



2005-06

8622.0

RETAIL AND WHOLESALE INDUSTRIES

AUSTRALIA

EMBARGO: 11.30AM (CANBERRA TIME) FRI 17 AUG 2007

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INQUIRIES

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or William Milne on Melbourne (03) 9615 7862.

NOTES

INTRODUCTION

This publication presents results for the 2005–06 reference year from a survey of businesses in the retail and wholesale industries. Previous surveys of the retail industry were conducted in respect of the 1981–82, 1991–92, and 1998–99 financial years.

Some of the estimates in this publication are derived by prorating data from taxation sources with data collected by the ABS. Due to the nature of this estimation process, the ABS's current methods of measuring standard error may understate the variability of the estimates. For details, see the Technical Note.

CHANGES IN THIS ISSUE

This publication presents results for both the retail industry and wholesale industry. Previously, wholesale industry data were separately published in *Wholesale Industry, Australia* (cat. no. 8638.0). Also, the estimates in this publication are based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 edition (ANZSIC06). Data in previous issues were based on the 1993 version of the ANZSIC (ANZSIC93). ANZSIC06 was adopted to provide a more contemporary industrial classification system, taking into account issues such as changes in the structure and composition of the economy, changing user demands and compatibility with major international classification standards.

COMPARISON WITH PREVIOUS SURVEY RESULTS

The data in this publication are based on business surveys which were not designed to provide highly accurate estimates of change. Comparisons are not made to 1998–99 data for this reason and also because of changes to the industry classification. Users are advised to exercise extreme caution if making any comparison between the 2005–06 data and earlier published estimates. For further information see paragraphs 22–27 of the Explanatory Notes.

INFORMATION AVAILABLE ONLINE

This publication is available free online together with more detailed data in spreadsheet format. To access this information, go to the ABS web site <www.abs.gov.au>.

MORE INFORMATION ON ABS SERVICE INDUSTRIES STATISTICS

Information about ABS activities in the field of service industries is available from the Service Industries Statistics theme page on the ABS web site <www.abs.gov.au>. To access the theme page, select 'Themes' from the menu on the home page.

COMMENTS

The ABS welcomes comments and suggestions from users regarding future surveys of Service Industries. These comments should be addressed to the Director, Service Industries National Statistics Centre, Australian Bureau of Statistics, Locked Bag 10, Belconnen, ACT 2616.

ROUNDING

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

Brian Pink
Australian Statistician

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INTRODUCTION

This chapter presents results for the 2005–06 survey of businesses operating in Australia within DIVISION G RETAIL TRADE of the 2006 edition of the Australian and New Zealand Standard Industrial Classification (ANZSIC06).

DIVISION G consists of businesses mainly engaged in the purchase, onselling and commission-based selling of goods to the general public and is structured into five industry subdivisions comprising 37 industry classes. Throughout this chapter, businesses in DIVISION G RETAIL TRADE are referred to as the retail industry.

The tables in this publication provide information at the ANZSIC Subdivision level. More detailed information, at the ANZSIC Class level, can be found in the associated spreadsheets available online. For ease of reference, NON-STORE RETAILING AND RETAIL COMMISSION-BASED BUYING AND/OR SELLING is referred to through out this chapter as NON-STORE RETAILING. For information, OTHER STORE-BASED RETAILING covers all forms of store-based retailing except for food, fuel and motor vehicles/parts.

SUMMARY OF FINDINGS

At end June 2006 there were 156,668 businesses operating in the retail industry. These businesses employed over 1.2 million persons.

During 2005–06 retail industry businesses generated total income of \$292.3b which represented an average income of \$1.9m per business. Total expenses incurred for the same period were \$280.2b.

Total industry value added by retail businesses was \$49.7b which represented 5.6% of Australian industry gross value added for 2005–06.

During 2005–06 retail businesses recorded an operating profit before tax of \$13b resulting in an operating profit margin of 4.5%.

The inventory turnover for the retail industry was seven times a year with FUEL RETAILING the highest at 42 times.

SOURCES OF INCOME

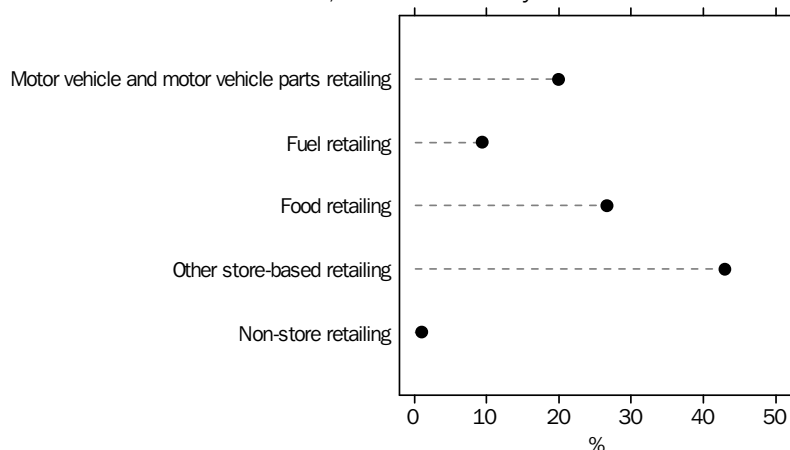
During 2005–06 the retail industry generated a total income of \$292.3b. It should be noted that income was exclusive of goods and services tax. Retail sales of goods accounted for 75.9% of total income (\$221.9b) while wholesale sales of goods contributed 16% to total income (\$46.8b). Sales of goods produced by retail businesses represented just 1.5% of total income (\$4.3b).

The graph overleaf shows that OTHER STORE-BASED RETAILING contributed 43% (\$125.6b) to total retail income while FOOD RETAILING accounted for 26.6% (\$77.9b).

SOURCES OF INCOME

continued

INCOME BY SUBDIVISION, Retail industry



EXPENSES

During 2005–06, total expenses in the retail industry were \$280.2b of which purchases accounted for 74.8% (\$209.7b). Wages and salaries represented 10.2% of total expenses (\$28.5b).

OTHER STORE-BASED RETAILING accounted for 42.5% (\$119.1b) of total retail industry expenses, FOOD RETAILING 26.5% (\$74.3b) and MOTOR VEHICLES AND MOTOR VEHICLE PARTS RETAILING 20.3% (\$56.9b).

FUEL RETAILING had the largest proportion of purchases to total expenses at 90.8%, while NON-STORE RETAILING had the lowest at 59.5%.

PROFITABILITY

In 2005–06 the total profit generated by retail businesses was \$13b, an average profit of \$83,300 per business.

OTHER STORE-BASED RETAILING accounted for 56% (\$7.3b) of total retail industry profit. In contrast, NON-STORE RETAILING contributed just 2.3% (\$0.3b) to total retail industry profit.

During 2005–06 the retail industry had an operating profit margin of 4.5%. NON-STORE RETAILING had an operating profit margin of 10.2% while the businesses with the lowest profit margins were in FUEL RETAILING (1.2%).

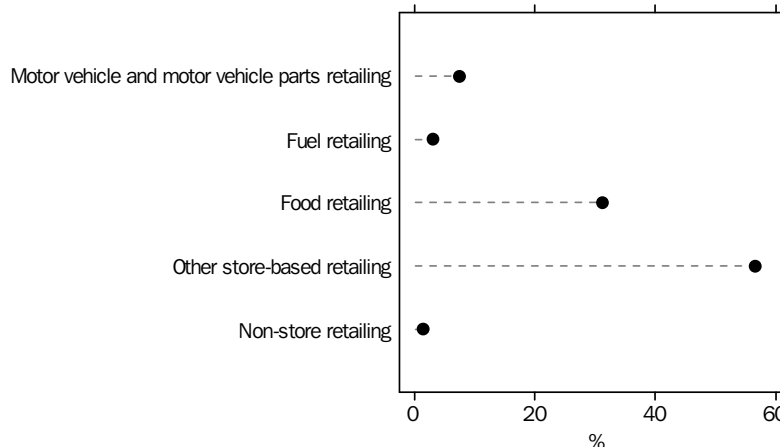
EMPLOYMENT

At end June 2006, total employment in the retail industry was 1,229,015 persons.

The graph overleaf shows that OTHER STORE-BASED RETAILING accounted for 56.6% (695,155 persons) of total retail industry employment, while FOOD RETAILING accounted for 31.3% (384,396 persons). NON-STORE RETAILING contributed the least with just 1.5% (18,376 persons).

EMPLOYMENT *continued*

EMPLOYMENT BY SUBDIVISION, Retail industry



Working proprietors and partners accounted for 9.2% (112,893 persons) of total retail industry employment. The proportion of working proprietors and partners to total employment was highest in NON-STORE RETAILING with 47.4% and lowest in MOTOR VEHICLE AND MOTOR VEHICLE PARTS RETAILING (5.4%).

BUSINESS SIZE

At end June 2006, retail businesses employing fewer than 20 persons accounted for 52.8% (82,665 businesses) of all retail businesses. These small businesses accounted for 30.9% (380,279 persons) of retail industry employment and 29.7% (\$86.9b) of total income.

Non-employing businesses accounted for 43.3% (67,832 businesses) of all businesses and just 4.3% (\$12.4b) of total income. In contrast, businesses employing 100 persons or more accounted for 0.4% (621) of all businesses and contributed 44.8% (\$130.8b) to total retail industry income.

