



# **VETERINARY SERVICES**

AUSTRALIA

EMBARGO: 11.30AM (CANBERRA TIME) FRI 17 AUG 2001

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■ For further information about these and related statistics, contact the National Information Service on 1300 135 070 or Paull Hoffmann on Brisbane 07 3222 6118.

# NOTES

INTRODUCTION This publication presents results, in respect of the 1999–2000 financial year, from an

Australian Bureau of Statistics (ABS) survey of employing businesses involved in the

veterinary services industry. It is the first ABS survey of this industry.

COMMENTS ON THIS

PUBLICATION

The ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future surveys. These comments should be addressed to the Director, Service Industries Surveys, Australian Bureau of Statistics, PO Box 10

Belconnen ACT 2616.

ROUNDING 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

RSE Relative standard error

Dennis Trewin

Australian Statistician

#### SUMMARY OF FINDINGS

INTRODUCTION

This publication presents results, in respect of the 1999-2000 financial year, from an Australian Bureau of Statistics (ABS) sample survey of employing private veterinary practices. These practices are classified to Class 8640, Veterinary Services, of the Australian and New Zealand Standard Industrial Classification (ANZSIC).

Practices can be formed in various ways. In its simplest form, the veterinary practice is a single business. In more complex situations, there is an administrative services business providing administrative, secretarial or similar services to the veterinary business. In these cases, data for the administrative services business and the veterinary business have been combined to form the practice.

SIZE OF THE INDUSTRY

At the end of June 2000, there were 1,792 employing practices operating in the veterinary services industry. These practices operated from a total of 2,325 locations, with locations in capital cities and country areas being evenly distributed at 1,153 and 1,172 respectively. Sole proprietorships and partnerships accounted for 801 (45%) of veterinary practices, while there were 744 (42%) practices operating as incorporated companies.

Industry Value Added for employing businesses in the veterinary services industry in 1999-2000 was \$549 million, compared to Industry Value Added for all industries of \$365,900 million.

Although non-employing practices were not included in the survey, it is estimated from external sources that there were a further 790 non-employing veterinary practices in the veterinary services industry. These non-employing practices generated only \$86 million in income.

SOURCES OF INCOME

The total income of employing veterinary practices during 1999-2000 was \$994 million.

Income from the provision of professional services (\$865 million) was the main source of income for these practices and represented 87% of their total income. This professional service income included \$229 million from consultation services and \$204 million from the provision of medication used as part of the treatment. These two types of professional service income accounted for 23% and 21% respectively of total income. Other professional service income included \$110 million from surgery and \$97 million from vaccinations.

Income from the treatment of companion animals (\$714 million) accounted for 83% of the professional services income. Most of the remaining income was generated from the treatment of farm production animals (\$83 million), racehorse breeding (\$30 million), and treatment of animals in the horse and dog racing industry (\$29 million).

Income from other veterinary related services totalled \$25 million and included such services as grooming (\$8 million), boarding (\$7 million), and burial and body disposal (\$5 million).

Another source of income for veterinary practices was the sale of merchandise at \$96 million. The main types of merchandise sold during 1999-2000 were over the counter medications (\$62 million), pet food (\$19 million) and pet accessories (\$8 million).

#### SUMMARY OF FINDINGS continued

**EXPENSES** 

Veterinary practices incurred total expenses of \$836 million during 1999-2000. The two major expense items were labour costs of \$354 million (42% of total expenses) and purchases of \$266 million (32% of total expenses).

Wages and salaries of \$312 million was the most significant component of labour costs, with employed veterinarians being paid wages and salaries of \$169 million. The average wages and salaries per employed veterinarian practitioner was \$52,200. The remaining employees in veterinary practices were paid total wages and salaries of \$143 million, which resulted in an average wages and salaries per employee of \$27,300.

The most significant purchases made by veterinary practices were on goods and medications for resale at \$244 million, which represented 29% of total expenses. Other major expenses for veterinary practices were rent, leasing and hiring expenses (\$45 million), payments for other medical services such as pathology/laboratory, x-ray services, etc. (\$25 million), motor vehicle running expenses (\$16 million), and telecommunication services (\$12 million).

