

CHAPTER 5 : TREATMENT OF CERTAIN ACTIVITIES

The principles underlying the construction of the Classification, discussed in Chapter 2, provide the decision making framework for determining the 'primary activity' composition of ASIC classes. As such they are used actively only in two kinds of circumstances, viz:

- (a) during the original development or a subsequent review of the Classification in determining or changing the primary activity composition of ASIC classes, and
- (b) during the use of the Classification in resolving how to treat activities not specifically included in class definitions or covered by generalised rules relating to specific categories of activities.

2. The purpose of this Chapter is to explain the treatment of certain categories of activities and to provide guidelines on how these activities should be treated in the Classification in situations where they have not been specifically mentioned in class definitions. Such guidelines are needed to enable establishments mainly engaged in such activities to be classified.

REPAIR AND MAINTENANCE ACTIVITIES

3. Repair and related activities (e.g. maintenance or servicing) are carried out in respect of a wide range of items of plant, equipment, household appliances, and personal goods. The nature of repair and maintenance activities can vary from engineering operations such as engine reconditioning, to minor servicing operations such as replacing a part in a domestic washing machine. Repair activities are, moreover, carried out in a wide variety of different types of establishment. In these circumstances the question of the treatment of repair activities in the ASIC may require some elaboration.

4. The circumstances where repair activities are carried out by an enterprise on its own equipment have been discussed in Chapter 3, dealing with the treatment of ancillary units. Thus the repair by an enterprise of its own motor vehicles falls within ancillary activity category (v) and of other types of equipment can fall within ancillary activity category (vii). Accordingly, locations mainly engaged in repair activities are in certain circumstances treated as ancillary units, and classified accordingly.

5. Where repair activities are carried out as a secondary activity by establishments which are mainly engaged in some other activity, such establishments are, of course, classified to the class to which their main activity is primary. The following discussion is therefore concerned only with the treatment of establishments which are mainly engaged in repair activities.

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6. There are, in principle, two ways of providing for the classification of such establishments. Firstly, a separate class might be provided for a particular kind of repair activity. Secondly, a particular kind of repair activity might be specified as primary to a class which also covers other activities. The choice between these treatments depends in the main on the application of the standards for recognising ASIC classes, which are described in Chapter 4. Where the first treatment has been adopted, it was necessary to determine where the class should be located in the ASIC. Where the second treatment has been adopted, the location of the class depended on the nature of primary activities of the class, other than the repair activities.

7. The first treatment, i.e. of creating a separate industry class for a particular kind of repair activity, has been adopted in only three instances. These classes are all located in Subdivision 48 Retail trade and are as follows:

4846 Shoe repairers
4857 Electric appliance repairers n.e.c.
4865 Smash repairers

8. The second treatment, i.e. of assigning a particular type of repair activity as primary to a class which covers other activities, has been adopted for all other types of repair activity.

9. In deciding the industry class to which a particular repair activity was to be assigned as primary to, the principles adverted to in paragraph 1 were followed as far as possible. Normally this meant that a particular repair activity has been assigned as a primary activity to that industry class which included most of the other activities with which the particular repair activity was found to be most strongly associated at establishments. For example, repair of plumbing was found to be most commonly associated at establishments with the installation of plumbing. Accordingly plumbing repair has been assigned as a primary activity to Class 4242 Plumbing in Subdivision 42 Special trade construction.

10. As a consequence of the foregoing, repair activities have been assigned as primary to industry classes in the following areas of the ASIC:

Division C : Manufacturing
Division E : Construction
Division F : Wholesale and retail trade

11. In the detailed Classification the treatment of individual repair activities has been specified in the class definitions as far as possible, and establishments mainly engaged in any one of such repair activities are to be classified to the class which includes this repair activity as a primary activity.

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12. Where an establishment is found to be engaged in a repair or maintenance activity which has not been explicitly specified in a class definition in the ASIC and which is significant enough to influence the determination of the establishment's industry, advice should be sought as to the industry class which covers the particular repair activity as a primary activity, by contacting the Classification Section of the ABS in Canberra, before the establishment is classified.

