

CHAPTER 3 : THE UNITS BEING CLASSIFIED

INTRODUCTION

This chapter provides a brief outline of the types of units encountered in statistical work generally, describes those units which are classified by industry, and defines, in some detail, the 'transactor' units classified by industry.

2. With regard to the transactor units defined later in this chapter, it is important to note:
- (a) that their definitions were current at mid 1984,
 - (b) that some of the units definitions (unlike industry definitions, which remain constant during the currency of an ASIC edition) may have been changed since then (i.e. mid 1984) as a result of further research for the introduction of new collections or the improvement of integrated economic statistics generally, and
 - (c) that any changes to units definitions which may have significantly affected the comparability of statistics would have been noted and described in ABS publications which contain the statistics.

UNITS IN GENERAL

3. The term 'units' is used widely in statistical work and refers, in general, to entities from or about which statistics are collected or in respect of which statistics are compiled, tabulated or published. They include, among others, individual organisations, persons, things and events and tend to be described in generic terms which indicate their statistical role or function or some other characteristic such as their economic or accounting significance. Examples of units described in terms of their statistical role or function are 'fundamental', 'statistical', 'collection', 'tabulation' and 'compilation' units while examples of units described in terms of their economic or accounting significance are 'transactor', 'producing' and 'owning and financing' units. It might also be useful to note in this context that the units terms just cited, by way of examples, are not necessarily mutually exclusive, e.g. producing units overlap largely with transactor units and can be used as both statistical and collection units.

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UNITS CLASSIFIABLE BY INDUSTRY

4. The units which are classifiable by industry divide into two conceptually distinct categories:

- (a) DIRECTLY CLASSIFIABLE UNITS, i.e. units which have an inherent attribute which can be used to classify them directly to industry in their own right, and
- (b) INDIRECTLY CLASSIFIABLE UNITS, i.e. units which can only be classified to industry indirectly by unique association with a directly classifiable unit.

5. Directly classifiable units include the following:

- (a) All those TRANSACTOR UNITS, i.e. resident economic agents, which have the attribute of 'undertaking goods and/or service producing activity' which enables them to be classified directly to industry on the basis of that attribute, i.e. according to the major kind of productive activity carried out. The classes of transactor units which meet this requirement are enterprise groups, enterprises and the legal entities of which they are composed as well as establishments, ancillary units and the locations of which these are composed. (Persons, as distinct from the businesses (i.e. enterprises) they operate, who constitute another class of transactor unit are excluded. Those amongst them who are employed are treated as indirectly classifiable units - see paragraph 6.)

NOTE. The classes of units in this sub paragraph are incorporated in the ABS system of integrated economic statistics and are described and defined in detail in the latter parts of this chapter.

- (b) All those COMMODITIES which are, in the process of constructing industrial origin commodity classifications such as the Australian Standard Commodity Classification (ASCC), classified according to the industry to which their production is primary as specified in the relevant industry classification manual. Although commodities, i.e. individual goods and services, are usually looked upon as data items they are also, in a conceptual sense, statistical units, i.e. units of observation and classification about which information is collected. Examples of commodities which are classified by industry of origin and examples of the kind of information collected about them are given below:

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COMMODITIES CLASSIFIED BY INDUSTRY OF ORIGIN	INFORMATION COLLECTED
Industrial outputs	Value of sales, value of transfers out and quantity produced
Imports	Value for duty, duty and quantity imported
Exports	Value f.o.b. and quantity exported

6. Indirectly classifiable units include:

- (a) Employed PERSONS, including self employed persons and working proprietors. Although they engage in productive activity, the work they do is more descriptive of their occupation than their industry. While people's occupation and industry can sometimes coincide, as, for example, in the case of accountants working for accountancy firms, this is not usually so, as, for example, in the case of accountants working in other types of businesses. Accordingly, persons can only be classified universally to industry by assigning them the industry of the transactor unit, i.e. usually the establishment, at which they work.
- (b) All those COMMODITIES which are potentially classifiable by industry of production, use, ownership or control, i.e. according to the industry of the transactor unit which actually produced the commodities, used the commodities, or owns or controls the commodities. Examples are:
- . Industrial outputs - classifiable by industry of production,
 - . Industrial inputs - classifiable by industry of use,
 - . Stocks of finished goods - classifiable by industry of ownership, and
 - . Capital equipment - classifiable by industry of use or control.

NOTE. Some commodities are, of course, classifiable in a variety of ways, e.g. industrial outputs which are classifiable by industry of origin, industry of production, use and geographic location of production.

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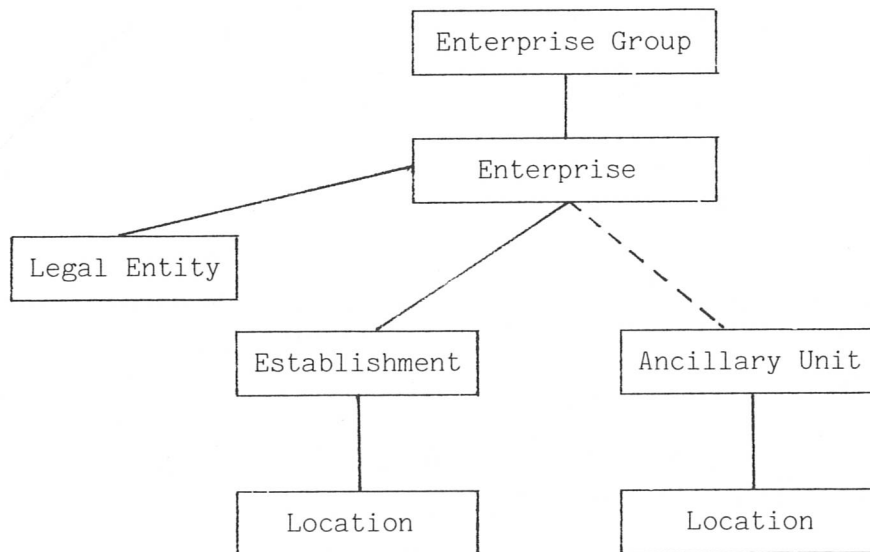
- (c) FINANCIAL ASSETS AND LIABILITIES, e.g. bank loans and deposits which are classifiable by industry according to the industry of the borrowing unit (in the case of bank loans) or industry of the depositing unit (in the case of bank deposits).
- (d) EVENTS, such as industrial disputes and industrial accidents.

7. This listing is thought to cover most of the more common types of directly and indirectly classifiable units. However, it is not complete, nor does it appear possible to devise a complete listing because of the great variety of subjects covered by statistics.

