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# **Small and Medium Enterprises**

## **Business Growth and Performance Survey**

**Australia**

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**SMALL AND MEDIUM ENTERPRISES  
BUSINESS GROWTH AND PERFORMANCE SURVEY  
AUSTRALIA, 1994-95**

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**AUSTRALIAN BUREAU OF STATISTICS**

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INQUIRIES	<ul style="list-style-type: none"><li>■ <i>for further information about the statistics in this publication and the availability of unpublished statistics, contact John Purcell by phone on (06) 252 6634, or by fax on (06) 252 7004.</i></li><li>■ <i>for information about other statistics and services, please refer to the back of this publication.</i></li></ul>
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## PREFACE

This publication presents summary results of a new survey, the 1994-95 Business Growth and Performance Survey. It is the first year of a longitudinal study planned to be collected over five years. The results from these surveys will form a research database of firm level longitudinal data relating mainly to small and medium-sized firms. The Australian Bureau of Statistics (ABS) will undertake the collection of the data as well as the development of the database.

This first survey also collected data retrospectively for employment, sales and exports which has allowed changes in the employment and sales of firms to be examined. This publication provides broad summary data from the first survey, and the full range of data items available from this survey is provided in the Appendix.

Funds for these surveys have been provided by the Office of Small Business within the Department of Industry, Science and Tourism.

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Australian Bureau of Statistics  
September 1996





## INTRODUCTION

The statistics presented in this publication aim to assist users analyse the performance of Australian business, particularly small and medium-sized businesses. To do this, businesses are grouped on the basis of the change in their employment and sales over the previous year. The characteristics of these groups are then compared by industry and business size.

### CHANGE CATEGORIES USED

For tables 1–5 of this publication, three employment change categories have been used. Each business has been classified into one of the following categories based on their change in employment between 30 June 1994 and 30 June 1995:

- businesses with declining employment — those businesses where employment decreased by more than 10%;
- businesses with static employment — those businesses where change in employment ranged from -10% to +10%;
- businesses with increasing employment — those businesses where change in employment was more than 10%.

For tables 6–10, three sales change categories have been formed using the same boundaries as used in the employment analysis (i.e. +/- 10%). A business with declining sales is one where sales have decreased by more than 10%; a business with increasing sales is one where sales have increased by more than 10%.

### DEFINING BUSINESSES BY SIZE

There has been a continuing and growing interest in the role small business has in the modern economy. Moreover, in recent years the small business policy interest has extended to encompass a broader sector of the business community to now cover a wider group known as Small and Medium Enterprises. However, while these businesses have been the subject of widespread attention for a long period of time, no universally accepted definition has been adopted. For statistical purposes, ABS has up until now adopted employment as the basis for classifying non-agricultural businesses by size. Work has commenced on a review of the existing business size classifications to develop a standard that could be used to provide consistent data for statistical purposes.

In this publication data are presented using five business size categories:

- micro business — which is defined as those businesses employing less than 5 people;
- other small business — which is defined as those businesses employing 5 or more, but less than 20 people;
- small business — which is defined as those businesses employing less than 20 people;
- medium business — which is defined as those businesses employing 20 or more people, but less than 200; and
- large business — which is defined as those businesses employing 200 or more people.

Other ABS publications, including *Small Business in Australia* (1321.0), define a small business as all manufacturing businesses with less than 100 employees and all other non-agricultural businesses with less than

20 employees. The slight change in the definition of small business used in this publication has been made to simplify the analysis and make it easier for comparisons to be made with data classified into employment size ranges in other ABS publications. It is not expected to significantly vary the conclusions one could draw about the small business sector.

Where results are presented by business size group, businesses have been classified using employment at 30 June 1994.

COMPARISONS WITH  
OTHER ABS DATA

Estimates relating to businesses classified by size are available from a number of different sources across the ABS. However, these estimates will not always be comparable as they may relate to different points in time. Also, results across different surveys may not be comparable because of differing scope and coverage definitions. There may also be variations due to sampling and non-sampling error. These terms, as they relate to this survey, are described in the Explanatory Notes.

USE OF PROPORTIONS

With the exception of the performance ratios, the results in this publication are presented in the form of proportions.

When examining the results for all businesses it is important to realise that the large number of small businesses in the economy will greatly influence the overall proportions. With 94% of all businesses classified as small (including 62% micro businesses), 5% as medium sized and 1% large, the results for all businesses will be similar to the results for small business. However, the contribution to the level of economic activity of the medium and large business sectors is much more pronounced.

As there is only a small number of large businesses in the sample for this survey, the sampling error associated with estimates for this category is likely to be high and care should be taken when interpreting the results. For these reasons the selected characteristics have not been presented separately for large business.

## SUMMARY OF FINDINGS

### CHARACTERISTICS OF BUSINESSES WITH CHANGING EMPLOYMENT

Note: In this analysis, reference to businesses increasing employment relates to those increasing employment by more than 10%. Similarly, businesses with employment decreasing by more than 10% are referred to as businesses decreasing employment. Full details of these groupings are given in the Introduction.

#### For all businesses

The survey shows that between June 1994 and June 1995, 17.9% of all continuing businesses had increased their employment and that 13.7% had shown a decrease. The remaining businesses (68.5%) had only minor changes to employment and are classified as static.

In terms of employment change, the contribution by those businesses showing increased employment was quite a bit larger than the contribution to employment decline by businesses which had decreased employment (268,000 compared to 148,000 persons). Static businesses contributed a small net positive increase to the overall change in employment (+13,000 persons).

#### Size of business

When examined by business size, it can be seen that micro businesses (those employing less than 5 people) appear to be more static than other businesses. Between June 1994 and June 1995, 77.4% of micro businesses were classified as static in terms of their employment. This compares with 53.2% for other small businesses and 57.4% and 66.2% for medium and large businesses respectively. Less micro businesses grew in employment than any other size category (13.4% compared to 25.0%, 26.1% and 24.9% for other small, medium and large categories respectively). Micro businesses had the second lowest percentage of firms which decreased their employment (9.3%), only just larger than the proportion for large businesses (8.8%). Other small businesses and medium-sized businesses had a much greater proportion of firms showing declines, at 21.8% and 16.5% respectively.

In terms of overall contribution to the net growth in employment by continuing businesses:

- micro businesses increased their employment by 27,000 people;
- small businesses (including micro businesses) increased employment by 46,000 people;
- medium business increased by 38,000 people; and
- large business increased by 50,000 people.

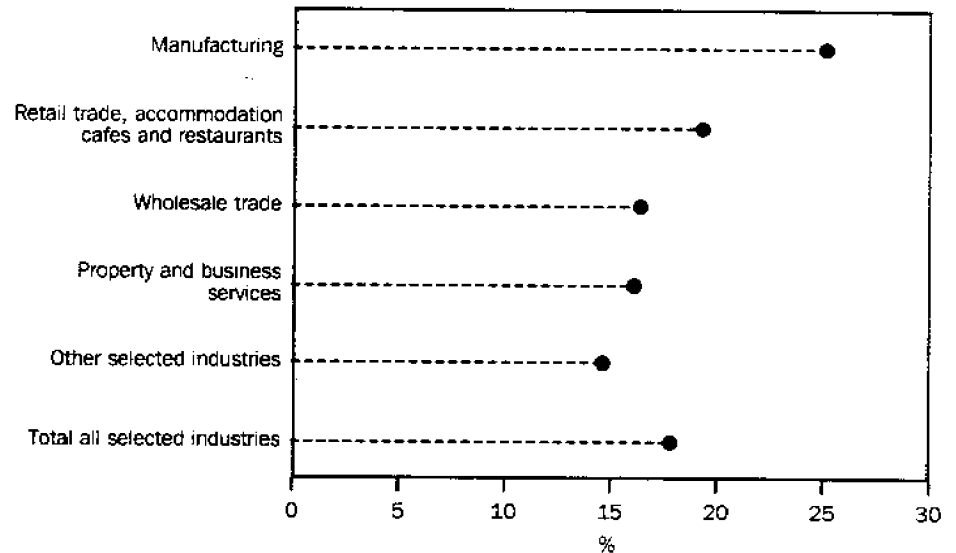
#### Industry

The Manufacturing industry had the highest relative proportion of businesses increasing employment over the period. There were 25.2% of businesses which reported employment growth compared to 16.5% in the Wholesale trade industry, 19.4% in the Retail trade, accommodation, cafes and restaurants industry, 16.2% in Property and business services industry and 14.7% in the Other selected industries category.

