

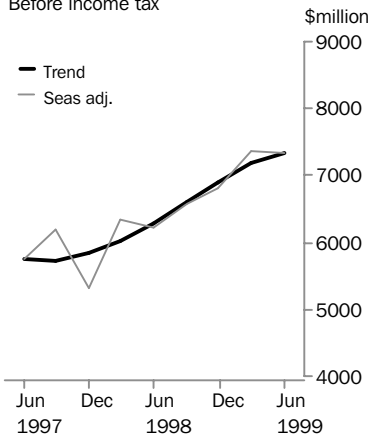
# COMPANY PROFITS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) THURS 19 AUG 1999

## Company profits

Before income tax



## JUNE QTR KEY FIGURES

### TREND ESTIMATES

	Jun 1999 \$m	% change Mar 1999 to Jun 1998 to Jun 1999	% change Jun 1998 to Jun 1999
Company profits before			
Income tax	7 344	2.1	17.1
Income tax & net interest	9 292	2.1	14.6
Income tax, net interest & depreciation	14 074	2.1	11.8

### SEASONALLY ADJUSTED

	Jun 1999 \$m	% change Mar 1999 to Jun 1998 to Jun 1999	% change Jun 1998 to Jun 1999
Company profits before			
Income tax	7 319	-0.8	17.5
Income tax & net interest	9 232	0.0	12.4
Income tax, net interest & depreciation	14 041	0.7	10.3

## JUNE QTR KEY POINTS

### TREND ESTIMATES

- The provisional trend estimate for company profits before income tax for companies with more than 30 employees is \$7,344m, which is 17% higher than the June quarter last year.
- Trend estimates for company profits before income tax have risen by more than 2% in each of the past seven quarters.

### SEASONALLY ADJUSTED

- Seasonally adjusted estimates fell by 0.8% in the June quarter.
- Manufacturing fell by 34% in the June quarter. Almost all this decrease was due to the \$829m before tax (\$531m after tax) revaluation of BHP's Hot Briquetted Iron (HBI) plant in Western Australia. (Note: this revaluation will not be included in the June quarter 1999 National Accounts estimate of Gross Operating Surplus.)
- This fall was countered by large increases in Mining (\$480m or 48%), Transport and Storage (\$247m or 83%) and Services to Finance and Insurance (\$171m or 68%).
- Of the remaining industries, profits rose for Construction, Wholesale Trade and Property and Business Services in the June quarter, whilst Retail Trade and Other Services decreased.

- For further information about these and related statistics, contact Lazaros Georgiadis on Sydney 02 9268 4176, or Client Services in any ABS office as shown on the back cover of this publication.

# NOTES

## FORTHCOMING ISSUES

<i>ISSUE (Quarter)</i>	<i>RELEASE DATE</i>
September 1999	18 November 1999
December 1999	22 February 1999

## CHANGES IN THIS ISSUE

This issue contains revisions to the March 1999 quarter as a result of responses received or revised after publication of the previous issue. The revisions affect all industries in original, seasonally adjusted and trend terms.

For some time the ABS has been using Australian Taxation Office (ATO) information on Group Employer (GE) registrations to add new businesses to the ABS Business Register. It has now been decided to use GE information to delete from the Business Register those businesses which have ceased trading or which are no longer employing staff. As the majority of affected businesses are small in size and outside the scope of the Survey of Company Profits, the deletion of these businesses has had a negligible impact on the June quarter estimates, and no adjustments have been made to previous estimates.

## SAMPLING ERRORS

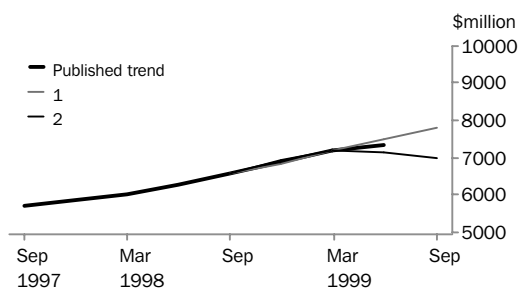
Standard errors for estimates contained in this publication are shown on pages 14–15.

## TREND REVISIONS

The most recent trend estimates are likely to be revised when seasonally adjusted estimates for subsequent quarters become available. The graph below presents the effect of two possible scenarios on the previous trend estimates:

- 1** The September 1999 seasonally adjusted estimate for company profits before income tax is higher than the June 1999 seasonally adjusted estimate by 10.0%.
- 2** The September 1999 seasonally adjusted estimate for company profits before income tax is lower than the June 1999 seasonally adjusted estimate by 10.0%.

The percentage change of 10.0% was chosen because the average absolute percentage change, based on the last decade, has been 10.0%.

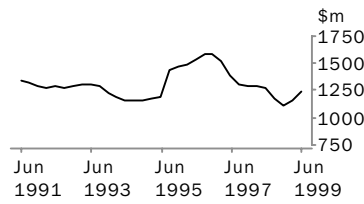


An increase of 10% in seasonally adjusted company profits before income tax in the September 1999 quarter would show an increase of 6.6% in the trend estimate from the June 1999 quarter. A fall of this magnitude would result in the trend being revised to reflect a decrease of 5.1% in the September 1999 quarter.

