Employment size 1–4	36	2.4	74	0.6	–1.5	–63.2	13.2
Employment size 5–19	16	2.4	117	0.9	–0.7	–31.6	8.1
Employment size 20 or more	—	—	—	—	—	—	—
<i>Total</i>	82	6.8	191	1.6	–2.3	–34.8	9.8
Total businesses at end June 1997							
Employment size 0	78	6.3	—	..	0.3	4.1	..
Employment size 1–4	136	35.4	313	4.6	–5.1	–14.7	21.5
Employment size 5–19	86	50.6	789	15.6	–8.8	–17.5	20.0
Employment size 20 or more	6	68.2	544	20.0	–18.8	–28.9	36.7
<i>Total</i>	306	160.4	1 646	40.3	–32.4	–20.7	26.2

8

SELECTED STATISTICS, By Income Size—Internet Service Providers

	INCOME SIZE (\$ million).....				
	<i>Less than 0.1</i>	<i>0.1–0.9</i>	<i>1.0– 9.9</i>	<i>10.0 or more</i>	<i>Total</i>
Businesses at end June (no.)	146	141	14	4	306
Total income (\$m)	5.4	49.9	25.5	79.6	160.4
Employment at end June (no.)	223	783	188	452	1 646
Labour costs (\$m)	1.5	14.2	6.3	18.4	40.3
Operating profit/loss before tax (\$m)	–5.2	–3.1	–2.3	–21.8	–32.4
Operating profit margin (%)	–96.5	–6.3	–9.0	–28.7	–20.7
Internet services to total income (%)	94.9	93.6	97.5	93.7	94.3
Total income per person employed (\$'000)	24.3	63.8	135.5	176.1	97.5
Labour costs per employee (\$000)	9.6	18.9	33.4	40.8	26.2

9

LOCATIONS AND EMPLOYMENT, By States and Territories—Internet Service Providers

	<i>NSW</i>	<i>Vic.</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas.</i>	<i>NT</i>	<i>ACT</i>	<i>Aust.</i>
Businesses (no.)(a)	101	89	38	24	55	5	1	10	306
Locations (no.)	104	92	39	25	56	n.p.	n.p.	10	332
Employment at end of June (no.)	650	475	171	66	204	n.p.	n.p.	39	1 646

(a) Multi-State and Territory businesses are counted in each State and Territory in which they operate. Hence, the counts of businesses for States and Territories do not sum to the total for Australia.

10

SELECTED VOLUME DATA, Internet Service Providers

	<i>Businesses</i> no.	<i>Volume</i> '000
Dial-up subscribers	264	709.0
Permanent connections	151	60.6
Web services	155	230.2

11

INCOME, Service Providers (Including Agents/Dealers)

	<i>Businesses(a)</i>	<i>Value</i>
	no.	\$m
<i>Income from telecommunication services</i>		
<i>Basic and specialised services</i>		
Local calls	22	406.8
Domestic long-distance calls	24	325.0
International long-distance calls	29	238.8
Specialised voice services	23	66.4
Other services including teleconferencing/video conferencing	15	69.3
<i>Total</i>	52	1 106.2
<i>Mobile services</i>		
Mobile access and/or connection, messaging services and paging services	18	166.6
Mobile calls and airtime/usage	18	286.4
<i>Total</i>	18	453.1
<i>Data services</i>		
Frame relay	8	28.5
Dedicated data services	8	51.9
Electronic data interchange	4	30.3
Other data services	6	16.3
<i>Total</i>	18	127.1
Other telecommunication services	21	71.3
<i>Total</i>	75	1 757.7
Commission income	37	76.2
Income from rebates/incentives	11	57.5
Rent, leasing and hiring income	13	88.8
Sale of telecommunication equipment	19	89.9
Interest	59	n.p.
Other	39	n.p.
Total	102	2 214.7

(a) Businesses may be involved in more than one type of telecommunication service. Hence they are counted against each type in which they are involved.

12

INCOME, By Source—Service Providers (Including Agents/Dealers)

Source	Businesses(a) no.	Value \$m
.....		
Domestic		
From households	64	570.3
From business	96	1 431.2
From government	24	88.8
From other	8	21.7
Overseas	20	102.7
Total	102	2 214.7

(a) Businesses may have more than one source of income.
Hence they are counted against each source in which they are involved.