The proportions of businesses with decreasing employment were relatively similar across the different industries. Manufacturing, Wholesale and Other selected industries were slightly above the overall average, while the Retail trade, accommodation, cafes and restaurants and Property and business services industries had a slightly smaller proportion of businesses with decreasing employment.

## 1

### BUSINESSES INCREASING EMPLOYMENT



#### Small business by industry

In the small business sector Manufacturing recorded the largest proportion (25.6%) of businesses with increasing employment. This was much higher than each of the other industries which recorded proportions of between 14.3% and 19.0%. Micro businesses showed a similar trend with 23.0% of Manufacturing micro businesses showing an increase in employment compared to proportions ranging from 10.9% to 15.7% for the other identified industries.

#### Medium business by industry

For medium-sized businesses, the Property and business services industry had the highest proportion of businesses with increased employment (35.3%).

#### Age of business

In total, a greater proportion of businesses which are less than 10 years old showed an increase in employment than showed a decrease. For businesses less than 2 years old, 19.5% showed an increase in employment and 9.4% showed a decrease. For businesses aged between 2 and 5 years, 23.4% showed an increase and 13.3% showed a decrease.

For businesses which are 10 or more years old the proportion of businesses which increased their employment is about the same as those businesses which showed a decrease.

This same picture is evident in the results for the micro business and the small business categories. In the medium size category there are proportionally more businesses showing an increase in employment than

a decrease for all age groups except the youngest group of businesses (those less than 2 years old) and the oldest group (those more than 20 years old).

- Export status For businesses which export, 28.8% showed an increase in employment while only 17.4% of non-exporting businesses recorded similar increases. Looking at businesses with declining employment, 13.0% of exporting businesses showed an employment decrease compared to 13.7% of non-exporting businesses.
- Innovation For those businesses which are innovative, a higher proportion (27.0%) showed an increase in employment than showed a decrease (12.1%). While the same is true for non-innovative businesses, the proportion of businesses showing an increase in employment, at 17.0%, is much closer to the 13.8% of non-innovative businesses which showed a decrease in employment.
- Generally, the same trend can be seen across each of the business size categories.
- Foreign ownership For Australian-owned businesses, 17.8% recorded an increase in employment while 13.8% showed a decrease. For foreign-owned businesses, the proportion of businesses which showed increasing employment was 20.6%, much higher than the proportion of businesses with decreasing employment (10.0%).
- Unionisation There is a smaller proportion of businesses with no union members which showed increased employment than businesses which do have union members.
- Franchising Of businesses operating under a franchise, 24.3% showed an increase in employment, compared to 17.6% of other businesses. They also had a higher proportion of businesses with decreased employment (16.2%), compared to 13.6% of other businesses.

CHARACTERISTICS OF  
BUSINESSES WITH  
CHANGING SALES

Note: In this analysis, reference to businesses increasing employment relates to those increasing employment by more than 10%. Similarly, businesses with employment decreasing by more than 10% are referred to as businesses decreasing employment. Full details of these groupings are given in the Introduction.

Users should also be aware that businesses less than 2 years old and businesses where sales were less than 50% of their total income have been omitted from this analysis as the percentage change in sales would not be a genuine measure of change in that business.

For all businesses The survey shows that 40.7% of businesses recorded an increase in their sales between 1993-94 and 1994-95. This compared to 17.0% which showed a decrease in their sales. The remaining 42.3% have been classified as having static sales. There were a significantly larger number of businesses in the group recording an increase in sales than those which recorded a similar increase in employment.

Size of business The proportion of businesses in the static category is similar across each of the business size groups with slightly above 40% recorded in each.

In the larger business categories there were larger proportions of businesses showing an increase in sales.

The smaller business categories recorded larger proportions of businesses showing declining sales, with 18.9% of micro businesses and 14.3% of other small businesses showing a sales decline. Smaller proportions were recorded for the medium and large-sized business categories.

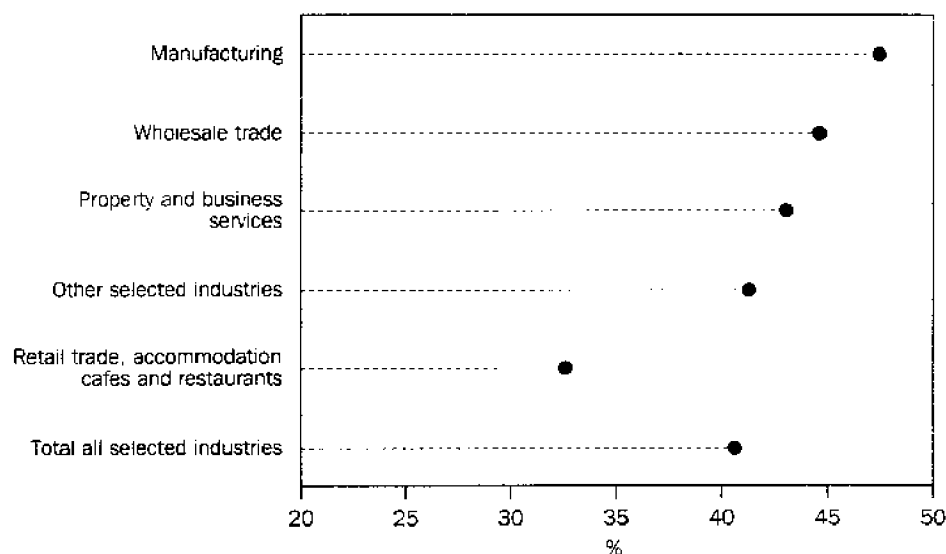
In terms of overall contribution to net growth in sales by continuing businesses:

- micro businesses contributed 8.0%;
- small businesses (including micro businesses) contributed 38.6%;
- medium businesses contributed 31.3%; and
- large businesses contributed 30.1%.

Industry The Retail trade, accommodation, cafes and restaurants industry had by far the smallest proportion (32.7%) of businesses showing an increase in sales and is the only industry group identified which was less than the average for all businesses. This industry also had the smallest proportion of businesses which showed a decrease in sales. The Manufacturing industry had a marginally higher proportion of businesses showing increased sales than the other industries identified.

## 2

### BUSINESSES INCREASING SALES



**Age of business** Businesses between 2 and 5 years old had a greater proportion (53.3%) showing sales increase than older businesses. The survey shows that as businesses get older a smaller proportion of them reported sales increases.

Businesses between 2 and 5 years old also had the smallest proportion (15.1%) showing a decline in sales.

These findings are common across each of the business size categories.

**Export status** A greater proportion of exporting businesses (47.4%) reported an increase in their sales than did non-exporters (40.4%).

**Innovation** Almost half (49.4%) those businesses considered innovative showed an increase in sales while 39.8% of non-innovators recorded an increase. Also a much smaller proportion of innovating businesses (12.4%) showed a decline in sales than did non-innovators (17.4%). Similar results were recorded across the each of the business size groups.

**Foreign ownership** Australian and foreign-owned businesses recorded similar proportions of businesses showing an increase in sales. There was, however, a smaller proportion of Australian-owned businesses (16.8%) showing a decline in sales than for foreign-owned businesses (24.0%).

**Unionisation** For businesses with no union members, there were 39.4% showing an increase in sales. However, this proportion was smaller than each of the categories of businesses with some degree of unionisation.

**Franchising** There was a greater proportion (48.2%) of franchisees showing an increase in sales than other businesses (40.4%)

BUSINESS PERFORMANCE RATIOS

Note: In examining labour ratios, users should be aware that owners of businesses (particularly small businesses) may not take a full wage and also, the level of part-time employment in each category may impact on average wages and salaries and other labour-based ratios.

Wages and salaries per employee The results of the survey showed that for all businesses, an average of \$25,500 was paid to each employee. Micro businesses had the lowest average wages and salaries per employee at \$14,500. The small business sector (in total) recorded an average of \$18,300 per employee.

