

CHAPTER 2 : NATURE, PURPOSES AND PRINCIPLES OF THE CLASSIFICATION

NATURE OF THE CLASSIFICATION

In order to utilise effectively the great mass of statistical information that is collected in the various censuses and surveys of establishments or enterprises, which are conducted by the ABS, it is necessary first to organise that information into categories suitable for economic analysis. This can be done in a number of ways either by classifying individual items of data according to commodity or similar classifications, or by classifying the statistical units¹ themselves, and all the data pertaining to those units, according to such characteristics as industry, size, geographical distribution, nature of ownership, and type of operation.

2. The Australian Standard Industrial Classification has been devised for the purpose of classifying statistical units by industry. It has been designed primarily as a system for classifying establishments (e.g. individual mines, factories, shops, etc.), although it may also be used for classifying other units such as enterprises. The concepts and definitions of the establishment and other statistical units are discussed in Chapter 3.

3. The structure of the ASIC comprises four levels. The broadest of these is the 'Division' level, which relates to wide categories such as 'Manufacturing', 'Wholesale and Retail Trade', or 'Community Services'. The detailed Classification, in Chapter 7, includes at the beginning of each division a statement indicating broadly the scope of that division. The divisions are subdivided into progressively narrower categories, namely 'Subdivisions', 'Groups', and 'Classes' - each occupying a lower level in the hierarchic structure of the Classification.

4. The fundamental concept of this classification system is that an industry, that is an individual class, or group, etc., in the ASIC, is an entity composed of the establishments which have been classified to it (an industry may also include administrative offices and ancillary units²). In order to understand the use of the ASIC in official statistics, it is important to have a clear understanding of this concept, and of the way in which individual classes are defined, as well as of the definition of the establishment unit and the method of classifying establishments. Although some of these matters involve technical considerations which are fairly complex, they are discussed in some depth in this and the following chapters, in order to assist users of official statistics in their understanding of this classification system.

1. The term 'statistical units' relates to establishments, enterprises, and other types of business units in respect of which statistics are compiled.

2. Administrative offices and ancillary units and the methods according to which they are classified are discussed in Chapter 3 and Chapter 4.

Australian Standard Industrial Classification

5. Each of the broad levels of the ASIC is defined in terms of the categories at the next lower level, of which it is comprised. Thus definition of the broad levels ultimately depends on the definition of the individual classes. Each individual class is defined in terms of a specified range of activities, designated as primary to it. The notion of 'activities primary to a class' (which are sometimes referred to as the 'primary activities of the class') is a basic concept of the ASIC which is referred to repeatedly in what follows. The primary activities of a class are those which characterise that class, distinguishing it from other classes. 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. Each class, then, is composed of those establishments which are mainly engaged in activities primary to that class. Except in the case of 'overlapping' classes, explained below, each economic activity is designated as primary to only one class.

6. It is not uncommon for an individual establishment to engage in a range of activities wider than the range designated as primary to a particular class - for example a canning factory may engage both in fruit canning (designated as primary to Class 2131, Fruit products) and vegetable canning (designated as primary to Class 2132, Vegetable products). This gives rise to the notion of 'secondary activity', which relates to activities engaged in at the establishment which are primary to a class or classes other than the class to which the establishment is classified. (Thus, in the example, if the canning factory were mainly engaged in canning fruit, then the activity of canning vegetables would be a secondary activity of that establishment.) Some reference is made to secondary activities in various parts of the text of this document, but it should be noted that secondary activity of an establishment plays no part in the definition of the class to which the establishment is classified.

7. Reference was made above to overlapping classes. The device of overlapping classes is employed in certain situations where combinations of particular activities are commonly engaged in by establishments, although one or other (or both) of the activities concerned is also commonly engaged in as a relatively specialised activity by other establishments. For example, in Australia there are considerable numbers of relatively specialised sheep farming establishments and relatively specialised cereal grain (e.g. wheat) farming establishments, but there are also many farming establishments at which sheep farming and cereal grain farming each account for a considerable proportion of the activities of the establishment. If all sheep farming were made primary to the sheep farming industry, and all cereal grain farming made primary to the cereal grain farming industry, the establishments engaged to a significant degree in both activities would have to be classified to one or other of those industries on the basis of their major activity. This would lead to considerable numbers of broadly