PROFITABILITY

The veterinary services industry recorded an operating profit before tax of \$159 million during 1999-2000, which represented an operating profit margin of 16.0%. The operating profit margin did not vary greatly by size of practice, with practices with 3 to 4 practitioners and practices with 5 or more practitioners recording an operating profit margin of about 17%, while practices with 2 practitioners recorded 12.7%.

During 1999-2000, the return to practitioner (defined as wages and salaries paid to practitioners, plus operating profit before tax of practices, divided by the number of practitioners) in the veterinary services industry was \$68,600. The return to practitioner varied according to practice size with the return for single practitioner practices being \$84,900, while the return to practitioner for practices with 5 or more practitioners was \$60,900.

EMPLOYMENT

There were 13,218 persons working in the veterinary services industry at the end of June 2000. Permanent employees totalled 8,489 and accounted for 64% of total employment, with permanent full-time employees and permanent part-time employees accounting for 5,732 persons and 2,757 persons respectively. The remaining employment comprised 1,797 working proprietors and partners and 2,933 casuals.

While females accounted for 73% (9,646 persons) of the persons working in the industry, and 77% of the permanent employees, only 41% of total veterinary practitioners were females.

Of the 13,218 persons working in the veterinary service industry, veterinarian general practitioners (4,513 persons) were 34% of total employment and veterinarian specialists (265 persons) were 2% of total employment. Nurses (5,667 persons) accounted for 43% of employment, of whom 97% were females.

STATES AND TERRITORIES

Veterinary practices in New South Wales (573 practices) and Victoria (451 practices) accounted for 57% of all veterinary practices.

Practices in New South Wales accounted for 30% of employment, 35% of industry income and 38% of operating profit before tax of the industry. The return per

#### SUMMARY OF FINDINGS continued

STATES AND
TERRITORIES continued

practitioner in New South Wales practices was \$81,400. Practices in Victoria accounted for 27% of employment, 26% of income and 31% of operating profit before tax of the industry. The return per practitioner in Victorian practices was \$68,100. By way of comparison, the New South Wales and Victorian share of the Australian population at the end of June 2000 was 34% and 25% respectively.

There were only 18 employing practices in the Australian Capital Territory which accounted for the highest return to practitioner (\$98,100) and also the highest operating profit margin of 21.7%. The operating profit margin was lowest for practices located in the Northern Territory (10.4%) and Queensland (9.2%).

PRACTICE SIZE

Of the 1,792 veterinary practices at the end of June 2000, 522 (29%) were single practitioner practices. These single veterinary practices accounted for 14% of industry employment, 15% of total industry income, and 15% of operating profit before tax. These small practices generated 71% of their income from the treatment of companion animals and 13% from farm/production animals.

There were 238 (13%) practices with five or more veterinarians, contributing 29% of industry employment, 28% of total industry income, and 29% of operating profit before tax. These large practices generated 67% of their income from the treatment of companion animals and 9% from farm/production animals.

## **KEY FIGURES**

	Value
• • • • • • • • • • • • • • • • • • • •	• • • • •
Practices at end June 2000	004
Sole proprietors or partnerships (no.) Incorporated companies (no.)	801 744
Trusts (no.)	247
Total (no.)	1 792
Locations at end June 2000	
Capital City (no.)	1 153
Other (no.)	1 172
Total (no.)	2 325
Employment at end June 2000	
Veterinarians (no.)	4 779
Other (no.)	8 439
Total (no.)	13 218
Income	
Professional services (\$m)	864.6
Sales of merchandise (\$m)	95.5
Other Income (\$m)	33.8
Total (\$m)	993.9
Expenses	
Labour costs (\$m)	354.1
Payments to other businesses for professional services (\$m)	25.0 265.6
Purchases (\$m) Other expenses (\$m)	205.0 191.1
Total (\$m)	835.7
Return per practitioner (\$'000)	68.6
Operating profit before tax (\$m)	158.5
	16.0
Operating profit margin (%)	
Industry value added (\$m)	549.2



