

CHAPTER 1 : SUMMARY DESCRIPTION OF THE CLASSIFICATION

The purpose of this Chapter is to provide a relatively brief description of the Classification. It summarises the material contained in the more detailed chapters and presents that material in the form of condensed versions of those chapters.

SUMMARY OF CHAPTER 2 : NATURE, PURPOSES AND PRINCIPLES OF THE CLASSIFICATION

Nature of the Classification (Chapter 2, Paragraphs 1-11)

2. The Australian Standard Industrial Classification (ASIC) has been designed primarily as a system for classifying establishments, e.g. individual mines, factories, shops, etc., by industry. An 'industry' i.e. an individual class or group, etc., in the ASIC, consists of the establishments which have been classified to it.

3. The ASIC may also be used for classifying other statistical units such as enterprises.

4. The structure of the ASIC comprises four levels, namely Divisions (the broadest level), Subdivisions, Groups and Classes.

5. Each ASIC class is defined in terms of a specified range of activities, designated as primary to it. Similarly, each group is defined in terms of the activities designated as primary to the classes within that group, and so on. An establishment which is mainly engaged in activities which have been designated as primary to a particular class is classified to that class, whether or not the establishment is also engaged in other activities.

6. Normally, an activity is designated as primary to only one class, but in the case of what are called 'overlapping' classes, certain individual activities are designated as primary to more than one class. For example, Classes 0181 and 0185 have been set up to provide, respectively, for farms mainly engaged in growing cereal grains, oilseeds and dry field peas and beans on the one hand and in raising sheep on the other, with a third Class (0182) to provide for farms mainly engaged in undertaking specified combinations of sheep grazing and cereal grain growing activities.

7. There is an important distinction between an industrial classification, such as the ASIC, and a commodity classification, such as the Customs Co-operation Council's Nomenclature for the Classification of Goods in Customs Tariffs. As an illustration of this distinction, abrasive coated papers and plastic film sheeting, considered as commodities, might be regarded as having few attributes in common, and it might be considered inappropriate to bring them together in one category in a commodity classification. However, if the activity

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of producing abrasive coated papers and the activity of producing plastic film sheeting were commonly carried on together at the one establishment, the two activities would be designated as primary to the one industry in an industrial classification, despite the dissimilarity of the articles produced by the respective activities.

8. However, the observations in the preceding paragraph do not apply to, so called, industrial origin commodity classifications. In an industrial origin commodity classification, commodities are grouped according to the industries in which they typically originate, i.e. the industries to which the activities of producing the commodities are designated as primary. Thus the broad structure of an industrial origin commodity classification consists of industry of origin headings, and detailed commodity items are shown under each industry of origin heading to cover the types of commodities which typically originate in that industry. Leaving aside the problem of treating commodities which are subject to overlaps between industries, each individual commodity item in an industrial origin commodity classification is usually shown only under one industry heading. (In the case of commodities which are subject to overlaps between industries a number of treatments, depending on circumstances, may be possible for presenting these in an industrial origin commodity classification, e.g. the overlapping industries may be combined in certain circumstances, while in others the commodities could be allocated, on some conventional basis, to one or other of the overlapping industries or to one or more of the 'undefined' classes described in Chapter 6, or the data could be apportioned to the overlapping industries.)

9. In practice, of course, a proportion of some commodities is produced by industries to which their production is not primary. This is shown in tabulations of commodity data by industry of production, i.e. industry of the producing unit. However, such tabulations should not be confused with tabulations of the same commodity data by industry of origin (in accordance with a particular industrial origin commodity classification). These show the commodity data according to the industries to which their production is primary (not according to the industries in which their production actually took place).

10. Examples of industrial origin commodity classifications are the Australian Standard Commodity Classification (ASCC), issued by the ABS to facilitate the compilation of comparable Australian commodity statistics of imports, exports and domestic production, the International Standard Classification of All Goods and Services (ICGS), issued by the United Nations Statistical Office, and the Common Nomenclature of Industrial Products (NIPRO), issued by the Statistical Office of the European Communities.

Purposes of the Classification (Chapter 2, Paragraphs 12-15)

11. The main purpose of the ASIC is to provide a standard framework for classifying establishments and other statistical units by industry in official statistics. It has been developed as part of an integrated statistical system, which provides for each individual establishment (or other statistical unit) to be classified to the same industry in all statistical compilations in which it is included. In particular,

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the ASIC is used in economic censuses and surveys, population censuses and surveys, and in other statistics (national accounts, etc.) derived from the basic statistics.