W. McLennan  
Australian Statistician

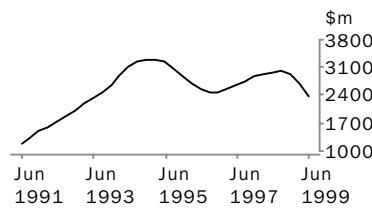
# COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

## MINING



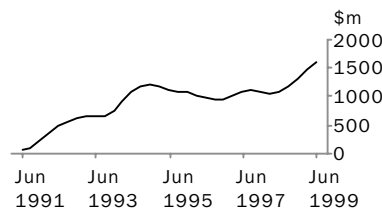
As a result of a large seasonally adjusted increase this quarter, the trend estimate for Mining has increased over the past 2 quarters after nine consecutive quarters of negative growth.

## MANUFACTURING



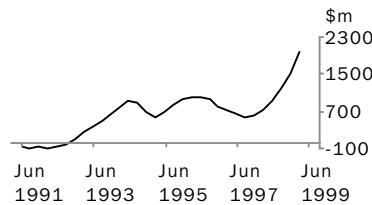
In the absence of the revaluation of BHP's HBI plant, Manufacturing would have experienced a small seasonally adjusted decrease this quarter. This would have resulted in a relatively flat trend over recent quarters.

## WHOLESALE/RETAIL



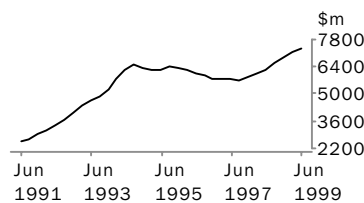
Trend estimates for the Wholesale Industry have risen strongly in recent times following a large seasonally adjusted increase in the March quarter and a more modest but still significant increase this quarter. Despite a seasonally adjusted fall this quarter - the first since March 1998 - the trend estimate for Retail continued to rise strongly this quarter.

## OTHER SELECTED INDUSTRIES(a)



Trend estimates for Other Selected Industries continued to grow strongly. Transport and Storage, Services to Finance and Insurance, and Other Services are mainly responsible for this growth.

## TOTAL ALL INDUSTRIES



The All Industries estimate has risen by more than 2% in each of the past seven quarters.

(a) This includes Construction, Transport & storage, Services to finance & insurance, Property & business services, and Other services.

## COMPANY PROFITS BEFORE INCOME TAX : All series

Quarter	<i>Company profits before income tax, net interest paid and depreciation</i>	<i>Company profits before income tax and net interest paid</i>	<i>Company profits before income tax</i>
	\$m	\$m	\$m
ORIGINAL			
<b>1995-1996</b>			
June	10 146	6 300	4 794
<b>1996-1997</b>			
September	11 658	7 750	6 037
December	12 993	8 929	7 526
March	10 187	6 122	4 820
June	10 376	6 218	4 672
<b>1997-1998</b>			
September	12 546	8 308	6 841
December	12 651	8 143	6 668
March	11 310	7 039	5 464
June	11 717	7 132	5 154
<b>1998-1999</b>			
September	13 501	8 931	7 148
December	14 894	10 360	8 381
March	12 675	8 033	6 295
June	12 952	7 978	6 181
SEASONALLY ADJUSTED			
<b>1995-1996</b>			
June	11 100	7 282	5 790
<b>1996-1997</b>			
September	11 014	7 086	5 488
December	11 756	7 784	6 283
March	11 119	6 961	5 605
June	11 342	7 196	5 743
<b>1997-1998</b>			
September	11 846	7 611	6 207
December	11 297	6 841	5 302
March	12 395	8 040	6 335
June	12 733	8 213	6 231
<b>1998-1999</b>			
September	12 825	8 253	6 568
December	13 342	8 820	6 797
March	13 940	9 234	7 375
June	14 041	9 232	7 319
TREND ESTIMATES			
<b>1995-1996</b>			
June	11 427	7 640	6 083
<b>1996-1997</b>			
September	11 440	7 524	5 987
December	11 315	7 296	5 812
March	11 327	7 234	5 810
June	11 345	7 162	5 769
<b>1997-1998</b>			
September	11 438	7 163	5 732
December	11 780	7 424	5 850
March	12 179	7 739	6 023
June	12 593	8 105	6 273
<b>1998-1999</b>			
September	13 008	8 479	6 599
December	13 373	8 774	6 883
March	13 784	9 100	7 196
June	14 074	9 292	7 344

## COMPANY PROFITS BEFORE INCOME TAX, Depreciation and Interest: Original

Period	<i>Company profits before income tax, net interest paid and depreciation</i>	<i>Depreciation</i>	<i>Company profits before income tax and net interest paid</i>	<i>Interest paid</i>	<i>Interest received</i>	<i>Net interest paid</i>	<i>Company profits before income tax</i>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>1996-1997</b>	45 215	16 196	29 019	13 816	7 852	5 964	23 055
<b>1997-1998</b>	48 225	17 602	30 622	14 346	7 851	6 495	24 127
<b>1998-1999</b>	54 021	18 720	35 301	16 252	8 957	7 295	28 006
<b>1995-1996</b>							
June	10 146	3 846	6 300	3 135	1 629	1 507	4 794
<b>1996-1997</b>							
September	11 658	3 908	7 750	3 380	1 667	1 713	6 037
December	12 993	4 064	8 929	3 399	1 996	1 403	7 526
March	10 187	4 065	6 122	3 217	1 916	1 301	4 820
June	10 376	4 158	6 218	3 820	2 274	1 546	4 672
<b>1997-1998</b>							
September	12 546	4 238	8 308	3 283	1 816	1 467	6 841
December	12 651	4 508	8 143	3 616	2 140	1 475	6 668
March	11 310	4 271	7 039	3 445	1 870	1 575	5 464
June	11 717	4 585	7 132	4 003	2 024	1 978	5 154
<b>1998-1999</b>							
September	13 501	4 570	8 931	4 154	2 372	1 783	7 148
December	14 894	4 534	10 360	4 115	2 137	1 979	8 381
March	12 675	4 642	8 033	3 752	2 014	1 738	6 295
June	12 952	4 974	7 978	4 230	2 434	1 796	6 181

