

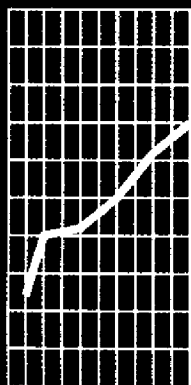


1995-96

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Computing Services Industry

Australia



NOTES

INTRODUCTION

This publication presents results for the financial year 1995-96 from an Australian Bureau of Statistics (ABS) survey of businesses in the computer services industry. It is the third survey of this industry with previous surveys being conducted in respect of 1992-93 and 1987-88 (refer paragraph 4 of Explanatory Notes for further information).

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SYMBOLS AND OTHER USAGES

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
RSE	relative standard error
*	subject to sampling variability too high for most practical purposes
**	subject to sampling variability too high for practical purposes

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

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INQUIRIES

For information about other ABS statistics and services, please refer to the back of this publication.

For further information about the statistics in this publication please contact Ashok Kumar on Melbourne (03) 9615 7634.

PREFACE

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As part of its service industries survey program, the ABS conducted surveys of selected business services industries in respect of the 1995-96 financial year. The industries covered were legal, accounting, consultant engineering, real estate agents and computer services.

This publication presents statistics for the computer services industry.

Information in this publication was collected in a survey of businesses classified to Group 783 of the 1993 edition of the Australian and New Zealand Standard Industrial Classification (ANZSIC). This Group comprises four Classes: 7831 Data Processing Services, which includes all businesses mainly engaged in providing data processing services; 7832 Information Storage and Retrieval Services, which includes all businesses mainly engaged in providing storage of data other than library or bibliographic services; 7833 Computer Maintenance Services, which includes all businesses mainly engaged in providing computer maintenance or repair services; and 7834 Computer Consultancy Services, which includes all businesses mainly engaged in providing consultancy, analysis and programming services.

This is the third time the ABS has surveyed the computer services industry. Surveys were previously conducted in respect of the 1992-93 and 1987-88 financial years, and statistics were released in the publications *Computing Services Industry, Australia, 1992-93* and *Computing Services Industry, Australia, 1987-88* (Cat. no. 8669.0).

A related publication, *Information Technology, Australia, 1995-96* (Cat. no. 8126.0) contains data about businesses with information technology and telecommunication activities. It includes data about businesses in the computer services industry as well as businesses whose primary activities are manufacturing, wholesaling and telecommunication services.

Results from the other business services collections have been or will be released in the following publications:

- *Real Estate Agents Industry, Australia, 1995-96* (Cat. no. 8663.0);
- *Legal and Accounting Services, Australia, 1995-96* (Cat. no. 8678.0); and
- *Consultant Engineering Services, Australia, 1995-96* (Cat. no. 8693.0).

These publications contain a selection of the information available from the surveys. More detailed information is available from the ABS on request.

The ABS is committed to providing more information on the priority service industries sector of the economy. However, the breadth of activities encompassed in the sector poses the problem of selecting which industries to include. To this end the ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future surveys. These comments should be addressed to: The Director, Service Industries Surveys, PO Box 10, Belconnen, ACT, 2616.

PREFACE *continued*

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*.

W. McLennan
Australian Statistician.

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MAIN FEATURES

INTRODUCTION

This publication presents results in respect of the 1995–96 financial year of a survey of businesses mainly engaged in providing computer services, including businesses mainly providing data processing services, data storage (other than library and bibliographic services), computer maintenance or repair and businesses mainly engaged in providing computer consultancy, analysis and programming services.

SIZE OF INDUSTRY

There were 9,679 businesses in the computer services industry at 30 June 1996. This was almost double the 4,894 businesses in the industry at 30 June 1993. The 9,679 businesses operating at 30 June 1996 generated a total income of \$8,088.3 million and employed 55,046 persons.

BUSINESS SIZE

In terms of number of businesses, the computer services industry was dominated by businesses with employment of less than five persons (88%). These businesses accounted for 27% of industry employment and contributed 14% (\$1,157.0 million) to total industry income. The 51 businesses with employment of 100 or more persons accounted for 42% of industry employment and contributed 59% (\$4,733.3 million) to the total income of the industry.

