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ELECTRICITY, GAS, WATER AND SEWERAGE OPERATIONS AUSTRALIA

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- For further information about these and related statistics, contact Helen Shannon on Adelaide 08 8237 7382, or any ABS office shown on the back cover of this publication.

NOTES

IN THIS ISSUE

This publication presents information relating to the electricity, gas, water and sewerage industries which have been derived from the Australian Bureau of Statistics (ABS) 1996–97 Census of Electricity and Gas Operations and the 1996–97 Water and Sewerage Survey. It should be noted that the scope of these collections is businesses for which the predominant activity is the supply of gas, water and sewerage services, and does not include businesses predominantly involved with the generation, transmission and distribution of electricity. Further explanation is given in the Explanatory Notes, paragraph 5.

Information for the electricity and water and sewerage industries, is available at the State and national level. Data from the gas supply collection, relating to the manufacture and distribution of gas, is available only at the national level. More detailed tables at State level could reveal information about individual businesses or organisations; since the ABS maintains confidentiality of the data provided to it, such detailed information cannot be provided.

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DATA COMPARISONS

Care should be exercised when comparing data across States and over time due to differences in accounting methods and due to industry restructuring which has been occurring at different times in each State.

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REVISIONS

Some of the data published in the 1995–96 publication *Electricity, Gas, Water and Sewerage Industries, Australia* (Cat no. 8208.0) have been revised to take account of changes to previously reported data and included in this publication.

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SYMBOLS AND OTHER USAGES

ABS	Australian Bureau of Statistics
EBIT	Earnings before interest and tax
IGP	Industry gross product
OPBT	Operating profit before tax
—	nil or rounded to zero

W. McLennan
Australian Statistician

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CHAPTER 1

ELECTRICITY INDUSTRY

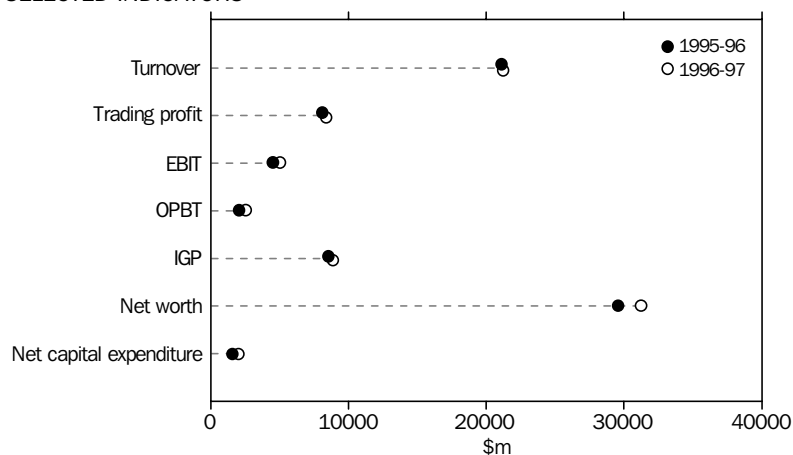
The effects of continuing industry reforms, in particular company restructuring and associated changes to charging systems, are reflected in the data presented in this publication. The restructuring within the industry has resulted in variations in the way assets are valued, the level of liabilities, and in some cases the sale of assets. Hence caution should be exercised when comparing the current value of assets and liabilities over time and between States.

The requirement to maintain confidentiality of data (unless a business agrees to its publication) has meant that the ABS has been unable to publish certain State and Territory financial and employment data for 1996–97.

MANAGEMENT UNIT PERFORMANCE MEASURES

	1995–96	1996–97
Management units at 30 June (no.)	57	58
Employment at 30 June (no.)	39 977	37 091
Wages and salaries (\$m)	2 222	2 054
Turnover (\$m)	21 127	21 196
Industry gross product (\$m)	8 559	8 878
Net capital expenditure (\$m)	1 592	2 041

SELECTED INDICATORS



Employment

The industry continues to show a trend of declining total employment and rising labour productivity. Total employment in management units classified as part of the electricity industry decreased by 7% from 39,977 persons at the end of June 1996 to 37,091 persons at the end of June 1997. Decreases in employment were reported in all States published with the largest fall being in New South Wales, where employment fell by 10% or 1,437 persons. This was followed by Victoria where employment fell by 7% or 510 persons.

Employment *continued*

This decrease at the national level follows the trend of declining employment in this industry which has fallen by 28,050 persons (43%) since June 1991.

The ratio of selected labour costs (see Glossary for a definition) to employment fell from \$62,800 per employee in 1995–96 to \$61,700 per employee in 1996–97.

The labour ratio of industry gross product (IGP) to employment rose from \$214,100 per person in 1995–96 to \$239,400 per person in 1996–97.

Turnover

Turnover at the national level increased by \$70m (less than 1%) to \$21,196m in 1996–97. A large drop occurred in New South Wales, where turnover fell by \$637m (8%), as electricity prices fell, offset by rises in other States. Increases were recorded in Western Australia, up \$217m to \$1,568m due to industry expansion, and in Victoria, up \$191m to \$6,012m in 1996–97.

Sales of goods and services accounted for \$20,151m in 1996–97 or 95% of total turnover.

Trading profit

Total trading profit increased by \$272m (3%) from \$8,116m in 1995–96 to \$8,388m in 1996–97. All States published recorded increases in trading profit. The largest increase was recorded in New South Wales where trading profit rose \$83m (3%) to \$2,662m followed by Victoria which rose \$79m (4%) to \$2,260m.

Earnings before interest and tax (EBIT)

In 1996–97, national EBIT was \$5,054m, an increase of \$503m (11%) over 1995–96. This was a result of a large increase in EBIT in New South Wales, up \$599m (58%) to \$1,632m in 1996–97, primarily caused by a rise in other income and a fall in selected labour costs. This was offset by a decrease in Victoria, down \$176m (11%) to \$1,495m, following a fall in other income. All other States recorded increases.

Operating profit before tax (OPBT)

At the national level, OPBT increased by 24% from \$2,102m in 1995–96 to \$2,597m in 1996–97. This was a result of a large increase in New South Wales where OPBT rose \$574m (136%) to \$996m which was offset by a decrease in Victoria where OPBT fell \$221m (34%) to \$427m.

Industry gross product (IGP)

National IGP increased by 4% from \$8,559m in 1995–96 to \$8,878m in 1996–97. New South Wales recorded the largest increase in IGP, rising \$89m to \$2,812m, followed by Victoria, up \$88m to 2,320m.

Net worth

Nationally, net worth rose by \$1,732m (6%) to \$31,279m in 1996–97. Victoria recorded the largest increase, following a revaluation of assets, rising by \$1,834m to \$7,553m. Western Australia rose by \$446m to \$948m mainly due to the building of the Collie Power Station. Of those States published, only Tasmania recorded a decrease in net worth, falling \$167m to \$2,414m in 1996–97.

At the national level, the increase in net worth reflects the increase in the total value of assets which rose by \$1,719m to \$67,592m.

Net capital expenditure

Net capital expenditure, at a national level, increased by 28% from \$1,592m in 1995–96 to \$2,041m in 1996–97. A large increase was reported in Western Australia, where net capital expenditure increased by \$421m (127%), and in Victoria which experienced an increase of \$180m (103%). New South Wales recorded a large decrease of \$260m (51%) in 1996–97.

