



COMPANY PROFITS

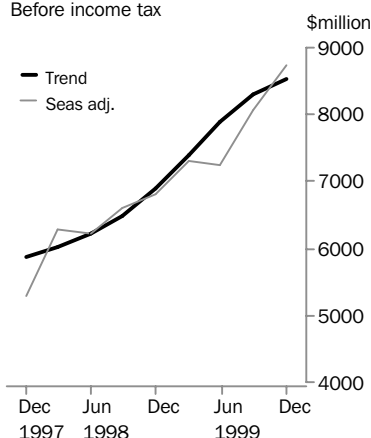
AUSTRALIA

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DECEMBER QTR KEY FIGURES

Company profits

Before income tax



TREND ESTIMATES

	Dec 1999 \$m	% change Sep 1999 to Dec 1999	% change Dec 1998 to Dec 1999
Company profits before			
Income tax	8 520	2.6	23.7
Income tax & net interest	10 302	1.4	17.7
Income tax, net interest & depreciation	15 621	2.2	17.2

SEASONALLY ADJUSTED

	Dec 1999 \$m	% change Sep 1999 to Dec 1999	% change Dec 1998 to Dec 1999
Company profits before			
Income tax	8 745	8.6	28.3
Income tax & net interest	10 415	3.6	18.3
Income tax, net interest & depreciation	15 723	3.1	18.3

DECEMBER QTR KEY POINTS

TREND ESTIMATES

- The provisional trend estimate for company profits before income tax for companies with more than 30 employees is \$8,520m, which is 23.7% higher than for the December quarter 1998.
- While trend estimates have been increasing since the September quarter 1997, the rate of growth has slowed during 1999.

SEASONALLY ADJUSTED

- Seasonally adjusted estimates increased by 9% (\$695m) in the December quarter.
- The Mining and Manufacturing industries and, to a lesser extent, Transport & storage and Other services, were the main contributors to this growth.
- Apart from Wholesale trade, which fell by less than 1%, all other industries reported seasonally adjusted decreases of more than 10% this quarter.

- For further information about these and related statistics, contact John Blanchette on Sydney 02 9268 4357, or Client Services in any ABS office as shown on the back cover of this publication.

NOTES

FORTHCOMING ISSUES

<i>ISSUE (Quarter)</i>	<i>RELEASE DATE</i>
March 2000	23 May 2000
June 2000	29 August 2000



CHANGES IN THIS ISSUE

There are no changes in this issue.



SAMPLING ERRORS

Standard errors for estimates contained in this publication are shown on pages 14–15.

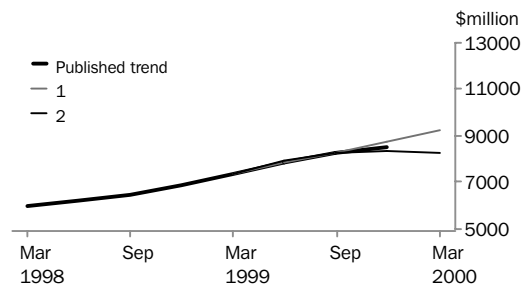


TREND REVISIONS

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 March 2000 seasonally adjusted estimate for company profits before income tax is higher than the December 1999 seasonally adjusted estimate by 10.0%.
- 2** The March 2000 seasonally adjusted estimate for company profits before income tax is lower than the December 1999 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%.

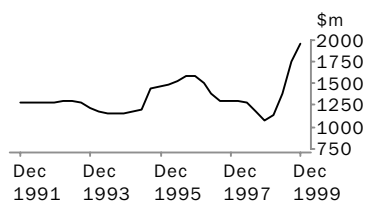


An increase of 10% in seasonally adjusted company profits before income tax in the March 2000 quarter would show an increase of 5.3% in the trend estimate from the December 1999 quarter. A fall of this magnitude would result in the trend being revised to reflect a decrease of 0.8% in the March 2000 quarter.