13. Concerning the comparability of ASIC with ISIC, there are some problems in the conversion of data classified according to the ASIC, to conform to the ISIC, arising especially from the treatment of repair of household and personal goods which have been provided for in the Personal and Household Services Division of ISIC. In view of industry practice in Australia it was not considered appropriate to adopt this (ISIC) treatment for repairs of such items in the ASIC. To the extent that it has been possible to provide separate classes in the ASIC for various kinds of repair activities, it will, of course, be possible to achieve convertibility to ISIC, but where repairs of some types of household and personal goods are primary to classes which also cover other activities, convertibility is not possible. Some of the more important kinds of repair activities in respect of which convertibility is not possible are:

- (a) repair of office and business machines,
- (b) repair of agricultural and construction machinery and equipment,
- (c) repair of watches, clocks and jewellery,
- (d) motor vehicle repair (other than smash repairs),
- (e) repair of sporting and photographic equipment,
- (f) repair of non-electric household appliances.

INSTALLATION ACTIVITIES

14. The term 'installation', even though it seems to defy precise definition and could refer to the placement of virtually any kind of commodity into position for use, is nevertheless useful for referring to a broad category of activities for the purpose of describing their treatment in the Classification.

15. Because of the vague meaning of the term 'installation', no attempt has been made in the Classification to rigorously use the term to describe a particular category of activities as distinct from some other category of similar activities. Instead the term has been used in the Classification to describe activities which are commonly referred to as installation (e.g. as in hot water systems

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installation, oil heaters installation or elevators installation). Where another term, such as erection, assembly or fixing, appeared more appropriate, in terms of general usage, for describing an installation type activity, that other term was generally adopted.

16. Unlike repair activities, installation and similar activities are not considered part of any ancillary activity category. Thus, a location which is mainly engaged in installation activities is not usually treated as an ancillary unit even if that location were to install equipment belonging to the enterprise in one of the other locations of the enterprise.

17. Apart from this difference the treatment of installation and similar activities is based on the same principles, i.e. those adverted to in paragraph 1, as is the treatment of repair or, for that matter, of all other activities.

18. Considered as a separate kind of activity (because it is undertaken in different combinations with other activities at establishments or as a specialist activity rather than being subsumed in a broader activity), installation activity might be thought of as an activity characteristic of classes in Division E Construction. However, the treatment of specific types of installation activity in the ASIC depends not merely on the nature of the activity itself but, more importantly, on the types of establishments which commonly engage in it. Thus where some types of installation activity are commonly carried out by manufacturing or distribution establishments, the respective installation activities have been made primary to classes in Division C Manufacturing, or Division F Wholesale and retail trade.

19. As in the case of establishments engaged in other activities, establishments mainly engaged in a specific installation activity (i.e. installation of a specific type of equipment) have been recognised as a separate class in the ASIC, provided the standards for recognising separate classes were met. In general, where this was done, the class is located in Subdivision 42 Special trade construction.

20. In all other cases, specific installation activities have been assigned as primary activities of classes covering other kinds of activity, i.e. activities with which those installation activities are commonly associated at establishments.

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21. Examples of the approach described above are provided below:

INSTALLATION OF:	IS PRIMARY TO:
	- <u>DIVISION C : MANUFACTURING</u>
Custom made built-in furniture (a)) Class 2535, Wooden structural fittings and joinery n.e.c.
Joinery (a)	
Factory assembled commercial or industrial boilers) Class 3166, Boiler and plate work
Elevators) Class 3369, Industrial machinery and equipment n.e.c.
Escalators	
	- <u>DIVISION E : CONSTRUCTION</u>
Boilers (on-site assembly from prefabricated components)) Class 4122, Non-building construction n.e.c.
Electrical machinery (heavy, on-site assembly)	
Telephone, telegraph or telex equipment	
Structural steel components for buildings or other structures) Class 4241, Structural steel erection
Hot water systems) Class 4242, Plumbing
Plumbing (except marine)	
Septic tanks	
Domestic exhaust fans) Class 4243, Electrical work
Electric light or power wiring and fittings	
Air conditioning ductwork) Class 4244, Heating and air conditioning
Air conditioning equipment	
Heating equipment (except industrial furnaces)	
Refrigeration equipment	
Fire alarm systems and sprinklers) Class 4249, Special trades n.e.c.
Blinds and awnings	
Floor coverings (except ceramic)	
Insulation materials	