# KEY CHARACTERISTICS, by Practice size

	1 practitioner	2 practitioners	3–4 practitioners	5 or more practitioners	Total practitioners
•••••	• • • • • • • •	• • • • • • • •	• • • • • • • •	• • • • • • • • •	• • • • • • • •
Practices at end June 2000					
Sole proprietors or partnerships (no.)	284	211	188	117	801
Incorporated companies (no.)	195	253	214	82	744
Trusts (no.)	*43	*85	*80	*39	247
Total (no.)	522	550	482	238	1 792
Employment at end June 2000					
Veterinarians (no.)	522	1 099	1 562	1 596	4 779
Other (no.)	1 359	2 125	2 691	2 264	8 439
Total (no.)	1 881	3 224	4 253	3 860	13 218
Professional services income by type of client					
Companion animals (\$m)	104.2	172.3	253.4	184.0	713.9
Farm/production animals (including working animals) (\$m)	*19.5	15.3	22.5	*26.0	83.3
Racehorse breeding (\$m)	*1.2	**2.7	*7.2	**18.5	*29.7
Horse and dog racing industry (\$m)	*4.2	*3.4	*7.4	**14.0	*29.0
Australian Quarantine Inspection Service (AQIS) (\$m)	np	np	**0.9	*0.2	*1.6
Other professional services income (\$m)	np	np	*2.7	**3.4	*7.1
Total (\$m)	129.9	194.4	294.1	246.1	864.6
Total income (\$m)	145.9	229.2	342.7	276.1	993.9
Total expenses (\$m)	122.0	196.2	286.2	231.3	835.7
Operating profit before tax (\$m)	24.3	*29.0	59.3	45.9	158.5

estimate has a relative standard error of between 25% and 50% and should be used with

estimate has a relative standard error greater than 50% and is considered too unreliable for general use

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

	Practices		Proportion
	at end of		of total
	June(a)	Value	income
	no.	\$m	%
	• • • • • • •	• • • • • •	• • • • • •
Income from professional services			
Consultation	1 750	228.7	23.0
Travel associated with consultation	983	12.4	1.3
Medication (drugs used in treatment)	1 704	204.4	20.6
Vaccination	1 550	96.6	9.7
Dentistry	1 198	10.8	1.1
Surgery (including anaesthetics)	1 609	109.9	11.1
Desexing	1 403	54.0	5.4
Hospitalisation (in-patient care)	1 533	37.3	3.8
Pathology/laboratory	1 451	46.7	4.7
X-Ray and imaging (including radiology and ultrasound)	1 500	28.2	2.8
Other	862	35.6	3.6
Total	1 792	864.6	87.0
Income from other veterinary related services			
Grooming	1 011	7.6	0.8
Boarding	653	7.1	0.7
Burial/body disposal	1 029	5.2	0.5
Other	196	*4.8	*0.5
Total	1 297	24.7	2.5
Total service income	1 792	889.2	89.5
Sales of merchandise			
Over the counter medication	1 256	61.8	6.2
Pet food	1 110	18.7	1.9
Pet accessories	1 029	8.3	0.8
Other	327	6.7	0.7
Total	1 477	95.5	9.6
Other income			
Rent, leasing and hiring income	181	*5.1	*0.5
Interest income	686	1.5	0.2
Other income	267	2.6	0.3
Total	860	9.2	0.9
Total income	1 792	993.9	100.0

<sup>\*</sup> estimate has a relative standard error of between 25% and 50% and should be used with

<sup>(</sup>a) Practices may have more than one source of income, hence the counts of practices for each income source do not add to the total.