12. Data classified according to the ASIC can generally be converted to conform essentially with the International Standard Industrial Classification of All Economic Activities (ISIC).

13. The ASIC can also be adopted by authorities and organisations outside the official statistical service for their own purposes.

Principles Underlying the Construction of the Classification (Chapter 2, Paragraphs 16-29)

Principles Underlying the Definition of Classes (Chapter 2, Paragraphs 16-24)

14. The basic principle underlying ASIC classes is that they should reflect as realistically as possible the way in which activities are actually organised within establishments.

15. Supporting this principle is the principle that classes should be devised in such a way that:

- (a) a high proportion of the total output of the establishments of which each class is composed should be output of activities which are primary to that class (i.e. the class should have a high 'specialisation ratio');
- (b) a high proportion of the total output of the activities which are primary to each class should be produced by establishments which are classified to that class (i.e. the class should have a high 'coverage ratio').

16. Other general principles are as follows:

- (a) the individual classes of the ASIC should represent industries which are important (e.g. in terms of size or user interest);
- (b) where practicable, classes should be devised so that the activities designated as primary to a class are restricted to activities which are engaged in by a high proportion of the establishments making up that class. The aim of this principle is to provide as many detailed classes as is practicable (consistent with the other principles), to meet the needs of users of detailed industry statistics;
- (c) comparability with ISIC.

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Principles Underlying the Definition of the Broader Levels (Chapter 2, Paragraphs 25-29)

17. Many of the principles adopted in devising the class level are also relevant to the broader levels. Certain additional principles have been taken into account in devising the broad levels of the ASIC, as outlined below.

18. At the division level the main purpose is to provide a limited number of categories which will provide a broad overall picture of the economy, and hence be suitable for summary tables in official statistical publications. The subdivision level of the ASIC has been devised specifically to serve two purposes: firstly to provide a means of co-ordinating publication practices in current statistics and, secondly, to provide for somewhat more detailed categories, for use in summary tables.

Comparability with ISIC (Chapter 2, Paragraphs 30-33)

19. The structure of the ISIC, and the criteria used in constructing the ISIC, have been followed to the extent that this could be done without conflicting with the principles mentioned above.

Relationship with Other Sector Classifications (Chapter 2; Paragraphs 34-44)

20. The classification of statistical units on the basis of their industry is only one of many ways in which it may be useful to analyse the structure of an economy for different purposes. Thus there are commonly used divisions of the economy into sectors which introduce other criteria, such as ownership (as in the case of the simple dichotomy between the 'public sector' and the 'private sector' or more elaborate institutional classifications such as those employed in national accounting presentations).

21. A useful context in which to relate industry classifications to other international and Australian standard classifications of statistical units is a description of the structure of sectors underlying the design of the United Nations System of National Accounts (SNA).¹ Australia accepts the system in principle and is following it in practice to the extent appropriate to current Australian circumstances and needs.

22. The SNA embraces and relates a number of classifications of statistical units in addition to industry classification. Two kinds of broad sectors are basic to the system. One divides the economy

1. United Nations, Statistical Office, Studies in Methods Series F, No 2, Rev 3, New York 1968.

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into functional sectors classifying transactors according to the fashion in which they participate in the production and use of goods and services. The units classified are establishment-type producing units which are the most appropriate transactor units for which to record transactions in the production, consumption expenditure, and capital formation accounts. The other is an institutional sector classification of enterprise-type units which own establishments and are the appropriate transactors for which to record transactions in the income and outlay, and capital finance accounts.

23. These two ways of classifying the economy's statistical units into broad sectors are illustrated in the diagram near the end of Chapter 2. The classification of establishment-type (PRODUCING) units by function can be seen to derive from a distinction drawn between those which are producers of marketed-type goods and services and those which are producers of goods and services which are not of a kind normally marketed.

24. Since the ASIC can be applied to either establishment-type units or to enterprise-type units it is clear that units classified to any of the establishment-based sectors or to any of the enterprise-based sectors can also be classified to ASIC industries.