Performance measures

Performance measures are a useful way of presenting summaries of performance, but care should be exercised in their use (see paragraphs 15–20 of the Explanatory Notes for details). Some additional performance measures showing significant change between 1995–96 and 1996–97 include:

- trading profit margin increased from 40% to 42%;
- acquisitions to disposals ratio increased from 2 times to 8 times; and
- debts to assets decreased from 56% to 54%.

ESTABLISHMENT PERFORMANCE MEASURES

	1995–96	1996–97
Establishments at 30 June (no.)	67	67
Employment at 30 June (no.)	38 176	35 511
Wages and salaries (\$m)	2 057	1 959
Turnover (\$m)	21 182	21 240
Value added (\$m)	9 185	9 481

Employment

Employment at the establishment level decreased by 2,665 persons (7%) from 38,176 persons at the end of June 1996 to 35,511 persons at the end of June 1997, as the industry continued to rationalise operations. While most States recorded decreases, New South Wales recorded the largest fall in employment, down 1,451 persons (10%) to 13,163 persons, while employment in Victoria fell by 8% to 5,881 persons.

Male employees continue to dominate the electricity industry accounting for almost 86% of the workforce.

The overall number of establishments remained at 67 in 1996–97.

Turnover

Turnover at the establishment level increased by \$59m (less than 1%) from \$21,182m in 1995–96 to \$21,240m in 1996–97. New South Wales recorded a large decrease, down \$630m (8%) to \$7,050m in 1996–97 largely as a result of lower prices, while Western Australia experienced a large increase, up \$243m (18%) to \$1,612m as the industry expanded in that State.

Victoria's increase in turnover of \$154m to \$5,983m occurred despite a fall in sales of electricity, with service income and capital work both increasing.

Turnover was also affected by a rise in government subsidies of \$76m to \$200m, reflecting the intent in New South Wales, Queensland and Western Australia to sustain community service obligations.

Value added

Value added at the establishment level increased by \$296m (3%) to \$9,481m in 1996–97. New South Wales reported the largest increase, rising \$111m (4%) to \$3,110m. This occurred despite a drop in turnover, as purchases and contract expenses decreased, reflecting changes in charging systems. An increase in value added was also recorded in Western Australia, up 12% or \$95m to \$872m, and in Queensland, up 3% or \$49m to \$1,841m. Victoria recorded a decrease of \$14m to \$2,357m in 1996–97.

1.1 MANAGEMENT UNITS(a), Employment—End of June

	NSW.....		VIC.....		QLD.....	
<i>Items</i>	1996	1997	1996	1997	1996	1997
Management units(a) at 30 June (no.)	11	11	17	17	17	16
Employment at end of June (no.)	14 555	13 118	7 086	6 576	7 991	7 623
Persons employed per management unit (no.)	1 323.2	1 192.6	416.8	386.8	470.1	476.4
Labour ratios						
Profit to employment (\$'000/employee)	29.0	75.9	91.4	64.9	80.7	95.7
Industry gross product						
To employment (\$'000/employee)	187.1	214.4	315.0	352.9	205.1	225.1
To selected labour costs (times)	2.6	3.4	5.0	5.0	4.0	4.2
Selected labour costs						
To employment (\$'000/employee)	72.4	63.5	63.4	70.7	50.8	53.5

	WA.....		TAS.....		AUST.....	
<i>Items</i>	1996	1997	1996	1997	1996	1997
Management units(a) at 30 June (no.)	3	6	2	2	57	58
Employment at end of June (no.)	3 603	3 535	1 736	1 689	39 977	37 091
Persons employed per management unit (no.)	1 201.0	589.2	868.0	844.5	701.4	639.5
Labour ratios						
Profit to employment (\$'000/employee)	35.5	46.1	36.6	50.3	52.6	70.0
Industry gross product						
To employment ('000/employee)	194.6	221.0	251.0	268.0	214.1	239.4
To selected labour costs (times)	3.2	3.6	4.3	4.3	3.4	3.9
Selected labour costs						
To employment ('000/employee)	61.6	62.1	58.5	62.7	62.8	61.7

(a) See Explanatory Notes, 'Statistical Units', paragraphs 8–13.

1.2 MANAGEMENT UNITS(a), Income and Expenditure

	NSW.....		VIC.....		QLD.....	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Items	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services(b)	7 285.1	6 708.0	5 693.9	5 786.2	3 886.6	3 920.2
Less						
Purchases of goods and materials	3 865.7	3 293.3	2 702.4	2 828.7	2 169.2	2 176.0
Rent, leasing and hiring expenses	12.1	6.5	30.0	19.6	9.7	10.1
Outward freight and cartage	1.3	1.1	6.3	3.7	4.3	1.2
Motor vehicle expenses	30.9	26.6	15.1	16.5	14.3	13.9
Repair and maintenance expenses	215.4	175.5	57.8	67.8	63.4	68.2
Payment for contract, subcontract and commission work	430.4	280.7	346.6	363.5	148.9	135.9
Other selected expenses	279.4	300.2	415.7	379.1	187.4	156.2
<i>Purchases and selected expenses</i>	<i>4 835.1</i>	<i>4 083.9</i>	<i>3 573.9</i>	<i>3 678.9</i>	<i>2 597.3</i>	<i>2 561.4</i>
Plus						
Opening stocks	397.4	328.2	91.3	84.6	62.4	61.7
Less						
Closing stocks	328.0	233.6	76.2	71.3	64.7	71.9
<i>Cost of sales</i>	<i>4 904.5</i>	<i>4 178.6</i>	<i>3 589.0</i>	<i>3 692.1</i>	<i>2 595.0</i>	<i>2 551.3</i>
Plus						
Capitalised purchases	199.0	132.7	76.7	166.3	207.7	197.2
Trading profit	2 579.6	2 662.2	2 181.5	2 260.3	1 499.4	1 566.1
Plus						
Government subsidies	9.1	54.0	0.4	0.3	85.6	98.6
Interest income	89.9	83.9	135.2	171.6	41.7	36.5
Other income	86.5	309.8	323.9	125.3	148.9	134.6
Less						
Wages and salaries	906.6	743.7	408.9	432.9	372.2	368.4
Superannuation	123.8	68.7	33.3	26.7	28.4	33.2
Workers' compensation	23.6	20.2	6.6	5.2	5.6	6.0
<i>Selected labour costs</i>	<i>1 054.0</i>	<i>832.6</i>	<i>448.9</i>	<i>464.7</i>	<i>406.1</i>	<i>407.6</i>
Less						
Depreciation	782.2	698.9	529.5	617.2	447.6	478.0
Insurance premiums	22.6	34.0	19.1	17.3	5.4	3.5
Royalties expenses	—	0.2	13.4	15.8	0.2	0.3
Bad debts	8.1	8.7	9.7	7.4	14.6	1.0
Plus						
Capitalised wages and salaries	118.7	96.2	36.8	59.7	51.8	51.0
Earnings before interest and tax	1 032.5	1 631.8	1 671.0	1 494.8	955.8	996.3
Less						
Interest expenses	610.5	635.7	1 023.5	1 068.0	311.3	266.8
Operating profit before tax	422.0	996.0	647.5	426.8	644.4	729.5

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

(b) Includes rent, leasing and hiring income.