Chapter 2 : Nature, Purposes and Principles of the Classification

similar establishments being classified to different industries, and neither of the industries would be very homogeneous in terms of the activities of their component establishments. (Alternatively, if just one class were established, with sheep farming and cereal grain farming both designated as primary to it, useful information on the structure of specialised sheep farms and specialised cereal grain farms would be lost.) To meet this situation, an overlapping industry embracing establishments which engage in specified proportions of both sheep and cereal grain farming has been set up. Each of the three industries then comprises a more homogeneous group of establishments, and the three industries together reflect the organisation of these activities in the economy more adequately, than if there were only one or two industries. In technical terms what has been done here is to designate individual activities as primary to more than one class, the activity being considered primary to one class when it occurs in one defined set of circumstances, and primary to another class when it occurs in another defined set of circumstances.

8. The meaning of the term 'industry' in the ASIC, as outlined in paragraphs 4 and 5 in this Chapter, differs from meanings which this term is sometimes given. A fairly wide-spread usage of the term is to relate it to all the units engaged in producing a particular commodity. Thus it may be said that all factories engaged in manufacturing agricultural wheeled tractors are in the agricultural machinery and equipment manufacturing industry. At the same time, if a factory engaged in manufacturing agricultural tractors is also engaged say, in manufacturing bulldozers, it might be said in this sense of the term that it was also in the construction and earthmoving machinery and equipment manufacturing industry. However, in an industrial classification each unit has to be classified uniquely to one class, so that only factories whose major activity is manufacture of agricultural machinery and equipment can be brought together to comprise an agricultural machinery and equipment manufacturing class and only those whose major activity is manufacture of construction and earthmoving machinery and equipment can be brought together to comprise a construction and earthmoving machinery and equipment manufacturing class. In the use of statistics classified according to the ASIC, it is important to keep this distinction in mind.

9. Another common connotation of the term 'industry' is the restricted range of economic activities involved in the production of goods, i.e. leaving aside such activities as distribution, transport, personal services, etc. The concept of industry in the ASIC is not restricted in this way, and the term is used to relate to the full range of economic activity.

10. It will be appreciated that, when the ASIC is used for classifying enterprises or enterprise groups³, the concept of an industry (as an entity composed of the units classified to it) differs

3. These terms are explained in Chapter 3.

Australian Standard Industrial Classification

from the concept utilised in classifying establishments. For example, an ASIC division in establishment statistics consists of the establishments classified to that division, whilst an ASIC division in enterprise statistics consists of the enterprises classified to that division. In many cases such enterprises would operate some establishments which would be classified to other ASIC divisions in establishment statistics, whilst some of the establishments which would be classified to that ASIC division in establishment statistics would be operated by enterprises classified to other ASIC divisions in enterprise statistics. As explained in Chapter 4, enterprises are to be classified according to the predominant industry of the establishments they operate.

11. It is also worth observing that, since it is a classification of industries, the ASIC is quite distinct from commodity classifications. In the latter classifications similar commodities are brought together in groups on the basis of such criteria as their physical characteristics, the purposes which they are normally intended to serve, etc. Examples of commodity classifications are the 'Nomenclature for the Classification of Goods in Custom Tariffs' published by the Customs Co-operation Council (which is used as the basis for the Australian Tariff) and the 'Australian Import Commodity Classification' (which is used in classifying Australian import statistics). Equally the ASIC is distinct from classifications of occupations, in which similar occupations are grouped according to characteristics of the work they entail, such as functions involved and skills, knowledge and abilities required (an example being the 'Classification and Classified List of Occupations' used in Australian Population Censuses).

PURPOSES OF THE CLASSIFICATION

12. The main purpose of the ASIC is to provide a standard framework for classifying establishments and other statistical units by industry, in official statistics. To achieve effective standardisation of the classification of official statistics by industry it is not, however, sufficient to provide only a standard industrial classification. It is necessary to utilise the Classification in an integrated statistical system, in which statistical units engaged in different fields of activity are defined in as uniform and consistent a manner as possible, and in which standard methods of classifying statistical units in different fields of activity, according to their major activity, are adopted as far as possible. The ASIC has been developed as part of such a system. This system provides that an individual establishment (or other statistical unit) is classified to the same industry in all statistical compilations in which it is included. In addition the integrated system records the hierarchic links between establishments and the enterprises which own them, and between enterprises which are related to one another. These links permit data which were originally compiled for one level of unit (i.e. establishments) to be re-compiled and classified in accordance with the characteristics of a broader level (e.g. enterprises). The integrated system also utilises standard definitions for data items, which have been conceived within the framework of requirements for national accounting purposes (i.e. national income and expenditure, input-output tables, etc.), modified to take account, as far as practicable, of business accounting practices.