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		- <u>DIVISION F : WHOLESALE AND RETAIL TRADE</u>
Glass (in windows or doors or as covered by the term glazing))	Class 4728, Builders hardware dealers n.e.c.
Business machines)	Class 4734, Business machines wholesalers
Electronic computers)	
Television antennae)	Class 4857, Electric appliance repairers n.e.c.
Household electric appliances (except heating equipment) not requiring electrical work)	

NOTE: (a) Except on-site assembly.

22. The examples listed above do not include every installation or similar type of activity specified in the ASIC. To find other installation or similar activities in the ASIC the entries in the alphabetic index, Volume 2, of the Classification and the individual class definitions in Volume 1 should be referred to.

23. However, it has not been practicable to specify all installation type activities in ASIC class definitions. Accordingly, where an establishment is found to be engaged in an installation type activity which has not been explicitly specified in a class definition and which is significant enough to influence the determination of the establishment's industry advice should be sought as to the industry class which covers the particular installation type activity as a primary activity, by contacting the Classification Section of the ABS in Canberra, before the establishment is classified.

24. The approach that will generally be taken by Classification Section in deciding to what particular industry class a 'missing' installation type activity should be assigned as primary to will be broadly along the following lines:

- Determination with what other activities at establishments the particular installation activity is most strongly associated with and how strong this association is relative to the situation where the activity is undertaken as a specialist (i.e. sole) activity by establishments.
- If the installation activity is strongly associated with some particular other activity at establishments the installation activity would normally be assigned as primary to the industry class which includes that other activity as a primary activity.
- If the installation activity is not strongly associated with any particular other activity at establishments (or the strength of the association cannot be determined for some reason) the installation activity would normally be

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assigned as a primary activity to the ASIC class which is the nearest equivalent of the ISIC Group which includes that activity. Normally this would mean an ASIC class in Division E, Construction. (The case for including a particular type of installation activity in one of the ASIC classes in Division E might further be strengthened if the installation activity typically includes a considerable element of on-site fabrication or assembly of components.)

25. The combination of supply and installation activities requires particular treatment when establishments are being classified. There are several situations that arise and different treatments are applicable.

- (i) Supply (i.e. manufacture) of a particular commodity and its subsequent installation:
 - (a) if both activities are primary to the same industry class there is no problem - the establishment is classified in the usual way.
 - (b) if the activities are primary to different industry classes, the value of each activity is taken into account separately when determining the predominant activity of the establishment.

- (ii) Supply (i.e. wholesale or retail) of a particular commodity and its subsequent installation:
 - (a) if both activities are primary to the same industry class, there is no problem - the establishment is classified in the usual way.
 - (b) if the activities are primary to different industry classes, the following applies:
 1. Establishments that are clearly classifiable to ASIC Subdivision 42, Special trade contracting (e.g. plumbing or electrical trades) should be classified to the appropriate class in Subdivision 42 PROVIDED that they are not significantly engaged in selling plumbing or electrical supplies or other builders hardware without installation, OR use subcontractors to do most of the installation or fixing work.
 2. Other establishments which purchase goods in order to complete contracts for the supply and installation of goods are industry classified by assessing the respective sizes of the supplying and installing activities.

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In the above situations the specified treatments apply to the activity combinations described and therefore to establishments mainly or solely engaged in them. Where such activities are carried out in conjunction with other activities, then the industry classification should be carried out by valuing all activities and applying the step-by-step method of classification.