8. The remainder of this chapter concentrates on the directly classifiable transactor units listed in paragraph 5(a) above, i.e. the enterprise group, enterprise, establishment, ancillary unit, legal entity and location. It shows how they relate to each other and describes and defines them in detail.

THE TRANSACTOR UNITS IN INTEGRATED ECONOMIC STATISTICS

9. The different classes of transactor units in the ABS system of integrated economic statistics which are classifiable by industry and the main hierarchic links between them are shown in the following diagram:



The links represented by unbroken lines indicate the minimum necessary hierarchic links between the classes of units in an enterprise group. The link represented by the broken line, i.e. between the enterprise and the ancillary unit, means that an enterprise can but need not have

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any ancillary units. In addition, each higher level unit in an enterprise group, e.g. each enterprise, can but need not consist of more than one lower level unit, e.g. establishments. However, there is one exception. This is that ancillary units usually consist only of one location each. Other types of relationships between different classes of units (e.g. between ancillary units and the establishments served by them) are described in the detailed units definitions below.

10. A units model based on such a diagram provides the standard framework for the systematic recording on the ABS's Integrated Register of all identified Australian resident enterprise groups, enterprises, legal entities, establishments, ancillary units and locations needed for the conduct by the ABS of its integrated economic censuses and surveys.

GENERAL OBJECTIVES FOR DEFINING TRANSACTOR UNITS IN INTEGRATED ECONOMIC STATISTICS

11. In general, the objectives are to define units:

- (a) which conform, as far as possible, with relevant international standards recommended by the United Nations Statistical Office in its documents 'A System of National Accounts' (SNA) and 'International Standard Industrial Classification of All Economic Activities' (ISIC);
- (b) which fit the needs of the ABS framework of integrated economic statistics for:
 - . horizontal integration, i.e. enable statistics from one series (e.g. the Manufacturing Census) to be compared validly with statistics from another series (e.g. the Census of Retail Establishments) - to this end units need to be defined as uniformly as possible and in such a manner that there are no gaps or overlap between them, and
 - . vertical integration, i.e. enable statistics about one class of units (e.g. establishments) to be related or aggregated to statistics for another class of units (e.g. enterprises);
- (c) which conform, as closely as possible, with actual units in the economy; and
- (d) about which the required statistical information is generally available - in this context the approach is neither to tie the definitions wholly to the record-keeping practices of individual businesses, nor to

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wholly disregard the general record-keeping practices of businesses. As a result, definitions of statistical units are formulated to conform with an assessment of accounting practices in general.

THE LOCATIONShort Definition

12. A location is a single, unbroken physical area, occupied by an enterprise, at which, or from which, the enterprise is engaged in productive activity on a relatively permanent basis, or at which the enterprise is undertaking capital expenditure with the intention of commencing productive activity on a relatively permanent basis at some time in the future (a location not yet in operation).

Elaboration

13. Locations are the fundamental units of which establishments and ancillary units are composed. Included in the short definition is a set of general requirements which have to be met for a location to be recognised as a unit. These relate to the delimitation of the unbroken physical area of the location, the nature of its legal occupation by the enterprise and the nature of the activity carried out by the enterprise. These requirements are outlined in the following paragraphs.

14. With regard to the concept of UNBROKEN PHYSICAL AREA, the requirement is that it should not be intersected by a road, waterway, or other public thoroughfare, or by another area owned or occupied by some other enterprise.

15. In built-up areas some reliance has been placed on the existence of separate street numbers to define separate locations i.e. where the boundary of the productive activity can be delineated by the address. Less clear-cut examples are offices occupied by different enterprises in a multi-tenanted building and shops occupied by different enterprises in a retail shopping mall. Non-contiguous spaces of an enterprise in a building, such as two or more physically separate office areas, which are operated as a single economic unit are usually treated, by convention, as a single location.

16. With regard to OCCUPATION, the requirement is for the enterprise to have a legal right (e.g. as owner or lessee) to use and occupy the area on a relatively permanent basis.

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17. As a general rule, locations are not recognised unless an enterprise has a relatively permanent workforce based at the area in question. Thus, unmanned areas and unmanned capital assets (such as pipelines maintained by a manned base of operations elsewhere) while meeting the criteria for definition as a location, are generally not recognised as such. Two exceptions are locations not yet in operation (for which employment is not always relevant) and unmanned warehouses which, it is considered, should be recognised as locations. Further cases may arise where consideration needs to be given to treating unmanned areas as locations. These are addressed via the units determination procedure administered by the Integration area of the ABS.

18. In some cases occupancy of the same physical area may be shared by several enterprises, in which case a location may be defined for each occupant, which has the same physical dimensions in each case. However, where the operation at a physical area is carried out by the workforce of one enterprise, on a contract or agency basis for another enterprise, various treatments can apply. These are outlined in the ABS paper: 'Integrated Economic Statistics, Standards for Statistical Units' ¹. On the other hand areas or spaces owned by one enterprise but leased to other enterprise(s) are generally not recognised as locations of the lessor enterprise. (In such cases the productive activity of the lessor enterprise is seen as being based at an office or some other location where the enterprise arranges the lease).

19. In the case of operations carried out by a mobile work force, such as travelling sales representatives, timber getters, truck owner-drivers, construction workers, etc, although their production activity is carried out over a wide area, these workers and their production are attributed to the location which is their relatively permanent base of operations. In general, building sites and other sites at which an enterprise is carrying out work on the property of another enterprise, are not regarded as locations of the enterprise doing the work unless it establishes a relatively permanent base of operations at the site (i.e. the operations are controlled/managed at the site on a relatively permanent basis). Where individual employees operate from private homes but are controlled from some other location, the location from which they are controlled, rather than their home is treated as their base of operations. However, where individuals work at home (or use their homes as operating bases) on their own account, the home address is regarded as the location. Further, in some cases, locations need to be recognised to accommodate economic activity which has no permanent base of operations. For example, in the case of an enterprise operating a fishing vessel the location to be recognised may need to be an office in the general port area or perhaps the home address of a sole proprietor or the registered office of a company operation.

1. This paper was in draft form at mid 1984 but will, on completion, be available on request from the ABS.

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20. With regard to PRODUCTIVE ACTIVITY, the requirement is that the enterprise must be engaged in the production of goods and/or services at the location or use it as a base of operations from which a mobile workforce operates to produce goods and/or services elsewhere. Production in this context includes not only the production of goods and/or services for sale to other enterprises, private households or for transfer to other locations of the same enterprise but also the production of goods and/or services by non-profit organisations and governments free of charge, as well as production of capital goods, such as the construction of a new factory, by enterprises for their own use, or for rental or lease to other enterprises.

