

COMPANY PROFITS

AUSTRALIA

EMBARGOED UNTIL 11:30AM THURS 21 NOVEMBER 1996

SEPTEMBER QTR KEY FIGURES

TREND ESTIMATES

	Sep 96 \$m	% change Jun 96 to Sep 96	% change Sep 95 to Sep 96
Company Profits before			
Income Tax	5 183	-5.4	-17.6
Income Tax & Net Interest	6 746	-3.7	-10.2
Income Tax, Net Interest & Depreciation	10 553	-1.3	-2.3

SEASONALLY ADJUSTED

	Sep 96 \$m	% change Jun 96 to Sep 96	% change Sep 95 to Sep 96
Company Profits before			
Income Tax	5 240	0.2	-19.1
Income Tax & Net Interest	6 767	0.6	-11.4
Income Tax, Net Interest & Depreciation	10 536	0.3	-3.5

ORIGINAL ESTIMATES

	Sep 96 \$m	% change Jun 96 to Sep 96	% change Sep 95 to Sep 96
Company Profits before			
Income Tax	5 666	20.6	-18.9
Income Tax & Net Interest	7 348	19.6	-10.6
Income Tax, Net Interest & Depreciation	11 163	13.3	-2.9

SEPTEMBER QTR KEY POINTS

TREND ESTIMATES

- The provisional trend estimate of company profits before income tax, for companies with more than 30 employees, is \$5,183m. This is a fall of 5.4% from the revised June 1996 quarter estimate of \$5,478m. This continues the decline in the trend estimate since September 1995, to its lowest level since the September 1993 quarter.

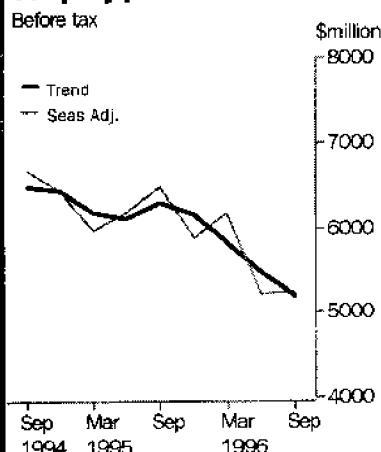
SEASONALLY ADJUSTED

- The seasonally adjusted estimate of company profits before income tax was relatively unchanged with an increase of 0.2% over the revised June 1996 quarter estimate.

ORIGINAL ESTIMATES

- The original estimate for company profits before income tax as reported for the September 1996 quarter was \$5,666m, up 20.6% from the revised June 1996 quarter estimate, and down 18.9% from the September 1995 quarter estimate. The movement in the estimate is affected by the high level of abnormals traditionally reported in June quarters.

Company profits



INQUIRIES

- For further information about these and related statistics, contact Sue Phillips on 02 9268 4357, or any ABS Office.

NOTES

FORTHCOMING ISSUES

ISSUE(Quarter)

RELEASE DATE

December 1996

20 February 1997

.....

CHANGES IN THIS ISSUE

This issue incorporates new seasonal factors which take into account the latest year's data. Refer to paragraphs 14-19 of the explanatory notes for more information. There are significant revisions to the June 1996 quarter and minor revisions to other quarters as a result of late responses. This issue also includes a retrospective reclassification of some units. The effect is mainly in Services to Finance and Insurance and Property and Business Services. Using the June 1996 original estimates as an example, the impact of the revision on company profits before income tax in these industries was +\$107.5m and -\$51.4m respectively.

.....

SAMPLING ERRORS

The survey sample has been revised in the September quarter. Data from the revised sample are included for the first time in this publication. Refer to paragraph 5 of the explanatory notes for more information. In future, the survey sample will be revised quarterly. Standard errors for estimates contained in this publication are shown on pages 14-15.

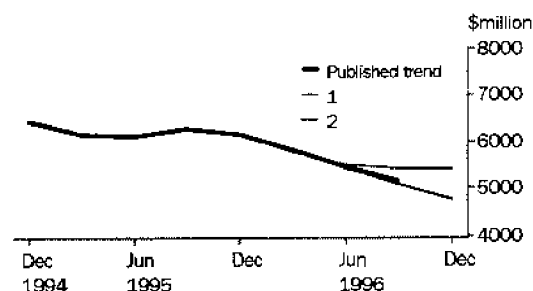
.....

TREND REVISIONS

The most recent trend estimates are likely to be revised when seasonally adjusted estimates for subsequent quarters become available. The graph below presents the effect of two possible scenarios on the previous trend estimates:

- 1 The December 1996 seasonally adjusted estimate for company profits before income tax is higher than the September 1996 seasonally adjusted estimate by 10.0%.
- 2 The December 1996 seasonally adjusted estimate for company profits before income tax is lower than the September 1996 seasonally adjusted estimate by 10.0%.

The percentage change of 10.0% was chosen because the average absolute percentage change, based on the last decade, has been 10.0%.

