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PRIVATE SECTOR CONSTRUCTION INDUSTRY

AUSTRALIA

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INQUIRIES

- For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Geoff Frost on Melbourne (03) 9615 7787.

NOTES

INTRODUCTION

This publication presents final results from an Australian Bureau of Statistics (ABS) survey of employing and non-employing private sector and public trading construction services businesses. The survey was conducted in respect of the 2002–03 financial year. The estimates in this publication are derived using a combination of data directly collected by the ABS and business income tax data provided to the Australian Taxation Office (ATO).

The collection was last conducted in respect of the 1996–97 reference period.

MORE INFORMATION ON ABS SERVICE INDUSTRIES STATISTICS

Information about ABS activities in the field of service industries statistics is available from the Service Industries Statistics theme page on the ABS web site <<http://www.abs.gov.au>>. To access the theme page, select 'Themes' from the menu on the home page.

COMMENTS

The ABS welcomes comments and suggestions from users regarding future surveys of Service Industries. These comments should be addressed to the Director, Service Industries Business Statistics Centre, Australian Bureau of Statistics, GPO Box 2796Y, Melbourne, Vic. 3001.

ROUNDING

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



ABBREVIATIONS

\$b	billion (thousand million) dollars
\$m	million dollars
ABN	Australian Business Number
ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
ATO	Australian Taxation Office
BIT	business income tax
GDP	gross domestic product
GE	group employer
PAYGW	pay-as-you-go withholding
RSE	relative standard error
SE	standard error
TAU	type of activity unit

Dennis Trewin
Australian Statistician

MAIN FEATURES

INTRODUCTION

This publication presents the results of the 2002–03 Construction Industry Survey. This survey is conducted periodically by the ABS to provide a detailed measure of the performance and structure of construction businesses operating in Australia. The main focus of the survey was on understanding the composition of the income earned by these businesses, details of expenses incurred and the nature of the work undertaken. A state dimension is also presented.

The survey scope included employing and non-employing private sector and public trading businesses in Australia that generated income predominantly from general construction and construction trade services. These services included: building and non-building construction, site preparation services, building structure services, installation trade services and building completion services.

For ease of reading 'residential building' is referred to as *residential*, 'non-residential building and non-building' is referred to as *non-residential and non-building*, and 'construction trade services' as *trade services* in this publication.

INDUSTRY SNAPSHOT

At the end of June 2003, there were 339,982 construction businesses operating in Australia with employment of 716,200 persons. Most of these businesses (79.2%) and most of the employment (73.2%) were in trade services. See paragraphs 34–36 of the Explanatory Notes for an interpretation of these items.

During 2002–03 these businesses generated \$140.9b in income. Construction businesses were predominantly small businesses with most (64.7%) earning less than \$100,000 in income.

More income was generated from the construction of houses than from any other type of structure (\$48.4b or 38.5% of all income from trade services, building and construction). Non-residential building (\$37.4b or 29.8%) accounted for the second greatest share of this income.

A total operating profit before tax of \$13.8b was recorded by construction businesses in 2002–03, resulting in an overall operating profit margin of 10.1%.

The total industry value added of the construction industry was \$38.8b, contributing the equivalent of 5.1% of Australian Gross Domestic Product (GDP) for 2002–03.

SOURCES OF INCOME

The total income generated by all construction businesses during 2002–03 was \$140.9b. Most of this income (89.2% or \$125.7b) was generated from trade services, building and construction, followed by other sales of goods and services (8.3% or \$11.7b).

CONTRACTING AND SUBCONTRACTING INCOME

Income from trade services, building and construction was generated through contracting and subcontracting services. Contracting income comprised \$83b (66% of the total), while subcontracting income accounted for \$42.7b (34%).

Residential, and non-residential and non-building businesses accounted for \$64.9b of the contracting income, while \$18.1b was from trade services.

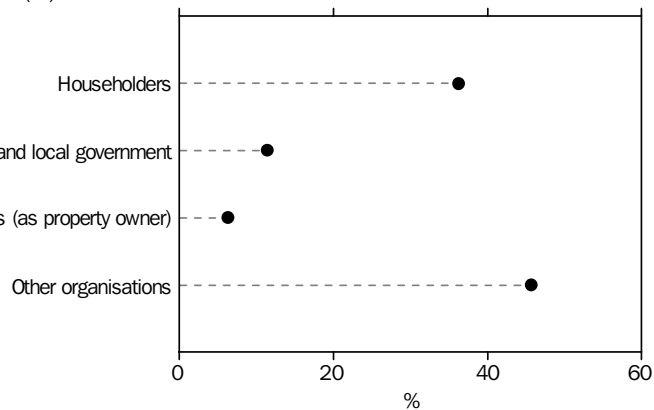
Subcontracting income was more prevalent within trade services businesses accounting for \$36.1b, while residential, and non-residential and non-building businesses generated a combined \$6.6b.

MAIN FEATURES *continued*

TYPE OF CLIENT

The following graph shows that other organisations were the major source of all contracting income from trade services, building and construction, accounting for 45.7% of all contracting income. Householders accounted for 36.3%, Federal, state and local government accounted for 11.5% and same business (as the property owner) accounted for 6.4%.

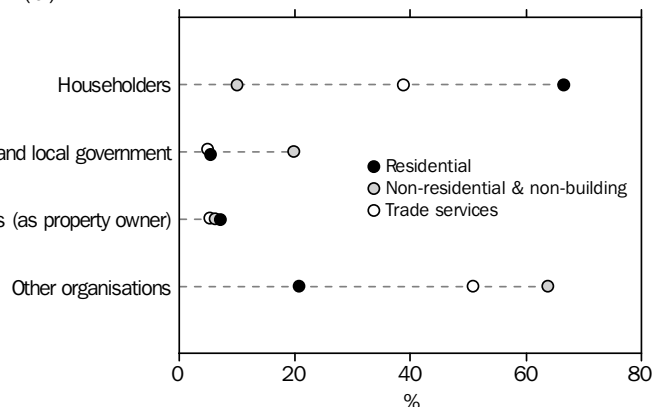
CONTRACTING INCOME BY TYPE OF CLIENT, Percentage contribution(a)



(a) Percentage contribution to income from trade services, building and construction.

The following graph shows that householders were the main client for residential construction businesses accounting for 66.5% of the total contracting income for these businesses. The main client for non-residential and non-building businesses were other organisations, namely private businesses (63.8% of total contracting income for non-residential and non-building). Trade services businesses generated most of their contracting income from two sources: other organisations (50.8%) and householders (38.8%).

CONTRACTING INCOME BY TYPE OF CLIENT, Percentage contribution(a)



(a) Percentage contribution to income from trade services, building and construction.

TYPE OF ASSET

Houses and non-residential building accounted for most of the income generated from trade services, building and construction (38.5% or \$48.4b and 29.8% or \$37.4b respectively). Other non-building construction accounted for 15%, other residential building 12%, and road and bridge construction 4.7%.

MAIN FEATURES *continued*

TYPE OF ASSET continued

New work and improvements accounted for 89.6% of the income generated from trade services, building and construction, while repairs and maintenance accounted for 10.4%.

Residential building accounted for 47.6% of contracting income, comprising 32.2% for new construction work; 12.2% for alterations, additions, renovations and improvements; and 3.3% for repairs and maintenance. Non-residential accounted for 28.6% and non-building construction 23.8%.

The majority of subcontracting income (56%) related to residential building comprising 47.9% for new construction work; 4.8% for alterations, additions, renovations and improvements; and 3.2% for repairs and maintenance. Non-residential building accounted for 32.1% and non-building construction 12%.

EXPENDITURE

Total expenses incurred by construction businesses during 2002–03 was \$128.3b. Major expense items included: purchases (\$55.5b or 43.3%), payments to contractors/subcontractors (\$22.5b or 17.5%) and labour costs (\$21.5b or 16.8%).

Purchases constituted over half of all expenses (56.2%) for residential businesses while expenditure for this item was similar for non-residential and non-building businesses and for trade services (39.5% and 38.2% respectively). Labour costs comprised a higher proportion (23.3%) of total expenses for trade services than for non-residential and non-building (15.6%) and residential (7.7%). Payments to subcontractors was also more prevalent in non-residential and non-building (26.1%) than in residential and trade services (16.3% and 10.5% respectively).

CONSTRUCTION INDUSTRIES *RESIDENTIAL*

Residential building construction consists of businesses mainly engaged in the construction of houses or other residential buildings, or in carrying out alterations, additions or renovations or general repairs to such buildings, or in organising or managing these activities.

There were 48,201 residential building businesses operating during 2002–03 accounting for 14.2% of all construction businesses. They had employment of 85,300 persons (11.9% of total construction employment), an average of 1.8 persons per business.

These businesses generated \$35.4b in income (25.1% of all construction income) averaging \$734,500 per business.

Contracting income accounted for 82.9% (\$29.4b) of all residential income and was mainly earned from householders (66.5%) and other organisations (20.7%).

Businesses in the residential building industry spent a smaller proportion of their total expenses on labour costs, and more on purchases, than other construction businesses. Labour costs for residential building businesses accounted for \$80 for every \$1,000 of expenses, compared to an average of \$170 per \$1,000 across all construction businesses. Payments to contractors and subcontractors accounted for \$170 in every \$1,000 of expenses, only slightly lower than the average of \$180 in every \$1,000 across all construction businesses. Purchases were a greater proportion of total expenses than in other construction industries: \$560 per \$1,000 expenses for residential building businesses and \$430 per \$1,000 expenses for all construction businesses.

MAIN FEATURES *continued*

RESIDENTIAL continued

The operating profit before tax for these businesses was \$3b resulting in an operating profit margin of 8.7%.

NON-RESIDENTIAL AND NON-BUILDING

Non-residential and non-building construction consists of businesses mainly engaged in:

- the construction of non-residential buildings, in carrying out alterations, additions or renovations or general repairs to such buildings, or in organising or managing their construction; and
- the construction or general repair of roads, bridges, railways, dams, pipelines or other non-building construction projects, the on-site assembly of boilers, furnaces or heavy electrical machinery from pre-fabricated components, or organising or managing their construction or assembly.

At the end of June 2003 there were 22,553 non-residential and non-building construction businesses with employment of 106,400 persons (14.9% of total construction employment) or an average of 4.7 persons per business.

During 2002–03 these businesses generated \$44b in income (31.2% of total industry income) averaging \$1.9m per business.

Income from contracting comprised 80.9% (\$35.6b) of all income for non-residential and non-building businesses.

Other organisations accounted for 63.8% of all contracting income paid to non-residential and non-building businesses, while government clients accounted for 19.8%.

Businesses in non-residential and non-building spent a higher proportion of their total expenses on contractors and subcontractors for construction work. They paid an average of \$260 per \$1,000 expenses, compared to \$180 per \$1,000 for all construction businesses.

The operating profit before tax for these businesses was \$2.6b resulting in an operating profit margin of 6.2%.