W. McLennan
Australian Statistician

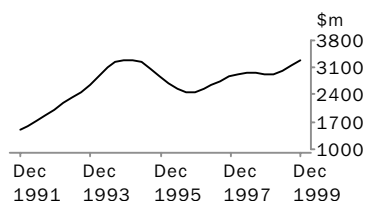
COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

MINING



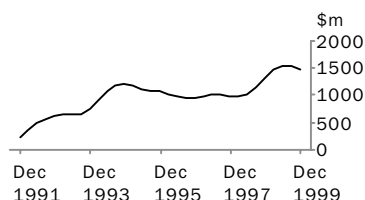
Following large seasonally adjusted increases in the June and December quarters, trend estimates for Mining have increased strongly over the past three quarters.

MANUFACTURING



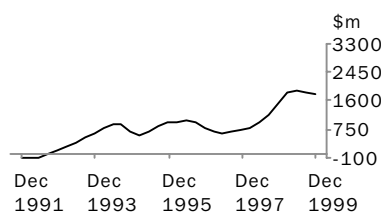
Following flat growth from June 1998 to March 1999, trend estimates for Manufacturing have grown by 3% to 4% over the past three quarters.

WHOLESALE/RETAIL



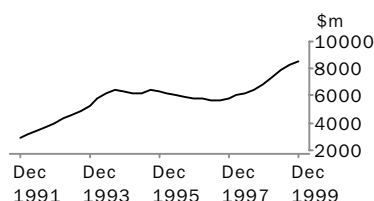
Trend estimates for Wholesale have been rising since June quarter 1998. Trend estimates for Retail trade have fallen for the past three quarters.

OTHER SELECTED INDUSTRIES(a)



Trend estimates for Other selected industries have fallen for the past two quarters following increases since the June quarter 1997. Services to finance and insurance has been the main contributor to this decrease, while Transport & storage has been growing strongly.

TOTAL ALL INDUSTRIES



The All Industries trend estimate has been increasing since the September quarter 1997.

(a) This includes Construction, Transport & storage, Services to finance & insurance, Property & business services, and Other services.

COMPANY PROFITS BEFORE INCOME TAX : All series

Quarter	<i>Company profits before income tax, net interest paid and depreciation</i>	<i>Company profits before income tax and net interest paid</i>	<i>Company profits before income tax</i>
	\$m	\$m	\$m
ORIGINAL			
1996-1997			
December	12 993	8 929	7 526
March	10 187	6 122	4 820
June	10 376	6 218	4 672
1997-1998			
September	12 546	8 308	6 841
December	12 651	8 143	6 668
March	11 310	7 039	5 464
June	11 717	7 132	5 154
1998-1999			
September	13 501	8 931	7 148
December	14 894	10 360	8 381
March	12 675	8 033	6 295
June	12 891	7 919	6 126
1999-2000			
September	15 976	10 825	8 663
December	17 351	11 919	10 247
SEASONALLY ADJUSTED			
1996-1997			
December	11 715	7 752	6 274
March	11 117	6 948	5 557
June	11 362	7 215	5 736
1997-1998			
September	11 871	7 608	6 249
December	11 239	6 818	5 298
March	12 381	8 022	6 276
June	12 772	8 234	6 228
1998-1999			
September	12 840	8 236	6 597
December	13 289	8 805	6 814
March	13 900	9 184	7 291
June	13 999	9 126	7 243
1999-2000			
September	15 244	10 052	8 050
December	15 723	10 415	8 745
TREND ESTIMATES			
1996-1997			
December	11 312	7 297	5 817
March	11 304	7 198	5 761
June	11 315	7 109	5 708
1997-1998			
September	11 437	7 148	5 722
December	11 797	7 441	5 864
March	12 192	7 747	6 008
June	12 576	8 071	6 227
1998-1999			
September	12 911	8 364	6 492
December	13 332	8 752	6 886
March	13 995	9 313	7 404
June	14 706	9 812	7 889
1999-2000			
September	15 290	10 163	8 301
December	15 621	10 302	8 520