13

ITEMS OF EXPENDITURE, Service Providers (Including Agents/Dealers)

	Service providers (including Agents/Dealers) \$m
.....	
Labour costs	
Wages and salaries	237.5
Superannuation	14.7
Workers' compensation	1.6
Total	253.8
Selected expenses	
Payments to subcontractors and consultants	49.6
Commission/rebate expenses	89.6
Domestic interconnection expenses	688.5
International outpayments	85.1
Transmission expenses	677.2
Rent, leasing and hiring expenses	
Lines and cables	59.0
Other rent, leasing and hiring expenses	37.2
Total	96.2
Advertising	38.8
Repair and maintenance	34.9
Other selected expenses	322.7
Total	2 082.8
Purchases	
Telecommunication equipment	148.5
Other purchases	2.7
Total	151.2
Other costs	156.0
Total	2 643.7

14

SELECTED STATISTICS, By Employment Size—Service Providers (Including Agents/Dealers)

	<i>Businesses at end June</i>	<i>Total income</i>	<i>Employment at end June</i>	<i>Labour costs</i>	<i>Operating profit before tax</i>	<i>Operating profit margin</i>	<i>Labour costs per employee</i>
	no.	\$m	no.	\$m	\$m	%	\$000
Employment size 0–4	38	117.7	65	6.0	-12.2	-10.5	..
Employment size 5–19	24	82.7	259	9.1	-3.1	-3.9	35.4
Employment size 20–49	16	145.4	467	19.1	1.9	1.3	40.9
Employment size 50–99	10	308.9	694	27.6	5.2	1.7	39.8
Employment size 100 or more	14	1 560.1	5 187	191.9	-421.4	-27.5	37.0
Total	102	2 214.7	6 672	253.8	-429.7	-19.7	38.0

15

SELECTED STATISTICS, By Income Size—Service Providers (Including Agents/Dealers)

	INCOME SIZE (\$ million).....					
	<i>Less than 0.1</i>	<i>0.1–0.9</i>	<i>1.0–9.9</i>	<i>10.0–99.9</i>	<i>100.0 or more</i>	<i>Total</i>
Businesses at end June (no.)	17	24	32	22	7	102
Total income (\$m)	0.8	8.1	142.7	803.2	1 259.9	2 214.7
Employment at end June (no.)	29	145	714	1 852	3 931	6 672
Labour costs (\$m)	1.4	3.8	22.8	71.3	154.4	253.8
Operating profit/loss before tax (\$m)	-2.2	-12.2	9.4	-35.8	-388.9	-429.7
Operating profit margin (%)	-281.3	-155.6	6.7	-4.5	-31.5	-19.7
Basic and specialised services to total income (%)	40.4	20.1	60.2	n.p.	n.p.	50.0
Mobile services to total income (%)	3.1	—	6.5	18.3	23.6	20.5
Total income per person employed (\$'000)	27.3	56.1	199.8	433.7	320.5	332.0
Labour costs per employee (\$'000)	48.8	26.7	32.0	38.5	39.3	38.0

16

LOCATIONS AND EMPLOYMENT, By States and Territories—Service Providers

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
Businesses (no.)(a)	70	56	25	11	15	*1	2	8	102
Locations (no.)	220	88	51	12	16	n.p.	n.p.	8	398
Employment at end of June (no.)	4 049	1 421	658	202	266	n.p.	n.p.	32	6 672

(a) Multi-State and Territory businesses are counted in each State and Territory in which they operate. Hence, the counts of businesses for States and Territories do not sum to the total for Australia.

17

SELECTED VOLUME DATA, Service Providers (Including Agents/Dealers)

	Businesses no.	Volume million
Selected basic services		
Local calls	22	1 712.7
Minutes of domestic long-distance calls	24	740.3
Minutes of international long-distance calls	29	147.4
Mobile services		
Minutes of mobile use	18	607.7
Mobile services in operation	18	0.6

EXPLANATORY NOTES

INTRODUCTION

1 The 1996–97 Telecommunication Services Industry Survey was conducted to provide a statistical benchmark to allow policy makers and researchers to assess the impact of the deregulation of the industry, which took place on 1 July 1997.