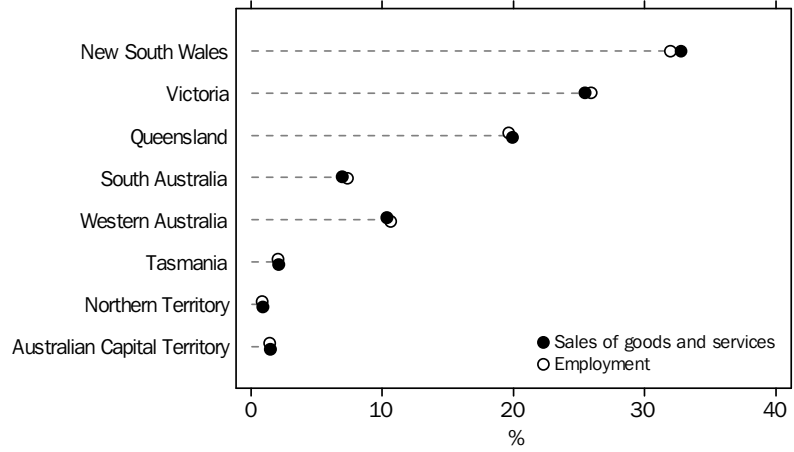
During 2005–06, retail businesses employing less than 20 persons generated \$228,500 in income per person employed. Businesses employing between 20 and 99 persons generated an average income of \$304,600 per person employed, while the 621 largest businesses derived an average income per person employed of \$229,000.

STATES AND TERRITORIES

The graph overleaf shows that New South Wales accounted for 32% (393,282 persons) of total retail industry employment and 32.8% (\$94.7b) of income from sales of goods and services, which was in line with New South Wales' proportion of the Australian population (32.9%). Victoria was the second largest contributor with 25.9% of employment and 25.5% of income from sales of goods and services, which was also similar to its share of the Australian population.

STATES AND TERRITORIES
continued

KEY CHARACTERISTICS BY STATE AND TERRITORY, Retail industry



1.1 SUMMARY OF OPERATIONS, Retail industry

ANZSIC SUBDIVISION

		39 Motor vehicle and motor vehicle parts retailing	40 Fuel retailing	41 Food retailing	42 Other store-based retailing	43 Non-store retailing and retail commission-based buying and/or selling	Total retail industry
Businesses at end June	no.	11 098	4 572	27 861	102 786	10 351	156 668
Employment at end June							
Working proprietors and partners	no.	5 034	2 371	24 516	72 266	8 706	112 893
Employees	no.	87 699	35 983	359 880	622 889	9 670	1 116 122
Total	no.	92 733	38 354	384 396	695 155	18 376	1 229 015
Income							
Retail sales of goods	\$m	32 019.6	24 092.6	69 996.7	94 402.8	1 374.9	221 886.6
Wholesale sales of goods	\$m	19 059.3	2 421.6	^ 3 723.0	20 650.7	934.8	46 789.5
Sales of goods produced	\$m	91.2	—	1 308.9	2 750.0	103.8	4 253.8
Repair and maintenance	\$m	5 749.2	265.5	^ 7.5	1 142.5	^ 24.3	7 189.0
Commission income	\$m	^ 627.3	87.0	310.6	^ 1 440.7	^ 161.6	2 627.2
Other service income	\$m	^ 333.6	^ 399.7	^ 2 073.4	2 873.6	^ 365.6	6 045.9
Other income	\$m	437.1	200.7	464.6	2 301.4	92.4	3 496.1
Total	\$m	58 317.3	27 467.1	77 884.7	125 561.7	3 057.3	292 288.1
Expenses							
Wages and salaries	\$m	3 595.9	944.5	7 509.7	16 139.3	325.7	28 515.1
Purchases	\$m	48 693.5	24 689.6	56 659.9	78 058.4	1 620.1	209 721.5
Other expenses	\$m	4 576.0	1 563.3	10 131.7	24 930.8	^ 778.5	41 980.4
Total	\$m	56 865.4	27 197.4	74 301.3	119 128.6	2 724.3	280 217.0
Inventories							
Opening	\$m	7 972.8	^ 563.7	4 020.8	16 722.7	^ 298.1	29 578.1
Closing	\$m	7 939.3	^ 621.4	4 132.9	17 560.0	*268.7	30 522.4
Operating profit before tax	\$m	1 415.8	328.8	3 697.4	7 298.9	^ 303.5	13 044.4
Industry value added	\$m	6 035.0	1 565.7	13 759.1	27 634.1	^ 730.5	49 724.4
Performance ratios							
Wages and salaries per employee	\$'000	41.0	26.2	20.9	25.9	33.7	25.5
Income per person employed	\$'000	628.9	716.1	202.6	180.6	166.4	237.8
Inventory turnover	times	6.1	^ 41.6	13.9	4.5	^ 5.8	6.9
Operating profit margin	%	2.4	^ 1.2	4.8	5.9	^ 10.2	4.5

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

— nil or rounded to zero (including null cells)

1.2**SUMMARY OF OPERATIONS BY EMPLOYMENT SIZE, Retail industry**

	<i>Businesses at end June</i>	<i>Employment at end June</i>	<i>Total income</i>	<i>Total expenses</i>	<i>Operating profit before tax</i>
	no.	no.	\$m	\$m	\$m
.....					
39 MOTOR VEHICLE AND MOTOR VEHICLE PARTS RETAILING					
Employing businesses					
0–19 persons	5 914	25 683	12 050.9	11 690.2	347.3
20–99 persons	^ 762	33 712	25 514.6	24 983.4	473.1
100 persons or more	^ 139	29 477	19 525.6	19 079.8	514.0
Non-employed businesses	4 283	3 861	^ 1 226.2	^ 1 112.1	^ 81.3
<i>Total</i>	<i>11 098</i>	<i>92 733</i>	<i>58 317.3</i>	<i>56 865.4</i>	<i>1 415.8</i>
.....					
40 FUEL RETAILING					
Employing businesses					
0–19 persons	3 035	15 311	7 551.1	7 464.7	113.4
20–99 persons	^ 342	^ 11 287	^ 5 148.8	^ 5 137.5	**28.2
100 persons or more	**16	^ 10 731	^ 13 463.4	^ 13 325.2	*161.5
Non-employed businesses	1 180	1 026	*1 303.8	*1 270.0	25.6
<i>Total</i>	<i>4 572</i>	<i>38 354</i>	<i>27 467.1</i>	<i>27 197.4</i>	<i>328.8</i>
.....					
41 FOOD RETAILING					
Employing businesses					
0–19 persons	15 262	77 533	14 462.7	13 717.6	766.3
20–99 persons	1 270	48 704	8 479.5	8 098.1	394.7
100 persons or more	116	243 616	52 445.1	50 192.1	2 341.6
Non-employed businesses	11 213	14 544	2 497.4	2 293.5	194.9
<i>Total</i>	<i>27 861</i>	<i>384 396</i>	<i>77 884.7</i>	<i>74 301.3</i>	<i>3 697.4</i>
.....					
42 OTHER STORE-BASED RETAILING					
Employing businesses					
0–19 persons	55 442	253 137	51 183.6	48 094.0	3 324.1
20–99 persons	3 149	109 137	22 486.1	21 731.3	1 120.0
100 persons or more	346	286 715	45 097.2	43 172.6	2 246.7
Non-employed businesses	43 850	46 166	^ 6 794.7	^ 6 130.6	^ 608.0
<i>Total</i>	<i>102 786</i>	<i>695 155</i>	<i>125 561.7</i>	<i>119 128.6</i>	<i>7 298.9</i>
.....					
43 NON-STORE RETAILING AND RETAIL COMMISSION-BASED BUYING AND/OR SELLING					
Employing businesses					
0–19 persons	3 012	8 615	^ 1 639.3	^ 1 473.9	*132.7
20–99 persons	27	1 095	^ 498.6	^ 467.5	30.4
100 persons or more	^ 5	814	303.4	268.4	41.9
Non-employed businesses	7 306	7 853	616.0	514.6	^ 98.5
<i>Total</i>	<i>10 351</i>	<i>18 376</i>	<i>3 057.3</i>	<i>2 724.3</i>	<i>^ 303.5</i>
.....					
TOTAL RETAIL INDUSTRY					
Employing businesses					
0–19 persons	82 665	380 279	86 887.5	82 440.3	4 683.9
20–99 persons	5 550	203 934	62 127.7	60 417.8	2 046.4
100 persons or more	621	571 353	130 834.8	126 038.2	5 305.7
Non-employed businesses	67 832	73 449	12 438.2	11 320.7	1 008.4
<i>Total</i>	<i>156 668</i>	<i>1 229 015</i>	<i>292 288.1</i>	<i>280 217.0</i>	<i>13 044.4</i>

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

1.3 STATES AND TERRITORIES(a), Retail industry

		ANZSIC SUBDIVISION					Total
		39 Motor vehicle and motor vehicle parts retailing	40 Fuel retailing	41 Food retailing	42 Other store-based retailing	43 Non-store retailing and retail commission- based buying and/or selling	retail industry
NEW SOUTH WALES							
Businesses at end June(b)	no.	3 269	1 552	9 466	35 046	3 706	53 040
Employment at end June	no.	26 483	^ 11 299	117 380	230 273	^ 7 846	393 282
Sales of goods and services	\$m	16 936.0	8 057.4	25 911.7	42 267.2	^ 1 543.6	94 716.0
Wages and salaries	\$m	1 069.0	274.9	2 499.3	5 543.5	^ 198.8	9 585.5
VICTORIA							
Businesses at end June(b)	no.	2 799	1 069	7 686	26 517	^ 2 538	40 609
Employment at end June	no.	24 230	^ 9 088	102 349	178 705	* 4 033	318 404
Sales of goods and services	\$m	15 889.7	^ 8 070.0	18 928.7	30 037.0	* 613.9	73 539.3
Wages and salaries	\$m	914.8	^ 226.5	1 940.8	4 157.0	* 64.7	7 303.8
QUEENSLAND							
Businesses at end June(b)	no.	2 423	943	4 869	19 890	^ 1 973	30 099
Employment at end June	no.	21 651	8 088	73 150	135 715	^ 2 885	241 489
Sales of goods and services	\$m	13 427.0	5 144.5	14 147.5	24 452.9	^ 331.5	57 503.4
Wages and salaries	\$m	814.6	210.3	1 402.1	3 055.0	* 34.0	5 516.0
SOUTH AUSTRALIA							
Businesses at end June(b)	no.	1 060	^ 316	2 290	7 398	^ 624	11 688
Employment at end June	no.	7 488	* 2 681	32 293	47 005	* 1 335	90 802
Sales of goods and services	\$m	3 460.9	^ 1 634.9	^ 6 133.5	^ 8 756.2	* 151.2	20 136.6
Wages and salaries	\$m	276.3	^ 55.6	572.7	1 127.4	* 11.2	2 043.2
WESTERN AUSTRALIA							
Businesses at end June(b)	no.	1 139	^ 430	2 398	10 315	1 123	15 405
Employment at end June	no.	8 815	* 5 369	^ 40 927	74 376	1 752	131 239
Sales of goods and services	\$m	6 160.3	^ 3 098.6	8 026.8	12 400.8	* 278.5	29 965.0
Wages and salaries	\$m	367.9	* 124.9	745.4	1 611.5	* 14.5	2 864.3
TASMANIA							
Businesses at end June(b)	no.	251	227	728	2 508	174	3 888
Employment at end June	no.	1 960	1 048	8 645	13 839	215	25 707
Sales of goods and services	\$m	907.4	^ 639.2	2 127.7	2 382.3	17.6	6 074.2
Wages and salaries	\$m	69.6	^ 27.5	152.4	286.0	** 0.5	535.9
NORTHERN TERRITORY							
Businesses at end June(b)	no.	^ 123	46	^ 237	892	** 135	1 432
Employment at end June	no.	903	454	4 085	4 609	* 191	10 242
Sales of goods and services	\$m	466.8	249.2	918.4	923.8	* 22.3	2 580.4
Wages and salaries	\$m	38.2	14.5	93.2	115.9	^ 1.2	263.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

