



HIRE INDUSTRIES

AUSTRALIA
PRELIMINARY

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- For further information about these and related statistics, contact the National Information Service on 1300 135 070 or Paull Hoffmann on Brisbane 07 3222 6118.

NOTES

INTRODUCTION

This publication presents preliminary results, in respect of the 1999–2000 financial year, from an Australian Bureau of Statistics (ABS) survey of employing businesses involved in the plant and goods hiring industries. It is the first ABS survey of these industries.

The final publication of *Hire Industries, Australia, 1999–2000*, (Cat. no. 8567.0) will be released in July 2001.

COMMENTS ON THIS PUBLICATION

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, Australian Bureau of Statistics, PO Box 10 Belconnen ACT 2616.

ROUNDING

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

ABBREVIATIONS

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
RSE	Relative standard error
SE	Standard error

Dennis Trewin
Australian Statistician

SUMMARY OF FINDINGS

INTRODUCTION

This publication presents results, in respect of the 1999–2000 financial year, from an Australian Bureau of Statistics (ABS) survey of employing businesses mainly involved in plant and goods hiring. These businesses are classified to Class 7743 (Plant Hiring and Leasing) or Class 9519 (Personal and Household Goods Hiring) of the 1993 edition of the AUSTRALIAN AND NEW ZEALAND STANDARD INDUSTRIAL CLASSIFICATION (ANZSIC). Businesses mainly involved in the hiring of transport equipment or the hiring of equipment with operators are generally excluded from these classes. Therefore this survey did not include:

- Non-employing businesses,
- Businesses mainly retailing plant and goods, which also hire plant and goods as a secondary activity,
- Businesses mainly hiring transport equipment, and
- Businesses which mainly hire plant and equipment with an operator.

However, for completeness all employing businesses mainly involved in the hire of cranes were included in the survey.

NUMBER OF BUSINESSES

At the end of June 2000, there were 1,296 employing businesses involved in the two hiring industries, comprising 905 businesses in the plant hiring and leasing industry and 391 businesses in the personal and household goods hiring industry. These businesses operated from 2,095 outlets with 1,528 outlets located in capital cities and 567 outlets located in country areas.

SOURCES OF INCOME

During 1999–2000, the total income of the two hiring industries was \$2,549 million, which resulted in an average income of \$2 million per business.

Businesses in the plant hiring industry generated \$2,208 million in income, of which 84% was accounted for by the provision of hiring services (\$1,844 million). The income from hiring services included the hiring of cranes, scaffolding, compaction equipment, earthmoving equipment, access equipment, forklifts and portable accommodation. The main components of the other income (\$364 million) of the plant hiring industry were cartage and set-up income, net profit on the sale of ex-hire equipment and other sales of goods.

Businesses in the personal and household goods hiring industry generated \$341 million in income. Most (91%) of this income was generated by the provision of hire services such as the hiring of televisions, event equipment, furniture, whitegoods and recreation equipment. The other income generated by businesses in this industry was mainly from cartage and the sale of goods.

EXPENSES

During 1999–2000, businesses in the plant hiring and personal and household goods hiring industries incurred total expenses of \$2,264 million. The major single expense item for these industries was labour costs of \$726 million, which accounted for 32% of total expenses.

Of the total expenses of \$1,955 million for the plant hiring industry, \$620 million (32%) was for labour costs. Depreciation of plant and equipment for hire (\$259 million) and renting of equipment for re-hire (\$96 million) represented 13% and 5% respectively of the total industry expenses. Other major expenses of this industry included repair and

SUMMARY OF FINDINGS *continued*

EXPENSES *continued*

maintenance on hire equipment, purchases of goods for sale, rent of premises and interest expenses.

The total expenses of the personal and household goods hiring industry was \$309 million. Labour costs of \$107 million represented 35% of total expenses with depreciation of equipment for hire (\$58 million) and renting of equipment for re-hire/sub-hire (\$8 million) accounting for 19% and 2% respectively of total expenses. Other expenses (\$137 million) of this industry included renting of premises, advertising, marketing and promotion expenses, repair and maintenance of hire equipment and purchases of goods for re-sale.

PROFITABILITY

For 1999–2000, the plant hire and personal and household goods hiring industries recorded an operating profit before tax of \$244 million, which represented an operating profit margin of 8.6%. Businesses in the plant hiring industry had an operating profit margin of 10.2% compared to 8.2% in the personal and household goods hiring industry.

EMPLOYMENT

At the end of June 2000, there were 16,278 persons working in the two hire industries, comprising 12,991 persons working in plant hiring industry and 3,287 in the personal and household goods hiring industry.