EMPLOYMENT

There were 55,046 persons employed in the computer services industry at 30 June 1996. Full-time employment accounted for 87% (48,123 persons) while the remainder worked part-time.

In comparison, at 30 June 1993 there were 30,056 persons employed in the industry, with 87% (26,017 persons) working full-time.

INCOME

Businesses in the computer services industry generated \$8,088.3 million in income, of which \$6,324.0 million (78%) accrued from the provision of computer services. This proportion was a marginal increase from 77% in 1992–93. The other major source of income was from computer and communication hardware sales which accounted for \$1,047.8 million (13%) of total income. The corresponding proportion for 1992–93 was 12% of total income.

EXPENSES

Labour costs of \$2,726.8 million was the major item of expense for businesses in the industry in 1995–96, accounting for 36% of all expenses. This was similar to 1992–93 when labour costs accounted for 35% of total expenses. Payments to subcontractors and consultants accounted for a further \$892.0 million in 1995–96, which represented 12% of total expenses compared to 8% in 1992–93.

MAIN FEATURES *continued*

PROFITABILITY

The industry recorded an operating profit before tax of \$455.1 million for the 1995-96 financial year, which represented an operating profit margin of 5.7%. This was a decrease on the profit margin (9.3%) recorded in 1992-93, reflecting a greater increase in expenses (104%) relative to the increase in income (97%) over the three-year period.

STATE DIMENSION

Businesses in the computer services industry were mainly concentrated in two States. Businesses operating in New South Wales and Victoria accounted for 50% and 31% respectively of total income. These proportions represented a change since 1992-93 when New South Wales accounted for 54% and Victoria 27% of total income.

1 Key figures

	1992-93	1995-96
Businesses at end June (no.)	4 894	9 679
Employment at end June		
Full-time (no.)	26 017	48 123
Part-time (no.)	4 039	6 922
Total (no.)	30 056	55 046
Income		
Income from the provision of computer services (\$m)	3 175.8	6 324.0
Income from communication services (\$m)	95.5	147.9
Income from the sale of computer and communication hardware (\$m)	505.0	1 047.8
Other income (\$m)	323.8	568.6
Total (\$m)	4 100.2	8 088.3
Expenses		
Labour costs (\$m)	1 293.6	2 726.8
Payments to subcontractors and consultants (\$m)	294.6	892.0
Purchases (\$m)	579.0	1 311.9
Rent, leasing and hiring expenses (\$m)	240.4	311.8
Depreciation and amortisation (\$m)	188.5	364.3
Other expenses (\$m)	1 153.0	2 034.7
Total (\$m)	3 749.0	7 641.5
Operating profit before tax (\$m)	364.9	455.1
Operating profit margin (%)	9.3	5.7
Industry gross product (\$m)	1 826.0	3 543.1

INCOME AND EXPENDITURE

INCOME

In 1995-96, total income of the 9,679 businesses in the computer services industry was \$8,088.3 million.

The major source of income was from the provision of computer services which accounted for 78% (\$6,324.0 million) of total income. Of the remaining income, the sale of computer and communication hardware accounted for 13% (\$1,047.8 million).

Of the 9,679 businesses, 7,134 (74%) accrued income from the provision of software consultancy services. This service accounted for \$2,098.5 million (26% of total income).