LEASING ACTIVITIES

26. From a legal point of view, leasing or hiring or renting activities might be considered as a single kind of activity which might have been made primary to one class (or at least to several classes in the same part of the ASIC). However, from the standpoint of economic significance, leasing, hiring or renting activities encompass a diverse range of significantly different activities. Broadly speaking, a leasing, hiring or renting activity may involve provision of services such as real estate operation, short-term hire of plant and equipment, or car hire; it may represent a substitute for selling, e.g. by manufacturers or wholesalers of plant and equipment, or by retailers of domestic appliances; it may involve provision of financial services, i.e. when an establishment engages in leasing of industrial machinery or equipment purely on a financial service basis without taking physical possession of the goods; or it may be closely linked with the operation of the equipment which is leased or hired, e.g. when equipment is hired out with operators provided.

27. Moreover, leasing activities are widely dispersed over many kinds of establishments, and significant elements of leasing are contained in the activities of establishments in many industries. It would be unrealistic to require the various kinds of leasing activities to be split out from the establishments concerned to form new artificial establishments for classification to a specialist leasing industry, and without some such device it would not be practicable to achieve reasonable coverage of leasing activity within the one class, or group. Accordingly, in the ASIC, leasing activities are treated differently according to the different kinds of circumstances in which they generally occur.

28. In general, distinctions between the different kinds of activities which leasing, hiring or renting activity may represent have been based on the type of plant or equipment leased; the term of the lease (e.g. one year or more); whether equipment is leased (or hired) with or without operators; and whether the establishment engaged in leasing manufactures or takes physical possession of the goods.

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29. Following this approach, the treatment of leasing activities in the ASIC is as follows:

- (a) Leasing or hiring of industrial machinery, transport equipment (except ships) or other plant or equipment (manufactured by the same establishment) for periods of one year or more, without operators, is primary to the appropriate classes in Division C, Manufacturing.
- (b) Leasing or hiring of industrial machinery, transport equipment (except ships) or other plant or equipment (not manufactured by the same establishment), without operators, for periods of one year or more from stocks physically held for this purpose, is primary to the appropriate classes in Division F, Wholesale and retail trade.
- (c) Leasing, hiring or renting of industrial machinery, plant or equipment (except transport equipment) without operators, for periods less than one year, from stocks physically held for this purpose, is primary to Class 6390, Plant hire and leasing n.e.c., in Subdivision 63, Property and business services.
- (d) Leasing, hiring or renting of transport equipment (except fishing or pleasure boats) without operators, for periods less than one year, from stocks physically held for this purpose is primary to the appropriate classes in Division G, Transport and storage.
- (e) Leasing (except on a financial service basis) of commercial fishing vessels, with or without crew, for any period, is primary to the appropriate classes in Group 043, Fishing.
- (f) Leasing of ships (except on a financial service basis) with or without crew, whether for short or long periods, is primary to the appropriate classes of ASIC Division G, Transport and storage.
- (g) Leasing of aircraft (except on a financial service basis) with crew, for any period, is primary to the appropriate classes in Group 540, Air transport.
- (h) Leasing or hiring of plant or equipment with operators is primary to the classes appropriate to the type of work being performed. For example, hire of cars with drivers is primary to Class 5123, Taxi and other road passenger transport, in Division G, Transport and storage.
- (i) Leasing of industrial machinery, transport equipment, or other plant or equipment purely on a financial service basis (i.e. without physically handling the goods) is primary to Class 6156, Financiers n.e.c., in Subdivision 61, Finance and investment.