TRADE SERVICES

Construction trade services consists of businesses mainly engaged in providing special building or construction trade services, such as structural steel erection, carpentry, bricklaying, concreting, plumbing, painting, plastering, tiling and carpeting.

Trade services businesses accounted for 269,228 or 79.2% of all construction businesses at the end of June 2003 and had employment of 524,400 persons (73.2% of total construction employment).

Total income generated by these businesses during 2002–03 was \$61.5b. The majority (182,812 or 67.9%) of these businesses were earning income less than \$100,000 and accounted for 83.1% of all construction businesses in this income size group. Trade services businesses in this size group generated \$7.6b in income.

Trade services businesses relied on both contracting and subcontracting income. For every \$1,000 of income, \$290 was earned from contracting and \$590 from subcontracting.

MAIN FEATURES *continued*

TRADE SERVICES *continued*

The main sources of contracting income within trade services were from other organisations (50.8%) and householders (38.8%).

These businesses spent proportionally more than the industry average on labour costs and proportionally less on purchases and payments to contractors and subcontractors. For every \$1,000 of expenditure, construction trade services businesses spent \$230 on labour costs, \$110 on payments to contractors and subcontractors, and \$380 on purchases. This compares to averages of \$170, \$180 and \$430 per \$1,000 expenditure respectively for all construction businesses.

The operating profit before tax was \$8.2b resulting in an operating profit margin of 13.6%.

BUSINESS SIZE

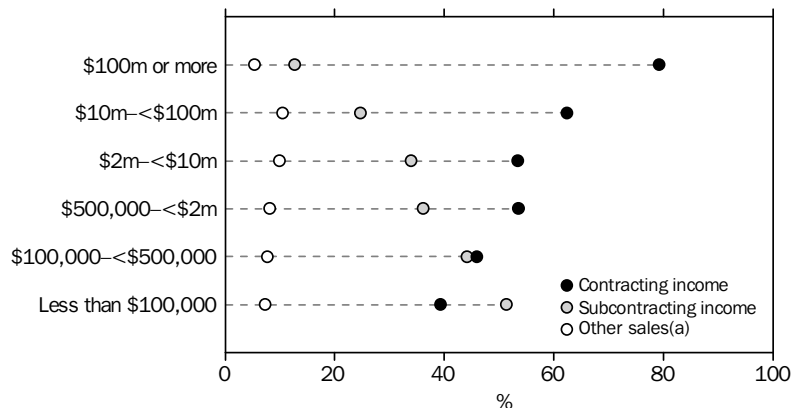
The construction industry was characterised by a large number of very small businesses. During 2002–03, 64.7% (219,926) of construction businesses earned income less than \$100,000 and a further 25.3% (86,035) earned income between \$100,000 to less than \$500,000. Combined, these small businesses generated \$27.3b in income (19.4% of total industry income).

INCOME

Businesses earning less than \$100,000 generated \$8.9b (6.3%) in income. The majority of their income came from subcontracting (51.4%), contracting (39.4%) and other sales of goods and services (7.3%).

Businesses earning income of \$100m or more generated \$29.9b (21.2% of all income). The sources of income and expenses were the same as the smaller businesses, but the proportions varied. Contracting income comprised 79.3% of total income for these businesses, subcontracting 12.7% and other sales of goods and services 5.4%. A large proportion of the total income (42.1% or \$59.4b) for construction businesses was generated by businesses earning \$10m or more. These businesses comprised 0.4% (1,354) of all businesses.

SELECTED INCOME BY INCOME SIZE



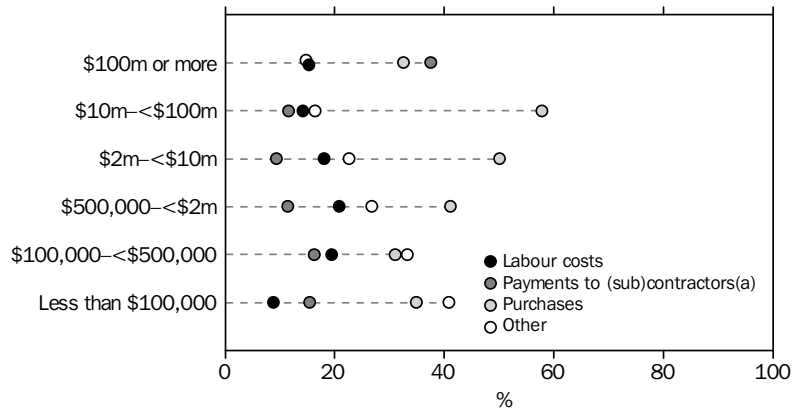
(a) Other sales of goods and services.

MAIN FEATURES *continued*

EXPENSES

The following graph shows the expenses incurred by the various business sizes. For businesses earning less than \$100,000, purchases was the largest single expense item (34.9%), followed by payments to contractors/subcontractors (15.4%) and labour costs (8.8%). Businesses earning \$100m or more paid 37.5% in payments to contractors/subcontractors, 32.5% for purchases and 15.3% in labour costs.

SELECTED EXPENSES BY INCOME SIZE



(a) Includes payments to both contractors and subcontractors.

PROFIT

The average operating profit margin for businesses that earned less than \$100,000 was 40.4%. This represents an average profit before tax per business of \$16,000. A contributing factor to the high profit margin for businesses in this size group was the fact that some of these businesses were operated by sole proprietors and partners; the drawings of these persons were excluded from business expenses, and thus profit calculations. The average operating profit margin for businesses earning \$100m or more was 6.1%.

EMPLOYMENT

At the end of June 2003 construction businesses had employment of 716,200 persons comprising 439,600 employees (61.4%) and 276,600 (38.6%) working proprietors/partners of unincorporated businesses.

Trade services businesses had the largest proportion of employees (66.4%), followed by non-residential and non-building (21.5%) and residential (12.1%). Most of the working proprietors/partners (84.1%) were found in trade services.

Small businesses (those with income less than \$100,000) accounted for a large proportion (72% or 199,000 persons) of all working proprietors/partners, but only 6.2% (27,400) of all employees.

STATES AND TERRITORIES

New South Wales had the highest proportion of total income (33.5%) followed by Victoria (24.4%) and Queensland (20.5%).

The states/territories with the highest performance ratios for total income per head of population during 2002-03 were the Northern Territory, Australian Capital Territory, Queensland and Western Australia. Construction businesses in the Northern Territory earned \$11,700 income per head of resident population, the Australian Capital Territory \$8,200, Western Australia \$8,100 and Queensland \$7,600 compared to a national average of \$7,100.

MAIN FEATURES *continued*

STATES AND TERRITORIES *continued*

Western Australia, Queensland and the Northern Territory were also above the national average for persons employed by construction businesses per 1,000 population. Western Australia employed 42.6 per 1,000 population, Queensland 37.8 and the Northern Territory 36.8, compared to a national average of 36.0. These same states/territories also paid the highest average wages and salaries per employee; \$42,100 in Western Australia, \$41,000 in the Northern Territory, and \$40,600 in Queensland, compared to a national average of \$39,600.

The two states that were below the national averages for income and employment per head of resident population were Tasmania (\$3,500 income per head of population and 25.4 persons employed per 1,000) and South Australia (\$5,200 income per head of population and 28.7 persons employed per 1,000).

OWNER BUILDERS STUDY

The purpose of the Construction Industry Survey was to present data which collected information from businesses whose predominant activity was construction. However, some construction activity, particularly related to residential building, is done by private individuals for their own use. These individuals are generally referred to as owner builders and were excluded from the scope of the Construction Industry Survey.

The ABS undertook a study of owner builders to investigate the relationship between the various inputs, which included payments to contractors, purchase of materials and the value of the owner builders own labour. Information on the scope and methodology of this survey can be found in Technical Note 2.

The study showed that the proportion of the value of the owner builder's labour was higher in alterations and additions (20%) than in new work (18%). Expenses on materials as a proportion of inputs was, however, higher for new work (43%) than for alterations and additions (39%). Data from the study can be found in Technical Note 2.

SUMMARY OF OPERATIONS BY CONSTRUCTION INDUSTRY

		Residential building	Non-residential and non-building	Trade services	Total
Businesses(a)	no.	48 201	22 553	269 228	339 982
Employment at end June					
Working proprietors and partners of unincorporated businesses	'000	32.0	12.1	232.5	276.6
Employees	'000	53.3	94.4	291.9	439.6
<i>Total</i>	'000	85.3	106.4	524.4	716.2
Operating income					
Income from trade services, building and construction					
Contracting	\$m	29 349.7	35 572.3	18 094.9	83 016.8
Subcontracting	\$m	2 945.6	3 683.2	36 082.1	42 710.9
<i>Total</i>	\$m	32 295.3	39 255.5	54 177.0	125 727.8
Other sales of goods and services	\$m	1 898.9	3 519.7	6 307.2	11 725.8
Other	\$m	1 209.9	1 187.6	1 032.2	3 429.7
<i>Total</i>	\$m	35 404.1	43 962.8	61 516.4	140 883.2
Operating expenses					
Labour costs	\$m	2 544.5	6 487.8	12 487.8	21 520.1
Payments to contractors and subcontractors for trade services, building and construction work	\$m	5 524.8	10 933.8	6 051.5	22 510.2
Purchases	\$m	18 557.5	16 443.1	20 508.6	55 509.2
Other	\$m	6 366.0	7 762.6	14 630.8	28 759.4
<i>Total</i>	\$m	32 992.9	41 627.3	53 678.7	128 298.9
Operating profit before tax	\$m	2 960.0	2 641.2	8 225.9	13 827.2
Operating profit margin	%	8.7	6.2	13.6	10.1
Industry value added	\$m	5 711.7	10 395.8	22 741.8	38 849.3
Total assets	\$m	23 595.6	30 063.2	27 084.2	80 743.0
Total liabilities	\$m	15 814.6	19 650.2	19 703.1	55 167.9
Net capital expenditure	\$m	132.2	582.7	653.6	1 368.4
Contracting income from trade services, building and construction by type of client					
Householders	\$m	19 519.1	3 564.4	7 024.1	30 107.5
Federal, state and local government	\$m	1 623.4	7 051.1	904.8	9 579.4
Same business (as property owner)	\$m	2 120.7	2 248.5	982.7	5 351.8
Other organisations	\$m	6 086.5	22 708.3	9 183.4	37 978.1
<i>Total</i>	\$m	29 349.7	35 572.3	18 094.9	83 016.8

(a) Operating at any time during the year ended 30 June.