Turnover per employee For all businesses, turnover per employee was \$203,400. Across the business size groups turnover per employee was:

- \$161,100 for micro business;
- \$167,600 for small business;
- \$219,500 for medium business; and
- \$237,700 for large business.

Businesses which had shown a decrease in employment of more than 10% recorded \$175,000 in turnover per employee. By comparison, static businesses and businesses showing an increase in employment of more than 10% recorded turnover per employee of \$223,300 and \$172,400 respectively.

Profit margin Profit margin relates to the percentage of operating income available as operating profit. Across all businesses, the average profit margin was 8.3%. Across the business size groups, the average profit margin was:

- micro business — 14.6%;
- small business (in total) — 11.0%;
- medium business — 6.7%; and
- large business — 6.9%.

Return on assets Large businesses had the smallest return on assets (3.2%) of the business size groups examined. Businesses showing an employment decrease of more than 10%, recorded a lower ratio at 3.0% than static businesses or those showing an increase in employment of more than 10%.

Return on net worth This ratio was much lower for large businesses than the other business size groups. Also, it was higher (23.5%) for businesses which were showing an increase in employment of more than 10%, than for static businesses (13.3%), or those that have shown a decrease in employment of more than 10%.

Long-term debt to equity This ratio is generally consistent (0.8%) across all groups except those businesses which have shown an increase in employment of more than 10% which was 0.5%.



Current ratio      The current ratio is fairly consistent at around 1.1% for all groups analysed.

Interest coverage      The interest coverage ratio is generally lower for static businesses than for other businesses. This ratio for static businesses is 2.4 compared to 3.7 and 3.6 for businesses showing increasing and decreasing employment respectively.

## BUSINESS INTENTIONS

The business intentions estimates, shown in table 12, provide the proportion of businesses surveyed which indicated various business intentions over the three years following the survey period, that is, 1996 through 1998.

The intentions being measured are in respect of production, the number of locations operated by the business, selling, moving or closing the business, exporting and the introduction of new goods and services.

Expansion and contraction      Of the businesses surveyed, 22.2% intend to significantly increase production levels over the next three years, with only 2.4% planning to significantly decrease production levels over the same period. The remaining businesses expected to maintain existing output levels.

Other intentions include:

- 20.7% of businesses intended to introduce new goods or services;
- 6.8% of businesses intended to open new locations, with only 2.4% intending to close locations;
- 14.5% of businesses intended to sell their business; and
- a further 7.4% intended to close their business.

Intentions by business size      The intention to significantly increase production levels was most prevalent in large business (44.3%). A larger proportion of large businesses also intend to open new locations (35.5%) and to maintain or commence exporting (31.0%).

More small businesses (15.0%) intend to sell the whole business than is the case with larger businesses. A further 7.9% of small businesses intend to close the business while only 4.6% of large business intend to sell or close their business, although 12.2% of large businesses expressed an intention to close some locations.

	Proportion of businesses with			
	Decreasing employment	Static employment	Increasing employment	All businesses
	%	%	%	%
<b>Manufacturing</b>				
Micro business	8.8	68.2	23.0	100.0
Other small business	21.6	50.1	28.4	100.0
Total small business	15.0	59.4	25.6	100.0
Medium business	15.8	61.4	22.7	100.0
Large business	*15.2	59.4	25.4	100.0
Total all business	15.1	59.7	25.2	100.0
<b>Wholesale trade</b>				
Micro business	*10.9	76.8	12.3	100.0
Other small business	24.4	49.9	25.7	100.0
Total small business	14.8	69.1	16.1	100.0
Medium business	14.2	61.1	24.7	100.0
Large business	**9.4	77.5	*13.1	100.0
Total all business	14.7	68.8	16.5	100.0
<b>Retail trade, accommodation, cafes and restaurants</b>				
Micro business	*8.7	75.6	15.7	100.0
Other small business	15.4	61.7	22.9	100.0
Total small business	11.7	69.3	19.0	100.0
Medium business	*17.7	55.2	27.1	100.0
Large business	**1.2	79.0	*19.8	100.0
Total all business	12.0	68.6	19.4	100.0
<b>Property and business services</b>				
Micro business	7.8	81.3	10.9	100.0
Other small business	27.6	43.5	28.8	100.0
Total small business	12.7	72.0	15.4	100.0
Medium business	16.2	48.6	*35.3	100.0
Large business	*4.2	*77.5	**18.4	100.0
Total all business	12.8	71.0	16.2	100.0
<b>Other selected industries</b>				
Micro business	11.0	76.9	12.1	100.0
Other small business	28.4	51.8	19.8	100.0
Total small business	16.0	69.7	14.3	100.0
Medium business	19.9	62.4	17.7	100.0
Large business	7.3	44.3	*48.4	100.0
Total all business	16.2	69.2	14.7	100.0
<b>Total all selected industries</b>				
Micro business	9.3	77.4	13.4	100.0
Other small business	21.8	53.2	25.0	100.0
Total small business	13.5	69.1	17.3	100.0
Medium business	16.5	57.4	26.1	100.0
Large business	8.8	66.2	24.9	100.0
Total all business	13.7	68.5	17.9	100.0

<sup>1</sup> Employment change category relates to changes in the level of employment in the business between 30 June 1994 and 30 June 1995, as outlined in the Introduction.

## 2

ALL BUSINESS: SELECTED CHARACTERISTICS BY EMPLOYMENT CHANGE CATEGORY<sup>1</sup>

	<i>Proportion of businesses with</i>			
	<i>Decreasing employment</i>	<i>Static employment</i>	<i>Increasing employment</i>	<i>All businesses</i>
	%	%	%	%
<b>Total all business</b>	13.7	68.5	17.9	100.0
<b>Age of business</b>				
Less than 2 years	9.4	71.1	19.5	100.0
2 years to less than 5 years	13.3	63.4	23.4	100.0
5 years to less than 10 years	14.9	66.7	18.4	100.0
10 years to less than 20 years	15.1	70.4	14.6	100.0
20 years or more	11.7	75.7	12.7	100.0
<b>Export status</b>				
Non-exporter	13.7	68.9	17.4	100.0
Exporter	13.0	58.2	28.8	100.0
<b>Innovative status</b>				
Non-innovator	13.8	69.2	17.0	100.0
Innovator	12.1	61.0	27.0	100.0
<b>Foreign ownership<sup>2</sup></b>				
Australian owned	13.8	68.5	17.8	100.0
Foreign owned	10.0	69.4	20.6	100.0
<b>Unionisation</b>				
No union members	13.5	69.8	16.6	100.0
Up to 25%	13.1	57.8	29.1	100.0
26% to 50%	*15.9	59.3	*24.9	100.0
51% to 75%	*14.4	60.5	25.0	100.0
76% to 100%	*16.2	55.8	28.0	100.0
<b>Franchise status</b>				
Businesses operating under a franchise	*16.2	59.6	24.3	100.0
Other businesses	13.6	68.8	17.6	100.0

<sup>1</sup> Employment change category relates to changes in the level of employment in the business between 30 June 1994 and 30 June 1995, as outlined in the Introduction.

<sup>2</sup> Businesses with less than 50% foreign ownership are treated as Australian owned.

## 3

MICRO BUSINESS: SELECTED CHARACTERISTICS BY EMPLOYMENT CHANGE CATEGORY<sup>1</sup>

	Proportion of business with:			
	Decreasing employment	Static employment	Increasing employment	All businesses
	%	%	%	%
<b>Total micro business</b>	<b>9.3</b>	<b>77.4</b>	<b>13.4</b>	<b>100.0</b>
<b>Age of business</b>				
Less than 2 years	6.4	76.8	16.9	100.0
2 years to less than 5 years	8.9	73.7	17.4	100.0
5 years to less than 10 years	10.4	76.1	13.6	100.0
10 years to less than 20 years	9.8	79.3	10.9	100.0
20 years or more	7.3	84.1	8.6	100.0
<b>Export status</b>				
Non-exporter	9.4	77.3	13.3	100.0
Exporter	2.5	79.3	18.2	100.0
<b>Innovative status</b>				
Non-innovator	9.5	77.5	13.0	100.0
Innovator	5.9	74.9	19.3	100.0
<b>Foreign ownership<sup>2</sup></b>				
Australian owned	9.4	77.2	13.4	100.0
Foreign owned	0.3	88.0	11.8	100.0
<b>Unionisation</b>				
No union members	9.0	78.4	12.6	100.0
Up to 25%	10.7	66.9	22.5	100.0
26% to 50%	16.7	57.6	25.7	100.0
51% to 75%	—	76.4	23.6	100.0
76% to 100%	11.2	67.9	20.9	100.0
<b>Franchise status</b>				
Businesses operated under a franchise	19.0	56.2	24.7	100.0
Other	9.1	77.7	13.2	100.0

<sup>1</sup> Employment change category relates to changes in the level of employment in the business between 30 June 1994 and 30 June 1995, as outlined in the introduction.