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- (j) Leasing or hiring domestic appliances or most other types of consumer goods for short or long periods, from stocks physically held for this purpose, is primary to the appropriate classes in Subdivision 48, Retail trade.
- (k) Hiring of motion picture films to business, government, charitable or other non-profit organisations or private individuals is primary to Class 9132, Motion picture film hiring, in Division L, Recreation, personal and other services.
- (l) Hiring of pleasure boats, without crew, for periods less than one year is primary to Class 9144, Sport and recreation n.e.c., in Division L, Recreation, personal and other services.
- (m) Hiring of linen, baby napkins or uniforms (e.g. work clothes) is primary to Class 9340, Laundries and dry-cleaners, in Division L, Recreation, personal and other services.
- (n) Renting or leasing of agricultural or pastoral properties for others is primary to Class 4751, Wool selling brokers; stock and station agents, in Subdivision 47 Wholesale trade.
- (o) Renting or leasing of houses or other real property (except of agricultural or pastoral properties) for others is primary to Class 6310, Real estate agents, in Subdivision 63, Property and business services.
- (p) Renting or leasing of real property (owned or leased by the establishment) is primary to the appropriate classes in Group 632, Real estate operators and developers, in Subdivision 63, Property and business services.
- (q) Lease broking (except of real property) is primary to Class 6172, Services to finance and investment n.e.c., in Subdivision 61, Finance and investment.

PACKING ACTIVITIES

30. In general, activities which involve physical transformation in materials or goods, including blending and assembly, are regarded as manufacturing activities. However, the mere breaking down of bulk quantities and consequent packing or bottling are generally regarded as service type activities, if performed on a contract, fee or similar basis.

31. In discussing the treatment of packing activities a distinction needs to be drawn between:

- (a) packing services provided on a contract or fee basis for establishments of other enterprises,

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- (b) packing services provided for other establishments of the same enterprise, and
- (c) captive packing activities undertaken by the establishment as part of its normal process of producing or distributing goods.

32. Packing, bottling, filling, canning and similar activities of type (a) and (b) above are referred to in this Classification as CONTRACT PACKING activities. (Type (b) is included here because packing services for other establishments are being provided which, incidentally, should give rise to the recording of intra enterprise imputed or actual (transfer) receipts and payments for packing services performed between the establishments concerned.)

33. Packing, bottling, filling, canning and similar activities of type (c) above are referred to in this Classification as CAPTIVE PACKING activities. Because captive packing activities are (by definition) not of themselves direct revenue earning activities they are not to be valued and taken into account in classifying establishments. For the same reason, the activities specified in class definitions are, in general, meant to relate to direct revenue earning activities rather than captive activities.

Captive Packing

34. Establishments which undertake captive packing activities are generally to be classified, like all other establishments, in accordance with their main revenue earning activity, irrespective of whether the goods produced or services rendered involve some captive packing. However, some situations do exist in which it is not immediately obvious how establishments which seem to do little else than pack goods should be classified. Such situations occur where establishments (on their own account or as agents) purchase (or transfer in) goods, repack these goods, and then sell (not transfer out) the repacked goods to other establishments or final consumers. Establishments solely or mainly engaged in such activities should generally be treated as follows:

AGRICULTURAL PRODUCE (UNPROCESSED)

- (a) Establishments mainly engaged in buying (or transferring in) and washing, grading or repacking unprocessed fresh fruit, vegetables or other agricultural produce (including sun dried fruit) for resale to other establishments should be classified to the appropriate classes in Subdivision 47 Wholesale trade.

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- (b) Establishments mainly engaged in buying (or transferring in) and washing, grading or repacking unprocessed fresh fruit or vegetables for resale to final consumers for personal or household consumption should be classified to Class 4883 Fruit and vegetable stores.

SEAFOODS (FRESH OR FROZEN)

- (a) Establishments mainly engaged in buying (or transferring in) and repacking fresh or frozen seafoods for resale to other establishments without further processing should be classified to Class 4763 Fish wholesalers.
- (b) Establishments mainly engaged in buying (or transferring in) and repacking fresh or frozen seafoods for resale without further processing to final consumers for personal or household consumption should be classified to Class 4886 Fish shops; take away food and milk bars.

NOTE. The treatment of establishments mainly engaged in processing seafoods, whether or not captive packing is involved, is specified in the descriptions of Class 2174 Processed seafoods, and Class 4763 Fish wholesalers.