SUMMARY OF OPERATIONS BY INCOME SIZE AND CONSTRUCTION INDUSTRY

		Less than \$100,000	\$100,000 to less than \$500,000	\$500,000 to less than \$2 million	\$2 million to less than \$10 million	\$10 million to less than \$100 million	\$100 million or more	Total
RESIDENTIAL BUILDING								
Businesses(a)	no.	24 866	13 417	7 209	2 305	384	20	48 201
	%	51.6	27.8	15.0	4.8	0.8	—	100.0
Employment at end June								
Working proprietors/partners of unincorporated businesses	'000	18.7	10.1	3.0	0.3	np	np	32.0
	%	58.2	31.4	9.4	0.9	np	np	100.0
Employees	'000	3.1	10.8	15.0	12.4	np	np	53.3
	%	5.8	20.3	28.2	23.2	np	np	100.0
Total	'000	21.7	20.9	18.1	12.6	7.5	4.5	85.3
	%	25.5	24.4	21.2	14.8	8.8	5.3	100.0
Operating income								
Income from trade services, building and construction								
Contracting	\$m	794.6	2 913.9	6 179.8	7 507.3	7 565.0	4 389.1	29 349.7
	%	2.7	9.9	21.1	25.6	25.8	15.0	100.0
Subcontracting	\$m	1.1	22.6	207.6	648.7	895.2	1 170.3	2 945.6
	%	—	0.8	7.0	22.0	30.4	39.7	100.0
Total	\$m	795.8	2 936.5	6 387.4	8 155.9	8 460.2	5 559.5	32 295.3
	%	2.5	9.1	19.8	25.3	26.2	17.2	100.0
Other sales of goods and services	\$m	62.8	140.2	377.4	552.5	np	np	1 898.9
	%	3.3	7.4	19.9	29.1	np	np	100.0
Other	\$m	88.5	148.7	228.2	425.1	np	np	1 209.9
	%	7.3	12.3	18.9	35.1	np	np	100.0
Total	\$m	947.1	3 225.4	6 993.0	9 133.5	9 224.2	5 880.9	35 404.1
	%	2.7	9.1	19.8	25.8	26.1	16.6	100.0
Operating expenses								
Labour costs	\$m	89.6	356.3	638.7	616.0	464.7	379.3	2 544.5
	%	3.5	14.0	25.1	24.2	18.3	14.9	100.0
Payments to contractors and subcontractors for trade services, building and construction work	\$m	248.6	594.2	769.7	724.2	815.0	2 373.1	5 524.8
	%	4.5	10.8	13.9	13.1	14.8	43.0	100.0
Purchases	\$m	427.5	1 080.7	3 418.7	5 408.2	6 229.3	1 992.9	18 557.5
	%	2.3	5.8	18.4	29.1	33.6	10.7	100.0
Other	\$m	437.2	901.3	1 686.3	1 683.5	1 129.8	527.8	6 366.0
	%	6.9	14.2	26.5	26.4	17.7	8.3	100.0
Total	\$m	1 202.9	2 932.5	6 513.5	8 431.9	8 638.8	5 273.1	32 992.9
	%	3.6	8.9	19.7	25.6	26.2	16.0	100.0
Operating profit before tax	\$m	136.9	387.9	468.0	589.9	618.6	758.8	2 960.0
	%	4.6	13.1	15.8	19.9	20.9	25.6	100.0
Operating profit margin	%	16.7	12.9	6.9	6.7	6.8	13.2	8.7
Industry value added	\$m	317.6	747.6	1 140.4	1 176.8	1 099.3	1 230.0	5 711.7
	%	5.6	13.1	20.0	20.6	19.2	21.5	100.0

— nil or rounded to zero (including null cells)

(a) Operating at any time during the year ended 30 June.

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

		Less than \$100,000	\$100,000 to less than \$500,000	\$500,000 to less than \$2 million	\$2 million to less than \$10 million	\$10 million to less than \$100 million	\$100 million or more	Total
RESIDENTIAL BUILDING <i>cont.</i>								
Total assets	\$m	3 274.0	2 497.0	3 875.8	4 271.4	3 438.6	6 238.7	23 595.6
	%	13.9	10.6	16.4	18.1	14.6	26.4	100.0
Total liabilities	\$m	2 738.4	1 958.3	3 052.0	3 128.0	2 474.7	2 463.1	15 814.6
	%	17.3	12.4	19.3	19.8	15.6	15.6	100.0
Net capital expenditure	\$m	13.3	21.4	8.8	17.9	30.7	40.1	132.2
	%	10.1	16.2	6.6	13.5	23.3	30.3	100.0
Contracting income from trade services, building and construction by type of client								
Householders	\$m	549.4	2 046.2	4 269.3	5 164.5	np	np	19 519.1
	%	2.8	10.5	21.9	26.5	np	np	100.0
Federal, state and local government	\$m	5.0	33.5	209.0	466.2	np	np	1 623.4
	%	0.3	2.1	12.9	28.7	np	np	100.0
Same business (as property owner)	\$m	14.0	114.6	338.4	481.2	np	np	2 120.7
	%	0.7	5.4	16.0	22.7	np	np	100.0
Other organisations	\$m	226.2	719.5	1 363.2	1 395.3	1 174.4	1 207.8	6 086.5
	%	3.7	11.8	22.4	22.9	19.3	19.8	100.0
Total	\$m	794.6	2 913.9	6 179.8	7 507.3	7 565.0	4 389.1	29 349.7
	%	2.7	9.9	21.1	25.6	25.8	15.0	100.0

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

		Less than \$100,000	\$100,000 to less than \$500,000	\$500,000 to less than \$2 million	\$2 million to less than \$10 million	\$10 million to less than \$100 million	\$100 million or more	Total
NON-RESIDENTIAL AND NON-BUILDING								
Businesses(a)	no.	12 248	5 592	2 728	1 450	474	62	22 553
	%	54.3	24.8	12.1	6.4	2.1	0.3	100.0
Employment at end June								
Working proprietors/partners of unincorporated businesses	'000	8.3	3.0	0.6	0.1	np	np	12.1
	%	68.9	25.2	4.8	0.8	np	np	100.0
Employees	'000	1.8	6.5	10.6	17.3	np	np	94.4
	%	1.9	6.9	11.2	18.3	np	np	100.0
Total	'000	10.1	9.6	11.2	17.4	22.8	35.4	106.4
	%	9.5	9.0	10.5	16.3	21.4	33.3	100.0
Operating income								
Income from trade services, building and construction								
Contracting	\$m	369.4	1 074.9	2 268.1	4 823.0	8 789.2	18 247.6	35 572.3
	%	1.0	3.0	6.4	13.6	24.7	51.3	100.0
Subcontracting	\$m	50.6	150.6	308.1	683.7	1 398.5	1 091.7	3 683.2
	%	1.4	4.1	8.4	18.6	38.0	29.6	100.0
Total	\$m	420.0	1 225.5	2 576.2	5 506.6	10 187.8	19 339.4	39 255.5
	%	1.1	3.1	6.6	14.0	26.0	49.3	100.0
Other sales of goods and services	\$m	6.0	30.1	107.3	530.8	1 524.3	1 321.2	3 519.7
	%	0.2	0.9	3.0	15.1	43.3	37.5	100.0
Other	\$m	-1.1	7.0	30.8	217.2	309.6	624.0	1 187.6
	%	-0.1	0.6	2.6	18.3	26.1	52.5	100.0
Total	\$m	424.9	1 262.6	2 714.4	6 254.6	12 021.7	21 284.6	43 962.8
	%	1.0	2.9	6.2	14.2	27.3	48.4	100.0
Operating expenses								
Labour costs	\$m	50.5	244.2	500.6	962.0	1 658.6	3 071.8	6 487.8
	%	0.8	3.8	7.7	14.8	25.6	47.3	100.0
Payments to contractors and subcontractors for trade services, building and construction work	\$m	71.2	202.6	344.6	624.6	1 502.7	8 188.1	10 933.8
	%	0.7	1.9	3.2	5.7	13.7	74.9	100.0
Purchases	\$m	155.7	265.3	958.8	2 875.6	6 206.7	5 981.0	16 443.1
	%	0.9	1.6	5.8	17.5	37.7	36.4	100.0
Other	\$m	259.2	324.7	649.8	1 335.2	1 940.3	3 253.4	7 762.6
	%	3.3	4.2	8.4	17.2	25.0	41.9	100.0
Total	\$m	536.6	1 036.8	2 453.8	5 797.4	11 308.3	20 494.4	41 627.3
	%	1.3	2.5	5.9	13.9	27.2	49.2	100.0
Operating profit before tax	\$m	31.5	253.7	272.8	413.7	666.8	1 002.6	2 641.2
	%	1.2	9.6	10.3	15.7	25.2	38.0	100.0
Operating profit margin	%	7.5	20.3	10.1	6.8	5.7	4.8	6.2
Industry value added	\$m	254.9	573.1	890.8	1 475.8	2 614.8	4 586.4	10 395.8
	%	2.5	5.5	8.6	14.2	25.2	44.1	100.0

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

(a) Operating at any time during the year ended 30 June.

		Less than \$100,000	\$100,000 to less than \$500,000	\$500,000 to less than \$2 million	\$2 million to less than \$10 million	\$10 million to less than \$100 million	\$100 million or more	Total
NON-RESIDENTIAL AND NON-BUILDING <i>cont.</i>								
Total assets	\$m	4 673.5	1 306.7	1 856.6	4 098.5	6 505.5	11 622.3	30 063.2
	%	15.5	4.3	6.2	13.6	21.6	38.7	100.0
Total liabilities	\$m	2 688.1	934.8	1 413.7	2 601.6	4 526.9	7 485.1	19 650.2
	%	13.7	4.8	7.2	13.2	23.0	38.1	100.0
Net capital expenditure	\$m	-3.5	-5.5	17.4	40.3	223.1	310.8	582.7
	%	-0.6	-0.9	3.0	6.9	38.3	53.3	100.0
Contracting income from trade services, building and construction by type of client								
Householders	\$m	116.0	366.2	763.9	1 261.4	838.6	218.3	3 564.4
	%	3.3	10.3	21.4	35.4	23.5	6.1	100.0
Federal, state and local government	\$m	13.6	46.5	204.9	793.3	1 754.5	4 238.4	7 051.1
	%	0.2	0.7	2.9	11.3	24.9	60.1	100.0
Same business (as property owner)	\$m	9.8	47.5	123.2	245.2	283.0	1 539.9	2 248.5
	%	0.4	2.1	5.5	10.9	12.6	68.5	100.0
Other organisations	\$m	230.1	614.8	1 176.1	2 523.0	5 913.2	12 251.0	22 708.3
	%	1.0	2.7	5.2	11.1	26.0	53.9	100.0
Total	\$m	369.4	1 074.9	2 268.1	4 823.0	8 789.2	18 247.6	35 572.3
	%	1.0	3.0	6.4	13.6	24.7	51.3	100.0