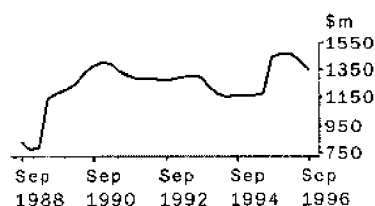


An increase of 10.0% in seasonally adjusted company profits before income tax in the December 1996 quarter would show a declining trend, flattening from the June 1996 quarter.

W. McLennan
Australian Statistician

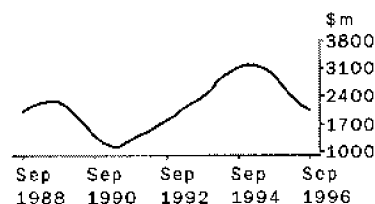
COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

MINING



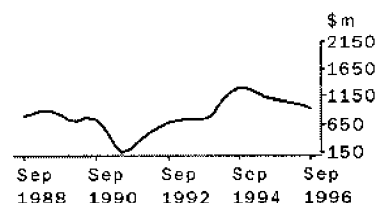
The September 1996 trend estimate for the Mining industry decreased by 4.4% following a fall of 3.8% in the revised June 1996 quarter estimate.

MANUFACTURING



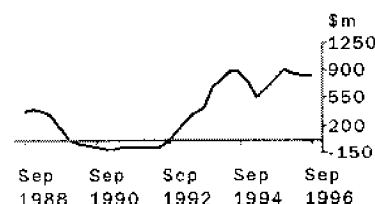
The Manufacturing industry trend estimate fell by 7.4% continuing the decline from the March 1995 quarter.

WHOLESALE/RETAIL



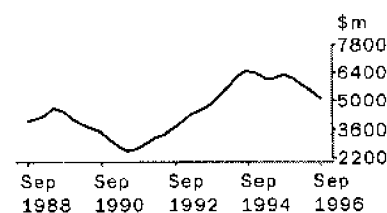
For the combined Wholesale and Retail trade industries, the trend estimate fell by 5.3%, following a fall of 4.0% in the revised June 1996 quarter estimate.

OTHER SELECTED INDUSTRIES



This includes Construction, Transport & Storage, Services to Finance & Insurance, Property & Business Services, and Other Services. The trend estimate decreased by 1.9%.

TOTAL ALL INDUSTRIES



The All Industries trend estimate has fallen by 5.4% from the revised June 1996 quarter estimate, following falls of 5.9% and 5.3% in the previous two quarters. The estimate is 17.6% lower than the September 1995 estimate.

COMPANY PROFITS BEFORE INCOME TAX : All Series

Quarter	Company profits before income tax, net interest paid and depreciation	Company profits before income tax and net interest paid	Company profits before income tax
	\$m	\$m	\$m
ORIGINAL			
1993-94			
September	9 578	6 657	5 368
December	10 373	7 380	6 183
March	9 020	6 132	4 903
June	9 447	6 440	5 367
1994-95			
September	11 440	8 297	7 135
December	11 908	8 728	7 660
March	9 479	6 276	5 013
June	10 004	6 713	5 408
1995-96			
September	11 494	8 214	6 984
December	11 552	8 208	6 954
March	10 144	6 659	5 276
June	9 857	6 143	4 698
1996-97			
September	11 163	7 348	5 666
SEASONALLY ADJUSTED			
1993-94			
September	9 237	6 287	4 919
December	9 333	6 396	5 097
March	9 892	6 968	5 845
June	10 056	7 060	6 126
1994-95			
September	10 986	7 858	6 665
December	10 794	7 635	6 438
March	10 389	7 115	5 969
June	10 638	7 350	6 173
1995-96			
September	10 915	7 641	6 481
December	10 513	7 206	5 866
March	11 207	7 701	6 169
June	10 504	6 724	5 228
1996-97			
September	10 536	6 767	5 240
TREND ESTIMATES			
1993-94			
September	9 229	6 293	4 854
December	9 513	6 578	5 312
March	9 775	6 826	5 729
June	10 279	7 275	6 214
1994-95			
September	10 685	7 589	6 475
December	10 799	7 609	6 435
March	10 594	7 342	6 180
June	10 531	7 264	6 103
1995-96			
September	10 796	7 516	6 293
December	10 852	7 493	6 152
March	10 796	7 274	5 823
June	10 691	7 003	5 478
1996-97			
September	10 553	6 746	5 183

COMPANY PROFITS BEFORE INCOME TAX, DEPRECIATION AND INTEREST: Original

Period	Company profits before income tax, net interest paid and depreciation	Depreciation	Company profits before income tax and net interest paid	Interest paid	Interest received	Net interest paid	Company profits before income tax
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1993-94	38 419	11 810	26 609	8 872	4 084	4 788	21 821
1994-95	42 831	12 817	30 014	11 233	6 435	4 799	25 216
1995-96	43 046	13 821	29 225	10 614	5 301	5 313	23 912
1993-94							
September	9 578	2 921	6 657	2 129	840	1 289	5 368
December	10 373	2 993	7 380	2 240	1 042	1 197	6 183
March	9 020	2 888	6 132	2 110	881	1 229	4 903
June	9 447	3 008	6 440	2 393	1 320	1 073	5 367
1994-95							
September	11 440	3 143	8 297	2 549	1 386	1 163	7 135
December	11 908	3 179	8 728	2 697	1 629	1 068	7 660
March	9 479	3 204	6 276	2 740	1 477	1 263	5 013
June	10 004	3 291	6 713	3 247	1 942	1 305	5 408
1995-96							
September	11 494	3 279	8 214	2 474	1 244	1 230	6 984
December	11 552	3 344	8 208	2 534	1 280	1 254	6 954
March	10 144	3 484	6 659	2 673	1 290	1 383	5 276
June	9 857	3 713	6 143	2 933	1 487	1 446	4 698
1996-97							
September	11 163	3 815	7 348	3 163	1 482	1 681	5 666