	Value	Proportion of total expenses
	\$m	%
	• • • • • • •	• • • • • • •
Labour costs		
Wages and salaries	160.0	20.3
Veterinarians Other	169.2 142.7	20.3 17.1
Total	311.9	37.3
Employer contributions to superannuation funds	31.9	3.8
Workers' compensation costs	3.7	0.5
Fringe benefits tax Payroll tax	*1.1 5.4	*0.1 0.7
Total	354.1	42.4
Colorada auragas		
Selected expenses Payments for other medical services		
Pathology/laboratory	16.7	2.0
X-Ray and imaging	**4.2	**0.5
Specialist fees	2.7	0.3
Other Total	**1.3 25.0	**0.2 3.0
Training services provided by other businesses Payments for membership/professional fees	2.3 3.0	0.3 0.4
Rent, leasing and hiring expenses	44.5	5.3
Motor vehicle running expenses	15.7	1.9
Telecommunication services	12.2	1.5
Waste disposal expenses (including body disposal)	*3.5	*0.4
Payments to employment agencies for staff Other contract, sub-contract and commission expenses	*0.5 11.9	*0.1 1.4
Other contract, sub-contract and commission expenses  Other operating expenses	32.1	3.9
Total	150.7	18.0
Other costs		
Other costs Purchases		
Goods and medications for resale	243.6	29.2
Other purchases	22.0	2.6
Total	265.6	31.8
Professional indemnity insurance	3.9	0.5
Other insurance premiums	5.1	0.6
Interest expenses  Bank charges other than interest (including credit card commission expenses)	13.4 9.0	1.6 1.1
Depreciation and amortisation	13.5	1.6
Bad and doubtful debts	4.4	0.5
Other	16.2	1.9
Total	331.0	39.6
Total expenses	835.7	100.0

estimate has a relative standard error of between 25% and 50% and should be used with  $\,$ caution

estimate has a relative standard error greater than 50% and is considered too unreliable for general use

## CHARACTERISTICS OF EMPLOYMENT

	MALES		FEMALES		PERSONS	
	no.	%	no.	%	no.	%
Employment type Working proprietors and partners	1 211	33.9	586	6.1	1 797	13.6
Employees Permanent full-time Permanent part-time Total permanent employees	1 707 230 1 937	72.3 6.5 54.2	4 025 2 527 6 552	41.7 26.2 67.9	5 732 2 757 8 489	43.4 20.9 64.2
Casuals Total employees	424 2 361	11.9 66.1	2 509 9 060	26.0 93.9	2 933 11 421	22.2 86.4
Total employment at end June 2000	3 572	100.0	9 646	100.0	13 218	100.0



# MAIN OCCUPATION OF PERSONS WORKING

	MALES		FEMALES		PERSONS	
	no.	%	no.	%	no.	%
• • • • • • • • • • • • • • • • • • • •	• • • • • •	• • • • • • • •	• • • • • • •	• • • • • • •	• • • • • • • • •	• • • • •
Occupation						
Veterinarian general practitioner	2 611	73.1	1 903	19.7	4 513	34.2
Veterinarian specialist	*205	*5.7	*61	*0.6	*265	*2.0
Nurses	184	5.2	5 484	56.9	5 667	42.9
Managerial and administrative	258	7.2	1 527	15.8	1 785	13.5
Other	314	8.8	673	7.0	987	7.5
Total employment at end June 2000	3 572	100.0	9 646	100.0	13 218	100.0

estimate has a relative standard error of between 25% and 50% and should be used with caution