The composition of employment was different between the two industries with 80% (10,457 persons) of employment in the plant hiring industry working on a permanent full-time employee basis compared to 59% (1,937 persons) of employment in the personal and household goods hiring industry working on this basis. In comparison, the proportion of casual employees was 14% in the plant hiring industry and 25% in the personal and household goods hiring industry.

The average labour cost per employee for the two industries was \$45,700. However the higher incidence of permanent full-time employees in the plant hiring industry resulted in the average labour cost per employee in the plant hiring industry being \$48,400 compared to \$34,400 in the personal and household goods hiring industry.

PLANT AND HOUSEHOLD HIRE INDUSTRIES, SUMMARY INFORMATION

	<i>Plant Hiring and Leasing</i>	<i>Personal and Household Goods Hiring</i>	<i>Total Hire Industries</i>
.....			
Businesses at end June 2000 (no.)	905.0	391.0	1 296.0
Locations			
Capital city (no.)	1 099.0	429.0	1 528.0
Other (no.)	423.0	144.0	567.0
Total (no.)	1 522.0	573.0	2 095.0
Employment at end June 2000			
Working proprietors and partners (no.)	202.0	182.0	384.0
Employees			
Permanent full-time (no.)	10 457.0	1 937.0	12 394.0
Permanent part-time (no.)	521.0	337.0	858.0
Casual (no.)	1 811.0	831.0	2 642.0
Total employees (no.)	12 789.0	3 105.0	15 894.0
Total employment (no.)	12 991.0	3 287.0	16 278.0
Income			
Hire services (\$m)	1 843.9	311.9	2 155.8
Other income (\$m)	364.2	29.1	393.3
Total (\$m)	2 208.1	341.0	2 549.1
Expenses			
Labour costs (\$m)	619.6	106.8	726.4
Depreciation of hire equipment (\$m)	259.1	57.8	316.9
Re-hire/sub-hire (\$m)	96.3	7.6	103.9
Other expenses (\$m)	979.5	137.1	1 116.6
Total (\$m)	1 954.5	309.3	2 263.8
Operating profit before tax (\$m)	217.2	26.6	243.8
Operating profit margin (%)	10.2	8.2	8.6
.....			

EXPLANATORY NOTES

- PRELIMINARY PUBLICATION** **1** This publication presents results, in respect of 1999–2000, from an Australian Bureau of Statistics (ABS) survey of 767 employing businesses in the plant and goods hiring industries. The publication has been released to provide timely summary information. When fully edited, amendments may be required to the data contained in this publication. These preliminary results, therefore, are subject to revision.
- FINAL PUBLICATION** **2** A publication *Hire Industries, Australia, 1999–2000* (Cat. no. 8567.0) will be released in July 2001 and will provide final and more detailed statistics on the plant and goods hiring industries.
- SCOPE** **3** The scope of the survey was all employing businesses recorded on the ABS Business Register and classified to Classes 7743, Plant Hiring and Leasing or 9519, Personal and Household Goods Hiring, of the AUSTRALIAN AND NEW ZEALAND STANDARD INDUSTRIAL CLASSIFICATION (ANZSIC). Businesses mainly involved in the hiring of transport equipment or the hiring of equipment with operators are generally excluded from these classes. Therefore this survey did not include:
- Non-employing businesses
 - Businesses mainly retailing plant and goods, which also hire plant and goods as a secondary activity,
 - Businesses mainly hiring transport equipment, and
 - Businesses which mainly hire plant and equipment with an operator.
- However, for completeness all employing businesses mainly involved in the hire of cranes were included in the survey.
- IMPROVEMENTS TO COVERAGE** **4** Data in this publication have been adjusted to allow for lags in processing new businesses to the ABS business register, and the omission of some businesses from the business register. The majority of businesses affected and to which the adjustments apply are small in size.
- 5** Adjustments have been made to include new businesses in the estimates in the periods in which they commenced operations, rather than when they were processed to the business register. Adjustments of this type will continue to be applied in future periods.
- 6** Further adjustments have been made for businesses which had been in existence for several years, but, for various reasons, were not previously included in the ABS register. The ABS is remedying these omissions.
- 7** For more information on these adjustments, please refer to the ABS publication *Information Paper: Improvements to ABS Economic Statistics, 1997* (Cat. no. 1357.0).
- STATISTICAL UNIT** **8** 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 to the required level of industry homogeneity, for which a set of accounts is maintained. In most cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, etc.). However, in the case of large diversified businesses, there may be more than one management unit, with 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.
- REFERENCE PERIOD** **9** Data contained in the tables in this publication relate to hire industries businesses which operated in Australia at any time during the year ended June 2000. Counts of businesses include only those businesses that were operating at 30 June 2000.

EXPLANATORY NOTES *continued*

RELIABILITY OF THE DATA

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

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

12 There are about 2 chances in 3 that a sample estimate will differ by less than one SE 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 SEs.