## COMPANY PROFITS BEFORE INCOME TAX, By Broad Industry: All series

<i>Period</i>	<i>Mining</i>	<i>Manu- facturing</i>	<i>Cons- truction</i>	<i>Wholesale trade</i>	<i>Retail trade</i>	<i>Transport and storage</i>	<i>Services to finance and insurance</i>	<i>Property and business services</i>	<i>Other services</i>	<i>Total</i>
<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
ORIGINAL										
<b>1996-1997</b>	5 862	10 126	728	2 338	1 623	918	253	- 164	1 370	<b>23 055</b>
<b>1997-1998</b>	5 207	11 627	819	2 889	1 577	923	- 177	-40	1 303	<b>24 127</b>
<b>1998-1999</b>	4 892	10 939	950	2 872	2 550	1 468	1 115	410	2 810	<b>28 006</b>
<b>1996-1997</b>										
March	1 476	2 152	112	456	221	334	6	- 154	217	<b>4 820</b>
June	1 069	2 328	267	658	345	11	-13	-78	85	<b>4 672</b>
<b>1997-1998</b>										
September	1 759	3 026	182	926	240	268	61	-32	410	<b>6 841</b>
December	1 066	3 357	177	652	840	282	- 226	165	355	<b>6 668</b>
March	1 478	2 475	219	471	208	323	15	-53	328	<b>5 464</b>
June	904	2 768	240	840	289	50	-28	- 120	210	<b>5 154</b>
<b>1998-1999</b>										
September	1 722	3 057	206	693	400	272	97	95	606	<b>7 148</b>
December	955	3 494	283	654	1 158	522	386	213	716	<b>8 381</b>
March	992	2 610	188	646	454	360	194	31	819	<b>6 295</b>
June	1 222	1 778	272	878	539	314	438	71	668	<b>6 181</b>
SEASONALLY ADJUSTED										
<b>1996-1997</b>	5 910	10 122	740	2 331	1 636	916	254	- 164	1 375	<b>23 119</b>
<b>1997-1998</b>	5 144	11 665	853	2 885	1 518	921	- 176	-44	1 306	<b>24 075</b>
<b>1998-1999</b>	4 889	10 857	955	2 870	2 680	1 468	1 118	410	2 812	<b>28 059</b>
<b>1996-1997</b>										
March	1 471	2 495	135	581	395	273	62	-81	274	<b>5 605</b>
June	1 274	2 611	303	619	472	244	-34	8	246	<b>5 743</b>
<b>1997-1998</b>										
September	1 429	2 849	183	870	318	276	53	-32	261	<b>6 207</b>
December	1 144	2 826	138	625	430	102	- 257	5	289	<b>5 302</b>
March	1 486	2 879	269	599	368	262	76	22	374	<b>6 335</b>
June	1 086	3 111	263	792	402	282	-48	-39	382	<b>6 231</b>
<b>1998-1999</b>										
September	1 381	2 887	208	639	528	282	87	101	455	<b>6 568</b>
December	1 029	2 926	221	631	590	341	356	52	651	<b>6 797</b>
March	1 000	3 046	234	773	805	299	252	106	860	<b>7 375</b>
June	1 480	1 998	292	826	757	546	423	152	845	<b>7 319</b>
TREND ESTIMATES										
<b>1996-1997</b>	6 085	10 176	599	2 429	1 592	933	304	- 126	1 385	<b>23 378</b>
<b>1997-1998</b>	5 173	11 534	834	2 757	1 576	902	- 192	6	1 289	<b>23 878</b>
<b>1998-1999</b>	4 714	11 034	967	2 910	2 667	1 453	1 094	360	2 824	<b>28 022</b>
<b>1996-1997</b>										
March	1 517	2 554	152	610	413	263	52	-47	296	<b>5 810</b>
June	1 388	2 654	155	688	410	257	-4	-28	249	<b>5 769</b>
<b>1997-1998</b>										
September	1 301	2 753	165	711	394	216	-57	-9	258	<b>5 732</b>
December	1 299	2 868	195	700	376	198	-82	-4	300	<b>5 850</b>
March	1 298	2 943	229	678	384	219	-69	0	341	<b>6 023</b>
June	1 275	2 969	245	668	423	268	16	19	390	<b>6 273</b>
<b>1998-1999</b>										
September	1 183	3 029	232	677	508	294	136	43	497	<b>6 599</b>
December	1 117	2 942	223	688	630	317	238	79	649	<b>6 883</b>
March	1 165	2 701	244	737	730	381	336	110	792	<b>7 196</b>
June	1 249	2 362	268	808	799	461	384	127	886	<b>7 344</b>

COMPANY PROFITS BEFORE INCOME TAX, By Broad Industry–Percentage Changes: All series(a)