COMPANY PROFITS BEFORE INCOME TAX, Depreciation and Interest: **Original**

Period	<i>Company profits before income tax, net interest paid and depreciation</i>	<i>Depreciation</i>	<i>Company profits before income tax and net interest paid</i>	<i>Interest paid</i>	<i>Interest received</i>	<i>Net interest paid</i>	<i>Company profits before income tax</i>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1996-1997	45 215	16 196	29 019	13 816	7 852	5 964	23 055
1997-1998	48 225	17 602	30 622	14 346	7 851	6 495	24 127
1998-1999	53 960	18 718	35 242	16 275	8 984	7 291	27 951
1996-1997							
December	12 993	4 064	8 929	3 399	1 996	1 403	7 526
March	10 187	4 065	6 122	3 217	1 916	1 301	4 820
June	10 376	4 158	6 218	3 820	2 274	1 546	4 672
1997-1998							
September	12 546	4 238	8 308	3 283	1 816	1 467	6 841
December	12 651	4 508	8 143	3 616	2 140	1 475	6 668
March	11 310	4 271	7 039	3 445	1 870	1 575	5 464
June	11 717	4 585	7 132	4 003	2 024	1 978	5 154
1998-1999							
September	13 501	4 570	8 931	4 154	2 372	1 783	7 148
December	14 894	4 534	10 360	4 115	2 137	1 979	8 381
March	12 675	4 642	8 033	3 752	2 014	1 738	6 295
June	12 891	4 973	7 919	4 253	2 461	1 792	6 126
1999-2000							
September	15 976	5 151	10 825	4 346	2 184	2 162	8 663
December	17 351	5 432	11 919	3 970	2 299	1 672	10 247

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

<i>Period</i>	<i>Mining</i>	<i>Manu- facturing</i>	<i>Cons- truction</i>	<i>Wholesale trade</i>	<i>Retail trade</i>	<i>Transport and storage</i>	<i>Services to finance and insurance</i>	<i>Property and business services</i>	<i>Other services</i>	<i>Total</i>
<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
ORIGINAL										
1996-1997	5 862	10 126	728	2 338	1 623	918	253	- 164	1 370	23 055
1997-1998	5 207	11 627	819	2 889	1 577	923	- 177	-40	1 303	24 127
1998-1999	4 883	10 936	939	2 851	2 552	1 459	1 105	516	2 710	27 951
1997-1998										
September	1 759	3 026	182	926	240	268	61	-32	410	6 841
December	1 066	3 357	177	652	840	282	- 226	165	355	6 668
March	1 478	2 475	219	471	208	323	15	-53	328	5 464
June	904	2 768	240	840	289	50	-28	- 120	210	5 154
1998-1999										
September	1 722	3 057	206	693	400	272	97	95	606	7 148
December	955	3 494	283	654	1 158	522	386	213	716	8 381
March	992	2 610	188	646	454	360	194	31	819	6 295
June	1 214	1 775	261	857	541	305	428	177	568	6 126
1999-2000										
September	2 026	3 348	240	920	536	439	205	166	784	8 663
December	2 080	3 992	246	893	1 052	708	60	284	932	10 247
SEASONALLY ADJUSTED										
1996-1997	5 904	10 125	739	2 332	1 614	915	252	- 167	1 372	23 086
1997-1998	5 155	11 667	847	2 886	1 497	921	- 178	-46	1 303	24 051
1998-1999	4 899	10 845	939	2 850	2 622	1 459	1 107	516	2 709	27 945
1997-1998										
September	1 442	2 842	186	881	313	283	51	-31	282	6 249
December	1 114	2 832	139	619	444	91	- 239	14	284	5 298
March	1 493	2 859	260	582	358	263	69	33	359	6 276
June	1 106	3 134	261	804	382	283	-59	-62	379	6 228
1998-1999										
September	1 383	2 880	213	648	513	292	86	100	482	6 597
December	1 004	2 930	224	627	616	328	376	66	643	6 814
March	1 007	3 023	225	755	777	301	244	117	842	7 291
June	1 505	2 012	278	818	716	538	401	233	742	7 243
1999-2000										
September	1 600	3 157	250	874	685	460	192	170	662	8 050
December	2 218	3 341	195	868	562	514	50	139	858	8 745
TREND ESTIMATES										
1996-1997	6 077	10 177	599	2 356	1 573	933	303	- 127	1 385	23 276
1997-1998	5 177	11 534	920	2 460	1 554	1 076	- 192	5	1 288	23 821
1998-1999	4 789	11 906	945	2 852	2 590	1 422	1 043	449	2 674	28 671
1997-1998										
September	1 302	2 753	192	621	390	266	-56	-9	263	5 722
December	1 294	2 866	229	614	376	264	-78	1	298	5 864
March	1 299	2 942	250	610	376	267	-71	0	335	6 008
June	1 281	2 973	249	615	412	280	12	13	392	6 227
1998-1999										
September	1 183	2 975	229	632	503	286	138	37	509	6 492
December	1 088	2 947	223	671	636	315	257	89	660	6 886
March	1 132	2 948	241	738	727	376	346	147	749	7 404
June	1 385	3 036	252	812	724	445	303	176	756	7 889
1999-2000										
September	1 745	3 150	242	861	668	494	206	182	753	8 301
December	1 962	3 288	222	879	593	521	123	163	769	8 520

