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Issue

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SOUND RECORDING STUDIOS

AUSTRALIA

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- For more information about these and related statistics, contact Graham Boxsell on Canberra 02 6252 5633 or refer to the back cover of this publication.

NOTES

INTRODUCTION

This publication presents results for the financial year 1996–97 from an Australian Bureau of Statistics (ABS) census of employing businesses in the sound recording studios industry.

The census covered all businesses classified to Class 9251 of the Australian and New Zealand Standard Industrial Classification (ANZSIC). Class 9251 includes businesses mainly engaged in operating sound recording studios. It also includes businesses providing sound recording services but not having a studio, such as freelance recording personnel; location sound recordists (e.g. working on movies or for television); and operators of mobile studios.

However, it does not include businesses operating sound recording studios mainly engaged in recording radio programmes (classified to Class 9121 Radio services); advertising and jingle composition (classified to Class 7851 Advertising services); and operating audio/multimedia schools (classified to Class 8440 Other education). Non employing businesses were also excluded.

This publication is one in a series to be issued in respect of 1996–97 covering cultural industries which were partly funded by the Cultural Ministers' Council. Other publications in this series are:

Motion Picture Exhibition, Australia, 1996–97 (Cat. no. 8654.0);
Libraries and Museums, Australia, 1996–97 (Cat. no. 8649.0);
Commercial Art Galleries, Australia, 1996–97 (Cat. no. 8651.0);
Film and Video Production and Distribution, Australia, 1996–97 (Cat. no. 8679.0);
Radio and Television Services, Australia, 1996–97 (Cat. no. 8680.0);
Zoos, Parks and Gardens Industry, Australia, 1996–97 (Cat. no. 8699.0); and
Performing Arts Industry, Australia, 1996–97 (Cat. no. 8697.0).

COMMENTS ABOUT THIS PUBLICATION

The ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future service industry surveys. These comments should be addressed to The Director, Service Industry Surveys, PO Box 10, Belconnen, ACT, 2616.

SYMBOLS AND OTHER USAGES

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Industrial Classification
n.p.	not available for publication but included in totals where applicable

ROUNDING

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

T.J. Skinner
Acting Australian Statistician

SUMMARY OF FINDINGS

INTRODUCTION

This publication presents results in respect of 1996–97 from a census of employing businesses mainly engaged in the sound recording studios industry.

The ABS previously conducted a survey of sound recording studios in respect of 1995–96. However, direct comparisons of results are not possible. The 1995–96 survey excluded freelance recording personnel, location sound recordists and mobile studios which were included in the 1996–97 survey. Also, the 1995–96 survey included sound recording studio businesses mainly engaged in composing advertising and jingles, and in operating audio/multimedia schools, which were excluded from the 1996–97 survey.

SIZE OF INDUSTRY

There were 190 businesses in the sound recording studios industry at the end of June 1997. Sole proprietorships and partnerships accounted for 25 (13%) of the businesses while there were 138 (73%) businesses operating as incorporated companies (see table 1).

SOURCES OF INCOME

Businesses in the industry generated \$43.6m in income in 1996–97, of which \$20.9m was income from hire of the studios and \$19.4m was income from the provision of other sound recording services, such as audio mastering services, audio post-production services, location recording services, advertising production and message on hold services (see table 2).

EXPENSES

Total expenses of businesses in the industry was \$38.5m in 1996–97 (see table 3). The major expense item was labour costs, which accounted for \$12.5m (33% of total expenses). Other significant expense items included \$3.5m for payments to freelance personnel, \$3.6m for rent, leasing and hiring expenses and \$3.5m for depreciation and amortisation. Other operating expenses were \$9.6m and included items such as motor vehicle expenses, advertising expenses, telephone expenses and staff training expenses.

EMPLOYMENT

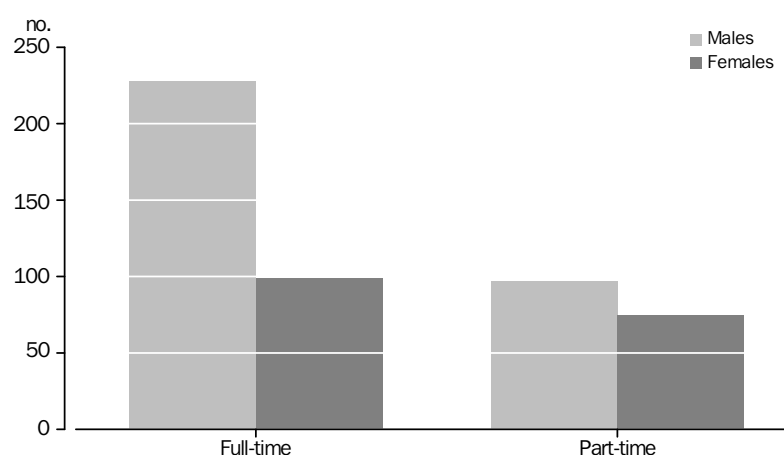
Employment in the industry totalled 499 persons at 30 June 1997 (see table 4). Of these, 462 (93%) were employees, with the remaining 7% being working proprietors and partners.