<sup>2</sup> Businesses with less than 50% foreign ownership are treated as Australian owned.

## 4

SMALL BUSINESS: SELECTED CHARACTERISTICS BY EMPLOYMENT CHANGE CATEGORY<sup>1</sup>

	Proportion of businesses with			
	Decreasing employment	Static employment	Increasing employment	All businesses
	%	%	%	%
<b>Total small business</b>	13.5	69.1	17.3	100.0
<b>Age of business</b>				
Less than 2 years	9.0	71.4	19.7	100.0
2 years to less than 5 years	13.3	64.1	22.6	100.0
5 years to less than 10 years	14.8	67.2	18.0	100.0
10 years to less than 20 years	14.8	71.3	13.9	100.0
20 years or more	10.6	77.3	12.1	100.0
<b>Export status</b>				
Non-exporter	13.6	69.5	16.9	100.0
Exporter	12.8	57.3	29.9	100.0
<b>Innovative status</b>				
Non-innovator	13.6	69.8	16.6	100.0
Innovator	12.3	61.6	26.1	100.0
<b>Foreign ownership<sup>2</sup></b>				
Australian owned	13.6	69.1	17.3	100.0
Foreign owned	*8.3	72.5	*19.2	100.0
<b>Unionisation</b>				
No union members	13.3	70.4	16.3	100.0
Up to 25%	13.9	56.1	30.0	100.0
26% to 50%	*17.0	59.3	*23.7	100.0
51% to 75%	*14.6	60.9	*24.5	100.0
76% to 100%	*15.8	56.5	*27.8	100.0
<b>Franchise status</b>				
Businesses operated under a franchise	*16.7	59.4	23.9	100.0
Other businesses	13.4	69.5	17.1	100.0

<sup>1</sup> Employment change category relates to changes in the level of employment in the business between 30 June 1994 and 30 June 1995, as outlined in the Introduction.

<sup>2</sup> Businesses with less than 50% foreign ownership are treated as Australian owned.

## 5

MEDIUM BUSINESS: SELECTED CHARACTERISTICS BY EMPLOYMENT CHANGE CATEGORY<sup>1</sup>

	Proportion of businesses with			
	Decreasing employment	Static employment	Increasing employment	All businesses
	%	%	%	%
<b>Total medium business</b>	16.5	57.4	26.1	100.0
<b>Age of business</b>				
Less than 2 years	*19.0	*64.2	16.9	100.0
2 years to less than 5 years	*12.6	42.5	*44.9	100.0
5 years to less than 10 years	*15.6	55.8	28.6	100.0
10 years to less than 20 years	20.5	53.4	26.1	100.0
20 years or more	19.8	63.8	16.4	100.0
<b>Export status</b>				
Non-exporter	17.0	57.0	26.0	100.0
Exporter	13.8	59.7	26.5	100.0
<b>Innovative status</b>				
Non-innovator	17.9	57.8	24.3	100.0
Innovator	11.0	56.2	32.8	100.0
<b>Foreign ownership<sup>2</sup></b>				
Australian owned	16.8	56.7	26.5	100.0
Foreign owned	*13.6	64.0	22.4	100.0
<b>Unionisation</b>				
No union members	18.4	57.0	24.7	100.0
Up to 25%	11.5	61.3	27.2	100.0
26% to 50%	*9.8	58.6	31.7	100.0
51% to 75%	15.1	57.5	*27.5	100.0
76% to 100%	21.8	49.6	28.6	100.0
<b>Franchise status</b>				
Businesses operated under a franchise	*12.3	59.5	*28.2	100.0
Other businesses	16.8	57.3	25.9	100.0

<sup>1</sup> Employment change category relates to changes in the level of employment in the business between 30 June 1994 and 30 June 1995, as outlined in the Introduction.

<sup>2</sup> Businesses with less than 50% foreign ownership are treated as Australian owned.

ALL BUSINESS: INDUSTRY AND BUSINESS SIZE GROUP BY SALES CHANGE CATEGORY<sup>2</sup>

	Proportion of businesses with			
	Decreasing sales	Static sales	Increasing sales	All businesses
	%	%	%	%
<b>Manufacturing</b>				
Micro business	18.9	31.4	49.8	100.0
Other small business	16.3	38.1	45.6	100.0
Total small business	17.5	34.8	47.7	100.0
Medium business	10.4	42.1	47.5	100.0
Large business	*2.2	54.8	43.0	100.0
Total all business	16.3	36.1	47.6	100.0
<b>Wholesale trade</b>				
Micro business	21.3	36.0	42.7	100.0
Other small business	17.1	35.0	47.9	100.0
Total small business	20.0	35.7	44.3	100.0
Medium business	*10.8	37.6	51.7	100.0
Large business	**12.6	*39.0	*48.4	100.0
Total all business	19.5	35.8	44.7	100.0
<b>Retail trade, accommodation, cafes and restaurants</b>				
Micro business	17.0	56.5	26.5	100.0
Other small business	10.9	50.4	38.8	100.0
Total small business	14.1	53.6	32.2	100.0
Medium business	*12.5	44.8	42.7	100.0
Large business	**25.2	*36.4	*38.4	100.0
Total all business	14.1	53.2	32.7	100.0
<b>Property and business services</b>				
Micro business	19.8	36.5	43.8	100.0
Other small business	17.1	41.9	41.1	100.0
Total small business	19.1	37.9	43.0	100.0
Medium business	20.2	34.1	45.8	100.0
Large business	**1.1	*15.0	*83.9	100.0
Total all business	19.1	37.7	43.2	100.0
<b>Other selected industries</b>				
Micro business	15.7	42.1	42.2	100.0
Other small business	14.1	45.7	40.2	100.0
Total small business	15.2	43.3	41.5	100.0
Medium business	21.4	39.8	38.8	100.0
Large business	*19.7	37.8	*42.6	100.0
Total all business	15.4	43.1	41.4	100.0
<b>Total all selected industries</b>				
Micro business	18.9	41.8	39.4	100.0
Other small business	14.3	43.7	42.1	100.0
Total small business	17.2	42.5	40.4	100.0
Medium business	13.6	40.1	46.3	100.0
Large business	*9.8	43.6	46.6	100.0
Total all business	17.0	42.3	40.7	100.0

<sup>2</sup> Sales change category relates to changes of the Sales of goods and services of an individual business between 1993-94 and 1994-95, as outlined in the Introduction.

## 7

ALL BUSINESS: SELECTED CHARACTERISTICS BY SALES CHANGE CATEGORY<sup>1</sup>

	Proportion of businesses with			
	Decreasing sales	Static sales	Increasing sales	All businesses
	%	%	%	%
<b>Total all business</b>	17.0	42.3	40.7	100.0
<b>Age of business</b>				
2 years to less than 5 years	15.1	31.6	53.3	100.0
5 years to less than 10 years	18.0	43.2	38.8	100.0
10 years to less than 20 years	16.7	48.5	34.8	100.0
20 years or more	19.4	49.9	30.7	100.0
<b>Export status</b>				
Non-exporter	16.9	42.7	40.4	100.0
Exporter	18.8	33.8	47.4	100.0
<b>Innovative status</b>				
Non-innovator	17.4	42.8	39.8	100.0
Innovator	12.4	38.3	49.4	100.0
<b>Foreign ownership<sup>2</sup></b>				
Australian owned	16.8	42.5	40.7	100.0
Foreign owned	24.0	33.9	42.0	100.0
<b>Unionisation</b>				
No union members	17.3	43.3	39.4	100.0
Up to 25%	13.6	38.9	47.5	100.0
26% to 50%	10.5	31.4	58.1	100.0
51% to 75%	13.1	39.2	47.7	100.0
76% to 100%	18.4	32.9	48.8	100.0
<b>Franchise status</b>				
Businesses operating under a franchise	13.9	37.9	48.2	100.0
Other businesses	17.1	42.5	40.4	100.0

<sup>1</sup> Sales change category relates to changes of the Sales of goods and services of an individual business between 1993-94 and 1994-95, as outlined in the Introduction.