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										
1996-1997	-1.5	-6.0	17.6	-8.1	-0.3	17.6	-58.0	-1 600.2	-29.7	-7.2
1997-1998	-11.2	14.8	12.5	23.6	-2.9	0.5	-170.0	75.3	-4.9	4.7
1998-1999	-6.2	-5.9	14.6	-1.3	61.8	58.2	723.7	1 379.1	107.9	15.8
1997-1998										
September	64.6	29.9	-31.7	40.7	-30.3	2 328.1	561.8	58.9	382.6	46.4
December	-39.4	11.0	-2.8	-29.6	249.3	5.1	-469.1	612.9	-13.4	-2.5
March	38.7	-26.3	23.6	-27.7	-75.3	14.5	106.8	-132.3	-7.5	-18.1
June	-38.8	11.8	9.5	78.5	39.2	-84.6	-281.7	-125.4	-36.2	-5.7
1998-1999										
September	90.5	10.4	-14.2	-17.5	38.2	448.9	448.2	179.2	188.9	38.7
December	-44.5	14.3	37.6	-5.7	189.7	92.0	298.7	124.1	18.3	17.3
March	3.9	-25.3	-33.5	-1.3	-60.8	-31.0	-49.6	-85.5	14.4	-24.9
June	22.4	-32.0	38.7	32.7	19.0	-15.3	119.9	473.4	-30.6	-2.7
1999-2000										
September	66.9	88.6	-8.3	7.3	-0.8	43.9	-52.1	-6.3	37.9	41.4
December	2.7	19.2	2.6	-2.9	96.2	61.4	-70.9	70.9	19.0	18.3
SEASONALLY ADJUSTED										
1996-1997	-2.2	-4.9	20.1	-8.2	-0.7	5.1	-58.1	-1 289.7	-29.8	-7.2
1997-1998	-12.7	15.2	14.5	23.7	-7.3	0.6	-170.4	72.5	-5.0	4.2
1998-1999	-5.0	-7.1	10.9	-1.2	75.1	58.4	723.1	1 219.0	107.9	16.2
1997-1998										
September	12.3	8.2	-38.4	40.2	-30.7	15.3	222.9	-325.3	15.1	8.9
December	-22.7	-0.3	-25.6	-29.8	41.8	-67.8	-568.0	145.3	0.8	-15.2
March	34.0	0.9	87.6	-5.8	-19.4	188.1	129.0	129.9	26.5	18.5
June	-25.9	9.6	0.5	38.0	6.6	7.7	-184.8	-288.5	5.7	-0.8
1998-1999										
September	25.1	-8.1	-18.7	-19.3	34.4	3.1	245.2	262.3	27.1	5.9
December	-27.5	1.7	5.2	-3.2	20.0	12.4	340.2	-34.2	33.4	3.3
March	0.3	3.2	0.8	20.4	26.1	-8.4	-35.1	77.7	31.1	7.0
June	49.5	-33.4	23.1	8.3	-7.8	79.1	64.0	99.6	-11.9	-0.7
1999-2000										
September	6.3	56.9	-10.0	6.8	-4.3	-14.6	-52.2	-26.9	-10.8	11.1
December	38.6	5.8	-21.9	-0.7	-17.9	11.7	-74.1	-18.4	29.7	8.6
TREND ESTIMATES										
1996-1997	2.4	-9.1	-3.1	-6.7	-3.3	10.1	-48.9	17.6	-27.0	-7.2
1997-1998	-14.8	13.3	53.4	4.4	-1.2	15.4	-163.4	104.0	-7.0	2.3
1998-1999	-7.5	3.2	2.8	16.0	66.7	32.1	642.7	8 687.4	107.6	20.4
1997-1998										
September	-6.5	3.7	19.1	0.6	-2.6	-1.0	-718.4	71.8	4.7	0.2
December	-0.6	4.1	19.5	-1.1	-3.4	-0.7	-38.6	107.8	13.4	2.5
March	0.4	2.6	9.4	-0.8	-0.1	1.1	9.0	-75.8	12.5	2.5
June	-1.4	1.1	-0.6	0.9	9.5	4.8	116.9	7 682.9	16.8	3.6
1998-1999										
September	-7.7	0.1	-7.9	2.8	22.3	2.4	1 053.0	177.5	30.0	4.3
December	-8.1	-1.0	-2.9	6.1	26.4	10.1	86.8	142.2	29.6	6.1
March	4.1	0.1	8.1	9.9	14.2	19.2	34.6	65.6	13.4	7.5
June	22.3	3.0	4.9	10.0	-0.4	18.3	-12.4	19.4	1.0	6.6
1999-2000										
September	26.0	3.8	-4.1	6.1	-7.6	11.2	-31.8	3.4	-0.4	5.2
December	12.4	4.4	-8.2	2.1	-11.2	5.4	-40.5	-10.5	2.0	2.6