SURVEY SCOPE AND METHODOLOGY

2 The survey results are primarily based on a census of the businesses recorded on the Australian Bureau of Statistics (ABS) Business Register classified to Class 7120, Telecommunication services, of the Australian and New Zealand Standard Industrial Classification (ANZSIC). This class consists of units mainly engaged in providing telecommunication services to the public by wire, cable or radio. This census excludes businesses predominantly engaged in the provision of telecommunication consultancy services.

3 The ABS Business Register, in general, excludes businesses which do not have any employees. However, all businesses recorded on the Australian Internet Service Provider (ISP) list, which identified both employing and non-employing ISP businesses, were also included in the survey.

COMPARABILITY WITH 1995–96 SURVEY

4 The 1995–96 results include figures relating to both the information technology and telecommunication services industries. The telecommunication services component of that survey is not strictly comparable with this publication due to differences in coverage.

- The 1995–96 survey did not include supplementation from the Australian ISP list.
- The 1995–96 survey included a number of telecommunication consultants. Telecommunication consultants have been excluded from the 1996–97 survey.

Therefore, care should be taken when interpreting differences in the results, in particular the number of businesses.

STATISTICAL UNIT

5 The unit for which statistics were reported in the survey was the management unit. The management unit is the highest level accounting unit within a business or organisation, having regard for industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, sole operator etc.). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it.

EXPLANATORY NOTES *continued*

RELIABILITY OF ESTIMATES

6 Because the collection was undertaken as a census, the data are not subject to sampling variability. However, other inaccuracies collectively referred to as non-sampling error may affect the data. These non-sampling errors may arise from a number of sources, including:

- errors in the reporting of data by respondents;
- errors in the capturing or processing of data;
- estimation for missing or misreported data; and
- definition and classification errors.

Every effort has been made to reduce non-sampling error to a minimum by careful design and testing of questionnaires, efficient operating procedures and systems, and appropriate methodology.

REFERENCE PERIOD

7 Data contained in the tables of this publication relate to all businesses which operated in Australia at any time during the year ended 30 June 1997. Therefore, the results include data in respect of some businesses which ceased operating during the year. Counts of businesses include only those businesses that were operating at 30 June 1997.

GLOSSARY

Agent/dealer	Businesses which onsell or resell carrier and/or service provider services and receive commission or rebate income in return.
Airtime usage	Refers to the length of time the originator of the call will spend on the network. This is referred to as 'airtime' or network usage.
Businesses at end June	A count of management units operating at the end of June 1997.
Carrier	Businesses which provide telecommunication services operating under the Telecommunication Act 1991. These organisations are allowed to own and build network infrastructure within Australia.
Closing trading stocks	The book value of all stocks owned by the business as at the end of the financial year.
Commission income	Commission received from the sale of carrier services and products, and from customer acquisition. It includes both up-front and on-going commissions.
Commission/rebate expenses	Includes commission payments to other businesses or self-employed persons, customer acquisition commission costs, payments to other businesses for connecting a customer to the network, and payments to persons paid by commission without a retainer.
Current liabilities	The book value of current liabilities as at the end of the financial year. This includes provisions for taxation, leave, claims, trade creditors and other accounts payable, and bank overdraft. These are liabilities that would normally be due or payable within a period of 12 months.
Dedicated data services	Commonly referred to as DDS. A dedicated point to point data network service. Examples of this type of service include Automatic Teller Machines, Electronic Funds Transfer Point of Sale and other specialist data services.
Depreciation and amortisation	These are the financial charges made to the accounts to reflect that part of the value of the asset which may be regarded as having been used up in producing revenue in a particular accounting period.
Dial-up access	Access to the Internet via modem and dial-up software.
Dial-up subscriber	Subscriber to the Internet via modem and dial-up software.
Domain name	Unique name given to a computer which is registered on the Internet.
Domain name hosting	A service provided by ISPs that occurs when the ISP provides a customer with access to a domain name.
Domestic interconnection expenses	The expense of connection to a domestic network. It includes connection/access payments made to carriers or service providers or ISPs, inbound interconnection expenses, and bandwidth expenses.
Electronic data interchange	A system for controlling the transfer of business documents such as purchase orders and invoices between computers.
Employment at end June	Includes full-time and part-time employees, employees absent on paid or prepaid leave, managerial and executive employees, permanent, temporary and casual employees, consultants who are employees and working proprietors and partners. This item excludes non-salaried directors, sub-contractors and persons paid solely by commission without a retainer and volunteers.