<sup>2</sup> Businesses with less than 50% foreign ownership are treated as Australian owned.



	Proportion of businesses with			
	Decreasing sales	Static sales	Increasing sales	All businesses
	%	%	%	%
<b>Total micro business</b>	18.9	41.8	39.4	100.0
<b>Age of business</b>				
2 years to less than 5 years	15.9	32.3	51.8	100.0
5 years to less than 10 years	21.8	42.1	36.1	100.0
10 years to less than 20 years	16.1	49.2	34.7	100.0
20 years or more	27.6	47.7	24.7	100.0
<b>Export status</b>				
Non-exporter	18.8	42.1	39.1	100.0
Exporter	22.4	29.4	48.2	100.0
<b>Innovative status</b>				
Non-innovator	19.4	41.6	39.1	100.0
Innovator	12.5	44.0	43.6	100.0
<b>Foreign ownership<sup>2</sup></b>				
Australian owned	18.9	41.8	39.3	100.0
Foreign owned	13.9	40.9	45.2	100.0
<b>Unionisation</b>				
No union members	19.5	42.6	37.9	100.0
Up to 25%	8.8	39.4	51.8	100.0
26% to 50%	10.1	27.8	62.1	100.0
51% to 75%	4.3	29.2	66.5	100.0
76% to 100%	18.0	33.0	49.1	100.0
<b>Franchise status</b>				
Businesses operated under a franchise	20.3	31.7	48.1	100.0
Other	18.9	42.0	39.2	100.0

<sup>1</sup> Sales change category relates to changes of the Sales of goods and services of an individual business between 1993-94 and 1994-95, as outlined in the Introduction.

<sup>2</sup> Businesses with less than 50% foreign ownership are treated as Australian owned.

	Proportion of businesses with			
	Decreasing sales	Static sales	Increasing sales	All businesses
	%	%	%	%
<b>Total small business</b>	17.2	42.5	40.4	100.0
<b>Age of business</b>				
2 years to less than 5 years	15.3	31.9	52.8	100.0
5 years to less than 10 years	18.1	43.2	38.7	100.0
10 years to less than 20 years	16.9	48.8	34.2	100.0
20 years or more	20.5	50.4	29.0	100.0
<b>Export status</b>				
Non-exporter	17.0	42.9	40.1	100.0
Exporter	21.6	30.3	48.2	100.0
<b>Innovative status</b>				
Non-innovator	17.6	42.8	39.6	100.0
Innovator	12.5	38.6	48.9	100.0
<b>Foreign ownership<sup>2</sup></b>				
Australian owned	17.0	42.6	40.4	100.0
Foreign owned	*30.2	*30.6	*39.2	100.0
<b>Unionisation</b>				
No union members	17.5	43.3	39.3	100.0
Up to 25%	*14.0	39.2	46.8	100.0
26% to 50%	*10.9	*30.7	*58.4	100.0
51% to 75%	*13.3	*37.8	*48.9	100.0
76% to 100%	*19.2	32.5	48.4	100.0
<b>Franchise status</b>				
Businesses operated under a franchise	*13.9	37.7	48.5	100.0
Other businesses	17.3	42.7	40.0	100.0

<sup>1</sup> Sales change category relates to changes of the Sales of goods and services of an individual business between 1993-94 and 1994-95, as outlined in the Introduction.

<sup>2</sup> Businesses with less than 50% foreign ownership are treated as Australian owned.

	Proportion of businesses with			
	Decreasing sales	Static sales	Increasing sales	All businesses
	%	%	%	%
<b>Total medium business</b>	13.6	40.1	46.3	100.0
<b>Age of business</b>				
2 years to less than 5 years	*9.9	23.2	66.9	100.0
5 years to less than 10 years	*17.3	41.0	41.8	100.0
10 years to less than 20 years	13.3	41.9	44.8	100.0
20 years or more	12.6	46.8	40.6	100.0
<b>Export status</b>				
Non-exporter	14.0	39.6	46.4	100.0
Exporter	11.9	42.5	45.5	100.0
<b>Innovative status</b>				
Non-innovator	14.0	41.7	44.4	100.0
Innovator	12.3	34.7	53.0	100.0
<b>Foreign ownership<sup>2</sup></b>				
Australian owned	13.6	40.3	46.1	100.0
Foreign owned	13.7	38.1	48.2	100.0
<b>Unionisation</b>				
No union members	14.3	42.4	43.3	100.0
Up to 25%	*12.7	38.0	49.3	100.0
26% to 50%	8.8	35.3	55.9	100.0
51% to 75%	*14.7	39.0	46.3	100.0
76% to 100%	13.8	32.3	53.9	100.0
<b>Franchise status</b>				
Businesses operated under a franchise	*13.2	40.7	*46.1	100.0
Other businesses	13.7	40.1	46.3	100.0

<sup>1</sup> Sales change category relates to changes of the Sales of goods and services of an individual business between 1993-94 and 1994-95, as outlined in the Introduction.

<sup>2</sup> Businesses with less than 50% foreign ownership are treated as Australian owned.

	Unit	Employment change category			
		Decreasing employment	Static employment	Increasing employment	All businesses
		%	%	%	%
<b>Micro business</b>					
Wages and salaries per employee	\$'000	16.5	14.3	14.5	14.5
Turnover per employee	\$'000	134.1	185.2	92.8	161.1
Profit margin	%	8.5	15.9	8.7	14.6
Return on assets	%	9.2	6.3	15.8	6.7
Return on net worth	%	34.8	19.7	49.7	21.0
Long-term debt to equity <sup>3</sup>	times	0.5	0.8	0.8	0.8
Current ratio <sup>3</sup>	times	0.8	1.1	0.9	1.1
Interest coverage	times	3.6	2.5	8.1	2.7
<b>Other small business</b>					
Wages and salaries per employee	\$'000	23.4	19.5	20.7	20.5
Turnover per employee	\$'000	131.6	161.5	205.2	171.3
Profit margin	%	4.5	14.0	4.5	9.1
Return on assets	%	7.0	12.3	8.4	10.8
Return on net worth	%	20.2	26.2	31.5	26.6
Long-term debt to equity <sup>3</sup>	times	1.0	0.6	0.9	0.8
Current ratio <sup>3</sup>	times	1.4	0.8	1.4	1.1
Interest coverage	times	2.9	2.0	6.3	2.8
<b>Total small business</b>					
Wages and salaries per employee	\$'000	22.1	17.2	19.0	18.3
Turnover per employee	\$'000	132.1	171.9	173.9	167.6
Profit margin	%	5.3	14.9	5.1	11.0
Return on assets	%	7.6	8.3	9.5	8.4
Return on net worth	%	23.2	22.5	34.7	23.7
Long-term debt to equity <sup>3</sup>	times	0.9	0.7	0.9	0.8
Current ratio <sup>3</sup>	times	1.1	1.0	1.3	1.1
Interest coverage	times	3.1	2.4	6.6	2.7
<b>Medium business</b>					
Wages and salaries per employee	\$'000	31.6	29.1	26.5	28.6
Turnover per employee	\$'000	180.5	243.6	189.6	219.5
Profit margin	%	4.2	6.1	8.6	6.7
Return on assets	%	4.1	6.1	6.8	6.1
Return on net worth	%	14.8	20.3	20.8	20.0
Long-term debt to equity <sup>3</sup>	times	3.9	0.9	0.5	0.8
Current ratio <sup>3</sup>	times	0.8	1.2	0.9	1.1
Interest coverage	times	3.4	3.0	3.4	3.1
<b>Large business</b>					
Wages and salaries per employee	\$'000	45.1	34.9	25.3	32.7
Turnover per employee	\$'000	297.2	270.2	154.0	237.7
Profit margin	%	-1.2	7.1	9.1	6.9
Return on assets	%	-0.8	3.0	6.4	3.2
Return on net worth	%	-1.7	7.1	20.7	8.0
Long-term debt to equity <sup>3</sup>	times	0.4	0.9	0.4	0.7
Current ratio <sup>3</sup>	times	1.3	1.2	1.1	1.2
Interest coverage	times	5.7	2.2	3.0	2.4
<b>Total all selected business</b>					
Wages and salaries per employee	\$'000	28.9	26.2	23.1	25.5
Turnover per employee	\$'000	175	223.3	172.4	203.4
Profit margin	%	3.1	9.3	7.3	8.3
Return on assets	%	3.0	5.1	7.2	5.3
Return on net worth	%	8.1	13.3	23.5	14.4
Long-term debt to equity <sup>3</sup>	times	0.8	0.8	0.5	0.8
Current ratio <sup>3</sup>	times	1.1	1.1	1.1	1.1
Interest coverage	times	3.6	2.4	3.7	2.7

<sup>1</sup> For an explanation of performance ratios, refer to the Glossary.