1.2 MANAGEMENT UNITS(a), Income and Expenditure *continued*

	WA.....		TAS.....		AUST.....	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Items	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services(b)	1 312.9	1 490.4	502.8	520.0	20 144.3	20 151.4
Less						
Purchases of goods and materials	502.4	605.6	26.0	26.4	9 758.9	9 634.3
Rent, leasing and hiring expenses	0.3	1.2	2.7	2.2	72.2	54.0
Outward freight and cartage	56.1	59.0	0.3	0.3	87.8	86.6
Motor vehicle expenses	5.7	6.0	5.2	5.5	80.5	74.7
Repair and maintenance expenses	2.0	0.7	—	—	388.0	365.0
Payment for contract, subcontract and commission work	3.7	42.3	22.1	21.8	997.9	882.2
Other selected expenses	69.6	61.4	39.8	41.1	1 101.0	1 061.4
<i>Purchases and selected expenses</i>	<i>639.8</i>	<i>776.2</i>	<i>96.1</i>	<i>97.4</i>	<i>12 486.2</i>	<i>12 158.1</i>
Plus						
Opening stocks	109.8	93.8	13.7	12.3	768.9	687.2
Less						
Closing stocks	99.6	83.7	12.3	11.5	687.4	527.4
<i>Cost of sales</i>	<i>650.0</i>	<i>786.4</i>	<i>97.5</i>	<i>98.1</i>	<i>12 567.7</i>	<i>12 317.9</i>
Plus						
Capitalised purchases	3.8	13.1	16.0	16.0	539.5	554.5
Trading profit	666.6	717.1	421.4	437.9	8 116.1	8 387.9
Plus						
Government subsidies	10.5	40.4	1.4	1.0	147.4	228.1
Interest income	3.6	9.9	8.0	2.7	286.4	315.5
Other income	3.3	3.1	12.0	14.2	603.1	637.2
Less						
Wages and salaries	212.9	208.2	72.8	77.2	2 222.2	2 054.4
Superannuation	8.9	11.2	27.3	28.4	245.4	193.1
Workers' compensation	0.3	0.2	1.4	0.3	42.6	40.0
<i>Selected labour costs</i>	<i>222.1</i>	<i>219.6</i>	<i>101.5</i>	<i>105.8</i>	<i>2 510.2</i>	<i>2 287.5</i>
Less						
Depreciation	129.9	193.2	103.0	110.3	2 253.6	2 364.7
Insurance premiums	6.9	15.6	2.7	2.4	72.6	79.8
Royalties expenses	—	—	—	—	15.4	18.3
Bad debts	4.0	3.5	2.6	0.9	44.8	26.1
Plus						
Capitalised wages and salaries	23.9	11.4	13.9	—	261.2	262.1
Earnings before interest and tax	345.0	362.4	245.9	250.2	4 551.7	5 054.3
Less						
Interest expenses	217.0	199.4	182.5	165.4	2 449.5	2 457.1
Operating profit before tax	128.0	163.1	63.5	84.9	2 102.2	2 597.2

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

(b) Includes rent, leasing and hiring income.

1.3 MANAGEMENT UNITS(a), Industry Gross Product

	NSW.....		VIC.....		QLD.....	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Items	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services	7 285.1	6 708.0	5 693.9	5 786.2	3 886.6	3 920.2
Government subsidies	9.1	54.0	0.4	0.3	85.6	98.6
Capital work done for own use	317.7	228.9	113.5	226.0	259.6	248.3
Turnover	7 627.6	6 991.0	5 821.4	6 012.4	4 234.1	4 267.0
<i>Plus</i>						
Closing stocks	328.0	233.6	76.2	71.3	64.7	71.9
<i>Less</i>						
Opening stocks	397.4	328.2	76.2	84.6	62.4	61.7
<i>Less</i>						
Purchases and selected expenses	4 835.1	4 083.9	3 573.9	3 678.9	2 597.3	2 561.4
Industry gross product	2 723.1	2 812.4	2 232.4	2 320.3	1 639.2	1 715.7

	WA.....		TAS.....		AUST.....	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Items	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services	1 312.9	1 490.4	502.8	520.0	20 144.3	20 151.4
Government subsidies	10.5	40.4	1.4	1.0	147.4	228.1
Capital work done for own use	27.7	36.9	27.4	29.9	800.7	816.5
Turnover	1 351.1	1 567.7	533.1	550.8	21 126.5	21 196.0
<i>Plus</i>						
Closing stocks	99.6	83.7	12.3	11.5	687.4	527.4
<i>Less</i>						
Opening stocks	109.8	93.8	13.7	12.3	768.9	687.2
<i>Less</i>						
Purchases and selected expenses	639.8	776.2	96.1	97.4	12 486.2	12 158.1
Industry gross product	701.1	781.4	435.6	452.7	8 558.7	8 878.1

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

1.4 MANAGEMENT UNITS(a), Assets and Liabilities

	NSW.....		VIC.....		QLD.....	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Items	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Current assets						
Closing stocks	328.0	233.6	76.2	71.3	64.7	71.9
Other current assets	2 188.6	1 799.4	3 778.1	1 493.4	1 032.0	1 230.9
Non-current assets	17 065.3	16 646.3	17 038.1	21 227.1	10 091.8	10 004.8
<i>Total</i>	19 581.9	18 679.3	20 892.4	22 791.8	11 188.5	11 307.5
Liabilities						
Current liabilities	2 836.2	2 831.9	4 070.9	2 021.2	907.5	1 824.1
Non-current liabilities	7 374.3	6 354.6	11 102.1	13 217.6	3 582.9	2 680.2
<i>Total</i>	10 210.5	9 186.5	15 173.0	15 238.8	4 490.4	4 504.3
Net worth	9 371.4	9 492.8	5 719.4	7 553.0	6 698.1	6 803.2
	WA.....		TAS.....		AUST.....	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Items	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Current assets						
Closing stocks	99.6	83.7	12.3	11.5	687.4	527.4
Other current assets	250.1	297.0	167.2	135.0	7 688.5	5 376.8
Non-current assets	3 056.5	3 973.0	4 404.4	4 227.6	57 496.9	61 687.6
<i>Total</i>	3 406.3	4 353.7	4 583.9	4 374.1	65 872.8	67 591.7
Liabilities						
Current liabilities	176.5	548.9	437.8	560.6	8 874.7	8 491.7
Non-current liabilities	2 726.9	2 856.5	1 565.4	1 399.4	27 451.2	27 821.1
<i>Total</i>	2 903.4	3 405.4	2 003.2	1 960.1	36 325.9	36 312.8
Net worth	502.8	948.3	2 580.6	2 414.1	29 546.9	31 278.9

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

1.5 MANAGEMENT UNITS(a), Acquisitions and Disposals of Fixed Tangible Assets(b)

	NSW.....		VIC.....		QLD.....	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Items	\$m	\$m	\$m	\$m	\$m	\$m
Capital expenditure on						
Land	5.6	4.7	0.7	13.7	234.2	2.1
Dwellings, other buildings and structures	268.1	214.2	93.3	168.5	1 191.5	79.2
Plant, machinery and equipment	299.4	223.1	101.5	180.2	1 340.3	358.6
<i>Total acquisitions</i>	<i>573.1</i>	<i>474.3</i>	<i>195.5</i>	<i>387.0</i>	<i>2 766.0</i>	<i>445.1</i>
Disposal of assets	67.6	228.8	20.4	31.9	2 397.1	18.4
Net capital expenditure	505.5	245.5	175.1	355.1	368.9	426.7

	WA.....		TAS.....		AUST.....	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Items	\$m	\$m	\$m	\$m	\$m	\$m
Capital expenditure on						
Land	0.3	16.7	—	—	240.9	37.2
Dwellings, other buildings and structures	4.0	55.0	57.8	78.1	1 699.4	695.7
Plant, machinery and equipment	337.8	689.6	27.2	21.5	2 184.6	1 531.1
<i>Total acquisitions</i>	<i>342.1</i>	<i>761.3</i>	<i>85.0</i>	<i>110.3</i>	<i>4 124.9</i>	<i>2 341.8</i>
Disposal of assets	10.3	8.7	3.1	3.3	2 533.3	301.2
Net capital expenditure	331.8	752.6	81.9	107.0	1 591.6	2 040.6

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

(b) Includes capital work done for own use.