Period	Mining	Manu- facturing	Construction	Wholesale trade	Retail trade	Transport and storage	Services to finance and insurance	Property and business services	Other services	Total
ORIGINAL										
<b>1996-1997</b>	-1.5	-6.0	17.6	-8.1	-0.3	17.6	-58.0	n.p.	-29.7	-7.2
<b>1997-1998</b>	-11.2	14.8	12.5	23.6	-2.9	0.5	-170.0	75.3	-4.9	4.7
<b>1998-1999</b>	-6.0	-5.9	16.0	-0.6	61.7	59.2	729.6	n.p.	115.6	16.1
<b>1996-1997</b>										
March	-15.3	-29.3	-41.9	-29.2	-71.8	-19.4	-94.8	-210.3	-52.6	-36.0
June	-27.6	8.2	138.8	44.4	56.0	-96.7	-340.8	49.1	-60.8	-3.1
<b>1997-1998</b>										
September	64.6	29.9	-31.7	40.7	-30.3	n.p.	561.8	58.9	382.6	46.4
December	-39.4	11.0	-2.8	-29.6	249.3	5.1	-469.1	612.9	-13.4	-2.5
March	38.7	-26.3	23.6	-27.7	-75.3	14.5	106.8	-132.3	-7.5	-18.1
June	-38.8	11.8	9.5	78.5	39.2	-84.6	-281.7	-125.4	-36.2	-5.7
<b>1998-1999</b>										
September	90.5	10.4	-14.2	-17.5	38.2	448.9	448.2	179.2	188.9	38.7
December	-44.5	14.3	37.6	-5.7	189.7	92.0	298.7	124.1	18.3	17.3
March	3.9	-25.3	-33.5	-1.3	-60.8	-31.0	-49.6	-85.5	14.4	-24.9
June	23.2	-31.9	44.7	36.0	18.6	-12.8	125.2	130.0	-18.4	-1.8
SEASONALLY ADJUSTED										
<b>1996-1997</b>	-2.0	-4.9	19.9	-8.3	0.0	5.1	-57.9	n.p.	-29.8	-7.1
<b>1997-1998</b>	-13.0	15.2	15.2	23.8	-7.2	0.6	-169.2	73.3	-5.0	4.1
<b>1998-1999</b>	-5.0	-6.9	12.0	-0.5	76.5	59.4	734.6	n.p.	115.3	16.5
<b>1996-1997</b>										
March	-20.2	-3.7	-9.2	-5.0	-1.5	14.8	-20.6	-321.6	-29.9	-10.8
June	-13.4	4.6	124.4	6.6	19.4	-10.6	-154.5	109.5	-10.0	2.5
<b>1997-1998</b>										
September	12.2	9.1	-39.4	40.5	-32.5	12.8	254.6	-514.9	5.9	8.1
December	-20.0	-0.8	-24.9	-28.2	34.9	-63.1	-587.3	116.7	10.7	-14.6
March	30.0	1.9	95.2	-4.2	-14.3	158.0	129.6	319.5	29.5	19.5
June	-27.0	8.0	-2.2	32.2	9.3	7.5	-163.6	-275.7	2.0	-1.6
<b>1998-1999</b>										
September	27.2	-7.2	-20.9	-19.3	31.1	-0.1	280.3	354.9	19.2	5.4
December	-25.5	1.4	6.0	-1.2	11.8	21.1	308.6	-48.8	43.1	3.5
March	-2.8	4.1	6.2	22.5	36.5	-12.3	-29.2	105.4	32.1	8.5
June	48.1	-34.4	24.5	6.9	-6.0	82.6	67.7	43.6	-1.7	-0.8
TREND ESTIMATES										
<b>1996-1997</b>	2.5	-9.1	-3.2	-3.8	-2.7	10.1	-48.9	17.6	-27.0	-6.8
<b>1997-1998</b>	-15.0	13.3	39.1	13.5	-1.0	-3.3	-163.1	104.4	-6.9	2.1
<b>1998-1999</b>	-8.9	-4.3	15.9	5.5	69.2	61.1	670.0	n.p.	119.1	17.4
<b>1996-1997</b>										
March	-4.5	2.8	6.1	10.1	3.8	17.4	-44.6	7.1	-21.5	0.0
June	-8.5	3.9	2.0	12.8	-0.8	-2.2	-107.3	40.4	-15.7	-0.7
<b>1997-1998</b>										
September	-6.2	3.8	6.5	3.3	-3.9	-15.9	n.p.	66.4	3.3	-0.6
December	-0.2	4.2	17.8	-1.5	-4.5	-8.4	-42.6	61.3	16.4	2.1
March	-0.1	2.6	17.3	-3.1	2.0	10.6	15.7	94.2	13.6	3.0
June	-1.8	0.9	7.2	-1.6	10.3	22.4	123.1	n.p.	14.6	4.2
<b>1998-1999</b>										
September	-7.2	2.0	-5.2	1.4	20.2	9.6	752.7	129.7	27.3	5.2
December	-5.6	-2.9	-4.0	1.6	23.9	7.7	75.5	81.9	30.6	4.3
March	4.4	-8.2	9.2	7.2	15.9	20.4	40.8	39.9	22.1	4.5
June	7.2	-12.6	10.0	9.5	9.5	20.8	14.3	15.5	11.8	2.1

(a) The percentages in this table have been calculated from a series defined to the nearest \$1000 and may vary slightly from calculations based on the published series in Table 3 which have been rounded to the nearest \$million.

