



# COMPANY PROFITS

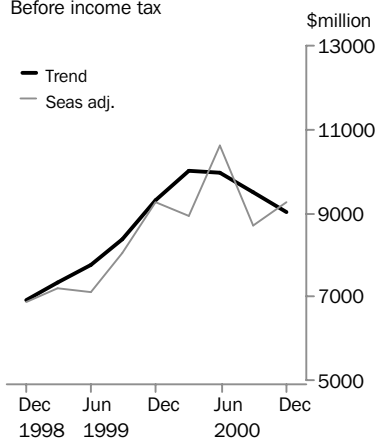
AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) TUES 27 FEB 2001

## DECEMBER QTR KEY FIGURES

### Company profits

Before income tax



### TREND ESTIMATES

	Dec 2000 \$m	% change Sep 2000 to Dec 2000	% change Dec 1999 to Dec 2000
Company profits before			
Income tax	9 011	-5.0	-3.4
Income tax & net interest	11 761	-3.1	4.7
Income tax, net interest & depreciation	17 776	-1.4	7.1

### SEASONALLY ADJUSTED

	Dec 2000 \$m	% change Sep 2000 to Dec 2000	% change Dec 1999 to Dec 2000
Company profits before			
Income tax	9 278	6.8	0.2
Income tax & net interest	11 984	4.4	8.8
Income tax, net interest & depreciation	17 998	3.1	9.7

## DECEMBER QTR KEY POINTS

### TREND ESTIMATES

- The provisional trend estimate for company profits before income tax for companies with more than 30 employees is \$9,011m, a fall of 5.0% from September quarter 2000, and 3.4% lower than the December quarter 1999 estimate.
- Following a downward revision of \$998m to the original estimate for company profits before income tax for September quarter 2000, the trend estimate has been falling slowly from a peak in March quarter 2000. Trend estimates fell in December quarter 2000 in all industries except Mining and Wholesale trade.

### SEASONALLY ADJUSTED

- The seasonally adjusted estimate for company profits before income tax increased by 6.8% to \$9,278m following a decrease in the previous quarter, with strong increases recorded in Mining, Wholesale trade and Property and business services.
- The downward revisions in the original estimates for company profits before income tax for September quarter 2000 were largely due to revisions in net interest paid. As a result, the revisions have had a much smaller impact on the experimental estimate for company profits before income tax, net interest paid, depreciation and other selected items, which was revised downwards by \$210m.

- For further information about these and related statistics, contact Michael Sharpe on Sydney 02 9268 4174, or the National Information Service on 1300 135 070.

# NOTES

## FORTHCOMING ISSUES

<i>ISSUE (Quarter)</i>	<i>RELEASE DATE</i>
March 2001	29 May 2001
June 2001	7 September 2001



## CHANGES IN THIS ISSUE

The Feature Article in the September 2000 quarter issue of this publication, which presented experimental estimates of company profits before income tax, net interest paid, depreciation and selected items has been retained in this issue as an appendix. The table contents have been updated with data for the current quarter.



## SAMPLING ERRORS

Standard errors for estimates contained in this publication are shown on pages 15–16.

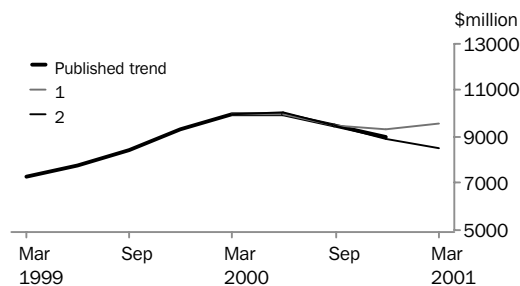


## TREND REVISIONS

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 March 2001 seasonally adjusted estimate for company profits before income tax is higher than the December 2000 seasonally adjusted estimate by 10.0%.
- 2** The March 2001 seasonally adjusted estimate for company profits before income tax is lower than the December 2000 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%.

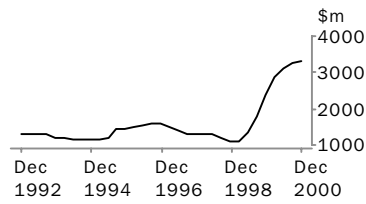


An increase of 10% in seasonally adjusted company profits before income tax in the March 2001 quarter would show a 3.9% increase in the trend estimate for the December 2000 quarter. A fall of this magnitude would result in the trend estimate for the December 2000 quarter remaining relatively unchanged.