(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

<i>Period</i>	<i>Mining</i>	<i>Manu- facturing</i>	<i>Construction</i>	<i>Wholesale trade</i>	<i>Retail trade</i>	<i>Transport and storage</i>	<i>Services to finance and insurance</i>	<i>Property and business services</i>	<i>Other services</i>	<i>Total</i>
<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
PROFITS BEFORE INCOME TAX										
1996-1997	5 862	10 126	728	2 338	1 623	918	253	- 164	1 370	23 055
1997-1998	5 207	11 627	819	2 889	1 577	923	- 177	-40	1 303	24 127
1998-1999	4 883	10 936	939	2 851	2 552	1 459	1 105	516	2 710	27 951
1997-1998										
September	1 759	3 026	182	926	240	268	61	-32	410	6 841
December	1 066	3 357	177	652	840	282	- 226	165	355	6 668
March	1 478	2 475	219	471	208	323	15	-53	328	5 464
June	904	2 768	240	840	289	50	-28	- 120	210	5 154
1998-1999										
September	1 722	3 057	206	693	400	272	97	95	606	7 148
December	955	3 494	283	654	1 158	522	386	213	716	8 381
March	992	2 610	188	646	454	360	194	31	819	6 295
June	1 214	1 775	261	857	541	305	428	177	568	6 126
1999-2000										
September	2 026	3 348	240	920	536	439	205	166	784	8 663
December	2 080	3 992	246	893	1 052	708	60	284	932	10 247
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1996-1997	6 502	12 263	826	2 930	1 961	1 263	78	467	2 728	29 019
1997-1998	5 961	13 670	876	3 328	2 239	1 532	- 388	137	3 267	30 622
1998-1999	5 883	12 953	1 002	3 337	3 214	2 314	994	1 031	4 514	35 242
1997-1998										
September	1 926	3 496	201	1 024	381	408	-58	49	882	8 308
December	1 268	3 902	194	761	1 025	428	-275	24	816	8 143
March	1 632	2 933	234	584	372	452	-48	58	821	7 039
June	1 135	3 340	247	958	461	245	-8	6	748	7 132
1998-1999										
September	1 987	3 426	215	834	562	477	135	240	1 055	8 931
December	1 203	4 055	301	760	1 346	768	307	371	1 249	10 360
March	1 221	3 075	195	760	619	576	154	206	1 226	8 033
June	1 473	2 397	291	982	687	493	398	214	983	7 919
1999-2000										
September	2 260	3 997	246	1 031	693	744	115	542	1 196	10 825
December	2 343	4 500	244	933	1 208	946	- 105	489	1 360	11 919
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1996-1997	10 003	18 171	1 200	3 879	2 890	2 560	515	1 334	4 662	45 215
1997-1998	10 032	19 743	1 308	4 350	3 301	2 987	-66	1 057	5 514	48 225
1998-1999	10 000	19 352	1 420	4 423	4 372	3 914	1 416	2 195	6 868	53 960
1997-1998										
September	2 836	5 019	306	1 279	632	748	55	253	1 417	12 546
December	2 407	5 422	300	1 009	1 290	766	- 209	251	1 417	12 651
March	2 604	4 417	341	846	647	781	23	298	1 354	11 310
June	2 185	4 884	361	1 217	732	693	66	255	1 326	11 717
1998-1999										
September	3 013	5 082	329	1 084	836	824	219	488	1 625	13 501
December	2 190	5 631	410	1 029	1 649	1 154	392	649	1 790	14 894
March	2 234	4 647	294	1 028	891	994	288	493	1 805	12 675
June	2 564	3 992	386	1 281	996	943	517	565	1 647	12 891
1999-2000										
September	3 394	5 650	328	1 311	1 021	1 198	291	916	1 867	15 976
December	3 702	6 259	333	1 202	1 519	1 394	22	834	2 086	17 351