MANUFACTURED FOODS, BEVERAGES AND TOBACCO

Establishments mainly engaged in buying (or transferring in):

- (a) Food products (including beverages in powder form but excluding all liquid beverages) which are then packed into cans, bottles or jars and then vacuum sealed for sale to other establishments, should be classified to the appropriate classes of Subdivision 21, Food, beverages and tobacco.
- (b) Liquid beverages (except wine or spirits) which are then packed into cans, bottles or cartons, for sale to other establishments should be classified to the appropriate classes in Subdivision 21, Food, beverages and tobacco.
- (c) Wine or spirits which are then bottled or otherwise packed, without further processing (such as blending), for sale to other establishments should be classified to Class 4767, Beer, wine and spirits wholesalers.
- (d) Food products (including beverages in powder form) which are then repacked (except as specified in (a), (b) or (c) above) without any further processing for sale to other establishments should generally be classified to the appropriate classes in Group 476, Food, drink and tobacco.

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OTHER GOODS

- (a) Establishments mainly engaged in buying (or transferring in) chemicals (except petroleum products) and packing these into airtight containers or pressure vessels for sale to other establishments should be classified to the appropriate classes in Subdivision 27 Chemical, petroleum and coal products.
- (b) Establishments mainly engaged in buying (or transferring in) goods (except petroleum products, chemicals or foodstuffs) and repacking these goods without any further processing for sale to other establishments should generally be classified to the appropriate classes in Subdivision 47 Wholesale trade.
- (c) Establishments mainly engaged in buying (or transferring in) goods (except petroleum products, chemicals or foodstuffs) and subjecting these to further processing and repacking for sale to other establishments should generally be classified to the appropriate classes in Division C Manufacturing.

35. The treatments specified above are intended as general guidelines for classifying establishments which undertake significant captive packing or repacking activities. Where difficulty is experienced in applying these guidelines or where an instance is found where the general guidelines do not cover some particular captive packing activity or appear to conflict with the specification of activities in class definitions the Classification Section of the ABS in Canberra should be contacted for advice.

Contract Packing

36. The treatment of contract packing activities in the ASIC is broadly as follows:

GOODS ORIGINATING IN SUBDIVISION 01 : AGRICULTURE

- (a) Contract packing of fresh fruit and vegetables is primary to Class 4764 Fruit and vegetable wholesalers.
- (b) Contract packing of sun dried fruit is primary to Class 4769 Grocery wholesalers n.e.c.
- (c) Contract packing of other agricultural produce, e.g. hay baling, is generally primary to Class 0206 Services to agriculture n.e.c.

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GOODS ORIGINATING IN SUBDIVISION 21 : FOOD, BEVERAGES AND TOBACCO

Most of the common contract packing activities are specified in the class definitions of classes in Subdivisions 21 Food, beverages and tobacco and 47 Wholesale trade. Where the contract packing of a food, beverage or tobacco commodity has not been specified the intention is that the contract packing activity be treated as primary of the industry class in Subdivision 21 which includes, as a primary activity, the manufacture of the commodity.

PACKING OR CRATING GOODS FOR TRANSPORT

This activity is included as a primary activity in Class 5744 Other services to transport n.e.c.

OTHER CONTRACT PACKING

The contract packing of goods (except agricultural produce or food, beverages or tobacco or goods packed for transport) is primary to Class 6388 Contract packing services n.e.c.

37. The treatments specified above are intended as general guidelines or pointers to the specification of contract packing activities in the Classification. Where difficulty is experienced in using these guidelines or where it appears that a particular contract packing activity does not appear to be covered by either the class definitions or the above guidelines the Classification Section of the ABS in Canberra should be contacted for advice.

38. It should also be noted that in the detailed Classification not every packing, bottling or similar activity has been designated as 'on a contract or fee basis'. Where such a designation has been omitted the intention nevertheless is that the activity refer to a direct revenue earning activity, i.e. usually a contract packing or bottling activity. Further, it might also be noted that both terms 'packing' and 'repacking' have been used in the Classification. Where this has occurred, generally the more appropriate of the two terms has been used in the given circumstances without intending to imply that different classification treatments apply. In other words, for industry classification purposes the terms packing and repacking have the same meaning.