(a) Data for multi-state businesses were assigned to each state or territory in which the business operates.

(b) As businesses may operate in more than one state or territory, the counts of businesses for each state and territory do not sum to the total.

1.3STATES AND TERRITORIES(a), Retail industry *continued*

ANZSIC SUBDIVISION

	39 Motor vehicle and motor vehicle parts retailing	40 Fuel retailing	41 Food retailing	42 Other store-based retailing	43 Non-store retailing and retail commission- based buying and/or selling	Total retail industry
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AUSTRALIAN CAPITAL TERRITORY

Businesses at end June(b)	no.	^ 129	^ 26	272	1 387	86	1 900
Employment at end June	no.	^ 1 204	327	5 568	10 633	118	17 850
Sales of goods and services	\$m	*632.1	372.8	1 225.8	2 040.3	^ 6.3	4 277.2
Wages and salaries	\$m	*45.6	10.3	103.7	243.0	^ 0.8	403.4

AUSTRALIA

Businesses at end June(b)	no.	11 098	4 572	27 861	102 786	10 351	156 668
Employment at end June	no.	92 733	38 354	384 396	695 155	18 376	1 229 015
Sales of goods and services	\$m	57 880.2	27 266.4	77 420.1	123 260.3	2 965.0	288 791.9
Wages and salaries	\$m	3 595.9	944.5	7 509.7	16 139.3	325.7	28 515.1

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

(a) Data for multi-state businesses were assigned to each state or territory in which the business operates.

(b) As businesses may operate in more than one state or territory, the counts of businesses for each state and territory do not sum to the total.

INTRODUCTION

This chapter presents results for the 2005–06 survey of businesses operating in Australia within DIVISION F WHOLESALE TRADE of the 2006 edition of the Australian and New Zealand Standard Industrial Classification (ANZSIC06).

DIVISION F consists of businesses mainly engaged in the purchase, onselling and commission-based selling of goods to businesses and is structured into six industry subdivisions comprising 39 industry classes. Throughout this chapter, businesses in DIVISION F WHOLESALE TRADE are referred to as the wholesale industry.

The tables in this publication provide information at the ANZSIC Subdivision level. More detailed information, at the ANZSIC Class level, can be found in the associated spreadsheets available online.

SUMMARY OF FINDINGS

At end June 2006 there were 84,913 businesses operating in the wholesale industry. These businesses employed 508,708 persons.

During 2005–06 wholesale industry businesses generated a total income of \$354.2b, which represented, on average, \$4.2m per business. Total expenses for the same period were \$339.9b.

Total industry value added by wholesale businesses was \$49.8b which represented 5.6% of Australian industry gross value added for 2005–06.

For 2005–06 wholesale businesses recorded an operating profit before tax of \$16.3b resulting in an operating profit margin of 4.7%.

The inventory turnover for the wholesale industry was seven times a year with GROCERY, LIQUOR AND TOBACCO PRODUCT WHOLESALING the highest at 14 times.

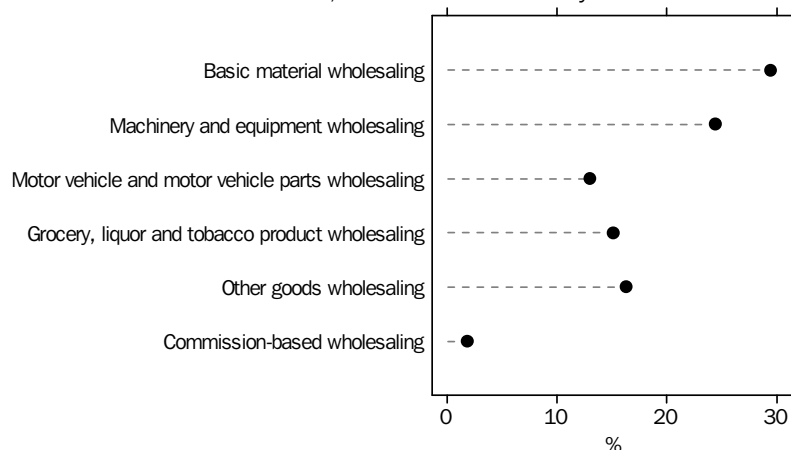
SOURCES OF INCOME

During 2005–06 the wholesale industry generated a total income of \$354.2b. It should be noted that income was exclusive of goods and services tax. Wholesale sales of goods accounted for 84.2% (\$298.1b) of total income while retail sales of goods contributed 5.2% (\$18.4b) to total income. Sales of goods produced represented 4.3% (\$15.3b) of total income.

The graph overleaf shows that BASIC MATERIAL WHOLESALING contributed 29.4% (\$104.2b) to total income for the wholesale industry while MACHINERY AND EQUIPMENT WHOLESALING accounted for 24.4% (\$86.4b). GROCERY, LIQUOR AND TOBACCO PRODUCT WHOLESALING represented 15.1% (\$53.6b) of total income for the wholesale industry.

SOURCES OF INCOME
continued

INCOME BY SUBDIVISION, Wholesale industry



EXPENSES

During 2005–06, total expenses in the wholesale industry were \$339.9b of which purchases accounted for 78.7% (\$267.7b). Wages and salaries represented 7.2% (\$24.5b) of total expenses.

MACHINERY AND EQUIPMENT WHOLESALING accounted for the largest share of total wages and salaries within the wholesale industry with 35.7% (\$8.8b). In contrast, COMMISSION-BASED WHOLESALING contributed the least with just 2.3% (\$0.6b).

MOTOR VEHICLE AND MOTOR VEHICLE PARTS WHOLESALING had the largest proportion of purchases to total expenses at 83.9%, while OTHER GOODS WHOLESALING had the lowest at 69.5%.

PROFITABILITY

In 2005–06 the total profit generated by wholesale businesses was \$16.3b, an average profit of \$192,300 per business.

MACHINERY AND EQUIPMENT WHOLESALING contributed \$4.9b (29.8%) of total wholesale industry profit. In contrast, COMMISSION-BASED WHOLESALING accounted for just \$0.4b (2.2%) of total wholesale industry profit.

During 2005–06 the wholesale industry showed an operating profit margin of 4.7%. OTHER GOODS WHOLESALING had an operating profit margin of 6.3% while the businesses with the lowest profit margins were in GROCERY, LIQUOR AND TOBACCO PRODUCT WHOLESALING (2.6%).

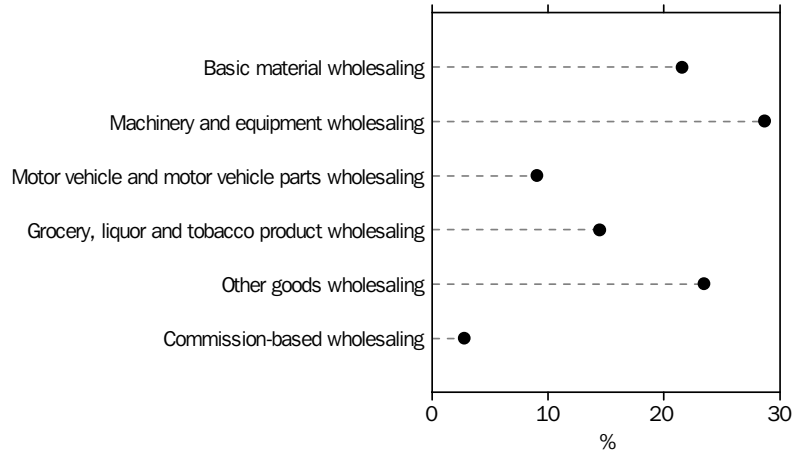
EMPLOYMENT

At end June 2006, total employment in the wholesale industry was 508,708 persons.

The graph overleaf shows that MACHINERY AND EQUIPMENT WHOLESALING recorded the highest employment with 28.7% (145,915 persons) of total wholesale industry employment. In contrast, COMMISSION-BASED WHOLESALING contributed the least with just 2.8% (14,067 persons).

EMPLOYMENT *continued*

EMPLOYMENT BY SUBDIVISION, Wholesale industry



Working proprietors and partners accounted for 7.2% (36,534 persons) of total wholesale industry employment. The proportion of working proprietors and partners to total employment was highest in COMMISSION-BASED WHOLESALING with 21.9% and lowest in MACHINERY AND EQUIPMENT WHOLESALING (2.7%).