Special Treatments

21. Although the definition of the location can be applied in the majority of cases to delimit sensible and statistically appropriate location units, there are, nevertheless, numerous situations for which it is too limited or simplistic. For those situations the definition needs to be modified or augmented by additional rules or conventions. These 'special treatments' are recorded in the ABS document 'Integrated Economic Statistics, Standards for Statistical Units'² and cover such cases as railway repair workshops within a railway yard, aircraft repair units within an airport and separate physical plots of land operated by one farm.

THE ESTABLISHMENTShort Definitions

22. The following three establishment definitions are used in the Australian system of integrated economic statistics:

- (a) Single Location (SL) establishment, i.e. a unit covering all the operations of an enterprise conducted at or from a single location;
- (b) Enterprise/State/Industry (ESI) establishment i.e. a unit covering all the operations of an enterprise conducted at or from all of its locations in a State/Territory predominantly engaged in activities primary to a given industry; and
- (c) Enterprise/Industry (EI) establishment, i.e. a unit covering all the operations of an enterprise conducted at or from all of its locations in Australia predominantly engaged in activities primary to a given industry.

23. In general, only one of the above establishment definitions is relevant to a particular ASIC industry, although there are variations within some industries between the definition of public sector and

2. See footnote 1 above.

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private sector establishments. The definitions applicable to each industry are specified in the table in paragraph 35 below.

The Role of the Establishment

24. From an industry classification point of view establishments are the most important amongst all the classes of transactor units, both in terms of usage in the compilation of industry statistics and their influence on the way industries are defined in the ASIC.
25. With regard to usage, the importance of establishments is due to their role as the most appropriate type of producing unit and, hence, the principal statistical unit used in the compilation of detailed 'structural' statistics on production within the ABS framework of integrated economic statistics. The statistics relate to particulars such as employment, wages and salaries, capital expenditure and value added (including components of these particulars), classified by such characteristics as industry, size of establishment and geographical location.
26. As a consequence of the foregoing the nature of establishments has a bearing on how industries are defined. This aspect is outlined below.
27. Establishments as defined above for ABS operational purposes differ somewhat from the ideal concept of the establishment as defined, for example, in the 'International Standard Industrial Classification of All Economic Activities' (ISIC), i.e. as an 'economic unit which engages, under a single ownership or control, i.e. under a single legal entity, in one, or predominantly one, kind of economic activity at a single physical location'.
28. However, actual producing units in the economy do not always conform with the ideal conception of the establishment. It has therefore been necessary to formulate somewhat broader, operationally viable establishment definitions which vary from industry to industry, which are closer to reality and for which respondents are generally able to supply the required data.
29. One of the features of these operational establishment definitions is that the single activity requirement cannot be applied. As a consequence establishments tend to be multi activity producing units which cannot be grouped into industries with the same degree of flexibility as would have been possible with single activity producing units.

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30. The reasons for this are to be found in the manner in which the concept of industry has been defined in Chapter 2 and the manner in which establishments relate to that concept. This could be summarised as follows:

- (a) For official statistical purposes an industry is an entity composed of transactor units of a particular type (e.g. establishments) which are mainly engaged in the 'primary activities' of the industry. (This means, inter alia, that differences can, and usually do, exist between industries composed of establishments and ancillary units, on the one hand, and industries composed of another type of unit, e.g. of enterprises, on the other.)
- (b) Although the ASIC is suitable for the classification of different types of unit it has been designed primarily as an industry classification for establishments because of their suitability and importance as the principal statistical unit in the compilation of structural statistics on production.
- (c) In order to achieve a good fit between the definition of an industry and the establishments that constitute it (i.e. in order to maximise industry coverage and specialisation ratios) the primary activity composition of an industry should, among other requirements, reflect or match the typical activity mixes of its constituent establishments.

Application of the Definitions

31. The table in paragraph 35 below shows the establishment definitions from paragraph 22 which apply within broad industry groupings. With some exceptions the reference to an 'industry' in the case of multi-location establishment definitions (i.e. in the case of ESI and EI type establishments) is to an industry at the most detailed level of the ASIC, i.e. to an ASIC class. The exceptions, which relate to transport and local government administration industries, are discussed in the following paragraphs.

32. In the case of the road freight transport industry (i.e. ASIC Group 511) the establishment is defined, for each of the classes in that ASIC Group, as a unit consisting of all locations of the one enterprise mainly engaged in road freight transport activities (i.e. in activities primary to ASIC Group 511). The establishment, so defined, is classified to industry class on the basis of its predominant activity (i.e. in accordance with usual procedures) and is subject to splitting in the usual way if its secondary activity exceeds the general splitting limit. (See paragraphs 39 to 47.)

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33. For ASIC Class 7113, Local government administration, the establishment is defined as a unit consisting of all the locations of a 'local government administration' enterprise OTHER THAN its locations mainly engaged in activities primary to:

- (a) ASIC Divisions A, Agriculture, forestry, fishing and hunting, B, Mining, C, Manufacturing, and F, Wholesale and retail trade,
- (b) ASIC Sub-divisions 82, Education, museum and library services and 83, Welfare and religious institutions,
- (c) ASIC Class 9144, Sport and recreation nec, and
- (d) ASIC Group 923, Restaurants, hotels and accommodation.

34. In this context it is important to note that 'local government administration establishments' also may exclude locations mainly engaged in other trading activities because of the manner in which local government administration enterprises are defined - see paragraphs 75 to 77 below.

35. The private and public sector establishment definitions for ASIC industries are listed below. (The abbreviations in the listing were taken from paragraph 22 and stand for the following:

- . SL means that the establishment is a Single Location unit,
- . ESI means that the establishment is an Enterprise/State/Industry unit, and
- . EI means that the establishment is an Enterprise/Industry unit.)