Dennis Trewin  
Australian Statistician

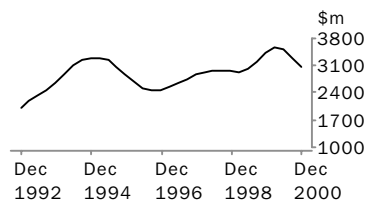
# COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

## MINING



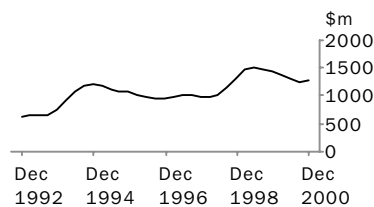
The trend estimate has been increasing for eight quarters. Between June quarter 1999 and March quarter 2000, the rate of growth was very strong, but has slowed in each of the past three quarters.

## MANUFACTURING



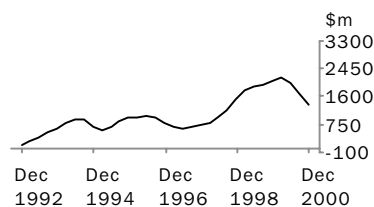
The trend estimate for Manufacturing has been falling in the last three quarters since the most recent peak in March quarter 2000. The rate of decline has increased over the last two quarters.

## WHOLESALE/RETAIL



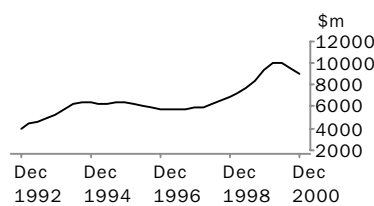
The trend estimate for Wholesale trade has increased in December quarter 2000, and is relatively unchanged from the December quarter 1999 estimate. The trend estimate for Retail trade has been falling for the last seven quarters.

## OTHER SELECTED INDUSTRIES(a)



The trend estimate for Other selected industries has been falling in the last three quarters. These falls have largely been driven by Services to finance and insurance, Property and business services and Other services.

## TOTAL ALL INDUSTRIES



The All Industries trend estimate has fallen for the past three quarters. Prior to this, the trend estimate increased in each quarter from September quarter 1997 to March quarter 2000.

(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>1997-1998</b>			
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	12 651	8 010	6 273
June	12 903	7 938	6 142
<b>1999-2000</b>			
September	15 792	10 645	8 490
December	17 752	12 335	10 662
March	15 802	10 273	8 188
June	17 272	11 423	9 234
<b>2000-2001</b>			
September	18 392	12 522	9 464
December	19 188	13 114	10 437
SEASONALLY ADJUSTED			
<b>1997-1998</b>			
December	11 336	6 872	5 325
March	12 296	7 957	6 228
June	12 678	8 118	6 124
<b>1998-1999</b>			
September	12 875	8 309	6 725
December	13 424	8 905	6 860
March	13 761	9 068	7 213
June	13 889	8 982	7 112
<b>1999-2000</b>			
September	15 042	9 929	8 025
December	16 404	11 013	9 263
March	16 759	11 123	8 922
June	18 587	12 946	10 624
<b>2000-2001</b>			
September	17 455	11 480	8 688
December	17 998	11 984	9 278
TREND ESTIMATES			
<b>1997-1998</b>			
December	11 807	7 445	5 869
March	12 155	7 708	5 980
June	12 544	8 037	6 209
<b>1998-1999</b>			
September	12 924	8 385	6 528
December	13 362	8 775	6 909
March	13 899	9 219	7 325
June	14 497	9 620	7 751
<b>1999-2000</b>			
September	15 350	10 213	8 390
December	16 593	11 228	9 326
March	17 678	12 112	9 997
June	18 108	12 375	9 969
<b>2000-2001</b>			
September	18 028	12 136	9 490
December	17 776	11 761	9 011

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>1997-1998</b>	48 225	17 602	30 622	14 346	7 851	6 495	24 127
<b>1998-1999</b>	53 949	18 711	35 238	16 275	8 981	7 293	27 945
<b>1999-2000</b>	66 618	21 942	44 677	18 048	9 946	8 102	36 575
<b>1997-1998</b>							
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	12 651	4 641	8 010	3 752	2 015	1 737	6 273
June	12 903	4 965	7 938	4 253	2 458	1 795	6 142
<b>1999-2000</b>							
September	15 792	5 147	10 645	4 347	2 192	2 155	8 490
December	17 752	5 417	12 335	4 020	2 347	1 673	10 662
March	15 802	5 529	10 273	4 267	2 182	2 085	8 188
June	17 272	5 849	11 423	5 414	3 225	2 189	9 234
<b>2000-2001</b>							
September	18 392	5 870	12 522	6 959	3 900	3 059	9 464
December	19 188	6 074	13 114	7 038	4 361	2 677	10 437