1.6 MANAGEMENT UNITS(a), Selected Performance Measures

	NSW.....		VIC.....		QLD.....	
Items	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Turnover						
Asset turnover (times)	0.4	0.4	0.3	0.3	0.4	0.4
Profitability						
Trading profit margin (%)	35.4	39.7	38.3	39.1	38.6	40.0
Return on funds (%)	6.2	10.3	9.9	7.2	9.3	10.5
Return on assets (%)	2.2	5.4	3.1	1.9	5.8	6.5
Liquidity						
Liquidity ratio (times)	0.8	0.6	0.9	0.7	1.1	0.7
Current ratio (times)	0.9	0.7	1.0	0.8	1.2	0.7
Debt						
Interest coverage ratio (times)	1.7	2.6	1.6	1.4	3.1	3.7
Debt to assets (%)	53.0	49.8	72.9	67.1	40.4	40.1
Capital expenditure						
Acquisitions to disposals ratio (times)	8.5	2.1	9.6	12.1	1.2	24.3
Net capital expenditure to assets (%)	2.6	1.3	0.8	1.6	3.3	3.8

	WA.....		TAS.....		AUST.....	
Items	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Turnover						
Asset turnover (times)	0.4	0.3	0.1	0.1	0.3	0.3
Profitability						
Trading profit margin (%)	50.8	48.1	83.8	84.2	40.3	41.6
Return on funds (%)	10.7	9.5	5.9	6.6	8.0	8.6
Return on assets (%)	3.9	3.8	1.4	2.0	3.2	3.9
Liquidity						
Liquidity ratio (times)	1.4	0.5	0.4	0.2	0.9	0.6
Current ratio (times)	2.0	0.7	0.4	0.3	0.9	0.7
Debt						
Interest coverage ratio (times)	1.6	1.8	1.4	1.5	1.9	2.1
Debt to assets (%)	87.8	79.8	43.8	44.9	55.7	54.2
Capital expenditure						
Acquisitions to disposals ratio (times)	33.2	87.7	27.8	32.9	1.6	7.8
Net capital expenditure to assets (%)	10.0	17.6	1.8	2.5	2.4	3.0

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

1.7 ESTABLISHMENT LEVEL(a), Employment—End of June

	NSW.....		VIC.....		QLD.....	
<i>Items</i>	1996	1997	1996	1997	1996	1997
Establishments(a) at 30 June (no.)	12	13	21	19	19	19
Employment at end of June						
Males (no.)	12 589	11 253	5 690	5 057	6 852	6 530
Females (no.)	2 025	1 910	701	824	1 328	1 291
Persons (no.)	14 614	13 163	6 391	5 881	8 180	7 821
Persons employed per establishment (no.)	1 217.8	1 012.5	304.3	309.5	430.5	411.6
Employees engaged on new construction (no.)	1 504	1 318	1 085	611	985	723
Wages and salaries						
All employees (\$m)	872.3	748.8	366.4	393.1	360.4	364.4
Employees engaged on new construction (\$m)	95.0	80.6	175.1	23.1	26.6	20.5

	WA.....		TAS.....		AUST.....	
<i>Items</i>	1996	1997	1996	1997	1996	1997
Establishments at 30 June (no.)	4	7	2	2	67	67
Employment at end of June						
Males (no.)	3 241	3 179	1 482	1 433	33 030	30 431
Females (no.)	362	356	254	256	5 146	5 080
Persons (no.)	3 603	3 535	1 736	1 689	38 176	35 511
Persons employed per establishment (no.)	900.8	505.0	868.0	844.5	569.8	530.0
Employees engaged on new construction (no.)	7	8	148	172	4 105	3 172
Wages and salaries						
All employees (\$m)	212.9	208.2	72.8	77.2	2 057.0	1 959.1
Employees engaged on new construction (\$m)	23.9	23.8	6.5	7.6	343.3	171.9

(a) See Explanatory Notes, 'Statistical Units', paragraphs 8–13.

1.8 ESTABLISHMENT LEVEL(a), Income and Expenditure

	NSW.....		VIC.....		QLD.....	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Items	\$m	\$m	\$m	\$m	\$m	\$m
Sales of electricity(b)	6 857.5	6 147.0	5 023.7	4 969.4	3 566.1	3 573.7
Sales of other goods(b)	43.1	41.6	6.3	12.0	89.6	85.7
Service income	433.6	558.4	674.6	765.5	298.4	283.2
Rent, leasing and hiring income	15.8	17.0	12.9	15.7	2.0	2.6
Government subsidies	9.1	53.9	0.2	—	88.6	101.6
Capital work done for own use	321.1	232.0	111.2	220.4	259.6	248.6
Turnover	7 680.2	7 050.0	5 828.9	5 983.0	4 304.2	4 342.4
<i>Plus</i>						
Closing stocks	328.2	233.8	74.5	66.3	67.0	74.1
<i>Less</i>						
Opening stocks	397.5	328.5	92.2	79.8	64.8	64.0
<i>Less</i>						
Purchases						
Materials, components, containers etc.(c)(d)	264.2	195.9	557.2	602.8	267.9	255.2
Fuels	1 011.9	825.1	107.6	142.1	438.7	437.6
Electricity	2 595.3	2 277.2	2 280.9	2 428.9	1 423.4	1 452.2
Gas (as a fuel)	6.1	6.3	109.2	18.8	—	—
Goods for resale(c)	34.5	31.6	5.0	0.8	90.9	85.9
Rent, leasing and hiring expenses	12.3	6.7	26.8	18.8	9.9	10.2
Outward freight and cartage	1.3	1.1	8.7	4.0	4.3	1.2
Motor vehicle expenses	31.0	26.6	14.2	14.6	14.3	14.0
Repair and maintenance expenses	218.7	178.6	50.4	73.8	68.1	73.4
Payment for contract, subcontract and commission work	430.4	280.7	280.6	308.0	158.2	145.5
Subsidy expenses	5.5	15.2	—	—	38.6	36.7
<i>Purchases and selected expenses</i>	<i>4 611.2</i>	<i>3 845.1</i>	<i>3 440.6</i>	<i>3 612.6</i>	<i>2 514.4</i>	<i>2 512.0</i>
Value added	2 999.7	3 110.2	2 370.7	2 357.0	1 792.0	1 840.6

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

(b) Includes transfers out to other establishments of the same management unit where appropriate.

(c) Includes transfers in from other establishments of the same management unit where appropriate.

(d) Includes minerals for further processing.

