

# **ELECTRICITY, GAS, WATER AND SEWERAGE OPERATIONS** AUSTRALIA

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- For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Jeff Bulger on Adelaide 08 8237 7621.

## NOTES

### ABOUT THIS PUBLICATION

This publication presents 2000–01 national and state and territory statistics for the electricity industry and national statistics for the gas supply and water and sewerage industries. Estimates for management units (businesses) are presented. In previous years, data related to establishments in the electricity and gas supply industries were also presented. From 2000–01, data are no longer collected from establishments. For more details, see the Appendix on Survey Changes.

Information about the scope of the collections which gathered the 2000–01 data for the estimates is presented in paragraphs 5–8 of the Explanatory Notes. Information about the business units included, and how their operations are treated, is presented in paragraphs 9–11 of the Explanatory Notes.

### DATA COMPARISONS

Comparison of 2000–01 data with data for earlier periods has been affected by substantial restructuring within the electricity, gas, and water and sewerage industries in recent years. Care should be exercised when comparing data across states and territories and over time due to differences in accounting methods and due to industry restructuring which has been occurring at different times in each state and territory.

### REVISIONS

Some of the 1999–2000 data has been revised to take account of changes to data which was previously published in the 1999–2000 issue of *Electricity, Gas, Water and Sewerage Industries, Australia* (cat. no. 8208.0).

Dennis Trewin  
Australian Statistician

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INTRODUCTION

Micro-economic reform measures have led to restructuring of the electricity industry over recent years and this has affected the comparability of electricity industry statistics over time. In general, gross performance measures such as sales, turnover and total expenses have been affected much more than net performance measures such as value added or profits. Special articles discussing issues associated with the reform process and the effect on statistical series appeared in the 1997–98 and 1999–2000 issues of *Electricity, Gas, Water and Sewerage Industries, Australia* (cat. no. 8208.0).

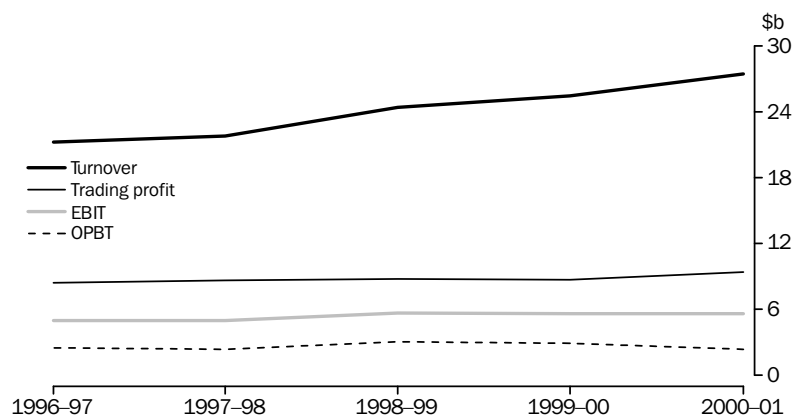
MANAGEMENT UNIT  
PERFORMANCE  
MEASURES

Restructuring of the electricity industry has been proceeding for some time with varied effects on the statistics as illustrated by the graph of selected indicators. Most notably, turnover has increased significantly over the past year as restructuring continues.

Industry structural changes have involved the separation and sale by some businesses of their retail functions. Some consolidation of interstate retailer and multi-energy retailer businesses has also occurred.

The variables relating to profit remain relatively unaffected as an increase in income through the growth in sales of electricity, transmission or distribution income, is offset by increases in expense items such as purchases of electricity, transmission and distribution expenses, and payments for contract, subcontract and commission work.

SELECTED INDICATORS



Nationally, the number of management units classified to the electricity industry grew from 87 in 1999–2000 to 94 in 2000–01. Small increases in numbers occurred in New South Wales, Victoria and Queensland.

MANAGEMENT UNIT  
PERFORMANCE  
MEASURES *continued*

SUMMARY OF OPERATIONS

	1998–99	1999–00	2000–01
Management units at 30 June ( <i>no.</i> )	86	87	94
Employment at 30 June ( <i>no.</i> )	33 022	32 884	33 435
Wages and salaries (\$ <i>m</i> )	2 025.9	2 085.2	2 305.9
Sales of goods and services (\$ <i>m</i> )	23 029.6	23 919.2	25 438.5
Turnover (\$ <i>m</i> )	24 426.9	25 476.5	27 448.3
Industry value added (\$ <i>m</i> )	9 764.6	9 577.5	10 294.2
Net capital expenditure (\$ <i>m</i> )	2 508.1	3 361.0	3 368.6

*Employment, wages and salaries*

Employment and wages and salaries continue to be affected by the changes caused by industry restructuring.

Employment increased by 551 persons (2%) to 33,435 persons in 2000–01. Victoria reported the largest rise, an increase of 461 persons (9%) to 5,731 persons.

At 30 June 2001, New South Wales employed the largest share of the electricity industry's work force accounting for 34% (11,512 persons) of the total employed. Queensland had the second largest number of persons employed accounting for 24% of the national total.

Wages and salaries paid increased by \$221m (11%) to \$2.3b in 2000–01.

*Income and expenditure*

Turnover in the electricity supply industry increased nationally by \$2.0b (8%) to \$27.4b. The majority of this increase was accounted for by a growth in the value of sales of goods and services of \$1.5b (6%) to \$25.4b although much of the increase was due to the statistical effects of restructuring rather than real growth. Most of this increase can be attributed to New South Wales, Victoria and Queensland. Sales of goods and services for South Australia decreased by \$258m (10%) because of the transfer of some sales functions to Victoria.

In 2000–01 purchases and selected expenses increased nationally by \$1.1b (7%) to \$17.3b. The major contributors to this increase were rises in the value of purchases of goods and materials which is partially attributable to industry restructuring and the recording of transactions that were previously internal to companies.

Trading profit increased by \$714m (8%) to \$9.4b in 2000–01. Operating profit before tax (OPBT), however, decreased by \$520m (18%) to \$2.4b with the level of OPBT being affected by decreases in interest income and increases in interest expenses, and wages and salaries. Interest expenses increased nationally by \$531m (20%) due, in part, to the continuing privatisation of units in the electricity industry. The effects of interest expenses on OPBT are most prominent in Victoria and South Australia. While Victoria had comparable earnings before interest and tax (EBIT) with New South Wales, its OPBT was 98% lower because its interest payment for 1999–2000 and 2000–01 was more than double that for New South Wales. In both these years, the interest expenses for Victoria accounted for more than 40% of the total interest expenses incurred nationally. In South Australia, the fall in OPBT by 102% (\$231m) was mainly due to an increase in interest expenses of 101% (\$219m).

Industry value added increased by \$717m (8%) to \$10.3b in 2000–01.

*Assets and liabilities*

Restructuring continues to affect the level of industry assets and liabilities at both state and national levels. Over the past several years there have been variations in the way assets have been valued, changes to the level of business liability, company takeovers and restructuring, and the sales of a number of electricity assets. Furthermore, businesses which have recently entered the electricity supply industry have brought in their own assets and liabilities, contributing to an increase in both items. There has also been a movement of assets between the electricity and gas industries, as businesses diversify their energy interests through the acquisition of assets in both industries.

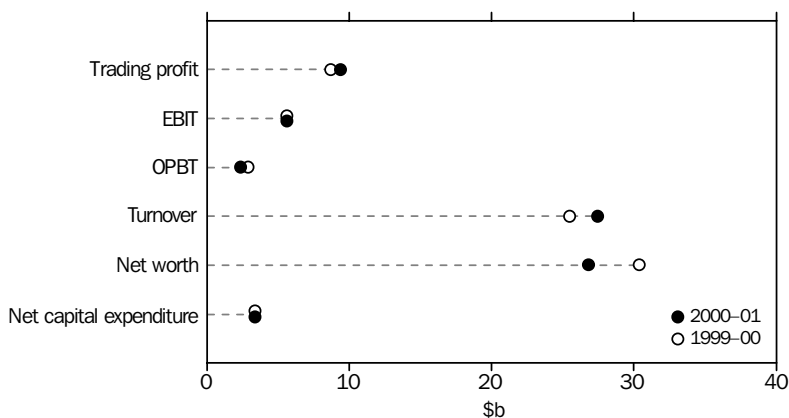
In 2000–01 the total value of assets nationally increased by \$2.5b (3%) to \$86b, with non-current assets accounting for \$2.1b of this increase. Some of the variation between current and non-current assets is attributable to industry restructuring, with a resultant reclassification of assets from current to non-current.

Total liabilities increased by \$6.1b (11%) to \$59.2b with current liabilities increasing by \$1.4b (14%) to \$11.5b and non-current liabilities rising by \$4.7b (11%) to \$47.7b. These changes have resulted in a decrease in net worth, which fell \$3.6b (12%) to \$26.8b. The fall was mainly attributable to declines in New South Wales (\$969m), Victoria (\$951m) and Queensland (\$1,709m).

*Net capital expenditure*

Net capital expenditure for the electricity industry in 2000–01 remained steady at \$3.4b. Capital expenditure on plant, machinery and equipment decreased by \$310m (14%) to \$1.8b. The main contributor to this decrease in expenditure was Queensland where a fall of \$352m (46%) was recorded.

SELECTED INDICATORS



*Performance measures*

A range of performance measures can be produced from the data available from profit and loss statements and balance sheets of businesses. This publication presents only a selection of these for the electricity industry. While these are a very useful way of presenting summaries of performance, users of these statistics should note the limitations referred to in paragraphs 14–20 of the Explanatory Notes before making any judgements based on these results. In addition, the restructuring of the industry affects some comparisons.

*Performance measures  
continued*

Some of the main features for performance measures in the electricity industry in 2000–01 were:

- trading profit margin 37.0% (36.3% in 1999–2000);
- return on funds 7.5% (7.6% in 1999–2000);
- liquidity ratio remained steady at 0.7 times;
- debts to assets 68.8% (63.6% in 1999–2000); and
- acquisitions to disposals ratio 22.1 times (9.6 times in 1999–2000).