## 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>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>	4 882	10 943	918	2 825	2 587	1 464	1 101	516	2 710	<b>27 945</b>
<b>1999-2000</b>	10 093	12 575	1 065	3 404	2 285	1 792	690	654	4 017	<b>36 575</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	2 606	167	628	473	362	194	31	819	<b>6 273</b>
June	1 212	1 786	261	849	557	308	424	177	569	<b>6 142</b>
<b>1999-2000</b>										
September	2 040	3 381	240	887	475	403	218	91	756	<b>8 490</b>
December	2 292	3 985	276	710	1 083	693	317	257	1 049	<b>10 662</b>
March	2 735	2 112	246	852	330	427	107	193	1 186	<b>8 188</b>
June	3 026	3 096	303	956	397	268	48	113	1 027	<b>9 234</b>
<b>2000-2001</b>										
September	3 412	3 604	207	599	258	493	1	- 515	1 406	<b>9 464</b>
December	3 298	3 389	351	1 043	948	560	- 219	110	957	<b>10 437</b>
SEASONALLY ADJUSTED										
<b>1997-1998</b>	5 138	11 651	844	2 883	1 501	923	- 175	-54	1 301	<b>24 010</b>
<b>1998-1999</b>	4 854	10 850	909	2 821	2 690	1 464	1 104	509	2 707	<b>27 910</b>
<b>1999-2000</b>	10 419	12 478	1 082	3 402	2 306	1 792	691	653	4 015	<b>36 834</b>
<b>1998-1999</b>										
September	1 430	2 885	222	652	553	273	96	120	494	<b>6 725</b>
December	1 011	2 971	222	641	600	324	346	89	656	<b>6 860</b>
March	996	2 989	205	733	810	338	246	90	806	<b>7 213</b>
June	1 417	2 005	261	796	727	529	416	211	750	<b>7 112</b>
<b>1999-2000</b>										
September	1 689	3 177	266	845	662	402	216	118	650	<b>8 025</b>
December	2 444	3 436	216	703	560	496	273	143	992	<b>9 263</b>
March	2 736	2 390	302	956	562	406	160	249	1 161	<b>8 922</b>
June	3 550	3 474	297	899	521	487	41	143	1 212	<b>10 624</b>
<b>2000-2001</b>										
September	2 809	3 425	234	557	358	491	1	- 490	1 303	<b>8 688</b>
December	3 543	2 927	275	1 042	492	363	- 269	4	901	<b>9 278</b>
TREND ESTIMATES										
<b>1997-1998</b>	5 166	11 520	921	2 460	1 563	1 077	- 192	3	1 287	<b>23 803</b>
<b>1998-1999</b>	4 718	11 887	913	2 815	2 643	1 428	1 046	418	2 646	<b>28 513</b>
<b>1999-2000</b>	10 154	13 683	1 063	3 295	2 285	1 839	754	522	4 086	<b>37 682</b>
<b>1998-1999</b>										
September	1 196	2 976	229	634	515	280	138	45	515	<b>6 528</b>
December	1 089	2 953	215	671	653	320	248	98	662	<b>6 909</b>
March	1 101	2 941	228	734	740	384	330	135	732	<b>7 325</b>
June	1 331	3 018	241	776	735	444	329	140	737	<b>7 751</b>
<b>1999-2000</b>										
September	1 782	3 194	249	798	666	463	293	159	786	<b>8 390</b>
December	2 376	3 416	263	843	596	453	235	211	933	<b>9 326</b>
March	2 862	3 569	273	839	538	457	163	152	1 144	<b>9 997</b>
June	3 133	3 504	277	816	486	466	64	-1	1 224	<b>9 969</b>
<b>2000-2001</b>										
September	3 251	3 311	269	813	447	448	-68	- 149	1 168	<b>9 490</b>