		Less than \$100,000	\$100,000 to less than \$500,000	\$500,000 to less than \$2 million	\$2 million to less than \$10 million	\$10 million to less than \$100 million	\$100 million or more	Total
TRADE SERVICES								
Businesses(a)	no.	182 812	67 027	15 060	3 915	402	12	269 228
	%	67.9	24.9	5.6	1.5	0.1	—	100.0
Employment at end June								
Working proprietors/partners of unincorporated businesses	'000	172.1	55.9	4.2	0.3	np	np	232.5
	%	74.0	24.1	1.8	0.1	np	np	100.0
Employees	'000	22.5	85.6	83.2	65.9	np	np	291.9
	%	7.7	29.3	28.5	22.6	np	np	100.0
Total	'000	194.5	141.5	87.4	66.2	22.5	12.4	524.4
	%	37.1	27.0	16.7	12.6	4.3	2.4	100.0
Operating income								
Income from trade services, building and construction								
Contracting	\$m	2 354.8	4 461.8	4 295.6	3 857.5	2 079.4	1 045.8	18 094.9
	%	13.0	24.7	23.7	21.3	11.5	5.8	100.0
Subcontracting	\$m	4 545.2	7 936.7	8 112.8	8 938.3	5 006.2	1 543.0	36 082.1
	%	12.6	22.0	22.5	24.8	13.9	4.3	100.0
Total	\$m	6 900.0	12 398.5	12 408.4	12 795.8	7 085.6	2 588.8	54 177.0
	%	12.7	22.9	22.9	23.6	13.1	4.8	100.0
Other sales of goods and services	\$m	586.5	1 245.9	1 454.4	1 908.4	np	np	6 307.2
	%	9.3	19.8	23.1	30.3	np	np	100.0
Other	\$m	79.9	257.7	261.9	248.9	np	np	1 032.2
	%	7.7	25.0	25.4	24.1	np	np	100.0
Total	\$m	7 566.4	13 902.1	14 124.7	14 953.0	8 272.7	2 697.5	61 516.4
	%	12.3	22.6	23.0	24.3	13.4	4.4	100.0
Operating expenses								
Labour costs	\$m	415.8	2 387.1	3 468.6	3 511.8	1 809.4	895.2	12 487.8
	%	3.3	19.1	27.8	28.1	14.5	7.2	100.0
Payments to contractors and subcontractors for trade services, building and construction work	\$m	653.7	1 710.6	1 409.1	1 266.9	896.9	114.3	6 051.5
	%	10.8	28.3	23.3	20.9	14.8	1.9	100.0
Purchases	\$m	1 629.0	3 434.9	4 725.5	5 869.4	3 577.9	1 272.0	20 508.6
	%	7.9	16.7	23.0	28.6	17.4	6.2	100.0
Other	\$m	1 892.9	3 908.5	3 585.4	3 363.9	1 487.3	392.8	14 630.8
	%	12.9	26.7	24.5	23.0	10.2	2.7	100.0
Total	\$m	4 591.3	11 441.1	13 188.6	14 011.9	7 771.5	2 674.3	53 678.7
	%	8.6	21.3	24.6	26.1	14.5	5.0	100.0
Operating profit before tax	\$m	3 344.9	2 513.1	960.2	911.7	473.0	23.1	8 225.9
	%	40.7	30.6	11.7	11.1	5.8	0.3	100.0
Operating profit margin	%	44.8	18.4	6.9	6.2	5.8	0.9	13.6
Industry value added	\$m	4 183.3	5 424.3	4 829.3	4 826.4	2 503.5	975.0	22 741.8
	%	18.4	23.9	21.2	21.2	11.0	4.3	100.0

— nil or rounded to zero (including null cells)

(a) Operating at any time during the year ended 30 June.

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

		Less than \$100,000	\$100,000 to less than \$500,000	\$500,000 to less than \$2 million	\$2 million to less than \$10 million	\$10 million to less than \$100 million	\$100 million or more	Total
TRADE SERVICES <i>cont.</i>								
Total assets	\$m	3 842.0	5 634.8	5 991.4	6 300.7	3 888.6	1 426.6	27 084.2
	%	14.2	20.8	22.1	23.3	14.4	5.3	100.0
Total liabilities	\$m	2 701.4	4 111.7	4 381.5	4 555.2	3 092.7	860.6	19 703.1
	%	13.7	20.9	22.2	23.1	15.7	4.4	100.0
Net capital expenditure	\$m	148.4	142.1	113.3	150.3	82.4	17.0	653.6
	%	22.7	21.7	17.3	23.0	12.6	2.6	100.0
Contracting income from trade services, building and construction by type of client								
Householders	\$m	1 669.0	2 715.7	1 703.2	736.7	np	np	7 024.1
	%	23.8	38.7	24.2	10.5	np	np	100.0
Federal, state and local government	\$m	38.0	86.7	208.6	332.7	np	np	904.8
	%	4.2	9.6	23.1	36.8	np	np	100.0
Same business (as property owner)	\$m	74.0	208.6	188.4	177.3	np	np	982.7
	%	7.5	21.2	19.2	18.0	np	np	100.0
Other organisations	\$m	573.8	1 450.8	2 195.3	2 610.8	1 608.8	743.9	9 183.4
	%	6.2	15.8	23.9	28.4	17.5	8.1	100.0
Total	\$m	2 354.8	4 461.8	4 295.6	3 857.5	2 079.4	1 045.8	18 094.9
	%	13.0	24.7	23.7	21.3	11.5	5.8	100.0

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		Less than \$100,000	\$100,000 to less than \$500,000	\$500,000 to less than \$2 million	\$2 million to less than \$10 million	\$10 million to less than \$100 million	\$100 million or more	Total
TOTAL								
Businesses(a)	no.	219 926	86 035	24 997	7 671	1 260	94	339 982
	%	64.7	25.3	7.4	2.3	0.4	—	100.0
Employment at end June								
Working proprietors/partners of unincorporated businesses	'000	199.0	69.0	7.8	0.7	np	np	276.6
	%	72.0	25.0	2.8	0.2	np	np	100.0
Employees	'000	27.4	102.9	108.8	95.6	np	np	439.6
	%	6.2	23.4	24.8	21.7	np	np	100.0
Total	'000	226.4	171.9	116.6	96.2	52.8	52.2	716.2
	%	31.6	24.0	16.3	13.4	7.4	7.3	100.0
Operating income								
Income from trade services, building and construction								
Contracting	\$m	3 518.8	8 450.7	12 743.5	16 187.7	18 433.6	23 682.6	83 016.8
	%	4.2	10.2	15.4	19.5	22.2	28.5	100.0
Subcontracting	\$m	4 596.9	8 109.9	8 628.5	10 270.6	7 300.0	3 805.0	42 710.9
	%	10.8	19.0	20.2	24.0	17.1	8.9	100.0
Total	\$m	8 115.7	16 560.5	21 372.0	26 458.3	25 733.6	27 487.6	125 727.8
	%	6.5	13.2	17.0	21.0	20.5	21.9	100.0
Other sales of goods and services	\$m	655.3	1 416.3	1 939.1	2 991.7	3 106.4	1 617.1	11 725.8
	%	5.6	12.1	16.5	25.5	26.5	13.8	100.0
Other	\$m	167.4	413.4	520.9	891.1	678.5	758.3	3 429.7
	%	4.9	12.1	15.2	26.0	19.8	22.1	100.0
Total	\$m	8 938.3	18 390.2	23 832.1	30 341.2	29 518.5	29 862.9	140 883.2
	%	6.3	13.1	16.9	21.5	21.0	21.2	100.0
Operating expenses								
Labour costs	\$m	555.8	2 987.7	4 607.9	5 089.8	3 932.6	4 346.3	21 520.1
	%	2.6	13.9	21.4	23.7	18.3	20.2	100.0
Payments to contractors and subcontractors for trade services, building and construction work	\$m	973.5	2 507.4	2 523.4	2 615.7	3 214.7	10 675.5	22 510.2
	%	4.3	11.1	11.2	11.6	14.3	47.4	100.0
Purchases	\$m	2 212.1	4 780.9	9 103.0	14 153.3	16 013.9	9 245.9	55 509.2
	%	4.0	8.6	16.4	25.5	28.8	16.7	100.0
Other	\$m	2 589.4	5 134.5	5 921.6	6 382.6	4 557.4	4 174.1	28 759.4
	%	9.0	17.9	20.6	22.2	15.8	14.5	100.0
Total	\$m	6 330.8	15 410.4	22 155.9	28 241.3	27 718.7	28 441.8	128 298.9
	%	4.9	12.0	17.3	22.0	21.6	22.2	100.0
Operating profit before tax	\$m	3 513.3	3 154.7	1 700.9	1 915.3	1 758.5	1 784.5	13 827.2
	%	25.4	22.8	12.3	13.9	12.7	12.9	100.0
Operating profit margin	%	40.4	17.6	7.3	6.5	6.1	6.1	10.1
Industry value added	\$m	4 755.8	6 745.0	6 860.5	7 479.0	6 217.6	6 791.5	38 849.3
	%	12.2	17.4	17.7	19.3	16.0	17.5	100.0

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		Less than \$100,000	\$100,000 to less than \$500,000	\$500,000 to less than \$2 million	\$2 million to less than \$10 million	\$10 million to less than \$100 million	\$100 million or more	Total
TOTAL <i>cont.</i>								
Total assets	\$m	11 789.6	9 438.4	11 723.9	14 670.7	13 832.8	19 287.7	80 743.0
	%	14.6	11.7	14.5	18.2	17.1	23.9	100.0
Total liabilities	\$m	8 127.9	7 004.9	8 847.2	10 284.8	10 094.4	10 808.7	55 167.9
	%	14.7	12.7	16.0	18.6	18.3	19.6	100.0
Net capital expenditure	\$m	158.3	158.0	139.5	208.5	336.2	367.9	1 368.4
	%	11.6	11.5	10.2	15.2	24.6	26.9	100.0
Contracting income from trade services, building and construction by type of client								
Householders	\$m	2 334.4	5 128.1	6 736.5	7 162.6	6 300.0	2 446.0	30 107.5
	%	7.8	17.0	22.4	23.8	20.9	8.1	100.0
Federal, state and local government	\$m	56.6	166.7	622.5	1 592.3	2 582.2	4 559.2	9 579.4
	%	0.6	1.7	6.5	16.6	27.0	47.6	100.0
Same business (as property owner)	\$m	97.7	370.7	649.9	903.7	855.1	2 474.7	5 351.8
	%	1.8	6.9	12.1	16.9	16.0	46.2	100.0
Other organisations	\$m	1 030.1	2 785.1	4 734.6	6 529.1	8 696.4	14 202.7	37 978.1
	%	2.7	7.3	12.5	17.2	22.9	37.4	100.0
Total	\$m	3 518.8	8 450.7	12 743.5	16 187.7	18 433.6	23 682.6	83 016.8
	%	4.2	10.2	15.4	19.5	22.2	28.5	100.0