BUSINESS SIZE

At end June 2006, wholesale businesses employing fewer than 20 persons accounted for 47.2% (40,048 businesses) of all wholesale businesses. These businesses employed 28.3% (144,012 persons) of total wholesale industry employment and contributed 24.4% (\$86.3b) to total wholesale industry income.

Non-employing businesses accounted for 48.2% (40,900 businesses) of all wholesale businesses and contributed 3.2% (\$11.3b) to total income. In contrast, businesses employing 100 or more persons accounted for 0.7% (601 businesses) of all wholesale businesses and contributed 49.3% (\$174.5b) to total wholesale industry income.

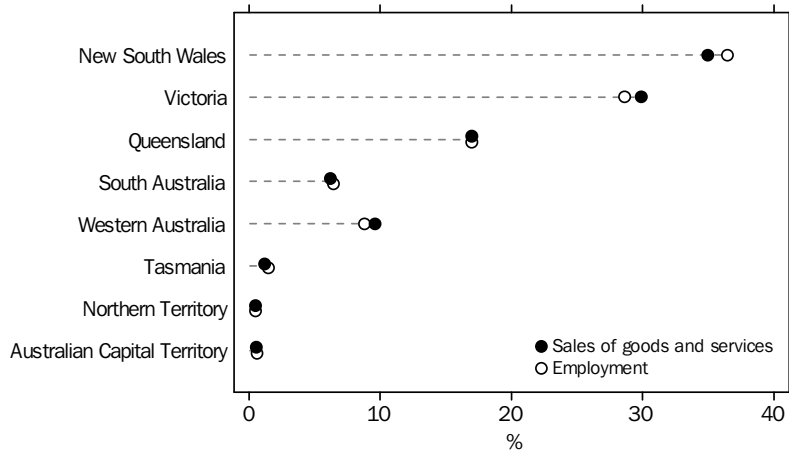
During 2005–06, wholesale businesses employing less than 20 persons generated \$599,200 in income per person employed while the 601 largest businesses derived an average income per person employed of \$851,700.

STATES AND TERRITORIES

The graph overleaf shows that New South Wales accounted for 36.5% (185,585 persons) of total wholesale industry employment and 35% (\$121.9b) of income from sales of goods and services. Victoria was the second largest contributor with 28.7% (145,748 persons) of employment and 29.9% (\$104.2b) of income from sales of goods and services.

STATES AND TERRITORIES
continued

KEY CHARACTERISTICS BY STATE AND TERRITORY, Wholesale industry



2.1 SUMMARY OF OPERATIONS, Wholesale industry

ANZSIC SUBDIVISION

		33 Basic material wholesaling	34 Machinery and equipment wholesaling	35 Motor vehicle and motor vehicle parts wholesaling	36 Grocery, liquor and tobacco product wholesaling	37 Other goods wholesaling	38 Commission-based wholesaling	Total wholesale industry
Businesses at end June	no.	18 946	16 570	6 557	12 386	24 938	5 516	84 913
Employment at end June								
Working proprietors and partners	no.	10 106	3 914	2 859	5 912	10 665	3 079	36 534
Employees	no.	99 572	142 001	43 128	67 773	108 713	10 988	472 174
Total	no.	109 677	145 915	45 987	73 685	119 378	14 067	508 708
Income								
Wholesale sales of goods	\$m	86 946.9	71 067.7	38 364.2	48 112.8	48 800.0	^ 4 787.6	298 079.2
Retail sales of goods	\$m	^ 8 085.0	2 006.2	^ 4 453.1	^ 941.7	2 647.4	^ 254.5	18 387.9
Sales of goods produced	\$m	4 799.8	^ 2 804.4	* 1 196.5	3 272.9	3 156.3	** 109.8	15 339.7
Repair and maintenance	\$m	* 59.0	3 610.6	^ 1 034.9	* 15.3	* 110.5	2.4	4 832.8
Commission income	\$m	840.2	^ 796.7	65.0	^ 260.7	^ 304.6	912.3	3 179.5
Other service income	\$m	1 949.0	3 965.5	^ 229.8	^ 384.3	^ 1 758.5	^ 269.4	8 556.5
Other income	\$m	1 498.9	^ 2 129.1	^ 635.7	575.0	^ 814.3	174.2	5 827.2
Total	\$m	104 178.7	86 380.3	45 979.1	53 562.8	57 591.7	6 510.2	354 202.8
Expenses								
Wages and salaries	\$m	4 860.2	8 750.1	2 007.9	2 825.9	5 514.9	565.5	24 524.5
Purchases	\$m	84 233.7	60 386.3	37 109.3	43 784.7	37 708.7	^ 4 435.9	267 658.6
Other expenses	\$m	11 402.0	13 224.9	5 124.6	5 718.7	11 049.0	1 216.0	47 735.2
Total	\$m	100 495.9	82 361.3	44 241.9	52 329.3	54 272.6	6 217.4	339 918.3
Inventories								
Opening	\$m	8 686.6	10 996.5	6 719.4	3 042.2	7 258.0	^ 574.8	37 277.4
Closing	\$m	9 242.7	11 838.2	6 881.1	3 213.8	7 502.5	^ 638.6	39 317.0
Operating profit before tax	\$m	4 239.9	4 864.0	1 899.0	1 405.4	3 565.0	^ 357.6	16 330.9
Industry value added	\$m	10 854.3	16 446.8	4 976.5	5 256.0	11 149.4	^ 1 101.2	49 784.3
Performance ratios								
Wages and salaries per employee	\$'000	48.8	61.6	46.6	41.7	50.7	51.5	51.9
Income per person employed	\$'000	949.9	592.0	999.8	726.9	482.4	462.8	696.3
Inventory turnover	times	9.3	5.2	5.4	13.9	5.1	^ 7.2	6.9
Operating profit margin	%	4.1	5.7	4.2	2.6	6.3	^ 5.6	4.7

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

2.2**SUMMARY OF OPERATIONS BY EMPLOYMENT SIZE, Wholesale industry**

	<i>Businesses at end June</i>	<i>Employment at end June</i>	<i>Total income</i>	<i>Total expenses</i>	<i>Operating profit before tax</i>
	no.	no.	\$m	\$m	\$m
.....					
33 BASIC MATERIAL WHOLESALING					
Employing businesses					
0–19 persons	8 406	32 489	24 849.9	23 747.3	^ 1 152.3
20–99 persons	719	27 193	22 972.5	22 477.7	704.6
100 persons or more	126	41 212	52 355.4	50 693.9	1 991.1
Non-employing businesses	9 695	8 783	4 001.0	3 577.0	392.0
<i>Total</i>	<i>18 946</i>	<i>109 677</i>	<i>104 178.7</i>	<i>100 495.9</i>	<i>4 239.9</i>
.....					
34 MACHINERY AND EQUIPMENT WHOLESALING					
Employing businesses					
0–19 persons	9 116	35 104	18 344.7	17 261.3	^ 1 293.0
20–99 persons	936	36 000	21 004.1	20 045.6	^ 1 207.7
100 persons or more	182	71 249	45 394.0	43 644.0	2 165.8
Non-employing businesses	6 336	3 562	1 637.6	1 410.4	^ 197.5
<i>Total</i>	<i>16 570</i>	<i>145 915</i>	<i>86 380.3</i>	<i>82 361.3</i>	<i>4 864.0</i>
.....					
35 MOTOR VEHICLE AND MOTOR VEHICLE PARTS WHOLESALING					
Employing businesses					
0–19 persons	3 366	12 242	^ 6 888.5	6 323.6	^ 408.1
20–99 persons	194	7 691	^ 7 450.7	^ 7 211.9	292.6
100 persons or more	66	23 820	30 835.2	29 984.3	1 120.7
Non-employing businesses	2 931	2 234	804.7	722.0	^ 77.5
<i>Total</i>	<i>6 557</i>	<i>45 987</i>	<i>45 979.1</i>	<i>44 241.9</i>	<i>1 899.0</i>
.....					
36 GROCERY, LIQUOR AND TOBACCO PRODUCT WHOLESALING					
Employing businesses					
0–19 persons	5 930	21 294	17 173.5	16 733.2	*515.6
20–99 persons	611	23 019	15 364.0	14 908.7	^ 340.3
100 persons or more	66	24 624	19 066.7	18 815.5	454.3
Non-employing businesses	5 779	4 746	1 958.6	1 871.9	95.3
<i>Total</i>	<i>12 386</i>	<i>73 685</i>	<i>53 562.8</i>	<i>52 329.3</i>	<i>1 405.4</i>
.....					
37 OTHER GOODS WHOLESALING					
Employing businesses					
0–19 persons	10 877	36 836	15 439.4	14 664.4	890.3
20–99 persons	830	31 662	13 735.9	12 819.5	1 012.4
100 persons or more	^ 149	41 325	26 201.1	24 812.2	1 422.1
Non-employing businesses	13 082	9 555	2 215.3	1 976.4	240.0
<i>Total</i>	<i>24 938</i>	<i>119 378</i>	<i>57 591.7</i>	<i>54 272.6</i>	<i>3 565.0</i>
.....					
38 COMMISSION-BASED WHOLESALING					
Employing businesses					
0–19 persons	2 354	6 047	^ 3 592.5	^ 3 463.4	^ 186.8
20–99 persons	73	2 591	1 670.3	1 602.7	^ 74.2
100 persons or more	*12	^ 2 610	^ 605.9	^ 561.5	**48.5
Non-employing businesses	3 078	2 818	641.4	589.8	48.1
<i>Total</i>	<i>5 516</i>	<i>14 067</i>	<i>6 510.2</i>	<i>6 217.4</i>	<i>^ 357.6</i>

