



ELECTRICITY, GAS, WATER AND SEWERAGE OPERATIONS AUSTRALIA

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- For further information about these and related statistics, contact the National Information Service on 1300 135 070 or Martin Christensen on Adelaide 08 8237 7649.

NOTES

ABOUT THIS PUBLICATION This publication presents 1998–99 national and State statistics for the electricity industry and national statistics for the gas supply and water and sewerage industries as well as estimates for some earlier periods for the electricity and gas supply industries. Estimates for both management units and establishments are presented. Information about the boundaries of the collections which gathered the 1998–99 data for the estimates is presented in paragraphs 5–9 of the Explanatory Notes. Information about the business units included, and how their operations are treated, is presented in paragraphs 10–15 of the Explanatory Notes.

DATA COMPARISONS Comparison of 1998–99 data with data for earlier periods has been affected by substantial restructuring within the electricity, gas and water and sewerage industries in recent years. This is particularly so when comparing industry performance across States as restructuring has occurred at different times in different States. In addition, the 1998–99 water and sewerage data differs in scope from previous data. Readers who are interested in data for the water and sewerage industry are particularly encouraged to read paragraph 9 of the Explanatory Notes.

REVISIONS Some of the 1997–98 data has been revised to take account of changes to data which was previously published in the 1997–98 issue of *Electricity, Gas, Water and Sewerage Industries, Australia* (Cat. no. 8208.0) which is now released in alternate years to this publication (Cat. no. 8226.0). Publication 8226.0 provides data from the Census of Electricity and Gas Operations and preliminary data from the Economic Activity Survey for water and sewerage, whereas publication 8208.0 provides data from these collections as well as data from other Australian Bureau of Statistics (ABS) collections and external sources.



ABBREVIATIONS

| | |
|--------|---|
| \$b | billion dollars (thousand million) |
| \$m | million dollars |
| ABS | Australian Bureau of Statistics |
| ANZSIC | Australian and New Zealand Standard Industrial Classification |
| BHPP | Broken Hill Proprietary Petroleum |
| EBIT | Earnings before interest and tax |
| IGP | Industry gross product |
| IVA | Industry value added |
| n.e.c. | not elsewhere classified |
| NEM | National electricity market |
| OPBT | Operating profit before tax |
| SE | Standard error |

Dennis Trewin
Australian Statistician

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INTRODUCTION

The Australian electricity industry continues to experience significant change, with the gradual shift to market competition replacing the traditional State-owned vertically integrated monopolies that previously were completely responsible for generation, transmission, distribution and retailing activities. The catalyst for this change was a decision by the Council of Australian Governments in 1991 to introduce a National Electricity Market (NEM). A special article appeared in the 1997–98 issue of *Electricity, Gas, Water and Sewerage Industries, Australia* (Cat. no. 8208.0) outlining the background to the reforms occurring within the industry.

Since 1991, the Commonwealth and various State Governments have been working cooperatively to introduce structural reforms resulting in the disaggregation of these monopolies into separate businesses. Horizontal disaggregation within the industry has also occurred, creating competing units within the same marketplace. Privatisation of these business units is well advanced in Victoria, however until recently progress has been slower in other States.

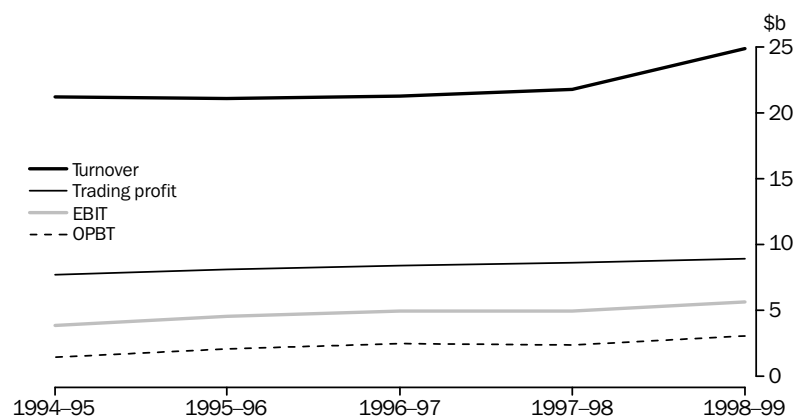
The introduction in 1994, through the NEM, of competitive wholesale and retail electricity markets has resulted in trading across State borders. This began with trading between New South Wales and Victoria but is now more widespread, particularly amongst the Eastern States and Territories and South Australia. The concept of State bounded entities has progressively been dismantled. A significant trend has been the diversification of energy businesses with the aim of providing their customers with a wider range of energy services. This has seen electricity businesses enter the gas supply market and conversely, gas businesses enter the electricity market as opportunities arise within these markets. The effects of this diversification have been greater for management unit statistics than for establishment statistics. Deregulation has also allowed new entities to come into the market and compete for customers.

