

PRIVATE SECTOR CONSTRUCTION INDUSTRY

PRELIMINARY
AUSTRALIA

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- For more information about these and related statistics, contact Malcolm Tuck on (08) 8237 7560 or refer to the back cover of this publication.

NOTES

ABOUT THIS ISSUE

This publication contains preliminary estimates for the 1996–97 Private Sector Construction Industry Survey, based on responses received from about 65% of businesses at the time these statistics were compiled. Almost 80% of businesses with employment of 5 or more had responded at this time.

For those businesses who have not yet responded, data has been estimated on the basis of responses to date.

Final estimates for the survey will be published in December 1998 in *Private Sector Construction Industry, Australia* (Cat. no. 8772.0); these will be based on more complete response rates. They will also include the contribution of non-employing businesses. The estimates in this preliminary publication do not include estimates from this sector. For these reasons, the estimates can be expected to change between the preliminary and final publications. The final publication will also include more detailed information than is possible in this publication.

The last Construction Industry Survey was conducted in respect of 1988–89, with results published in *Private Sector Construction Industry, Australia* (Cat. no. 8771.0), which was released in September 1991. (See Explanatory notes, paragraph 17)

SYMBOLS AND OTHER USAGES

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
CIS	Construction Industry Survey
EAS	Economic Activity Survey
NBP	New Business Provisions
OPBT	Operating profit before tax
SE	Standard error
RSE	Relative standard error
SISCA	Standard Institutional Sector Classification of Australia

T. J. Skinner
Acting Australian Statistician

OVERVIEW

The scope of the survey includes all private sector employing businesses in the Construction industry involved in:

General construction (ANZSIC sub-division 41), as follows:

- Residential construction (ANZSIC classes 4111 and 4112);
- Non-residential building construction (ANZSIC class 4113);
- Non-building construction (ANZSIC classes 4121 and 4122); and

Construction trade services (ANZSIC sub-division 42);

and which operated in the 1996–97 financial year.

Businesses in all sectors of the industry were asked to report financial and structural data, presented in tables 1–4 of this publication. Only businesses classified to Residential construction and Construction trade services were asked additional questions on other aspects of their operations. This data is presented in tables 5–10.

Further information about the scope and coverage can be found in the Explanatory notes.

Tables 1–3 show that during the 1996–97 financial year there were 81,000 private sector employing businesses in the Construction industry with total employment of 327,700 persons. Total income was reported as \$53,162m and total expenses \$50,388m. Operating profit before tax (OPBT) was \$3,041m giving an industry profit margin of 5.8%.

Business averages for this industry shown in Table 4 indicate that businesses had an average employment of 4.1 persons. Average income was \$656,000 while average expenses were \$622,000. Average operating profit before tax was estimated to be \$38,000.

Table 5 summarises business strategies used during the last major economic downturn by Residential construction and Construction trade services industries. Of these businesses, 39% reported they had yet to experience a major downturn. For those businesses (61%) who had suffered a downturn, the main strategy was to reduce the number of sub-contractors engaged.

Table 6 shows methods used by businesses to dispose of waste in the Residential construction and Construction trade services industries. A large proportion (41%) of businesses in Residential construction and Construction trade services removed their own waste. About 11% of businesses reported that no waste removal was necessary.

Tables 7–10 report on computer usage within the Residential construction and Construction trade services industries. They show that 49% of businesses used computers. The main use was for general administrative tasks, reported by one-third of businesses in the industry.

DETAILED RESULTS—FINANCIAL INFORMATION

Tables 1–4 contain financial information for all parts of the Construction industry, including Residential construction, Non-residential construction, Non-building construction and Construction trade services.

INDUSTRY

Table 1 indicates that over 70% of businesses in this industry are in the Construction trade services industry, and that two-thirds of people who work in the industry are engaged by businesses in that sector. However, businesses in the General construction industry account for over 60% of the income and expenses reported in the industry. A higher overall profit margin was reported from the Construction trade services part of the industry.