COMPANY PROFITS, By Detailed Manufacturing Industry: Original

Period	Food, beverages and tobacco	Textile, clothing, footwear and leather	Wood and paper products	Printing, publishing and recorded media	Petroleum, coal, chemicals and assoc. products	Non- metallic mineral products	Metal products	Machinery and equipment	Other manu- facturing	Total manu- facturing
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
PROFITS BEFORE INCOME TAX										
1996-1997	2 285	203	625	1 098	1 925	602	1 502	1 842	42	10 126
1997-1998	2 947	232	694	1 185	2 246	723	1 989	1 537	73	11 627
1998-1999	2 966	198	882	1 349	2 290	837	929	1 413	72	10 936
1997-1998										
September	635	86	188	287	556	201	578	455	40	3 026
December	1 015	70	206	374	684	174	438	371	26	3 357
March	700	41	123	231	426	160	485	312	-3	2 475
June	598	35	177	293	580	189	488	398	10	2 768
1998-1999										
September	817	35	212	334	470	211	574	376	28	3 057
December	936	71	266	436	598	278	540	352	18	3 494
March	689	44	209	281	531	189	378	281	6	2 610
June	524	47	195	298	692	159	- 563	405	20	1 775
1999-2000										
September	749	78	236	331	737	289	547	363	18	3 348
December	1 071	65	262	493	558	314	825	360	44	3 992
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1996-1997	2 834	310	926	1 286	2 250	764	1 806	2 026	63	12 263
1997-1998	3 454	327	959	1 360	2 537	880	2 386	1 676	92	13 670
1998-1999	3 492	290	1 074	1 571	2 590	977	1 262	1 585	112	12 953
1997-1998										
September	743	110	251	332	623	245	651	496	45	3 496
December	1 157	93	263	415	742	217	586	398	30	3 902
March	805	65	201	271	500	196	548	346	2	2 933
June	750	59	244	341	672	221	600	436	16	3 340
1998-1999										
September	843	57	265	390	536	242	651	405	36	3 426
December	1 111	106	314	487	673	320	613	403	28	4 055
March	819	65	255	329	604	215	439	333	17	3 075
June	719	62	239	365	778	200	- 442	444	30	2 397
1999-2000										
September	1 064	95	287	373	799	341	605	410	23	3 997
December	1 209	83	309	534	651	367	886	411	51	4 500
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1996-1997	3 982	497	1 441	1 670	3 437	1 253	2 910	2 869	113	18 171
1997-1998	4 659	506	1 437	1 717	3 735	1 375	3 591	2 577	145	19 743
1998-1999	4 853	454	1 575	2 008	3 778	1 418	2 472	2 616	177	19 352
1997-1998										
September	1 037	157	375	426	927	370	948	720	58	5 019
December	1 444	138	381	500	1 048	339	906	623	43	5 422
March	1 112	108	317	353	787	326	832	567	15	4 417
June	1 066	103	365	438	972	340	905	666	29	4 884
1998-1999										
September	1 175	100	459	496	827	354	952	666	52	5 082
December	1 441	146	417	597	975	436	911	664	44	5 631
March	1 162	104	355	440	899	324	738	591	35	4 647
June	1 075	104	344	475	1 077	304	- 129	696	46	3 992
1999-2000										
September	1 437	134	393	486	1 140	463	893	663	41	5 650
December	1 680	121	413	662	954	484	1 231	650	65	6 259