2 Sources of income

Sources of income	Businesses at end June	Contribution Value	to total value
	no.	\$m	%
Sales of goods and services			
Income from the provision of computer services			
Hardware consultancy services	1 832	734.9	9.1
Software consultancy services	7 134	2 098.5	25.9
Software maintenance services	2 862	521.1	6.4
Computer facilities management and other computer consultancy services	1 344	766.0	9.5
Packaged software developed in Australia	1 150	543.4	6.7
Computer processing services	771	761.0	9.4
Commercial database services	105	161.6	2.0
Computer hardware servicing, repairs and maintenance	686	573.9	7.1
Installation and cabling services	593	132.4	1.6
Other computer services	253	31.2	0.4
Total	9 679	6 324.0	78.2
Income from communication services	128	147.9	1.8
Income from packaged software purchased for resale	977	180.7	2.2
Other royalties income	*100	27.4	0.3
Commission income received from the sale of packaged software	*79	*4.5	0.1
Income from the sale of computer and communication hardware	1 649	1 047.8	13.0
Commission income received from the sale of computer and communication hardware	125	5.4	0.1
Training and education	1 180	55.2	0.7
Rent, leasing and hiring income	267	6.6	0.1
Other operating income	1 079	167.1	2.1
Total	9 679	7 966.5	98.5
Funding from Federal, State and/or local government	239	*12.6	0.2
Interest income	4 067	41.2	0.5
Other non-operating income	1 154	67.9	0.8
Total	9 679	8 088.3	100.0

INCOME AND EXPENDITURE *continued*

EXPENDITURE

Total expenses of the computer services industry in 1995-96 was \$7,641.5 million.

Total labour costs was the most significant item, accounting for 36% (\$2,726.8 million) of total expenses. During 1995-96 labour costs per employee in the computer services industry were \$50,000. Payments to subcontractors and consultants accounted for a further 12% (\$892.0 million) of total expenses.

The other major expense item was purchases which represented 17% of total expenses (\$1,311.9 million).

3 Items of expenditure

Type of expense	Contribution Value to total value	
	\$m	%
Labour costs		
Wages and salaries		
Working directors of incorporated companies and trusts	534.4	7.0
Computing and technical staff	1 449.2	19.0
Other employees	535.8	7.0
<i>Total</i>	<i>2 519.3</i>	<i>33.0</i>
Employer contributions to superannuation funds	193.2	2.5
Workers' compensation	14.3	0.2
<i>Total</i>	<i>2 726.8</i>	<i>35.7</i>
Selected expenses		
Payments to subcontractors and consultants	892.0	11.7
Rent, leasing and hiring expenses	311.8	4.1
Payments for staff training services	40.5	0.5
Royalties expenses	147.6	1.9
Other selected expenses	1 738.9	22.8
<i>Total</i>	<i>3 130.7</i>	<i>41.0</i>
Other costs		
Purchases	1 311.9	17.2
Depreciation and amortisation	364.3	4.8
Insurance premiums	26.2	0.3
Interest expenses	64.7	0.8
Bad debts	16.8	0.2
<i>Total</i>	<i>1 784.0</i>	<i>23.3</i>
Total	7 641.5	100.0

EMPLOYMENT

At the end of June 1996 there were 55,046 persons employed in the computer services industry, of which 54,548 were employees and 497 were working proprietors and partners.

The majority of persons (87%) were employed on a full-time basis. Of the 27,797 computer and technical staff, 26,249 (94%) worked on a full-time basis.

Of the 6,922 persons employed on a part-time basis, 68% were female.

Males accounted for 66% of the persons employed in the industry. As in 1992-93, the majority of males employed in the industry (94%) worked full-time in 1995-96. In contrast, 75% of females employed in the industry worked full-time.

4 Characteristics of employment

Type of employment	FULL-TIME.....			PART-TIME.....			TOTAL.....		
	Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
	no.	no.	no.	no.	no.	no.	no.	no.	no.
Working proprietors and partners	288	45	333	*78	*87	*164	366	131	497
Employees									
Working directors of incorporated companies and trusts	8 198	2 962	11 160	513	1 970	2 482	8 711	4 932	13 642
Computer and technical staff	19 985	6 264	26 249	931	617	1 548	20 916	6 880	27 797
Other employees	5 690	4 692	10 382	682	2 046	2 728	6 372	6 738	13 110
<i>Total</i>	33 873	13 918	47 790	2 126	4 632	6 758	35 999	18 550	54 548
Total	34 161	13 963	48 123	2 204	4 719	6 922	36 364	18 681	55 046
	%	%	%	%	%	%	%	%	%
Percentage of total	62.1	25.4	87.4	4.0	8.6	12.6	66.1	33.9	100.0

BUSINESS SIZE

The majority of businesses (88%) in the computer services industry employed less than five persons. These businesses accounted for 27% (15,006) of persons employed in the industry and generated 14% (\$1,157.0 million) of total industry income.