COMPANY PROFITS BEFORE INCOME TAX, By Broad Industry: All Series

	Mining	Manu- facturing	Cons- truction	Wholesale trade	Retail trade	Transport and storage	Services to finance and insurance	Property and business services	Other services	Total
Period	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
ORIGINAL										
1993-94	4 833	10 655	368	1 965	1 652	774	849	-1	726	21 821
1994-95	4 668	12 626	500	3 143	1 933	649	916	-340	1 121	25 216
1995-96	5 922	10 213	341	2 602	1 612	761	505	-25	1 981	23 912
1993-94										
June	1 092	2 671	78	633	413	162	238	-98	176	5 367
1994-95										
September	1 297	3 405	101	874	383	215	232	161	467	7 135
December	1 066	3 601	138	876	916	198	416	61	388	7 660
March	1 256	2 874	106	641	254	84	-10	-284	91	5 013
June	1 049	2 746	156	751	379	153	278	-279	175	5 408
1995-96										
September	1 598	3 116	49	668	322	233	150	144	704	6 984
December	1 458	3 193	106	624	767	313	86	-118	527	6 954
March	1 405	2 248	82	635	227	253	43	-24	406	5 276
June	1 462	1 657	103	674	296	-37	226	-28	344	4 698
1996-97										
September	1 339	2 515	96	532	282	170	181	-61	612	5 666
SEASONALLY ADJUSTED										
1993-94	4 830	10 769	369	1 955	1 677	795	850	8	734	21 987
1994-95	4 661	12 642	522	3 136	1 933	645	916	-334	1 125	25 245
1995-96	5 928	10 067	351	2 595	1 613	723	506	-22	1 983	23 744
1993-94										
June	1 162	3 050	100	613	505	210	218	-1	269	6 126
1994-95										
September	1 208	3 076	107	840	535	179	242	129	349	6 665
December	1 091	3 139	100	861	481	152	362	-64	317	6 438
March	1 249	3 296	118	716	450	114	59	-225	192	5 969
June	1 112	3 130	197	719	466	200	254	-173	268	6 173
1995-96										
September	1 478	2 825	52	639	446	197	157	107	579	6 481
December	1 503	2 790	77	614	405	239	34	-250	455	5 866
March	1 398	2 568	93	711	397	336	112	41	512	6 169
June	1 548	1 884	129	632	365	-49	202	81	437	5 228
1996-97										
September	1 237	2 288	102	517	390	144	185	-105	482	5 240
TREND ESTIMATES										
1993-94	4 860	10 717	357	2 025	1 706	774	842	77	751	22 109
1994-95	4 679	12 627	487	3 075	1 926	638	886	-311	1 185	25 193
1995-96	5 809	10 306	360	2 580	1 625	801	516	-166	1 914	23 745
1993-94										
June	1 162	2 975	96	673	517	208	239	71	273	6 214
1994-95										
September	1 165	3 117	98	790	514	177	265	33	315	6 475
December	1 185	3 199	114	820	490	148	296	-75	276	6 435
March	1 164	3 205	134	774	468	146	160	-134	263	6 180
June	1 185	3 106	141	690	453	166	164	-135	332	6 103
1995-96										
September	1 447	2 954	75	651	440	231	139	-92	448	6 293
December	1 474	2 702	79	657	414	249	114	-46	510	6 152
March	1 472	2 439	95	652	391	197	110	-22	489	5 823
June	1 416	2 213	111	621	380	125	153	-6	466	5 478
1996-97										
September	1 353	2 050	114	568	380	72	183	-5	469	5 183

COMPANY PROFITS BEFORE INCOME TAX, By Broad Industry-Percentage Changes: **All Series(a)**