## COMPANY PROFITS, By Broad Industry: Original

<i>Period</i>	<i>Mining</i>	<i>Manu- facturing</i>	<i>Construction</i>	<i>Wholesale trade</i>	<i>Retail trade</i>	<i>Transport and storage</i>	<i>Services to finance and insurance</i>	<i>Property and business services</i>	<i>Other services</i>	<i>Total</i>
<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
PROFITS BEFORE INCOME TAX										
<b>1996-1997</b>	5 862	10 126	728	2 338	1 623	918	253	- 164	1 370	<b>23 055</b>
<b>1997-1998</b>	5 207	11 627	819	2 889	1 577	923	- 177	-40	1 303	<b>24 127</b>
<b>1998-1999</b>	4 892	10 939	950	2 872	2 550	1 468	1 115	410	2 810	<b>28 006</b>
<b>1996-1997</b>										
March	1 476	2 152	112	456	221	334	6	- 154	217	<b>4 820</b>
June	1 069	2 328	267	658	345	11	-13	-78	85	<b>4 672</b>
<b>1997-1998</b>										
September	1 759	3 026	182	926	240	268	61	-32	410	<b>6 841</b>
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March	1 478	2 475	219	471	208	323	15	-53	328	<b>5 464</b>
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<b>1998-1999</b>										
September	1 722	3 057	206	693	400	272	97	95	606	<b>7 148</b>
December	955	3 494	283	654	1 158	522	386	213	716	<b>8 381</b>
March	992	2 610	188	646	454	360	194	31	819	<b>6 295</b>
June	1 222	1 778	272	878	539	314	438	71	668	<b>6 181</b>
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
<b>1996-1997</b>	6 502	12 263	826	2 930	1 961	1 263	78	467	2 728	<b>29 019</b>
<b>1997-1998</b>	5 961	13 670	876	3 328	2 239	1 532	- 388	137	3 267	<b>30 622</b>
<b>1998-1999</b>	5 882	12 937	1 015	3 355	3 227	2 321	1 027	898	4 639	<b>35 301</b>
<b>1996-1997</b>										
March	1 628	2 624	135	587	292	433	- 115	-25	561	<b>6 122</b>
June	1 238	2 903	293	789	422	73	-86	126	462	<b>6 218</b>
<b>1997-1998</b>										
September	1 926	3 496	201	1 024	381	408	-58	49	882	<b>8 308</b>
December	1 268	3 902	194	761	1 025	428	- 275	24	816	<b>8 143</b>
March	1 632	2 933	234	584	372	452	-48	58	821	<b>7 039</b>
June	1 135	3 340	247	958	461	245	-8	6	748	<b>7 132</b>
<b>1998-1999</b>										
September	1 987	3 426	215	834	562	477	135	240	1 055	<b>8 931</b>
December	1 203	4 055	301	760	1 346	768	307	371	1 249	<b>10 360</b>
March	1 221	3 075	195	760	619	576	154	206	1 226	<b>8 033</b>
June	1 471	2 381	305	1 001	700	500	431	81	1 109	<b>7 978</b>
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
<b>1996-1997</b>	10 003	18 171	1 200	3 879	2 890	2 560	515	1 334	4 662	<b>45 215</b>
<b>1997-1998</b>	10 032	19 743	1 308	4 350	3 301	2 987	-66	1 057	5 514	<b>48 225</b>
<b>1998-1999</b>	9 991	19 356	1 439	4 440	4 356	3 918	1 450	2 060	7 010	<b>54 021</b>
<b>1996-1997</b>										
March	2 501	4 107	230	815	524	778	-1	200	1 034	<b>10 187</b>
June	2 147	4 363	410	1 034	651	427	26	339	979	<b>10 376</b>
<b>1997-1998</b>										
September	2 836	5 019	306	1 279	632	748	55	253	1 417	<b>12 546</b>
December	2 407	5 422	300	1 009	1 290	766	- 209	251	1 417	<b>12 651</b>
March	2 604	4 417	341	846	647	781	23	298	1 354	<b>11 310</b>
June	2 185	4 884	361	1 217	732	693	66	255	1 326	<b>11 717</b>
<b>1998-1999</b>										
September	3 013	5 082	329	1 084	836	824	219	488	1 625	<b>13 501</b>
December	2 190	5 631	410	1 029	1 649	1 154	392	649	1 790	<b>14 894</b>
March	2 234	4 647	294	1 028	891	994	288	493	1 805	<b>12 675</b>
June	2 555	3 996	405	1 298	980	947	551	430	1 790	<b>12 952</b>