In contrast, less than 1% of businesses (51) employed 100 or more persons. However, these businesses accounted for 42% (23,105) of persons employed and 59% (\$4,733.3 million) of total income in the industry.

EMPLOYMENT RATIOS

The larger the business the greater was the average income and expense per person employed. Average business income per person employed was highest for businesses with 100 or more persons employed (\$204,900) and lowest for businesses with less than five persons employed (\$77,100). Similarly, the average business expense per person employed was highest for businesses with 100 or more persons employed (\$196,200) and lowest for businesses with less than five persons employed (\$68,700).

5 Business size

	<i>Businesses at end June</i>	<i>Employment at end June</i>	<i>Total income</i>	<i>Total expenses</i>
<i>Employment size category at end June</i>	<i>no.</i>	<i>no.</i>	<i>\$m</i>	<i>\$m</i>
0-4 persons	8 502	15 006	1 157.0	1 031.1
5-9 persons	577	3 545	363.8	325.1
10-19 persons	297	3 818	491.8	451.1
Total	9 377	22 369	2 012.6	1 807.3
20-49 persons	199	5 641	752.8	766.1
50-99 persons	53	3 930	589.6	534.0
100 or more persons	51	23 105	4 733.3	4 534.0
Total	302	32 676	6 075.7	5 834.1
Total	9 679	55 046	8 088.3	7 641.5

STATE COMPARISONS

For the computer services industry, the only data items collected by State and Territory in respect of 1995-96 were total employment, wages and salaries and total income.

INDUSTRY DISTRIBUTION

In 1995-96 there were 4,123 and 3,437 computer services businesses operating in New South Wales and Victoria respectively. These businesses accounted for 81% (\$6,527.8 million) of the total income. In 1992-93, New South Wales and Victoria also accounted for 81% of total income. However, there has been a shift in these two States' contributions in that New South Wales' contribution has fallen from 54% to 50% and Victoria's has increased from 27% to 31%. Queensland and Western Australia, with 1,035 and 704 businesses respectively, accounted for 11% (\$896.2 million) of the total income.

Businesses operating in the Australian Capital Territory had a larger share of the computer services industry (4% of total income) relative to the Australian Capital Territory's share (2%) of the Australian population. Similarly, New South Wales (50% of total income) and Victoria (31% of total income) reflected a larger share of the computer services industry income in comparison with their share of the Australian population (34% and 25% respectively). In contrast, in Western Australia, businesses operating in the computer services industry accounted for 5% of total industry income whereas the State accounts for about 10% of the Australian population. Similarly, South Australia accounted for only 4% of total income but accounts for 8% of the population.

6 State and Territory comparisons

	<i>Businesses at end June(a)</i>	<i>Total employment at end June.....</i>		<i>Wages and salaries</i>		<i>Total income.....</i>	
	no.	no.	%	\$m	%	\$m	%
NSW	4 123	25 509	46.3	1 222.1	48.5	4 030.3	49.8
Vic.	3 437	16 724	30.4	778.6	30.9	2 497.5	30.9
Qld	1 035	4 691	8.5	184.7	7.3	524.0	6.5
SA	531	2 446	4.4	96.7	3.8	305.5	3.8
WA	704	3 054	5.5	117.4	4.7	372.2	4.6
Tas.	95	271	0.5	7.8	0.3	30.0	0.4
NT	36	122	0.2	5.2	0.2	14.1	0.2
ACT	392	2 228	4.0	106.8	4.2	314.7	3.9
Aust.	9 679	55 046	100.0	2 519.3	100.0	8 088.3	100.0

(a) Multi-State and Territory businesses are counted in each State and Territory in which they operate. Hence, the counts of businesses for States and Territories do not sum to the total for Australia.