	CONTRACTING WORK(a)		SUBCONTRACTING WORK(a)		TOTAL		
	Income	Proportion of total income	Income	Proportion of total income	Income	Proportion of total income	
		\$m		%		\$m	%
Type of asset and nature of work done							
Houses(a)							
New construction work(a)	21 372.6	25.7	15 261.1	35.7	36 633.7	29.1	
Alterations, additions, renovations and improvements(a)	7 019.6	8.5	1 546.0	3.6	8 565.6	6.8	
Repairs and maintenance	2 173.9	2.6	1 001.0	2.3	3 174.9	2.5	
<i>Total</i>	30 566.1	36.8	17 808.1	41.7	48 374.2	38.5	
Other residential building(a)							
New construction work(a)	5 374.7	6.5	5 201.3	12.2	10 576.0	8.4	
Alterations, additions, renovations and improvements(a)	3 030.8	3.7	532.9	1.2	3 563.7	2.8	
Repairs and maintenance	600.7	0.7	370.8	0.9	971.4	0.8	
<i>Total</i>	9 006.2	10.8	6 105.0	14.3	15 111.2	12.0	
Non-residential building							
New construction work(a)	13 185.7	15.9	10 382.7	24.3	23 568.4	18.7	
Alterations, additions, renovations and improvements(a)	7 607.8	9.2	2 286.8	5.4	9 894.5	7.9	
Repairs and maintenance	2 933.7	3.5	1 024.0	2.4	3 957.7	3.1	
<i>Total</i>	23 727.1	28.6	13 693.5	32.1	37 420.6	29.8	
Road and bridge construction							
New work and improvements	3 629.9	4.4	1 017.4	2.4	4 647.3	3.7	
Repairs and maintenance	754.2	0.9	520.5	1.2	1 274.7	1.0	
<i>Total</i>	4 384.1	5.3	1 537.9	3.6	5 922.0	4.7	
Other non-building construction							
New work and improvements	12 048.0	14.5	3 196.7	7.5	15 244.7	12.1	
Repairs and maintenance	3 285.3	4.0	369.8	0.9	3 655.0	2.9	
<i>Total</i>	15 333.3	18.5	3 566.4	8.4	18 899.8	15.0	
Total income from trade services, building and construction	83 016.8	100.0	42 710.9	100.0	125 727.8	100.0	
Income from trade services, building and construction work by nature of work done							
New work and improvements	73 269.1	88.3	39 424.9	92.3	112 694.0	89.6	
Repairs and maintenance	9 747.7	11.7	3 286.0	7.7	13 033.8	10.4	
<i>Total</i>	83 016.8	100.0	42 710.9	100.0	125 727.8	100.0	

(a) These estimates are subject to reporting errors. For more information, refer to Explanatory Notes paragraphs 31–32.

ITEMS OF EXPENDITURE BY CONSTRUCTION INDUSTRY

	RESIDENTIAL BUILDING		NON-RESIDENTIAL AND NON-BUILDING		TRADE SERVICES	
	Expenditure	Proportion of total expenses	Expenditure	Proportion of total expenses	Expenditure	Proportion of total expenses
	\$m	%	\$m	%	\$m	%
Labour costs						
Wages and salaries	2 030.6	6.2	5 192.1	12.5	10 172.4	19.0
Employer contributions into superannuation	307.6	0.9	505.2	1.2	1 173.5	2.2
Workers' compensation costs	111.4	0.3	339.9	0.8	538.2	1.0
Fringe benefits tax	17.3	0.1	91.2	0.2	48.3	0.1
Payroll tax	77.7	0.2	359.4	0.9	555.3	1.0
<i>Total</i>	<i>2 544.5</i>	<i>7.7</i>	<i>6 487.8</i>	<i>15.6</i>	<i>12 487.8</i>	<i>23.3</i>
Payments for trade services, building and construction work						
To contractors	151.7	0.5	77.4	0.2	390.1	0.7
To subcontractors	5 373.1	16.3	10 856.4	26.1	5 661.4	10.5
<i>Total</i>	<i>5 524.8</i>	<i>16.7</i>	<i>10 933.8</i>	<i>26.3</i>	<i>6 051.5</i>	<i>11.3</i>
Payment for services and fees						
Builders and other licence fees	1.9	—	6.8	—	37.7	0.1
Architectural services	np	np	np	np	37.9	0.1
Surveying services	np	np	np	np	24.9	—
Security services	2.0	—	4.1	—	4.5	—
Engineering and other technical services	7.9	—	86.4	0.2	40.7	0.1
Real estate agent commissions and fees	39.8	0.1	1.2	—	13.1	—
Waste removal expenses	8.3	—	6.6	—	40.9	0.1
Building development and approval charges	7.0	—	42.2	0.1	12.1	—
<i>Total</i>	<i>110.8</i>	<i>0.3</i>	<i>172.3</i>	<i>0.4</i>	<i>211.7</i>	<i>0.4</i>
Purchases						
Construction, trade and building materials	17 421.5	52.8	15 322.2	36.8	17 733.3	33.0
Petroleum products/fuel	42.4	0.1	503.8	1.2	1 601.7	3.0
Other	1 093.6	3.3	617.0	1.5	1 173.6	2.2
<i>Total</i>	<i>18 557.5</i>	<i>56.2</i>	<i>16 443.1</i>	<i>39.5</i>	<i>20 508.6</i>	<i>38.2</i>
Costs associated with the transfer of real estate						
Payments to employment agencies	3 534.5	10.7	2 074.2	5.0	4 906.5	9.1
Motor vehicle running expenses	340.1	1.0	332.6	0.8	2 092.0	3.9
Repair and maintenance	73.1	0.2	273.2	0.7	665.8	1.2
Telecommunication services	323.5	1.0	317.2	0.8	500.5	0.9
Advertising	90.8	0.3	39.7	0.1	220.9	0.4
Depreciation and amortisation	279.2	0.8	897.7	2.2	1 589.9	3.0
Interest expenses	494.7	1.5	783.9	1.9	553.3	1.0
Insurance premiums	528.0	1.6	468.0	1.1	556.8	1.0
Bank charges other than interest	7.7	—	23.1	0.1	56.0	0.1
Bad and doubtful debts	19.3	0.1	39.5	0.1	87.2	0.2
Rent, leasing and hiring expenses	81.4	0.2	465.7	1.1	1 132.3	2.1
Land tax and land rates	43.8	0.1	23.5	0.1	33.8	0.1
Freight and cartage	1.0	—	61.0	0.1	176.4	0.3
Audit and other accounting	np	np	np	np	np	np
Legal	np	np	np	np	np	np
Training services provided by other businesses	4.5	—	19.6	—	15.8	—
Paper, printing and stationery	13.2	—	34.3	0.1	94.3	0.2
Postal, mailing and courier services	2.8	—	12.9	—	8.9	—
Travelling, accommodation and entertainment	9.4	—	123.7	0.3	308.5	0.6
Computer software expensed	62.5	0.2	43.8	0.1	20.6	—

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

— nil or rounded to zero (including null cells)

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

ITEMS OF EXPENDITURE BY CONSTRUCTION INDUSTRY *continued*

	RESIDENTIAL BUILDING		NON-RESIDENTIAL AND NON-BUILDING		TRADE SERVICES	
	<i>Expenditure</i>	<i>Proportion of total expenses</i>	<i>Expenditure</i>	<i>Proportion of total expenses</i>	<i>Expenditure</i>	<i>Proportion of total expenses</i>
	\$m	%	\$m	%	\$m	%
Cleaning services provided by other businesses	4.7	—	6.6	—	7.4	—
Subscriptions to magazines and periodicals	0.5	—	3.7	—	2.9	—
Subscriptions to professional organisations	1.6	—	5.5	—	11.3	—
Staff amenities	*4.2	—	^ 9.3	—	^ 50.6	0.1
Royalties	np	np	np	np	4.0	—
Other management and administrative services	48.4	0.1	^ 220.4	0.5	482.9	0.9
Other contract, subcontract and commission expenses	185.8	0.6	137.7	0.3	67.4	0.1
Other operating expenses	82.1	0.2	731.7	1.8	564.0	1.1
Total	32 992.9	100.0	41 627.3	100.0	53 678.7	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

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

— nil or rounded to zero (including null cells)

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

	TOTAL	
	Expenditure	Proportion of total expenses
	\$m	%
.....		
Labour costs		
Wages and salaries	17 395.0	13.6
Employer contributions into superannuation	1 986.2	1.5
Workers' compensation costs	989.5	0.8
Fringe benefits tax	156.9	0.1
Payroll tax	992.4	0.8
<i>Total</i>	21 520.1	16.8
Payments for trade services, building and construction work		
To contractors	619.3	0.5
To subcontractors	21 890.9	17.1
<i>Total</i>	22 510.2	17.5
Payment for services and fees		
Builders and other licence fees	46.4	—
Architectural services	87.8	0.1
Surveying services	43.8	—
Security services	10.6	—
Engineering and other technical services	135.0	0.1
Real estate agent commissions and fees	54.0	—
Waste removal expenses	55.8	—
Building development and approval charges	61.3	—
<i>Total</i>	494.7	0.4
Purchases		
Construction, trade and building materials	50 477.0	39.3
Petroleum products/fuel	2 147.9	1.7
Other	2 884.3	2.2
<i>Total</i>	55 509.2	43.3
Costs associated with the transfer of real estate	3.9	—
Payments to employment agencies	10 515.3	8.2
Motor vehicle running expenses	2 764.7	2.2
Repair and maintenance	1 012.1	0.8
Telecommunication services	1 141.3	0.9
Advertising	351.3	0.3
Depreciation and amortisation	2 766.8	2.2
Interest expenses	1 831.8	1.4
Insurance premiums	1 552.8	1.2
Bank charges other than interest	86.8	0.1
Bad and doubtful debts	146.0	0.1
Rent, leasing and hiring expenses	1 679.3	1.3
Land tax and land rates	101.1	0.1
Freight and cartage	238.4	0.2
Audit and other accounting	577.8	0.5
Legal	80.0	0.1
Training services provided by other businesses	39.9	—
Paper, printing and stationery	141.8	0.1
Postal, mailing and courier services	24.6	—
Travelling, accommodation and entertainment	441.6	0.3
Computer software expensed	126.9	0.1

.....

— nil or rounded to zero (including null cells)

4

ITEMS OF EXPENDITURE BY CONSTRUCTION INDUSTRY *continued*

TOTAL

	Proportion of	
	Expenditure	total expenses
	\$m	%

Cleaning services provided by other businesses	18.7	—
Subscriptions to magazines and periodicals	7.1	—
Subscriptions to professional organisations	18.3	—
Staff amenities	^ 64.1	—
Royalties	11.9	—
Other management and administrative services	751.7	0.6
Other contract, subcontract and commission expenses	390.9	0.3
Other operating expenses	1 377.8	1.1
Total	128 298.9	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

— nil or rounded to zero (including null cells)

5

SUMMARY OF OPERATIONS BY STATE

		New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
Businesses(a)	no.	115 084	83 214	68 268	21 236	37 637	6 306	3 374	5 391	339 982
	%	33.9	24.5	20.1	6.2	11.1	1.9	1.0	1.6	100.0
Employment at end June										
Working proprietors and partners of unincorporated businesses	'000	89.1	62.2	59.1	19.4	33.5	6.0	2.6	4.6	276.6
	%	32.2	22.5	21.4	7.0	12.1	2.2	1.0	1.7	100.0
Employees	'000	151.1	113.6	84.5	24.4	49.6	6.2	4.7	5.6	439.6
	%	34.4	25.8	19.2	5.6	11.3	1.4	1.1	1.3	100.0
Total	'000	240.2	175.8	143.6	43.8	83.2	12.1	7.3	10.2	716.2
	%	33.5	24.5	20.0	6.1	11.6	1.7	1.0	1.4	100.0
Total operating income	\$m	47 206.9	34 417.2	28 846.4	7 990.8	15 763.6	1 669.2	2 328.9	2 660.3	140 883.2
	%	33.5	24.4	20.5	5.7	11.2	1.2	1.7	1.9	100.0
Wages and salaries	\$m	5 840.4	4 465.8	3 430.4	928.3	2 089.6	236.3	191.1	213.3	17 395.0
	%	33.6	25.7	19.7	5.3	12.0	1.4	1.1	1.2	100.0

(a) Operating at any time during the year ended 30 June. As businesses may have operated in more than one state, the counts of businesses for each state or territory do not sum to the total.