CONTRACT WORK

39. Generally there is no special difficulty in classifying establishments which produce goods or services on a contract, commission or fee basis for others.

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40. However, difficulties have been encountered in certain circumstances in classifying establishments (i.e. in determining their major activity) which have goods and/or services produced for them on a contract, commission, or fee basis and where such goods and/or services are included in the final output of such establishments.

41. A typical example of the situation just described would be an establishment which purchases cloth and then enters into a contract with a clothing manufacturer according to which the clothing manufacturer uses the cloth to manufacture women's jeans for the client establishment on a commission basis. The first, i.e. the client establishment, after receiving the jeans, then sells these to retail establishments.

42. The question as to which industry the client establishment belongs is not readily answerable. For example, if one were merely relying on information about inputs (purchased cloth) and outputs (sales of women's jeans) the establishment should be classified to Class 2453 Women's outerwear n.e.c. in Division C Manufacturing. However, if one were to consider only the actual activities carried out, i.e. the activities which contribute to the value added of the establishment, a different assessment of the establishment's major activity (industry) would seem to emerge.

43. For the purpose of resolving problems of this type the following guidelines are offered.

44. Sales of goods produced for a 'client establishment' on a contract, commission or fee basis should normally be treated (for industry classification purposes) as sales of goods produced by the client establishment in the following conditions:

- (a) the contractor operates (i.e. has been engaged to operate) production facilities which the client establishment possesses on its premises.
- (b) the client establishment itself produces goods and the goods produced for it on commission are of a similar type or are goods produced from raw materials produced by the client establishment (provided the production of the raw materials is primary to the same ASIC division as the goods produced on commission from them), or
- (c) the goods produced for the client establishment on contract are construction goods, i.e. houses, other buildings or other structures, and the client establishment actively organises or manages the construction projects.
(Note. The terms 'organise' or 'manage' in this context refer to project management as specified in Division E, Construction, and do not mean mere inspection activities for the purpose of authorising payment to contractors or ensuring adherence to building regulations.)

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45. If conditions (a), (b) or (c) do not apply OR if the goods are merely produced for the client establishment on the basis of a contract purchase, the sale of such goods by the client establishment should be treated (for industry classification purposes) as wholesale or retail sales.

OWN ACCOUNT CONSTRUCTION ACTIVITIES

46. For the purposes of the ASIC, own account construction should be interpreted to mean construction other than contract or speculative construction, e.g. the construction of buildings or other structures by an enterprise for its own use, rental or lease i.e. as distinct from construction of buildings or other structures by an enterprise for sale in the market or on contract for another enterprise (regardless of whether the client enterprise is related to the 'constructing' enterprise or not).

47. The 'constructing' enterprise may be a business undertaking, a government or non-profit organisation or a private household, and the own account construction activity may be undertaken by a construction unit of the 'constructing' enterprise or as a secondary activity of a non-construction establishment of the 'constructing' enterprise. However, where the own account construction is undertaken by a private household a construction establishment may be created for statistical purposes.

48. The industries in the ASIC do not distinguish between own account and contract construction activities, and the industry classes in Division E Construction include both, i.e. PRIVATE SECTOR construction establishments mainly engaged in undertaking contract as well as own account construction activities. In the case of PUBLIC SECTOR units, own account construction is treated as an ancillary activity and classified accordingly. (See paragraph 59 in Chapter 3 for an interpretation of 'own account construction' in the Public Sector.)

OPERATION OF DISPLAY CENTRES/HOMES

49. It is not uncommon for business or other organisations to establish display centres, display stalls at shows and the like. A typical example of such centres are display homes established by building companies.