**1.1**

## EMPLOYMENT AND LABOUR RATIOS, Management units(a)—At 30 June .....

	NSW.....		VIC.....		QLD.....	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
Management units (no.)	18	20	18	22	24	25
Employment (no.)	11 359	11 512	5 270	5 731	8 205	8 184
Persons employed per management unit (no.)	631.1	575.6	292.8	260.5	341.9	327.3
Labour ratios						
Profit to employment (\$'000/employee)	102.4	85.8	49.0	3.5	89.0	92.9
Industry value added						
To employment (\$'000/employee)	261.5	282.5	399.7	419.3	246.6	271.6
To selected labour costs (times)	3.5	3.2	5.5	4.8	4.3	4.5
Selected labour costs						
To employment (\$'000/employee)	74.7	88.1	72.9	86.5	56.9	60.4

(a) See Explanatory Notes, 'Statistical units' paragraphs 9-11.

**1.1**EMPLOYMENT AND LABOUR RATIOS, Management units(a)—At 30 June *continued* ...

	SA.....		WA.....		TAS.....	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
Management units (no.)	10	10	10	9	3	3
Employment (no.)	2 179	2 115	2 742	2 708	1 559	1 582
Persons employed per management unit (no.)	217.9	211.5	274.2	300.9	519.7	527.3
Labour ratios						
Profit to employment (\$'000/employee)	103.8	-2.4	122.9	152.8	54.7	71.9
Industry value added						
To employment (\$'000/employee)	353.8	347.7	334.1	352.3	318.9	318.4
To selected labour costs (times)	5.2	5.1	4.3	5.0	4.3	4.1
Selected labour costs						
To employment (\$'000/employee)	68.2	67.9	78.1	70.5	73.4	77.0

(a) See Explanatory Notes, 'Statistical units' paragraphs 9-11.



**1.1**EMPLOYMENT AND LABOUR RATIOS, Management units(a)—At 30 June *continued* . . .

	NT		ACT		AUST.	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
Management units (no.)	3	3	1	2	87	94
Employment (no.)	689	695	881	908	32 884	33 435
Persons employed per management unit (no.)	229.7	231.7	881.0	454.0	378.0	355.7
Labour ratios						
Profit to employment (\$'000/employee)	45.4	57.0	77.5	55.7	88.2	71.2
Industry value added						
To employment (\$'000/employee)	164.2	176.0	204.7	111.1	291.3	307.9
To selected labour costs (times)	2.5	2.6	3.3	2.2	4.2	4.0
Selected labour costs						
To employment (\$'000/employee)	64.5	67.0	62.9	50.1	69.2	76.3

(a) See Explanatory Notes, 'Statistical units' paragraphs 9-11.

**1.2**

## INCOME AND EXPENDITURE, Management units(a) .....

	NSW		VIC.		QLD	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services(b)	6 956.2	7 748.3	5 495.1	5 968.5	5 750.3	6 205.4
Less						
Purchases of goods and materials	2 863.0	3 351.2	1 861.1	2 368.5	3 328.1	3 843.3
Rent, leasing and hiring expenses	41.4	33.5	16.4	14.2	14.9	18.1
Freight and cartage	0.9	1.5	0.5	6.4	1.2	25.0
Motor vehicle expenses	24.9	22.2	10.7	10.6	5.4	12.5
Repair and maintenance expenses	128.3	170.9	96.9	83.3	71.5	58.2
Payment for contract, subcontract and commission work	886.9	808.9	1 164.4	711.0	989.7	1 070.2
Other selected expenses	391.7	505.8	486.6	574.1	194.2	202.2
<i>Purchases and selected expenses</i>	<i>4 337.2</i>	<i>4 893.9</i>	<i>3 636.7</i>	<i>3 768.3</i>	<i>4 605.1</i>	<i>5 229.7</i>
Plus						
Opening inventories	266.4	262.6	89.2	143.8	114.5	139.1
Less						
Closing inventories	262.5	217.3	118.9	109.1	139.1	129.4
Cost of sales	4 341.1	4 939.2	3 607.0	3 802.9	4 580.5	5 239.4
Plus						
Capitalised purchases	102.3	234.5	145.9	113.2	522.0	913.7
<b>Trading profit</b>	<b>2 717.5</b>	<b>3 043.5</b>	<b>2 033.9</b>	<b>2 278.8</b>	<b>1 691.8</b>	<b>1 879.8</b>
Plus						
Government subsidies	61.6	17.7	0.1	0.1	268.5	257.5
Interest income	32.2	52.9	218.2	74.9	56.5	64.3
Other income	400.3	188.2	342.0	424.8	117.7	74.0
Less						
Wages and salaries	796.2	898.7	361.5	476.7	424.3	459.8
Superannuation	41.4	104.6	18.5	15.6	33.9	29.0
Workers compensation	10.4	10.8	4.1	3.5	8.3	5.5
<i>Selected labour costs</i>	<i>848.0</i>	<i>1 014.1</i>	<i>384.0</i>	<i>495.8</i>	<i>466.5</i>	<i>494.3</i>
Less						
Depreciation	726.2	676.1	657.3	714.7	595.4	622.6
Insurance premiums	31.5	37.9	15.9	18.8	7.1	6.2
Royalties expenses	5.9	2.1	13.8	14.0	7.3	13.3
Bad debts	34.6	29.3	8.8	179.1	2.3	6.3
Plus						
Capitalised wages and salaries	88.9	109.7	23.4	79.6	27.4	46.4
<b>Earnings before interest and tax</b>	<b>1 654.2</b>	<b>1 652.7</b>	<b>1 537.9</b>	<b>1 435.7</b>	<b>1 083.4</b>	<b>1 179.3</b>
Less						
Interest expenses	490.7	665.3	1 279.4	1 415.8	353.1	419.3
<b>Operating profit before tax</b>	<b>1 163.5</b>	<b>987.3</b>	<b>258.4</b>	<b>19.9</b>	<b>730.3</b>	<b>760.0</b>

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

(b) Includes, rent, leasing and hiring income.

**1.2**INCOME AND EXPENDITURE, Management units(a) *continued*

	SA		WA		TAS.	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services(b)	2 461.5	2 203.3	1 654.9	1 623.6	936.5	969.7
Less						
Purchases of goods and materials	1 040.0	812.2	569.1	452.1	353.5	348.0
Rent, leasing and hiring expenses	9.4	2.6	2.4	0.6	np	np
Freight and cartage	9.8	9.5	72.3	44.6	np	np
Motor vehicle expenses	1.9	3.4	8.7	6.8	np	np
Repair and maintenance expenses	22.2	17.3	1.2	0.2	np	np
Payment for contract, subcontract and commission work	674.8	640.5	102.3	114.8	np	np
Other selected expenses	71.9	94.0	56.2	130.9	np	np
<i>Purchases and selected expenses</i>	<i>1 830.0</i>	<i>1 579.6</i>	<i>812.3</i>	<i>750.0</i>	<i>np</i>	<i>np</i>
Plus						
Opening inventories	58.8	42.0	76.7	94.2	10.0	10.6
Less						
Closing inventories	46.8	56.8	95.0	125.1	10.6	7.4
<i>Cost of sales</i>	<i>1 842.0</i>	<i>1 564.8</i>	<i>794.0</i>	<i>719.0</i>	<i>np</i>	<i>np</i>
Plus						
Capitalised purchases	101.5	51.5	9.4	2.1	np	np
<b>Trading profit</b>	<b>720.9</b>	<b>690.1</b>	<b>870.4</b>	<b>906.7</b>	<b>436.4</b>	<b>448.7</b>
Plus						
Government subsidies	4.0	4.7	27.4	28.7	np	np
Interest income	22.5	24.3	4.1	1.9	1.8	1.4
Other income	3.1	28.6	68.4	74.7	5.4	14.3
Less						
Wages and salaries	133.7	129.4	188.3	161.8	95.0	99.0
Superannuation	14.3	12.8	23.6	26.7	19.1	22.0
Workers compensation	0.5	1.5	2.3	2.4	0.4	0.9
<i>Selected labour costs</i>	<i>148.6</i>	<i>143.7</i>	<i>214.2</i>	<i>190.9</i>	<i>114.5</i>	<i>121.9</i>
Less						
Depreciation	176.1	187.0	219.6	231.1	131.1	134.1
Insurance premiums	7.5	8.9	6.5	7.4	np	np
Royalties expenses	1.1	1.5	0.1	0.1	—	—
Bad debts	4.7	5.1	3.1	3.5	1.5	2.2
Plus						
Capitalised wages and salaries	30.8	29.6	0.1	0.1	np	np
<b>Earnings before interest and tax</b>	<b>443.3</b>	<b>431.1</b>	<b>526.9</b>	<b>579.1</b>	<b>220.7</b>	<b>227.0</b>
Less						
Interest expenses	217.1	436.2	190.0	165.4	135.5	113.3
<b>Operating profit before tax</b>	<b>226.2</b>	<b>-5.1</b>	<b>336.9</b>	<b>413.8</b>	<b>85.2</b>	<b>113.7</b>

np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

(b) Includes, rent, leasing and hiring income.