1

SUMMARY OF PERFORMANCE BY INDUSTRY

Selected indicators	All businesses			
	General construction	Construction trade services	Total construction	Economy-wide(a)
Operating businesses ('000)	22.6	58.4	81.0	773.0
Employment ('000)	108.2	219.5	327.7	6 331.0
Total income (\$m)	32 459	20 702	53 162	1 105 783
Total expenses (\$m)	31 422	18 965	50 388	1 010 204
OPBT (\$m)	1 282	1 758	3 041	100 790
Profit margin (%)	4.0	8.6	5.8	9.0

(a) Data from Business Operations and Industry Performance, 1996–97 (Cat. no. 8142.0), for all ANZSIC Divisions.

BUSINESS SIZE

Table 2 shows that there are about 5 times as many smaller businesses with employment of less than 5 as there are larger businesses in the Construction industry, although more people are engaged overall by the larger businesses. The larger businesses account for almost three quarters of the income and expenses of the industry, although higher profit margins are reported by the smaller businesses.

2

SUMMARY OF PERFORMANCE BY BUSINESS SIZE

Selected indicators	Total construction		
	Employment less than 5	Employment 5 or more	All businesses
Operating businesses ('000)	68.3	12.7	81.0
Employment ('000)	148.5	179.3	327.7
Total income (\$m)	14 360	38 802	53 162
Total expenses (\$m)	12 986	37 402	50 388
OPBT (\$m)	1 395	1 646	3 041
Profit margin (%)	9.9	4.3	5.8

INDUSTRY AND BUSINESS SIZE

Table 3 shows the relationship between industry and size. Similar proportions in both sectors of the industry had businesses with 5 or more staff engaged. However, the smaller businesses in General construction accounted for a lower proportion of income in that industry (21%) than smaller businesses in the Construction trade services industry (37%). The highest profit margins were reported by the smaller businesses in the Construction trade services part of the industry.

3

SUMMARY OF PERFORMANCE BY INDUSTRY AND BUSINESS SIZE

Selected indicators	General construction			Construction trade services			Total construction		
	Employment			Employment			Employment		
	less than 5	5 or more	All businesses	less than 5	5 or more	All businesses	less than 5	5 or more	All businesses
Operating businesses ('000)	19.4	3.3	22.6	48.9	9.5	58.4	68.3	12.7	81.0
Employment ('000)	41.3	66.9	108.2	107.2	112.4	219.5	148.5	179.3	327.7
Total income (\$m)	6 683	25 776	32 459	7 677	13 025	20 702	14 360	38 802	53 162
Total expenses (\$m)	6 274	25 148	31 422	6 711	12 254	18 965	12 986	37 402	50 388
OPBT (\$m)	410	871	1 282	984	774	1 758	1 395	1 646	3 041
Profit margin (%)	6.2	3.4	4.0	13.1	6.0	8.6	9.9	4.3	5.8

BUSINESS AVERAGES

Table 4 shows the much higher average income and expenses in General construction, although as Table 3 showed, there are fewer businesses, employing fewer staff in total, than in the Construction trade services industry. The final publication will present information on contracting in the industry, which impacts on these figures.

4

BUSINESS AVERAGES, BY INDUSTRY AND BUSINESS SIZE

	General construction			Construction trade services			Total construction		
	Employment			Employment			Employment		
	less than 5	5 or more	All businesses	less than 5	5 or more	All businesses	less than 5	5 or more	All businesses
Average employment (no.)	2.1	20.4	4.8	2.2	11.9	3.8	2.2	14.1	4.1
Average income (\$'000)	345	7 880	1 434	157	1 375	355	210	3 045	656
Average expenses (\$'000)	324	7 688	1 388	137	1 294	325	190	2 935	622
Average OPBT (\$'000)	21	267	57	20	82	30	20	129	38

DETAILED RESULTS—BUSINESS OPERATIONS

RESIDENTIAL CONSTRUCTION AND CONSTRUCTION TRADE SERVICES

Tables 5–10 contain information collected from the Residential construction industry (House construction, and Other residential building) and Construction trade services industry on other aspects of business operations. There were approximately 76,000 businesses operating in these parts of the industry at the time of the survey. Non-residential construction businesses (ANZSICS 4113, 4121 and 4122), were not surveyed on these issues.