1.8 ESTABLISHMENT LEVEL(a), Income and Expenditure *continued*

Items	WA.....		TAS.....		AUST.....	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
	\$m	\$m	\$m	\$m	\$m	\$m
Sales of electricity(b)	1 286.9	1 453.0	493.6	508.4	18 600.8	18 281.2
Sales of other goods(b)	—	5.9	—	—	141.1	148.2
Service income	44.0	75.8	9.2	10.2	1 486.0	1 716.0
Rent, leasing and hiring income	—	—	1.5	1.4	32.3	36.8
Government subsidies	10.5	40.4	1.4	1.0	124.4	200.2
Capital work done for own use	27.7	36.9	27.4	29.9	796.8	808.9
Turnover	1 369.1	1 612.1	533.1	550.8	21 181.5	21 240.1
<i>Plus</i>						
Closing stocks	100.5	84.7	12.3	11.5	669.5	507.0
<i>Less</i>						
Opening stocks	110.4	94.7	13.7	12.3	751.1	665.3
<i>Less</i>						
Purchases						
Materials, components, containers etc.(c)(d)	7.5	17.9	23.0	23.2	1 262.1	1 215.9
Fuels	301.9	314.5	3.0	3.1	1 937.5	1 802.5
Electricity	17.3	66.2	—	—	6 526.4	6 585.7
Gas (as a fuel)	183.7	211.7	—	—	483.6	427.3
Goods for resale(c)	—	4.9	—	—	132.0	123.1
Rent, leasing and hiring expenses	0.3	1.2	2.7	2.2	65.6	50.0
Outward freight and cartage	56.1	59.0	0.3	0.3	71.0	66.0
Motor vehicle expenses	5.7	6.0	5.2	5.5	76.4	70.6
Repair and maintenance expenses	2.0	0.9	—	—	385.1	372.6
Payment for contract, subcontract and commission work	7.4	47.8	22.1	21.8	931.2	835.4
Subsidy expenses	—	—	—	—	44.2	52.0
<i>Purchases and selected expenses</i>	<i>582.0</i>	<i>730.1</i>	<i>56.3</i>	<i>56.2</i>	<i>11 915.2</i>	<i>11 601.1</i>
Value added	777.2	872.0	475.4	493.8	9 184.7	9 480.8

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

(b) Includes transfers out to other establishments of the same management unit where appropriate.

(c) Includes transfers in from other establishments of the same management unit where appropriate.

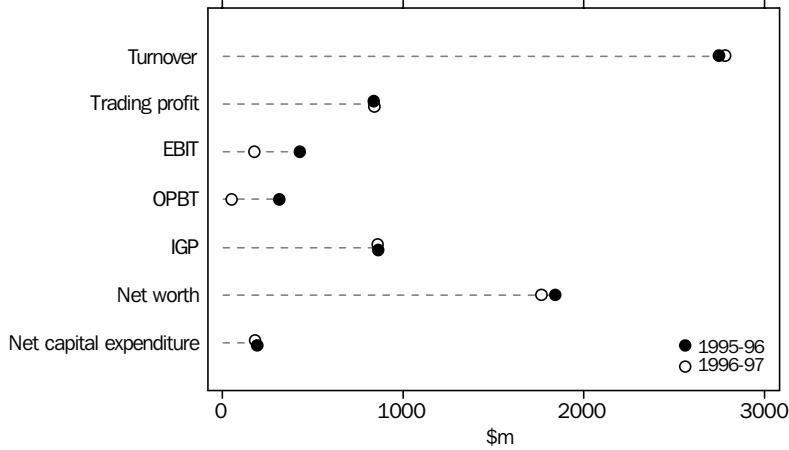
(d) Includes minerals for further processing.

The reforms which are occurring in the gas industry, such as company restructuring, disaggregation and privatisation have resulted in changes in the composition of the industry. Company disaggregations in particular have led to industry reclassification of components of businesses which were previously included in the gas industry. This has had the affect of artificially reducing figures and masking upward movements, which has reduced the comparability of data over time.

MANAGEMENT UNIT PERFORMANCE MEASURES

	1995-96	1996-97
Management units at 30 June (no.)	13	11
Employment at 30 June (no.)	4 950	4 195
Wages and salaries (\$m)	287	271
Turnover (\$m)	2 747	2 780
Industry gross product (\$m)	863	855
Net capital expenditure (\$m)	193	179

SELECTED INDICATORS



Employment

Total employment decreased by 15% from 4,950 persons at the end of June 1996 to 4,195 persons at the end of June 1997 due to restructuring in the industry. The number of management units also decreased from 13 in 1995-96 to 11 in 1996-97.

The cost of wages and salaries fell by \$16m (6%) in 1996-97, as a result of lower employment levels, but was partially offset by the costs of redundancies.

Employment *continued*

The ratio of selected labour costs to employment rose from \$63,300 per employee in 1995–96 to \$70,500 per employee in 1996–97.

The ratio of IGP to employment rose from \$174,400 per employee in 1995–96 to \$203,800 per employee in 1996–97.

Turnover

Turnover increased by \$34m, from \$2,747m in 1995–96 to \$2,780m in 1996–97. A rise of \$88m in the sales of goods and services over 1995–96 was offset by a decrease of \$52m on capital work done for own use.

Trading profit

Total trading profit in 1996–97 was \$839m, an increase of \$2m, or 0.3%, on the 1995–96 figure. Income from sales of goods and services increased by \$88m (3%) to \$2,710m. This was offset by increased costs in two areas in particular: purchases and selected expenses (up \$44m) and payments for contract, subcontract and commission work (up \$42m).

Earnings before interest and tax

EBIT decreased by 59%, from \$426m in 1995–96 to \$175m in 1996–97. This was primarily due to a \$228m decrease in other income resulting from the payment made by Gas and Fuel Victoria as settlement of the dispute with Bass Strait gas producers Esso/BHPP over Petroleum Resource Rent Tax.

Operating profit before tax

OPBT fell from \$314m in 1995–96 to \$48m in 1996–97, a decrease of 85%. This was largely due to the factors affecting EBIT, but also reflected in part increased interest expenses.

Industry gross product

IGP decreased by \$9m (1%) from \$863m in 1995–96 to \$855m in 1996–97. Purchases and selected expenses increased by 2% to \$1,919m in 1996–97.

Net worth

Net worth decreased by \$75m (4%) from \$1,841m in 1995–96 to \$1,766m in 1996–97. This decrease resulted primarily from an increase of \$674m in the value of non-current liabilities which offset the \$551m increase in the value of assets. Total liabilities increased by 30% (\$626m).

Net capital expenditure

Net capital expenditure, at the national level, decreased by \$14m (7%) to \$179m in 1996–97. The decrease was related to a fall of \$21m in expenditure on plant, machinery and equipment set against a decrease of \$4m in income from the disposal of assets.

Performance measures

Performance measures are a useful way of presenting summaries of performance, but care should be exercised in their use (see paragraphs 15–20 of the Explanatory Notes for details). Some additional performance measures showing significant change between 1995–96 and 1996–97 include:

- trading profit margin decreased from 32% to 31%;
- debts to assets increased from 54% to 61%;
- return on funds decreased from 13% to 5%; and
- return on assets decreased from 8% to 1%.

ESTABLISHMENT PERFORMANCE MEASURES

	1995–96	1996–97
Establishments at 30 June (no.)	17	15
Employment at 30 June (no.)	5 482	4 779
Wages and salaries (\$m)	280	293
Turnover (\$m)	2 884	2 967
Value added (\$m)	1 454	1 416

Employment

Total employment decreased by 703 persons (13%) from 5,482 persons at the end of June 1996 to 4,779 persons at the end of June 1997. The number of establishments also decreased from 17 in 1995–96 to 15 in 1996–97.