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

2.2 SUMMARY OF OPERATIONS BY EMPLOYMENT SIZE, Wholesale industry *continued*

	<i>Businesses at end June</i>	<i>Employment at end June</i>	<i>Total income</i>	<i>Total expenses</i>	<i>Operating profit before tax</i>
	no.	no.	\$m	\$m	\$m
TOTAL WHOLESALE INDUSTRY					
Employing businesses					
0–19 persons	40 048	144 012	86 288.4	82 193.4	4 446.1
20–99 persons	3 363	128 157	82 197.5	79 066.1	3 632.0
100 persons or more	601	204 840	174 458.3	168 511.4	7 202.4
Non-employing businesses	40 900	31 699	11 258.6	10 147.4	1 050.4
<i>Total</i>	<i>84 913</i>	<i>508 708</i>	<i>354 202.8</i>	<i>339 918.3</i>	<i>16 330.9</i>

2.3 STATES AND TERRITORIES(a), Wholesale industry

		ANZSIC SUBDIVISION							
		33 Basic material wholesaling	34 Machinery and equipment wholesaling	35 Motor vehicle and motor vehicle parts wholesaling	36 Grocery, liquor and tobacco product wholesaling	37 Other goods wholesaling	38 Commission-based wholesaling	Total wholesale industry	
NEW SOUTH WALES									
Businesses at end June(b)	no.	6 430	6 154	2 243	4 514	9 632	2 075	31 048	
Employment at end June	no.	34 180	58 506	12 396	25 000	49 722	5 781	185 585	
Sales of goods and services	\$m	29 169.9	35 197.5	11 937.3	18 369.8	24 568.8	2 621.1	121 864.4	
Wages and salaries	\$m	1 528.8	3 854.5	539.2	1 012.0	2 544.3	280.7	9 759.5	
VICTORIA									
Businesses at end June(b)	no.	4 899	4 695	1 800	2 929	7 282	1 104	22 710	
Employment at end June	no.	29 213	40 059	16 039	17 837	40 275	2 325	145 748	
Sales of goods and services	\$m	30 932.3	21 559.3	16 973.7	14 522.4	18 777.0	*1 403.3	104 168.1	
Wages and salaries	\$m	1 410.0	2 420.9	739.7	716.4	1 819.8	81.7	7 188.5	
QUEENSLAND									
Businesses at end June(b)	no.	4 175	3 168	1 396	2 387	4 159	^ 959	16 244	
Employment at end June	no.	23 209	22 265	8 156	14 416	15 684	^ 2 698	86 429	
Sales of goods and services	\$m	21 022.7	13 221.0	7 782.4	9 292.3	6 986.2	795.5	59 100.2	
Wages and salaries	\$m	951.7	1 156.1	336.2	537.4	631.8	*93.5	3 706.7	
SOUTH AUSTRALIA									
Businesses at end June(b)	no.	1 363	1 262	^ 505	1 070	1 542	400	6 142	
Employment at end June	no.	9 563	7 821	3 137	^ 6 317	^ 4 880	^ 946	32 664	
Sales of goods and services	\$m	7 803.8	3 684.7	3 219.9	^ 4 090.4	2 226.7	^ 717.5	21 743.0	
Wages and salaries	\$m	410.9	370.5	131.9	^ 223.7	192.4	^ 25.8	1 355.2	
WESTERN AUSTRALIA									
Businesses at end June(b)	no.	1 920	1 886	625	1 215	2 190	^ 707	8 543	
Employment at end June	no.	10 426	13 519	5 328	7 027	^ 6 720	^ 1 710	44 730	
Sales of goods and services	\$m	10 872.9	8 884.6	4 705.5	5 104.0	3 334.2	^ 680.4	33 581.7	
Wages and salaries	\$m	433.1	756.3	221.4	238.6	^ 252.5	^ 56.2	1 958.2	
TASMANIA									
Businesses at end June(b)	no.	411	^ 301	115	225	286	**255	1 593	
Employment at end June	no.	2 077	^ 1 607	401	1 979	1 136	*521	7 721	
Sales of goods and services	\$m	1 821.3	675.5	185.8	1 059.3	425.4	^ 99.9	4 267.2	
Wages and salaries	\$m	82.2	^ 73.6	13.4	62.5	34.4	*22.2	288.3	
NORTHERN TERRITORY									
Businesses at end June(b)	no.	146	115	28	107	^ 124	25	544	
Employment at end June	no.	565	^ 940	171	^ 537	^ 294	36	2 542	
Sales of goods and services	\$m	735.6	401.9	168.6	274.9	np	np	1 693.9	
Wages and salaries	\$m	22.7	40.2	6.6	^ 16.4	np	np	98.1	

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) Data for multi-state businesses were assigned to each state or territory in which the business operates.

(b) As businesses may operate in more than one state or territory, the counts of businesses for each state and territory do not sum to the total.

2.3 STATES AND TERRITORIES(a), Wholesale industry *continued*

ANZSIC SUBDIVISION

	33 Basic material wholesaling	34 Machinery and equipment wholesaling	35 Motor vehicle and motor vehicle parts wholesaling	36 Grocery, liquor and tobacco product wholesaling	37 Other goods wholesaling	38 Commission-based wholesaling	Total wholesale industry
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AUSTRALIAN CAPITAL TERRITORY

Businesses at end June(b)	no.	136	212	46	91	190	23	697
Employment at end June	no.	^ 445	1 198	358	572	667	50	3 290
Sales of goods and services	\$m	321.2	626.6	^ 370.3	274.7	np	np	1 957.2
Wages and salaries	\$m	^ 20.7	78.1	^ 19.4	19.0	np	np	170.0

AUSTRALIA

Businesses at end June(b)	no.	18 946	16 570	6 557	12 386	24 938	5 516	84 913
Employment at end June	no.	109 677	145 915	45 987	73 685	119 378	14 067	508 708
Sales of goods and services	\$m	102 679.8	84 251.2	45 343.5	52 987.7	56 777.4	6 336.0	348 375.6
Wages and salaries	\$m	4 860.2	8 750.1	2 007.9	2 825.9	5 514.9	565.5	24 524.5

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) Data for multi-state businesses were assigned to each state or territory in which the business operates.

(b) As businesses may operate in more than one state or territory, the counts of businesses for each state and territory do not sum to the total.

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents a range of statistics relating to businesses involved in the retail and wholesale industries for the 2005–06 financial year. This is the fourth time the ABS has published statistics on the retail and wholesale industries. Previous collections were conducted in respect of the 1985–86, 1991–92 and 1998–99 financial years for the retail industry, and in respect of the 1981–82, 1991–92 and 1998–99 financial years for the wholesale industry. This is the first time that results for both industries are being released in the same publication.

2 There were 8,672 retail businesses and 4,935 wholesale businesses selected in the collection. For more information refer to the Technical Note.

SCOPE

3 The scope of the 2005–06 Retail and Wholesale Industries Survey was all employing and non-employing businesses on the ABS Business Register, classified to the Australian and New Zealand Standard Industrial Classification (ANZSIC06) DIVISION G RETAIL TRADE and DIVISION F WHOLESALE TRADE. Non-employing businesses were excluded from the scope of previous surveys.

4 For the retail industry the scope included Australian businesses mainly engaged in the purchase and onselling, commission-based buying, and commission-based selling of goods, without significant transformation, to the general public. The retail industry included businesses that purchase and onsell goods to the general public using non-traditional means, including the Internet.

5 For the wholesale industry the scope included Australian businesses mainly engaged in the purchase and onselling, the commission-based buying, and the commission-based selling of goods, without significant transformation, to businesses.

STATISTICAL UNITS DEFINED ON THE ABS BUSINESS REGISTER

6 The ABS uses an economic statistics units model on the ABS Business Register to describe the characteristics of businesses, and the structural relationships between related businesses. The units model is also used to break groups of related businesses into relatively homogeneous components that can provide data to the ABS.

7 In mid-2002, to better use the information available as a result of The New Tax System, the ABS changed its economic statistics units model. The new units model allocates businesses to one of two sub-populations. The vast majority of businesses are in what is called the Australian Taxation Office (ATO) Maintained Population, while the remaining businesses are in the ABS Maintained Population. Together, these two sub-populations make up the ABS Business Register population.

ATO Maintained Population

8 Most businesses and organisations in Australia need to obtain an Australian Business Number (ABN), and are then included on the ATO Australian Business Register. Most of these businesses have simple structures; therefore the unit registered for an ABN satisfies ABS statistical requirements. For these businesses, the ABS has aligned its statistical units structure with the ABN unit. The businesses with simple structures constitute the ATO Maintained Population, and the ABN unit is used as the economic statistics unit for all economic collections.

ABS Maintained Population

9 For the population of businesses where the ABN unit is not suitable for ABS statistical requirements, the ABS maintains its own units structure through direct contact with the business. These businesses constitute the ABS Maintained Population. This population consists typically of large, complex and diverse businesses. The new statistical units model described below has been introduced to cover such businesses.

- *Enterprise Group*: This is a unit covering all the operations in Australia of one or more legal entities under common ownership and/or control. It covers all the operations in Australia of legal entities which are related in terms of the current Corporations Law (as amended by the *Corporations Legislation Amendment Act 1991*), including legal entities such as companies, trusts, and partnerships. Majority ownership is not required for control to be exercised.

- *Enterprise*: The enterprise is an institutional unit comprising (i) a single legal entity or business entity, or (ii) more than one legal entity or business entity within the same Enterprise Group and in the same institutional subsector (i.e. they are all classified to a single Standard Institutional Sector Classification of Australia subsector).

- *Type of Activity Unit (TAU)*: The TAU is comprised of one or more business entities, sub-entities or branches of a business entity within an Enterprise Group that can report production and employment data for similar economic activities. When a minimum set of data items is available, a TAU is created which covers all the operations within an industry subdivision (and the TAU is classified to the relevant subdivision of the Australian and New Zealand Standard Industrial Classification). Where a business cannot supply adequate data for each industry, a TAU is formed which contains activity in more than one industry subdivision.

10 For more information on the impacts of the introduction of the new economic statistics units model, refer to *Information Paper: Improvements in ABS Economic Statistics [Arising from the New Tax System]* (cat. no. 1372.0).