MAIN STRATEGIES BUSINESSES USED IN COPING WITH LAST MAJOR DOWNTURN

Almost 40% of businesses surveyed indicated that they had yet to experience any major downturn. For those businesses who had experienced a major downturn in the industry, the most frequently reported strategy for coping with the downturn was to reduce the number of sub-contractors engaged. In the Residential construction industry, 31% of businesses reduced the number of sub-contractors engaged to cope with the downturn, compared with 20% of businesses in the Construction trade services.

Other common strategies included changing pricing structure (22% of businesses), reduction in expenditure on employed trades staff (20%), and diversification of business activities (9%).

5

MAIN STRATEGIES USED IN COPING WITH THE LAST MAJOR DOWNTURN(a)

	<i>Number of businesses reporting strategies = 76 000</i>					
	<i>Residential construction</i>		<i>Construction trade services</i>		<i>All businesses</i>	
	no.	% of businesses	no.	% of businesses	no.	% of businesses
Yet to experience downturn	6 300	34	23 200	40	29 500	39
Reduced sub-contractors engaged	5 900	31	11 400	20	17 300	23
Changed pricing	4 700	25	12 000	21	16 700	22
Reduced expenditure on employed trades staff	3 900	21	11 200	20	15 100	20
Diversified business activities/moved outside core activities	1 800	10	4 900	9	6 700	9
Reviewed/restructured organisation	1 900	10	4 300	8	6 200	8
Reduced expenditure on office staff	1 400	7	2 900	5	4 300	6
Voluntarily closed business during period of reduced work	1 200	6	3 000	5	4 200	6

(a) Businesses could indicate more than one strategy. Businesses could report other strategies.

WASTE DISPOSAL

Businesses were asked to indicate the method used to dispose of most of their waste.

Just over 40% of businesses reported that they removed their own waste. About 18% of businesses reported that it was the responsibility of the client/contract builder to dispose of most of the waste.

WASTE DISPOSAL

continued

In the Residential construction industry, 10% of businesses stated that it was the responsibility of the client/contract builder to dispose of their waste compared with 21% of businesses in the Construction trade services industry.

About one-third of businesses in the Residential construction industry used a private sector waste removal service compared with 11% of businesses in the Construction trade services industry.

Approximately 11% of businesses reported that no waste removal was necessary. Most of these businesses were in the Construction trade services industry.

6

METHODS USED BY BUSINESSES TO DISPOSE OF MOST OF THEIR WASTE(a)

	<i>Number of businesses reporting waste disposal methods = 74 000</i>					
	<i>Residential construction</i>		<i>Construction trade services</i>		<i>All businesses</i>	
	no.	% of businesses	no.	% of businesses	no.	% of businesses
Removes own waste	8 300	45	22 400	40	30 700	41
Responsibility of client/contract builder	1 800	10	11 900	21	13 700	18
Private sector waste removal service	6 100	34	6 300	11	12 400	17
Use council/government waste removal service	900	5	3 900	7	4 800	6
Waste left on-site	300	2	3 900	7	4 200	6
No waste removal necessary	800	4	7 000	13	7 800	11

(a) Businesses were asked to indicate one method only. Businesses could report other methods.

COMPUTER USAGE

7

COMPUTER USAGE BY INDUSTRY

	<i>Number of businesses reporting on computer use = 68 400</i>					
	<i>Residential construction</i>		<i>Construction trade services</i>		<i>All businesses</i>	
	no.	% of businesses	no.	% of businesses	no.	% of businesses
Do not use computers	7 100	49	27 800	51	34 900	51
Use computers	7 300	51	26 200	49	33 500	49
Total	14 400	100	54 000	100	68 400	100

Almost half of the businesses in Residential construction and the Construction trade services reported using computers in their business operations (Table 7). The proportion of larger businesses using computers (78%) was significantly higher than the proportion of smaller businesses (44%) (Table 8). This was the case for most tasks for which computers were used (Tables 9 and 10).