ESTABLISHMENT DEFINITIONS

ASIC Industry Category	Private Sector (a)	Public Sector (a)
Division A - Agriculture, forestry, fishing and hunting (excl. Classes 0206 and 0304)	SL	SL
Class 0206 - Services to agriculture nec	SL	ESI
Class 0304 - Forestry and services to forestry	ESI	ESI

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ESTABLISHMENT DEFINITIONS - contd

ASIC Industry Category	Private Sector (a)	Public Sector (a)
Division B - Mining (However, in the case of own account mineral exploration activities, carried out on non-producing leases, the establishment covers all non-producing leases of the enterprise within one State.)	SL	SL
Division C - Manufacturing	SL	SL
Division D - Electricity, gas and water	ESI	ESI
Division E - Construction	SL	ESI
Division F - Wholesale and retail trade	SL	SL
Division G - Transport and storage -		
Group 511 - Road freight transport (See paragraph 32 for a special variation of the definition.)	EI	EI
Class 5121 - Long distance bus transport	EI	EI
Class 5122 - Short distance bus transport (inc. tramway)	ESI	ESI
Class 5123 - Taxi and other road passenger transport	SL	SL
Sub-division 52 - Rail transport	EI	EI
Sub-division 53 - Water transport (excl Class 5309)	EI	EI
Class 5309 - Inland water transport	ESI	ESI
Sub-division 54 - Air transport	EI	EI

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ESTABLISHMENT DEFINITIONS - contd

ASIC Industry Category	Private Sector (a)	Public Sector (a)
Sub-division 55 - Other transport	EI	EI
Class 5711 - Motor vehicle hire	EI	EI
Class 5712 - Parking services	SL	SL
Class 5713 - Services to road transport nec	SL	SL
Class 5721 - Stevedoring	SL	SL
Class 5722 - Water transport terminals	ESI	ESI
Class 5723 - Shipping agents	SL	SL
Class 5724 - Services to water transport nec	ESI	ESI
Class 5730 - Services to air transport	EI	EI
Class 5741 - Travel agency services	SL	SL
Class 5742 - Freight forwarding (except road)	EI	EI
Class 5743 - Customs agency services	SL	SL
Class 5744 - Other services to transport nec	SL	SL
Class 5801 - Grain storage	ESI	ESI
Class 5802 - Cold storage	SL	SL
Class 5803 - Storage nec	SL	SL
Division H - Communication	EI	EI
Division I - Finance, property and business services -		
Sub-division 61 - Finance and investment	ESI	ESI
Sub-division 62 - Insurance and services to insurance	ESI	ESI
Group 631 - Real estate agents	SL	ESI
Group 632 - Real estate operators and developers	SL	ESI
Class 6334 - Architectural services	SL	SL
Class 6335 - Surveying services	SL	ESI
Class 6336 - Technical services nec	SL	ESI
Class 6371 - Legal services	SL	ESI
Class 6372 - Accounting services	SL	SL
Group 638 - Other business services (excl. Class 6383)	SL	SL
Class 6363 - Market and business consultancy services	SL	ESI
Group 639 - Plant hire and leasing nec	SL	SL

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ESTABLISHMENT DEFINITIONS - contd

ASIC Industry Category	Private Sector (a)	Public Sector (a)
Division J - Public administration and defence -		
Class 7111 - Federal government administration	n.a.	ESI
Class 7112 - State government administration	n.a.	ESI
Class 7113 - Local government administration (See paragraphs 33 and 34 for a special variation of the definition.)	n.a.	n.a.
Class 7120 - Justice	n.a.	ESI
Class 7130 - Foreign government representation	n.a.	SL
Class 7200 - Defence	n.a.	EI
Division K - Community services -		
Group 814 - Hospitals and nursing homes	SL	SL
Group 815 - Other health (excl. Classes 8153 and 8154)	SL	ESI
Class 8153 - Dental laboratories	SL	SL
Class 8154 - Optometry and optical dispensing	SL	SL
Class 8160 - Veterinary services	SL	SL
Group 823 - School education	SL	SL
Group 824 - Post school and other education	ESI	ESI
Group 825 - Libraries, museums and art galleries	SL	SL
Group 830 - Welfare and religious institutions	SL	SL
Class 8461 - Research and scientific institutions	EI	EI
Class 8462 - Meteorological services	ESI	ESI
Group 847 - Business and labour associations	SL	SL
Group 848 - Other community organisations	SL	SL
Class 8491 - Employment services	SL	SL
Class 8492 - Police	n.a.	ESI
Class 8493 - Prisons and reformatories	n.a.	SL
Class 8494 - Fire brigades	ESI	ESI
Class 8495 - Sanitary and garbage disposal services	SL	SL

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ASIC Industry Category	Private Sector (a)	Public Sector (a)
Division L - Recreation, personal and other services (excl. Classes 9141-9143)	SL	SL
Class 9141 - Parks and zoological gardens	ESI	ESI
Class 9142 - Lotteries	ESI	ESI
Class 9143 - Gambling services (except lotteries)	ESI	ESI

(a) The meaning of the terms public sector and private sector in this Chapter is in accordance with the definitions of these sectors in the Standard Institutional Sector Classification of Australia (SISCA).

Establishment Definition Variations

36. Although the establishment definitions listed above can be applied in the majority of cases to delimit practical, realistically based and statistically appropriate establishments, there are, nevertheless, certain circumstances in which it is necessary to vary these definitions. Thus, in prescribed circumstances where data are not available from respondents to enable establishments to be defined as single location units, rules have been devised to allow the establishments to be defined as combinations of locations. Similarly, in prescribed circumstances where the homogeneity of industry statistics in terms of the activities covered would be improved substantially, rules have been devised to allow establishments, which are substantially engaged in activities primary to two or more industries, to be split into two or more establishments. These rules for combining or splitting locations in the process of forming or reforming establishments are described below. In addition, establishments of some large public sector enterprises and of 'divisionalised' transport enterprises are formed to reflect the divisional structure of the enterprises. Nevertheless, care is taken in these cases to minimise location splitting and enable the establishments to be related to the locations and part locations from which they are formed.

Rules For Combining Locations in Forming Establishments

37. For those industries for which a single location establishment has been defined, each separate location mainly engaged in activities primary to one of the industries concerned should generally be treated as a separate establishment. However, there are some specific circumstances in which separate locations may be combined to form establishments. This treatment applies to two kinds of situations:

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- (a) Where one location is used merely to accommodate what is obviously an integral part of an establishment operating principally at another location 'close by' e.g. where because of shortage of space some part of an operation (such as, the printing department of a factory) is 'hived off' to a separate location.
- (b) Where two or more locations, situated close by one another, are mainly engaged in activities primary to the same ASIC industry class and their operations are 'inextricably mixed', e.g. they have common employees and combined accounts, which make it obvious that they are operated as one entity. For example in ASIC Class 4862, Used motor vehicle dealers, in ASIC Sub-division 48, Retail trade, it might be found that two used-car yards are operated by the same sales staff and a customer who calls at one yard may be sold a vehicle from the stock at the second yard, and also that only one set of accounts is kept, covering the combined operations of the two yards. In the case of very small locations the operations would be regarded as 'inextricably mixed' if there were either no separate employees or no separate records; for larger locations both these criteria would have to be satisfied.

38. For cases of both kinds, locations are combined to form one establishment only when the locations are within the same Statistical Local Area (SLA). Otherwise small area statistics would be affected. (This rule is modified where two locations are extremely close, e.g. on opposite sides of a street, and happen to be separated by an SLA boundary line.) The process of combining locations to form multi-location establishments in these circumstances is referred to in the statistical system as the 'absorption' of one location into an establishment mainly centred on another location.