<sup>2</sup> Employment change category relates to changes in the level of employment in the business between 30 June 1994 and 30 June 1995, as outlined in the Introduction.

<sup>3</sup> Businesses in the Finance and insurance industry are excluded from the long-term debt to equity ratio and the current ratio.

BUSINESS INTENTIONS<sup>1</sup> BY BUSINESS SIZE GROUP

	<i>Business size group</i>					
	<i>Micro business</i>	<i>Other small business</i>	<i>Total small business</i>	<i>Medium business</i>	<i>Large business</i>	<i>All businesses</i>
<b>Production</b>						
Significantly increase production levels	19.9	24.4	21.5	33.5	44.3	22.2
Significantly decrease production levels	2.5	2.2	2.4	3.1	2.7	2.4
<b>Business structure</b>						
Open new locations	4.0	9.3	5.8	20.7	35.5	6.8
Close locations	1.7	2.9	2.1	5.7	12.2	2.4
Sell whole business	13.3	18.3	15.0	6.7	3.6	14.5
Sell equity in the business	3.1	5.2	3.8	7.3	3.4	4.0
Close the business	9.3	5.1	7.9	1.1	1.0	7.4
Open the same business elsewhere	2.5	3.8	3.0	4.1	6.8	3.0
<b>Other intentions</b>						
Maintain or commence exporting	3.1	5.8	4.0	15.3	31.0	4.7
Introduce new goods or services	16.3	26.0	19.6	37.0	41.9	20.7

<sup>1</sup> Business intentions relate to the three year period 1996 to 1998.

## EXPLANATORY NOTES

### INTRODUCTION

**1** The information in this publication has been derived from the 1994-95 Business Growth and Performance Survey. The survey is designed to provide estimates on the growth and performance of Australian employing businesses and to identify selected economic and structural characteristics of these businesses. The 1994-95 survey is the first of a planned five year annual series.

### STATISTICAL UNIT

**2** The business unit about which data has been collected and published is termed the management unit. The management unit is the highest level accounting unit within a business, having regard for industry homogeneity, for which detailed accounts are maintained; in nearly all cases it coincides with the legal entity owning the business (i.e. a company, partnership, trust, sole operator etc.). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it. For these larger businesses a management unit may coincide with one legal entity, any combination of legal entities (or parts thereof) under common ownership or control, or part of a legal entity.

### SURVEY DESIGN

**3** The ABS Business Register was used as the population frame for the survey with approximately 13,000 business units being selected for inclusion. Within industry and size of business strata (using employment as the size variable), equal probability sampling methods were used.

### SCOPE

**4** All business units in the Australian economy were included in the scope of the survey except for:

- businesses which have not registered as group employers with the Australian Taxation Office, which generally equates to non-employing businesses;
- all government enterprises; and
- businesses classified to the following ANZSIC industries.

ANZSIC Divisions

- A — Agriculture, forestry and fishing
- D — Electricity, gas and water supply
- J — Communication services
- M — Government administration and defence
- N — Education
- O — Health and community services

ANZSIC Subdivisions

- 96 — Other Services
- 97 — Private households employing staff

ANZSIC Groups

- 921 — Libraries
- 922 — Museums
- 923 — Parks and gardens

CLASSIFICATION BY  
INDUSTRY

**5** The statistics in this publication are classified by industry in accordance with the 1993 edition of the *Australian and New Zealand Industrial Classification (ANZSIC)* (1292.0). Each management unit is classified to a single industry, which is the one providing the major source of income irrespective of whether a range of activities or a single activity is undertaken by the unit. Please note that for the purposes of publication, some separate ANZSIC industries have been amalgamated.

REFERENCE PERIOD

**6** The statistical results presented in this publication are based on data collected from selected businesses in respect of the year ending June 1995. In a minority of cases, where businesses did not account on a June-year basis, details were reported in respect of the accounting year which ended between October 1994 and September 1995.

RELIABILITY OF ESTIMATES

**7** The estimates provided in this publication are subject to two types of error, sampling error and non-sampling error.

Sampling error

**8** Since the estimates in this publication are based on information obtained from a sample drawn from units in the surveyed population, the estimates are subject to sampling variability; that is, they may differ from the figures that would have been produced if all units in the population had been included in the survey.

**9** One measure of the likely difference is given by the standard error, which indicates the extent to which an estimate might have varied by chance because only a sample of units was included. The relative standard error is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to sampling, and thus avoids the need to also refer to the size of the estimate.

**10** There are about two chances in three that a sample estimate will differ by less than one standard error from the figure that would have been obtained if all units had been included in the survey, and about nineteen chances in twenty that the difference will be less than two standard errors. Thus, for example, if the estimated value of a variable is 36% and its standard error is two percentage points, its reliability in terms of sampling error can be interpreted as follows. There are about two chances in three that the true value of the variable lies within the range 34% to 38%, and nineteen chances in twenty that the true value lies within the range 32% to 40%.

**11** Space does not allow for separate indication of the standard errors of all estimates in this publication. As a guide, the following table provides the relative standard errors for the proportions of businesses by growth status and size.

RELATIVE STANDARD ERRORS, BUSINESSES CHANGING EMPLOYMENT

<i>Business size group</i>	<i>Decreasing employment</i>	<i>Static employment</i>	<i>Increasing employment</i>
Micro business	10.7	2.7	7.7
Other small business	6.5	4.0	6.1
Total small business	5.9	2.1	6.1
Medium business	10.2	5.2	8.9
Large business	19.4	7.9	16.1
<b>Total all business</b>	<b>5.5</b>	<b>2.0</b>	<b>4.4</b>

**12** In the tables in this publication estimates with relative standard errors between 25% and 50% are indicated by an asterisk (e.g. \*8.5), while those with relative standard errors of more than 50% are indicated by a double asterisk (e.g. \*\*25.2). These estimates should be used with caution.

Non-sampling error

**13** Other errors can occur whether the estimates are derived from a sample or from a complete enumeration and are generally referred to as non-sampling errors. Three major sources of non-sampling errors are:

- inability to obtain comprehensive data from all businesses included in the sample. These errors arise because of differences which exist between the characteristics of respondents and non-respondents;
- errors in reporting which may arise through inappropriate wording of questions, misunderstanding of what data are required, inability or unwillingness to provide accurate information and mistakes to answers in questions; and
- errors arising during the processing of the survey data. These processing errors may arise through mistakes in coding and data recording.

UNPUBLISHED STATISTICS

**14** Other statistical products can be tailored to satisfy the specific requirements of clients. For example, many other performance measures, ratios or cross-classifications of data apart from those included in this publication can be generated. More details of the unpublished data which are available are given in the Survey data items part of this publication.

**15** The generation of non-standard output usually requires some additional computer programming and clerical effort which increases its costs and time to deliver when compared to standard products.

**16** For further information on unpublished statistics that can be made available, contact John Purcell or Christine Price by phone on (06) 252 6634 or fax (06) 252 7004.