MANAGEMENT UNIT
PERFORMANCE
MEASURES

During the process of structural reform the number of management units has been increasing significantly. In 1998–99 the number rose by 18, from 67 to 85. Prior to 1998–99, the increase in the number of management units occurred primarily in Victoria and New South Wales as a result of restructuring in those States. Much of the increase in the past year, however, has been the result of similar restructuring processes occurring in Queensland, South Australia and Tasmania. The number of management units has increased further due to industry expansion, with the creation of additional generating capacity through the development and construction of several new power stations within several States.

MANAGEMENT UNIT
PERFORMANCE
MEASURES *continued*

SELECTED INDICATORS



Disaggregation has tended to involve the creation of new entities specialising in electricity generation, transmission, distribution, wholesaling or retailing to replace single entities which previously undertook all or most of these functions. The effect on industry structure has been to replace single entities wholly classified to the electricity industry with a number of smaller entities, most of which are classified to the electricity supply industry but some of which are classified to other industries. Those classified to other industries do not contribute to the statistics for the electricity industry. Examples of activities which were formerly carried out by businesses classified to the electricity industry but now largely carried out by specialist businesses which are classified to other industries are network construction, repair and maintenance of electricity transmission towers and power pole inspection.

Changes to business structures have a direct impact on the data presented in this publication and not all impacts are in the same direction. In some cases, creation of several smaller specialist businesses from one vertically integrated business means that after restructuring, transactions between businesses are recorded in the statistics (such as sales from the generating business to the distributing business) when previously, such transactions were internal to a single business and generally were not recorded in the statistics. This situation tends to increase sales and purchases values for the industry, has little direct effect on statistics for value added, operating profits or capital expenditure and has mixed effects on the statistics for employment and wages and salaries.

On the other hand, the values for several variables (employment, wages and salaries and capital expenditure in particular) will be less as a result of activities such as those mentioned in the previous paragraph being carried out by businesses which are classified to other industries and therefore being recorded in the statistics for those other industries.

While restructuring of the electricity industry has been proceeding since 1991, there have been some obvious effects on some of the data items presented in this publication and illustrated by the graph of selected indicators. Most notably, turnover has increased significantly over the past year as restructuring continues to progress in Queensland, South Australia and Tasmania. The variables relating to profit remain relatively unaffected however, as an increase in income through the growth in sales of electricity, transmission or distribution income, is offset by increases in expense items such as purchases of

MANAGEMENT UNIT
 PERFORMANCE
 MEASURES *continued*

electricity, transmission and distribution expenses, and payments for contract, subcontract and commission work.

Employment, wages and salaries

Employment and wages and salaries continue to be affected by the changes caused by industry restructuring. Employment again declined, falling 2,046 persons (6%) to 32,701 persons in 1998–99. Wages and salaries paid fell by \$72m (3%) to \$2.0b in 1998–99.

Almost all States reported a decrease in employment. Restructuring continues to be the main factor affecting employment, especially in Victoria (down 789 persons or 13%), South Australia and Tasmania. Redundancies resulting from outsourcing, productivity improvements and release of surplus staff were the main reason for the drop in employment in New South Wales (down 735 persons or 6%) in 1998–99. Queensland was the only State to report employment growth, up 76 persons (1%). In contrast to the general effect on the statistics, disaggregation appears to have led to increased employment in the industry in Queensland (see income and expenditure section below for background) and there was also an overall expansion of electricity generation operations in that State.