## COMPANY PROFITS, By Detailed Manufacturing Industry: Original

Period	Food, beverages and tobacco	Textile, clothing, footwear and leather	Wood and paper products	Printing, publishing and recorded media	Petroleum, coal, chemicals and assoc. products	Non- metallic mineral products	Metal products	Machinery and equipment	Other manu- facturing	Total manu- facturing
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
PROFITS BEFORE INCOME TAX										
<b>1996-1997</b>	2 285	203	625	1 098	1 925	602	1 502	1 842	42	10 126
<b>1997-1998</b>	2 947	232	694	1 185	2 246	723	1 989	1 537	73	11 627
<b>1998-1999</b>	2 963	194	880	1 358	2 287	836	924	1 424	73	10 939
<b>1996-1997</b>										
March	440	55	141	198	427	89	451	348	2	2 152
June	371	40	158	310	556	172	84	621	17	2 328
<b>1997-1998</b>										
September	635	86	188	287	556	201	578	455	40	3 026
December	1 015	70	206	374	684	174	438	371	26	3 357
March	700	41	123	231	426	160	485	312	-3	2 475
June	598	35	177	293	580	189	488	398	10	2 768
<b>1998-1999</b>										
September	817	35	212	334	470	211	574	376	28	3 057
December	936	71	266	436	598	278	540	352	18	3 494
March	689	44	209	281	531	189	378	281	6	2 610
June	520	44	192	307	689	159	- 568	416	20	1 778
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
<b>1996-1997</b>	2 834	310	926	1 286	2 250	764	1 806	2 026	63	12 263
<b>1997-1998</b>	3 454	327	959	1 360	2 537	880	2 386	1 676	92	13 670
<b>1998-1999</b>	3 490	287	1 071	1 555	2 590	979	1 256	1 595	112	12 937
<b>1996-1997</b>										
March	552	82	218	245	510	128	498	385	7	2 624
June	531	62	246	358	640	213	152	678	22	2 903
<b>1997-1998</b>										
September	743	110	251	332	623	245	651	496	45	3 496
December	1 157	93	263	415	742	217	586	398	30	3 902
March	805	65	201	271	500	196	548	346	2	2 933
June	750	59	244	341	672	221	600	436	16	3 340
<b>1998-1999</b>										
September	843	57	265	390	536	242	651	405	36	3 426
December	1 111	106	314	487	673	320	613	403	28	4 055
March	819	65	255	329	604	215	439	333	17	3 075
June	718	59	236	350	778	203	- 447	454	31	2 381
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
<b>1996-1997</b>	3 982	497	1 441	1 670	3 437	1 253	2 910	2 869	113	18 171
<b>1997-1998</b>	4 659	506	1 437	1 717	3 735	1 375	3 591	2 577	145	19 743
<b>1998-1999</b>	4 853	451	1 572	1 992	3 782	1 428	2 467	2 633	178	19 356
<b>1996-1997</b>										
March	838	126	345	344	816	257	776	584	20	4 107
June	810	109	386	457	942	324	398	901	36	4 363
<b>1997-1998</b>										
September	1 037	157	375	426	927	370	948	720	58	5 019
December	1 444	138	381	500	1 048	339	906	623	43	5 422
March	1 112	108	317	353	787	326	832	567	15	4 417
June	1 066	103	365	438	972	340	905	666	29	4 884
<b>1998-1999</b>										
September	1 175	100	459	496	827	354	952	666	52	5 082
December	1 441	146	417	597	975	436	911	664	44	5 631
March	1 162	104	355	440	899	324	738	591	35	4 647
June	1 076	100	340	459	1 080	314	- 133	712	46	3 996

## EXPLANATORY NOTES

### INTRODUCTION

**1** This publication presents preliminary estimates of company profits based on management accounts for selected industries in Australia. The series have been compiled from data collected by the Australian Bureau of Statistics (ABS) in its quarterly Survey of Company Profits.

### SCOPE AND COVERAGE

**2** The survey is designed to measure profits, depreciation and net interest paid of companies (i.e. incorporated business enterprises) in the private sector in Australia.

**3** The data in this publication relate to companies employing more than 30 people.

**4** The scope of the survey:

- includes the following industries (Australian and New Zealand Standard Industrial Classification [ANZSIC] Divisions, Subdivisions and Groups):

Mining (Division B)

Manufacturing (Division C)

Food, beverages and tobacco (21)

Textiles, clothing, footwear and leather (22)

Wood and paper products (23)

Printing, publishing and recorded media (24)

Petroleum, coal, chemical and associated products (25)

Non-metallic mineral products (26)

Metal products (27)

Machinery and equipment (28)

Other manufacturing (29)

Construction (Division E)

Wholesale trade (Division F)

Retail trade (Division G)

Transport and storage (Division I)

Other financiers (733)

Financial asset investors (734)

Services to finance and insurance (75)

Property and business services (Division L)

Other services including

Electricity, gas and water supply (Division D)

Accommodation, cafes and restaurants (Division H)

Communication services (Division J)

Cultural and recreational services (Division P excluding 921 and 922)

Personal services (95)

- excludes the following industries

Agriculture, forestry and fishing (Division A)

Central bank and Deposit taking financiers (731–732)

Insurance (74)

Government administration and defence (Division M)

Education (Division N)

Health and community services (Division O)

Other services (96)

Private households employing staff (97)

- the scope excludes public sector business units (i.e. all departments, authorities and other organisations owned and/or controlled by the Commonwealth, State and Local Governments). Primary producer marketing boards are classified as public sector and are also excluded.

## EXPLANATORY NOTES

### SURVEY SAMPLE DESIGN

**5** Prior to the September quarter 1996 survey, the survey frames and samples were revised annually to ensure that they remained representative of the survey population. From the September quarter 1996 survey, the survey frames and samples are being revised each quarter. The aim has been to further improve the quality of the survey estimates by selecting a sample which is more representative of the survey population. Additionally, the timing of sample selection is now consistent with other ABS surveys. This has led to greater consistency when comparing data across these surveys.

**6** With these revisions to the sample, some of the business units from the sampled sector are rotated out of the survey and are replaced by others, to spread the reporting workload equitably. The rate of rotation under quarterly sample selection is slightly higher than one quarter of the previous annual rate of rotation.

**7** In the period between sample selections, there are changes to the survey frame. For example, businesses cease operating and businesses are newly established. The ABS produces an estimate of the contribution expected from new businesses each quarter, while allowance is made for the number of businesses in the sample which ceased trading during the quarter. For most quarters, the introduction of the quarterly sample selection reduces the size of the adjustments needed to account for new and ceased businesses.