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents results from a survey of construction services businesses for the reference year 2002–03. This is the fifth time the ABS has conducted this survey. Previous statistics were released for 1978–79, 1984–85, 1988–89, and 1996–97.

2 The estimates for *Private Sector Construction Industry, Australia* have been sourced from a combination of data directly collected by the ABS and business income tax data provided to the Australian Taxation Office (ATO). Under taxation law, data may be passed by the Commissioner for Taxation to the ABS for statistical purposes. Further information on the methodology can be found in Technical Note 1.

SCOPE

3 The scope of the survey was all employing and non-employing private and public trading sector businesses on the ABS Business Register, classified to Division E – CONSTRUCTION – of the Australian and New Zealand Standard Industrial Classification (ANZSIC). ANZSIC Division E consists of businesses mainly engaged in:

- *Residential building construction* (ANZSIC Classes 4111 and 4112) – businesses mainly engaged in the construction of houses or other residential buildings, or in carrying out alterations, additions or renovations or general repairs to such buildings, or in organising or managing these activities.
- *Non-residential building construction* (ANZSIC Class 4113) – businesses mainly engaged in the construction of non-residential buildings such as hotels, motels, hostels, hospitals, prisons, or other institutional buildings, in carrying out alterations, additions or renovations or general repairs to such buildings, or in organising or managing their construction;
- *Non-building construction* (ANZSIC Classes 4121 and 4122) – businesses mainly engaged in the construction or general repair of roads, bridges, railways, dams, pipelines or other non-building construction projects, the on-site assembly of boilers, furnaces or heavy electrical machinery from pre-fabricated components, or organising or managing their construction or assembly. The quarrying of earth, soil or filling or other construction materials carried out in conjunction with road or bridge construction by the same unit is included in this industry.
- *Construction trade services* (ANZSIC Subdivision 42) – businesses mainly engaged in providing special building or construction trade services, such as structural steel erection, carpentry, bricklaying, concreting, plumbing, painting, plastering, tiling, carpeting and selected installation services, e.g. electrical wiring, heating and air-conditioning.

4 The scope excluded activity undertaken by private individuals for their own use. General government organisations were also excluded.

STATISTICAL UNITS DEFINED ON THE ABS REGISTER

5 The ABS uses an economic statistics model on the ABS Business Register to describe the characteristics of businesses, and the structural relationships between related businesses. The units model is also used to break groups of related businesses into relatively homogeneous components that can provide data to the ABS.

6 In mid-2002, to better use the information available as a result of The New Tax System, the ABS changed its economic statistics units model. The new units model allocates businesses to one of two sub-populations. The vast majority of businesses are in what is called the Australian Taxation Office (ATO) Maintained Population, while the remaining businesses are in the ABS Maintained Population. Together, these two sub-populations make up the ABS Business Register population.

ATO Maintained Population

7 Most businesses in Australia need to obtain an Australian Business Number (ABN), and are then included on the ATO Australian Business Register. Most of these businesses have simple structures; therefore the unit registered for an ABN satisfies ABS statistical requirements. For these businesses, the ABS has aligned its statistical units structure with the ABN unit. The businesses with simple structures constitute the ATO Maintained

EXPLANATORY NOTES *continued*

ATO Maintained Population
continued

Population, and the ABN unit is used as the economic statistics unit for all economic collections.

ABS Maintained Population

8 For the population of businesses where the ABN unit is not suitable for ABS statistical requirements, the ABS will maintain its own units structure through direct contact with the business. These businesses constitute the ABS Maintained Population. This population consists mainly of large, complex and diverse businesses. The new statistical units model described below has been introduced to cover such businesses:

- *Enterprise Group*: This is a unit covering all the operations in Australia of one or more legal entities under common ownership and/or control. It covers all the operations in Australia of legal entities which are related in terms of the current Corporations Law (as amended by the *Corporations Legislation Amendment Act 1991*), including legal entities such as companies, trusts, and partnerships. Majority ownership is not required for control to be exercised.
- *Enterprise*: The enterprise is an institutional unit comprising (i) a single legal entity or business entity, or (ii) more than one legal entity or business entity within the same Enterprise Group and in the same institutional subsector (i.e. they are all classified to a single Standard Institutional Sector Classification of Australia subsector).
- *Type of Activity Unit (TAU)*: The TAU is comprised of one or more business entities, sub-entities or branches of a business entity within an Enterprise Group that can report production and employment data for similar activities. When a minimum set of data items are available, a TAU is created which covers all the operations within an industry subdivision (and the TAU is classified to the relevant subdivision of the ANZSIC). Where a business cannot supply adequate data for each industry, a TAU is formed which contains activity in more than one industry subdivision.

9 For more information on the impacts of the introduction of the new economic statistics units model, refer to *Information Paper: Improvements in ABS Economic Statistics [Arising from the New Tax System]* (cat. no. 1372.0).

COVERAGE

10 The frame used for the direct collect component of the Construction Industry Survey, like most ABS economic surveys, was taken from the ABS Business Register. The ABS Business Register is primarily based on registrations to the Australian Taxation Office's Pay-As-You-Go-Withholding (PAYGW) scheme (and prior to 1 July 2000, the Group Employer (GE) scheme). The frame is updated quarterly to take account of new businesses and those which have ceased employing.

11 Businesses which have ceased employing are identified when the Australian Taxation Office cancels their PAYGW registration (or previously their GE registration). In addition, from July 1999 to the end of June 2000, businesses which did not remit under the GE scheme for the previous five quarters were removed from the frame. A similar process has recently been adopted to remove businesses which do not remit under the PAYGW scheme.

12 The introduction of The New Tax System has a number of significant implications for ABS business statistics, and these are discussed in *Information Paper: ABS Statistics and The New Tax System* (cat. no. 1358.0) and *Information Paper: Improvements in ABS Economic Statistics [Arising from The New Tax System]* (cat. no. 1372.0).

IMPROVEMENTS TO COVERAGE

13 Estimates in this publication from the directly collected businesses have been adjusted to allow for lags in processing new businesses to the ABS Business Register, and the omission of some businesses from the register. The majority of businesses affected, and to which the adjustments apply, are small in size.

EXPLANATORY NOTES *continued*

IMPROVEMENTS TO COVERAGE *continued*

14 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 ABS Business Register. Adjustments of this type will continue to be applied in future periods.

15 For more information on these adjustments, please refer to the ABS publication *Information Paper: Improvements to ABS Economic Statistics, 1997* (cat. no. 1357.0).

COMPARISON WITH OTHER ABS STATISTICS

16 The ABS publications *Building Activity, Australia* (cat. no. 8752.0) and *Engineering Construction Activity, Australia* (cat. no. 8762.0) present information on the value of building and construction work done for buildings and for non-building construction work respectively.

17 The *Private Sector Construction Industry* publication presents a detailed examination of the structure and performance of businesses involved in construction for 2002–03. Detailed information was collected on the income generated by type of asset and nature of construction work done.

18 Differences in scope may be one reason why estimates for contracting income differ from estimates in other ABS publications for value of work done. The Construction Industry Survey used a sample drawn from construction businesses on the ABS Business Register. Activity undertaken by businesses coded to industries other than construction (for example, installation of plant and equipment by manufacturing businesses), were excluded as was any activity undertaken by owner builders or other individuals or businesses who were not represented on the ABS Business Register (for example, no ABN registration).

19 The Building Activity Survey used a sample drawn from building approvals. The sample was drawn from approvals for jobs of \$10,000 or more for residential, and \$50,000 or more for non-residential. Therefore, activity from jobs below these cutoffs, as well as activity in jobs where an approval was not obtained, were not included in the *Building Activity* publication.

20 The Building Activity Survey collects building activity which includes construction of new buildings and alterations and additions to existing buildings, excluding the value of land. Construction activity not defined as building (e.g. construction of roads, bridges, railways, landscaping, outdoor swimming pools, etc.) is compiled from the ABS Engineering Construction Survey. Results from the Building Activity Survey, together with estimates from the Engineering Construction Survey, provide a quarterly picture of building and construction. Neither of these surveys collects the value associated with land, plant and machinery not integral to the structure, expenses for relocation of utility services or the demolition of existing buildings. The *Private Sector Construction Industry* publication included any of these elements if they formed part of the contracting income paid to construction businesses.

HISTORICAL COMPARISONS

21 Caution should be exercised when making comparisons to earlier iterations of the Construction Industry Survey. The survey was not designed to support accurate estimates of change. There were also scope differences since the conduct of the last survey in 1996–97. The scope of the 1996–97 survey excluded non-employers in the non-residential building and non-building construction industry, whereas these businesses were included in 2002–03. Non-employers within residential building construction and construction trade services industries were included in both 1996–97 and 2002–03. The methodology for the 2002–03 survey was different from that used for the 1996–97 survey. Refer to Technical Note 1 for more information.

EXPLANATORY NOTES *continued*

HISTORICAL COMPARISONS

continued

22 A number of concepts, such as contracting, subcontracting, house, other residential building, non-residential building, road and bridge construction and other non-building construction were carefully defined on the survey form for the 2002–03 survey. These concepts were not defined on the survey form for the 1996–97 survey and hence the results would have reflected self-interpretation of these concepts by providers.

23 The quality of the 1996–97 survey results was affected by a relatively low response rate of 79% (i.e. percentage of operating businesses responding). The 2002–03 survey achieved a response rate of 91%, therefore, 2002–03 estimates can generally be considered to be of slightly higher quality than 1996–97 estimates.

24 Prior to the 2002–03 cycle, the survey used the management unit as the statistical unit. For issues of this publication relating to 2002–03 onwards, the statistical unit is the ABN unit for businesses with simple structures, and the TAU for businesses with complex structures. In most cases, ABN/TAU units concord with the management units used in previous cycles.

RELIABILITY OF THE DATA

25 When interpreting the results of a survey it is important to take into account factors that may affect the reliability of estimates. Such factors can be classified as either sampling or non-sampling error.