**1.2**INCOME AND EXPENDITURE, Management units(a) *continued*

	NT		ACT		AUST.	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services(b)	323.0	306.4	341.7	413.3	23 919.2	25 438.5
Less						
Purchases of goods and materials	np	np	np	np	10 271.9	11 444.2
Rent, leasing and hiring expenses	np	np	np	np	111.5	85.3
Freight and cartage	np	np	0.5	0.4	90.2	90.8
Motor vehicle expenses	np	np	—	—	59.1	62.7
Repair and maintenance expenses	np	np	2.7	2.2	371.1	361.5
Payment for contract, subcontract and commission work	np	np	39.0	166.0	3 989.9	3 663.1
Other selected expenses	np	np	np	np	1 323.5	1 630.5
<i>Purchases and selected expenses</i>	np	np	175.5	327.0	16 217.8	17 338.5
Plus						
Opening inventories	18.7	15.7	5.8	6.1	640.1	714.1
Less						
Closing inventories	15.7	12.2	7.3	6.9	695.9	664.2
<i>Cost of sales</i>	np	np	174.0	326.2	16 162.1	17 388.2
Plus						
Capitalised purchases	np	np	—	7.2	936.3	1 356.5
<b>Trading profit</b>	<b>54.8</b>	<b>65.1</b>	<b>167.7</b>	<b>94.3</b>	<b>8 693.4</b>	<b>9 407.0</b>
Plus						
Government subsidies	np	np	7.9	2.2	438.7	379.2
Interest income	6.7	6.6	3.7	1.7	345.7	228.0
Other income	40.2	46.0	10.5	24.8	987.6	875.4
Less						
Wages and salaries	39.0	41.3	47.2	39.2	2 085.2	2 305.9
Superannuation	4.7	4.5	7.0	5.0	162.5	220.2
Workers compensation	0.7	0.8	1.3	1.2	28.0	26.6
<i>Selected labour costs</i>	44.4	46.5	55.5	45.4	2 275.7	2 552.6
Less						
Depreciation	49.6	50.6	47.3	24.1	2 602.6	2 640.3
Insurance premiums	np	np	2.1	1.5	74.4	84.9
Royalties expenses	0.1	0.1	—	—	28.3	31.1
Bad debts	-3.7	1.3	0.3	1.4	51.6	228.2
Plus						
Capitalised wages and salaries	np	np	—	—	182.3	273.8
<b>Earnings before interest and tax</b>	<b>64.2</b>	<b>70.9</b>	<b>84.7</b>	<b>50.6</b>	<b>5 615.3</b>	<b>5 626.4</b>
Less						
Interest expenses	33.0	31.2	16.4	—	2 715.2	3 246.5
<b>Operating profit before tax</b>	<b>31.3</b>	<b>39.6</b>	<b>68.3</b>	<b>50.6</b>	<b>2 900.1</b>	<b>2 379.8</b>

np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

(b) Includes, rent, leasing and hiring income.

**1.3**

## INDUSTRY VALUE ADDED, Management units(a) .....

	NSW		VIC.		QLD	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services(b)	6 956.2	7 748.3	5 495.1	5 968.5	5 750.3	6 205.4
Government subsidies	61.6	17.7	0.1	0.1	268.5	257.5
Capital work done for own use	191.2	344.2	169.3	192.8	549.4	960.1
<b>Turnover</b>	<b>7 209.0</b>	<b>8 110.2</b>	<b>5 664.5</b>	<b>6 161.4</b>	<b>6 568.2</b>	<b>7 423.1</b>
Plus						
Closing inventories	262.5	217.3	118.9	109.1	139.1	129.4
Less						
Opening inventories	266.4	262.6	89.2	143.8	114.5	139.1
Less						
Capitalised purchases	102.3	234.5	145.9	113.2	522.0	913.7
Less						
Intermediate input expenses	4 132.8	4 578.2	3 442.1	3 610.7	4 047.1	4 276.7
<b>Industry value added</b>	<b>2 969.9</b>	<b>3 252.2</b>	<b>2 106.2</b>	<b>2 402.8</b>	<b>2 023.7</b>	<b>2 222.9</b>

(a) See Explanatory Notes, 'Statistical units', paragraphs 9–11.

(b) Includes rent, leasing and hiring income.

**1.3**INDUSTRY VALUE ADDED, Management units(a) *continued*

	SA		WA		TAS.	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services(b)	2 461.5	2 203.3	1 654.9	1 623.6	936.5	969.7
Government subsidies	4.0	4.7	27.4	28.7	np	np
Capital work done for own use	132.3	81.1	9.5	2.2	np	np
<b>Turnover</b>	<b>2 597.7</b>	<b>2 289.1</b>	<b>1 691.9</b>	<b>1 654.6</b>	<b>1 017.7</b>	<b>1 027.0</b>
Plus						
Closing inventories	46.8	56.8	95.0	125.1	10.6	7.4
Less						
Opening inventories	58.8	42.0	76.7	94.2	10.0	10.6
Less						
Capitalised purchases	101.5	51.5	9.4	2.1	np	np
Less						
Intermediate input expenses	1 713.3	1 517.0	784.5	729.4	np	np
<b>Industry value added</b>	<b>770.9</b>	<b>735.5</b>	<b>916.2</b>	<b>954.0</b>	<b>497.2</b>	<b>503.6</b>

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

(b) Includes rent, leasing and hiring income.

**1.3****INDUSTRY VALUE ADDED, Management units(a) *continued***

	NT		ACT		AUST.	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services(b)	323.0	306.4	341.7	413.3	23 919.2	25 438.5
Government subsidies	np	np	7.9	2.2	438.7	379.2
Capital work done for own use	np	np	—	7.2	1 118.6	1 630.3
<b>Turnover</b>	<b>377.9</b>	<b>360.2</b>	<b>349.6</b>	<b>422.7</b>	<b>25 476.5</b>	<b>27 448.3</b>
Plus						
Closing inventories	15.7	12.2	7.3	6.9	695.9	664.2
Less						
Opening inventories	18.7	15.7	5.8	6.1	640.1	714.1
Less						
Capitalised purchases	np	np	—	7.2	936.3	1 356.5
Less						
Intermediate input expenses	np	np	170.7	315.4	15 018.1	15 747.7
<b>Industry value added</b>	<b>113.1</b>	<b>122.3</b>	<b>180.3</b>	<b>100.9</b>	<b>9 577.5</b>	<b>10 294.2</b>

np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 9–11.

(b) Includes rent, leasing and hiring income.

**1.4****ASSETS AND LIABILITIES, Management units(a)**

	NSW		VIC.		QLD	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Assets</b>						
Current assets						
Closing inventories	262.5	217.3	118.9	109.1	139.1	129.4
Other current assets	2 327.7	2 335.2	2 214.1	2 034.1	1 662.6	2 209.8
Non-current assets	17 106.7	19 130.0	28 875.0	26 636.7	13 137.9	15 700.1
<b>Total</b>	<b>19 697.0</b>	<b>21 682.5</b>	<b>31 208.0</b>	<b>28 779.9</b>	<b>14 939.5</b>	<b>18 039.3</b>
<b>Liabilities</b>						
Current liabilities	2 916.7	3 412.5	3 737.1	4 821.4	1 563.5	1 700.6
Non-current liabilities	6 465.9	8 924.4	19 485.9	16 924.2	7 249.1	11 921.0
<b>Total</b>	<b>9 382.6</b>	<b>12 336.9</b>	<b>23 223.1</b>	<b>21 745.6</b>	<b>8 812.6</b>	<b>13 621.6</b>
<b>Net worth</b>	<b>10 314.3</b>	<b>9 345.6</b>	<b>7 984.9</b>	<b>7 034.3</b>	<b>6 126.9</b>	<b>4 417.7</b>

(a) See Explanatory Notes, 'Statistical units', paragraphs 9–11.

**1.4****ASSETS AND LIABILITIES, Management units(a) *continued***

	SA		WA		TAS.	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Assets</b>						
Current assets						
Closing inventories	46.8	56.8	95.0	125.1	10.6	7.4
Other current assets	542.6	462.6	250.2	297.1	150.6	186.5
Non-current assets	5 418.7	5 763.7	4 366.5	4 377.2	4 297.2	4 392.6
<b>Total</b>	<b>6 008.1</b>	<b>6 283.1</b>	<b>4 711.7</b>	<b>4 799.4</b>	<b>4 458.5</b>	<b>4 586.4</b>
<b>Liabilities</b>						
Current liabilities	521.7	458.6	702.3	325.9	404.0	524.9
Non-current liabilities	4 787.5	5 544.2	2 655.3	2 656.3	1 633.5	1 524.7
<b>Total</b>	<b>5 309.2</b>	<b>6 002.8</b>	<b>3 357.6</b>	<b>2 982.2</b>	<b>2 037.5</b>	<b>2 049.6</b>
<b>Net worth</b>	<b>698.9</b>	<b>280.3</b>	<b>1 354.1</b>	<b>1 817.2</b>	<b>2 421.0</b>	<b>2 536.8</b>

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

**1.4****ASSETS AND LIABILITIES, Management units(a) *continued***

	NT		ACT		AUST.	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Assets</b>						
Current assets						
Closing inventories	15.7	12.2	7.3	6.9	695.9	664.2
Other current assets	90.1	98.0	98.4	203.8	7 336.3	7 827.1
Non-current assets	946.0	820.6	1 328.8	729.9	75 476.8	77 550.8
<b>Total</b>	<b>1 051.8</b>	<b>930.8</b>	<b>1 434.5</b>	<b>940.6</b>	<b>83 509.1</b>	<b>86 042.0</b>
<b>Liabilities</b>						
Current liabilities	129.6	91.6	101.2	147.0	10 076.1	11 482.5
Non-current liabilities	340.0	236.2	442.0	12.0	43 059.2	47 743.0
<b>Total</b>	<b>469.5</b>	<b>327.8</b>	<b>543.2</b>	<b>159.0</b>	<b>53 135.3</b>	<b>59 225.5</b>
<b>Net worth</b>	<b>582.2</b>	<b>602.9</b>	<b>891.2</b>	<b>781.6</b>	<b>30 373.5</b>	<b>26 816.4</b>

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.



**1.5**

## CAPITAL EXPENDITURE(a), Management units(b)

	NSW		VIC.		QLD	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Capital expenditure on</b>						
Land	8.4	11.5	12.4	69.0	45.5	46.1
Dwellings, other buildings and structures	462.7	283.0	209.8	226.4	608.0	985.1
Plant, machinery and equipment	435.0	525.0	322.7	223.8	760.1	407.8
<i>Total acquisitions</i>	906.0	819.5	544.9	519.2	1 413.6	1 439.0
<b>Disposal of assets</b>	91.0	41.4	8.0	66.4	21.1	35.5
<b>Net capital expenditure</b>	<b>815.0</b>	<b>778.2</b>	<b>536.9</b>	<b>452.7</b>	<b>1 392.6</b>	<b>1 403.5</b>

(a) Includes capital work done for own use.

(b) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

**1.5**CAPITAL EXPENDITURE(a), Management units(b) *continued*

	SA		WA		TAS.	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Capital expenditure on</b>						
Land	0.5	1.0	4.6	1.6	—	0.1
Dwellings, other buildings and structures	133.2	12.8	42.4	0.3	49.8	26.9
Plant, machinery and equipment	203.5	305.5	283.2	222.6	67.8	65.6
<i>Total acquisitions</i>	337.3	319.4	330.2	224.6	117.6	92.6
<b>Disposal of assets</b>	2.9	2.5	262.3	8.4	7.4	3.7
<b>Net capital expenditure</b>	<b>334.4</b>	<b>316.9</b>	<b>67.8</b>	<b>216.2</b>	<b>110.2</b>	<b>88.9</b>

— nil or rounded to zero (including null cells)

(a) Includes capital work done for own use.