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

14 The following table contains estimates of RSEs for a selection of the statistics presented in this publication.

RELATIVE STANDARDS ERRORS FOR SUMMARY INFORMATION

	<i>Plant Hiring and Leasing</i>	<i>Personal and Household Goods Hiring</i>	<i>Total Hire Industries</i>
	Percent	Percent	Percent
Businesses at end June (no.)	7.1	6.0	6.8
Locations			
Capital city (no.)	6.8	8.3	5.4
Other (no.)	11.8	7.8	9.0
Total (no.)	6.0	6.3	4.7
Employment at end June 2000			
Working proprietors and partners (no.)	22.8	14.1	13.9
Employees			
Permanent full-time (no.)	5.3	3.4	4.5
Permanent part-time (no.)	12.4	5.9	7.9
Casual (no.)	8.1	7.8	6.1
Total employees (no.)	4.9	3.3	3.9
Total employment (no.)	4.9	3.2	3.9
Income			
Hire services (\$m)	5.3	2.2	4.5
Other income (\$m)	5.6	4.8	5.3
Total (\$m)	4.9	2.1	4.2
Expenses			
Labour costs (\$m)	4.8	2.4	4.1
Depreciation of hire equipment (\$m)	6.2	1.4	5.1
Re-hire/sub-hire (\$m)	7.7	16.0	7.2
Other expenses (\$m)	5.6	2.3	4.6
Total (\$m)	4.7	2.2	4.0
Operating profit before tax (\$m)	10.8	4.7	9.6
Operating profit margin (%)	7.8	4.3	3.8

EXPLANATORY NOTES *continued*

RELIABILITY OF THE DATA *continued*

15 As an example of the above, an estimate of total income for the hiring industries is \$2549.1 million and the RSE is 4.2%, giving a SE of \$107.1 million. Therefore, there would be 2 chances in 3 that, if all units had been included in the survey, a figure in the range of \$2442.0 million to \$2656.2 million would have been obtained, and 19 chances in 20 (i.e. a confidence interval of 95%) that the figure would have been within the range of \$2334.9 million to \$2763.3 million.

16 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 errors 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, and appropriate methodology.

ACKNOWLEDGMENT

17 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*

GLOSSARY

Casual employees	This item refers to employees not entitled to take paid holidays.
Depreciation and amortisation	Depreciation and amortisation are financial charges made in the accounts to reflect that part of the value of the asset which may be regarded as having been used up in producing revenue in a particular accounting period.
Employees	This item 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. This item excludes working proprietors and partners of unincorporated businesses.
Employment at end June	This item includes working proprietors and partners, working directors, and other employees working for a business during the last pay period ending in June 2000. Employees absent on paid or prepaid leave are included.
Hire services income	This item refers to income generated from various types of hire services, for example access equipment, cranes, scaffolding etc in the plant hire industry, and televisions, furniture, whitegoods and recreation equipment etc in the personal and household goods hiring industry.
Labour costs	This item includes wages and salaries, employer contributions to superannuation funds, workers' compensation costs, fringe benefits tax and payroll tax .
Operating profit before tax	This item refers to 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 item refers to the percentage of sales of goods and services available as operating profit (operating profit before tax times 100 divided by sales of goods and services)
Other income	This item includes cartage and set-up income, net profit from sale of ex-hire goods and equipment, other sales of goods, training income and interest income. It excludes extraordinary profit (loss), i.e. not associated with the normal operations of businesses and of a non-recurring nature.
Other expenses	This item includes renting of premises, advertising, marketing and promotion expenses, repair and maintenance expenses, purchases of goods for re-sale, water rates; freight and cartage expenses; postal, mail and courier services; bank charges other than interest; motor vehicle running expenses (including compulsory third party insurance premiums); audit and other accounting expenses; legal expenses; paper, printing and stationery expenses; training; travel expenses; and security.
Permanent part-time employees	This item refers to permanent employees who work less than 35 hours per week and were entitled to paid holidays and leave.
Permanent full-time employees	This item refers to permanent employees who work 35 hours per week or more and were entitled to paid holidays and leave.
Rehire/subhire expenses	This item refers to the expense incurred when a business hires goods from another business on behalf of a customer.
Working proprietors and partners	This item includes working proprietors and partners who own/operate their own business in a profession or trade (a sole proprietorship) or, along with one or more partners, operate a partnership. Working proprietors and working partners as owners are not considered to be employees of the business.

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- CPI INFOLINE* For current and historical Consumer Price Index data, call 1902 981 074 (call cost 77c per minute).
- DIAL-A-STATISTIC* For the latest figures for National Accounts, Balance of Payments, Labour Force, Average Weekly Earnings, Estimated Resident Population and the Consumer Price Index call 1900 986 400 (call cost 77c per minute).

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