December	3 314	3 061	258	840	428	421	- 170	- 197	1 056	<b>9 011</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>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>	-6.2	-5.9	12.0	-2.2	64.0	58.7	n.p.	n.p.	107.9	15.8
<b>1999-2000</b>	106.8	14.9	16.0	20.5	-11.6	22.4	-37.3	26.7	48.2	30.9
<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	-25.4	-40.9	-4.0	-59.1	-30.7	-49.6	-85.5	14.4	-25.1
June	22.2	-31.5	56.0	35.2	17.7	-15.0	117.9	472.9	-30.6	-2.1
<b>1999-2000</b>										
September	68.3	89.2	-8.3	4.4	-14.7	31.2	-48.5	-48.7	33.0	38.2
December	12.3	17.9	15.3	-19.9	128.2	71.7	45.6	182.7	38.7	25.6
March	19.4	-47.0	-11.0	20.0	-69.5	-38.4	-66.3	-24.8	13.1	-23.2
June	10.6	46.6	23.3	12.2	20.3	-37.2	-55.3	-41.8	-13.4	12.8
<b>2000-2001</b>										
September	12.7	16.4	-31.6	-37.3	-35.2	83.7	-98.4	-557.5	36.9	2.5
December	-3.3	-6.0	69.3	74.0	268.2	13.6	n.p.	n.p.	-31.9	10.3
SEASONALLY ADJUSTED										
<b>1997-1998</b>	-12.7	16.2	15.0	23.7	-7.2	0.6	-168.9	68.9	-5.0	4.6
<b>1998-1999</b>	-5.5	-6.9	7.7	-2.1	79.2	58.7	n.p.	n.p.	108.0	16.2
<b>1999-2000</b>	114.6	15.0	18.9	20.6	-14.3	22.4	-37.5	28.3	48.3	32.0
<b>1998-1999</b>										
September	34.7	-7.1	-11.3	-17.8	46.9	-1.0	321.0	254.0	28.6	9.8
December	-29.3	3.0	-0.1	-1.7	8.6	18.6	259.7	-25.8	32.8	2.0
March	-1.5	0.6	-7.5	14.3	34.9	4.4	-28.7	1.4	22.8	5.1
June	42.2	-32.9	27.4	8.6	-10.2	56.3	68.7	134.4	-6.9	-1.4
<b>1999-2000</b>										
September	19.2	58.5	1.8	6.2	-9.0	-23.9	-48.1	-43.8	-13.4	12.8
December	44.7	8.1	-18.7	-16.9	-15.4	23.4	26.7	20.6	52.6	15.4
March	12.0	-30.4	39.8	36.0	0.3	-18.1	-41.4	74.2	17.1	-3.7
June	29.7	45.4	-1.6	-5.9	-7.4	19.8	-74.1	-42.7	4.3	19.1
<b>2000-2001</b>										
September	-20.9	-1.4	-21.4	-38.1	-31.2	0.9	-96.9	-443.2	7.6	-18.2
December	26.1	-14.5	17.6	87.3	37.4	-26.1	n.p.	n.p.	-30.9	6.8
TREND ESTIMATES										
<b>1997-1998</b>	-14.8	14.0	53.8	4.5	-1.0	15.4	-163.1	102.1	-7.0	2.6
<b>1998-1999</b>	-8.7	3.2	-0.9	14.4	69.1	32.6	n.p.	n.p.	105.6	19.8
<b>1999-2000</b>	115.2	15.1	16.4	17.1	-13.5	28.8	-27.8	24.7	54.4	32.2
<b>1998-1999</b>										
September	-6.0	0.5	-8.0	3.3	23.5	1.0	665.8	337.6	31.1	5.1
December	-8.9	-0.8	-6.0	5.8	26.7	14.3	79.7	119.2	28.3	5.8
March	1.1	-0.4	5.6	9.5	13.4	20.1	33.0	37.8	10.7	6.0
June	20.9	2.6	5.9	5.7	-0.7	15.5	-0.5	3.6	0.7	5.8
<b>1999-2000</b>										
September	33.9	5.8	3.4	2.7	-9.4	4.3	-11.0	13.5	6.7	8.2
December	33.3	7.0	5.6	5.6	-10.6	-2.1	-19.5	32.7	18.7	11.2
March	20.5	4.5	3.9	-0.4	-9.7	0.7	-30.9	-27.9	22.7	7.2
June	9.5	-1.8	1.4	-2.7	-9.7	2.1	-60.9	-100.4	6.9	-0.3
<b>2000-2001</b>										
September	3.8	-5.5	-2.9	-0.4	-7.9	-3.9	-207.0	n.p.	-4.5	-4.8
December	1.9	-7.6	-4.2	3.3	-4.4	-6.0	-149.4	-32.0	-9.7	-5.0