Period	Mining	Manu- facturing	Construction	Wholesale trade	Retail trade	Transport and storage	Services to finance and insurance	Property and business services	Other services	Total
ORIGINAL										
1993-94	-8.4	33.5	13.5	34.3	19.6	96.4	135.1	83.4	146.6	27.7
1994-95	-3.3	18.4	38.1	61.9	18.9	-16.3	-26.9	34.9	58.1	16.3
1995-96	27.6	-18.7	-31.8	-17.3	-14.9	57.9	-59.0	614.0	81.1	-3.4
1993-94										
June	-6.6	10.3	1.5	28.4	53.6	2.1	11.3	-1 404.4	89.4	9.5
1994-95										
September	18.8	27.4	29.6	38.1	-7.4	32.4	-2.7	264.8	165.0	32.9
December	-17.8	5.8	36.9	0.2	139.1	-8.0	79.2	-62.2	-16.8	7.4
March	17.9	-20.2	-23.4	-26.8	-72.2	-57.4	-102.4	-565.1	-76.6	-34.6
June	-16.5	-4.5	47.4	17.1	49.3	81.6	2 852.9	1.7	93.4	7.9
1995-96										
September	52.4	13.5	-68.7	-11.0	-15.2	52.5	-45.8	151.7	301.2	29.1
December	-8.8	2.5	117.7	-6.6	138.3	34.2	-43.1	-182.1	-25.2	-0.4
March	-3.6	-29.6	-22.5	1.8	-70.4	-19.1	-49.6	80.1	-23.0	-24.1
June	4.0	-26.3	25.5	6.1	30.5	-114.8	424.9	-17.2	-15.2	-11.0
1996-97										
September	-8.4	51.8	-7.6	-21.0	-4.8	554.9	-19.8	-121.7	77.8	20.6
SEASONALLY ADJUSTED										
1993-94	-8.3	34.1	18.4	34.4	19.1	99.9	136.7	83.8	143.4	28.2
1994-95	-3.4	17.2	44.1	62.2	16.3	-19.4	-26.8	33.3	55.7	15.5
1995-96	28.1	-20.1	-31.9	-17.2	-14.4	63.1	-59.0	615.0	81.0	-3.9
1993-94										
June	0.1	8.9	19.5	8.1	3.5	-5.8	-21.7	-101.3	46.7	4.8
1994-95										
September	4.0	0.8	7.4	37.1	6.0	-14.7	11.0	16 445.1	29.7	8.8
December	-9.7	2.0	-6.7	2.6	-10.1	-15.5	49.8	-150.0	-9.2	-3.4
March	14.6	5.0	17.3	-16.8	-6.3	-24.8	-83.8	-250.8	-39.5	-7.3
June	-11.0	-5.0	67.2	0.3	3.5	75.6	332.2	23.2	39.9	3.4
1995-96										
September	32.9	-9.7	-73.5	-11.1	-4.4	-1.7	-37.9	161.9	116.1	5.0
December	1.7	-1.2	47.9	-4.0	-9.2	21.6	-78.4	-333.7	-21.5	-9.5
March	-7.0	-8.0	20.4	15.8	-1.8	40.7	230.4	116.3	12.6	5.2
June	10.7	-26.6	39.0	-11.1	-8.2	-114.7	79.7	97.6	-14.8	-15.3
1996-97										
September	-20.1	21.4	-20.9	-18.2	7.0	391.5	-8.3	-230.3	10.5	0.2
TREND ESTIMATES										
1993-94	-6.1	33.7	6.2	34.4	26.5	83.1	463.8	115.2	134.2	31.8
1994-95	-3.7	17.8	36.5	51.9	12.9	-17.6	5.2	-501.7	57.9	13.9
1995-96	24.2	-18.4	-26.2	-16.1	-15.6	25.7	-41.8	46.4	61.5	-5.7
1993-94										
June	-1.7	7.0	3.3	29.1	10.6	-3.2	2.6	65.7	39.4	8.5
1994-95										
September	0.2	4.8	2.3	17.4	-0.5	-14.6	10.9	-53.9	15.3	4.2
December	0.0	2.6	16.6	3.7	-4.7	-16.5	11.8	-328.1	-12.3	-0.6
March	-0.1	0.2	16.7	-5.5	-4.5	-1.4	-46.0	-78.6	-4.8	-4.0
June	1.8	-8.1	5.7	-10.9	-3.3	14.0	2.6	-0.4	26.2	-1.3
1995-96										
September	22.2	-4.9	-47.1	-5.7	-2.9	38.6	-15.2	31.6	35.2	3.1
December	1.8	-8.5	5.1	0.8	-5.9	8.0	-18.1	50.1	13.7	-2.3
March	-0.1	-9.7	21.0	-0.7	-5.7	-20.9	-3.9	51.6	-4.0	-5.3
June	-3.8	-9.3	17.2	-4.8	-2.7	-36.6	39.2	71.7	-4.8	-5.9
1996-97										
September	-4.4	-7.4	2.1	-8.5	-0.2	-42.5	19.6	15.5	0.7	-5.4

(a) The percentages in this table have been calculated from a series defined to the nearest \$1000 and may vary slightly from calculations based on the published series in Table 3 which have been rounded to the nearest \$million.