SAMPLING ERROR

26 The estimates are based on information obtained from a randomly selected stratified sample of construction businesses in the Australian business population, and an incomplete file of business income taxation data. Consequently, the estimates in this publication are subject to sampling variability, that is they may differ from the figures that would have been obtained if all units had been included in the survey and all business income tax data had been available (that is, if a census was conducted). 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.

27 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 was conducted and approximately 19 chances in 20 that the difference will be less than two SEs.

28 Sampling variability can also 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 sampling error in percentage terms, and this avoids the need to refer also to the size of the estimate.

29 Estimates of total income and total expenditure have RSEs of approximately 1% for residential, non-residential and non-building, and approximately 0.5% for trade services and total construction.

30 There are about two chances in three that the difference between the estimate shown and the true value will be within one SE, and about 19 chances in 20 that the difference will be within two SEs. For example, an estimate of total income for residential building businesses in 2002–03 was \$35.4b and the RSE was estimated to be 1%, giving a SE of approximately \$354m. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$35b to \$35.8b would have been obtained, and 19 chances in 20 (i.e. a confidence interval of 95%) that the figure would have been within the range of \$34.7b to \$36.1b.

REPORTING ERROR

31 While every care was taken in questionnaire design to specify concepts and definitions clearly, there were some known reporting errors. The main reporting errors identified during processing were:

- Some *other residential* structures were reported as houses.

EXPLANATORY NOTES *continued*

REPORTING ERROR *continued*

- Some *other non-building work* was reported in other categories, e.g. installations of swimming pools reported under houses.
- *New construction work* was defined as construction of new buildings/structures, while *alterations, additions, renovations and improvements* was defined as improvements to existing buildings/structures. Some trades services businesses reported the installation of new electrical wiring, new heating or air conditioning equipment, or similar improvements as new work.
- *Contracting income* was defined as the income earned by a business that acted as head contractor for the entire construction project. However, many trade services businesses, in particular electrical services, air conditioning and heating services, and fire and security system services reported contracting income for projects where they were not the head contractor. Income from these businesses should have been reported as *subcontracting*. As this reporting error was found to have a significant impact on the estimates, a correction was applied to recode any contracting income from new work reported by trade services businesses to subcontracting income from new work.
- The distinction between working proprietors/partners of unincorporated businesses and employees was not always clearly understood, especially by small businesses. A working proprietor/partner of an unincorporated business is not classified as an *employee*, however they are *employed* within their own business. Reporting problems in this area were addressed by checking reported numbers of working proprietors/partners against the legal type of the business, and correcting inconsistencies. For example, unincorporated sole proprietor businesses were assigned one working proprietor if they were operating on 30 June 2003, or zero if not operating on that date.

32 The most significant examples of these errors, where identified, were corrected. The final estimates are suitable for most purposes, however they should be treated with caution if making detailed comparisons.

OTHER SOURCES OF ERROR

33 Estimates for components of income and expenditure are subject to both sampling error and errors introduced by the proration estimation (for more information on proration refer to Technical Note 1). In general, smaller income and expense items have larger relative sampling and estimation errors than larger income and expense items.

34 Estimates of counts of businesses and counts of employment at 30 June 2003 were generated by model-based estimation techniques. These counts were subject to a larger relative estimation error than most income and expense items.

35 Users of business count data should also note that these items are statistical counts of operating ABNs, or TAU units for large and complex businesses. A particular business trading name may be represented by multiple ABN or TAU units, so the number of businesses may appear to be higher than expected.

36 Users of employment count data should also be aware that total employment is the sum of employment of each operating ABN/TAU unit. An individual may have been employed by more than one ABN/TAU unit. Total employment counts an individual once for each business unit that they were employed by. This means that total employment was greater than the number of persons employed.

ROUNDING

37 Where figures have been rounded, discrepancies may occur between the sum of component items and the total. Similar discrepancies may occur between a proportion or ratio, and the ratio of the separate components.

EXPLANATORY NOTES *continued*

REFERENCE PERIOD

38 Financial estimates and counts of businesses included the activity of any business that ceased or commenced operations during the year. Employment included only those persons working for a construction business during the last pay period ending in June 2003.

ACKNOWLEDGMENT

39 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*.

40 The ABS acknowledges the valuable contribution of a small number of industry associations in providing assistance with the testing of the survey forms.

DATA AVAILABLE ON REQUEST

41 Inquiries about these statistics and more detailed statistics than those presented in this publication should be made by telephoning the contact shown on the front page.

TECHNICAL NOTE 1 ESTIMATION METHODOLOGY

INTRODUCTION

1 The estimates in this publication have been sourced from a combination of data directly collected from businesses as part of the Construction Industry Survey conducted by the ABS, and business income tax data provided to the Australian Tax Office (ATO).

COLLECTION DESIGN

2 In order to decrease the statistical reporting load placed on providers while maintaining the range of information available to users of statistical data, the strategy for this survey was to adopt the use of both directly collected data from a smaller sample of providers and data from the ATO. Under taxation law, data may be passed by the Commissioner for Taxation to the ABS for specified statistical purposes.

3 Businesses were only selected to participate in the Construction Industry Survey (i.e. the direct collect sample) if they met a threshold level of activity. Very small businesses with annual income less than the threshold were not eligible for selection. Thresholds were set to account for 85% of total turnover in each ANZSIC subdivision.

4 In order to minimise the statistical reporting load even further for very small businesses, the direct collect population was divided into two streams. Businesses with employment of less than four persons completed a 'short form' (i.e. not all detailed income and expense items were collected from these businesses) while all other businesses completed a form with finer level income and expense items.

ESTIMATION METHODOLOGY

5 Large and/or complex businesses were completely enumerated by the Construction Industry Survey. Estimates for these businesses were formed by adding together the values reported to the survey. ATO business income tax data (BIT) was not used for these businesses due to difficulty in identifying all of the ABNs that were used by large and complex businesses.

6 For all other businesses that could be readily matched to BIT data, the strategy was to use this data source for broad economic data and apply proration techniques for data items not available from ATO.

7 This twofold approach was required to overcome some of the limitations in using ATO data. These limitations included: the non-availability, on the BIT file, of detailed income and expense items required for the compilation of the national accounts; the inability to identify all legal entities associated with large businesses or some small and medium employing businesses; and the absence of tax exempt businesses on the income tax file.

TWO STAGE PRORATION

8 Detailed income and expense items directly collected from the Construction Industry Survey were used to produce a series of 'factors' to prorate broad economic data items, such as sales, into finer components, such as contracting and subcontracting income. Two stages of proration were used.

FIRST STAGE

9 One set of proration factors was estimated within the direct collect population using the full detailed income and expense items from businesses with employment between 5–19 persons. These factors were then applied to produce the detailed data items not directly collected from businesses with employment of less than four persons that were sent the short form. At the end of this stage each business that responded to the Construction Industry Survey had been assigned values for the full range of Construction Industry Survey data items.

SECOND STAGE

10 The survey sample was used to produce a second set of proration factors. These factors were used to produce any data items that were not included on the BIT file. Only broad income and expense items were available from the BIT file.

TECHNICAL NOTE 1 ESTIMATION METHODOLOGY *continued*

TWO STAGE PRORATION *continued*

SECOND STAGE *continued*

11 At the end of this second stage each business in the Construction Industry Survey population (i.e. direct collect sample and ATO populations) held data for the full range of Construction Industry Survey data items. These data were then aggregated and adjusted to account for survey non-response, ABNs that did not match to business income tax data, and other sources of error such as newly established businesses that were not fully represented on the ABS Business Register.

12 For more information, contact Geoff Frost on (03) 9615 7787.

TECHNICAL NOTE 2 OWNER BUILDERS STUDY

INTRODUCTION

1 This publication presents data from the Construction Industry Survey which collected information from businesses whose predominant activity was construction. However, some construction activity, particularly related to residential building is done by private individuals for their own use. These individuals are generally referred to as owner builders and were excluded from the scope of the Construction Industry Survey.

2 The ABS undertook a study of owner builders to investigate the relationship between the various inputs, which included payments to contractors, purchase of materials and the value of the owner builders' own labour. Owner builders are, however, included in the ABS Building Activity Survey, and were recorded as undertaking 13% (\$2.9b) of the total work done on private sector houses in 2002–03 in current price, original terms.

STUDY DESIGN

3 This study selected 300 representative construction jobs from the quarterly Building Activity Survey sample that:

- were classified as a house;
- had been undertaken by an identified private sector owner builder; and
- had been completed in the December 2002, March 2003 or June 2003 reference quarters.

4 Of these jobs, 183 owner builders responded and were in-scope of the study.

FINDINGS

5 The results of the investigation are presented in the table below showing the ratio of selected inputs. For further discussion of the results, refer to the Main features on page 9.

RATIO OF SELECTED INPUTS

	TYPE OF WORK		
	New (a)	<i>Alterations and additions</i> (b)	Total
	%	%	%
Expenses			
Payments to contractors	37	38	37
Purchases of materials	43	39	42
Other	3	2	3
<i>Total</i>	82	80	82
Value of own labour	18	20	18

(a) Building activity which results in the creation of a building that did not previously exist.

(b) Building activity carried out on an existing building.

6 For more information on the Owner Builders Study, contact David Signorelli on (08) 8237 7308.

7 For more information on building activity, please see the publication *Building Activity, Australia* (cat. no. 8752.0).

GLOSSARY

Advertising expenses	This item refers to the costs incurred by a business for promotional and publicity campaigns aimed at bringing the activities of the business to the attention of consumers for the purpose of increasing sales. It includes amounts paid to advertising agencies and amounts paid directly to radio, television and the press.
Alterations, additions, renovations and improvements	This item refers to income from trade services, building and construction work which adds to the capital value of existing assets and/or prolongs the effective life of existing assets. It excludes repairs and maintenance of an existing asset.
Architectural services payments	This item refers to expenses incurred for the provision of services related to the designing and construction of building projects.
Assets	Assets are items with future economic benefits, for example providing future costs savings or generating future revenue. This item represents the book value of all assets and includes current and non-current and tangible and intangible assets.
Audit and other accounting expenses	This item refers to the costs incurred for the professional advice and skills of an auditor or accountant.
Bad and doubtful debts	This item refers to the amount of accounts receivable that is either written off, or estimated to be uncollectible during an accounting period, that are expensed in a period's profit calculations.
Bank charges other than interest	This item refers to the bank imposed cost of banking services to businesses.
Builders and other licence fees	This item refers to the fees paid to regulatory bodies for a licence to carry out construction and related activity.
Building development and approval charges	This item refers to the expenses incurred in gaining formal permission for proposed building works from government authorities.
Businesses (number of)	This is a count of businesses operating at any time during the year.
Cleaning services provided by other businesses	This item refers to the expenses incurred when the business premises are cleaned by an external business.
Computer software expensed	This item refers to the cost of computer software that has been fully charged to profit as an expense in the current accounting period.
Contracting income from trade services, building and construction	This item refers to income earned by a trade services or construction business where it acts as head contractor/construction project manager, irrespective of whether the business is the property owner. Contracting income also includes income from trade services provided directly to non-construction businesses and householders.
Depreciation and amortisation	This item refers to 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. Depreciation generally refers to physical (tangible) non-current assets and amortisation generally refers to intangible non-current assets.
Employees	This item refers to persons working for a construction business. It excludes working proprietors and partners, non-salaried directors, contractors, subcontractors and persons paid solely by commission without a retainer.
Employer contributions to superannuation funds	This item refers to the cost of the employer's contributions during the reference period made on behalf of employees including salary sacrificed amounts.
Employment	Employment represents all working proprietors and partners, and employees on the payroll during the last pay period ending in June. Employees absent on paid or prepaid leave are included, together with employees on workers' compensation who continue to be paid through the payroll. Non-salaried directors are excluded, together with persons solely paid by commission without a retainer and self-employed persons such as consultants and contractors.