Supplementary Classifications (Chapter 2, Paragraphs 45-47)

25. In certain fields of statistics it is appropriate to utilise special purpose classifications in conjunction with the ASIC. This is done either to provide more detailed dissections of statistical data than is usual in a general purpose standard industrial classification or to dissect the data in accordance with criteria not used or appropriate in an industrial classification.

26. Examples of such classifications are the 'private sector/public sector' classification and the classification of wholesale trade establishments by 'type of operation'.

SUMMARY OF CHAPTER 3 : THE UNITS TO BE CLASSIFIED

Introduction (Chapter 3, Paragraphs 1-6)

27. The units concepts, definitions and rules, particularly as they relate to establishments and ancillary units, apply only to units which consist of one or more physical locations. At the time of publication of this 1978 edition of the Classification all establishments and ancillary units in the integrated statistical system of the ABS consist of such "location based" units.

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28. However, because units concepts in certain areas of the ASIC may be changed during the currency of this edition of the Classification a separate statistical standards document for units concepts, definitions and rules will be prepared.

Relevance of Units in an Industry Classification (Chapter 3, Paragraph 7)

29. For statistical purposes an industry is composed of units of some particular type which are mainly engaged in a specified range of activities, i.e. the primary activities of the industry. Thus when statistics are classified by industry, the information shown for each industry represents totals for those units which comprise that industry. An understanding of the specification of the units utilised in classifying statistics by industry is therefore important to a clear understanding of such statistics.

Establishment Units : Basic Concepts (Chapter 3, Paragraphs 8-18)

30. The basic concept of the establishment is that of a unit covering all the operations carried on under the ownership of one enterprise at a single physical location. It aims to satisfy two fundamental objectives:

- (a) to minimise to the fullest extent practicable the splitting of real operating units to form artificial statistical units, and
- (b) to standardise establishment definitions so that statistics covering operations in different fields of economic activity can be added together without gaps or overlapping.

31. The significance of the establishment in economic statistics is that it is the unit used in the compilation of detailed 'structural' statistics. Those relate to particulars such as value added, the components of value added, capital expenditure, stocks and employment, classified by characteristics of the establishment such as industry, size or geographical location.

Establishment Units : Application of Basic Concepts (Chapter 3, Paragraphs 19-38)

32. Although the basic concept of the establishment is fairly clear and can readily be applied in practice to the great majority of operating units actually encountered, there are nevertheless many cases where the situation is more complex and the basic concept has to be varied in actually defining or identifying establishments. Such variations to the basic concept are not made haphazardly, however, but

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in accordance with generalised rules. The circumstances in which the basic concept is varied are:

- (a) Locations of the one enterprise, situated in one Local Government Area, are combined to form multi-location establishments either where one location is used merely to accommodate an integral part of another location 'near by', or where two or more locations, situated close by one another, are classifiable to the same industry class and are 'inextricably mixed' in the sense that they have common employees, combined accounts, and are operated as one entity.
- (b) In defining establishments consistently for particular areas of the ASIC, locations of the one enterprise are sometimes combined to form particular types of multi-location establishments (e.g. establishments consisting of all locations of the one enterprise in the one State mainly engaged in activities primary to a particular industry). Such multi-location establishments are formed on the basis of considerations of general data availability and needs for small area statistics.
- (c) Locations are split in certain situations to form two or more establishments. The situations in which locations are split relate to cases where locations engage on a large scale in activities primary to more than one industry class.

33. Subject to the general rules for combining or splitting locations, as specified in (a) and (c) above, the basic concept of the establishment, given in paragraph 30 above, has been generally adopted for all industries of the ASIC, except as detailed below:

- (a) In the case of own account mineral exploration activities, carried out on non-producing leases, the establishment is regarded as covering all such locations (i.e. all non-producing leases) of the enterprise within the one State.
- (b) In Subdivision 36, Electricity and Gas, the establishment relates, in general, to all locations of the one enterprise in the one State, which are mainly engaged in activities primary to either Class 3610, Electricity, or 3620, Gas.
- (c) In Subdivision 61, Finance and Investment, the establishment relates, in general, to all locations of the one enterprise in the one State, which are mainly engaged in activities primary to classes within this subdivision.

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- (d) In Subdivision 62, Insurance and Services to Insurance, the establishment relates, in general, to all locations of the one enterprise in the one State, which are mainly engaged in activities primary to classes within this subdivision.