Rules for Splitting Establishments

39. The rationale for splitting establishments with substantial activities in two or more industries into two or more establishments has its origin in the desire to have establishments which are relatively homogeneous in terms of activity. This desire reflects the related aim to have statistical industries which are as homogeneous as possible in terms of activity carried out in the establishments comprising each industry. At the same time it is important to represent, as realistically as possible, the industries as they are actually organised and structured. These two aims, i.e. to have both homogeneous and realistic industries in the statistical framework, can conflict with each other.

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40. The approach taken by the ABS on this issue is to give most weight to the need for realistic industries in the ASIC. Accordingly, the ABS has attempted to minimise the degree of artificiality in defining industries and units consistent with the needs for standardised and integrated statistics. The incidence of splitting of establishments into two or more establishments has, therefore, been kept low in an overall sense and is restricted to the kind of situation described in the following paragraphs.

41. The situation in which establishments are split relates to cases where establishments engage on a large scale in activities primary to more than one ASIC industry class, i.e. where establishment operations are on a scale such that the activities which are primary to each industry class could be expected to be more commonly organised as separate establishments. For example, a single location establishment engaged both in large-scale production of women's skirts (primary to ASIC Class 2453) and large-scale production of men's trousers (primary to ASIC Class 2451) might be regarded as an exceptional case and split into two establishments, since each of these activities, if engaged in on a large scale, would more commonly be carried on at a separate location.

42. In assessing just what size limits should be applied in determining that activities are large in this sense, two factors have an important bearing. Firstly, there are the considerations outlined in paragraphs 39 and 40 above for minimising the degree of artificiality in defining units and industries. Secondly, in a considerable proportion of cases, it would be extremely difficult to obtain reliable data for establishments created by splitting. For these reasons it has been necessary to keep to manageable proportions the incidence of cases which are split, by determining a secondary activity size limit which is relatively high. This 'splitting limit' has been based on past experience and is specified as the value of an establishment's gross receipts from its secondary activities primary to one ASIC class. It is an indexed value which in 1983-84 was set at \$4.0 million.

43. It is considered that splitting of establishments is most appropriate where the combination of activities engaged in comprises activities primary to more than one division of the ASIC. In cases where the combination of activities relates wholly to activities primary to the one division, splitting of establishments is considered less important in some ASIC divisions than in others.

44. In accordance with the above approach the following splitting criteria have been determined for application in integrated economic censuses and surveys:

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(a) ESTABLISHMENTS WITH MAIN AND SECONDARY ACTIVITIES IN ONE ASIC DIVISION

- i DIVISION A: In view of the relatively small scale of operations of most producing units in this Division, the ease with which many agricultural or fishing establishments can move into different fields of activity (within their respective sub-division), and the relatively specialised nature of some other establishments within this Division (e.g. in the case of logging) it has been determined that secondary Division A activities of Division A establishments are not split out for treatment as separate establishments.
- ii DIVISION B: In view of the very specialised nature of most mines in Australia no secondary Division B activities of Division B (i.e. mining) establishments are split out for treatment as separate mining establishments.
- iii DIVISION C: Prima facie, a manufacturing establishment is split if the size of its secondary manufacturing activities equals or exceeds the designated splitting limit. In assessing the size of secondary manufacturing activities of a manufacturing establishment for splitting purposes, gross receipts from its secondary manufacturing (i.e. Division C) activities are linked to the ASIC classes to which they are primary and are then summed to class totals. If one of these 'secondary activity class totals' of the establishment equals or exceeds the designated splitting limit, the establishment is, prima facie, split into two establishments. If two of these 'secondary activity class totals' of the establishment each individually equal or exceed the designated splitting limit, the establishment is, prima facie, split into three establishments, etc. However, in certain situations, establishments within Division C are not split even though they would normally qualify for splitting on the basis of the size of their secondary activities. The situations referred to cover secondary activities arising due to material substitution in a production process or the sale or transfer of by-products.
- iv DIVISION D: In view of the fact that hardly any establishments within this Division engage in significant intra-divisional secondary activities no secondary Division D activities of Division D establishments are split out for treatment as separate establishments.

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- v DIVISION E: An establishment classified to one of the classes in Sub-division 41 is split if the size of its secondary construction activities equals or exceeds the designated splitting limit. In assessing the size of secondary construction activities for splitting purposes, gross receipts from the secondary construction (ie Division E) activities are linked to the ASIC classes to which they are primary and are summed to class totals. If one or more of these 'secondary activity class totals' of the establishment (including any in Sub-division 42) equals or exceeds the splitting limit, the establishment is split into two or more establishments. However, a construction establishment classified to one of the classes in Sub-division 42 is only split into further construction establishments if its secondary activities for particular ASIC classes in Sub-division 41 individually equal or exceed the designated splitting limit.
- vi DIVISION F: Division F establishments are not split into further Division F establishments.
- vii DIVISION G: Establishments classified to a class in Group 511, Road freight transport, with secondary activities primary to other classes within this Group which individually exceed the splitting limit, are split in accordance with the usual splitting procedures into further road freight transport establishments. Additionally, establishments within this Division with secondary activities primary to classes in another industry sub-division within Division G which individually exceed the general splitting limit, are split according to the usual procedures. However, no other intradivisional establishment splits are made in the case of Division G establishments.
- viii DIVISIONS H TO M: No intradivisional establishment splits are made in the case of establishments classified to these divisions.

(b) ESTABLISHMENTS WITH MAIN AND SECONDARY ACTIVITIES IN DIFFERENT ASIC DIVISIONS

If establishments classified to a class in one ASIC division have secondary activities which are primary to another ASIC division then the establishments are split if the size of the secondary activities in the other division equal or exceed the designated splitting limit. In assessing the size of the secondary activities in the other division for splitting purposes, gross receipts from these secondary activities are linked to the ASIC classes in the other division to which they are primary and are then summed to ASIC class totals. If one or more of

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these 'secondary activity class totals' in the other division individually equal or exceed the splitting limit, the establishment is normally split into two or more establishments. In view of the practical difficulties involved in identifying and valuing production which is not sold as such but which is used as input to another process in the same establishment this production is not taken into account in measuring the size of activities. Where an establishment has activities in more than one ASIC division and the secondary activities are in a division within which establishments are not normally split, only one establishment should be split off covering all the secondary activities in that division.