### STATE AND TERRITORY COMPARISONS

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
• • • • • • • • • • • • • • • • • • • •	• • • • • • • •	• • • • • •	• • • • • • • • •	• • • • • • • •	• • • • • • •	• • • • • • •	• • • • • • •	• • • • • • • •	• • • • • • •
Practices at end June									
(no.)	573	451	369	150	171	46	14	18	1 792
(%) Locations at end June	32.0	25.2	20.6	8.4	9.5	2.6	0.8	1.0	100.0
(no.)	760	562	485	198	221	64	14	21	2 325
(%) Employment at end June	32.7	24.2	20.9	8.5	9.5	2.8	0.6	0.9	100.0
(no.)	3 992	3 584	2 393	1 245	1 531	223	76	174	13 218
(%)	30.2	27.1	18.1	9.4	11.6	1.7	0.6	1.3	100.0
Wages and salaries									
(\$m)	105.5	80.8	55.5	25.6	33.8	4.6	1.9	4.3	311.9
(%)	33.8	25.9	17.8	8.2	10.8	1.5	0.6	1.4	100.0
Total income									
(\$m)	347.6	253.3	172.3	86.8	97.6	15.3	5.8	15.2	993.9
(%)	35.0	25.5	17.3	8.7	9.8	1.5	0.6	1.5	100.0
Professional services income									
(\$m)	303.6	220.7	147.4	76.7	83.6	13.8	5.1	13.8	864.6
(%)	35.1	25.5	17.1	8.9	9.7	1.6	0.6	1.6	100.0
Operating profit before tax									
(\$m)	60.4	48.5	*15.8	14.4	*12.8	*2.7	*0.6	3.3	158.5
(%)	38.1	30.6	10.0	9.1	8.1	1.7	0.4	2.1	100.0
Operating profit margin (%)	17.4	19.3	*9.2	16.6	13.2	17.7	*10.4	21.7	16.0
Return per practitioner (\$'000)	81.4	68.1	56.8	62.8	*56.0	56.1	53.6	98.1	68.6

estimate has a relative standard error of between 25% and 50% and should be used with caution



## SELECTED RATIOS, by Practice size

	1 practitioner	2 practitioners	3–4 practitioners	5 or more practitioners	Total practitioners
••••••	• • • • • • • •	• • • • • • • •	• • • • • • • •	• • • • • • • •	• • • • • • •
Total income per employment (\$'000)	77.6	71.1	80.6	71.5	75.2
Total expenses per employment (\$'000)	64.9	60.9	67.3	59.9	63.2
Labour costs per employee (\$'000)	31.2	32.2	30.7	30.3	31.0
Labour costs to total expenses (%)	39.8	44.4	40.2	44.6	42.4
Operating profit before tax per employee (\$'000)	15.6	*10.7	15.8	13.5	13.9
Operating profit before tax per employment (\$'000)	12.9	*9.0	13.9	11.9	12.0
Professional services income to total income (%)	89.0	84.8	85.8	89.1	87.0
Return per practitioner (\$'000)	84.9	63.0	74.8	60.9	68.6
Wages and salaries per employed veterinarian (\$'000)	84.5	64.9	51.6	40.4	52.2
Operating profit margin (%)	16.8	*12.7	17.3	16.7	16.0

estimate has a relative standard error of between 25% and 50% and should be used with caution

#### **EXPLANATORY NOTES**

INTRODUCTION

SCOPE

IMPROVEMENTS TO COVERAGE

STATISTICAL UNIT

PRACTICES CEASED DURING THE YEAR

REFERENCE PERIOD

RELIABILITY OF DATA

- **1** This publication presents results, in respect of 1999–00, from an Australian Bureau of Statistics (ABS) sample survey of 366 employing practices in the veterinary services industry.
- 2 The scope of the survey was all employing businesses recorded on the ABS business register and classified to Class 8640, Veterinary Services, of the Australian and New Zealand Standard Industrial Classification (ANZSIC). This class comprises businesses of registered veterinary practitioners and also includes businesses mainly engaged in operating animal hospitals.
- **3** Data in this publication have been adjusted to allow for lags in processing new businesses to the ABS business register, and the omission of some businesses from the business register. The majority of businesses affected and to which the adjustments apply are small in size.
- **4** Adjustments have been made to include new businesses in the estimates in the periods in which they commenced operations, rather than when they were processed to the business register.
- **5** Further adjustments have been made for businesses which had been in existence for several years, but, for various reasons, were not previously added to the ABS register.
- **6** For more information on these adjustments, please refer to the ABS publication *Information Paper: Improvements to ABS Economic Statistics, 1997* (Cat. 1357.0).
- **7** Generally the unit for which statistics were reported in the survey was the management unit. The management unit is the highest-level accounting unit within a business or organisation, having regard for industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, sole operator, etc.). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it.
- **8** In most cases the management unit equates to the veterinary business (or practice). However there are a number of situations where an administrative services business provides direct services to a veterinary business. In these cases, the administrative service business and the veterinary business are combined to form the practice.
- **9** A number of practices ceased operations during the 1999–00 reference period. It is normal ABS procedure to include the contributions of these practices in the survey output.
- **10** Data contained in the tables of this publication relate to all veterinary services practices which operated in Australia at any time during the year ended 30 June 2000. Counts of practices include only those practices that were operating at 30 June 2000.
- **11** The estimates presented in this publication are subject to sampling and non-sampling error.
- **12** The estimates in this publication are based on information obtained from a sample of businesses in the surveyed population. Consequently, the estimates in this publication are subject to sampling variability, that is, they may differ from figures that would have been obtained if all units had been included