Employment in the gas industry continues to be dominated by males which accounted for 74% of all employees. The number of employees engaged on new construction fell from 979 in 1995–96 to 641 in 1996–97, a decrease of 35%.

Turnover

Turnover at the establishment level increased \$83m (3%) from \$2,884m in 1995–96 to \$2,968m in 1996–97. The main reason for the increase was an \$81m (3%) rise in the value of sales of gas and gas by-products to \$2,733m in 1996–97.

Value added

Value added at establishment level decreased by \$39m (3%) from \$1,454m in 1995–96 to \$1,416m in 1996–97.

2.1 MANAGEMENT UNITS(a), Employment—End of June

Items	1996	1997
Management units at 30 June (no.)	13	11
Employment at end of June (no.)	4 950	4 195
Persons employed per management unit (no.)	380.8	381.4
Labour ratios		
Profit to employment (\$'000/employee)	63.5	11.5
Industry gross product		
To employment (\$'000/employee)	174.4	203.8
To selected labour costs (times)	2.8	2.9
Selected labour costs		
To employment (\$'000/employee)	63.3	70.5

(a) See Explanatory Notes, 'Statistical units', paragraphs 8–13.

2.2 MANAGEMENT UNITS(a), Income and Expenditure

	1995-96	1996-97
Items	\$m	\$m
Sales of goods and services(b)	2 622.1	2 709.6
Less		
Purchases of goods and materials	1 050.8	1 090.9
Rent, leasing and hiring expenses	56.0	45.2
Outward freight and cartage	155.4	158.3
Motor vehicle expenses	17.8	12.8
Repair and maintenance expenses	6.8	5.5
Payment for contract, subcontract and commission work	70.0	112.3
Other selected expenses	518.6	494.1
<i>Purchases and selected expenses</i>	<i>1 875.5</i>	<i>1 919.2</i>
Plus		
Opening stocks	45.1	38.1
Less		
Closing stocks	37.4	31.9
<i>Cost of sales</i>	<i>1 883.2</i>	<i>1 925.4</i>
Plus		
Capitalised purchases	97.8	54.7
Trading profit	836.7	838.9
Plus		
Government subsidies	6.0	5.9
Interest income	3.3	3.8
Other income	23.4	-205.0
Less		
Wages and salaries	286.5	270.5
Superannuation	22.7	21.5
Workers' compensation	4.3	3.8
<i>Selected labour costs</i>	<i>313.4</i>	<i>295.8</i>
Less		
Depreciation	138.1	169.0
Insurance premiums	6.5	4.7
Royalties expenses	0.1	—
Bad debts	5.9	9.1
Plus		
Capitalised wages and salaries	18.7	10.1
Earnings before interest and tax	426.2	175.0
Less		
Interest expenses	111.9	126.7
Operating profit before tax	314.3	48.4

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

(b) Includes rent, leasing and hiring income.

2.3 MANAGEMENT UNITS(a), Industry Gross Product

	1995-96	1996-97
Items	\$m	\$m
Sales of goods and services	2 622.1	2 709.6
Government subsidies	6.0	5.9
Capital work done for own use	116.5	64.8
Turnover	2 746.7	2 780.3
<i>Plus</i>		
Closing stocks	37.4	31.9
<i>Less</i>		
Opening stocks	45.1	38.1
<i>Less</i>		
Purchases and selected expenses	1 875.5	1 919.2
Industry gross product	863.5	855.0

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

2.4 MANAGEMENT UNITS(a), Assets and Liabilities

	1995-96	1996-97
Items	\$m	\$m
Assets		
Current assets		
Closing stocks	37.4	31.9
Other current assets	520.0	707.8
Non-current assets	3 376.9	3 745.7
<i>Total</i>	<i>3 934.3</i>	<i>4 485.3</i>
Liabilities		
Current liabilities	674.7	626.8
Non-current liabilities	1 418.5	2 092.8
<i>Total</i>	<i>2 093.2</i>	<i>2 719.6</i>
Net worth	1 841.1	1 765.7

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

2.5 MANAGEMENT UNITS(a), Acquisitions and Disposals of Fixed Tangible Assets(b)

	1995-96	1996-97
Items	\$m	\$m
Capital expenditure on		
Land	0.3	1.0
Dwellings, other buildings and structures	121.4	123.8
Plant, machinery and equipment	97.9	77.4
<i>Total acquisitions</i>	<i>219.6</i>	<i>202.2</i>
Disposal of assets	26.7	23.2
Net capital expenditure	192.9	179.0

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

(b) Includes capital work done for own use.

2.6 MANAGEMENT UNITS(a), Selected Performance Measures

Items	1995-96	1996-97
Turnover		
Asset turnover (times)	0.7	0.6
Profitability		
Trading profit margin (%)	31.9	31.0
Return on funds (%)	13.1	4.5
Return on assets (%)	8.1	1.1
Liquidity		
Liquidity ratio (times)	0.8	1.1
Current ratio (times)	0.8	1.2
Debt		
Interest coverage ratio (times)	3.8	1.4
Debt to assets (%)	53.7	61.1
Capital expenditure		
Acquisitions to disposals ratio (times)	8.2	8.7
Net capital expenditure to assets (%)	5.0	4.0

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

2.7 ESTABLISHMENT LEVEL(a), Employment—End of June

Items	1996	1997
Establishments(b) at 30 June (no.)	17	15
Employment at end of June		
Males (no.)	4 222	3 549
Females (no.)	1 260	1 230
Persons (no.)	5 482	4 779
Persons employed per establishment (no.)	322.5	318.6
Employment type		
Administrative, office and sales (no.)	2 694	2 268
Production and all other employees (no.)	2 788	2 511
Employees engaged on new construction (no.)	979	641
Wages and salaries		
All employees (\$m)	280.2	293.1
Employees engaged on new construction (\$m)	23.3	23.1

(a) See Explanatory Notes, 'Statistical units', paragraphs 8–13.

(b) Number of gas establishments operating at 30 June 1997 for the States and Territories were:
 New South Wales — 4; Victoria — 1; Queensland — 5; South Australia — 1;
 Western Australia — 1; Tasmania — 1; Northern Territory — 1;
 Australian Capital Territory — 1.

2.8 ESTABLISHMENT LEVEL(a), Income and Expenditure

	1995-96	1996-97
Items	\$m	\$m
Sales of gas and gas by-products(b)	2 651.8	2 732.9
Sales of other goods(b)	77.6	117.0
Service income	44.8	36.9
Rent, leasing and hiring income	1.6	2.7
Government subsidies	6.0	6.0
Capital work done for own use	102.4	72.0
Turnover	2 884.3	2 967.5
<i>Plus</i>		
Closing stocks	45.0	39.4
<i>Less</i>		
Opening stocks	54.1	45.8
<i>Less</i>		
Purchases		
Materials, components, containers etc.(c)	236.8	212.9
Fuels	4.9	0.1
Electricity	3.0	3.4
Gas	824.2	875.7
Goods for resale(c)	70.0	99.7
Rent, leasing and hiring expenses	45.9	46.7
Outward freight and cartage	159.0	162.0
Motor vehicle expenses	17.6	14.3
Repair and maintenance expenses	6.3	5.7
Payment for contract, subcontract and commission work	53.0	124.7
<i>Purchases and selected expenses</i>	<i>1 420.6</i>	<i>1 545.2</i>
Value added	1 454.5	1 416.0

(a) See Explanatory Notes, 'Statistical units', paragraphs 8-13.