SYMBOLS AND OTHER  
USAGES

**17** The following symbols, where shown in columns or elsewhere in tables, mean:

- n.a. not available
- n.p. not available for separate publication (but included in the totals where applicable)
- .. not applicable
- \* estimates with relative standard errors between 25% and 50%
- \*\* estimates with relative standard errors of more than 50%
- nil or rounded to zero

**18** Where figures have been rounded, discrepancies may occur between sums of the component items and totals.

## APPENDIX

## SURVEY DATA ITEMS

Listed below are the data items which have been collected in the 1994-95 Business Growth and Performance Survey. If sample sizes are adequate, these data are available, at a cost, from the ABS. See the inquires box at the front of the publication for contact details.

### STANDARD RANGES AVAILABLE

#### BUSINESS STRUCTURE

Industry Industry categories are:

- Mining
- Manufacturing
- Construction
- Wholesale trade
- Retail trade
- Accommodation, cafes and restaurants
- Transport and storage
- Finance and insurance
- Property and business services
- Other selected industries

Number of locations Standard categories of numbers of locations operated are:

- 1 location
- 2 to 4 locations
- 5 to 9 locations
- 10 to 14 locations
- Greater than 15 locations

Change in number of Number of:

locations operated

- locations opened
- locations closed

Legal status

- Public company
- Other incorporated company (e.g. Pty Ltd)
- Sole proprietorship
- Partnership
- Trust
- Other type of legal organisation (e.g. co-operative)

- Business age
- Less than 1 year
  - 1 to 2 years
  - 2 to 5 years
  - 5 to 10 years
  - 10 to 20 years
  - Greater than 20 years

- Foreign ownership
- Estimated percentage of foreign ownership (of company equity):
- None
  - Up to 10%
  - 11% to 49%
  - 50% to 100%

- Franchising
- Businesses which either:
- Operate as a franchisee
  - Control a franchise system

#### INDUSTRIAL RELATIONS

- Union membership
- None
  - Up to 10%
  - 11% to 25%
  - 26% to 50%
  - 51% to 75%
  - 76% to 100%

- Employment conditions
- Form of employment conditions operating in the business during the last pay period in June 1995:
- Registered enterprise agreement
  - Unregistered enterprise agreement
  - Individual contract or agreement of employment
  - Award arrangements
  - Other conditions

## BUSINESS OPERATIONS

- Days per week business operated
- 1 to 2
  - 3 to 4
  - 5
  - 6
  - 7
- Hours of operation per day
- 1 to 6
  - 7 to 10
  - Greater than 10
- Contracting out      During 1994-95, did the business contract out any activities previously done by the business' employees?
- Yes
  - No
- Use of business improvement programs      During the past three years, did the business introduce any business improvement programs (e.g. Total Quality Management, Quality Assurance, Just-In-Time inventory control)?
- Yes
  - No
- Use of documented business plans
- Yes
  - No
- Use of business comparisons or benchmarking      Did this business compare its performance with other businesses during 1994-95?
- Yes
  - No
- Types of comparisons made      Available for businesses which compared performance with other businesses during 1994-95. (The forms of comparison are disaggregated into formal documented comparisons, and informal comparisons.)
- Prices
  - Costs
  - Quality of products or services
  - Range of products or services
  - Quality of client service
  - Marketing or advertising
  - Other comparisons

Major business changes in structure or operation

Available for businesses which indicated that they had made major changes to the business operations in the last three years.

- Range of products or services
- Number of locations
- Advertising
- Distribution
- Markets targeted
- Administrative computer systems
- Production technology
- Technical training
- Management training
- Other major changes

Participation in government programs

Available for businesses which indicated that they had participated in government programs during either or both of 1993-94 or 1994-95.

- National Industry Extension Service (NIES)
- 150% research and development tax concession
- Grants for research and development
- Best Practice Demonstration Program
- New Enterprise Incentive Scheme
- Export access
- Export Finance and Insurance Corporation facilities
- Export market development grants
- International Trade Enhancement Scheme
- Austrade services
- Other government programs

#### BUSINESS INTENTIONS

Available for businesses which indicated that they held the following intentions for the business over the period 1996 to 1998:

- Production
  - Significantly increase production levels
  - Maintain existing production levels
  - Significantly decrease production levels
- Locations
  - Open new locations
  - Close locations

- Business
  - Sell the whole business
  - Open the same business elsewhere
  - Sell equity in the business
  - Close the business
  
- Other intentions
  - Maintain or commence exporting
  - Introduce new goods or services

#### FINANCIAL DETAILS

- Business income Available for years 1992–93, 1993–94 and 1994–95:
  - Income from sales of goods and services
  - Export income
 Available for 1994–95 only:
  - Other income
  
- Business expenses Available for 1994–95 only:
  - Wages and salaries
  - Purchases
  - Other expenses
  
- Trading stocks
  - Opening trading stocks
  - Closing trading stocks
  
- Derived profit or loss Total income minus total expenses minus opening stocks plus closing stocks
  
- Assets and liabilities
  - Current assets including trading stocks
  - Non-current assets — property
  - Non-current assets — plant and machinery
  - Non-current assets — other
  - Current liabilities
  - Non-current liabilities

INNOVATION

Introduction of new goods    Did this business introduce any new or substantially changed goods?

- Yes
- No

Introduction of new services    Did this business introduce any new services or significantly changed ways of delivering existing services?