**8** For the Survey of Company Profits, which excludes businesses employing 30 or less people from published estimates, the effect of the adjustment for new businesses is relatively minor as the majority of new businesses tend to be small in size and outside the scope of this survey. The incidence of new, larger businesses commencing operation is less common. The adjustment for new businesses represents about 0.25% of the total estimate of company profits before income tax.

### SURVEY METHODOLOGY

**9** The survey is conducted by mail on a quarterly basis. Forms are sent to a sample of approximately 4,000 business units employing more than 30 people. The sample is selected from the ABS central register of businesses and is stratified by industry, number of employees and, from the March 1997 quarter, by State/Territory. All business units with over 250 employees and/or a known large profit/loss are included in the sample.

**10** Respondents are asked to provide data on the same basis as their own management accounts. Where a particular business unit does not respond in a given survey, an estimate is substituted. Revisions may be made to these estimates if data are provided subsequently from those businesses. Aggregates are calculated from all data using the *number raised* estimation technique. Data are edited both at individual business unit level and at aggregate level.

### STATISTICAL UNIT

**11** The survey uses the management unit as the statistical unit. The management unit is the highest-level accounting unit within a business, having regard to industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, 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. Prior to 1989, the survey used a different statistical unit. Further details are available on request.

## EXPLANATORY NOTES

### CLASSIFICATION BY INDUSTRY

**12** The Australian and New Zealand Standard Industrial Classification (ANZSIC) has been developed for use in both countries for the production and analysis of industry statistics. It replaces the Australian Standard Industrial Classification (ASIC) and the New Zealand Standard Industrial Classification (NZSIC).

**13** For more information, users are referred to *Australian and New Zealand Standard Industrial Classification, 1993, ANZSIC*, ABS Cat. no. 1292.0 and New Zealand Cat no. 19.005.0092.

**14** In order to classify company profits by industry, each statistical unit (as defined above) is classified to the Australian and New Zealand Standard Industrial Classification (ANZSIC) industry in which it *mainly* operates.

### SEASONAL ADJUSTMENT

**15** Seasonal adjustment is a means of removing the estimated effects of normal seasonal variation from the series so that the effects of other influences can be more clearly recognised.

**16** In the seasonal adjustment of the series, account has been taken of both normal seasonal factors and 'trading day' effects (arising from the varying length of each month and the varying numbers of Sundays, Mondays, Tuesdays, etc. in the month). Adjustment has also been made for the influence of Easter which may affect the March and June quarter estimates.

**17** Seasonal adjustment does not remove from the series the effect of irregular or non-seasonal influences (e.g. a change in interest rates). Particular care should be taken in interpreting quarterly movements in the adjusted figures in this publication, especially for detailed industry estimates.

**18** Irregular influences that are highly volatile can make it difficult to interpret the series even after the adjustment for seasonal variation.

**19** Seasonal factors have been revised concurrently since September quarter 1997 to take account of the latest original data. A more detailed review is conducted annually. The nature of the seasonal adjustment process is such that the magnitude of some revisions resulting from each adjustment may be quite significant, especially for data for more recent quarters. For this reason additional care should be exercised when interpreting movements in seasonally adjusted data for recent quarters.

**20** The seasonally adjusted figures necessarily reflect the sampling and other errors to which the original figures are subject.

### TREND ESTIMATES

**21** The trend estimates are derived by applying a 7-term Henderson moving average to the seasonally adjusted series. The 7-term Henderson average (like all Henderson averages) is symmetric but, as the end of a time series is approached, asymmetric forms of the average are applied. Unlike the weights of the standard 7-term Henderson moving average, the weights employed here have been tailored to suit the particular characteristics of individual series. While the asymmetric weights enable trend estimates for recent quarters to be produced, it does result in revisions to the estimates for the most recent three quarters as additional observations become available. There may also be revisions because of changes in the original data and as a result of the re-estimation of the seasonal factors. For further information, see *A Guide to Interpreting Time Series—Monitoring 'Trends': an Overview* (Cat. no. 1348.0) or contact the Assistant Director, Time Series Analysis on (02) 6252 6076.