34. It might also be noted that the concept of the single physical location encompasses the concept of the 'base of operations' which is relevant to situations where operations are carried out by a mobile workforce. Accordingly, in industries in which mobile workforces exist, such as in fishing, construction and transport, single physical location means base of operations.

Locations not yet in Operation (Chapter 3, Paragraph 39)

35. Where an enterprise has incurred capital expenditure, beyond the mere purchase of land, for a location at which it intends to operate, that location is treated either as an establishment or as an ancillary unit for statistical purposes even though it has not commenced operations.

Administrative Offices and Ancillary Units (Chapter 3, Paragraphs 40-49)

36. Some locations such as separate head offices are not treated as establishments but as 'administrative offices'. Also, some kinds of locations (such as bulk stores, laboratories, delivery depots) mainly providing services within the same business are not treated as establishments but as 'ancillary units'. Administrative offices and ancillary units are classified by industry, not on the basis of their own major activity, but on the basis of the industry of the establishments which they administer or serve.

Enterprise and Enterprise Group Concepts (Chapter 3, Paragraphs 50-57)

37. The basic concept of the enterprise is that of 'a unit comprising all operations in Australia of a single operating legal entity'. The term 'legal entity' is used to cover, inter alia, an individual person (such as a sole trader), a partnership, a trust, a society or association, or a company. The term 'operating' is specified to exclude certain non-operating companies which have no employees and do no business.

38. In the Public Sector the enterprise concept approximates that given above, except that the concept of the legal entity has been extended to also refer to entities created by the Constitution or by other legislative enactments or to Departments of State.

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39. The basic concept of the enterprise group is that of a unit comprising all the operations in Australia of a group of legal entities under common ownership or control, e.g. companies which are related in terms of the Companies Acts. However, in the case of government authorities in the 'General Government Sector' the concept of the enterprise group does not generally have the same relevance as in the case of private undertakings. Currently in the integrated statistical system each 'General Government Sector' enterprise is treated as a separate enterprise group.

Availability of Data (Chapter 3, Paragraphs 58-61)

40. In the construction of the ASIC and in the definition of the establishment, considerable weight has been given to the practices of businesses in general in maintaining accounting records for separate parts of their organisations. However, the practical application of the Classification and the definition of the establishment in statistical compilations are not modified to suit the accounting practices of individual businesses.

SUMMARY OF CHAPTER 4 : ASSESSMENT AND APPLICATION OF THE CLASSIFICATION

Standards for Recognising Classes (Chapter 4, Paragraphs 1-22)

41. In devising the classes of the ASIC the aim has been to have classes relate to groups of establishments mainly engaged in the same or similar kinds of activity and which represent realistic and recognisable segments of Australian industry, i.e. industry classes should meet quantitative standards relating to homogeneity of output (in terms of minimum acceptable specialisation and coverage ratios) and importance (e.g. in terms of size and user interest).

42. Subject to certain conditions, specified in paragraphs 16 and 17 of Chapter 4, the minimum level of specialisation and coverage for an ASIC class should generally be 70 per cent.

43. In general, an industry class is accepted in the ASIC if it meets at least two of the three standards for recognising classes and there is some demand for separate industry statistics for that class.

44. For industries in the 1969 edition of the ASIC for which estimates of coverage and specialisation ratios could be prepared and for which data on their size were available, the minimum requirements for recognising them as separate industries were met in the great majority of cases. As a result of the review it is estimated that industry coverage and specialisation ratios have generally been improved and that the minimum requirements for recognising industries are now being met in almost all instances (where estimation has been possible) and, indeed, are being decidedly exceeded in the vast majority of cases.

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Principles for Classifying Units (Chapter 4, Paragraphs 23-51)

45. There are three basic principles for classifying establishments to the cells of the ASIC:

- (a) At each level (i.e. division, subdivision, group or class) an establishment can be classified to only one cell (e.g. a particular division).
- (b) The division, subdivision, group and/or class to which an establishment is classified must be related by aggregation or disaggregation.
- (c) Each establishment is to be classified to cells according to its major activity.

46. The types of information available for use in classifying establishments are as follows:

- (a) The respondent's own description of the activities of the establishment and his evaluation of the relative importance of the activities of the establishment.
- (b) Quantitative information (e.g. value data), relating to the kinds of goods produced or handled or the kinds of services provided, from which the relative importance of individual activities can be deduced.