Chapter 2 : Nature, Purposes and Principles of the Classification

13. As part of the operations of this integrated statistical system, the ASIC is being used in economic censuses and surveys, population censuses and surveys, and in other statistics (national accounts, etc.) derived from the basic statistics. Besides its use in the classification of statistics compiled in economic censuses and surveys, the ASIC is being used in defining the scope of those collections so as to prevent gaps or overlapping between them.

14. The ASIC also facilitates comparison of Australian statistics with statistics for other countries, in that data classified according to the ASIC can generally be converted to conform essentially with the International Standard Industrial Classification of All Economic Activities (ISIC)⁴.

15. Experience in other countries which have adopted standard industrial classifications has been that such classifications have been used by authorities and organisations outside the official statistical service, for their own purposes - e.g. to facilitate comparison between information which they have compiled, and official statistics. A similar practice is developing in this country and it is recommended that any organisation proposing to publish data in terms of the ASIC should draw attention in such publications to any differences in definitions of statistical units, criteria for classifying such units, etc. from those used by the ABS in order to make it as easy as possible for users to compare information in such publications with official statistical series published by the ABS.

PRINCIPLES UNDERLYING THE CONSTRUCTION OF THE CLASSIFICATION

Principles Underlying the Definition of Classes

16. 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. The purpose of this principle is to ensure that the classes represent realistic and recognisable segments of Australian industry, and that data classified according to the ASIC are, therefore, as relevant as possible for analytical purposes. For example, it is a characteristic feature of petroleum distribution activities in Australia that blending and packaging of lubricating oils and greases are usually carried out by establishments mainly engaged in petroleum products wholesaling. For this reason the activities of blending and packaging lubricating oils and greases have been designated amongst the primary activities of the petroleum products wholesaling class, whereas blending of petrol, which is mainly carried out at refineries, has been designated as primary to the petroleum refining class.

4. United Nations, Statistical Papers Series M No. 4, Rev. 2. New York 1968.

Australian Standard Industrial Classification

17. Most of the other principles operate to reinforce the first. Of particular importance 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 comprise 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 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').

Apart from supporting the principle described in paragraph 16 in this Chapter, the purpose of this principle is to enhance the suitability of the classification for use in economic analysis, by minimising the extent to which the output of each class includes output of activities primary to other classes. This principle and its practical implementation are discussed further in Chapter 4.

18. The other principles which have been utilised in devising the class level are as follows:

- (a) The individual classes of the ASIC should represent industries which are economically significant. The purpose of this principle is to avoid setting up a large number of separate classes in the ASIC, relating to specialist but economically unimportant activities.
- (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 intention of this principle is to ensure that any group of relatively specialised establishments engaged in similar activities, which might feasibly stand as a separate class in its own right, will not be absorbed into a wider class without good reason. The aim here is to provide as many and as detailed individual classes as practicable, to meet the needs of users of detailed industry statistics. The application of this principle is modified in the light of the application of the principle enunciated in the preceding sub-paragraph.
- (c) The need for international comparability of Australian industrial statistics should be taken into account in devising the classes, as far as practicable, to allow for convertibility of Australian statistics to the ISIC.

Chapter 2 : Nature, Purposes and Principles of the Classification

19. The principles adopted in devising the class level of the ASIC are essentially the same as the main criteria adopted in devising ISIC Groups (the group level of the ISIC being the most detailed level of that classification) except for considerations specific to the ISIC, such as the importance of particular activities in the world economy.