8

COMPUTER USAGE BY BUSINESS SIZE

	<i>Number of businesses reporting on computer use = 68 400</i>					
	<i>Employment less than 5</i>		<i>Employment 5 or more</i>		<i>All businesses</i>	
	no.	% of businesses	no.	% of businesses	no.	% of businesses
Do not use computers	32 700	56	2 200	22	34 900	51
Use computers	25 700	44	7 800	78	33 500	49
Total	58 400	100	10 000	100	68 400	100

9

PURPOSES FOR WHICH BUSINESSES USE COMPUTERS(a), BY INDUSTRY

	<i>Number of businesses reporting on computer use = 68 400</i>					
	<i>Residential construction</i>		<i>Construction trade services</i>		<i>All businesses</i>	
	no.	% of businesses	no.	% of businesses	no.	% of businesses
General administrative tasks	5 200	36	17 500	32	22 700	33
Journals/accounts	4 300	30	14 900	28	19 200	28
Ordering/billing	2 500	17	11 800	22	14 300	21
Payroll and sub-contract payments	2 300	16	6 900	13	9 200	13
Estimation/quantity surveying	2 400	17	5 500	10	7 900	12
Design/drafting	1 600	11	2 000	4	3 600	5
Information gathering via Internet	400	3	3 000	6	3 400	5
Marketing	700	5	1 900	4	2 600	4

(a) Businesses could indicate more than one purpose. Other uses were reported.

10

PURPOSES FOR WHICH BUSINESSES USE COMPUTERS(a), BY BUSINESS SIZE

	<i>Number of businesses reporting on computer use = 68 400</i>					
	<i>Employment less than 5</i>		<i>Employment 5 or more</i>		<i>All businesses</i>	
	no.	% of businesses	no.	% of businesses	no.	% of businesses
General administrative tasks	16 600	28	6 000	61	22 700	33
Journals/accounts	13 400	23	5 800	58	19 200	28
Ordering/billing	10 600	18	3 600	36	14 300	21
Payroll and sub-contract payments	5 400	9	3 700	38	9 200	13
Estimation/quantity surveying	5 200	9	2 700	27	7 900	12
Design/drafting	2 400	4	1 200	12	3 600	5
Information gathering via Internet	2 600	4	800	8	3 400	5
Marketing	2 000	3	700	7	2 600	4

(a) Businesses could indicate more than one purpose. Other uses were reported.

EXPLANATORY NOTES

INTRODUCTION

1 The estimates in this publication have been derived from the Construction Industry Survey (CIS) and the Economic Activity Survey (EAS) for the financial year 1996–97.

2 The statistics in this publication relate to employing businesses in the private sector only of the Construction industry. In this survey construction activity is defined as:

- new work, alterations, additions, improvements and renovations (i.e. activity which adds to the capital value of assets and/or prolongs the effective life of these assets),
- repair and maintenance (i.e. activity which, due to normal wear and tear, is carried out on an on-going basis, continuously and repetitively, over the life of the structure), or
- demolition (i.e. activity primarily involving the demolition of existing structures).

SCOPE, COVERAGE AND SURVEY METHODOLOGY

3 The survey was conducted in two despatches, the first to businesses primarily with employment of 5 or more, in September 1997, and the second to businesses with employment less than 5, in February 1998. Research had established that smaller businesses do not have their end of year accounts finalised until early in the year following the end of a financial year. Hence the split despatch was employed to enable ABS processing of returns from larger businesses to commence while smaller businesses finalised their financial statements.

4 The population frame for these preliminary statistics consists of all private sector construction industry businesses classified to Division E (Construction) of the Australian and New Zealand Standard Industrial Classification (ANZSIC), 1993 (Cat. no. 1292.0), consisting of all employing businesses in ANZSIC Sub-division 41 General Construction and Sub-division 42 Construction Trade Services.

5 The final results will incorporate, in addition to the private sector construction industry businesses defined above, non-employing businesses identified through the Australian Taxation Office. The inclusion of estimates from these businesses will contribute to differences between the preliminary and final estimates. The preliminary estimates are from a frame drawn from the ABS Business Register, comprised predominantly of employing businesses.

SCOPE, COVERAGE AND
SURVEY METHODOLOGY
continued

6 A business is categorised to the Construction industry based on its predominant activity, but data collected for it relates to all its activities (including non-construction activities). For example, a business which predominantly carries out house building but also rents out property is classified to the house construction industry and its total business activity, including the property renting, is counted in the house construction industry. Businesses classified to other industries were excluded from the frame, even if they carried out some construction activity.