(b) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

**1.5**CAPITAL EXPENDITURE (a), Management units (b) *continued*

	NT		ACT		AUST.	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Capital expenditure on</b>						
Land	0.2	0.1	—	—	71.6	129.4
Dwellings, other buildings and structures	—	0.5	28.9	26.0	1 534.8	1 561.0
Plant, machinery and equipment	62.9	81.8	12.4	5.5	2 147.6	1 837.6
<i>Total acquisitions</i>	63.0	82.3	41.3	31.4	3 753.9	3 528.0
<b>Disposal of assets</b>	0.2	1.4	0.1	0.1	393.0	159.4
<b>Net capital expenditure</b>	<b>62.9</b>	<b>80.9</b>	<b>41.2</b>	<b>31.3</b>	<b>3 361.0</b>	<b>3 368.6</b>

— nil or rounded to zero (including null cells)

(a) Includes capital work done for own use.

(b) See Explanatory Notes, 'Statistical units', paragraphs 9–11.

**1.6**

## SELECTED PERFORMANCE MEASURES, Management units (a)(b)

	NSW		VIC.		QLD	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
	<b>Turnover</b>					
Asset turnover ( <i>times</i> )	0.4	0.4	0.2	0.2	0.4	0.3
<b>Profitability</b>						
Trading profit margin (%)	39.1	39.3	37.0	38.2	29.4	30.3
Return on funds (%)	9.9	9.0	5.6	6.0	8.1	7.2
Return on assets (%)	5.9	4.6	0.8	0.1	4.9	4.2
<b>Liquidity</b>						
Liquidity ratio ( <i>times</i> )	0.8	0.7	0.6	0.4	1.1	1.3
Current ratio ( <i>times</i> )	0.9	0.7	0.6	0.4	1.2	1.4
<b>Debt</b>						
Interest coverage ( <i>times</i> )	3.4	2.5	1.2	1.0	3.1	2.8
Debt to assets (%)	47.6	56.9	74.4	75.6	59.0	75.5
<b>Capital expenditure</b>						
Acquisitions to disposals ratio ( <i>times</i> )	10.0	19.8	68.0	7.8	67.1	40.5
Net capital expenditure to assets (%)	4.1	3.6	1.7	1.6	9.3	7.8

(a) See Explanatory Notes, 'Statistical units', paragraphs 9–11.

(b) For 'labour ratios' see table 1.1.

**1.6**SELECTED PERFORMANCE MEASURES, Management units(a)(b) *continued* .....

	SA.....		WA.....		TAS.....	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
<b>Turnover</b>						
Asset turnover ( <i>times</i> )	0.4	0.4	0.4	0.3	0.2	0.2
<b>Profitability</b>						
Trading profit margin (%)	29.3	31.3	52.6	55.8	46.6	46.3
Return on funds (%)	8.1	7.4	13.1	12.9	5.4	5.6
Return on assets (%)	3.8	-0.1	7.2	8.6	1.9	2.5
<b>Liquidity</b>						
Liquidity ratio ( <i>times</i> )	1.0	1.0	0.4	0.9	0.4	0.4
Current ratio ( <i>times</i> )	1.1	1.1	0.5	1.3	0.4	0.4
<b>Debt</b>						
Interest coverage ( <i>times</i> )	2.0	1.0	2.8	3.5	1.6	2.0
Debt to assets (%)	88.4	95.5	71.3	62.1	45.7	44.7
<b>Capital expenditure</b>						
Acquisitions to disposals ratio ( <i>times</i> )	117.7	127.8	1.3	26.7	15.9	25.0
Net capital expenditure to assets (%)	5.6	5.0	1.4	4.5	2.5	1.9

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

(b) For 'labour ratios' see table 1.1.

**1.6**SELECTED PERFORMANCE MEASURES, Management units(a)(b) *continued* .....

	NT.....		ACT.....		AUST.....	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
<b>Turnover</b>						
Asset turnover ( <i>times</i> )	0.3	0.3	0.2	0.4	0.3	0.3
<b>Profitability</b>						
Trading profit margin (%)	17.0	21.2	49.1	22.8	36.3	37.0
Return on funds (%)	7.0	8.4	6.4	6.4	7.6	7.5
Return on assets (%)	3.0	4.3	4.8	5.4	3.5	2.8
<b>Liquidity</b>						
Liquidity ratio ( <i>times</i> )	0.7	1.1	1.0	1.4	0.7	0.7
Current ratio ( <i>times</i> )	0.8	1.2	1.0	1.4	0.8	0.7
<b>Debt</b>						
Interest coverage ( <i>times</i> )	1.9	2.3	5.2	—	2.1	1.7
Debt to assets (%)	44.6	35.2	37.9	16.9	63.6	68.8
<b>Capital expenditure</b>						
Acquisitions to disposals ratio ( <i>times</i> )	370.8	58.8	607.0	314.0	9.6	22.1
Net capital expenditure to assets (%)	6.0	8.7	2.9	3.3	4.0	3.9

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

(b) For 'labour ratios' see table 1.1.

INTRODUCTION

Statistics about the gas industry are presented in this section. The comparability of gas industry statistics over time has been affected by the restructuring of this industry over recent years. In general, gross performance measures such as sales, turnover and total expenses have been affected much more than net performance measures such as value added or profits. Special articles discussing issues associated with the reform process and the effect on statistical series appeared in the 1997–98 and 1999–2000 issues of *Electricity, Gas, Water and Sewerage Industries, Australia* (cat. no. 8208.0).

MANAGEMENT UNIT  
PERFORMANCE  
MEASURES

The current environment within the gas industry reflects the results of several years of restructuring beginning in the early 1990s. The formation of separate businesses to undertake transmission, distribution and other activities to replace vertically integrated businesses has resulted in the recording of transactions between transmitters, distributors and other specialist businesses. Such transactions were not recorded in the vertically integrated businesses. The effect on the statistics has been to substantially increase the value of ‘gross’ variables such as turnover and total expenses (and their component items) but to have a much lesser effect on ‘net’ variables such as industry value added (IVA), operating profit before tax (OPBT) and earnings before interest and tax (EBIT). In general, changes to these net variables reflect improved efficiencies in the industry rather than changed industry structures.

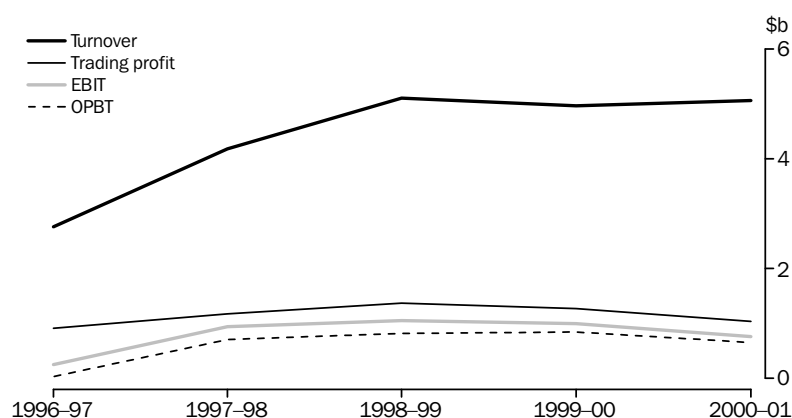
Analysis of selected variables from 1996–97 to 2000–01 highlights the effects of restructuring. Initially as state-owned utilities were sold off, and new gas suppliers entered the market, the increased separation of distribution, transmission and retail sales activities resulted in turnover increasing significantly. This was primarily because each of these units was now selling gas or earning service income or transmission income. Previously, the costs of transmission and distribution were internal costs borne by state-owned public utilities. Over time units have gradually rationalised their operations. This has resulted in several businesses widening their networks through corporate takeovers, while a number of individual companies have restructured their operations to the point where activities not previously undertaken by gas businesses are now being included, as well as activities previously undertaken by gas businesses now being undertaken by non-gas businesses.

The flattening out of the indicators in 2000–01 is partially attributable to business units that were previously part of the gas industry moving to industries out of scope of this collection including some to the electricity industry as a result of company takeovers and restructuring.

MANAGEMENT UNIT  
PERFORMANCE  
MEASURES *continued*

The following graph shows changes in selected variables over the period 1996–97 to 2000–01 and in particular the initial substantial increases in turnover and to a lesser extent EBIT and OPBT. While the graph includes the effects of businesses incorporating non-gas activities into their operations, the primary changes are due to the disaggregation of functions across the industry. The lower EBIT and OPBT in 1996–97 was because of a one-off payment by the then Gas and Fuel Corporation of Victoria, as a settlement of a dispute with Bass Strait producers Esso/BHPP over Petroleum Resource Rent Tax.

SELECTED INDICATORS



The number of management units in the gas supply industry increased from 15 in 1999–2000 to 19 in 2000–01.

SUMMARY OF OPERATIONS

	1998-99	1999-00	2000-01
Management units at 30 June (no.)	18	15	19
Employment at 30 June (no.)	3 073	2 877	2 710
Wages and salaries (\$m)	182.5	151.4	164.3
Sales of goods and services (\$m)	5 030.6	4 886.4	5 003.2
Turnover (\$m)	5 105.5	4 965.3	5 066.6
Industry value added (\$m)	1 404.1	1 304.1	1 047.4
Net capital expenditure (\$m)	159.7	173.2	102.2

*Employment, wages and salaries*

Employment decreased by 167 persons (6%) to 2,710 persons in 2000–01. This decrease was principally caused by internal restructuring of businesses. Wages and salaries however, increased by \$13m (9%) to \$164m in 2000–01.

*Income and expenditure*

In 2000–01 sales of goods and services in the gas supply industry rose slightly by \$117m (2%) from \$4.9b to \$5.0b. Restructuring has resulted in an increase in some expense items. Purchases increased by \$283m (16%) to \$2.1b while payments for contract, subcontract and commission expenses increased by \$59m (10%) to \$665m in 2000–01.

*Income and expenditure  
continued*

The effects of the structural changes, particularly as they relate to the movement of business units between sectors has had a dampening effect on several of the selected indicators. Trading profit decreased by \$244m (19%) to \$1.0b while EBIT decreased by \$230m (23%) to \$771m in 2000–01. OPBT decreased by \$187m (22%) to \$656m.