45. The way in which the foregoing splitting criteria are applied varies according to whether the establishment is a single or multi location establishment. Where the establishment comprises a single location, that location is split into separate parts, one for each of the establishments to be created. Where the establishment comprises more than one location, the following procedures apply:

- (a) Where the establishment is classified to an industry for which establishments are generally defined as single location units, it will have been created as a multi-location establishment only through application of one of the working rules outlined in paragraphs 37 and 38 above. In such cases, in deciding if the establishment is to be subject to splitting, the secondary activities at each location are considered separately and each location at which the splitting criteria in paragraph 44 are met, should be split and the split off part or parts formed into a new or reconstituted establishment or establishments
- (b) Where an enterprise/industry (EI) or enterprise/State/industry (ESI) establishment qualifies for splitting according to the criteria described in paragraph 44 above and the secondary activity is primary to an industry for which multi-location establishments are defined, then that secondary activity in total (i.e. at all locations of the establishment where it occurs) is split out as a separate establishment or establishments, where relevant. Where the secondary activity is primary to an industry for which the single location is the defined establishment, this activity is split out only as separate (SL) establishments from those locations where it exceeds the splitting limit.

46. The splitting criteria and rules described above are only relevant to existing establishments and are normally applied only during the processing of integrated economic censuses (or census equivalent surveys). Further, the splitting criteria are intended to operate as 'general' rules and can be waived or varied in certain circumstances, i.e. where their strict application would lead to a result which, on the basis of a consensus of qualitative assessments, would be considered

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inappropriate. However, any proposals to vary the application of the criteria in particular cases are only permitted after examination and approval by the Classification Section of the ABS.

47. The detailed splitting procedures (which also provide for the application of resistance tests to inhibit changes to split establishments in response to minor and temporary shifts in activities) are contained in census-specific procedural documents which also specify how establishments, which qualify for splitting, are to be split.

THE ANCILLARY UNIT

Short Definition

48. An ancillary unit is defined, in general, as a unit covering all the operations of an enterprise conducted at or from a single location where those operations are mainly the provision of services to other locations of the same enterprise.

Elaboration

49. The concept of the ancillary unit is that of a location mainly engaged in providing services to other locations in the same enterprise. In this respect it is similar to the concept of an administrative office as a location mainly engaged in providing administrative services to other locations in the same enterprise. The two concepts have been distinguished, however, because in many cases administrative offices not only provide services, but also provide policy direction and management; in view of the existence of such cases, the term 'ancillary unit' would not adequately convey the nature of the functions of administrative offices, and accordingly in the integrated statistical system that term is strictly applied only to locations mainly engaged in providing services other than administrative services. However, for the purposes of simplifying the exposition, the term 'ancillary unit' has been used as a convenient shorthand way of referring to both concepts. Likewise the term 'ancillary activity category' has been used to relate to administrative services as well as to other types of services.

50. The concept of the ancillary unit has its origin in the fact that it is common to find one economic activity being carried on in a 'service' or 'supporting' role to other activities in the same enterprise. This is particularly so with certain types of service activities, where the results of the activities do not actually form part of the 'end product' of the enterprise, nor do they form 'end products' in their own right. These administrative and service activities owe their whole existence to the other activities of the enterprise.

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51. A number of these service activities are, of course, found to some extent in all kinds of economic units; often they are insignificant in scale and are not even specifically recognised as being there - they are an integral part of the economic activity of the establishment. However, the larger the organisation becomes, the more the supporting activities tend to be organised as separate recognisable sections or departments; when this occurs they may ultimately be located separately from any other activities of the organisation. Generally, business organisations that have such 'service' activities at separate locations regard them as having a supporting role - as existing only to provide services to the 'main activities' of the organisation - and thus in some sense having a different status from that of an ordinary operating location, and they tend not to keep any comprehensive separate records relating to such units. For these reasons, it is necessary to devise some special rules for dealing with these supporting locations.

Application of the Definition

52. In the first instance it is necessary to determine if a location is mainly engaged in providing ancillary services. Where a location engaged in relevant administrative or service activities provides half or more of its services to other enterprises, it is regarded as an establishment in its own right. Where it provides more than half its services to other locations within the same enterprise, it is treated as an ancillary unit.

53. From the standpoint of industry classification, the essential difference between an establishment and an ancillary unit is that an establishment is classified to industry according to its own major activity, whereas an ancillary unit is not classified to industry on the basis of its own major activity, but is given a 'reflected' industry code corresponding to the industry which represents the predominant industry of the establishments administered or served by the ancillary unit. An ancillary unit which serves only one establishment is called a local ancillary unit and one serving more than one establishment is called a central ancillary unit.

54. Locations which might potentially be ancillary units in the sense that they are predominantly engaged in the relevant kinds of service activities come to notice in three ways. Firstly, any location belonging to a multi-location enterprise and engaged predominantly in activities coming within certain defined common categories is treated as a potential ancillary unit and specifically examined to determine whether it meets the conditions for treatment as an establishment or as an ancillary unit. Locations in these categories are:

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- i administrative offices
- ii storage depots, warehouses, etc
- iii laboratories
- iv transport depots
- v motor vehicle repair and maintenance workshops and
- vi producers' sales offices.

55. Secondly, provision is also made for any other kind of location (belonging to a multi-location enterprise) engaged mainly in service activities to be regarded as a potential ancillary unit and subjected to the specific tests if it happens to come to notice as apparently operating in an ancillary role; such cases are referred to as an ancillary activity category (vii).

56. Thirdly, 'own-account' construction carried out by public sector enterprises, even though not strictly a service type activity, is treated as an ancillary activity (for a definition of this activity see paragraph 59 below). Such activity is referred to as ancillary category (viii).

57. Locations in categories (ii) to (v) and (vii) are treated as establishments if they have 50 percent or more of their transactions with other enterprises, and as ancillary units otherwise. Some exceptions to this rule, in the case of certain repair activities, are outlined in paragraphs 61 and 62.

58. With respect to category (vi), the term 'producers sales offices' relates to sales offices that deal in goods produced by the same enterprise. Such sales offices, if separately located, are treated as establishments if they are mainly engaged in selling and supplying goods (produced by the same enterprise) from stocks physically held at their premises or from stocks under their control at some other premises. If these circumstances do not apply, e.g. the 'sales offices' are mere order taking offices or display centres, they are treated as ancillary units, as are, in general, sales offices of speculative builders. (Separately located 'sales offices', so called, which deal in goods produced by other enterprises are not considered here because they are always treated as establishments and classified accordingly.)

59. With respect to category (viii) the term 'public sector own-account construction' refers to the construction or maintenance of facilities used mainly and directly by the constructing public sector enterprises in producing or delivering their end product but not constituting part of their product as such, e.g. construction or maintenance of railway permanent way by a railway authority or construction or maintenance of sewerage mains by a sewerage authority.