Income and expenditure

Sales of goods and services increased nationally by \$2.5b (12%) rising from \$20.7b to \$23.2b in 1998–99, although much of the increase was due to the statistical effects of restructuring rather than being due to real growth. These effects were described previously. Queensland accounted for nearly half of the national increase, recording a rise of \$1.2b (24%) to \$6.2b. Since 1995, the electricity industry in Queensland has undergone continuous change, resulting in the creation of separate entities responsible for generation, transmission, wholesaling, distribution and retailing of electricity. Some of these entities have been transitional. Much of the increase in sales of goods and services in 1998–99 is the result of the establishment of separate transmission and wholesaling trading entities in Queensland, from an entity that was transitional in nature. As a result, additional income and expenditure between these entities has been included, which were previously considered to be internal transactions within the original entity's accounts. It is expected that the continued reshaping of Queensland's distribution and retailing network will result in further impact on the data in 1999–2000.

States along the eastern seaboard have been affected by the establishment of the National Electricity Market. Nationally, retail prices for electricity rose by 2.6% in 1998–99, with the highest increases in New South Wales and Victoria (Electricity Supply Association of Australia, 2000). There was also a significant rise in the wholesale price, following extremely low prices in 1997–98.

The fragmentation of electricity entities in South Australia, notably the Electricity Trust of South Australia and SA Generation Corporation, has resulted in the creation of multiple entities involved in electricity supply in that State. Tasmania was another State to experience significant restructuring, with the Hydro Electric Commission separating its generation, transmission, distribution and retail activities via newly created entities. In 1998–99, South Australia and Tasmania recorded a combined increase in sales of goods and services of \$1.1b (57%). This was primarily because financial transactions that were previously internal to the former State-owned utilities, such as transmission and distribution income, were now recorded as external transactions between these new

MANAGEMENT UNIT
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MEASURES *continued*

entities in each State. Victoria recorded a decrease of \$351m (7%) to \$5.0b, a result brought about by the State Electricity Commission of Victoria's continuing withdrawal from operational activities within the electricity industry.

Purchases and selected expenses increased nationally by \$2.2b (17%) to \$14.9b in 1998–99. The major contributors to this increase were rises in the value of purchases of goods and materials, up \$1.2b (15%) to \$9.2b, and payment for contract, sub-contract and commission work, up \$974m (35%) to \$3.8b. The latter item includes reported transmission and distribution expenses. The increases in both of these items is directly attributable to industry restructuring and the recording of transactions that were previously internal to companies. Queensland, and to a lesser extent Tasmania and New South Wales, were primarily responsible for the increase in purchases of goods and materials, while much of the increase in payment for contract, sub-contract and commission work occurred in South Australia.

In 1998–99 trading profit increased by \$279m (3%) to \$8.9b. However operating profit before tax (OPBT) increased by \$681m (29%) to \$3.1b. OPBT rose markedly as a result of an increase in other income of \$301m (91%) to \$633m. This increase offset a rise in depreciation costs of \$66m (3%) to \$2.4b.

Turnover in the electricity supply industry increased nationally by \$2.5b (11%) to \$24.3b. The majority of this increase was accounted for by a growth in the value of sales of goods and services of \$2.5b (12%) to \$23.2b. Industry value added increased by \$344m (4%) to \$9.7b.

Assets and liabilities

Restructuring continues to affect the level of industry assets and liabilities at both State and national levels. Over the past several years there have been variations in the way assets have been valued, changes to the level of business liability, company takeovers and restructuring, and the sales of a number of electricity assets. Furthermore, businesses who have recently entered the electricity supply industry have brought in their own assets and liabilities, contributing to an additional increase in both items. There has also been a movement of assets between the electricity and gas industries, as businesses diversify their energy interests through the acquisition of assets in both industries.

In 1998–99 the total value of assets nationally increased by \$1.5b (2%) to \$76.3b, with non-current assets accounting for \$1.6b of this increase. Some of the variation between current and non-current assets is attributable to industry restructuring, with a resultant reclassification of assets from current to non-current. Queensland recorded the largest increase in non-current assets, rising \$971m (9%) to \$11.8b in 1998–99.