*Assets and liabilities*

Restructuring continues to cause changes to the levels of industry assets and liabilities because of variations in the way assets have been valued, changes to the level of business liability and the sales of a number of assets. Furthermore, new businesses entering the Australian gas supply industry are including their own assets and liabilities which has contributed to fluctuations in both items. The inclusion of activity that was previously classified to wholesaling has also affected the level of assets and liabilities. In addition several business units have been taken over by businesses that are classified to other industries, notably electricity. This has resulted in the assets and liabilities for these gas businesses now being included within the management unit details for the electricity industry.

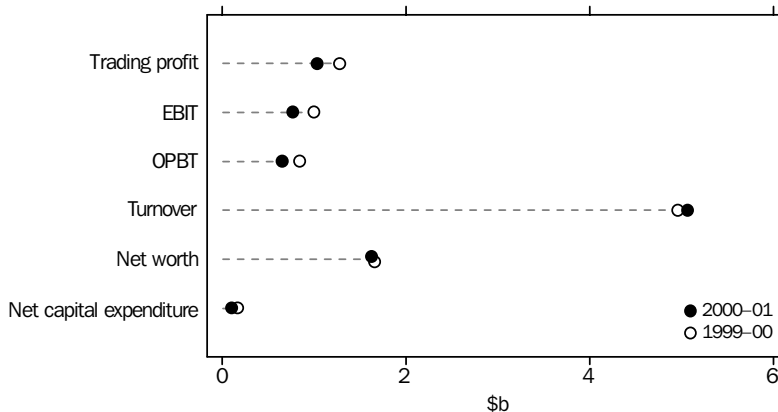
In 2000–01 the value of current assets decreased by \$199m (16%) to \$1.0b while current liabilities decreased by \$58m (4%) to \$1.6b. Non-current assets decreased by \$1.3b (28%) to \$3.4b. Non-current liabilities decreased by \$1.4b (53%) to \$1.2b in 2000–01. As a result, net worth remained steady at \$1.6b during the reference period.

*Net capital expenditure*

In 2000–01 net capital expenditure decreased by \$71m (41%) to \$102m. The main reason for this was the movement of units to industries out of the scope of the collection.

Capital expenditure on plant, machinery and equipment increased by \$7m (8%) to \$90m. Capital expenditure on dwellings, buildings and other structures fell by \$82m (90%) to \$9m in 2000–01.

SELECTED INDICATORS



*Performance measures*

Selected performance measures are presented below. However, readers should note that restructuring would have affected these measures and that some caution is required when using them (see paragraphs 14–20 of the Explanatory Notes).

*Performance measures  
continued*

Some of the main features for performance measures in the gas industry in 2000–01 were:

- trading profit margin 20.7% (26.2% in 1999–2000);
- return on funds 26.9% (23.2% in 1999–2000);
- liquidity ratio 0.6 (0.7 times in 1999–2000);
- debts to assets 63.5% (72.2% in 1999–2000); and
- acquisitions to disposals 32.9 times (124.7 times in 1999–2000).

## 2.1 EMPLOYMENT AND LABOUR RATIOS, Management units(a)—At 30 June .....

	1999-00	2000-01
Management units ( <i>no.</i> )	15	19
Employment ( <i>no.</i> )	2 877	2 710
Persons employed per management unit ( <i>no.</i> )	191.8	142.6
Labour ratios		
Profit to employment (\$'000/ <i>employee</i> )	293.2	242.2
Industry value added		
To employment (\$'000/ <i>employee</i> )	453.3	386.5
To selected labour costs ( <i>times</i> )	8.3	6.0
Selected labour costs		
To employment (\$'000/ <i>employee</i> )	54.7	64.7

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.



**2.2**

## INCOME AND EXPENDITURE, Management units(a) .....

	1999-00	2000-01
	\$m	\$m
Sales of goods and services(b)	4 886.4	5 003.2
Less		
Purchases of goods and materials	1 783.8	2 066.9
Rent, leasing and hiring expenses	37.3	12.7
Freight and cartage expenses	1 017.6	1 030.5
Motor vehicle expenses	6.2	11.6
Repair and maintenance expenses	7.7	11.2
Payment for contract, subcontract and commission work	605.9	665.0
Other selected expenses	224.4	212.6
<i>Purchases and selected expenses</i>	<i>3 683.0</i>	<i>4 010.6</i>
Plus		
Opening inventories	41.4	52.1
Less		
Closing inventories	46.6	31.3
<i>Cost of sales</i>	<i>3 677.8</i>	<i>4 031.4</i>
Plus		
Capitalised purchases	69.7	62.4
<b>Trading profit</b>	<b>1 278.3</b>	<b>1 034.3</b>
Plus		
Government subsidies	4.9	0.3
Interest income	11.0	13.9
Other income	29.7	33.9
Less		
Wages and salaries	151.4	164.3
Superannuation	4.8	9.8
Workers compensation	1.3	1.2
<i>Selected labour costs</i>	<i>157.4</i>	<i>175.4</i>
Less		
Depreciation	151.1	120.6
Insurance premiums	4.7	2.9
Royalties expenses	—	—
Bad debts	13.9	12.9
Plus		
Capitalised wages	4.3	0.7
<b>Earnings before interest and tax</b>	<b>1 001.0</b>	<b>771.3</b>
Less		
Interest expenses	157.4	114.9
<b>Operating profit before tax</b>	<b>843.6</b>	<b>656.4</b>

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

(b) Includes rent, leasing and hiring income.

**2.3**

## INDUSTRY VALUE ADDED, Management units(a) .....

	1999-00	2000-01
	\$m	\$m
.....		
Sales of goods and services(b)	4 886.4	5 003.2
Government subsidies	4.9	0.3
Capital work done for own use	74.0	63.1
<b>Turnover</b>	<b>4 965.3</b>	<b>5 066.6</b>
Plus		
Closing inventories	46.6	31.3
Less		
Opening inventories	41.4	52.1
Less		
Capitalised purchases	69.7	62.4
Less		
Intermediate input expenses	3 596.6	3 936.0
<b>Industry value added</b>	<b>1 304.1</b>	<b>1 047.4</b>

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

(b) Includes rent, leasing and hiring income.

**2.4**

## ASSETS AND LIABILITIES, Management units(a) .....

	1999-00	2000-01
	\$m	\$m
.....		
<b>Assets</b>		
Current assets		
Closing inventories	46.6	31.3
Other current assets	1 182.0	998.2
Non-current assets	4 726.3	3 424.4
<b>Total</b>	<b>5 954.8</b>	<b>4 453.8</b>
<b>Liabilities</b>		
Current liabilities	1 646.2	1 588.5
Non-current liabilities	2 651.1	1 237.7
<b>Total</b>	<b>4 297.2</b>	<b>2 826.3</b>
<b>Net worth</b>	<b>1 657.6</b>	<b>1 627.6</b>

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

## 2.5 CAPITAL EXPENDITURE(a), Management units(b) .....

	1999-00	2000-01
	\$m	\$m
<b>Capital expenditure on</b>		
Land	0.1	6.1
Dwellings, other buildings and structures	91.1	9.0
Plant, machinery and equipment	83.3	90.2
<i>Total acquisitions</i>	174.6	105.4
<b>Disposal of assets</b>	1.4	3.2
<b>Net capital expenditure</b>	<b>173.2</b>	<b>102.2</b>

(a) Includes capital work done for own use.

(b) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

## 2.6 SELECTED PERFORMANCE MEASURES, Management units(a)(b) .....

	1999-00	2000-01
<b>Turnover</b>		
Asset turnover ( <i>times</i> )	0.8	1.1
<b>Profitability</b>		
Trading profit margin (%)	26.2	20.7
Return on funds (%)	23.2	26.9
Return on assets (%)	14.2	14.7
<b>Liquidity</b>		
Liquidity ratio ( <i>times</i> )	0.7	0.6
Current ratio ( <i>times</i> )	0.7	0.6
<b>Debt</b>		
Interest coverage ( <i>times</i> )	6.4	6.7
Debt to assets (%)	72.2	63.5
<b>Capital expenditure</b>		
Acquisitions to disposals ratio ( <i>times</i> )	124.7	32.9
Net capital expenditure to assets (%)	2.9	2.3

(a) See Explanatory Notes, 'Statistical units', paragraphs 9-11.

(b) For 'labour ratios' see table 2.1.

## INTRODUCTION

This section of the publication presents statistics about the water and sewerage industry. Both private and government units are included in the population of the survey.

In a manner similar to the electricity and gas industries, the water and sewerage industries continue to experience the effects of reform. A special article discussing issues associated with the reform process appeared in the 1997–98 issue of *Electricity, Gas, Water and Sewerage Industries, Australia* (cat. no. 8208.0).

MANAGEMENT UNIT  
PERFORMANCE  
MEASURES

This chapter presents management unit data for the water supply and sewerage and drainage services industries.

*Employment, wages and salaries*

Employment and wages and salaries continue to be affected by the changes caused by industry restructuring. Employment increased by 1,252 (7%) to 18,180 persons at 30 June 2001. Wages and salaries paid increased by \$9m (1%) to \$828m in 2000–01. Selected labour costs which includes wages and salaries, superannuation and worker's compensation were \$952m in this period, an increase of \$50m (6%).

*Income and expenditure*

Turnover in 2000–01 increased by 11% to \$7.4b, with sales of goods and services accounting for \$6.6b. This increase can be attributed to increased water usage sales reflecting the drier weather as well as increases in service charges. Trading profit was \$3.6b, an increase of 6% from 1999–2000 with the value of purchases and selected expenses being \$3.3b. Earnings before interest and tax was \$2.7b, 1.7% higher than in 1999–2000 while operating profit before tax was \$2.0b, an increase of 4.7%. Industry value added was \$4.2b for the reference period. This was an increase of 6% on 1999–2000.

*Assets and liabilities*

The total value of assets in the water and sewerage industries remained steady at \$60.5b in 2000–01. The total value of liabilities decreased by 11% to \$12.5b. This resulted in a 3% increase in total net worth, to \$48.1b in 2000–01.