RELIABILITY OF DATA continued

in the survey. One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.

- **13** There are about two chances in three that a sample estimate will differ by less than one SE from the figure that would have been obtained if a census had been conducted, and approximately 19 chances in 20 that the difference will be less than two SEs.
- **14** Sampling variability can be measured by the relative standard error (RSE) which is obtained by expressing the SE as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to sampling, and this avoids the need to refer also to the size of the estimate.
- **15** The following table contains estimates of RSEs for a selection of the statistics presented in this publication.

#### RELATIVE STANDARD ERRORS, for Table 1—Key Figures

	RSE %
Practices at end June 2000	70
Sole proprietors or partnerships	7.3
Incorporated companies	7.5
Trusts	15.3
Total	2.0
Locations at end June 2000	
Capital City	6.3
Other	8.1
Total	3.7
Employment at end June 2000	
Veterinarians	4.6
Other	4.3
Total	3.9
Income	
Professional services	4.4
Sales of merchandise	7.2
Other income	10.4
Total	4.2
Expenses	
Labour costs	4.3
Payments to other businesses for professional services	14.4
Purchases	5.4 4.4
Other expenses Total	4.4 4.2
Total	4.2
Return per practitioner	5.6
Operating profit before tax	8.9
Operating profit margin	7.3
Industry value added	4.4

**16** As an example of the above, an estimate of total income for the veterinary services industry is \$993.9 million and the RSE is 4.2%, giving a SE of \$41.7 million. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$952.2 million to \$1,035.6 million would have been obtained, and 19 chances in 20 that the figure would have been within the range of \$910.5 million to \$1,077.3 million (i.e. a confidence interval of 95%).

### **EXPLANATORY NOTES** continued

RELIABILITY OF DATA continued

**17** Errors other than those due to sampling may occur because of deficiencies in the register of units from which the sample was selected, non-response and imperfections in reporting by respondents. Inaccuracies of this kind are referred to as non-sampling errors and they may occur in any collection, whether it be a census or a sample. Every effort has been made to reduce non-sampling error to a minimum by careful design and testing of questionnaires, efficient operating procedures and systems, and appropriate methodology.

ACKNOWLEDGMENT

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

#### GLOSSARY

Bad and doubtful debts Bad and doubtful debts is the amount of accounts receivable that are either

written off, or estimated to be uncollectable during an accounting period, that

are expensed in a period's profit calculations.

Capital city Capital cities are Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, Canberra

and Darwin and all suburbs of these cities.

Casual employees This item refers to employees not entitled to take paid holidays.

**Depreciation and amortisation** Depreciation and amortisation are financial charges made in the accounts to

reflect that part of the value of the asset which may be regarded as having been

used up in producing revenue in a particular accounting period.

**Employees** This item includes working directors, and other employees working for a

business during the last pay period in June. Employees absent on paid or prepaid leave are included. This item excludes working proprietors and partners of

unincorporated businesses.

Employer contribution to Includes al superannuation funds employer p

Includes all employer contributions to superannuation schemes (including the

employer productivity contribution).

Employment at end June This item includes working proprietors and partners, working directors, and

other employees working for a business during the last pay period ending in June  $\,$ 

2000. Employees absent on paid or prepaid leave are included.

**Industry value added** This item represents the value added of the industry to the economy and is

calculated as the sales of goods and services plus government subsidies and changes in levels of trading inventories, minus purchases of goods and selected

expenses.