COMPANY PROFITS, by Broad Industry: Original

	Mining	Manu- facturing	Construction	Wholesale trade	Retail trade	Transport and storage	Services to finance and insurance	Property and business services	Other services	Total
Period	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
PROFITS BEFORE INCOME TAX										
1993-94	4 833	10 655	368	1 965	1 652	774	849	-1	726	21 821
1994-95	4 668	12 626	500	3 143	1 933	649	916	-340	1 121	25 216
1995-96	5 922	10 213	341	2 602	1 612	761	505	-25	1 981	23 912
1993-94										
June	1 092	2 671	78	633	413	162	238	-98	176	5 367
1994-95										
September	1 297	3 405	101	874	383	215	232	161	467	7 135
December	1 066	3 601	138	876	916	198	416	61	388	7 660
March	1 256	2 874	106	641	254	84	-10	-284	91	5 013
June	1 049	2 746	156	751	379	153	278	-279	175	5 408
1995-96										
September	1 598	3 116	49	668	322	233	150	144	704	6 984
December	1 458	3 193	106	624	767	313	86	-118	527	6 954
March	1 405	2 248	82	635	227	253	43	-24	406	5 276
June	1 462	1 657	103	674	296	-37	226	-28	344	4 698
1996-97										
September	1 339	2 515	96	532	282	170	181	-61	612	5 666
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1993-94	5 386	12 202	460	2 621	1 962	1 005	1 347	585	1 040	26 609
1994-95	5 169	14 241	607	3 997	2 185	836	1 002	507	1 469	30 014
1995-96	6 460	11 969	426	3 284	1 828	1 033	746	639	2 841	29 225
1993-94										
June	1 233	3 068	103	811	489	182	286	0	267	6 440
1994-95										
September	1 397	3 783	127	1 080	443	273	243	417	533	8 297
December	1 183	3 986	164	1 070	982	258	408	213	465	8 728
March	1 390	3 262	132	860	317	123	18	-18	191	6 276
June	1 200	3 210	184	987	443	182	332	-105	280	6 713
1995-96										
September	1 712	3 531	71	833	380	298	233	299	857	8 214
December	1 581	3 621	131	797	821	388	107	93	669	8 208
March	1 533	2 659	104	807	280	318	144	156	659	6 659
June	1 634	2 158	121	846	347	29	262	91	656	6 143
1996-97										
September	1 499	3 086	113	692	340	252	205	167	994	7 348
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1993-94	8 487	16 763	681	3 712	2 836	1 597	1 532	1 171	1 639	38 419
1994-95	8 113	19 227	957	5 074	2 931	1 481	1 435	1 310	2 303	42 831
1995-96	9 795	17 060	715	4 269	2 596	2 052	1 157	1 280	4 122	43 046
1993-94										
June	2 033	4 241	165	1 080	694	334	336	152	413	9 447
1994-95										
September	2 145	4 997	214	1 345	636	430	329	627	716	11 440
December	1 883	5 255	255	1 351	1 167	417	504	412	664	11 908
March	2 121	4 513	215	1 121	500	277	140	180	412	9 479
June	1 965	4 462	273	1 257	628	357	462	90	511	10 004
1995-96										
September	2 510	4 788	132	1 098	558	526	324	447	1 111	11 494
December	2 398	4 890	203	1 035	1 012	628	204	242	940	11 552
March	2 364	3 939	178	1 044	484	574	245	321	995	10 144
June	2 524	3 442	202	1 093	541	323	385	270	1 076	9 857
1996-97										
September	2 349	4 446	185	920	574	533	329	362	1 465	11 163

COMPANY PROFITS, By Detailed Manufacturing Industry: Original

Period	Food, beverages and tobacco \$m	Textile clothing footwear and leather \$m	Wood and paper products \$m	Printing, publishing and recorded media \$m	Petroleum, coal, chemicals and assoc. products \$m	Non- metallic mineral products \$m	Metal products \$m	Machinery and equipment \$m	Other manu- facturing \$m	Total manu- facturing \$m
PROFITS BEFORE INCOME TAX										
1993-94	2 130	380	913	1 134	1 633	1 047	1 895	1 402	122	10 655
1994-95	2 252	469	983	1 411	1 781	1 132	2 364	2 170	64	12 626
1995-96	2 287	227	709	1 083	1 781	755	1 608	1 731	34	10 213
1993-94										
June	390	86	210	290	434	254	491	484	31	2 671
1994-95										
September	579	145	279	364	503	332	584	594	24	3 405
December	786	118	274	371	404	311	666	655	16	3 601
March	494	109	195	343	444	269	586	427	7	2 874
June	395	97	235	333	429	220	528	494	17	2 746
1995-96										
September	600	84	260	332	389	239	670	534	8	3 116
December	874	71	197	328	541	224	539	405	12	3 193
March	514	41	152	208	385	162	447	334	6	2 248
June	298	30	99	215	466	130	-48	458	8	1 657
1996-97										
September	653	32	152	231	365	188	418	471	6	2 515
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1993-94	2 560	512	1 071	1 257	1 853	1 172	2 050	1 594	133	12 202
1994-95	2 746	594	1 162	1 535	2 042	1 225	2 510	2 325	101	14 241
1995-96	2 795	329	946	1 310	2 031	881	1 769	1 849	59	11 969
1993-94										
June	513	117	253	313	490	286	530	533	34	3 068
1994-95										
September	689	175	330	390	566	353	617	630	33	3 783
December	914	147	315	398	464	329	708	685	25	3 986
March	605	141	239	375	508	291	617	469	17	3 262
June	537	131	278	372	504	252	568	542	26	3 210
1995-96										
September	722	109	320	378	457	261	711	558	16	3 531
December	1 014	96	253	373	603	255	578	429	19	3 621
March	625	68	211	257	441	189	489	367	12	2 659
June	433	57	161	302	530	175	-9	496	13	2 158
1996-97										
September	781	63	214	276	443	226	575	499	10	3 086
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1993-94	3 453	673	1 522	1 490	2 571	1 556	2 973	2 364	160	16 763
1994-95	3 782	795	1 542	1 807	2 833	1 663	3 469	3 191	146	19 227
1995-96	3 873	503	1 368	1 632	2 890	1 333	2 754	2 605	101	17 060
1993-94										
June	741	164	370	372	675	388	765	724	40	4 241
1994-95										
September	939	225	424	457	760	455	846	848	44	4 997
December	1 178	195	407	469	661	438	960	911	35	5 255
March	861	192	335	448	708	403	863	674	29	4 513
June	805	183	376	433	704	367	799	758	38	4 462
1995-96										
September	993	152	425	456	677	374	953	730	27	4 788
December	1 277	137	359	452	806	373	828	629	30	4 890
March	890	111	322	337	661	298	736	562	22	3 939
June	712	103	261	387	747	289	238	684	22	3 442
1996-97										
September	1 066	113	304	364	688	347	846	698	19	4 446