*Net capital expenditure*

The value of acquisitions of assets in 2000–01 was \$1.5b, a decrease of 25% from the previous year's figure of \$2.0b. Net capital expenditure for the reference period decreased by 25% to \$1.4b.

**3.1** EMPLOYMENT, Management units(a)—At 30 June .....

	1999-00	2000-01
Management units ( <i>no.</i> )	429	457
Employment ( <i>no.</i> )	16 928	18 180
Wages and salaries (\$ <i>m</i> )	819.1	827.7

(a) See Explanatory Notes, 'Statistical units', paragraphs 9–11.

**3.2** SUMMARY OF FINANCIAL DETAILS, Management units(a) .....

	1999-00	2000-01
	\$m	\$m
<b>Income and expenditure</b>		
Sales of goods and services	6 001.3	6 563.6
Purchases and selected expenses	2 838.7	3 297.3
Trading profit	3 386.8	3 604.9
Selected labour costs	901.6	951.5
Earnings before interest and tax	2 648.8	2 693.8
Operating profit before tax	1 877.9	1 966.6
Turnover	6 716.3	7 422.0
Industry value added	3 977.5	4 217.6
<b>Assets and liabilities</b>		
Total assets	60 572.8	60 522.8
Total liabilities	14 016.5	12 466.1
<i>Net worth</i>	46 556.4	48 056.7
<b>Capital expenditure</b>		
Total acquisitions	1 964.8	1 482.2
Net capital expenditure	1 893.1	1 411.7

(a) See Explanatory Notes, 'Statistical units', paragraphs 9–11.

## EXPLANATORY NOTES .....

### INTRODUCTION

**1** The range of financial statistics appearing in this publication have been derived from the 2000–01 Economic Activity Survey. This collection aims to meet the demands of users who require annual financial statistics which can be related to industry in Australia on a consistent basis.

**2** The collection of electricity, gas, water and sewerage data is conducted as a component of the Economic Activity Survey. Data from each industry in this Survey conform to the same basic conceptual standards, allowing comparative analysis between different industries.

**3** The data for 1999–2000 are now final and replace those previously issued in the 1999–2000 issue of *Electricity, Gas, Water and Sewerage Industries, Australia* (cat. no. 8208.0) released on 28 August 2001.

### SCOPE

**4** The 1993 edition of the *Australian and New Zealand Standard Industrial Classification (ANZSIC)* (cat. no. 1292.0) has been used to classify management units (businesses) included in the Economic Activity Survey.

**5** The Electricity and Gas Operations Collection covers those management units (businesses) mainly engaged in the generation, transmission or distribution of electricity (ANZSIC Class 3610); and the manufacture of town gas from coal and/or petroleum, or the mains distribution of town gas, natural gas or liquefied petroleum gas (ANZSIC Class 3620). Note that management units mainly engaged in the distribution of liquefied petroleum gas in bulk or in containers are classified to petroleum product wholesaling (ANZSIC Class 4521) and are not included. The Water and Sewerage Operations Collection covers those management units mainly engaged in the storage, purification or supply of water, or the operation of sewerage or drainage systems, including sewage treatment plants (ANZSIC Class 3701 Water supply, and Class 3702 Sewerage and drainage services).

**6** Electricity generation is sometimes undertaken within a location mainly engaged in other activities (e.g. a manufacturing establishment) solely, or in part, to provide power for those activities. Statistics relating to electricity generation in this situation are not treated as part of the electricity industry and therefore are not included in this publication.

**7** Prior to recent industry reforms, the electricity industry was largely vertically integrated, i.e. the activities of generation, transmission and distribution of electricity were conducted within a single management unit. With restructuring following the industry reforms, these activities are more often conducted by separate management units. This has resulted in increases to some data items, e.g. the sale of electricity may be recorded by both generator and distributor.

**8** The gas industry has also recently undergone industry reforms leading to restructuring and privatisation. In a similar fashion to the electricity industry the activities of transmission, distribution and other activities (e.g. retailing) are now being carried out by separate management units. This has resulted in increases to some data items, e.g. sale of gas may be recorded by both distributors and retailers.

## STATISTICAL UNITS

**9** The basic unit for which statistics are reported in the Economic Activity Survey is the management unit.

**10** The management unit is the highest-level unit within a business, having regard to industry homogeneity requirements, 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 management unit is recognised where separate and comprehensive accounts are compiled for it.

**11** This publication presents industry statistics which are compiled differently from activity statistics. Each management unit is classified to a single industry irrespective of any diversity of activities undertaken. The industry allocated is the one which provides the main source of income. This means that a management unit which derives most of its income from electricity generation activities would have all operations included in the aggregates and ratios for the electricity industry group, even if significant secondary activities (e.g. water supply, coal mining, retailing) were undertaken. For example, the water and sewerage data collected for the Australian Capital Territory and the Northern Territory excludes their major water supply companies, since at the management unit level they are classified as part of the electricity industry.

## REFERENCE PERIOD

**12** The period covered by the collection is in general the 12 months ended 30 June. Where businesses are unable to supply information on this basis, the substitute accounting period is used for data other than that relating to employment.

## COMPARABILITY WITH PREVIOUS STATISTICS

**13** Commencing with estimates for 1997–98, under new international standards, contribution to gross domestic product (GDP) by electricity, gas, water and sewerage industries will be measured by the variable ‘industry value added’ (IVA). Estimates for IVA measure the value added by an industry to the intermediate inputs used by that industry. Under the previous standards, the corresponding contribution to GDP was measured by the variable ‘industry gross product’ (IGP) at the management unit level. An explanation of the relationship between IVA estimates and IGP estimates can be found in the Glossary.

## INDUSTRY PERFORMANCE RATIOS

**14** A range of performance measures, usually referred to as ‘ratios’, can be produced from the data available from profit and loss statements and balance sheets of businesses. This publication presents only a selection of these for the electricity and gas industries. While these are a very useful way of presenting summaries of performance, users of these statistics should note the limitations referred to below before making any judgments based on these results. Comment from analysts on the need for, and use of, these or other measures would be welcomed by the Australian Bureau of Statistics.

**15** Users should take particular note of the following limitations in respect of the ratios presented in this publication.

**16** The usefulness of the ratios for analytical purposes depends on how they are calculated. Comparison between industries on a total industry basis may be best served by the estimates presented herein, i.e. based on industry estimates for numerators and denominators. Users should be aware that assessment of individual business performance based on comparisons with industry estimates may be misleading for other reasons. There may be circumstances peculiar to the business in question which should be taken into account. For example, is it undertaking a program of expansion, contraction, diversification or amalgamation

## INDUSTRY PERFORMANCE

RATIOS *continued*

during the period under review? Analysis of movements in performance indicators of the business and industry over a number of years would be more appropriate.

**17** Differences in accounting policy and practices across businesses and industries and changes over time lead to some inconsistencies in the data input to these estimates. While much of the accounting process is subject to standards, there is still a great deal of flexibility left to managers 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 decide to consolidate their accounts may affect the quality of the ratios calculated. In general, the effect of consolidation is to 'net out' some of the transactions between related business units and this may distort some ratios.

**18** Finally, use of a single ratio in any analysis is to be avoided because it could be misleading. Often the interpretation of one ratio is influenced by the value of others. The above limitations are not meant to imply that analysis based on ratios should be avoided. However, they should be borne in mind when making any commentary or decisions based on these types of statistics.

**19** The ratios presented in this publication are categorised as follows:

- turnover ratios indicate the efficiency of selling activities (including the sale of services as well as goods);
- profitability ratios measure rates of profit on sales, funds and assets;
- liquidity ratios measure the ability of businesses to meet short-term financial obligations, i.e. how quickly can it convert selected assets into cash;
- debt ratios indicate the extent to which debt is used as an alternative to financing through equity and the ability of businesses to meet the cost of such financing;
- labour ratios measure the relative profitability and costs of labour; and
- capital expenditure ratios indicate the ability and extent to which businesses invest in capital assets.

**20** A further explanation of each ratio can be found in the Glossary.

## RELIABILITY OF ESTIMATES

**21** Data presented in this publication for ANZSIC Division D, Subdivision 37 (Water Supply, Sewerage and Drainage Services) are based on information collected from a sample of businesses and are, therefore, subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all businesses in the population. 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 the data were obtained from only a sample of units. There are about 2 chances in 3 that a sample estimate will differ by less than one SE from the figure that would have been obtained if the data had been obtained from all units, and about 19 chances in 20 that the difference will be less than 2 SEs.

**22** The imprecision due to sampling variability, which is measured by the SE, should not be confused with inaccuracies that may occur because of inadequacies in available sources from which the population frame was compiled, imperfections in reporting from providers, errors made in collection such as recording and coding data, and errors made in processing data. Inaccuracies of this kind are referred to collectively as non-sampling error and they may occur in any enumeration, whether it be a census or a sample survey. Every effort is made



## RELIABILITY OF ESTIMATES

*continued*

to reduce non-sampling error to a minimum by careful design of questionnaires, editing processes, and efficient operating procedures.

## GENERAL ACKNOWLEDGMENT

**23** ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is 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*.

## EXTERNAL SOURCES

**24** There are a number of external organisations that collect and present data about their respective industries. Should the user require further details it is recommended that the organisation should be contacted directly. Users may contact them at the following addresses

- Electricity Supply Association of Australia  
Level 11, 74 Castlereagh Street, Sydney, NSW 2000  
telephone 02 9233 7222  
facsimile 02 9233 7244  
web site <<http://www.esaa.com.au>>
- Australian Gas Association  
Level 3, 7–9 Moore Street, Canberra, ACT 2601  
telephone 02 6247 3955  
facsimile 02 6249 7402  
web site <<http://www.gas.asn.au>>
- Australian Waste Water Association  
PO Box 388, Artarmon, NSW 1570  
telephone 02 9413 1288  
web site <<http://www.awa.asn.au>>
- Water Services Association of Australia  
Level 7, 469 Latrobe Street, Melbourne, Vic. 3000  
telephone 03 9606 0678  
facsimile 03 9606 0376  
web site <<http://www.wsaa.asn.au>>
- Productivity Commission  
PO Box 80, Belconnen, ACT 2616  
telephone 02 6240 3251  
facsimile 02 6240 3399  
web site <<http://www.pc.gov.au>>

**25** The following publications provide key data for the electricity, gas and urban water supply industries in Australia:

Electricity Supply Association of Australia, 2001, *Electricity Australia* (annual), ESAA, Sydney

Australian Gas Association, *Gas Statistics, Australia* (annual), AGA, Canberra

Water Services Association of Australia, *Australia's Urban Water Industry: WSA Facts*, WSA, Melbourne

## RELATED PUBLICATIONS

**26** Preliminary data on electricity and gas supply, and water and sewerage operations are published in the *Business Operations and Industry Performance, Australia, Preliminary* (cat. no. 8142.0). Users may also wish to refer to the following publications:

*Australians and the Environment* (cat. no. 4601.0) contains information on renewable energy, stormwater and sewage, and greenhouse gas emissions.