7 Owner-builders (i.e. private individuals erecting or extending buildings for their own [private] use) are considered to be predominantly engaged in activities outside the construction industry and therefore are not included in the survey. However, construction activity undertaken by owner-builders is included in *Building Activity, Australia* (Cat. no. 8752.0)—issued quarterly.

8 The survey population frame was derived from the Australian Bureau of Statistics (ABS) business register list of employing businesses.

9 The business unit about which information is collected and published for the Construction Industry Survey is termed the management unit. The management unit is the highest level unit within a business, having regard to the required level of industry dissection, for which a set of management accounts are maintained.

10 The scope of the estimates in this publication is all management units in ANZSIC sub-divisions 41 and 42 of the ABS business register, except units which have the following Institutional–Sector–Code (SISCA)

03000 General Government; and
02410 Central Borrowing Authorities

11 All employing businesses which operated in the Construction industry in the 1996–97 financial year are in scope. Businesses not on the frame because of a delay in processing new businesses to the business register, were not surveyed directly. Data from the survey will be adjusted by a New Business Provision (NBP) in the final publication to be released in late 1998. These adjustments will account for the contribution of these businesses to activity in the construction industry.

STATISTICAL UNIT,
SAMPLING AND ESTIMATION

12 The Construction Industry Survey (CIS) sample was selected from the Australian Bureau of Statistics (ABS) business register list of employing businesses, as indicated above. The selection unit for the ABS business register sample is the management unit (MU).

13 The survey results are based on data provided by units which were selected using stratified random sampling techniques. All management units with employment of 20 or more persons were automatically selected in the sample.

STATISTICAL UNIT,
SAMPLING AND
ESTIMATION *continued*

14 Data in the final publication will be adjusted to allow for the omission of some businesses from the business register, as outlined in relation to New Business Provisions above. For more information on such adjustments, refer to the Information Paper: Improvements to ABS Economic Statistics, 1997 (Cat. no. 1357.0).

RELIABILITY OF ESTIMATES

15 See the Technical Note section for information on this subject.

ROUNDING

16 Where figures have been rounded, discrepancies may occur between totals and the sums of the component items.

COMPARISONS WITH
OTHER ABS DATA

17 Previous Construction Industry Survey (CIS) collections were held in respect of 1978–79, 1984–85 and 1988–89 with data being collected at the establishment level. Users of these statistics making comparisons with the data from previous surveys should note that the information collected in the 1996–97 survey was at the management unit level. In addition, significant changes to questionnaire design have also been made for the 1996–97 collection. For these reasons, data from the 1996–97 survey is not strictly comparable with data from previous collections.

18 Users making comparisons with data published in other ABS publications should note that such comparisons may be misleading. Over and above the sampling error associated with these estimates, they are also affected by such factors as differences in the scope, internal restructuring of businesses (e.g. changes in divisional structure, mergers and take-overs), economic conditions and changes in the Australian Bureau of Statistics (ABS) business register. For more information about scope and coverage issues refer to the Scope and coverage paragraph above.

ACKNOWLEDGMENT
STATEMENT

19 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.

UNPUBLISHED STATISTICS

20 As well as the statistics included in this and related publications, the Construction Industry Survey (CIS) may have other relevant unpublished data available. Inquiries should be made to Malcolm Tuck by telephone on 08 8237 7560.

RELATED PUBLICATIONS

21 In addition to the publications already mentioned, others relevant to building and construction include:

Building Approvals, Australia (Cat. no. 8731.0)—issued monthly

Building Activity, Australia: Dwelling Unit Commencements, Preliminary (Cat. no. 8750.0)—issued quarterly

Building Activity, Australia (Cat. no. 8752.0)—issued quarterly

Engineering Construction Activity, Australia (Cat. no. 8762.0)—issued quarterly

House Price Indexes: Eight Capital Cities (Cat. no. 6416.0)—issued quarterly

Housing Finance for Owner Occupation, Australia (Cat. no. 5609.0)—issued monthly

Price Index of Materials Used in House Building: Six State Capital Cities (Cat. no. 6407.0)—issued monthly

Price Index of Materials Used in Building Other Than House Building: Six State Capital Cities (Cat. no. 6407.0)—issued monthly

Business Operations and Industry Performance, Australia, Preliminary, 1996–97 (Cat. no. 8142.0)

Small and Medium Enterprises, Business Growth and Performance Survey, Australia, 1995–96 (Cat. no. 8141.0)

22 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.