OPERATING PROFIT/LOSS BEFORE TAX

BUSINESSES MAKING A PROFIT

For the 1995-96 financial year, 76% of businesses made an operating profit before tax or broke even. Of the 7,329 businesses which reported an operating profit before tax or broke even, 33% fell in the \$0 to \$4,999 range and 30% fell in the \$5,000 to \$19,999 range, while 89 businesses (1%) reported a profit of \$1,000,000 or more.

BUSINESSES MAKING A LOSS

Although 24% of businesses incurred a loss, more than half of these incurred a loss of less than \$5,000.

7 Businesses by range of operating profit/loss before tax

	<i>Businesses at end June</i>	<i>Proportion of total businesses</i>
	<i>no.</i>	<i>%</i>
Businesses reporting a profit		
\$1 000 000 or more	89	0.9
\$500 000-\$999 999	55	0.6
\$100 000-\$499 999	603	6.2
\$20 000-\$99 999	1 985	20.5
\$5 000-\$19 999	2 170	22.4
\$0-\$4 999	2 427	25.1
<i>Total</i>	<i>7 329</i>	<i>75.7</i>
Businesses reporting losses		
\$1-\$4 999	1 260	13.0
\$5 000-\$19 999	596	6.2
\$20 000-\$99 999	303	3.1
\$100 000 or more	190	2.0
<i>Total</i>	<i>2 349</i>	<i>24.3</i>

PERFORMANCE RATIOS

In 1995-96, the average total income per person employed for businesses in the computer services industry was \$146,900. This ratio was highest for businesses with 100 or more persons (\$204,900) and lowest for businesses with less than 20 persons (\$90,000). This income comparison was not translated to the operating profit margin of these businesses, as businesses with 100 or more persons recorded the lowest operating profit margin (4.4%). Part of the reason for this low profit margin of businesses with 100 persons or more, was their high labour costs per employee of \$59,600 which compares with \$39,600 for businesses with less than 20 persons.

The greatest proportion of total income was from the provision of computer services, which represented 78%, of which a third was from software consultancy services. Businesses employing less than 20 persons concentrated on software consultancy services, deriving 48% of their computer services income from this source compared to businesses with 100 or more persons which accrued 23% of their income from software consultancy services.

8 Performance ratios

	EMPLOYMENT SIZE CATEGORY AT END JUNE			
	0-19	20-99	100 or more	All businesses
Employment ratios				
Total income per person employed (\$'000)	90.0	140.3	204.9	146.9
Labour costs per employee (\$'000)	39.6	50.6	59.6	50.0
Operating profit before tax per person employed (\$'000)	9.5	**4.3	8.7	8.3
Total expenses per person employed (\$'000)	80.8	135.8	196.2	138.8
Financial ratios				
Operating profit margin (%)	10.7	**3.1	4.4	5.7
Income from the provision of computer services to total income (%)	90.1	83.7	71.6	78.2
Income from hardware consultancy services to income from the provision of computer services (%)	5.0	2.8	18.1	11.6
Income from software consultancy services to income from the provision of computer services (%)	47.6	42.1	22.5	33.2
Income from computer processing services to income from the provision of computer services (%)	*10.5	10.1	13.5	12.0
Labour costs to total expenses (%)	48.1	37.2	30.3	35.7

EXPLANATORY NOTES

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SURVEY SCOPE, COVERAGE AND METHODOLOGY

1 This publication contains results from a survey of the computer services industry for the reference year 1995-96. This is the third time the ABS has surveyed this industry. Previous statistics were released for 1987-88 and 1992-93.

2 The survey included businesses classified to Group 783 of the 1993 edition of the ANZSIC. This Group comprises four Classes: 7831 Data Processing Services, which includes all businesses mainly engaged in providing data processing services; 7832 Information Storage and Retrieval Services, which includes all businesses mainly engaged in providing information storage and retrieval services; 7833 Computer Maintenance Services, which includes all businesses mainly engaged in providing computer maintenance or repair services; and 7834 Computer Consultancy Services, which includes all businesses mainly engaged in providing computer consultancy services, computer systems analysis or computer programming services.