SUMMARY OF FINDINGS *continued*

EMPLOYMENT *continued*

Almost two-thirds (65%) of persons employed in sound recording studio businesses were male. Of the males, 70% were employed full-time, whereas only 57% of females were employed full-time. Overall, 66% of people employed in the industry worked full-time.

Employment in sound recording studios—end June 1997



PROFITABILITY

In 1996–97, the sound recording studios industry generated an operating profit before tax of \$5.1m, which represented an operating profit margin of 11.7%. The operating profit before tax per person employed for 1996–97 was \$10,200.

BUSINESS SIZE

There were 23 sound recording studio businesses which had an income of \$500,000 or more in 1996–97 (see table 5). These businesses comprised 12% of all businesses in the industry, but accounted for 34% of the industry's employment, and slightly over half (55%) of its income.

STATE DIMENSION

About one-half (51%) of the sound recording studio businesses were located in New South Wales (see table 6). A further 28% were located in Victoria and 11% in Queensland.

In terms of the level of activity, New South Wales and Victoria generated similar amounts of income. The income of businesses in New South Wales totalled \$17.5m, while those in Victoria had income of \$16.5m.

NET WORTH

At the end of June 1997, assets of sound recording studio businesses totalled \$36.8m while liabilities totalled \$24.4m. Thus, the net worth of the sound recording studio industry was \$12.4m.

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KEY FIGURES

	Value
Businesses at end June	
Sole proprietorships and partnerships (no.)	25
Incorporated companies (no.)	138
Other businesses (no.)	27
Total (no.)	190
Employment at end June	
Full-time (no.)	327
Part-time (no.)	172
Total (no.)	499
Income	
Hire of studio (\$m)	20.9
Other income (\$m)	22.7
Total (\$m)	43.6
Expenses	
Labour costs (\$m)	12.5
Other expenses (\$m)	26.0
Total (\$m)	38.5
Operating profit before tax (\$m)	5.1
Operating profit margin (%)	11.7
Industry gross product (\$m)	22.7

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SOURCES OF INCOME

	Value	Percentage contribution
	\$m	%
Sales of goods and services		
Hire of studio with personnel	17.5	40.1
Hire of studio only	3.4	7.8
Other sound recording services	19.4	44.5
Rent, hiring and leasing other than hire of recording studios	0.6	1.4
Other operating income	2.4	5.6
<i>Total</i>	43.3	99.3
Interest income	0.3	0.7
Total	43.6	100.0

3

ITEMS OF EXPENDITURE

	Value	Percentage contribution
	\$m	%
Labour costs		
Wages and salaries(a)	11.1	28.9
Employer contributions to superannuation	1.3	3.4
Workers' compensation costs	0.1	0.2
<i>Total</i>	12.5	32.5
Other expenses		
Payments to freelance personnel for the provision of sound recording services	3.5	9.1
Purchases of blank tapes	1.1	2.8
Electricity, gas and water	0.4	1.1
Other purchases	1.6	4.2
Rent, leasing and hiring	3.6	9.3
Repair and maintenance	0.9	2.5
Depreciation and amortisation	3.5	9.1
Insurance	0.5	1.3
Interest	1.2	3.1
Other operating expenses	9.6	25.1
<i>Total</i>	26.0	67.5
Total	38.5	100.0

(a) Excludes drawings of proprietors/partners of unincorporated businesses.