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On the other hand, construction or maintenance of, for example, roads and bridges by a Department of Main Roads, or by local government authorities, is not regarded as 'own-account' because the work produces the enterprise's end-product, e.g. roads for use mainly and directly by the general public.

60. Where administrative or ancillary services are provided by a part of a location (an 'ancillary section'), these activities are not normally recognised as a separate unit of any type but are simply absorbed into the operations of the establishment or part of the establishment at which the ancillary section is located. Exceptions basically arise where 'distortion' of establishment data would occur if the 'ancillary section' in question is not identified as an ancillary unit in its own right.

61. Exceptions to the general approach of recognising ancillary units are made in the case of locations engaged in certain types of repair activities, which might come within the scope of ancillary activity category (vii) or, in some cases, of category (v). Exceptions also apply in the case of locations engaged in certain types of transport activity. In each of these cases the locations concerned may be treated as 'captive' establishments. The main criteria used to determine whether these locations are to be treated as 'captive' establishments are the significance of their activity compared to the same activity produced as non-captive output of other enterprises, the availability of the required range of data for the locations concerned (singly or in combination, depending on the establishment definition for the industry involved), and a clearly defined user requirement for inclusion of data relating to the locations with other data for the relevant industry.

62. The term 'captive' may be applied to units, e.g. captive transport establishments, or to activity, e.g. captive transport activity. Selected locations mainly engaged in certain types of captive activity are treated (singly, or in combination) as captive establishments rather than as ancillary units. The locations regarded as special cases in this context and their treatments are as follows:

- (a) SHIP REPAIR YARDS. These are treated as establishments even if predominantly repairing the enterprise's own ships.
- (b) AIRCRAFT REPAIR WORKSHOPS. These are treated as establishments even if predominantly repairing the enterprise's own aircraft.
- (c) RAILWAY AND TRAMWAY REPAIR WORKSHOPS. These are treated as establishments even if predominantly repairing the enterprise's own equipment.

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- (d) MOTOR VEHICLE REPAIR WORKSHOPS. These are treated as establishments if mainly engaged in engine reconditioning, and as ancillary units if mainly engaged in repairing or maintaining (except engine reconditioning) the enterprise's own trucks, etc. (The latter activity is covered by ancillary activity category (v).)
- (e) RAILWAY TRANSPORT LOCATIONS. All locations of an enterprise mainly engaged in providing rail transport services to other establishments of the same enterprise amounting to greater than 700 million tonne-kilometres of freight carried per year, are treated as a captive railway establishment; all other captive railway locations are treated as ancillary units.
- (f) WATER TRANSPORT LOCATIONS. All locations of an enterprise mainly engaged in providing shipping services to other establishments of the same enterprise using a fleet of greater than 50,000 deadweight tonnes are treated as a captive shipping establishment; and all other captive shipping locations are treated as ancillary units.

63. Another category examined as potentially appropriate to be treated as captive establishments was captive pipelines. However, it was decided that each own-account pipeline mainly serving a gas establishment (ASIC Class 3620) is to be an integral, or separately located, part of the gas establishment rather than a separately identified ancillary unit or establishment. The same decision applies to captive pipelines in ASIC Sub-division 37 - Water, sewerage and drainage. All other own-account pipeline locations are treated as ancillary units.

THE LEGAL ENTITY

Short Definition

64. For statistical purposes a legal entity is defined as a unit covering all the operations in Australia of an entity possessing some or all of the rights and obligations of individual persons or corporations or which behaves as such, at least in respect of those matters of concern for economic statistics (i.e. an entity which covers all production and/or capital accumulation undertaken or owned in common or jointly).

Elaboration

65. Legal entities are the fundamental units of which enterprises are composed. The concept of the legal entity is derived from the common law under which persons possess certain rights, including the rights of ownership to property, the right to enter into contracts and the right to sue. Appropriate obligations also apply. Persons

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who have these rights and obligations include both natural persons and artificial persons, i.e. corporations.

66. Other entities operating in the economy assume the rights and obligations of a strict legal entity to varying degrees. In order to recognise as owning and financing units most of the types of entities recommended in the SNA it is necessary to cover in the concept the range of entities from strict legal entities to those which behave as if they are legal entities, at least with respect to those matters which are of statistical relevance. A legal entity, so defined, is used as the basis for defining statistical units of the owning and financing unit type in the Australian system.

67. IN THE PRIVATE SECTOR the following are treated as legal entities in the Australian system:

- (a) Incorporated entities, i.e. entities incorporated under
 - . the uniform Companies Acts,
 - . other 'generalised' Parliamentary Acts (e.g. the Associations Incorporation Acts, the Cooperative Societies Acts and the Mining Companies Acts),
 - . a special Act of Parliament (e.g. Acts relating to Royal Agricultural Societies and racing clubs), and
 - . Royal Charter.
- (b) Unincorporated entities, i.e.
 - . sole proprietorships,
 - . partnerships,
 - . joint ventures (except mineral exploration joint ventures),
 - . trusts (set up by a trust deed), and
 - . other unincorporated entities.

68. IN THE PUBLIC SECTOR the concept of the legal entity requires further elaboration. In addition to the registered companies owned and/or controlled by governments, which have a direct parallel in the private sector, the following other entities are recognised as legal entities:

- (a) statutory entities, e.g. the Governor-General and the Governor of each State, each house of the parliaments of the Commonwealth and each State, each court of law, each marketing authority and each local government council; and

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- (b) departmental entities, i.e. departments of state, including sub-departments in Western Australia and Queensland, administrative offices in New South Wales and the so-called parliamentary departments in the Commonwealth and those States where they occur.

THE ENTERPRISE

Short Definition

69. In general, an enterprise is defined as a unit covering all the operations in Australia of a single operating legal entity. This definition applies to both the private and public sectors.

Application of the Definition

70. In applying the definition for the purpose of delimiting enterprises circumstances arise in which legal entities are merged or split in the process. These circumstances are described under the relevant headings below.

Merging of Legal Entities

71. The word 'operating' is specified in the enterprise definition so that legal entities which have no employees and conduct no business (i.e. 'non-operating' legal entities) are not, subject to the exceptions in paragraph 73 below, treated as separate enterprises. Companies that are non-operating, except those specified in paragraph 73 below, are merged with an individual related operating company to form an enterprise. ('Related' here means part of the same enterprise group.) Other non-operating legal entities which are not covered by paragraphs 73 and 74 below are not recognised in the system.

72. The merging of legal entities to form enterprises is also permitted in other cases. For example, companies for which no separate records or accounts are maintained (i.e. no separate accounts for management purposes - disregarding minimum accounts for taxation or company registration purposes) are generally merged with a related operating company in the group to form one statistical enterprise.