47. Each of these types of information has some advantages and disadvantages. In the case of the respondent's own assessment, whilst he will undoubtedly have a more intimate knowledge of his business than the ABS could attain, it is inevitable that different respondents will have different criteria in mind in assessing importance, and the weight which they give to each activity will differ from respondent to respondent. In classifying on the basis of quantitative data it is possible to avoid such inconsistencies in approach.

48. The choice between various types of quantitative data depends largely on the practical question of what information is available for individual activities within all (or most) establishments in a particular collection. Generally, this consideration has led to the adoption of value of gross receipts as the measure for assessing the major activity of establishments in the integrated economic censuses. However, value added has also been adopted in certain circumstances in determining the major division of establishments. In other collections other measures or respondent's description may need to be used.

49. In classifying economic units there are basically two alternative methods:

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- (a) Classification to a cell at the broadest level of the Classification in the first instance and subsequently to cells at successively lower levels (e.g. classification to a division of the ASIC, then to a subdivision within the division, and so on until the establishment is finally classified to a class). For convenience this method is referred to as the 'step-by-step' method.
- (b) Classification directly to a cell at the lowest level of the Classification (e.g. direct to a class of the ASIC).

50. The step-by-step method of classification has been generally adopted for use in the ASIC, especially where quantitative measures are used to assess major activity.

51. However, somewhat different methods are applicable in certain defined cases. For example, establishments of licensed clubs are classified in accordance with the special conditions specified in the relevant class definitions, and locations not yet in operation which are determined to be establishments are to be classified according to their intended main activity, as reported by respondents.

52. Administrative offices and ancillary units are assigned a 'reflected' industry code, generally corresponding to the industry which represents the predominant industry of the establishments administered or served by the ancillary unit.

53. Enterprises and enterprise groups are assigned a 'reflected' industry code, corresponding to the industry which represents the predominant industry of the establishments owned and operated by the enterprise or enterprise group. The method used in classifying enterprises and enterprise groups should involve the following:

- (a) Weighting each establishment (in the enterprise or enterprise group as the case may be) by the establishment's total value added or some substitute weight such as total employment.
- (b) Application of the step-by-step method of classification to determine the predominant industry of the establishments owned and operated.

54. The method described above has not, however, been judged to be appropriate to certain kinds of enterprise type units. In view of this, enterprise type units have been divided into two categories as follows:

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CATEGORY I : PUBLIC SECTOR GENERAL GOVERNMENT ENTERPRISE TYPE UNITS, which:

- (a) in respect of each of the three tiers of government (i.e. federal, state, local) have a significant legislative function, e.g. the Houses of Parliament of the Commonwealth and the States, and Local Government Authorities (including enterprise type units, such as Parliamentary Departments, which provide supporting office services to the legislative enterprise type units),
- (b) in respect of the Commonwealth and the individual States, have significant functions in the fields of taxation and financial management (except banking), and
- (c) in respect of the Commonwealth, have significant functions concerning defence, and foreign policy formulation and representation.

CATEGORY II : ALL OTHER ENTERPRISE TYPE UNITS

55. ALL CATEGORY I enterprise type units are to be classified as a convention, to the appropriate industries in Division J, Public administration and defence, whereas all CATEGORY II enterprise type units are to be classified in accordance with the general method of classifying enterprises and enterprise groups described above.

Use of ASIC in Publication of Statistics (Chapter 4, Paragraphs 52-57)

56. In both population and economic censuses it is recommended that the full detail of the ASIC be used in publication of detailed statistics.

57. In some other types of statistics, however, it is not practicable or necessary to classify data by industry in the full detail of the ASIC. To meet this situation, in general, the following rule should be applied in publishing statistical series which are classified by industry: Any industry category for which separate particulars are published in any statistical table should be one of the following:

- (a) a division, subdivision, group or class of ASIC;
- (b) a combination of subdivisions within the one division of ASIC;
- (c) a combination of groups within the one subdivision of ASIC;
- (d) a combination of classes within the one group of ASIC.

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SUMMARY OF CHAPTER 5 : TREATMENT OF CERTAIN ACTIVITIES

58. 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.

Repair and Maintenance Activities (Chapter 5, Paragraphs 3-13)

59. The circumstances where repair activities are carried out by an enterprise on its own equipment have been discussed in paragraphs 40 to 49 of 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 (set out in those paragraphs) treated as ancillary units, and classified accordingly.