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CHARACTERISTICS OF EMPLOYMENT—End June 1997

	FULL-TIME.....			PART-TIME.....			TOTAL.....		
	Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
Working proprietors and partners (no.)	18	5	23	6	8	14	24	13	37
Employees (no.)	210	94	304	91	67	158	301	161	462
Total (no.)	228	99	327	97	75	172	325	174	499
Proportion of total (%)	45.7	19.8	65.5	19.4	15.0	34.5	65.1	34.9	100.0

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SELECTED STATISTICS, Business Size

<i>Income size category</i>	<i>Businesses at end June 1997</i>	<i>Employment at end June 1997</i>	<i>Total income</i>	<i>Total expenses</i>
VALUE				
	no.	no.	\$m	\$m
\$1-\$49 999	53	68	1.3	1.5
\$50 000-\$99 999	46	86	3.2	2.9
\$100 000-\$199 999	34	65	4.5	4.3
\$200 000-\$499 999	34	109	10.7	9.2
\$500 000 and over	23	171	23.8	20.6
Total	190	499	43.6	38.5
PERCENTAGE DISTRIBUTION				
	%	%	%	%
\$1-\$49 999	27.9	13.6	3.0	3.8
\$50 000-\$99 999	24.2	17.2	7.4	7.6
\$100 000-\$199 999	17.9	13.0	10.4	11.2
\$200 000-\$499 999	17.9	21.8	24.5	23.9
\$500 000 and over	12.1	34.3	54.7	53.4
Total	100.0	100.0	100.0	100.0

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SELECTED STATISTICS, By States and Territories

<i>State</i>	<i>Businesses at end June 1997</i>	<i>Employment at end June 1997</i>	<i>Total income</i>	<i>Total expenses</i>
VALUE				
	no.	no.	\$m	\$m
New South Wales	96	263	17.5	15.4
Victoria	53	133	16.5	14.3
Queensland	21	44	4.5	3.9
South Australia	8	36	3.6	3.3
Western Australia	9	16	n.p.	n.p.
Rest of Australia	3	7	n.p.	n.p.
Australia	190	499	43.6	38.5
PERCENTAGE DISTRIBUTION				
	%	%	%	%
New South Wales	50.5	52.7	40.1	40.0
Victoria	27.9	26.7	37.9	37.0
Queensland	11.1	8.8	10.3	10.3
South Australia	4.2	7.2	8.3	8.6
Western Australia	4.7	3.2	n.p.	n.p.
Rest of Australia	1.6	1.4	n.p.	n.p.
Australia	100.0	100.0	100.0	100.0

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ASSETS AND LIABILITIES—At 30 June 1997

	Value
	\$m
Assets	
Current assets	12.0
Non-current assets	24.8
<i>Total</i>	36.8
Liabilities	
Current liabilities	15.3
Non-current liabilities	9.1
<i>Total</i>	24.4
Net worth	12.4

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SELECTED PERFORMANCE RATIOS

	INCOME SIZE CATEGORY.....			
	\$1–\$49,999	\$50,000– \$499,999	\$500,000 and over	Total
Employment ratios				
Total income per person employed (\$'000)	19.3	70.9	139.4	87.3
Total expenses per person employed (\$'000)	21.7	63.3	120.3	77.1
Operating profit before tax per person employed (\$'000)	–2.4	7.6	19.1	10.2
Labour costs per employee (\$'000)	8.6	21.4	40.9	27.1
Labour costs to total expenses (%)	31.7	31.0	33.8	32.5
Profitability ratios				
Operating profit margin (%)	–12.2	10.8	13.8	11.7
Return on assets (%)	–4.4	14.0	17.3	13.8

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents results for the financial year 1996–97 from an Australian Bureau of Statistics (ABS) census of employing businesses in the sound recording studios industry.

SCOPE AND COVERAGE

2 The census of sound recording studios covered all businesses classified to Class 9251 of the Australian and New Zealand Standard Industrial Classification (ANZSIC). Class 9251 includes businesses mainly engaged in operating sound recording studios. It also includes businesses providing sound recording services but not having a studio, such as:

- freelance recording personnel;
- location sound recordists (e.g. working on movies or for television); and
- operators of mobile studios.

3 The survey did not cover businesses operating sound recording studios mainly engaged in:

- recording radio programmes (classified to Class 9121 Radio services);
- advertising and jingle composition (classified to Class 7851 Advertising services); and
- operating audio/multimedia schools (classified to Class 8440 Other education).

STATISTICAL UNIT

4 The unit for the survey was the management unit. The management unit is the highest-level accounting unit within a business, 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.

REFERENCE PERIOD

5 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 1997. Counts of businesses include only those businesses that were operating at 30 June 1997.

BUSINESSES CEASED DURING THE YEAR

6 It is normal ABS procedure to include the contributions of businesses which ceased operation during the year in the survey output (e.g. their income and expenses are included in the data reported). However, these businesses do not contribute to data on employment, assets and liabilities, as these items are collected in respect of the end of the financial year.