73. However, the following types of companies cannot be merged with another to form an enterprise:

- (a) companies which could be regarded as non-operating because they have no employees of their own but which belong in the category 'financial enterprises' in the Australian National Accounts (e.g. hire purchase or other instalment credit companies, companies formed to operate superannuation schemes and investment companies holding shares in companies outside the enterprise group) - these are treated as separate enterprises, and

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- (b) holding or property-owning companies which may or may not have employees are always treated as separate enterprises.

74. Similar merging concepts as those outlined above apply also to types of enterprises which are specific to the public sector. Statutory entities must be shown to 'operate as a separate unit' from any department with which they are associated in order to be treated as a separate enterprise; the definition of what constitutes 'operating as a separate unit' is not specified, but at least two criteria have to be satisfied: separate accounts must be available for the unit and staff must mainly be engaged on the functions of the unit. If these criteria are not satisfied the statutory entity is merged with the department to which it 'belongs', to form an enterprise. Most courts of law are treated this way since, in general, they do not have full, separate accounts available for the court as such. Thus, in general, courts of law are merged with the department by which they are administered.

Splitting of Legal Entities

75. The general objectives for defining enterprises require that they be units which are reasonably homogeneous in terms of institutional sectors in the 'Standard Institutional Sector Classification of Australia', (SISCA). It has therefore been found necessary to apply rules to permit the splitting of legal entities to meet this requirement. The relevant splitting rules are described below.

76. In the public sector, in a number of significant cases, the general enterprise definition gives units which cut across the boundary between the institutional sectors 'Corporate Trading Enterprises' and 'General Government Enterprises'. Two types of cases occur:

- (a) cases which are significant numerically and in aggregate but not always individually; these relate mainly to local government authorities, and
- (b) cases which are few in number but individually of statistical significance.

'Statistical significance' in this context refers to the difference in effect on statistics classified by institutional sector if the existing enterprise definition was retained compared to varying it in some way to 'split out' the cases referred to above.

77. As a result, legal entities which engage in activities classifiable to the 'Public Trading Enterprises' or 'Public Financial Enterprises' institutional sub-sectors and also in activities classifiable to the 'General Government Enterprises' institutional sector are split into separate enterprises if the following circumstances apply:

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- (a) The legal entity is a local government authority with any of the following types of trading undertaking classifiable to the 'Public Trading Enterprises' sub-sector:
- i electricity undertakings,
 - ii gas undertakings,
 - iii abattoir undertakings,
 - iv bus transport undertakings,
 - v water supply undertakings with a total annual current expenditure for all such undertakings greater than \$50,000 measured in 1977-78 prices,
 - vi sewerage undertakings with a total annual current expenditure for all such undertakings greater than \$50,000 measured in 1977-78 prices, or
 - vii any other trading undertaking with annual revenue greater than \$500,000 measured in 1977-78 prices.

Where the above circumstances apply, the legal entity is split into separate enterprises, one for each of the types of undertaking listed above which exist, i.e. one enterprise for all electricity undertakings, one enterprise for all gas undertakings and so on, and one for the balance of the entity.

- (b) The scale of operations of the institutional sector/ sub-sector which is of secondary importance to the legal entity is as follows:
- i annual revenue classifiable to the 'Public Trading Enterprises' or the 'Public Financial Enterprises' sub-sectors is in excess of \$2,000,000 measured in 1977-78 prices; or
 - ii annual purchases of goods and services classifiable to the 'General Government Enterprises' sector is in excess of \$2,000,000 measured in 1977-78 prices.

Where the above circumstances apply, the legal entity is split into two separate enterprises, one incorporating the secondary activities and the other being the balance of the legal entity. However, in some circumstances the legal entity may be split into more than two enterprises where this accords better with the organisational or accounting structure of the entity. The splitting value limits specified in terms of 1977-78 values above are periodically updated to more current values.

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78. In addition, legal entities which are self-financing non-profit institutions and which are engaged in both trading and non-profit activities, are split into a trading enterprise and a non-profit institution if the smaller of the following:

- . annual gross profit or operating surplus (i.e. sales and other trading income less purchases of trading stock); or
- . annual gross non trading receipts (i.e. membership fees, donations and grants)

exceeds a significant amount.

THE ENTERPRISE GROUP

Short Definition

79. An enterprise group is defined as a unit covering all the operations in Australia of a group of companies which are related in terms of the uniform Companies Acts. All other enterprises are, in general, treated as single enterprise, enterprise groups.

Elaboration

80. This definition is a narrow interpretation of the general concept, which is generally expressed as a group of legal entities under common ownership or control. The main reason behind the restriction to this narrow interpretation of 'common ownership or control' is that most of the other situations where common control of legal entities might be seen to exist are not capable of being captured in one or a few, unambiguous rules which can be applied with uniformity and objectivity. A more detailed explanation follows of the meaning of 'related in terms of the uniform Companies Acts'.

81. The relevant Section of each of the uniform Companies Acts is that which concerns subsidiaries, holding companies and related corporations. In this Section of the Acts subsidiaries are defined in terms of majority shareholdings of voting shares, in terms of control of the composition of the board of directors and in terms of the majority of votes cast at a general meeting of a corporation. All other enterprises, i.e. other than those public sector enterprises outlined in paragraphs 83 and 84, whether incorporated or unincorporated, are treated as single enterprise, enterprise groups.

82. Unincorporated joint ventures, other than mining exploration joint ventures, are considered to be separate legal entities and, therefore, unincorporated enterprises. Currently such enterprises are not treated as being related to any of the joint ventures and are therefore single enterprise, enterprise groups. The same rule applies to partnerships of companies.

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83. For the public sector the control links which exist are complex and not well defined, so that no attempt has been made to define 'common control'. Consequently, with a few exceptions, each enterprise in the public sector is, by convention, treated as a single enterprise, enterprise group. However, public sector enterprises which are related companies in terms of the Companies Acts are treated as part of the one enterprise group. In addition, as a logical extension of this, any other public sector enterprise which, according to law, is entitled to hold property in its own name, (e.g. the legislation establishing the enterprise specifies such), together with any registered companies which are the equivalents of subsidiaries of the enterprise (as defined in the Companies Acts), constitute an enterprise group.

84. A further exception arises from the decision to split public sector legal entities which include elements engaged in activities classifiable to different institutional sectors. The separate enterprises thus created from a legal entity are regarded as being under the common control of that entity. Thus, public sector enterprises which are created from the same statutory or departmental entity are regarded as part of the one enterprise group, which is coextensive with the original entity.