STATISTICAL UNIT

3 The unit for which statistics were reported in the survey was the management unit. The management unit is the highest level accounting unit within a business or organisation, having regard for industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, sole operator, etc.). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it.

COMPARABILITY WITH 1992-93 SURVEY

4 Direct comparability between the 1992-93 survey and the 1995-96 survey is possible because of consistency in industry classification and scope of the survey. However, it is not possible to compare data from the survey conducted for the 1987-88 reference period because of significant differences in the industry classification. A number of data items released for the 1992-93 survey have been subject to minor revision since publication.

RELIABILITY OF ESTIMATES

5 The estimates presented in this publication are subject to sampling and non-sampling error.

SAMPLING ERRORS

6 Since the estimates in this publication are based on information obtained from a sample drawn from units in the surveyed population, the estimates are subject to sampling variability; that is, they may differ from figures that would have been obtained if all units had been included in the survey. One measure of the likely difference is given by the standard error, which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.

7 There are about two chances in three that a sample estimate will differ by less than one standard error from the figure that would have been obtained if a census had been conducted, and approximately 19 chances in 20 that the difference will be less than two standard errors.

EXPLANATORY NOTES *continued*

SAMPLING ERRORS *continued*

8 Sampling variability can be measured by the relative standard error (RSE) which is obtained by expressing the standard error as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to sampling, and this avoids the need to refer also to the size of the estimate.

9 The table below contains estimates of RSEs for a selection of statistics presented in this publication.

Relative standard errors, key figures

	1995-96
<i>Data item</i>	<i>%</i>
Businesses at end June	2
Employment at end June	
Full-time	3
Part-time	4
<i>Total</i>	2
Income	
Income from the provision of computer services	3
Income from communication services	4
Income from the sale of computer and communication hardware	9
Other income	6
<i>Total</i>	4
Expenses	
Labour costs	3
Payments to subcontractors and consultants	8
Purchases	9
Rent, leasing and hiring expenses	3
Depreciation	16
Other expenses	3
<i>Total</i>	4
Operating profit before tax	11
Operating profit margin	10
Industry gross product	4

10 As an example of the above, an estimate of total employment for the computer services industry in 1995-96 is 55,046 and the RSE is 2%, giving a standard error of 1,101. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure within the range of 53,945 to 56,147 would have been obtained, and 19 chances in 20 that the figure would have been within the range of 52,844 to 57,248 (a confidence interval of 95%).

11 Where the RSE of an estimate included in this publication exceeds 25%, it has been annotated with an asterisk (*) as a warning to users. Where the RSE of an estimate exceeds 50%, it has been annotated with a double asterisk (**).

EXPLANATORY NOTES *continued*

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NON-SAMPLING ERROR

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

REFERENCE PERIOD

13 Data contained in the tables of this publication relate to all businesses which operated in Australia at any time during the year ended 30 June 1996. Number of businesses includes only those businesses that were operating at 30 June 1996.

BUSINESSES CEASED DURING THE YEAR

14 A very small number of businesses ceased operations during the 1995-96 reference period. It is normal ABS procedure to include the contributions of these businesses in the survey output.