Comparison Over Time

11 Prior to the 2005–06 collection, the Retail and Wholesale Industries Survey used the management unit as the statistical unit. The statistical unit in the 2005–06 collection is the ABN unit for businesses with simple structures, and the TAU for businesses with complex structures. In most cases, ABN/TAU units concord with the management units used in previous cycles.

COVERAGE

12 The frame used for the Retail and Wholesale Industries Survey, like most ABS economic surveys, was taken from the ABS Business Register. The ABS Business Register is updated monthly to take account of new businesses and businesses which have ceased employing.

Improvements to Coverage

13 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 register. The majority of businesses affected and to which the adjustments apply, are small in size.

14 Adjustments have been made to include new businesses in the estimates in the period in which they commenced operations, rather than when they were processed to the ABS Business Register. Adjustments of this type will continue to be applied in future periods.

15 For more information on these adjustments, please refer to the ABS publication *Information Paper: Improvements to ABS Economic Statistics, 1997* (cat. no. 1357.0).

COMPARISON WITH OTHER ABS STATISTICS

16 Annual industry data for retail and wholesale trade are also published in *Australian Industry* (cat. no. 8155.0). Both *Australian Industry* and *Retail and Wholesale Industries* present estimates based on businesses classified to ANZSIC DIVISION G RETAIL TRADE and DIVISION F WHOLESALE TRADE. There are important differences, however, between

COMPARISON WITH OTHER
ABS STATISTICS *continued*

the statistics published in the two publications and users should exercise caution when making comparisons between the two sets of estimates.

17 The *Australian Industry* publication presents information on businesses coded to industry classes using the 1993 edition of ANZSIC (ANZSIC93), whereas *Retail and Wholesale Industries* presents estimates using the 2006 edition of ANZSIC (ANZSIC06). *Australian Industry* will present information on the basis of ANZSIC06 from the 2006–07 reference year. Refer to the Technical Note for more details on the impact on estimates arising from changes in the industry classification.

18 *Australian Industry* presents annual experimental summary statistics at the ANZSIC Class level. It shows the relative performance of each industry class, and allows patterns of change or growth to be analysed across particular segments of the Australian economy. The industry estimates presented in *Australian Industry* are used in the compilation of the National Accounts, and in the derivation of economy-wide indicators such as gross domestic product.

19 The *Retail and Wholesale Industries* publication supplements the annual industry summary statistics with a detailed examination of the performance, structure and activities of retail and wholesale businesses for the reference year of the survey.

20 *Retail Trade* (cat. no. 8501.0) is a monthly publication of selected retail businesses which uses the ANZSIC93 industry classification and excludes the following ANZSIC93 classes:

- 5126 MILK VENDING
- 5245 MARINE EQUIPMENT RETAILING
- 5261 HOUSEHOLD EQUIPMENT REPAIR SERVICES (ELECTRICAL)
- 5269 HOUSEHOLD EQUIPMENT REPAIR SERVICES N.E.C.
- 5311 CAR RETAILING
- 5312 MOTOR CYCLE DEALING
- 5313 TRAILER AND CARAVAN DEALING
- 5321 AUTOMOTIVE FUEL RETAILING
- 5322 AUTOMOTIVE ELECTRICAL SERVICES
- 5323 SMASH REPAIRING
- 5324 TYRE RETAILING
- 5329 AUTOMOTIVE REPAIR AND SERVICE N.E.C.

21 In addition, *Retail Trade* includes selected hospitality and service industries which are out of scope of the retail component of *Retail and Wholesale Industries* such as:

- 5720 PUBS, TAVERNS AND BARS
- 5740 CLUBS (HOSPITALITY)
- 5730 CAFES AND RESTAURANTS
- 9511 VIDEO HIRE OUTLETS
- 9526 HAIRDRESSING AND BEAUTY SALONS.

HISTORICAL COMPARISONS

Changes in scope

22 Historical comparisons have not been made in this publication for several reasons.

23 The scope of the survey has been broadened to include non-employed businesses for the first time.

*Change in industry
classification*

24 The estimates in this publication are based on ANZSIC06 whereas estimates in the 1998–99 issue were based on ANZSIC93.

25 For more information, please refer to the Technical Note, or to *Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006* (cat. no. 1292.0) for more detail on the 2006 industry classification and concordances between the 1993 and 2006 versions.

*Australian Equivalents to
International Financial
Reporting Standards*

26 The new Australian Equivalents to International Financial Reporting Standards (AEIFRS) were progressively implemented in Australia from 1 January 2005. As a result, changes in definitions have impacted upon both income statements and balance sheet items.

27 Since the implementation of AEIFRS, analysis of published time series data has indicated structural breaks in series. The magnitude of such breaks, however, cannot be determined without imposing a disproportionate load upon data providers. The ABS will continue to monitor developments and report any significant identified impacts as a result of AEIFRS.

RELIABILITY OF DATA

28 When interpreting the results of a survey it is important to take into account factors that may affect the reliability of estimates. Such factors can be classified as either sampling or non-sampling error.

29 The estimates are based on information obtained from a randomly selected stratified sample of retail and wholesale businesses in the Australian business 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 (that is, if a census was conducted). 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.

30 There are about two chances in three that a sample estimate will differ by less than one SE from the figure that would have been obtained if a census was conducted and approximately 19 chances in 20 that the difference will be less than two SEs.

31 Sampling variability can also 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 sampling error in percentage terms, and this avoids the need to refer also to the size of the estimate. The tables overleaf contain estimates of RSEs for a selection of the statistics presented in this publication.

RELIABILITY OF DATA *continued*

SELECTED RELATIVE STANDARD ERRORS BY INDUSTRY

	<i>Total retail industry</i>	<i>Total wholesale industry</i>
	%	%
Businesses at end June	—	—
Employment at end June		
Working proprietors and partners	1.0	—
Employees	—	2.0
<i>Total</i>	—	2.0
Income		
Retail sales of goods	2.0	6.8
Wholesale sales of goods	3.4	0.3
Sales of goods produced	8.2	6.6
Repair and maintenance	1.9	5.4
Commission income	6.4	7.8
Other service income	6.0	5.0
Other income	2.6	6.2
<i>Total</i>	0.9	0.4
Expenses		
Wages and salaries	1.0	1.5
Purchases	0.7	0.4
Other expenses	1.9	1.6
<i>Total</i>	0.8	0.2
Inventories		
Opening	0.4	0.5
Closing	0.4	1.9
Operating profit before tax	2.3	2.1
Industry value added	1.6	1.3
Performance ratios		
Wages and salaries per employee	0.6	0.9
Income per person employed	0.9	2.3
Inventory turnover	1.1	1.8
Operating profit margin	1.4	1.9

— nil or rounded to zero (including null cells)

32 As an example of the above, an estimate of total income for the retail industry is \$292,288.1m and the RSE is 0.9%, giving a SE of \$2,630.6m. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure of \$289,657.5m to \$294,918.7m would have been obtained, and 19 chances in 20 (i.e. a confidence level of 95%) that the figure would have been in the range \$287,026.9m to \$297,549.3m.

33 The sampling variability for estimates at the state/territory level was generally higher than for Australian level aggregates. Survey estimates for states/territories should therefore be viewed with more caution than those for Australia.

34 Similarly, sampling variability for estimates at industry class level was generally higher than for subdivision level and should therefore be viewed with more caution.

35 Errors other than those due to sampling may occur in any type of collection and are referred to as non-sampling error. For this survey, non-sampling error may result from such things as deficiencies in the register of businesses from which the sample was drawn, non-response, imperfections in reporting and/or errors made in compiling results. The extent to which non-sampling error affects the results of the survey is not precisely quantifiable. Every effort was made to minimise non-sampling error by careful

RELIABILITY OF DATA <i>continued</i>	<p>design and testing of questionnaires, efficient operating procedures and systems and the use of appropriate methodology. Survey estimates subject to a high level of non-sampling error have been suppressed or provided with relevant cautions.</p> <p>36 Estimates that have an estimated relative standard error between 10% and 25% are annotated with the symbol '^'. These estimates should be used with caution as they are subject to sampling variability too high for some purposes. Estimates with an RSE between 25% and 50% are annotated with the symbol '*', indicating that the estimate should be used with caution as it is subject to sampling variability too high for most practical purposes. Estimates with an RSE greater than 50% are annotated with the symbol '**' indicating that the sampling variability causes the estimates to be considered too unreliable for general use.</p>
QUALITY INDICATORS	<p>37 For the 2005–06 Retail and Wholesale Industries Survey, there was a 90% response rate from all businesses that were surveyed and found to be operating during the reference period. Data were imputed for the remaining 10% of operating businesses. Imputed responses contributed 5.9% to the estimate of total income for the retail industry and 3.6% for the wholesale industry.</p>
ROUNDING	<p>38 Where figures have been rounded, discrepancies may occur between the sum of the components and the total. Similar discrepancies may occur between a proportion or ratio, and the ratio of the separate components.</p>
REFERENCE PERIOD	<p>39 Data contained in the tables in this publication relate to businesses involved in the retail and wholesale industry in Australia during the year ended June 2006. Financial estimates include the activity of any business that ceased or commenced operations during the year. Counts of businesses include only those that were operating at 30 June 2006. Employment includes only those persons working for businesses during the last pay period ending in June 2006.</p>
ACKNOWLEDGMENT	<p>40 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 <i>Census and Statistics Act 1905</i>.</p>
AVAILABILITY OF ADDITIONAL DATA	<p>41 This publication contains estimates at the ANZSIC Subdivision level only. Estimates at the ANZSIC Group and Class level are available in spreadsheets attached to the ABS web page for <i>Retail and Wholesale Industries, Australia, 2005–06</i> (cat. no. 8622.0). The sample for this collection was not designed to support reliable estimates at the sub-state or small area level. The only data below the national level available from this collection are the broad level data for states and territories as presented in Tables 1.3 and 2.3.</p> <p>42 Enquiries for further information about the statistics presented in this publication can be made by telephoning William Milne on (03) 9615 7862.</p>
ABBREVIATIONS	<p>\$b billion (thousand million) dollars</p> <p>\$m million dollars</p> <p>ABN Australian Business Number</p> <p>ABS Australian Bureau of Statistics</p> <p>AEIFRS Australian Equivalents to International Financial Reporting Standards</p> <p>ANZSIC Australian and New Zealand Standard Industrial Classification</p> <p>ANZSIC06 <i>Australian and New Zealand Standard Industrial Classification, 2006 Edition</i></p>

ANZSIC93 *Australian and New Zealand Standard Industrial Classification, 1993 Edition*

ATO Australian Taxation Office

BIT business income tax

IVA industry value added

PAYGW pay-as-you-go withholding

RSE relative standard error

SE standard error

TAU type of activity unit

INTRODUCTION

1 The estimates in this publication have been produced using a combination of ABS directly collected data and Business Income Tax (BIT) data sourced from the Australian Taxation Office (ATO).