EXPLANATORY NOTES

.....

INTRODUCTION

1 This publication presents preliminary estimates of company profits based on Management accounts for selected industries in Australia. The series have been compiled from data collected by the Australian Bureau of Statistics (ABS) in its quarterly Survey of Company Profits.

SCOPE AND COVERAGE

2 The survey is designed to measure profits, depreciation and net interest paid of companies (i.e. incorporated business enterprises) in the private sector in Australia.

3 The data in this publication relate to companies employing more than 30 people.

4 The scope of the survey:

- includes the following industries (Australian and New Zealand Standard Industrial Classification [ANZSIC] Divisions, Subdivisions and Groups):
 - Mining (Division B)
 - Manufacturing (Division C)
 - Food, beverages and tobacco (21)
 - Textiles, clothing, footwear and leather (22)
 - Wood and paper products (23)
 - Printing, publishing and recorded media (24)
 - Petroleum, coal, chemical and associated products (25)
 - Non-metallic mineral products (26)
 - Metal products (27)
 - Machinery and equipment (28)
 - Other manufacturing (29)
 - Construction (Division E)
 - Wholesale trade (Division F)
 - Retail trade (Division G)
 - Transport and storage (Division I)
 - Other financiers (733)
 - Financial asset investors (734)
 - Services to finance and insurance (75)
 - Property and business services (Division I)
 - Other services including
 - Electricity, gas and water supply (Division D)
 - Accommodation, cafes and restaurants (Division H)
 - Communication services (Division J)
 - Cultural and recreational services (Division P)
 - Personal services and other services (95-96)
- excludes the following industries
 - Agriculture, forestry and fishing (Division A)
 - Central bank (731)
 - Deposit taking financiers (732)
 - Insurance (74)
 - Government administration and defence (Division M)
 - Education (Division N)
 - Health and community services (Division O)
 - Private households employing staff (97)
- the scope excludes public sector business units (i.e. all departments, authorities and other organisations owned and/or controlled by the Commonwealth, State and Local Governments). Primary producer marketing boards are classified as public sector and are also excluded.

EXPLANATORY NOTES

.....

SURVEY SAMPLE DESIGN

5 September quarter data reflect changes in the sample of companies surveyed. A proportion of sampled companies are rotated out of the survey in the September quarter and replaced with companies of similar size and activity. The major effect of this rotation is that standard errors of movement for the September quarter tend to be larger than for other quarters. The movement in standard errors (see Standard Errors section) is based on data from a number of quarters and will therefore tend to understate the true standard errors for September quarter movement estimates. Estimates of September quarter movement standard errors are available on request.

6 In the 12 month period between successive frames and survey samples there are many businesses which cease operating and many which are newly established. Such changes in the business population need to be reflected in the survey to ensure that the estimates produced are representative of the changing nature of the business population over the course of the year. This is particularly important for surveys which cover the small business sector because small businesses account for a very high proportion of the changes occurring to the size and structure of the business population over the course of the year.

7 For the Survey of Company Profits, which excludes businesses employing 30 or less people, this requirement is confined to the larger businesses where quarterly changes to the business population are relatively small. An estimate of the contribution expected from the larger *new* businesses is produced by the ABS each quarter based on the number of businesses in the survey sample which cease trading each quarter. This contribution accumulates progressively from 0.25% to 1% of the total estimate of company profits before tax over the 4 quarters of the survey between successive survey frames and samples.

SURVEY METHODOLOGY

8 The survey is conducted by mail on a quarterly basis. Forms are sent to a sample of approximately 3,800 business units employing more than 30 people. The sample is selected from the ABS central register of businesses and is stratified by industry and number of employees. All business units with over 250 employees and/or a known large profit/loss are included in the sample.

9 Respondents are asked to provide data on the same basis as their own management accounts. Where a particular business unit does not respond in a given survey, an estimate is imputed. Revisions may be made to these estimates if data are provided subsequently from those businesses. Aggregates are calculated from all data using the *number raised* estimation technique. Data are edited both at individual business unit level and at aggregate level.