(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>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>	4 882	10 943	918	2 825	2 587	1 464	1 101	516	2 710	<b>27 945</b>
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<b>2000-2001</b>										
September	3 412	3 604	207	599	258	493	1	- 515	1 406	<b>9 464</b>
December	3 298	3 389	351	1 043	948	560	- 219	110	957	<b>10 437</b>
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
<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	12 959	980	3 306	3 256	2 318	990	1 032	4 514	<b>35 238</b>
<b>1999-2000</b>	10 887	15 038	1 084	3 782	2 945	2 806	672	1 646	5 817	<b>44 677</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	3 072	173	738	642	578	154	206	1 226	<b>8 010</b>
June	1 471	2 406	291	973	707	495	394	216	984	<b>7 938</b>
<b>1999-2000</b>										
September	2 276	4 043	246	988	631	695	129	467	1 169	<b>10 645</b>
December	2 516	4 536	275	752	1 241	912	177	461	1 465	<b>12 335</b>
March	3 006	2 642	247	961	472	694	200	431	1 619	<b>10 273</b>
June	3 088	3 817	315	1 080	601	505	165	287	1 564	<b>11 423</b>
<b>2000-2001</b>										
September	3 735	4 314	235	741	433	893	228	116	1 828	<b>12 522</b>
December	3 442	4 059	382	1 185	1 134	917	- 194	706	1 483	<b>13 114</b>
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
<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>	9 998	19 359	1 397	4 382	4 425	3 919	1 412	2 190	6 867	<b>53 949</b>
<b>1999-2000</b>	16 093	21 905	1 511	4 900	4 252	4 744	1 254	3 184	8 776	<b>66 618</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	4 643	272	1 005	916	996	288	493	1 805	<b>12 651</b>
June	2 561	4 003	386	1 264	1 025	946	513	560	1 647	<b>12 903</b>
<b>1999-2000</b>										
September	3 434	5 699	328	1 266	936	1 144	304	841	1 839	<b>15 792</b>
December	3 795	6 309	368	1 021	1 558	1 360	306	814	2 220	<b>17 752</b>
March	4 348	4 291	355	1 242	799	1 198	334	842	2 395	<b>15 802</b>
June	4 516	5 607	459	1 370	959	1 042	310	688	2 322	<b>17 272</b>
<b>2000-2001</b>										
September	5 312	6 018	363	1 043	748	1 413	306	530	2 659	<b>18 392</b>
December	4 969	5 856	500	1 523	1 481	1 470	-73	1 146	2 316	<b>19 188</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>1997-1998</b>	2 947	232	694	1 185	2 246	723	1 989	1 537	73	11 627
<b>1998-1999</b>	2 966	190	882	1 349	2 290	837	934	1 419	76	10 943
<b>1999-2000</b>	2 895	288	1 018	1 552	2 326	1 134	1 827	1 378	156	12 575
<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	41	209	281	531	189	378	281	6	2 606
June	524	43	195	298	691	159	- 558	411	24	1 786
<b>1999-2000</b>										
September	749	77	236	330	739	289	555	383	22	3 381
December	1 113	71	286	502	545	292	744	386	45	3 985
March	616	51	237	348	529	271	- 233	255	37	2 112
June	417	89	258	372	513	282	760	354	51	3 096
<b>2000-2001</b>										
September	737	75	292	347	602	187	827	522	14	3 604
December	897	78	291	423	269	202	801	399	29	3 389
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
<b>1997-1998</b>	3 454	327	959	1 360	2 537	880	2 386	1 676	92	13 670
<b>1998-1999</b>	3 492	283	1 074	1 571	2 590	977	1 266	1 590	116	12 959
<b>1999-2000</b>	3 759	358	1 256	1 709	2 643	1 349	2 141	1 643	181	15 038
<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	61	255	329	604	215	439	333	17	3 072
June	719	59	239	365	777	200	- 438	449	34	2 406
<b>1999-2000</b>										
September	1 065	94	287	372	800	341	614	444	27	4 043
December	1 271	89	333	543	633	344	806	465	52	4 536
March	788	68	297	383	594	324	- 178	323	44	2 642
June	634	108	339	411	617	340	899	411	58	3 817
<b>2000-2001</b>										
September	983	95	362	384	718	255	904	594	19	4 314
December	1 139	92	356	473	384	261	858	461	37	4 059
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
<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	447	1 575	2 008	3 778	1 418	2 476	2 623	181	19 359
<b>1999-2000</b>	5 379	518	1 706	2 199	3 910	1 819	3 422	2 697	255	21 905
<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	101	355	440	899	324	738	591	35	4 643
June	1 075	100	344	475	1 076	304	- 124	702	50	4 003
<b>1999-2000</b>										
September	1 437	133	392	485	1 139	463	902	703	45	5 699
December	1 747	128	447	671	926	457	1 131	735	66	6 309
March	1 143	108	410	501	910	441	124	592	60	4 291
June	1 052	149	457	541	934	457	1 265	667	85	5 607
<b>2000-2001</b>										
September	1 355	138	481	512	1 022	377	1 227	875	30	6 018
December	1 537	134	486	610	708	379	1 211	740	51	5 856