EXPLANATORY NOTES *continued*

DATA INTERPRETATION

7 As stated above in paragraph 3, the survey excluded sound recording studio businesses mainly engaged in composing advertising and jingles, and in operating audio/multimedia schools. These businesses were included in the only previous ABS survey to cover sound recording studios, which was conducted in respect of 1995–96. However, the 1995–96 survey excluded freelance recording personnel, location sound recordists and mobile studios, which were included in the 1996–97 survey. The 1996–97 survey only included businesses listed on the ABS Business Register which covers those businesses with employees. The 1995–96 survey included all businesses, regardless of whether they had employees.

8 The differences in the scope of the surveys means that it is not possible to directly compare the results of these two surveys. The publication *Business of Music, Australia, 1995–96* (Cat. no. 4143.0) showed that the total income of businesses within the scope of the 1995–96 survey was \$56.6m.

RELIABILITY OF THE DATA

9 As the information in this publication has been compiled from a census, the data are not subject to sampling variability. However, other inaccuracies collectively referred to as non-sampling error may affect the data. These non-sampling errors may arise from a number of sources, including:

- errors in the reporting of data by respondents;
- errors in the capturing or processing of data;
- estimation for missing or misreported data; and
- definition and classification error.

10 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, and appropriate methodology.

RELATED PUBLICATIONS

11 The ABS publication *Business of Music, Australia, 1995–96* (Cat. no. 4143.0) may be of interest.

GLOSSARY

Audio mastering	The process by which the sound of final mix tapes is fine-tuned before being committed to final production masters for each release format required.
Audio post-production services	The process of marrying recorded sound to visual images for movies, documentaries etc.
Businesses at end June	Count of management units operating at end of June. A management unit is the highest-level accounting unit within a business, having regard for industry homogeneity, for which accounts are maintained.
Employees	This includes working directors and other employees working for a business during the last pay period in June. Employees absent on paid or prepaid leave are included. Excludes working proprietors and partners of unincorporated businesses.
Employer contributions to superannuation funds	The costs of the employer's superannuation contributions during the reference period (including contributions made by the employer on behalf of the employee).
Employment at end June	This includes working proprietors and partners, working directors, and other employees (including casual employees) working for a business during the last pay period ending in June. Employees absent on paid or prepaid leave are included.
Full-time employees	Employees who work 35 hours per week or more.
Income from other sound recording services	This includes income from: <ul style="list-style-type: none"> ▪ the provision of audio mastering services; ▪ the provision of audio post-production services; ▪ advertising production; ▪ mobile studios; ▪ location sound recordists; and ▪ telephone on hold packages.
Industry gross product	This item is the sales of goods and services plus government subsidies plus capital work done by own employees for own use or for rental or lease minus purchases of goods for resale minus selected expenses.
Labour costs	This item includes wages and salaries, employer contributions to superannuation funds and workers' compensation.
Labour costs per employee	Labour costs divided by total number of employees.
Labour costs to total expenses	Labour costs divided by total expenses.
Operating profit before tax	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 before tax per person employed	Operating profit before tax divided by total number of persons employed.
Operating profit margin	The percentage of sales of goods and services available as operating profit, i.e. operating profit before tax times 100 divided by sales of goods and services.

GLOSSARY *continued*

Part-time employees	Employees who work less than 35 hours per week.
Persons employed at end June	This item includes working proprietors and partners of unincorporated businesses, working directors of incorporated companies and trusts, and other employees working for the business during the last pay period ending June.
Return on assets	Operating profit before tax as a percentage of the total book value of assets.
Total expenses	The sum of expense items. Includes wages and salaries, employer contributions to superannuation funds, workers' compensation costs, insurance premiums, interest expenses, depreciation and amortisation, advertising, marketing and promotional expenses, purchases of blank tapes and other goods for resale, rent, leasing and hiring expenses, and other business expenses.
Total expenses per person employed	The sum of all expense items divided by the total number of persons employed.
Total income	The sum of all income items. Includes hire of studio, other rent, leasing and hiring income, income from the provision of other sound recording services (e.g. provision of audio mastering services, audio post-production services), interest income and other operating and non-operating income.
Total income per person employed	Sum of all income items divided by the total number of persons employed.
Wages and salaries	This item is the gross earnings of all employees before taxation and other deductions. Drawings of working proprietors and working partners of unincorporated businesses are excluded.
Workers' compensation costs	Workers' compensation is a compulsory insurance cover to be taken out by all employers, except for self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of, or arising out of, employment.

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