Frame relay	A data transmission protocol which allows variable length packets of data to be sent on Wide Area Networks.
Full-time employees	Full-time employees are those working 35 hours or more per week.
Income from basic and specialised services	Includes income from local, domestic long-distance, and international calls (including facsimile, Internet, email, mobile etc.); income from telephone cards; income from teleconferencing/video conferencing; income from specialised voice services including freecalls, 1800 numbers etc., reverse charge calling, calling services, audio calls, operator and directory assistance services, emergency services, and other specialised voice services.
Income from data services	Includes income from frame relay (including Local Area Networks and Wide Area Networks services and other types of data transmission services); income from dedicated data services (including Automatic Teller Machines and Electronic Funds Transfer Point of Sale); income from Integrated Services Digital Network (including voice, data, video, and image transfer); income from Electronic Data Interchange (a system which enables business transactions to be carried out over telecommunication networks); income from Asynchronous Transfer Mode (an integrated product that combines voice and data networks and provides high speed data transmission); and income from other data services.
Income from Internet services	Includes income from dial-up access (access to the Internet via modem and dial-up software), permanent connections, virtual web and web hosting, domain name hosting, web page design, networking services, programming services, consultancy, and other Internet services.
Income from mobile services	Includes income from mobile access and connection, mobile calls and airtime usage, messaging services, paging services, and other mobile services.
Income from other telecommunication services	Includes income from telecommunication services other than basic and specialised services, data services, mobile services, and Internet services. It also includes income from software solutions, multimedia services, and other telecommunication services.
Income from rebates/incentives	Includes rebates/incentives for connections, airtime and usage received from carriers and/or service providers.
Industry gross product (IGP)	This is a measure of the unduplicated gross product of businesses for profit derived from the value of sales of goods and services, government funding and change in stocks minus selected expenses and purchases.
Interest expenses	These expenses include all forms of interest related to the cost of borrowing money other than that capitalised as an acquisition cost.
Interest income	This is income earned from loans and advances made to related and unrelated businesses, finance leases, earnings on discounted bills and interest from deposits in banks and non-bank financial institutions.
International outpayments	Payments for connection to an international network. They include connection/access payments made to carriers or service providers or ISPs, outbound or outgoing interconnection, and bandwidth expenses.
Internet Service Provider (ISP)	Businesses which provide access to the Internet or World Wide Web, to other ISPs or to the public.

GLOSSARY *continued*

Labour costs	Include wages and salaries, provision expenses for employee entitlements, employer contributions to superannuation and workers' compensation costs.
Networking services	A service that provides the customer with the physical installation, implementation and organisation of telecommunication and computing equipment utilising connections to networks.
Net worth	This is total assets minus total liabilities.
Non-current assets	The book value of non-current assets at the end of the financial year. These are assets of a long-term (longer than 12 months) nature and include property, plant and machinery needed for normal operations, capitalised interest, and goodwill.
Non-current liabilities	The book value of non-current liabilities as at the end of the financial year. These are liabilities that are not due within the next financial period and include bank loans, debentures, and unsecured notes.
Operating profit/loss before tax	This is a measure of profit/loss before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners, e.g. dividends paid.
Operating profit margin	The percentage of sales of goods and services available as operating profit, i.e. OPBT times 100 divided by sales of goods and services.
Other costs	Includes insurance premiums, interest expenses, depreciation and amortisation, and bad and doubtful debts.
Other current assets	The book value of current assets, excluding closing trading stocks, at the end of the financial year. This includes cash on hand, stocks, trade debtors, and other accounts receivable. These are assets that would generally cease to exist or be used up within a period of 12 months.
Other data services	Includes Integrated Services Digital Network; Asynchronous Transfer Mode and other data services not included elsewhere.
Other expenses	Includes payments to subcontractors and consultants, commission/rebate expenses, domestic interconnection expenses, international outpayments, transmission expenses, rent, leasing and hiring expenses, insurance premiums, bad and doubtful debts, repair and maintenance expenses, advertising expenses, waste management and environmental protection expenses and other expenses not included elsewhere.
Other income	Includes income from repair and maintenance, income from the sale of telecommunication equipment, interest income, funding from federal, State and local government, net profit on the sale of fixed tangible assets, net profit on foreign loans as a result of variations in foreign exchange rates, net profit on share trading, dividend income, royalties income, and other income not included elsewhere.
Other Internet income	Includes all income from Internet services not included elsewhere.
Other purchases	Includes purchase of materials, components, containers and packaging materials for sale and the purchase of goods for resale.