## EXPLANATORY NOTES

DESCRIPTION OF TERMS	<p><b>22</b> A description of the terms used in this publication is given below:</p> <p><b>A company</b> An incorporated private sector business enterprise. For the purpose of the survey, branches of overseas companies operating in Australia are included but overseas branches of Australian companies are excluded.</p> <p><b>Company profits before income tax</b> <i>Net operating profit or loss before income tax and extraordinary items</i> and is net of capital profits or losses and dividends received.</p> <p><b>Net interest paid</b> Interest expense less any interest income. Interest received from or paid to overseas sources is included. The interest component of finance lease payments is also included.</p> <p><b>Depreciation of fixed assets</b> This is as per management accounts and includes depreciation on equipment acquired under a finance lease.</p>
COMPARISON WITH OTHER ABS STATISTICS	<p><b>23</b> The series 'Company Profits Before Income Tax, Net Interest Paid and Depreciation' equates, broadly, with the national accounting series of 'Gross Operating Surplus of Private Corporate Trading Enterprises'. However, the two series are not directly comparable for the following reasons:</p> <ul style="list-style-type: none"><li>▪ the national accounts estimates of gross operating surplus include the profits of all companies whereas results from the Survey of Company Profits relate only to those companies with employment of more than 30 persons</li><li>▪ the national accounts estimates of gross operating surplus include estimates for companies classified to the agriculture, forestry, fishing and hunting, and community services industries</li><li>▪ the national accounts estimates of gross operating surplus are after deduction of the stock valuation adjustment which measures the portion of income attributable to holding gains or losses resulting from stock valuation practices</li><li>▪ the national accounts estimates of gross operating surplus include details relating to net third party insurance transfers, royalty and land rent payments</li><li>▪ the national accounts estimates incorporate data from other sources such as taxation data as well as information from the Survey of Company Profits.</li></ul>
UNPUBLISHED STATISTICS	<p><b>24</b> More detailed industry data from this survey are available on request, the cost for such a service being dependent upon the amount of data requested.</p>
RELATED PUBLICATIONS	<p><b>25</b> Users may also wish to refer to the following publications:</p> <ul style="list-style-type: none"><li>▪ <i>Australian National Accounts, National Income, Expenditure and Product</i> (Cat. no. 5206.0)</li><li>▪ <i>Private New Capital Expenditure and Expected Expenditure, Australia</i>, (Cat. no. 5625.0)</li><li>▪ <i>State Estimates of Private New Capital Expenditure</i> (Cat. no. 5646.0)</li><li>▪ <i>Inventories and Sales, Selected Industries, Australia</i> (Cat. no. 5629.0)</li><li>▪ <i>Australian Business Expectations</i> (Cat. no. 5250.0)</li><li>▪ <i>Business Operations and Industry Performance, Australia</i> (Cat. no. 8140.0).</li></ul> <p><b>26</b> Current publications produced by the ABS are listed in the <i>Catalogue of Publications and Products, Australia</i> (Cat. no. 1101.0). The ABS also issues, on Tuesdays and Fridays, a <i>Release Advice</i> (Cat. no. 1105.0) which lists publications to be released in the next few days. The Catalogue and the Release Advice are available from any ABS office.</p>
SYMBOLS AND OTHER USAGES	<p>n.p. not available for publication</p>

## STANDARD ERRORS

### INTRODUCTION

The estimates in this publication are based on a sample drawn from units in the surveyed population. Because the entire population is not surveyed, the published estimates are subject to sampling error. The most common way of quantifying such sampling error is to calculate the standard error for the published estimate or statistic.

### LEVEL ESTIMATES

To illustrate, let us say that the published level estimate for company profits before income tax is \$5,900m and the calculated standard error in this case is \$140m. The standard error is then used to interpret the level estimate of \$5,900m.

For instance, the standard error of \$140m indicates that:

- There are approximately two chances in three that the real value falls within the range \$5,760m to \$6,040m ( $\$5,900\text{m} \pm \$140\text{m}$ )
- There are approximately nineteen chances in twenty that the real value falls within the ranges \$5,620m and \$6,180m ( $\$5,900\text{m} \pm \$280\text{m}$ )

The real value in this case is the result we would obtain if we could enumerate the total population.

The following table shows the standard errors for national quarterly level estimates. These standard errors are based on a smoothed average of profits estimates.

	Company profits before income tax \$m	Company profits before income tax, net interest paid \$m	Company profits before income tax, net interest paid and depreciation \$m
Mining	5	10	12
Manufacturing			
Food, beverages and tobacco	13	13	20
Textiles, clothing, footwear and leather	3	4	4
Wood and paper products	12	14	18
Printing, publishing and recorded media	16	17	19
Petroleum, coal, chemical and assoc. products	33	35	40
Non-metallic mineral products	11	10	11
Metal products	13	13	15
Machinery and equipment	34	34	36
Other manufacturing	11	11	12
Total manufacturing	59	60	68
Construction	28	36	53
Wholesale trade	64	62	65
Retail trade	30	29	35
Transport and storage	43	44	53
Services to finance and insurance	38	91	41
Property and business services	77	72	82
Other services	30	30	35
Total	139	161	159

## STANDARD ERRORS

### MOVEMENT ESTIMATES

The following example illustrates how to use the standard error to interpret a movement estimate. Let us say that one quarter the published level estimate for company profits before income tax is \$5,900m, and the next quarter the published level estimate is \$6,300m. In this example the calculated standard error for the movement estimate is \$145m. The standard error is then used to interpret the published movement estimate of +\$400m.

For instance, the standard error of \$145m indicates that:

- There are approximately two chances in three that the real movement over the two quarter period falls within the range \$255m to \$545m ( $\$400m \pm \$145m$ )
- There are approximately nineteen chances in twenty that the real movement falls within the range \$110m to \$690m ( $\$400m \pm \$290m$ )

The following table shows the standard errors for national quarterly movement estimates. These standard errors are based on a smoothed average of profits estimates.

	Company profits before income tax \$m	Company profits before income tax, net interest paid \$m	Company profits before income tax, net interest paid and depreciation \$m
Mining	9	12	16
Manufacturing			
Food, beverages and tobacco	15	17	26
Textiles, clothing, footwear and leather	4	4	5
Wood and paper products	14	16	19
Printing, publishing and recorded media	17	18	20
Petroleum, coal, chemical and assoc. products	32	32	36
Non-metallic mineral products	10	9	10
Metal products	16	16	19
Machinery and equipment	37	38	40
Other manufacturing	14	14	15
Total manufacturing	62	62	69
Construction	35	36	51
Wholesale trade	67	66	68
Retail trade	32	31	33
Transport and storage	43	46	56
Services to finance and insurance	31	71	34
Property and business services	77	65	72
Other services	40	39	55
Total	145	153	161

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