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 L)
 - 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 excluding 921 and 922)
 - Personal services (95)
- excludes the following industries
 - Agriculture, forestry and fishing (Division A)
 - Central bank and Deposit taking financiers (731–732)
 - Insurance (74)
 - Government administration and defence (Division M)
 - Education (Division N)
 - Health and community services (Division O)
 - Other services (96)
 - 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). Public sector primary producer marketing boards are also excluded.

EXPLANATORY NOTES

SURVEY SAMPLE DESIGN

5 Prior to the September quarter 1996 survey, the survey frames and samples were revised annually to ensure that they remained representative of the survey population. From the September quarter 1996 survey, the survey frames and samples are being revised each quarter. The aim is to further improve the quality of the survey estimates by selecting a sample which will be more representative of the survey population. Additionally, the timing of sample selection will now be consistent with other ABS surveys. This will lead to greater consistency when comparing data across these surveys.

6 With these revisions to the sample, some of the business units from the sampled sector are rotated out of the survey and are replaced by others, to spread the reporting workload equitably. The rate of rotation under quarterly sample selection is slightly higher than one quarter of the previous annual rate of rotation.

7 In the period between sample selections, there are changes to the survey frame. For example, businesses cease operating and businesses are newly established. The ABS produces an estimate of the contribution expected from new businesses each quarter, while allowance is made for the number of businesses in the sample which ceased trading during the quarter. For most quarters, the introduction of the quarterly sample selection reduces the size of the adjustments needed to account for new and ceased businesses.

8 For the Survey of Company Profits, which excludes businesses employing 30 or less people from published estimates, the effect of the adjustment for new businesses is relatively minor as the majority of new businesses tend to be small in size and outside the scope of this survey. The incidence of new, larger businesses commencing operation is less common. The adjustment for new businesses represents about 0.25% of the total estimate of company profits before income tax.

SURVEY METHODOLOGY

9 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, number of employees and, from the March 1997 quarter, by State/Territory. All business units with over 250 employees and/or a known large profit/loss are included in the sample.

10 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 substituted. 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

11 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.

EXPLANATORY NOTES

CLASSIFICATION BY INDUSTRY

12 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).

13 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.

14 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

15 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.

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 have been revised concurrently since September quarter 1997 to take account of the latest original data. A more detailed review is conducted annually. The nature of the seasonal adjustment process is such that the magnitude of some revisions resulting from each adjustment 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* (Cat. no. 1348.0) or contact the Assistant Director, Time Series Analysis on (02) 6252 6345.