*Australia's Environment: Issues and Facts* (cat. no. 4140.0) includes sections on greenhouse gas emission controls, sources and occurrences as well as Australia's natural resources, water and energy.

*Australia's Environment* (cat. no. 4613.0) presents a broad selection of environmental statistics and information which illustrate topical environmental issues. Themes include land use; energy use; marine and freshwater systems; waste and pollution.

*Business Operations and Industry Performance, Australia* (cat. no. 8140.0)

*Directory of Electricity, Gas, Water and Sewerage Statistics* (cat. no. 1140.0)

*Electricity, Gas, Water and Sewerage Industries, Australia* (cat. no. 8208.0)

*Energy Accounts for Australia* (cat. no. 4604.0)

*Environment Protection Expenditure, Australia* (cat. no. 4603.0)

*Environmental Issues: People's Views and Practices* (cat. no. 4602.0)

includes data on household water conservation practices.

*Household Expenditure Survey, Australia: Summary of Results*

(cat. no. 6530.0) includes expenditure on fuel and power, and on water and sewerage rates.

*Manufacturing Industry, Australia* (cat. no. 8221.0)

*Manufacturing Production, Australia* (cat. no. 8301.0) (quarterly) which includes details of the production (quantity) of important manufactured commodities (including electricity and gas)—issued approximately four weeks after the month to which it relates.

*Sales of Goods and Services by Businesses Involved in Water Related Activity in South Australia* (cat. no. 1352.4).

**27** Current publications and other products released by the ABS are listed in the *Catalogue of Publications and Products* (cat. no. 1101.0). The Catalogue is available from any ABS office or the ABS web site <<http://www.abs.gov.au>>. The ABS also issues a daily Release Advice on the web site which details products to be released in the week ahead.

## ABS DATA AVAILABLE ON REQUEST

**28** As well as the statistics included in this and related publications, the ABS may have other relevant data available on request. Such data is available subject to it satisfying quality and confidentiality guidelines.

**29** Inquiries should be made to the ABS National Information and Referral Service on 1300 135 070.

## ROUNDING

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

## ABBREVIATIONS .....

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
EBIT	earnings before interest and tax
IGP	industry gross product
IVA	industry value added
NEM	National Electricity Market
n.e.c.	not elsewhere classified
OPBT	operating profit before tax
SE	standard error
\$b	billion (thousand million) dollars
\$m	million dollars
ACT	Australian Capital Territory
Aust.	Australia
NSW	New South Wales
NT	Northern Territory
Qld	Queensland
SA	South Australia
Tas.	Tasmania
Vic.	Victoria
WA	Western Australia
ESAA	Electricity Supply Association of Australia
GDP	gross domestic product
TNTS	The New Tax System

2000-01 SURVEY CHANGES

From 2000-01, this publication, *Electricity, Gas, Water and Sewerage Operations, Australia*, will only present electricity, gas, water and sewerage industries data based on information collected solely from businesses (i.e. management units) classified to these industries. Prior to 2000-01, data were presented on both management units and establishments for the electricity and gas industries, and on management units for the water and sewerage industry. This reflects the change in scope of the Economic Activity Survey underpinning this publication. From 2000-01, data are no longer collected from establishments in the electricity and gas industries.

It should be noted that the activity levels reflected by the statistics for management units are quite similar to the activity levels reflected by the statistics for establishments. Where differences do occur, it will generally be because the management unit statistics exclude electricity or gas supply establishments operated by management units which are classified to other industries, or include establishments classified to other industries.

These differences vary between items. They range from 1% to 8% in 1999-2000.

SURVEY CHANGES FROM 2001-02

In April 2000, the ABS released an information paper, *ABS Statistics and the New Tax System (TNTS)* (cat. no. 1358.0). The paper foreshadowed changes which would occur during 2002 to the infrastructure used by the ABS to support compilation of ABS economic statistical series. Most of the changes directly impact on the ABS Business Register which contains a list of businesses from which samples are selected to collect data for the economic series. The series will be impacted by the changes in the following ways:

- the population of businesses that are considered to be employing based on taxation information, has changed as a result of TNTS;
- the statistical units model, that is, the way in which business structures are represented on the ABS Business Register, is being more closely aligned with taxation reporting requirements;
- the ATO has classified some businesses differently from the ABS, for example to different industries; and
- different measures of business size are available.

Another information paper, *Improvements in ABS Economic Statistics (Arising from the New Tax System)* (cat. no. 1372.0) was released on 6 May 2002. This paper describes the changes in more detail and their treatment in the statistical series. It is available on the ABS web site <<http://www.abs.gov.au>> under Products and Services.

The Economic Activity Survey, including the electricity, gas, water and sewerage operations component, is one of the statistical series affected by these changes. From the 2001-02 collection, this survey will be producing estimates on this new basis.

.....

SURVEY CHANGES FROM  
2001-02 *continued*

In the next publication, *Electricity, Gas, Water and Sewerage Operations, Australia*, estimates for 2001-02 will be compiled on the new basis. To facilitate comparisons over time, this publication will also include estimates for 2000-01 for indicative variables on the new basis as well as on the old basis. Financial data by state and territory will be provided for a select number of key variables.

## GLOSSARY .....

As the data presented in this publication have been compiled from the standard financial accounts of businesses, the definition of each reported item aligns closely with that adopted in standard business accounting practice. Where appropriate, some of the new international standards presented in the System of National Accounts 1993 have been applied. In those instances where more than one standard or definition is available, the following paragraphs indicate which one has been chosen.

<b>Acquisitions to disposals</b>	The number of times that dollars spent on acquiring assets exceed dollars received for disposal of assets, i.e. Total acquisitions/Total disposals.
<b>Asset turnover ratio</b>	A measure of the number of times the value of sales exceeds the value of assets, i.e. Sales of goods and services/Total assets.
<b>Bad debts</b>	Represents the amount of bad debts written-off, net of bad debts previously written-off but recovered.
<b>Capital expenditure</b>	Includes all capitalised costs and progress payments made to contractors for capital work on land, dwellings, buildings and structures, and plant, machinery and equipment (both new and second-hand).
<b>Capitalised purchases</b>	Goods drawn from inventories for use as fixed tangible assets in capital work done for own use.
<b>Capitalised wages</b>	Capitalised payments for work done by own employees in manufacturing, constructing or installing assets.
<b>Capital work done for own use</b>	Capitalised work done by the employees or proprietors of a business for use by the business or for rental or lease to other businesses. The main types of work are manufacturing, constructing, installing or repairing assets and development of computer software.  According to international standards, this item should also include own account production of literary, entertainment or artistic originals. However, these activities are relatively unimportant for the electricity, gas, water and sewerage industries and have not been measured.
<b>Cost of sales</b>	The sum of purchases, selected expenses and opening inventories minus closing inventories.
<b>Current assets</b>	Refers to the value of closing trading inventory (i.e. at the end of the financial year) plus the value of other current assets such as cash, short-term deposits, prepayments and short-term loans to employees.
<b>Current liabilities</b>	The book value of current liabilities at the end of the financial year. This includes provisions for taxation, leave, claims, trade creditors and other accounts payable and bank overdrafts.
<b>Current ratio</b>	The number of times current assets exceed current liabilities, i.e. Current assets/Current liabilities.
<b>Debt to assets</b>	The percentage of assets financed by debt instead of equity, i.e. (Total liabilities/Total assets) x 100.
<b>Depreciation</b>	Includes depreciation allowed on buildings and other fixed tangible assets.

<b>Disposal of assets</b>	Includes the proceeds from the sale of land, dwellings, buildings, plant, machinery and equipment.											
<b>Earnings before interest and tax (EBIT)</b>	A measure of profit prior to the deduction of interest expense and income tax.											
<b>Employment</b>	Includes working proprietors, working partners, permanent, part-time, temporary and casual employees, employees on paid leave and managerial and executive employees working for a business during the last pay period ending in June.											
<b>Establishments</b>	Refers to the smallest accounting unit of a business, within a state or territory, controlling its productive activities and maintaining a specified range of detailed data including data enabling value added to be calculated. In general an establishment covers all operations at a physical location, but may consist of a group of locations provided they are within the same state or territory and classified to a single industry. The majority of establishments operate at one location only.											
<b>Freight and cartage expenses</b>	Excludes the cost of delivery by own vehicles and employees, and also excludes overseas freight. For the gas supply industry includes transmission expenses. (For the electricity industry transmission expenses are included in payment for contract expenses.)											
<b>Government subsidies: diesel fuel rebate</b>	Reimbursement under the Diesel Fuel Rebate Scheme.											
<b>Government subsidies: operational funding</b>	Includes bounties, subsidies and export grants but excludes diesel fuel rebate.											
<b>Industry value added (IVA)</b>	<p>IVA represents the value added by an industry to the intermediate inputs used by the industry. IVA is the measure of the contribution by electricity, gas, water and sewerage industries at management unit level to gross domestic product.</p> <p>The derivation of IVA is as follows:</p> <table border="0" style="margin-left: 40px;"> <tr><td>Turnover</td></tr> <tr><td><i>Plus</i></td></tr> <tr><td>    Closing inventories</td></tr> <tr><td><i>Less</i></td></tr> <tr><td>    Opening inventories</td></tr> <tr><td><i>Less</i></td></tr> <tr><td>    Capitalised purchases</td></tr> <tr><td><i>Less</i></td></tr> <tr><td>    Intermediate input expenses</td></tr> <tr><td><i>Equals</i></td></tr> <tr><td>    IVA</td></tr> </table> <p>However, it should be noted that IVA is not a measure of operating profits before tax. Wages, salaries and most other labour costs are not taken into account in its calculation nor are most insurance premiums, interest expenses, depreciation or a number of lesser expenses.</p>	Turnover	<i>Plus</i>	Closing inventories	<i>Less</i>	Opening inventories	<i>Less</i>	Capitalised purchases	<i>Less</i>	Intermediate input expenses	<i>Equals</i>	IVA
Turnover												
<i>Plus</i>												
Closing inventories												
<i>Less</i>												
Opening inventories												
<i>Less</i>												
Capitalised purchases												
<i>Less</i>												
Intermediate input expenses												
<i>Equals</i>												
IVA												
<b>Industry value added to employment</b>	The average amount, expressed in thousands of dollars, of industry value added for each employee, working proprietor and working partner, i.e. Industry value added/Employment.											
<b>Industry value added to selected labour costs</b>	The average amount of the value of each dollar of gross product generated by each dollar input of labour, i.e. Industry value added/Selected labour costs.											
<b>Insurance premiums</b>	Includes premiums for fire, general, accident, public liability, optional third-party and comprehensive motor vehicle insurance, professional indemnity insurance and common law liability.											