## EXPLANATORY NOTES

### INTRODUCTION

**1** This publication contains estimates of company profits before income tax, and depreciation, net interest paid and other items 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 data in this publication relate to private incorporated businesses employing more than 30 people.

**3** The Survey of Company Profits includes the following industries classified according to the Australian and New Zealand Standard Industrial Classification, ANZSIC, 1993:

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)

Services to finance and insurance including

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, 922 and 923)

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 controlled by Commonwealth, State and Local Governments).

## EXPLANATORY NOTES

- SCOPE AND COVERAGE *continued*
- 4** The Survey of Company Profits, like most ABS economic collections, takes its frame from the ABS Business Register which is primarily based on registrations to the Australian Taxation Office's Group Employer Scheme. The frame is updated quarterly to take account of new businesses, cessations, changes in employment levels, changes in industry and other general business changes. Cessations include businesses which have cancelled their Group Employer registration or have not remitted to the Australian Taxation Office for five quarters or more.
- SURVEY METHODOLOGY
- 5** The survey is conducted by mail on a quarterly basis. It is based on a random sample of approximately 4,800 units which is stratified by industry, state/territory and number of employees. All incorporated, private sector business units with over 250 employees and/or a known large profit/loss are included in the sample.
- 6** 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 period, 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.
- TIMING OF SURVEY CYCLE
- 7** Surveys are conducted in respect of each quarter and returns are completed during the 8 or 9 week period after the end of the quarter to which survey data relate (e.g. March quarter survey returns are completed during April and May).
- SAMPLE REVISION
- 8** The survey frames and samples are revised each quarter to ensure that they remain representative of the survey population. The timing for creating each quarter's survey frame is consistent with that of other ABS surveys. This provides for greater consistency when comparing data across surveys.
- 9** Additionally, with these revisions to the sample, some of the units from the sampled sector are rotated out of the survey and are replaced by others, to spread the reporting workload equitably.
- 10** There are lags in the processing of new businesses to the ABS Business Register. For the Survey of Company Profits, which excludes businesses employing 30 or less people from published estimates, the effect of this 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. Therefore, no specific adjustment for new businesses is made as the quarterly revisions to the survey frame and sample are considered sufficient to account for new businesses.
- 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.
- 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).

## EXPLANATORY NOTES

### CLASSIFICATION BY INDUSTRY *continued*

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

**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.

### RELIABILITY OF THE ESTIMATES

**15** Estimates provided in this publication are subject to non-sampling and sampling errors. Details of sampling errors are on pages 15 and 16 of this publication.

**16** Non-sampling errors may arise as a result of errors in the reporting, recording or processing of the data and can occur even if there is a complete enumeration of the population. These errors can be introduced through inadequacies in the questionnaire, treatment of non-response, inaccurate reporting by respondents, errors in the application of survey procedures, incorrect recording of answers, and errors in data entry and processing.

**17** It is difficult to measure the size of non-sampling errors. However, every effort is made in the design of the survey and development of survey procedures to minimise their effects.

### SEASONAL ADJUSTMENT

**18** The quarterly series in this publication are affected to some extent by seasonal influences and it is useful to recognise and take account of this element of variation.

**19** 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.

**20** In the seasonal adjustment of the series, account has been taken of normal seasonal factors and, in some cases, also 'trading' day effects (arising from the varying lengths of the quarters and the varying numbers of Sundays, Mondays, Tuesdays etc. in each quarter). Seasonal adjustment does not remove from the series the effect of irregular or non-seasonal influences (e.g. change in interest rates). The seasonally adjusted figures also reflect the sampling and other errors to which the original figures are subject. Particular care should be taken in interpreting quarterly movements in the adjusted figures in this publication, especially for detailed industry estimates.

**21** Seasonal factors are revised concurrently to take account of the latest original data. A more detailed review is conducted annually prior to the September quarter release. 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.

## EXPLANATORY NOTES

### TREND ESTIMATES

**22** 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 6345.

### DESCRIPTION OF TERMS

**23** A description of the terms used in this publication is given below:

**A company** 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.

**Company profits before income tax** *Net operating profit or loss before income tax and extraordinary items* and is net of capital profits or losses arising from the sale of businesses' own capital goods and dividends received.

**Net interest paid** 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.

**Depreciation and amortisation** This is as per management accounts and includes depreciation on equipment acquired under a finance lease.

**Abnormal items** Abnormal items are items of revenue or expense included in the profit and loss or other operating statement which although attributable to the reporting period are considered abnormal by reason of their size and effect on the results for the period (eg bad debts, inventory write-downs, write-offs of research and development expenditure, depreciation adjustments upon reassessment of the estimated useful lives of non-current assets, differences between carrying amounts and proceeds from the sale of investments or properties whether or not acquired for resale, and differences arising on movements in foreign currency exchange rates).

**Foreign exchange gains (or losses)** Net foreign exchange gains or losses as included in management accounts. Includes unrealised foreign exchange gains or losses where these are included in net operating profit for the reporting period.

**Unrealised gains (or losses) from the revaluation of assets** Net unrealised gains or losses arising from the revaluation of current or non-current assets as included in management accounts. Includes diminution in the value of investments, inventory write-off, stock revaluation adjustment, revaluation of fixed assets, write-off of future surplus, write off of investments and write back of doubtful debts, where these have been included in net operating profit for the reporting period. Revaluation increases which are credited only to a reserve account are not included.

## EXPLANATORY NOTES

### DESCRIPTION OF TERMS *continued*

**Frame** A list of all members of the target population for a survey. The frame for this survey is a list of all businesses in the ANZSIC divisions, subdivisions and groups listed in paragraph 3. This is extracted from the ABS Business Register, which is a list of all employing Australian businesses, as described in paragraph 4.