50. The statistical treatment of such display centres has posed problems in the past and the following guidelines are provided for their treatment:

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DISPLAY CENTRES LOCATED AT AN EXISTING ESTABLISHMENT OF THE ENTERPRISE

Such display centres do not form a separate statistical unit and are therefore treated as part of the establishment at which they are located. Any revenue earning activities of such centres are treated as revenue earning activities of the establishment.

SEPARATELY LOCATED DISPLAY CENTRES

A decision needs to be made in the first instance, in accordance with rules for recognising statistical units, whether a display centre qualifies for treatment as a separate statistical unit and, if it does, whether it is an establishment or an ancillary unit (see Chapter 3).

For example, a separately located display centre which operates mainly as a sales office and not merely takes orders but supplies transportable goods to customers, from stocks held at its premises or under its control at some other premises, is treated as a wholesale or retail establishment depending on whether it sells goods to other establishments (including professional or trades people) or to final consumers for personal or household consumption, as specified in the scope statement to Division F in the detailed Classification. On the other hand, i.e. in the case of certain types of non-transportable goods, such as houses or home units, a display centre would normally be treated as an ancillary unit if it is owned and operated by the enterprise which constructed the houses or home units.

If a display centre does not qualify for treatment as a statistical unit (e.g. employees of the enterprise operating the display centre are based at some other location of the enterprise and the display centre is intended to be in existence for only a relatively short period) the display centre is treated as part of the assets of the establishment or ancillary unit which operates the display centre.

OPERATION OF SEPARATELY LOCATED OFF-SITE WORKSHOPS

51. Some construction enterprises operate separately located workshops or factories (e.g. motor truck repair workshops or factories manufacturing building components such as roof trusses). For statistical purposes their treatment is as follows:

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If, in accordance with the rules for combining locations (adverted to in Chapter 3), an off-site workshop is merged with another location (or unit) of the enterprise (e.g. a construction base of operations) all the operations of the off-site workshop are included in the operations of the establishment with which it has been merged. (However, the existence of the off-site workshop location will continue to be recorded as one of the component locations of the establishment and will carry the industry code of the establishment.)

If, in accordance with the rules for combining locations, an off-site workshop is not merged with another location (or unit) of the enterprise, the off-site workshop will be treated either as an establishment or as an ancillary unit.

If the off-site workshop is treated as an establishment it should be classified, as any other establishment, in accordance with its major activity.

If the off-site workshop is treated as an ancillary unit it should be classified in accordance with the rules for classifying ancillary units. These are set out in Chapter 4.

OTHER MATTERS CONCERNING THE SPECIFICATION OF ACTIVITIES

52. The primary activities specified in class definitions (i.e. the industry class descriptions and lists of primary activities) refer, in general, to direct revenue earning activities rather than captive activities. Where it is intended that captive activities form part of the industry specification captive activities are specifically referred to, e.g. in the case of industry Class 2443 Knitted goods n.e.c. (in Division C, Manufacturing) the industry definition specifies, inter alia, that the industry includes, as a primary activity, the manufacture of knitted blouses FROM FABRIC KNITTED AT THE SAME ESTABLISHMENT - i.e. the captive activity of manufacturing knitted cloth for further processing into blouses is specifically mentioned.

53. Although, in general, the primary activities specified in class definitions are expressed in terms such as -

copper ores mining,
salt crushing, and
fruit, fresh, retailing -

circumstances exist where it is not possible to use such specific activity descriptions. In such circumstances the activities have

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been expressed in a more general sense. For example:

trading bank operation,
investment club operation, and
agricultural show operation.

54. In cases such as the foregoing the intention is that each primary activity only include those activities which relate strictly to the functions of the organisation described. For example, the primary activity 'trading bank operation' should not be taken to include non banking activities which some trading banks may undertake (e.g. the provision of travel agency services).

55. In other cases it has been useful or only possible to specify primary activities by reference to occupational descriptions. For example:

barrister (own account),
solicitor (own account),
radiologist (own account),
herbalist (own account), and
author (own account).

In these cases the term 'own account' is used to indicate that the services provided should be those by businesses and other organisations (including self employed persons) and not by wage and salary earners.