(b) Includes transfers out to other establishments of the same management unit where appropriate.

(c) Includes transfers in from other establishments of the same management unit where appropriate.

CHAPTER 3

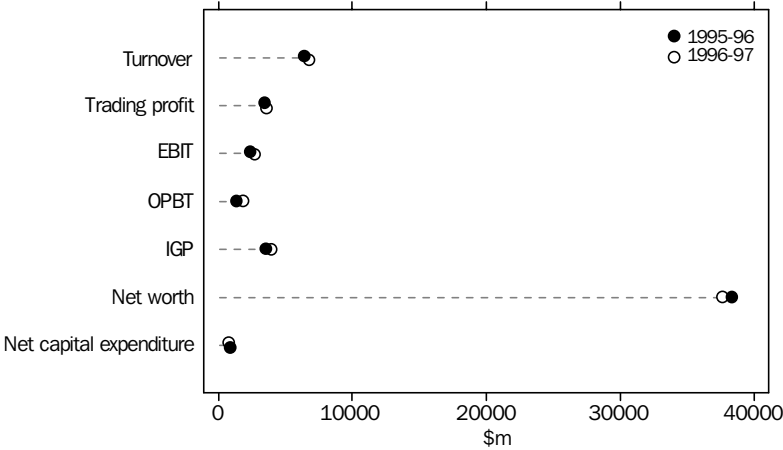
WATER AND SEWERAGE INDUSTRY

MANAGEMENT UNIT PERFORMANCE MEASURES

The 1996–97 Water and Sewerage Survey collected data at management unit level only (see Explanatory Notes, paragraphs 8–13). This means that data collected for the Australian Capital Territory and Northern Territory excludes their major water supply companies, since at the management unit level they are part of businesses classified as being in the electricity industry.

Overall performance of the industry in 1996–97, was characterised by labour shedding, cost reduction and improved profitability.

SELECTED INDICATORS



Employment

Total employment in the water and sewerage industry at the management unit level decreased by 10% from 18,474 persons at the end of June 1996 to 16,577 persons at the end of June 1997. The cost of wages and salaries fell by 7% to \$754m in 1996–97 reflecting the decrease in the workforce.

Turnover

Turnover increased by \$303m (5%), from \$6,450m in 1995–96 to \$6,753m in 1996–97.

Trading profit

Total trading profit in 1996–97 was \$3,623m, an increase of \$190m or 6% on the 1995–96 figure. Income from sales of goods and services increased by \$42m (1%) to \$6,246m. There was a decrease in purchases and selected expenses of \$93m (3%) to \$2,798m in 1996–97.

Earnings before interest and tax

EBIT increased by 17%, from \$2,338m in 1995–96 to \$2,729m in 1996–97. An increase in government funding of community service obligations is the major reason for the increase in EBIT.

Operating profit before tax

OPBT rose from \$1,368m in 1995–96 to \$1,836m in 1996–97, an increase of 34%.

Industry gross product

IGP increased by \$416m (12%) from \$3,540m in 1995–96 to \$3,956m in 1996–97.

Net worth

Net worth decreased by \$668m (2%), from \$38,323m in 1995–96 to \$37,655m in 1996–97.

Net capital expenditure

Total net capital expenditure decreased by \$131m (15%) to \$760m in 1996–97.

EXPLANATORY NOTES

INTRODUCTION

1 The statistics in this publication have been derived from the 1996–97 Census of Electricity and Gas Operations and the 1996–97 Water and Sewerage Survey. The collections aim to meet the demands of users who require annual financial statistics which can be related to other industry sectors in Australia on a consistent basis.

2 The collection of electricity, gas, water and sewerage data is conducted as a component of the ABS integrated economic statistics system. Data from each industry sector conform to the same basic conceptual standards, allowing comparative analysis between and across different industry sectors.

3 The findings for 1995–96 are now final and replace those previously issued in the 1995–96 publication *Electricity, Gas, Water and Sewerage Industries, Australia* (Cat. no. 8208.0) released on 18 March 1998.

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 (and establishments) included in the Census of Electricity and Gas Operations and the Water and Sewerage Survey.

5 The Census of Electricity and Gas Operations covers those management units and establishments mainly engaged in the generation, transmission or distribution of electricity; the manufacture of town gas from coal and/or petroleum, or the mains distribution of town gas, natural gas or liquefied petroleum gas. Note that management units and establishments mainly engaged in the distribution of liquefied petroleum gas in bulk or in containers are classified to petroleum product wholesaling. The Water and Sewerage Survey 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.

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, unless sales or transfers out of electricity exceed a specific value (\$7.2m in 1995–96 and 1996–97). The statistics do include details relating to separate locations of a management unit mainly engaged in producing electricity for use by other locations of the management unit (e.g. for use by a separately located manufacturing establishment).

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, 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 resulting in double counting.

STATISTICAL UNITS

8 This publication presents industry statistics which are compiled differently from activity statistics. Each management or establishment 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 Northern Territory excludes their major water supply companies, since at the management unit level they are classified as part of the electricity industry.

9 The basic units for which statistics are reported in ABS integrated industry collections are the management unit and the establishment.

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 The establishment is 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.

12 The differences in definition of management unit and establishment often result in different values being obtained for certain data items. For example, employment at the establishment level only includes those employees that are involved in that industry whilst employment at the management unit level includes all employees of that business unit. This often includes employees who would be included in a different industry at the establishment level (e.g. retail sales staff, head office staff).

13 Separately located administrative offices and ancillary units such as storage premises, laboratories and producers' sales branches continue to have their activities included with electricity or gas activities unless these ancillaries constitute a separate accounting unit, in which case they are defined as a separate establishment.

REFERENCE PERIOD

14 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.

INDUSTRY PERFORMANCE MEASURES

15 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. 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 ABS.

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

17 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 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.

18 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.

19 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.

INDUSTRY PERFORMANCE MEASURES *continued*

20 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.

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

RELIABILITY OF ESTIMATES

21 Data presented in this publication for Australian and New Zealand Standard Industrial Classification 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; i.e. 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, 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 two chances in three that a sample estimate will differ by less than one standard error 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 two standard errors.

22 The standard error can also be expressed as a percentage of the estimate, and is known as the relative standard error. Detailed estimates of relative standard errors can be made available upon request.

23 The imprecision due to sampling variability, which is measured by the standard error, 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 to reduce non-sampling error to a minimum by careful design of questionnaires, editing processes, and efficient operating procedures.

ACKNOWLEDGMENT

24 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*.

RELATED PUBLICATIONS AND AVAILABILITY OF UNPUBLISHED STATISTICS

Related publications

25 Users may also wish to refer to the following publications:

Actual and Expected Private Mineral Exploration, Australia (Cat. no. 8412.0)

Agricultural Industries, Financial Statistics, Australia (Cat. no. 7507.0)

Australian Mining Industry (Cat. no. 8414.0)

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

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

Energy Accounts for Australia (Cat. no. 4604.0)

Environment Protection Expenditure, Australia (Cat. no. 4603.0)

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.