### COMPARISON WITH OTHER ABS STATISTICS

**24** From the September quarter 2000, experimental estimates for the series “Company Profits before income tax, net interest paid, depreciation and selected items” have been made available, in addition to the existing published series “Company Profits before income tax, net interest paid, depreciation”. The new experimental series is intended to align more closely with the series “Gross Operating Surplus of Private Non-financial Corporations” in the national accounts. However, the two series are not directly comparable for the following reasons:

- 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
- the national accounts’ estimates of gross operating surplus include estimates for companies classified to the agriculture, forestry, fishing and hunting, and community services industries
- the national accounts’ estimates of gross operating surplus are after deduction of the inventory valuation adjustment which measures the portion of income attributable to holding gains or losses resulting from inventory valuation practices
- the national accounts’ estimates of gross operating surplus include details relating to net land rent and natural resource payments
- the national accounts’ estimates are benchmarked to annual supply and use tables which are based on annual Economic Activity Survey and taxation data.

### UNPUBLISHED STATISTICS

**25** 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.

### RELATED PUBLICATIONS

**26** Users may also wish to refer to the following publications:

- *Australian National Accounts, National Income, Expenditure and Product* (Cat. no. 5206.0)
- *Australian National Accounts, Concepts, Sources and Methods* (Cat. no. 5216.0)
- *Private New Capital Expenditure and Expected Expenditure, Australia*, (Cat. no. 5625.0)
- *Private New Capital Expenditure, State Estimates* (Cat. no. 5646.0)
- *Inventories and Sales, Selected Industries, Australia* (Cat. no. 5629.0)
- *Australian Business Expectations* (Cat. no. 5250.0)
- *Business Operations and Industry Performance, Australia* (Cat. no. 8140.0).

**27** Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (Cat. no. 1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (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.

### SYMBOLS AND OTHER USAGES

n.p. not available for publication

## S T A N D A R D   E R R O R S

### 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 \$8,900m and the calculated standard error in this case is \$140m. The standard error is then used to interpret the level estimate of \$8,900m.

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

- There are approximately two chances in three that the real value falls within the range \$8,760m to \$9,040m ( $\$8,900\text{m} \pm \$140\text{m}$ )
- There are approximately nineteen chances in twenty that the real value falls within the ranges \$8,620m and \$9,180m ( $\$8,900\text{m} \pm \$280\text{m}$ )

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	4	4	6
Manufacturing			
Food, beverages and tobacco	18	19	27
Textiles, clothing, footwear and leather	2	2	3
Wood and paper products	10	10	17
Printing, publishing and recorded media	16	16	19
Petroleum, coal, chemical and assoc. products	31	36	40
Non-metallic mineral products	6	6	8
Metal products	16	16	20
Machinery and equipment	24	23	25
Other manufacturing	6	8	9
Total manufacturing	50	54	64
Construction	18	18	26
Wholesale trade	52	59	78
Retail trade	30	32	38
Transport and storage	23	28	37
Services to finance and insurance	20	18	19
Property and business services	89	68	76
Other services	21	20	29
Total	126	118	144

## 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 \$8,900m, and the next quarter the published level estimate is \$9,300m. 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	5	5	6
Manufacturing			
Food, beverages and tobacco	19	21	33
Textiles, clothing, footwear and leather	2	2	2
Wood and paper products	13	14	17
Printing, publishing and recorded media	15	15	14
Petroleum, coal, chemical and assoc. products	27	32	39
Non-metallic mineral products	8	8	11
Metal products	13	11	14
Machinery and equipment	24	23	23
Other manufacturing	6	11	12
Total manufacturing	50	53	65
Construction	21	22	31
Wholesale trade	62	74	100
Retail trade	17	19	20
Transport and storage	19	35	35
Services to finance and insurance	15	18	21
Property and business services	72	93	92
Other services	24	22	30
Total	116	141	163



# APPENDIX

## COMPANY PROFITS BEFORE INCOME TAX, NET INTEREST PAID DEPRECIATION AND SELECTED ITEMS – EXPERIMENTAL ESTIMATES

### INTRODUCTION

Results from the Survey of Company Profits are currently used to produce a number of measures of profit including 'Company profits before income tax, net interest paid and depreciation'. This measure equates very broadly with the national accounts series 'Gross Operating Surplus of Private Non-financial Corporations'. Recent changes to data collection and processing in the Survey of Company Profits have enabled the ABS to produce an additional series that provides a measure of underlying company profits which aligns more closely with the national accounts series.

### COMPARISON WITH GROSS OPERATING SURPLUS

This new series, called 'Company Profits before income tax, net interest paid, depreciation and selected items', is calculated by deducting estimates for some additional items from the series 'Company profits before income tax, net interest paid and depreciation'. The items involved result from activities that do not involve the production of goods and services such as net foreign exchange gains/losses, unrealised gains/losses on the revaluation of assets and some other items often defined in accounting terms as abnormal items. The item 'Company profits before income tax, net interest paid and depreciation' is already net of profits/losses arising from the sale of businesses' own capital goods and excludes dividends received.