GLOSSARY *continued*

Engineering services payments	This item refers to the expenses incurred for the provision of services related to the design and construction of machinery, equipment, building and other structures.
Federal, state and local government clients	This item refers to Federal, state or local government agencies which commissioned construction work.
Freight and cartage expenses	This item refers to the costs charged to a business for the transport and delivery of goods by rail, air, road and/or sea.
Fringe benefits tax	This item refers to the tax payable by employers when certain benefits in excess of normal wages or salaries (e.g. free or discounted goods or services) are received by their employees (or associates of employees) in connection with their employment.
Head contractor/construction project manager	This term refers to the sole entity which has overall control in managing and organising the construction work for a given project.
House	A house is a detached (free standing) building consisting of a single dwelling. A dwelling is a self-contained suite of rooms, including cooking and bathing facilities and intended for long-term residential use.
Household clients	This item refers to private individuals who commissioned construction work.
Income from trade services, building and construction	This item refers to subcontracting and contracting income earned for trade services, building or construction work.
Industry value added	This item is an estimate of the difference between the market value of the output of an industry and the purchases of materials and selected expenses incurred in the production of that output. For market producers, it has been derived by determining the income associated with the production (in this case sales of goods and services, changes in level of trading stock inventories, operational funding from government and capital work done by own employees for own use or for rental or lease), and subtracting the direct costs of producing these outputs (purchases of goods and services used in production of goods for resale and selected expenses related to the sale of goods and administrative expenses, exclusive of indirect taxes such as payroll tax, fringe benefits tax, land tax and land rates).
Insurance premiums	This item refers to expenses incurred by an organisation in respect of different types of insurance policies but excluding workers' compensation and compulsory third party motor vehicle insurance.
Interest expenses	This item refers to outflows of funds related to the cost of borrowing money.
Labour costs	This item refers to staff related costs such as wages and salaries, fringe benefits tax and payroll tax, employer contributions to superannuation, workers' compensation premiums, and provision expenses for employee entitlements.
Land tax and land rates	Land tax is an annual tax assessed to the owner of the land. Land rates are annual charges levied by local government for the provision of local government services. This is a combination of these two items.
Legal expenses	This item refers to fees incurred when a business secures the services of a legal representative, or requires legal representation, or seeks professional advice on legal matters.
Liabilities	Liabilities are the debts or obligations of a business and are recorded in a business's accounts as either current or non-current. This item represents the book value of all liabilities.
Motor vehicle running expenses	This item refers to the costs incurred in using on-road motor vehicles owned by the business for business purposes, and includes such items as fuel, registration fees, compulsory third-party insurance premiums, and repair and maintenance.
Net capital expenditure	This item comprises acquisitions less disposals for plant, machinery, equipment and land.

GLOSSARY *continued*

New construction work	This item refers to income from trade services, building and construction work which adds to the capital value of assets by creating a new asset.
New work and improvements	This item refers to income from trade services, building and construction work which adds to the capital value of assets either by creating a new asset or improving an existing asset. It excludes repairs and maintenance of an existing asset.
Non-residential building	This item refers to a building primarily consisting of other than dwellings, that is, it is not intended for long-term residential use. Examples include factories, warehouses and other industrial buildings; commercial buildings such as offices, shops and restaurants; hotels, motels, boarding houses, hostels, holiday apartment buildings and other premises offering short-term accommodation; hospitals; nursing homes; entertainment and recreational facilities; educational facilities; farm buildings; defence buildings; prisons; and religious buildings.
Operating profit before tax	This item is a measure of profit/surplus (or loss/deficit), during the reference period, taken before extraordinary items are brought into account and prior to the deduction of income tax and appropriations to owners (i.e. dividends paid, drawings). It is generally derived by subtracting total expenses from total income, and adding the difference between closing inventory and opening inventory for the period.
Operating profit margin	This item refers to the percentage of an organisation's sales of goods and services which becomes profit after all operating expenses have been deducted. It is derived by expressing total operating profit before tax as a percentage of total sales of goods and services.
Other contract, subcontract and commission expenses	This item refers to the amounts, not listed separately, paid to other businesses and self-employed persons for work done or sales made on a contract or commission basis.
Other management and administrative services expenses	This item refers to the amounts, not listed separately, paid to another business/consultant for providing administrative services or management expertise.
Other non-building construction	This item includes all non-building construction other than road and bridge construction. It includes dams, canals, lakes, jetties, pipelines, tunnels (for any purpose), railways, sewage treatment plants, energy supply systems, irrigation systems, golf courses, sports fields, television and radio transmitting towers, oil refineries, mine sites and the on-site assembly of boilers, furnaces and heavy electrical machinery.
Other organisations (type of client)	This item refers to private businesses and non-government organisations which commissioned construction work.
Other residential building	An other residential building is a building (other than a house) containing more than one dwelling. Examples include semi-detached row or terrace houses and flats, units and apartments of one or more storeys.
Other sales of goods and services	This item refers to income from sales of goods and services other than income from trade services, building and construction work. It includes income from non-construction services, sales from property development and other sales of goods.
Paper, printing and stationery expenses	This item refers to costs incurred for office supplies and printing carried out by or for the business.
Payments for trade services, building and construction work	This includes payments to other businesses and self-employed persons for trade services, building and construction work done. Such payments are either payments to subcontractors or payments to head contractors/construction project managers.
Payments to contractors for trade services, building and construction work	This item refers to payments to other businesses and self-employed persons acting as head contractors/construction project managers for trade services, building and construction work done.
Payments to employment agencies for staff	This item refers to payments made by a business to an employment agency for the supply or recruitment of staff.

GLOSSARY *continued*

Payments to subcontractors for trade services, building and construction work	This item refers to payments to other businesses and self-employed persons acting as subcontractors (i.e. as other than head contractors/construction project managers) for trade services, building and construction work done.
Payroll tax	This item refers to tax levied by state and territory governments upon the amount of wages and salaries paid by a business.
Postal, mailing and courier services	This item refers to the expenses incurred for the picking up, transport, and delivery (domestic or international) of addressed or unaddressed mail, packages and parcels.
Purchases	This item refers to the costs of goods and services used in the production of the final output of a business. This item includes construction, trade and building materials, petroleum products, fuel expenses for off-road vehicles (e.g. fork-lifts, mobile plant and quarry dump trucks), electricity, gas and water.
Real estate agent commissions and fees	This item refers to commissions and related fees paid to other businesses for the provision of real estate services.
Rent, leasing and hiring expenses	This item refers to the costs for rent, leasing (except finance leases) and hiring of vehicles, land, buildings, machinery, equipment and any other property from other businesses or individuals.
Repairs and maintenance income	This item refers to income from trade services, building and construction work which is carried out (on an ongoing basis) to overcome normal wear and tear over the life of existing assets.
Repair and maintenance expenses	This item refers to costs associated with work undertaken on plant and machinery etc. to maintain normal business operations.
Residential building	This term refers to businesses classified to ANZSIC Class 4111 (HOUSE CONSTRUCTION) and ANZSIC Class 4112 (RESIDENTIAL BUILDING CONSTRUCTION N.E.C.). These businesses are mainly engaged in the construction of houses or other residential buildings, or in carrying out alterations, additions or renovations or general repairs to such buildings, or in organising or managing these activities.
Road and bridge construction	Road and bridge construction includes aerodrome runways, asphalt surfacing and road construction and sealing, elevated highways and overpasses, viaducts and bridges (for any purpose).
Royalties expenses	This item refers to payments made by one business or individual for the use of rights owned by another company/person.
Same business (as property owner) clients	This item refers to a construction business which commissions construction work on property owned by the business itself. Usually this relates to development and resale of land or property owned by the business.
Security services payments	This item refers to costs incurred when a business engages another business to provide security services.
Staff amenities expenses	This item refers to the costs incurred for the provision of facilities for staff.
Subcontracting income from trade services, building and construction	Subcontracting income is earned by a trade services or construction business where it is contracted and/or paid by the head contractor/construction project manager or any other construction contractor.
Subscriptions to magazines and periodicals	This item refers to subscriptions paid to other organisations for magazines, journals or papers.
Subscriptions to professional organisations	This item refers to subscriptions and membership/affiliation fees paid for joining organisations such as industry associations, peak bodies and professional organisations.
Surveying services payments	This item refers to the expenses incurred for the provision of services related to formal inspection and examination of building sites and projects.

GLOSSARY *continued*

Telecommunication services expenses	This item includes all payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission.
Trade services	Businesses classified to ANZSIC Subdivision 42 (CONSTRUCTION TRADE SERVICES). This includes businesses providing trade services to the construction industry (covering site preparation, concreting, bricklaying, roofing, structural steel erection, plumbing, electrical, air conditioning and heating, fire and security systems, plastering, carpentry, tiling and carpeting, painting and decorating, glazing and landscaping services).
Training services provided by other businesses	This item refers to payments to consultants, institutions or other businesses for the provision of staff training and education services.
Transfer of real estate costs	This item refers to costs associated with the selling, purchasing and/or transfer of property.
Travelling, accommodation and entertainment expenses	This item refers to costs incurred for transportation services relating to business activities which occur away from the normal place of business. Accommodation expenses are those costs incurred in providing accommodation to staff when business activities occur away from the normal place of business. Entertainment expenses are the costs incurred by a business for the provision of entertainment activities.
Wages and salaries	This item refers to the gross wages and salaries (excluding capitalised wages and salaries) of all employees of the organisation. The item includes severance, termination and redundancy payments, salaries and fees of directors and executives, retainers and commissions of persons who received a retainer, bonuses, and annual and other types of leave. Provision expenses for employee entitlements (e.g. provisions for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments) are also included. Payments related to salary sacrifice and payments to self-employed persons such as consultants, contractors and persons paid solely by commission without a retainer are excluded.
Waste removal expenses	This item refers to the amounts paid to other businesses and organisations (including local government) for the removal of waste.
Workers' compensation costs	This item refers to compulsory insurance cover taken out by all employers, except for self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of or arising out of employment.
Working proprietors and working partners of unincorporated businesses	A working proprietor operates his or her own business (a sole proprietorship), while a working partner, along with one or more other partners, operates a partnership. Working proprietors and working partners are the owners of their business and as such they are not considered to be employees of that business.

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