Interest expenses This item includes interest on bank loans, loans made from related as well as

unrelated businesses/organisations, and interest in respect of finance leases, interest paid to loans from partners, interest equivalents, such as hedging costs, and expenses associated with discounted bills. It excludes bank charges and

capital repayments.

Interest income This item includes interest from deposits in banks and non-bank financial

institutions, loans and advances made to other businesses, interest on finance leases, and earnings on discounted bills. It excludes capital repayments received.

Labour costs These include wages and salaries, employer contributions to superannuation

funds, workers' compensation costs, fringe benefits tax and payroll tax.

**Location** A location is a physical site from which the veterinary practice provides services

on a relatively regular basis.

Main occupation The main occupation/activity of persons working for the business during the last

pay period ending in June 2000.

Operating profit before tax A measure of profit (or loss) before extraordinary items are brought to account

and prior to the deduction of income tax and appropriation to owners. It is derived as total income minus total expenses, plus closing inventories minus

opening inventories.

Operating profit margin Operating profit margin of a business represents that percentage of its sales of

goods and services which become profit after all operating expenses have been deducted. It is derived by expressing total operating profit before tax (OPBT) as a percentage of total sales of goods and services (i.e. OPBT\*100/Sales of goods

and services).

#### **GLOSSARY** continued

Other contract, sub-contract and commission payments

This item includes payments to other businesses and self-employed persons for work done or sales made on a contract or commission basis (including payments to practitioners for which PAYE tax has not been deducted).

Other income

This includes net profit (loss) on the sale of non-current assets, net profit (loss) on foreign loans as a result of variations in foreign exchange rates/transactions, net profit (loss) on share trading and dividend income. It excludes extraordinary profit (loss), i.e. not associated with the normal operations of this business and of a non-recurring nature.

Other insurance premiums

This item includes optional third-party and comprehensive motor vehicle insurance premiums, fire, general, accident and public liability and income maintenance insurance premiums.

Other operating expenses

This item includes various expense items which are general in nature and are not included elsewhere, e.g. electricity and gas charges, advertising expenses, accounting fees, repair and maintenance.

Other purchases

This item includes veterinary supplies and purchase of non-capitalised equipment. It excludes contract, sub-contract and commission expenses, capitalised purchases, and parts and fuel for motor vehicles.

Other sales of merchandise

This item includes the sales from other finished goods for resale.

Part-time employees

Employees who work less than 35 hours per week.

Permanent employees

These include all employees, full-time or part-time, who were entitled to paid holidays or leave pay.

Professional indemnity

insurance

Insurance payments made to provide a level of indemnification for professional practice. In many instances these expenses are met directly by the employed practitioner and not paid by the business and therefore will not be contained in the reported business expense.

Professional services

Veterinary practices derive their main income from the provision of professional services including vaccination, dentistry and other veterinary services.

Purchases

This item includes goods and medications for resale, veterinary supplies and purchase of non-capitalised equipment. It excludes contract, sub-contract and commission expenses, capitalised purchases, and parts and fuel for motor vehicles.

Rent, leasing and hiring expenses

Rent, leasing and hiring expenses are the costs for the rent, leasing (excluding finance leases) and hiring of vehicles, land, buildings, structures, machinery, equipment and any other property from other businesses or individuals.

Rent, leasing and hiring

income

This item refers to income received from the renting, leasing or hiring of assets such as land, buildings, vehicles, machinery or equipment to other businesses or individuals.

Return per practitioner

This item is the sum of the operating profit before tax of practices and wages and salaries paid to practitioners, divided by the number of practitioners working for practices in the industry.

Telecommunication expenses

Includes telephone charges, facsimile charges, and Internet charges.

Wages and salaries

This item refers to payments accruing to all employees during the financial year including provisions for employee entitlements, severance, termination and redundancy payments. Drawings by sole practitioners/partners are excluded.

Workers' compensation costs

Workers' compensation is a compulsory insurance cover to be taken out by all employers, except self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of or arising out of employment.

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RRP \$18.00