20. Besides the general principles outlined above, attention has also been given to some specific problems relating to the principles to be followed in the treatment of certain types of activities. One such problem concerns the provision to be made for establishments mainly engaged in rendering services to other establishments. The approach usually adopted in the ASIC has been that establishments mainly engaged in providing services of a general character, which may be rendered to establishments in a variety of industries, are included in classes in the 'service' divisions (e.g. Class 6382, Advertising services, in Division I); whereas establishments mainly engaged in providing specialised services which are usually rendered to establishments in specific industries, are included in classes in the same divisions as the industries usually served (e.g. Class 0204, Sheep shearing services, in Division A). Chapter 5 outlines the treatment of certain activities which involve some other particularly difficult problems, namely repair and maintenance; installation; leasing; bottling and repacking.

21. The implementation of the principles in devising the class level of the ASIC, and associated work related to the definition of the establishment unit (discussed in Chapter 3 below) involved a large amount of empirical investigation and analysis during the original development of the 1969 edition of the Classification. This included:

- (a) A detailed analysis of data relating to kinds of economic activity engaged in by some 150,000 business units ranging over the main fields of economic activity, with particular emphasis on analysing the ways in which these activities were organised, and in what combinations these were carried on by the individual business units.
- (b) Extensive field investigations of a number of the most complex combinations of activities at establishments, with particular reference to determining what items of data these establishments were able to provide at periodic intervals in respect of the individual activities engaged in.
- (c) A number of special analyses of data from existing economic censuses, particularly those covering manufacturing and retailing, intended to supplement and test the findings of the other investigations.

Australian Standard Industrial Classification

- (d) A large number of smaller investigations, for example into such matters as the incidence of blending and packaging activities carried out by establishments in different industries, and the practices adopted by other countries in their standard industrial classifications.

22. In reviewing the 1969 edition of the Classification (to produce the 1978 edition of the Classification) the principles specified above were adhered to. For purposes of the review extensive empirical investigations and analyses were undertaken, and included the following:

- (a) A detailed analysis of the activity data collected in economic censuses covering Agriculture, Mining, Manufacturing, Electricity and Gas Production and Distribution, Wholesale and Retail Trade and various services. Further details are provided in paragraph 19 in Chapter 4.
- (b) A detailed analysis of data collected in a construction units survey, covering approximately 2,000 units, with particular emphasis on analysing the activity composition of these units.
- (c) Extensive field and other investigations for the purpose of improving the specification of such activities as fish processing, contract packing, installation and finance and investment activities in the Classification.
- (d) A major analysis of the effect and incidence of location splitting, and a large number of smaller investigations concerning the treatment of specific activities, such as seed cleaning, screen printing or hire of linen, towels, etc.

23. As a result of the review, numerous changes have been made to the Classification, mainly affecting the definitions of individual classes. However, the impact of these changes at the subdivision and division levels has been considerably less, leaving their basic character and composition relatively unchanged.

24. A key between the 1969 and 1978 editions of the Classification is being prepared and will detail differences between them.

Principles Underlying the Definition of the Broader Levels

25. The principles adopted in devising the class level have had a substantial influence on the broader levels, since these are defined in terms of the classes which comprise them. Moreover, some of the principles appropriate at the class level are also directly relevant to other levels. Thus in devising the group level, one of the aims has been to set up groups which have high specialisation and coverage ratios.

Chapter 2 : Nature, Purposes and Principles of the Classification

For example, if the output of each of two classes were to include a significant amount of output of activities primary to the other class, the application of this principle would indicate that the two classes be included in the one group. Again, at all levels, attention has been given to the structure of economic activity in Australia. Certain other principles which have been taken into account in devising the broad levels of the ASIC are outlined below.

26. 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. Weight has also been given to the desirability of maintaining a degree of continuity at this level with the previous edition of the Classification. The ordering of the divisions has followed the traditional pattern, also used in the ISIC, beginning with agriculture and extractive industries, continuing through processing and trading, and finishing with services.

27. The subdivision level of the ASIC has been devised specifically to serve two purposes. The first of these is to provide a means of co-ordinating publication practices in current statistics. This purpose is discussed more fully in paragraphs 53 to 56 of Chapter 4. The second is to provide for somewhat more detailed categories, for broad analytical purposes, than are provided at the division level, for use in summary tables. Individual divisions have, accordingly, been dissected at the subdivision level as considered appropriate for these publication purposes. In doing this, considerable attention has been given to preserving a degree of continuity with industry groupings formerly used in current and other relevant statistics. As far as practicable, attention has been given to publication requirements for enterprise statistics as well as to those for establishment statistics.