STATISTICAL UNITS DEFINED ON THE ABS BUSINESS REGISTER

2 The directly collected data have been reported by a sample of businesses, as recorded on the ABS Business Register. The ABS uses an economic statistics units model on the ABS Business Register to describe the characteristics of businesses, and the structural relationships between related businesses. Within large and diverse business groups, the units model is used also to define reporting units that can provide data to the ABS at suitable levels of detail. For more information about statistical units refer to paragraphs 6–11 of the Explanatory Notes.

COLLECTION DESIGN

3 The diagram overleaf illustrates the ways in which Australian businesses contribute to the estimates in this publication.

4 The counts of businesses in the diagram refer to the numbers of businesses on the survey 'frame', or list of business units, from which the sample to produce these estimates was selected. During processing of the surveys, units no longer in operation were detected, and the estimates adjusted accordingly.

5 Businesses were only selected to participate in the Retail and Wholesale Industries Survey (i.e. the direct collect sample, or 'Stream D' businesses) if they met a threshold level of activity. Thresholds were set for each ANZSIC class to account for, on average, 90% of total turnover, and no less than 85% of total turnover, as determined by ATO Business Activity Statement data. Businesses eligible for selection in the direct collect sample were selected from the population using stratified random sampling techniques.

6 Very small businesses with annual income less than the threshold were not eligible for selection. Business Income Tax data was used for these units (known as 'Stream T' businesses). At the time of selection Stream T accounted for 55% of retail businesses, but only 8% of expected total income. Similarly, Stream T accounted for 78% of wholesale businesses, but only 10% of expected income. Only broad income and expense items were available from the BIT file.

Employment estimates for Stream T

7 One implication of the use of BIT data in these statistics is that no direct measure of employment is available for those units which contribute to the estimates through the BIT source. This is because the ATO does not collect information about employment numbers. Unlike financial variables, which have a direct relationship to the data available from the BIT files, employment data are not readily amenable to being modelled using the same techniques. Further work therefore has been undertaken in order to devise a suitable modelling process, which is outlined below.

8 In estimating employment for units whose data were sourced from the BIT files, the new methodology took into account:

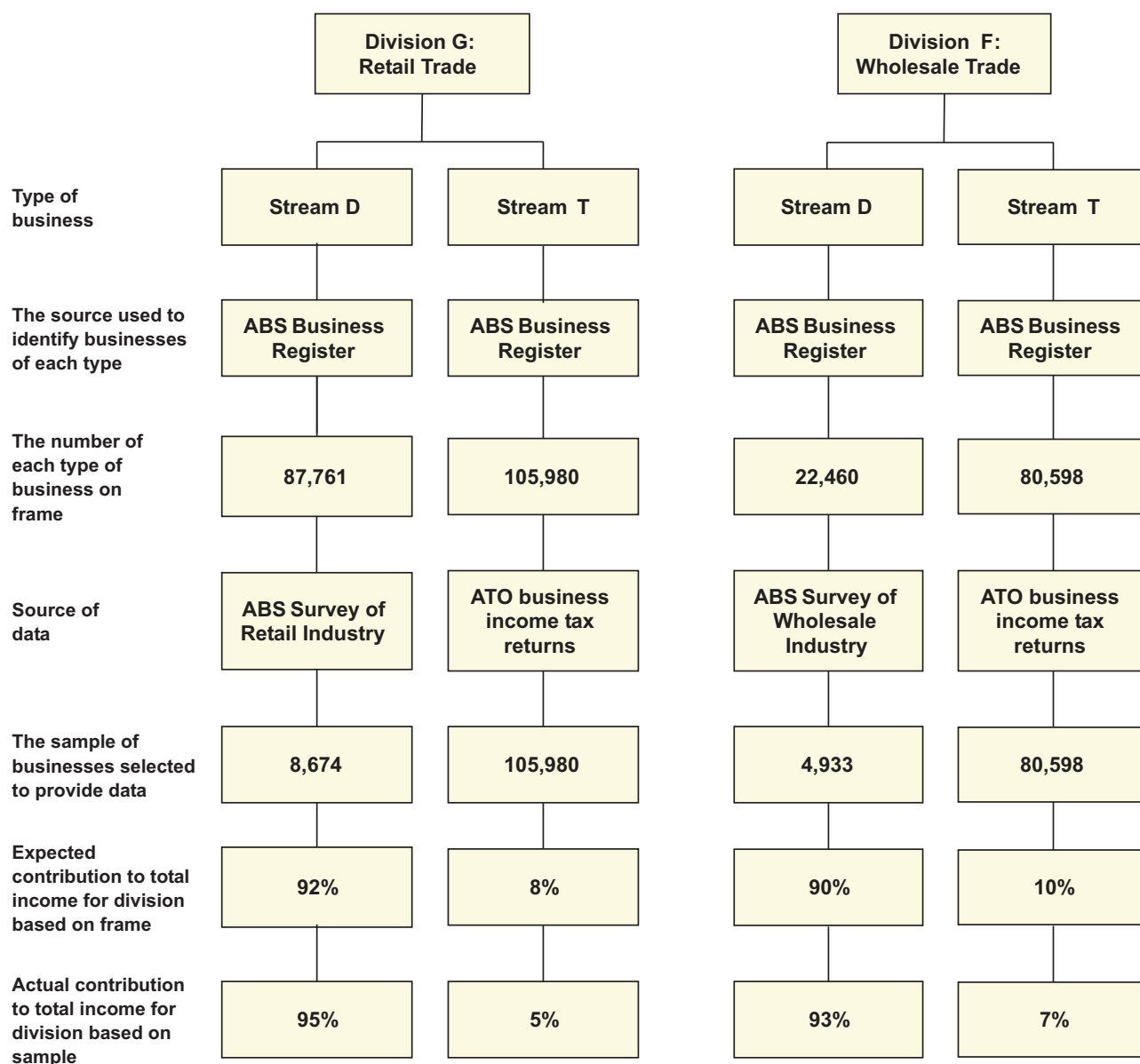
- whether a business is recorded as paying wages and salaries
- whether a business is an incorporated entity
- whether a business is a sole proprietorship
- for those businesses that are partnerships of individuals, industry averages (derived from the ABS's Labour Force Survey) in order to estimate the number of partners per partnership

Employment estimates for
Stream T continued

■ for those businesses that are partnerships of businesses, the assumption that the number of partners per partnership is zero.

9 For each business, an estimate of employee numbers was derived from its value of wages and salaries (if any) using industry averages. For each unincorporated business, these employee numbers were then added to an estimate of its number of working proprietors or partners, to produce an estimate of the total employment of the business. These estimates were then aggregated to the directly collected data to produce the estimates included in this publication.

10 At the time of preparing the estimates for publication, the latest available BIT file related to the 2004–05 reference period. Growth factors were therefore applied to align it with the 2005–06 reference period.



11 In order to minimise the statistical reporting load for very small businesses, the direct collect sample was divided into two streams. A small proportion (14%) of selected businesses was asked to supply detailed income and expense items, while all other businesses were required to complete only broad level income and expense items.

Employment estimates for
Stream T continued

12 Where detailed data were not collected, the data were prorated using businesses with similar characteristics. For detailed income and expense items, this included businesses in Streams D and T. For commodities, it included businesses in Stream T only.

13 Data were then aggregated and adjusted to account for:

- survey non-response
- ABNs that did not match to business income tax data
- other sources of error such as newly established businesses that were not fully represented on the ABS Business Register.

INDUSTRY GROUP AND CLASS
ESTIMATES

14 All business units that contributed to the data carry an industry code at the ANZSIC Class (four-digit) level. The sample used for the ABS collected component of these estimates was designed to give broad estimates at the class level. This publication contains estimates at the ANZSIC Subdivision level only, but ANZSIC Group and Class estimates have been released on the ABS web site in the spreadsheets attached to the web page for *Retail and Wholesale Industries, Australia, 2005–06* (cat. no. 8622.0).

STATE AND TERRITORY
ESTIMATES

15 The methodology for producing the state and territory estimates separates businesses entities into two groups:

- those businesses identified as operating in only one state or territory ('single state' businesses)
- those businesses identified as operating across more than one state and/or territory ('multi-state' businesses).

16 For larger businesses identified as multi-state on the ABS Business Register, state and territory data were directly collected. For all other businesses, including single state businesses and smaller businesses identified as multi-state, the business's data was allocated to the state of head office.

17 Given multi-state businesses contribute to more than one state, business counts for the individual states and territories sum to more than the total for Australia.

ANZSIC93 AND ANZSIC06

18 The estimates in this publication are based on the Australian and New Zealand Standard Industrial Classification 2006 edition (ANZSIC06). Data in previous issues were based on the 1993 version of the ANZSIC (ANZSIC93). ANZSIC06 was adopted to provide a more contemporary industrial classification system, taking into account issues such as changes in the structure and composition of the economy, changing user demands and compatibility with major international classification standards.

19 For more information, please refer to *Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006* (cat. no. 1292.0) which contains more detail on the 2006 industry classification and concordances between the 1993 and 2006 versions.