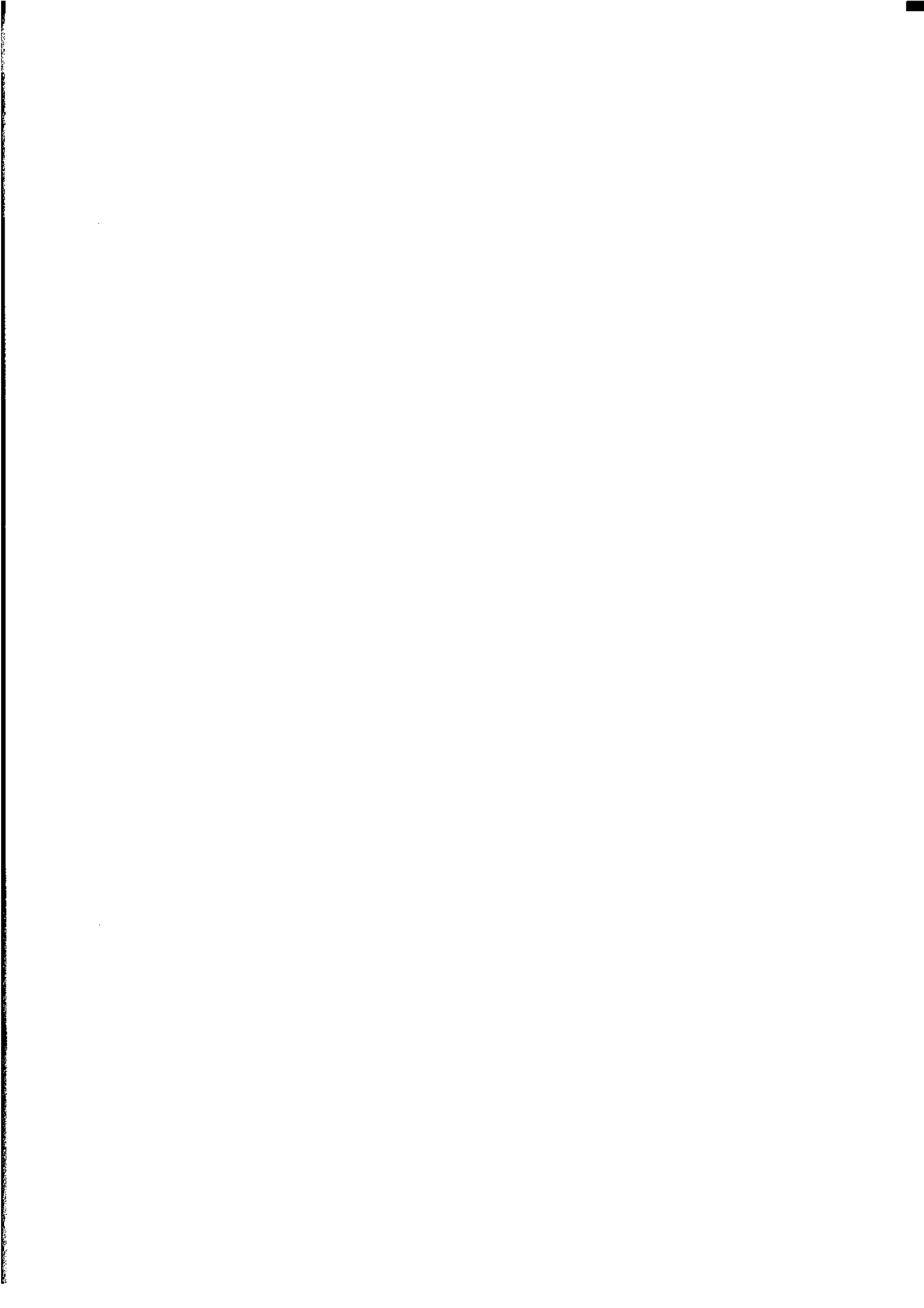
- Yes
- No

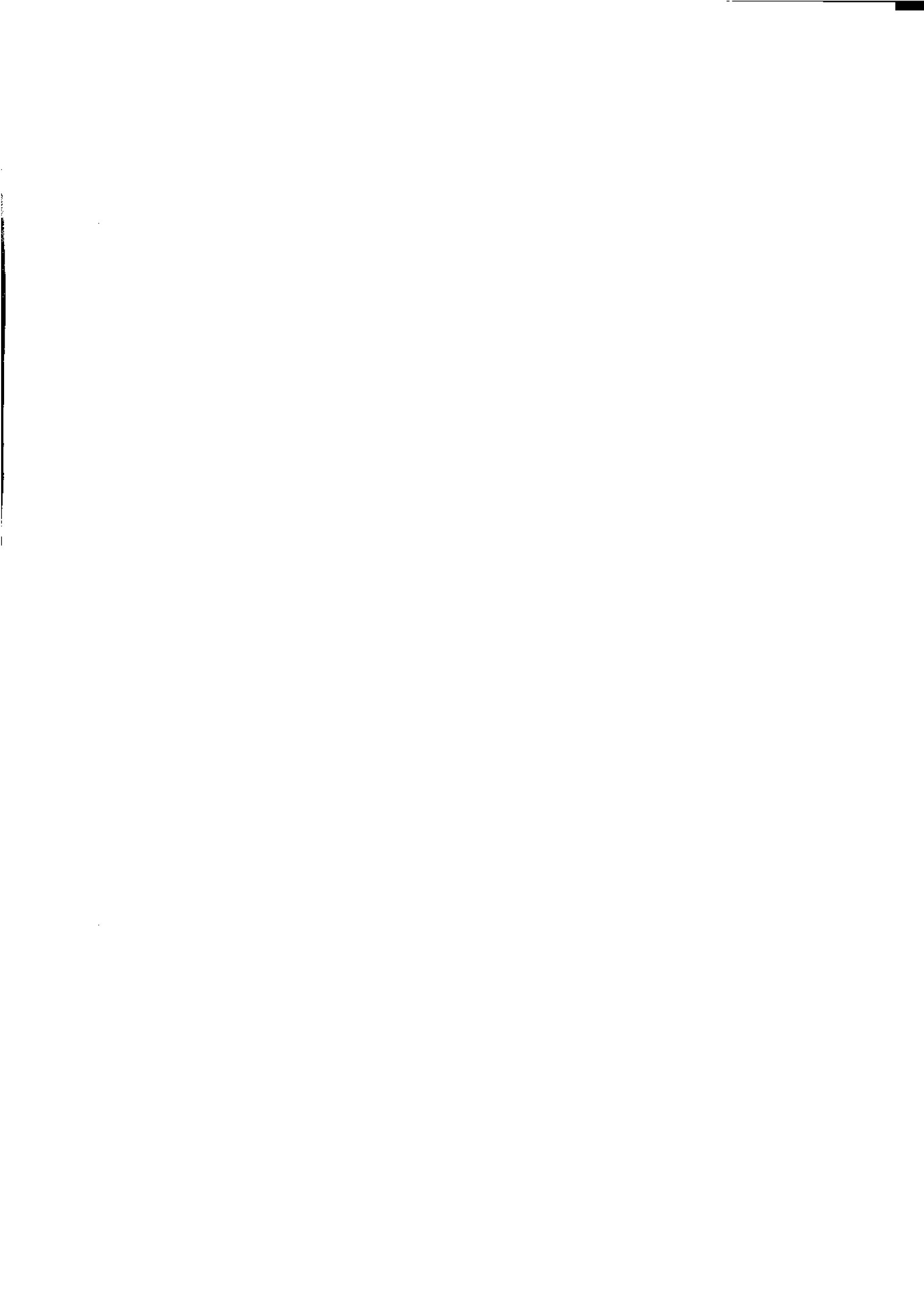
## GLOSSARY

- ABS** Australian Bureau of Statistics.
- Age of business** Number of years operation for public companies and trusts. For other incorporated companies (e.g. Pty Ltd companies), sole proprietorships, partnerships and other businesses, the number of years owned or controlled by the present owners.
- ANZSIC** Australian and New Zealand Standard Industrial Classification.
- Business intentions** Intended changes to the operations of the business over the period 1996 to 1998.
- Business size group** In this publication data are presented using five business size categories:
- micro business — which is defined as those businesses employing less than 5 people;
  - other small business — which is defined as those businesses employing 5 or more, but less than 20 people;
  - small business — which is defined as those businesses employing less than 20 people;
  - medium business — which is defined as those businesses employing 20 or more people, but less than 200; and
  - large business — which is defined as those businesses employing 200 or more people.
- Current assets** The book value of current assets at the end of the financial year. This includes cash on hand, stocks, trade debtors and other accounts receivable.
- Current liabilities** The book value of current liabilities as at the end of the financial year. This includes provisions for taxation, leave, claims, trade creditors and other accounts payable, and bank overdraft.
- Current ratio** The number of times current assets exceed current liabilities, i.e. current assets/current liabilities.
- This liquidity measure indicates ability to meet immediate financial obligations from current assets.
- EBIT** Earnings before interest and tax.
- Industry** Industry statistics in this publication are classified according to the *Australian and New Zealand Standard Industrial Classification (ANZSIC) (1292.0)*.
- Interest coverage** The number of times over that businesses can meet their interest expenses from their earnings before interest, i.e. EBIT/Interest expenses.



<b>Interest expenses</b>	Includes interest paid on loans from banks, finance companies, insurance companies and related companies.
<b>Large business</b>	For this publication, large businesses (excluding agriculture) are defined as employing 200 or more people.
<b>Long-term debt to equity</b>	Non-current liabilities/Net worth.
<b>Medium business</b>	For this publication, medium businesses (excluding agriculture) are defined as employing 20 to 199 people.
<b>Micro business</b>	For this publication, micro businesses (excluding agriculture) are defined as employing less than 5 people.
<b>Net worth</b>	Total assets <i>minus</i> total liabilities and is equal to the interests of shareholders or other owners in the assets of the business.
<b>Non-current assets</b>	The book value of non-current assets as at the end of the financial year. Includes plant and machinery needed for normal operations, capitalised interest, property and goodwill.
<b>Non-current liabilities</b>	The total book value of non-current liabilities as at the end of the financial year. Includes bank loans, debentures and unsecured notes.
<b>OPBT</b>	Operating profit before tax; a measure of profit before extraordinary items are brought into account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).
<b>Operating income</b>	The total income of a business, excluding extraordinary items.
<b>Other small business</b>	For this publication, other small businesses (excluding agriculture) are defined as employing 5 to 19 people.
<b>Profit margin</b>	The percentage of operating income available as operating profit, i.e. $OPBT \times 100 / \text{Operating income}$ .
<b>Return on assets</b>	Operating profit before tax as a percentage of the total book value of assets, i.e. $OPBT \times 100 / \text{Total assets}$ .
<b>Return on net worth</b>	Operating profit before tax as a percentage of shareholders' funds, i.e. $OPBT \times 100 / \text{Net worth}$ .
<b>Small business</b>	For this publication, small businesses (excluding agriculture) are defined as employing less than 20 people.
<b>Total assets</b>	Current assets plus Non-current assets
<b>Total liabilities</b>	Current liabilities plus Non-current liabilities
<b>Unionisation</b>	People working in the business that were union members as at 30 June 1995.





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