GLOSSARY

Businesses at end June	This is a count of management units operating at the end of June.
Commission income	Commission income is income received from selling goods on behalf of someone else.
Computing and technical staff	This item includes systems analysts, computer technicians, computer programmers, software engineers, computer database managers, etc.
Depreciation and amortisation	These are the financial charges made to 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.
Employer contributions to superannuation funds	These are the contributions by the employer to superannuation funds, including the employer productivity contribution.
Employment at end June	This item includes full-time and part-time employees, employees absent on paid or prepaid leave, managerial and executive employees, permanent, temporary and casual employees, and working proprietors and partners. The item excludes non-salaried directors, sub-consultants and subcontractors.
Full-time employees	Full-time employees are those who work 35 hours or more per week.
Government funding	This item includes recurrent funding for operational costs and funding provided for specific capital items or on a once-off basis.
Income from communication services	This item includes income from non-carrier telecommunication or reseller services, network and management services, communication consultancy, hardware servicing, repairs and maintenance, and teleconferencing.
Income from packaged software developed in Australia	This item includes income from the sale of packaged software developed in Australia by the business. Licence fees are also included.
Income from packaged software purchased for resale	This item includes income from the sale of packaged software purchased for resale by the business. Licence fees are also included.
Income from the provision of computer services	This item includes income from hardware and software consultancy services, software maintenance services, facilities management services, computer processing services, commercial database services, computer hardware servicing, repairs and maintenance, installation and cabling services, packaged software developed by the business and other computer services.
Income from the sale of computer and communication hardware	This item includes income from the sale of computer and communication hardware manufactured in Australia by the business or purchased for resale by the business.
Industry gross product	This is a measure of the unduplicated gross product of businesses derived from the value of sales of goods and services minus selected expenses.
Interest income	This includes interest from loans and advances made to other businesses, interest on finance leases, earnings on discounted bills, and interest from deposits in banks and other financial institutions.
Labour costs	These include wages and salaries, provision expenses for employee entitlements, employer contributions to superannuation and workers' compensation costs.

GLOSSARY *continued*

Operating profit before tax (OPBT)	This is a measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners, e.g. dividends paid.
Operating profit margin	This is the percentage of sales of goods and services available as operating profit, i.e. OPBT times 100 divided by sales of goods and services.
Other costs	This includes insurance premiums, interest expenses, depreciation and amortisation, bad debts and purchases.
Other non-operating income	This item includes net profit (loss) on the sale of fixed tangible assets, dividend income, net profit (loss) on share trading, and on foreign loans as a result of variations in foreign exchange rates/transactions.
Other operating expenses	This item includes repair and maintenance expenses, office supplies and printing costs, accounting and legal services, electricity and gas charges, freight and cartage expenses, payments for cleaning services, rates and land tax, telephone and postal charges, advertising costs, travelling, accommodation and entertainment expenses, motor vehicle running expenses, and fringe benefits and payroll tax.
Other operating income	This item includes operating income not included elsewhere.
Other selected expenses	This includes other operating expenses, postal, mailing and courier expenses, management and administrative fees, telecommunication expenses, travelling, accommodation and entertainment expenses, audit and other accounting expenses; and waste management and environmental protection expenses.
Part-time employees	Part-time employees are those who work less than 35 hours per week.
Payments to subcontractors and consultants	These are payments to subcontractors and consultants for computer and communication services and related work. Payments to subcontractors for non-computing work (e.g. cleaning services) are not included.
Purchases	This item includes the purchases of materials, components, containers and packaging materials.
Rent, leasing and hiring expenses	This item includes expenses incurred from the rental of land, buildings and other structures, motor vehicles and equipment used by the business.
Rent, leasing and hiring income	This is revenue derived from the ownership of land, buildings, vehicles, machinery or equipment rented out for use by those other than the owners.
Royalties	These are payments made by a business for the use of rights owned by another business.
Sales of goods and services	This item includes income from the provision of computer services, income from communication services, income from the sale of packaged software, income from the sale of computer and communication hardware, other royalties income, commission income received from the sale of packaged software, commission income received from the sale of computer and communication hardware, income from rent, leasing and hiring, other operating income, and training and education income.

GLOSSARY *continued*

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Selected expenses	In addition to the items listed above as 'other selected expenses' this item includes payments to subcontractors and consultants, rent, leasing and hiring expenses, payments for staff training services, royalties expenses, and waste management and environmental expenses.
Wages and salaries	This item includes severance, termination and redundancy payments, and provision expenses for employee entitlements. It excludes payments to subcontractors and consultants, and drawings of working proprietors and partners of unincorporated businesses.
Workers' compensation costs	These include insurance premiums/levies and non-payroll costs incurred by a business and not reimbursed by an insurance company.

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