20 The industry classification change has resulted in a reduction in scope and size of both the RETAIL TRADE and WHOLESALe TRADE Divisions. This has affected the RETAIL TRADE Division to a greater degree than the WHOLESALe TRADE Division. The following table outlines the main changes for the RETAIL TRADE Division. For example, BREAD AND CAKE RETAILING AND IS NOW DISTRIBUTED ACROSS BOTH MANUFACTURING AND RETAIL TRADE.

ANZSIC93 AND ANZSIC06
continued

SELECTED ANZSIC CLASSES MOVING OUT OF RETAIL INDUSTRY

ANZSIC93 Class	ANZSIC06 Division
5124 Bread and cake retailing	C Manufacturing G Retail trade
5125 Takeaway food retailing	H Accommodation and food services
5261 Household equipment repair services (electrical)	E Construction S Other services
5269 Household equipment repair services n.e.c.	S Other services O Public administration and safety
5323 Smash repairing	I Transport, postal & warehousing S Other services
5329 Automotive repair and services n.e.c.	S Other services

COMMODITY ESTIMATES

21 Commodity estimates are not included in this publication. They have been released in spreadsheet format on the ABS web page for *Retail and Wholesale Industries, Australia, 2005–06: Commodities* (cat. no. 8624.0).

FURTHER INFORMATION

22 For more information, contact William Milne on (03) 9615 7862.

GLOSSARY

ANZSIC Class	The structure of ANZSIC comprises four levels, ranging from industry division (broadest level) to industry class (finest level). Activities are narrowly defined within the industry class level, which is identified by a four-digit code, e.g. CLASS 3321 PETROLEUM PRODUCT WHOLESALING.
ANZSIC Division	The structure of ANZSIC comprises four levels, ranging from industry division (broadest level) to industry class (finest level). The main purpose of the industry division level is to provide a limited number of categories which give a broad picture of the economy. There are 19 divisions within ANZSIC, each identified by an alphabetical letter, e.g. 'F' for WHOLESALE TRADE, and 'G' for RETAIL TRADE.
ANZSIC Group	This is the intermediate level within each industry division of ANZSIC and is identified by a three-digit code, e.g. GROUP 332 MINERAL, METAL AND CHEMICAL WHOLESALING. It provides more detail than the industry subdivision, and is created in a way that groups like industry classes together.
ANZSIC Subdivision	This is the broadest level category within each industry division of ANZSIC and is identified by a two-digit code, e.g. SUBDIVISION 33 BASIC MATERIAL WHOLESALING. Industry subdivisions are built up from industry groups which, in turn, are built up from industry classes.
Closing inventories	See Inventories.
Commission income	This item includes income received from goods sold on behalf of another business.
Employees	This item represents all employees on the payroll for the last pay period ending in June. Employees absent on paid or prepaid leave, and employees on workers' compensation who continue to be paid through the payroll are included. Working proprietors and partners, non-salaried directors, subcontractors, unpaid workers and persons solely paid by commission without a retainer are excluded.
Employing businesses	Employing businesses are those registered to the ATO's pay-as-you-go withholding (PAYGW) tax scheme (which may include businesses with zero employees during the last pay period ending in June, for example where a business ceased operation during the reference period). Also included are businesses which did not remit to the PAYGW tax scheme but which reported having one or more employees during the last pay period in June.
Employment at end June	This item represents all working proprietors and partners and employees on the payroll of the business during the last pay period ending in June. Permanent, temporary and casual employees and employees absent on paid or prepaid leave are included. Non-salaried directors, self-employed persons such as consultants and contractors, persons paid by commission only and unpaid workers are excluded.
Gross value added	Gross value added is the value of output at basic prices minus the value of intermediate consumption at purchasers' prices. The term is used to describe gross product by industry and by sector. Basic prices valuation of output removes the distortion caused by variations in the incidence of commodity taxes and subsidies across the output of individual industries. For more information refer to <i>Australian System of National Accounts, 2005–06</i> (cat. no. 5204.0).
Income per person employed	This item is total income divided by employment.

Industry value added	<p>Industry value added (IVA) represents the value added by an industry to the intermediate inputs used by the industry. IVA is the measure of the contribution by businesses, in the selected industry, to gross domestic product.</p> <p>The derivation of IVA for market producers is as follows:</p> <p>sales and service income</p> <p><i>plus</i> funding from federal, state and/or local government for operational costs</p> <p><i>plus</i> capital work done for own use</p> <p><i>plus</i> closing inventories</p> <p><i>less</i> opening inventories</p> <p><i>less</i> intermediate input expenses</p> <p><i>less</i> capitalised purchases</p> <p><i>equals</i> IVA.</p> <p>Wage and salary expenses and most other labour costs are not taken into account in its calculation and nor are most insurance premiums, interest expenses or depreciation and a number of lesser expenses including bad debts, computer software expensed and state gambling taxes. However, it should be noted that IVA is not a measure of operating profit before tax.</p>
Inventories	<p>This item is the value of all inventories of finished goods (including inventories for resale), work in progress (less progress payments billed), raw materials, fuels and containers at the beginning (i.e. opening inventories) and at the end (i.e. closing inventories) of the reference period.</p>
Inventory turnover	<p>This item indicates the number of times that inventories are turned over during the year. It is expressed as the ratio of cost of goods sold divided by average inventories (where average inventories is opening inventories plus closing inventories divided by two).</p>
Non-employed businesses	<p>Non-employed businesses are those which did not remit under the ATO's PAYGW tax scheme for five consecutive quarters prior to the reference period and which reported having no employees during the last pay period ending in June.</p>
Opening inventories	<p>See Inventories.</p>
Operating profit before tax	<p>This item is profit (or loss) before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (i.e. dividends paid, drawings). It is derived as:</p> <p>Total income</p> <p><i>plus</i> closing inventories</p> <p><i>less</i> total expenses</p> <p><i>less</i> opening inventories.</p>
Operating profit margin	<p>This represents the percentage of businesses' sales of goods and services which becomes profit after all operating expenses have been deducted. It is derived by expressing total operating profit before tax as a percentage of total sales of goods and services.</p>
Other service income	<p>This item includes delivery charges not elsewhere included and other services income such as consultancy fees, installation fees, management and administration service fees, subscriptions and membership fees and other specified and unspecified service fees. It also includes food sold as takeaway food for immediate consumption, meals prepared for consumption on the premises and the provision of catering.</p>
Purchases	<p>This item includes purchases of materials, components, containers, packaging materials, electricity, water, fuels to power 'non-registered' vehicles (e.g. tractors, forklifts) and purchases of finished goods for resale. It excludes capitalised purchases of materials and purchases of parts and fuels for motor vehicles.</p>

Repair and maintenance income	<p>This item refers to income from repair and maintenance on plant and machinery to maintain normal business operations, including:</p> <ul style="list-style-type: none"> ■ motor vehicles, lawn mower and outboard motors ■ tractors, agricultural and construction machinery ■ business machines and equipment ■ household electrical appliances.
Retail sales of goods	<p>This item comprises sales of new or used goods to final consumers for personal or household consumption.</p>
Sales of goods and services	<p>Sales of goods includes the following items whether or not the goods are produced by the business or produced for the business on a commission basis:</p> <ul style="list-style-type: none"> ■ export sales ■ sales or transfers to related businesses or to overseas branches of the business ■ progress payments relating to long-term contracts if they are billed in the period ■ delivery charges not separately invoiced to customers ■ sales of goods produced by the business from crude materials purchased ■ income from 'specific' rates (e.g., water, sewerage, irrigation and drainage rates). <p>The following are excluded:</p> <ul style="list-style-type: none"> ■ excise and duties received on behalf of the government (e.g. the petroleum production excise duty) ■ sales of assets ■ natural resource royalties income ■ interest income ■ delivery charges separately invoiced to customers ■ rent, leasing and hiring income. <p>Exports are valued free on board (f.o.b.), i.e. export freight charges are excluded.</p> <p>Income from services includes the following:</p> <ul style="list-style-type: none"> ■ consulting services ■ repair, maintenance and service income and fees ■ contract, subcontract and commission income ■ management fees/charges from related and unrelated businesses ■ installation charges ■ delivery charges separately invoiced to customers ■ royalties on intellectual property (e.g. patents and copyrights). <p>The following are excluded:</p> <ul style="list-style-type: none"> ■ rent, leasing and hiring income ■ natural resource royalties income ■ interest income ■ delivery charges not separately invoiced to customers ■ food sold as takeaway food for immediate consumption, meals prepared for consumption on the premises and the provision of catering. <p>These are valued net of discounts given and exclusive of goods and services tax. Extraordinary items are also excluded.</p>
Sales of goods produced	<p>This item comprises sales of goods produced by the business or produced for the business on a commission basis.</p>
Wages and salaries	<p>This item represents the gross wages and salaries of all employees of the business. It includes severance, termination and redundancy payments, salaries and fees of directors and executives, retainers and commissions of persons who received a retainer, bonuses, and annual and other types of leave. Provision expenses for employee entitlements (e.g. provisions for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments) are also included. Payments related to salary sacrifice and payments to self-employed persons such as consultants, contractors and</p>

Wages and salaries <i>continued</i>	persons paid solely by commission without a retainer are excluded. The drawings of working proprietors and partners are also excluded.
Wages and salaries per employee	This item is wages and salaries divided by the number of employees.
Wholesale sales of goods	This item comprises sales of goods to businesses and other organisations.
Working proprietors and partners of unincorporated businesses	<p>A working proprietor or partner of an unincorporated business operates his or her own business (a sole proprietorship), while a partner, along with one or more other partners, operates a partnership. Working proprietors and partners are:</p> <ul style="list-style-type: none">■ the owners of their business■ legally inseparable from the business entity■ liable for any business debts that are incurred. <p>As such, working proprietors and working partners are not considered to be employees of their business.</p>

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2862200007054

ISBN 9780642483195

RRP \$26.00