28. The structure of the ASIC has followed the structure of the ISIC to the extent that this could be done without conflicting with the principles mentioned above. Part I of the publication setting out the ISIC includes a discussion of criteria relevant to the delineation of the divisions and major groups of that classification (corresponding respectively to the subdivisions and groups of the ASIC). The three main criteria referred to are:

- (a) the character of the goods and services produced, including the physical composition and stage of fabrication of the items and the needs served by them.
- (b) the uses to which the goods and services are disposed of.
- (c) the process, technology and organisation of production.

In considering the question of what weights might be appropriate to these and other criteria, the ISIC observes that in many instances

Australian Standard Industrial Classification

the various characteristics to which the different criteria relate are so highly correlated that the problem of assigning weights, or an order of priority, to the criteria does not arise. In other cases, the introduction indicates that the tendency is for activities at early stages of production to be grouped in accordance with criteria such as physical composition and stage of fabrication of the items produced, whereas in the case of highly fabricated goods the end-use and the process, technology and organisation of production are more important.

29. This general pattern of grouping of categories is also apparent in the structure of the ASIC.

COMPARABILITY WITH ISIC

30. As already indicated, a good deal of attention has been paid, in the work of constructing and reviewing the ASIC, to the question of comparability with the ISIC, the latest revised edition of which was issued in 1968. Australia took an active role in the work of revising the international classification, both by providing written suggestions and by participating in discussions at international working group meetings and at the Fifteenth Session of the United Nations Statistical Commission, which adopted the revised classification.

31. The concepts, principles and methods of application of the ISIC are, naturally, expressed in somewhat broad terms, so as to provide some flexibility in adapting the classification to circumstances in different countries. In a standard industrial classification for an individual country it is necessary to provide more precise statements on some of these aspects, particularly with respect to concepts and methods of application of the classification. In some cases, too, it is necessary to give greater emphasis in a national classification to aspects which are of national importance but which warrant less attention in the international classification. For these reasons, the treatment of these matters in the ASIC differs in some respects from that in the ISIC, particularly with respect to the degree of detail in which concepts and methods are specified. Despite these differences, care has been taken to ensure that the concepts, principles and methods of application adopted in the ASIC are consistent with those in the international classification to the fullest extent practicable.

32. The broad structure of the ASIC - i.e. the divisions, sub-divisions and groups - is in most respects either comparable with or convertible to the major divisions, divisions and major groups of the ISIC. However, some differences in structure are necessary in the ASIC, for the purpose of providing continuity with classifications used previously, or to make the classification structure reflect more closely the structure of the Australian economy, or to meet specific requirements for the publication of Australian statistics. Perhaps the most important differences concern the treatment of Hotels, Restaurants and Clubs, which in the ASIC have been brought together in one section

Chapter 2 : Nature, Purposes and Principles of the Classification

in Division L, and the treatment of repairs of household and personal goods, which is discussed in Chapter 5. Also, the number of categories, particularly at the group level in ASIC (corresponding to the major group level in ISIC) is greater than that provided in ISIC.

33. At the most detailed level - i.e. ASIC classes and ISIC groups - the aim has been to devise ASIC classes which, to the fullest extent practicable, either correspond to particular ISIC groups, or can be combined with other ASIC classes to correspond to a particular ISIC group. This feature provides the facility for re-arranging data compiled for ASIC classes in accordance with the structure of the ISIC, even in those areas where the ASIC structure is not directly comparable with the ISIC structure. In some cases, of course, it has not been possible to achieve the complete convertibility of the detailed level of ASIC to the detailed level of ISIC, since in some industries the combinations of activities within establishments in Australia cut across the boundaries of ISIC groups, and in other cases there are separate groups in ISIC relating to activities which are not of sufficient importance in Australia to warrant recognition of a separate class in ASIC. A conversion key will be compiled, showing the ISIC group to which each ASIC class is most closely related.

RELATIONSHIP WITH OTHER SECTOR CLASSIFICATIONS

34. 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). Since there can be some misunderstanding of the relationship between industry sectors and some of these other classifications, this section will discuss the manner in which they can be used separately or in complementary fashion in analysing the structure of the economy.