STATISTICAL UNIT

10 The survey uses the management unit as the statistical unit. The management unit is the highest-level accounting 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 (i.e. company, 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. Prior to 1989, the survey used a different statistical unit. Further details are available on request.

CLASSIFICATION BY INDUSTRY

11 The Australian and New Zealand Standard Industrial Classification (ANZSIC) has been developed for use in both countries for the production and analysis of industry statistics. It replaces the Australian Standard Industrial Classification (ASIC) and the New Zealand Standard Industrial Classification (NZSIC).

EXPLANATORY NOTES

CLASSIFICATION BY INDUSTRY (continued)

12 For more information, users are referred to *Australian and New Zealand Standard Industrial Classification, 1993, ANZSIC*, ABS Cat. No. 1292.0 and New Zealand Cat No. 19.005.0092.

13 In order to classify company profits by industry, each statistical unit (as defined above) is classified to the Australian and New Zealand Standard Industrial Classification (ANZSIC) industry in which it *mainly* operates.

SEASONAL ADJUSTMENT

14 Seasonal adjustment is a means of removing the estimated effects of normal seasonal variation from the series so that the effects of other influences can be more clearly recognised.

15 In the seasonal adjustment of the series, account has been taken of both normal seasonal factors and 'trading day' effects (arising from the varying length of each month and the varying numbers of Sundays, Mondays, Tuesdays, etc. in the month). Adjustment has also been made for the influence of Easter which may affect the March and June quarter estimates.

16 Seasonal adjustment does not remove from the series the effect of irregular or non-seasonal influences (e.g. a change in interest rates). Particular care should be taken in interpreting quarterly movements in the adjusted figures in this publication, especially for detailed industry estimates.

17 Irregular influences that are highly volatile can make it difficult to interpret the series even after the adjustment for seasonal variation.

18 Seasonal factors are reviewed and revised annually to take account of each additional year's original data. The nature of the seasonal adjustment process is such that the magnitude of some revisions resulting from the re-analysis may be quite significant, especially for data for more recent quarters. For this reason, additional care should be exercised when interpreting movements in seasonally adjusted data for recent quarters.

19 The seasonally adjusted figures necessarily reflect the sampling and other errors to which the original figures are subject.

TREND ESTIMATES

20 The trend estimates are derived by applying a 7-term Henderson moving average to the seasonally adjusted series. The 7-term Henderson average (like all Henderson averages) is symmetric but, as the end of a time series is approached, asymmetric forms of the average are applied. Unlike the weights of the standard 7-term Henderson moving average, the weights employed here have been tailored to suit the particular characteristics of individual series. While the asymmetric weights enable trend estimates for recent quarters to be produced, it does result in revisions to the estimates for the most recent three quarters as additional observations become available. There may also be revisions because of changes in the original data and as a result of the re-estimation of the seasonal factors. For further information, see *A Guide to Interpreting Time Series — Monitoring 'Trends': an Overview* (1348.0) or contact the Assistant Director, Time Series Analysis on (06) 252 6345.

DESCRIPTION OF TERMS

21 A description of the terms used in this publication are given below:

A company An incorporated private sector business enterprise. For the purpose of the survey, branches of overseas companies operating in Australia are included but overseas branches of Australian companies are excluded.

Company profits before income tax *Net operating profit or loss before income tax and extraordinary items* and is net of capital profits or losses and dividends received.

EXPLANATORY NOTES

Net Interest paid Interest expense less any interest income. Interest received from or paid to overseas sources is included. The interest component of finance lease payments is also included.

Depreciation of fixed assets This is as per management accounts and includes depreciation on equipment acquired under a finance lease.

COMPARISON WITH OTHER ABS STATISTICS

22 The series 'Company Profits Before Income Tax, Net Interest Paid and Depreciation' equates, broadly with the national accounting series of 'Gross Operating Surplus of Private Corporate Trading Enterprises'. However, the two series are not directly comparable for the following reasons:

- the national accounts' estimates of gross operating surplus include the profits of all companies whereas results from the Survey of Company Profits relate only to those companies with employment of more than 30 persons
- the national accounts' estimates of gross operating surplus include estimates for companies classified to the agriculture, forestry, fishing and hunting, and community services industries
- the national accounts' estimates of gross operating surplus are after deduction of the stock valuation adjustment which measures the portion of income attributable to holding gains or losses resulting from stock valuation practices
- the national accounts' estimates of gross operating surplus include details relating to net third party insurance transfers, royalty and land rent payments
- the national accounts' estimates incorporate data from other sources such as taxation data as well as information from the Survey of Company Profits.

UNPUBLISHED STATISTICS

23 More detailed industry data from this survey are available on request, the cost for such a service being dependent upon the amount of data requested.

RELATED PUBLICATIONS

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

- *Australian National Accounts, National Income Expenditure and Product* (5206.0)
- *Private New Capital Expenditure and Expected Expenditure, Australia*, (5625.0)
- *State Estimates of Private New Capital Expenditure* (5646.0)
- *Stocks, Selected Industry Sales and Expected Sales, Australia* (5629.0)
- *Australian Business Expectations* (5250.0)
- *Business Operations and Industry Performance, Australia* (8140.0)

25 Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and the Release Advice are available from any ABS office.