<b>Interest coverage</b>	The number of times that businesses can meet their interest expenses from their earnings before interest, i.e. Earnings before interest and tax/Interest expenses.
<b>Interest expenses</b>	Includes interest paid on loans from banks, finance companies, insurance companies and related companies.
<b>Interest income</b>	Includes interest received from bank accounts, loans and finance leases and earnings on discounted bills. Excludes charges between companies of the same management unit.
<b>Intermediate inputs</b>	Intermediate inputs consist of materials and certain services which are used up in the production process. Definitions of relevant component items are also included in this glossary. The calculation is: Intermediate input expenses <i>Plus</i> Opening inventories <i>Less</i> Closing inventories <i>Equals</i> Intermediate inputs
<b>Intermediate input expenses</b>	Includes two categories of operating expenses: <ul style="list-style-type: none"> <li>■ purchases of goods, materials and services used in production; and</li> <li>■ expenses related to the sale of goods and administrative expenses.</li> </ul> Purchase of goods, materials and services used in production includes: <ul style="list-style-type: none"> <li>■ purchases of materials, components, explosives, containers and packaging materials, electricity, fuels and water;</li> <li>■ motor vehicle expenses, freight and cartage expenses, repair and maintenance expenses;</li> <li>■ rent, leasing and hiring expenses (except for finance leases);</li> <li>■ payment for contract, subcontract and commission expenses.</li> </ul> Expenses related to the sale of goods and administrative expenses includes: advertising expenses, audit and accounting expenses, bank fees and charges (except interest), cleaning expenses, environmental protection expenses, intellectual property royalty expenses, legal fees, management fees, paper, printing and stationery expenses, postal and telecommunication expenses, staff training expenses and travelling, accommodation and entertainment expenses.
<b>Inventories—Opening/closing</b>	The value of all inventories (known as ‘stocks’ in earlier publications) of finished goods, work-in-progress, raw materials, fuels, containers etc. at the beginning and end of the financial year, respectively (previously called ‘opening and closing stocks’).
<b>Liquidity ratio</b>	The number of times current assets other than inventories exceed current liabilities, i.e. (Current assets – Closing inventories)/Current liabilities.
<b>Management units at 30 June</b>	Refers to the number of management units in operation at 30 June. The management unit is the highest-level unit within a business, having regard to industry homogeneity requirements, 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.).
<b>Motor vehicle expenses</b>	Includes expenditure on registration fees, compulsory third-party insurance, fuel and repairs.
<b>Net capital expenditure</b>	The difference between total acquisitions and disposals of fixed tangible assets.
<b>Net capital expenditure to assets</b>	The percentage of the total book value of assets spent on net capital expenditure, i.e. (Net capital expenditure/Total assets) x 100.



<b>Net worth</b>	Total assets minus total liabilities, and is equal to the interest of shareholders or other owners in the assets of the business. Also called 'owner's equity'.
<b>Non-current assets</b>	The book value of non-current assets at the end of the financial year. This includes plant and machinery needed for normal operations, capitalised interest, property and goodwill.
<b>Non-current liabilities</b>	The book value of non-current liabilities at the end of the financial year. This includes employee entitlements, bank loans, debentures and unsecured notes.
<b>Operating profit before tax (OPBT)</b>	A measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).
<b>Other income</b>	Includes royalty income, dividends, net profit (or loss) on the sale of fixed tangible assets and net profit (or loss) on foreign exchange. It excludes extraordinary profits or losses such as those associated with the sale of a segment of the business or goodwill revaluations.
<b>Other selected expenses</b>	Includes expenditure on management fees/charges paid to related and unrelated businesses, office supplies and printing costs, telephone and postage charges, travelling and entertainment expenses, accounting and legal services, advertising costs, payroll tax, fringe benefits tax, land tax, rates, computer software expenses and subsidy expenses (i.e. amounts paid to electricity subsidy funds).
<b>Payment for contract, subcontract and commission expenses</b>	Includes payments to other businesses and self-employed persons for work done or sales made on a contract or commission basis. Payments to persons paid by commission without a retainer also are included. For the electricity industry includes transmission expenses. (For the gas supply industry transmission expenses are included in freight and cartage expenses).
<b>Profit margin</b>	Operating profit before tax as a percentage of total operating income.
<b>Profit to employment</b>	The average amount, expressed in thousands of dollars, of operating profit before tax contributed by each employee, working proprietor and working partner, i.e. Operating profit before tax/Employment.
<b>Purchases and selected expenses</b>	Includes purchases of goods and materials, rent, leasing and hiring expenses, freight and cartage expenses, motor vehicle expenses, repair and maintenance expenses, and payment for contract, subcontract and commission work and other selected expenses.
<b>Purchases of goods and materials</b>	Includes purchases of materials, components, containers, packaging materials, fuels, electricity and water, and purchases of other goods for resale. Also includes capitalised purchases.
<b>Rent, leasing and hiring expenses</b>	Includes expenses for land, buildings and other structures; motor vehicles; and plant, machinery and other equipment.
<b>Rent, leasing and hiring income</b>	Includes proceeds from the rent, lease or hiring of land, buildings, machinery, vehicles and equipment. (Is also included in Sales of goods and services.)
<b>Repair and maintenance expenses</b>	Excludes wages and salaries paid to own employees and the repair and maintenance costs of motor vehicles.
<b>Return on assets</b>	Derived by expressing total operating profit before tax as a percentage of the total book value of assets, i.e. (Operating profit before tax/Total assets) x 100.
<b>Return on funds</b>	Derived by expressing earnings before interest and tax as a percentage of the total of shareholders funds and non-current liabilities, i.e. (Earnings before interest and tax)/(Net worth + Non-current liabilities) x 100.
<b>Royalties expenses</b>	Includes any payments made for the use of rights, information or material owned by another company or person.

<b>Sales of goods and services</b>	Includes revenue from the sale of goods (e.g. electricity, gas and gas by-products, water and wastewater, electrical or gas appliances) and service income (e.g. transmission and distribution income, repair and service income, contract subcontract and commission income, delivery charges) and rent, leasing and hiring income. Sales are valued net of sales tax, excise and other duties collected on behalf of governments.
<b>Selected labour costs</b>	The sum of wages and salaries, superannuation and workers' compensation. Wages and salaries include gross wages and salaries and amounts paid as severance, termination and redundancy payments to permanent, temporary, casual and part-time employees. Superannuation includes all employer contributions to superannuation schemes and any benefits paid by employers operating unfunded schemes. Workers' compensation includes premiums and any other costs incurred by the employer, not reimbursed by an insurance company. Excludes other labour costs (e.g. payroll tax, fringe benefits tax, accommodation, meal and travelling allowances).
<b>Selected labour costs to employment</b>	The average amount, expressed in thousands of dollars, of selected labour costs to employment incurred by the business (including wages, salaries, superannuation, workers' compensation premiums) for each employee, working proprietor and working partner, i.e. Selected labour costs/Employment.
<b>Service income</b>	Income received from service activities. Included are income from work done or sales made on a commission basis, income from repair, maintenance or servicing, installation and delivery charges separately invoiced to customers, advertising income and management fees/charges received from related or unrelated businesses. For electricity and gas supply, also includes transmission and distribution income. Service income is valued net of discounts given. For periods from 1997–98, under new international standards, income from intellectual property royalties and rent, leasing and hiring income (except from finance leases) have also been classified as service income. Rent, leasing and hiring income is income derived from the ownership of land, buildings, vehicles, machinery or equipment, excluding any income from finance leases.
<b>Superannuation</b>	Includes all employer contributions to superannuation schemes and any benefits paid by employers operating unfunded schemes.
<b>Trading profit</b>	<p>A measure of profit directly attributable to trading in goods and services. It is derived by subtracting the cost of sales from the value of sales of goods and services.</p> <p>It should not be inferred that all of this profit is available surplus as other expenses such as selected labour costs, depreciation, insurance premiums, royalties, bad debts and interest have not been taken into account. In addition other income items such as rent, leasing and hiring income, government subsidies and interest income have not been included.</p>
<b>Trading profit margin</b>	Derived by expressing total trading profit as a percentage of total sales of goods and services, i.e. (Trading profit/Sales of goods and services) x 100.
<b>Turnover</b>	<p>Includes all proceeds from operating revenue (i.e. sales, service income, rent, leasing and hiring income, and government subsidies) plus the value of capital work done for own use, or for rental or lease.</p> <p>There are some conceptual differences between turnover as provided in this publication and turnover as defined by the new international standards. These differences are explained as part of the definition of the component item 'capital work done for own use'. Full compliance with the new standards would make very little difference to estimates of turnover.</p>

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<b>Turnover <i>continued</i></b>	Excluded are interest income, income from natural resource royalties, funding by Federal, State or Local Governments for specific capital items, dividends and receipts from sale of fixed tangible assets.
<b>Wages and salaries</b>	Refers to payments made to all permanent, part-time and temporary employees on the payroll during the financial year. Such payments include severance, termination and redundancy payments, overtime earnings, penalty payments and shift allowances, all paid leave, leave loadings and bonuses. Also includes capitalised wages.
<b>Workers' compensation</b>	Includes premiums and any other costs incurred by the employer not reimbursed by an insurance company.

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