35. 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. The SNA is the established comprehensive international framework within which countries are developing and using their national accounts and related basic economic statistics. Australia accepts the system in principle and is following it in practice to the extent appropriate to current Australian circumstances and needs.

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

Australian Standard Industrial Classification

36. 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 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.

37. These two ways of classifying the economy's statistical units into broad sectors are illustrated in the diagram below. 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.

38. 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.

39. The arrows linking the establishment-based sectors with the enterprise-based sectors illustrate the fact that, for example, the sector which is made up of all the government agencies described as 'general government' is the equivalent of all the establishment-type units belonging to these agencies, but these may include some establishments which are producers of marketed-type goods and services as well as those which are producers of government services of a type not normally marketed. It can also be seen that some of the producers of marketed-type commodities belong to public financial institutions while others belong to public corporations and large public enterprises which are classified to the SNA sector, 'nonfinancial corporate and quasi corporate enterprises' rather than to 'general government'.

40. The SNA's sector classifications do not provide directly for a simple distinction between privately owned and government owned statistical units. As the broken arrows indicate, there are elements of the public sector in the first 2 of the SNA's functional sectors or, alternatively, in the first 3 of the SNA's institutional sectors.

41. Similarly one should not expect (and one will not find) all the units of the public sector to be directly identifiable as being equivalent to a particular division or grouping of industries in the ASIC because institutional sector of ownership is not a classification criterion in

Chapter 2 : Nature, Purposes and Principles of the Classification

ASIC. In fact, government owned or controlled enterprise and establishment level transactor units are classifiable to virtually any industry in the ASIC. This is particularly evident in the case of public sector establishment-type units which are producers of 'marketed-type goods and services'. However public sector establishments which are producers of 'government services' would, in the main, be classified to industries in ASIC Division J, Public administration and defence, and ASIC Division K, Community services.

42. A full understanding of the rationale and content of the sectors which the SNA recommends as the framework for analysing the flows and stocks of an economy would require a study of the SNA in some depth. This necessarily summary diagrammatic description is simply being used here to help users to appreciate some of the ways in which the structure of the economy may be depicted in presentations for different purposes and to help them to avoid confusing one such system with another.

43. For this purpose some liberties have been taken in the terminology used in the diagram. In particular it should be noted that in the SNA the sector described here as 'producers of marketed-type goods and services' is termed 'industries' in the SNA. This term was avoided in the diagram because of the likely difficulty of distinguishing this specific SNA concept from the familiar use of the term to mean the categories of a 'kind of economic activity' classification, such as ASIC.

44. Finally, it should be noted that in the Australian National Accounts the SNA's establishment-type functional sectors have not been used in any of the presentations of accounts and tables. The SNA enterprise-type unit institutional sectors are used, but with some combination and renaming. Thus the SNA sector 'private nonprofit institutions serving households' has been incorporated in 'households including unincorporated enterprises'. The first 2 SNA sectors have also been renamed, respectively, 'financial enterprises (including the nominal industry)' and 'corporate trading enterprises (including public trading enterprises)'.

BROAD RELATIONSHIPS BETWEEN ASIC AND SNA SECTOR CLASSIFICATIONS

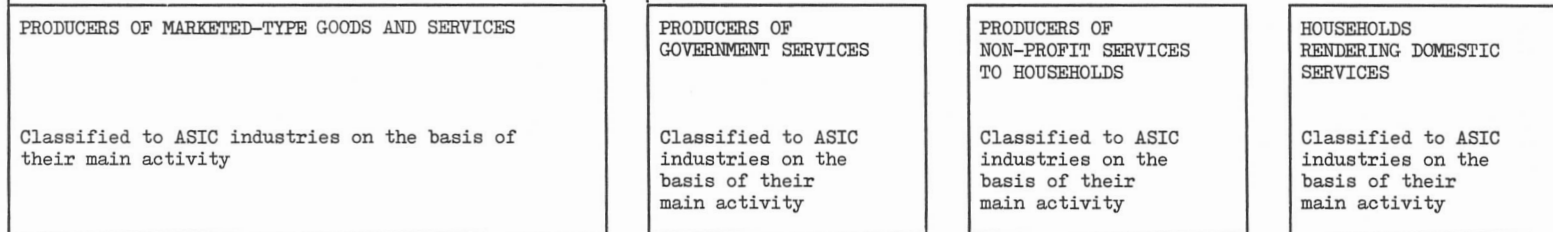
CLASSIFICATION OF GOODS AND SERVICES AS TYPICALLY MARKETED/NOT MARKETED (SNA)