Mining, Electricity and Gas Operations, Australia, Preliminary

(Cat. no. 8401.0)

Sales of Goods and Services by Businesses involved in Water Related Activity in South Australia (Cat. no. 1352.4)

26 Current publications produced by the ABS are listed in the *Catalogue of Publications and Products* (Cat. no. 1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (Cat. no. 1105.0) which lists publications to be released in the next few days. The Catalogue and Release Advice are available from any ABS office.

Unpublished statistics

27 The statistics presented in this publication represent only a portion of the information which is available from the Census of Electricity and Gas Operations and the Water and Sewerage Survey. Unpublished information can generally be made available on request, subject to quality and confidentiality guidelines associated with the release of such data. The charges for these services vary according to the time required to extract, tabulate and evaluate the data.

28 Inquiries should be made to the officer named in the Inquiries section at the front of this publication.

ROUNDING

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

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. In those instances where more than one standard or definition is available, the following paragraphs indicate which one has been chosen.

Acquisitions to disposals	The number of times that dollars spent on acquiring assets exceed dollars received for disposal of assets, i.e. Total acquisitions/Total disposals.
Asset turnover ratio	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.
Bad debts	Represents the amount of bad debts written off net of bad debts previously written off but recovered.
Capital expenditure	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).
Capitalised purchases	Goods drawn from stock for use as fixed tangible assets.
Capitalised wages	Capitalised work done by own employees in manufacturing, constructing or installing assets.
Capital work for own use	Work that is done by the employees of the business for its own use or for rental or lease purposes. This value should include the wages of the employees as well as materials withdrawn from stock.
Cost of sales	The sum of purchases, selected expenses and opening stocks minus closing stocks.
Current assets	Refers to the value of closing trading stock (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.
Current liabilities	The book value of current liabilities at the end of the financial year. This includes provisions for taxation, leave, claims, trade creditors, other accounts payable and bank overdrafts.
Current ratio	The number of times current assets exceed current liabilities, i.e. Current assets/Current liabilities.
Debt to assets	The percentage of assets financed by debt as opposed to equity, i.e. (Total liabilities/Total assets) x 100.
Depreciation	Includes depreciation allowed on buildings and other fixed tangible assets.
Disposal of assets	Includes the proceeds from the sale of land, dwellings, buildings, plant, machinery and equipment.
Earnings before interest and tax	A measure of profit prior to the deduction of interest expenses and income tax.

Employment	Includes working proprietors, working partners, permanent, part-time, temporary and casual employees, employees on paid leave and managerial and executive employees working for the business during the last pay period ending in June.
Establishments at 30 June	Refers to the number of establishments in operation at 30 June.
Government subsidies	Includes bounties, subsidies and export grants.
Industry gross product (IGP)	<p>A measure of the unduplicated gross product of a business derived by subtracting from the gross output of the business its intermediate consumption of goods and services. The formula for IGP is as follows:</p> <p>IGP = Sales of goods and services</p> <p>Plus Rent, leasing and hiring income</p> <p>Government subsidies</p> <p>Capital work done for own use</p> <p>Closing stocks</p> <p>Less Opening stocks</p> <p>Purchases and selected expenses.</p>
Industry gross product to employment	The average amount, expressed in thousands of dollars, of industry gross product for each employee, working proprietor and working partner, i.e. Industry gross product/Employment.
Industry gross product to selected labour costs	The average amount of the value of each dollar of gross product generated by each dollar input of labour, i.e. Industry gross product/Selected labour costs.
Insurance premiums	Includes premiums for fire, general, accident, optional third-party and comprehensive motor vehicle insurance.
Interest coverage	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.
Interest expenses	Includes interest paid on loans from banks, finance companies, insurance companies and related companies.
Interest income	Includes interest received from bank accounts, loans and finance leases, and earnings on discounted bills.
Liquidity ratio	The number of times current assets other than stocks exceed current liabilities, i.e. (Current assets – Closing stocks)/Current liabilities.
Management units at 30 June	Refers to the number of management units in operation at 30 June.
Motor vehicle expenses	Includes expenditure on registration fees, compulsory third-party insurance, fuel and repairs.
Net capital expenditure	The difference between total acquisitions and disposals of assets.
Net capital expenditure to assets	The percentage of the total book value of assets spent on net capital expenditure, i.e. (Net capital expenditure/Total assets) x 100.
Net worth	Total assets minus total liabilities and is equal to the interest of shareholders or other owners in the assets of the business.

Non-current assets	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.
Non-current liabilities	The book value of non-current liabilities at the end of the financial year. This includes bank loans, debentures and unsecured notes.
Operating profit before tax	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).
Other income	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.
Other selected expenses	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, subsidy expenses (i.e. amounts paid to electricity subsidy funds) and computer software expenses.
Outward freight and cartage	Excludes the cost of delivery by own vehicles and employees.
Payment for contract, subcontract and commission expenses	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 are also included.
Profit to employment	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.
Purchases of goods and materials	Includes purchases of materials, components, containers, packaging, fuels, electricity and water, and purchases of other goods for resale. Also includes capitalised purchases.
Rent, leasing and hiring expenses	Includes expenses for land, buildings and other structures; motor vehicles; and plant machinery and other equipment.
Rent, leasing and hiring income	Includes proceeds from the rent, lease or hiring of land, buildings, machinery, vehicles and equipment.
Repair and maintenance expenses	Excludes the repair and maintenance costs of motor vehicles and the wages and salaries paid to own employees.
Return on assets	Derived by expressing operating profit before tax as a percentage of the total book value of assets, i.e. $(\text{Operating profit before tax} / \text{Total assets}) \times 100$.
Return on funds	Derived by expressing earnings before interest and tax as a percentage of the total of shareholders funds and non-current liabilities, i.e. $\text{Earnings before interest and tax} / (\text{Net worth} + \text{Non-current liabilities}) \times 100$.
Royalties expenses	Includes any payments made for the use of rights, information or material owned by another company or person.

Sales of goods and services	Includes revenue from the sale of electricity (or gas and gas by-products) and other goods (e.g. electrical or gas appliances, waste materials, sales of trade-ins). Also includes service income (e.g. repair and service income, contract, subcontract and commission income, installation charges) and rent leasing and hiring income. Note that at the establishment level sales of goods and services includes the value of any transfers out of electricity (or gas) and/or other goods for resale. These transfers are valued, for statistical purposes, at prices commensurate with the prices which would have been received or paid if the establishments concerned had been under separate ownership, i.e. at commercial selling price.
Selected labour costs	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.
Selected labour costs to employment	The average amount, expressed in thousands of dollars, of selected labour costs incurred by business (including wages, salaries, superannuation, workers' compensation premiums) for each employee, working proprietor and working partner, i.e. Selected labour costs/Employment.
Stocks — opening and closing	The value of all stocks of finished goods, work-in-progress, raw materials, fuels, containers, etc. at the beginning and end of the financial year, respectively.
Subsidy expenses	Payments made to electricity subsidy funds.
Superannuation	Includes all employer contributions to superannuation schemes and any benefits paid by employers operating unfunded schemes.
Trading profit	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.
Trading profit margin	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
Turnover	Includes all proceeds from operating revenue (i.e. sales, transfers out for establishment data, 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.
Value added	A measure of the production attributable to each industry. Its derivation is the same as industry gross product except that it does not take into account other selected expenses.

Wages and salaries	Refers to payments made to all permanent, part-time, casual 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.
Workers' compensation	Includes premiums and any other costs incurred by the employer not reimbursed by an insurance company.

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