60. The following discussion is therefore concerned only with the treatment of establishments which are mainly engaged in repair activities.

61. 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.

62. 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

63. 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.

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64. 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.

65. 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.

Installation Activities (Chapter 5, Paragraphs 14-24)

66. 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. 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.

67. 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 never treated as an ancillary unit.

68. Apart from this difference the treatment of installation and similar activities is based on the same principles as is the treatment of repair or, for that matter, of all other activities.

69. 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.

70. 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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71. 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.

Leasing Activities (Chapter 5, Paragraphs 25-28)

72. 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.

73. 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 takes physical possession of the goods.

74. Leasing, hiring or renting activities have been specified in ASIC class definitions as far as practicable. In addition, a comprehensive listing of the various categories of leasing, renting and hiring activities together with guidelines for their treatment in the Classification is provided in paragraph 28 of Chapter 5.

Packing Activities (Chapter 5, Paragraphs 29-37)

75. 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.

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

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

77. Packing, bottling, filling, canning and similar activities of type (a) and (b) above are referred to in this Classification as CONTRACT PACKING activities. Packing, bottling, filling, canning and similar activities of type (c) above are referred to in this Classification as CAPTIVE PACKING activities.

78. 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, together with the appropriate classification treatments applicable to them, are described in some detail in paragraph 33 of Chapter 5.

79. 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.

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 to the industry class in Subdivision 21 which includes, as a primary activity, the manufacture of the commodity.

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PACKING OR CRATING GOODS FOR TRANSPORT

This activity is included as a primary activity in Class 5514 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.

Contract Work (Chapter 5, Paragraphs 38-44)

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

81. 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 'client establishments'.

82. In classifying establishments of this type the following guidelines apply.

83. 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 contract, commission or for a fee 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.

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84. Sales of goods produced for the 'client establishment' on a contract, commission or fee basis are treated (for industry classification purposes) as wholesale or retail sales of the client establishment if the conditions in (a), (b) or (c) above do not apply.

Own Account Construction Activities (Chapter 5, Paragraphs 45-47)

85. For the purposes of the ASIC, own account construction means construction other than contract or speculative construction by an enterprise or private household.

86. The industries in the ASIC do not distinguish between own account and contract construction activities. Accordingly the industry classes in Division E Construction include both, i.e. construction establishments mainly engaged in undertaking contract as well as own account construction activities.

Operation of Display Centres/Homes (Chapter 5, Paragraphs 48-49)

87. The statistical treatment of display centres is in accordance with the following guidelines:

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.

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). If a display centre qualifies for treatment as an establishment then it should be classified in accordance with the rules for classifying establishments. (These rules are set out in Chapter 4.) For example, a separately located display centre, such as a display house or home unit, which operates not merely as a show place or order taking office, but is mainly engaged in selling to home buyers (on account of the enterprise to which it belongs) new houses or other types of dwellings, which belong to the enterprise and were built by a separate location (base of construction operations) of the same enterprise, is treated as an establishment classifiable to Class 6321, Residential property operators.

Chapter 1 : Summary Description of the Classification

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 (Chapter 5, Paragraph 50)

88. 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:

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 and classified accordingly.

Other Matters Concerning the Specification of Activities (Chapter 5, Paragraphs 51-54)

89. 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.

SUMMARY OF CHAPTER 6 : THE NUMBERING SYSTEM

Basic Character of the Numbering System (Chapter 6, Paragraphs 1-4)

90. The numbering system adopted in the ASIC has been devised with the purpose of providing greater flexibility than a strict decimal four digit system would allow, whilst retaining the advantages of a decimal system as far as practicable, i.e. within each division. There are 13 divisions in the ASIC, each identified by an alphabetic character, 48 subdivisions, each identified by a two digit numeric code, 124 groups, each identified by a three digit numeric code and 449 classes, each identified by a four digit numeric code.

Changes to Code Numbers (Chapter 6, Paragraphs 5-9)

91. This 1978 edition of the Classification incorporates numerous changes to industry definitions resulting from the review of the 1969

Australian Standard Industrial Classification

edition of the Classification. The main impact of these changes has been at the class and group levels of the Classification. At the subdivision and division levels of the Classification the changes have generally been less significant.

92. For these reasons new code numbers have generally been allocated to most classes and groups in this 1978 edition of the Classification, whereas the subdivision and division codes, used in the 1969 edition, have generally been retained.