These are produced mainly by units which are:

These are mainly produced by units which are:

SNA FUNCTIONAL SECTORS
CLASSIFICATION OF ESTABLISHMENT TYPE PRODUCING UNITS FOR THE PRODUCTION, CONSUMPTION EXPENDITURE, AND CAPITAL FORMATION ACCOUNTS



Classified to ASIC industries on the basis of their main activity

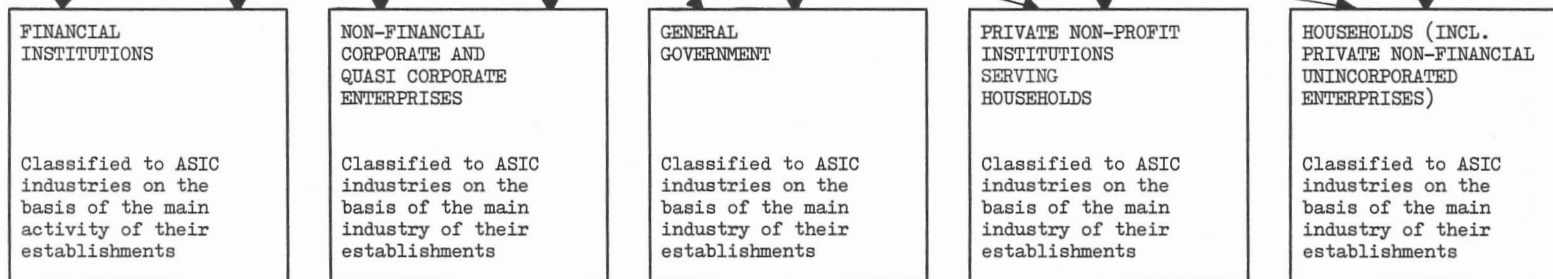
Classified to ASIC industries on the basis of their main activity

Classified to ASIC industries on the basis of their main activity

Classified to ASIC industries on the basis of their main activity

(a) These (b) units are owned (c) by (d) those shown below:

SNA INSTITUTIONAL SECTORS
CLASSIFICATION OF ENTERPRISE TYPE OWNING UNITS FOR THE INCOME AND OUTLAY, AND CAPITAL FINANCE ACCOUNTS



Classified to ASIC industries on the basis of the main activity of their establishments

Classified to ASIC industries on the basis of the main industry of their establishments

Classified to ASIC industries on the basis of the main industry of their establishments

Classified to ASIC industries on the basis of the main industry of their establishments

Classified to ASIC industries on the basis of the main industry of their establishments

Notes: ———> Producing units belonging to the private sector. - - - -> Producing units belonging to the public sector (a) Public financial institutions. (b) Other public corporations and large public enterprises. (c) Government producing units which mainly provide for government itself or which are financially integrated with government. (d) Producers of government services.

Chapter 2: Nature, Purposes and Principles of the Classification

SUPPLEMENTARY CLASSIFICATIONS

45. In certain fields of statistics it is proposed to utilise special-purpose classifications in conjunction with the ASIC. In some cases these are to provide more detail, in specialised compilations, than is appropriate in a standard classification designed for general use. In other cases these classifications will provide break-downs which are related to the nature of the operations at the establishments concerned, but which are based on criteria not used or appropriate in an industrial classification.

46. For example type of ownership has not been utilised in the ASIC as a criterion in defining industries, and a separate classification is used to classify enterprises and the establishments and other units belonging to them as being either in the public sector or the private sector. Further, in statistics of wholesale trade, establishments may be classified according to a classification by type of operation. This would distinguish establishments according to whether they were trading as wholesale merchants, manufacturers' sales branches, commission agents, and so on.

47. However, in national accounts and public finance statistics, public authority expenditure will continue to be classified according to purpose; it is not practicable or appropriate to incorporate this kind of classification in a classification of establishments, such as the ASIC.