SYMBOLS AND OTHER USAGES

n.p. not available for publication

STANDARD ERRORS

INTRODUCTION

The estimates in this publication are based on a sample drawn from units in the surveyed population. Because the entire population is not surveyed, the published estimates are subject to sampling error. The most common way of quantifying such sampling error is to calculate the standard error for the published estimate or statistic.

LEVEL ESTIMATES

To illustrate, let us say that the published level estimate for company profits before tax is \$5,600m. The calculated standard error in this case is \$120m. The standard error is then used to interpret the level estimate of \$5,600m. For instance, the standard error of \$120m indicates that:

- There are approximately two chances in three that the real value falls within the range \$5,480m to \$5,720 ($\$5,600\text{m} \pm \120m)
- There are approximately nineteen chances in twenty that the real value falls within the ranges \$5,360m and \$5,840m ($\$5,600\text{m} \pm \240m)

The real value in this case is the result we would obtain if we could enumerate the total population.

The following table shows the standard errors for quarterly level estimates.

	Company Profits before income tax \$m	Company profits before income tax, net interest paid \$m	Company profits before income tax, net interest paid and depreciation \$m
Mining	9	9	15
Manufacturing			
Food, beverages and tobacco	17	17	19
Textiles, clothing, footwear and leather	6	6	8
Wood and paper products	10	11	13
Printing, publishing and recorded media	21	21	22
Petroleum, coal, chemical and assoc. products	13	14	18
Non-metallic mineral products	4	4	4
Metal products	9	9	14
Machinery and equipment	14	16	18
Other manufacturing	9	8	9
Total manufacturing	37	39	44
Construction	32	34	37
Wholesale trade	36	37	41
Retail trade	44	55	63
Transport and storage	31	31	47
Services to finance and insurance	18	16	15
Property and business services	68	58	66
Other services	48	49	17
Total	118	119	138

STANDARD ERRORS

MOVEMENT ESTIMATES

The following example illustrates how to use the standard error to interpret a movement estimate. Let us say that one quarter the published level estimate for Company Profits before tax is \$5,600m, the next quarter the published level estimate is \$6,000m. The calculated standard error for the movement estimate is \$100m. The standard error is then used to interpret the published movement estimate of +\$400m. For instance, the standard error of \$100m indicates that:

- There are approximately two chances in three that the real movement over the two quarter period falls within the range \$300m to \$500m ($\$400m \pm \$100m$)
- There are approximately nineteen chances in twenty that the real movement falls within the range \$200m to \$600m ($\$400m \pm \$200m$)

The following table shows the standard errors for quarterly movement estimates.

	Company Profits before income tax \$m	Company profits before income tax, net interest paid \$m	Company profits before income tax, net interest paid and depreciation \$m
Mining	8	8	11
Manufacturing			
Food, beverages and tobacco	12	12	12
Textiles, clothing, footwear and leather	2	2	2
Wood and paper products	7	7	7
Printing, publishing and recorded media	23	23	23
Petroleum, coal, chemical and assoc. products	13	13	13
Non-metallic mineral products	6	6	6
Metal products	18	24	22
Machinery and equipment	16	16	16
Other manufacturing	7	1	7
Total manufacturing	40	43	42
Construction	37	39	39
Wholesale trade	38	37	37
Retail trade	24	26	29
Transport and storage	25	26	31
Services to finance and insurance	13	14	13
Property and business services	65	60	59
Other services	22	25	15
Total	103	103	104

FOR MORE INFORMATION . . .

The ABS publishes a wide range of information on Australia's economic and social conditions. A catalogue of publications and products is available from any of our offices (see below).

INFORMATION CONSULTANCY SERVICES

Information tailored to special needs of clients can be obtained from the Information Consultancy Service available at ABS Offices (see below).

ABS PRODUCTS

A large number of ABS products is available from the ABS Bookshops (see below). The ABS also provides a subscription service – you can telephone the ABS Subscription Service Australia wide toll free on 1800 0206 08.

ELECTRONIC SERVICES

A large range of data is available via on-line services, diskette, magnetic tape, tape cartridge and CD ROM. For more details about our electronic data services, contact any ABS office (see below) or email us at:

X.400 (C:Australia,PUB:Telememo,O:ABS,FN:STAT,SN:INFO)
Internet Stat.info@abs.telememo.au
Keylink STAT.INFO/ABS

You can visit us on the Internet at: <http://www.abs.gov.au>

GENERAL SALES AND INQUIRIES

- Sydney 02 9268 4611 ■ Adelaide 08 8237 7100
- Melbourne 03 9615 7755 ■ Hobart 002 20 5800
- Brisbane 07 3222 6351 ■ Darwin 08 8943 2111
- Perth 09 360 5140 ■ Canberra 06 252 6627

- Information Services, ABS
PO Box 10, Belconnen ACT 2616



2565100009967

ISSN 0818-9986

RRP \$13.50