TECHNICAL NOTES

SAMPLING ERROR

The data contained in this publication have been obtained from a sample of businesses classified to the Construction industry on the ABS business register. As such, these data are subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all businesses in the construction industry. 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.

The standard error can also be expressed as a percentage of the estimate, and this is known as the relative standard error. The relative standard error for most of the financial data contained in this publication is 5% or less. Detailed relative standard errors can be made available on request.

NON-SAMPLING ERROR

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 by 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 full count or a sample.

While it is not possible to quantify non-sampling error, every effort is made to reduce it to a minimum. Collection forms are designed to be easy to complete and assist businesses to report accurately. Efficient and effective operating procedures and systems are used to compile the statistics.

GLOSSARY

Construction—Division E	This Division includes all units mainly engaged in constructing buildings (including the on-site assembly and erection of prefabricated buildings), roads, railroads, aerodromes, irrigation projects, harbour or river works, water, gas, sewerage or stormwater drains or mains, electricity or other transmission lines or towers, pipelines, oil refineries or other specified civil engineering projects. In general, units mainly engaged in the repair of buildings or of other structures are also included in this Division, as are those engaged in the alteration or renovation of buildings, preparation of mine sites, demolition or excavation.
Construction Trade Services	Business classified to sub-division 42 of ANZSIC. Examples of Construction trade services include: bricklaying, roofing, structural steel erection, plumbing and electrical services, plastering and ceiling services, air conditioning and heating services, carpentry, tiling and carpeting, painting and decorating, glazing and landscaping.
Division E—Construction	<i>See</i> Construction—Division E
Employment	The number of working proprietors, working partners, permanent, part-time, temporary and casual employees, and managerial and executive employees working for a business during the last pay period ending in June. Employees absent on paid or prepaid leave are included. Excludes contractors and sub-contractors.
Establishment	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 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. The majority of establishments operate at one location only.
General Construction	Business classified to sub-division 41 of ANZSIC. Comprises Building construction (House construction, Residential building construction n.e.c., Non-residential building construction) and Non-building construction (Road and bridge construction and Non-building construction n.e.c.).
House construction and other residential building	House construction includes the construction of houses (except semi-detached houses) and includes carrying out alterations, additions or renovations or general repairs to houses, or in organising or managing these activities as a prime contractor. Other residential buildings includes blocks of flats, home units, attached townhouses, villa units, terrace houses, semi-detached houses and maisonettes.
Larger businesses	For the purposes of this publication only, this refers to businesses with employment of 5 or more people, compared with smaller businesses which have employment of less than 5.

Management unit	The management unit is the highest-level unit within a business, having regard to industry homogeneity, for which accounts are maintained; in nearly all cases, it coincides with the legal entity owning the business (that is, 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.
Non-sampling error	See the Technical Note section for information on this subject.
Operating businesses	The business unit about which information is collected and published for the Economic Activity Survey of the Construction Industry is the management unit.
Operating profit before tax (OPBT)	A measure of profit before extraordinary items are taken into account and prior to the deduction of income tax and payments to owners such as dividends. For this preliminary publication, it is calculated as 'total operating income - total operating expenses + change in stocks'. The final publication will contain a more refined calculation of OPBT which will take into account income in the form of capital grants from government and real estate transfer costs in the construction industry.
Profit margin	The percentage of total operating income available as operating profit before tax, i.e. $OPBT \times 100 / \text{Total operating income}$.
Residential construction	Businesses classified to ANZSIC 4111—House construction and ANZSIC 4112—Other residential construction.
Sampling error	See the Technical Note section for information on this subject.
Smaller businesses	For the purposes of this publication only, this refers to businesses with employment of less than 5 people, compared with larger businesses which have employment of 5 or more. Statistics for businesses with employment of less than 20 will be available in the final publication.
Total operating expenses	The total expenses of a business, excluding extraordinary items.
Total operating income	The total income of a business, excluding extraordinary items.

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