Total liabilities increased by \$1.6b (4%) to \$44.0b with current liabilities increasing by \$1.2b (17%) to \$8.4b and non-current liabilities rising by \$391m (1%) to \$35.6b. These changes have resulted in a marginal decrease in net worth, which fell \$150m (0.5%) to \$32.3b.

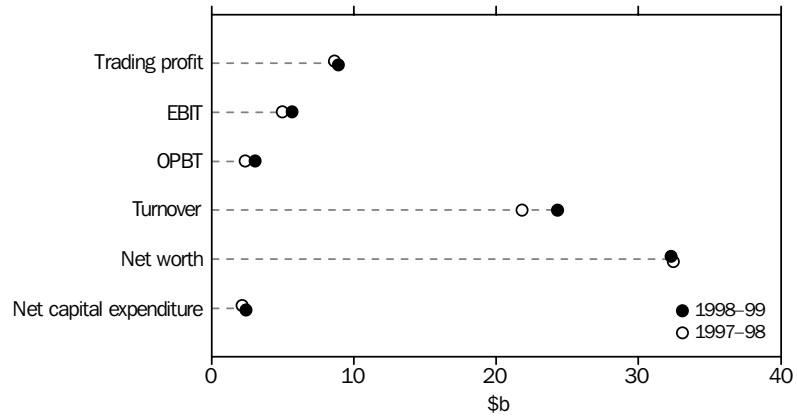
Net capital expenditure

In 1998–99, net capital expenditure for the electricity industry increased by \$250m (11%) to \$2.4b. Capital expenditure on plant, machinery and equipment increased by \$155m (12%) to \$1.4b. The majority of this increase was attributable to the construction of

MANAGEMENT UNIT
PERFORMANCE
MEASURES *continued*

additional generating capacity in Queensland. Capital expenditure on dwellings, buildings and other structures also increased by \$138m (12%) to \$1.3b in 1998–99.

SELECTED INDICATORS



Performance measures

A range of performance measures can be produced from the data available from profit and loss statements and balance sheets of businesses. This publication presents only a selection of these for the electricity industry. While these are a very useful way of presenting summaries of performance, users of these statistics should note the limitations referred to in paragraphs 18–24 of the Explanatory Notes before making any judgements based on these results. In addition, the restructuring of the industry affects some comparisons.

Some of the main features for performance measures in the electricity industry in 1998–99 were:

- trading profit margin decreased from 41.7% to 38.5%;
- profit margin increased from 11.0% to 12.5%;
- return on funds increased from 12.6% to 13.9%;
- the liquidity ratio decreased from 0.9 times to 0.8 times;
- debts to assets increased from 56.7% to 57.7%; and
- acquisitions to disposals ratio decreased from 9.0 to 8.9 times.

ESTABLISHMENT
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The changes in data discussed at the management unit level are generally mirrored in the data at establishment level. The number of units has increased from 77 to 95. This increase has been brought about by industry restructuring, particularly in Queensland, where the number of establishments rose from 24 to 32, and also in South Australia, rising from 3 to 9 establishments.

ESTABLISHMENT

PERFORMANCE MEASURES

continued

SUMMARY OF OPERATIONS

| | 1996– 97 | 1997– 98 | 1998– 99 |
|--|-------------|-------------|-------------|
| Establishments at 30 June (<i>no.</i>) | 67 | 77 | 95 |
| Employment at 30 June (<i>no.</i>) | 35 138 | 33 038 | 31 158 |
| Wages and salaries (\$ <i>m</i>) | 2 081 | 1 962 | 1 900 |
| Turnover (\$ <i>m</i>) | 21 306 | 21 728 | 24 131 |
| Value added (\$ <i>m</i>) | 9 538 | 9 881 | 10 410 |

Employment, wages and salaries

Although redundancies occurred in the New South Wales electricity sector, industry restructuring continues to be the main reason for the continuing decline in employment numbers nationally. In 1998–99, national employment decreased by 1,880 (6%) to 31,158 persons. In New South Wales and the Australian Capital Territory, employment fell by 897 (7%) to 11,915 persons, while in Victoria ongoing takeover action has resulted in employment dropping by 721 (13%) to 4,898 persons. Wages and salaries decreased nationally by \$62m (3%) to \$1.9b, while wages and salaries for employees engaged on new construction rose by \$36m to \$204m.