### COMPARISON WITH OTHER ABS STATISTICS

While the series 'Company Profits before income tax, net interest paid, depreciation and selected items' is intended to align more closely with the series 'Gross Operating Surplus of Private Non-financial Corporations' in the national accounts, the two series are not directly comparable. See paragraph 24 of the Explanatory Notes on page 14 for further details.

### DESCRIPTION OF TERMS

See paragraph 23 of the Explanatory Notes on page 13 for a description of foreign exchange gains/losses, unrealised gains/losses and abnormal items.

### EXPERIMENTAL ESTIMATES

The changes to data collection and processing required to produce this new series were implemented from June quarter 1999. Industry level data are only available from this period onwards and at this stage will only be published for Mining, Manufacturing and for all other industries combined. To enable seasonally adjusted estimates to be produced at the total industries level, estimates for periods prior to June quarter 1999 were derived from information used in the compilation of the national accounts. This has enabled the publication of just over five years of data at the total industries level in original and seasonally adjusted terms.

Users should treat the following estimates with caution. The output should be considered as experimental at this stage and the ABS welcomes feedback from readers regarding the usefulness, range and quality of the data presented and explanations provided.

Please send any comments to Director, Quarterly Economy Wide Surveys Branch, GPO Box 796, Sydney NSW 1041 or by telephone to Michael Sharpe on Sydney 02 9268 4174.

A1 - COMPANY PROFITS BEFORE INCOME TAX, NET INTEREST PAID, DEPRECIATION AND SELECTED ITEMS

Quarter	ORIGINAL.....		SEASONALLY ADJUSTED	
	\$m	%	\$m	%
<b>1994-1995</b>				
June	10 478.5	7.4	11 063.5	2.3
<b>1995-1996</b>				
September	11 654.4	11.2	11 269.5	1.9
December	12 194.8	4.6	11 033.4	-2.1
March	10 514.1	-13.7	11 508.9	4.3
June	10 622.0	0.9	11 214.6	-2.6
<b>1996-1997</b>				
September	11 490.1	8.2	11 114.1	-0.9
December	12 584.8	9.5	11 392.0	2.5
March	10 246.4	-18.6	11 201.6	-1.7
June	11 116.9	8.5	11 727.6	4.7
<b>1997-1998</b>				
September	12 494.1	12.4	12 106.1	3.2
December	13 380.0	7.1	12 120.1	0.1
March	11 258.6	-15.9	12 281.4	1.3
June	12 906.1	14.6	13 618.8	10.9
<b>1998-1999</b>				
September	13 768.1	6.7	13 359.2	-1.9
December	15 103.0	9.7	13 655.4	2.2
March	12 679.4	-16.0	13 851.6	1.4
June	13 232.1	4.4	13 945.5	0.7
<b>1999-2000</b>				
September	16 104.7	21.7	15 651.7	12.2
December	17 734.0	10.1	16 021.1	2.4
March	17 236.2	-2.8	18 833.6	17.6
June	18 456.6	7.1	19 446.0	3.3
<b>2000-2001</b>				
September	19 607.6	6.2	19 061.1	-2.0
December	19 489.3	-0.6	17 599.6	-7.7

A2 - COMPANY PROFITS BEFORE INCOME TAX, NET INTEREST PAID, DEPRECIATION AND SELECTED ITEMS

Quarter	Mining	Manufacturing	Other selected industries(a)	Total
	\$m	\$m	\$m	\$m
<b>1998-1999</b>				
June	2 581.0	4 737.0	5 914.1	13 232.1
<b>1999-2000</b>				
September	3 528.8	5 713.8	6 862.2	16 104.7
December	3 765.7	6 270.1	7 698.2	17 734.0
March	4 488.1	5 468.8	7 279.3	17 236.2
June	4 745.8	5 870.5	7 840.3	18 456.6
<b>2000-2001</b>				
September	5 786.5	6 196.3	7 624.8	19 607.6
December	4 980.7	5 830.3	8 678.3	19 489.3

(a) Includes Construction, Wholesale, Retail, Transport and storage, Services to finance and insurance, Property and business services and Other services.



## FOR MORE INFORMATION...

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- LIBRARY* A range of ABS publications is available from public and tertiary libraries Australia-wide. Contact your nearest library to determine whether it has the ABS statistics you require, or visit our web site for a list of libraries.
- CPI INFOLINE* For current and historical Consumer Price Index data, call 1902 981 074 (call cost 77c per minute).
- DIAL-A-STATISTIC* For the latest figures for National Accounts, Balance of Payments, Labour Force, Average Weekly Earnings, Estimated Resident Population and the Consumer Price Index call 1900 986 400 (call cost 77c per minute).

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