EXPLANATORY NOTES

DESCRIPTION OF TERMS	<p>21 A description of the terms used in this publication is given below:</p> <p>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.</p> <p>Company profits before income tax <i>Net operating profit or loss before income tax and extraordinary items</i> and is net of capital profits or losses and dividends received.</p> <p>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.</p> <p>Depreciation of fixed assets This is as per management accounts and includes depreciation on equipment acquired under a finance lease.</p>
COMPARISON WITH OTHER ABS STATISTICS	<p>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:</p> <ul style="list-style-type: none">▪ 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	<p>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.</p>
RELATED PUBLICATIONS	<p>24 Users may also wish to refer to the following publications:</p> <ul style="list-style-type: none">▪ <i>Australian National Accounts, National Income, Expenditure and Product</i> (Cat. no. 5206.0)▪ <i>Private New Capital Expenditure and Expected Expenditure, Australia</i>, (Cat. no. 5625.0)▪ <i>State Estimates of Private New Capital Expenditure</i> (Cat. no. 5646.0)▪ <i>Stocks and Sales, Selected Industries, Australia</i> (Cat. no. 5629.0)▪ <i>Australian Business Expectations</i> (Cat. no. 5250.0)▪ <i>Business Operations and Industry Performance, Australia</i> (Cat. no. 8140.0). <p>25 Current publications produced by the ABS are listed in the <i>Catalogue of Publications and Products, Australia</i> (Cat. no. 1101.0). The ABS also issues, on Tuesdays and Fridays, a <i>Release Advice</i> (Cat. no. 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.</p>
SYMBOLS AND OTHER USAGES	<p>n.p. not available for publication</p>

S T A N D A R D E R R O R S

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 income tax is \$5,900m and the calculated standard error in this case is \$140m. The standard error is then used to interpret the level estimate of \$5,900m.

For instance, the standard error of \$140m indicates that:

- There are approximately two chances in three that the real value falls within the range \$5,760m to \$6,040m ($\$5,900\text{m} \pm \140m)
- There are approximately nineteen chances in twenty that the real value falls within the ranges \$5,620m and \$6,180m ($\$5,900\text{m} \pm \280m)

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 national quarterly level estimates. These standard errors are based on a smoothed average of profits 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	4	4	6
Manufacturing			
Food, beverages and tobacco	18	19	27
Textiles, clothing, footwear and leather	2	2	3
Wood and paper products	10	10	17
Printing, publishing and recorded media	16	16	19
Petroleum, coal, chemical and assoc. products	31	36	40
Non-metallic mineral products	6	6	8
Metal products	16	16	20
Machinery and equipment	24	23	25
Other manufacturing	6	8	9
Total manufacturing	50	54	64
Construction	18	18	26
Wholesale trade	52	59	78
Retail trade	30	32	38
Transport and storage	23	28	37
Services to finance and insurance	20	18	19
Property and business services	89	68	76
Other services	21	20	29
Total	126	118	144

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 income tax is \$5,900m, and the next quarter the published level estimate is \$6,300m. In this example the calculated standard error for the movement estimate is \$145m. The standard error is then used to interpret the published movement estimate of +\$400m.

For instance, the standard error of \$145m indicates that:

- There are approximately two chances in three that the real movement over the two quarter period falls within the range \$255m to \$545m ($\$400m \pm \$145m$)
- There are approximately nineteen chances in twenty that the real movement falls within the range \$110m to \$690m ($\$400m \pm \$290m$)

The following table shows the standard errors for national quarterly movement estimates. These standard errors are based on a smoothed average of profits 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	5	5	6
Manufacturing			
Food, beverages and tobacco	19	21	33
Textiles, clothing, footwear and leather	2	2	2
Wood and paper products	13	14	17
Printing, publishing and recorded media	15	15	14
Petroleum, coal, chemical and assoc. products	27	32	39
Non-metallic mineral products	8	8	11
Metal products	13	11	14
Machinery and equipment	24	23	23
Other manufacturing	6	11	12
Total manufacturing	50	53	65
Construction	21	22	31
Wholesale trade	62	74	100
Retail trade	17	19	20
Transport and storage	19	35	35
Services to finance and insurance	15	18	21
Property and business services	72	93	92
Other services	24	22	30
Total	116	141	163

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- CPI INFOLINE* For current and historical Consumer Price Index data, call 1902 981 074 (call cost 75c per minute).
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