Other rent, leasing and hiring expenses	Includes expenses incurred from the rental of land, buildings and other structures, motor vehicles and equipment used by the business. Excludes expenses incurred from the leasing of lines and cables.
Other selected expenses	Includes waste management and environmental protection expenses, freight and cartage expenses, motor vehicle running expenses, audit and other accounting expenses, fringe benefits tax, payroll tax, land tax and land rates, marketing and promotion costs, royalties expenses, other management and administrative services expenses, licence fees, telecommunication industry ombudsman fees and other expenses not included elsewhere.
Part-time employees	Part-time employees are those who work less than 35 hours or more per week.
Payments to sub-contractors and consultants	Payments to sub-contractors, other businesses and self-employed persons for work done or sales made on a contract or commission basis.
Permanent connections	Permanent access to the Internet via several means including permanent modem, Integrated Services Digital Network, dedicated data service, frame relay etc.
Purchases	Includes the purchases of telecommunication equipment, goods for resale, materials, components, containers and packaging materials.
Repair and maintenance expenses	Repair and maintenance expenses are costs associated with work undertaken on plant and machinery etc. to maintain normal business operations.
Rent, leasing and hiring income	Revenue derived from the ownership of land, buildings, vehicles, machinery or equipment, including telecommunication equipment/infrastructure, rented out for use by those other than the owners.
Service providers	Businesses, including agents/dealers, which provide value added telecommunication services and private network services. These businesses are also commonly referred to as resellers of telephony services. Businesses predominantly engaged in Internet service provision are excluded—see ISPs.
Specialised voice services	Refers to services including freecalls, 1800 numbers etc., reverse charge calling, calling services, audio calls, operator and directory assistance services, emergency services calls etc. and any other types of specialist voice services.
Superannuation	These are the contributions by the employer to superannuation funds, including the employer productivity contribution.
Telecommunication equipment	Refers to equipment used to enable transmission of voice, data, mobile and other forms of communications. Examples of equipment includes telephones, mobile phones/handsets, modems, servers, telephone exchanges, switching equipment, telephone lines, cables, satellites, radio relay stations, television relay towers, mobile phone transmission towers etc.
Teleconferencing/ video conferencing	A service that enables a voice and video service simultaneously.
Transmission expenses	Expenses for the actual usage of a network (as distinct from access to a network). They include usage payments made to carriers, service providers, and ISPs.

GLOSSARY *continued*

Wages and salaries	This item includes severance, termination and redundancy payments, and provision expenses for employee entitlements. It excludes drawings of working principals and partners of unincorporated businesses.
Web page design	Web page design refers to the process of creating a web page. A web page is the page viewed at an Internet site.
Web services	Services facilitating the provision of Internet sites excluding web page design.
Workers' compensation costs	These include insurance premiums/levies and non-payroll costs incurred by a business and not reimbursed by an insurance company.

SELF-HELP ACCESS TO STATISTICS

PHONE Call 1900 986 400 for the latest statistics on CPI, Labour Force, Earnings, National Accounts, Balance of Payments and other topics. (Call cost is 75c per minute)

INTERNET <http://www.abs.gov.au>

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.

WHY NOT SUBSCRIBE?

PHONE +61 1300 366 323

FAX +61 3 9615 7848

CONTACTING THE ABS

ABS provides a range of services, including: a telephone inquiry service; information consultancy tailored to your needs; survey, sample and questionnaire design; survey evaluation and methodological reviews; and statistical training.

<i>INQUIRIES</i>	<i>By phone</i>	<i>By fax</i>
Canberra	02 6252 6627	02 6253 1404
Sydney	02 9268 4611	02 9268 4668
Melbourne	03 9615 7755	03 9615 7798
Brisbane	07 3222 6351	07 3222 6283
Perth	08 9360 5140	08 9360 5955
Adelaide	08 8237 7400	08 8237 7566
Hobart	03 6222 5800	03 6222 5995
Darwin	08 8943 2111	08 8981 1218

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

EMAIL client.services@abs.gov.au



2814500007968

ISSN 1329-3443

RRP \$16.00

ABS Catalogue no. 8145.0

Telecommunication Services, Australia

1996-97