The number of employees engaged on new construction increased nationally by 374 (11%) to 3,928 persons. The number of such employees in New South Wales and the Australian Capital Territory rose by 614 (47%) to 1,911 persons, and was mainly due to development and construction of the interconnector project, linking the New South Wales and Queensland Transmission systems in the NEM.

New South Wales and the Australian Capital Territory employ 38% of all employees involved in the electricity industry at establishment level.

Income and expenditure

Turnover in the electricity industry increased by \$2.4b (11%) from \$21.7b to \$24.1b. Most of this increase was attributable to an increase in the sales of electricity which rose \$1.1b (7%) to \$18.2b. Industry restructuring and the emergence of transactions that were previously internal to businesses, has contributed to a large part of the increase, particularly in Queensland. Service income also rose significantly, increasing by \$1.4b (41%) to \$4.7b for similar reasons.

Value added increased nationally by \$529m (5%) to \$10.4b in 1998–99. Purchases of electricity increased markedly rising \$884m (18%) to \$5.8b. Payments for contract, subcontract and commission work increased by \$921m (34%) to \$3.7b. These increases were also related to industry restructuring particularly in Queensland, South Australia and Tasmania.

1.1 MANAGEMENT UNITS(a), Employment and Labour Ratios—At 30 June

| Items | NSW | | VIC. | | QLD | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1997– 98 | 1998– 99 | 1997– 98 | 1998– 99 | 1997– 98 | 1998– 99 |
| Management units (no.) | 14 | 16 | 17 | 17 | 21 | 28 |
| Employment (no.) | 12 164 | 11 429 | 6 259 | 5 470 | 7 011 | 7 087 |
| Persons employed per management unit (no.) | 868.9 | 714.3 | 368.2 | 321.8 | 333.9 | 253.1 |
| Labour ratios | | | | | | |
| Profit to employment (\$'000/employee) | 69.8 | 77.9 | 34.0 | 78.6 | 100.8 | 129.8 |
| Industry value added | | | | | | |
| To employment (\$'000/employee) | 231.5 | 252.3 | 401.3 | 438.9 | 248.1 | 288.2 |
| To selected labour costs (times) | 3.4 | 3.6 | 5.7 | 6.6 | 4.3 | 4.7 |
| Selected labour costs | | | | | | |
| To employment (\$'000/employee) | 68.6 | 70.3 | 70.5 | 66.0 | 57.1 | 60.9 |

(a) See Explanatory Notes, 'Statistical units' paragraphs 10–15.

1.1 MANAGEMENT UNITS(a), Employment and Labour Ratios—At 30 June *continued* ...

| Items | SA | | WA | | TAS. | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1997– 98 | 1998– 99 | 1997– 98 | 1998– 99 | 1997– 98 | 1998– 99 |
| Management units (no.) | 3 | 9 | 8 | 10 | 2 | 3 |
| Employment (no.) | np | 2 164 | 3 437 | 3 346 | np | 1 559 |
| Persons employed per management unit (no.) | np | 240.4 | 429.6 | 334.6 | np | 519.7 |
| Labour ratios | | | | | | |
| Profit to employment (\$'000/employee) | np | 125.9 | 57.7 | 110.1 | np | 56.0 |
| Industry value added | | | | | | |
| To employment (\$'000/employee) | np | 306.2 | 241.0 | 284.2 | np | 303.1 |
| To selected labour costs (times) | np | 4.2 | 3.5 | 4.0 | np | 5.1 |
| Selected labour costs | | | | | | |
| To employment (\$'000/employee) | np | 73.4 | 68.9 | 70.2 | np | 59.6 |

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) See Explanatory Notes, 'Statistical units' paragraphs 10–15.

1.1MANAGEMENT UNITS(a), Employment and Labour Ratios—At 30 June *continued* ...

| <i>Items</i> | NT | | ACT | | AUST. | |
|---|--------------|-------------|---------------|-------------|---------------|-------------|
| | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 |
| Management units (<i>no.</i>) | 1 | 1 | 1 | 1 | 67 | 85 |
| Employment (<i>no.</i>) | 811 | 731 | 1 112 | 915 | 34 747 | 32 701 |
| Persons employed per management unit (<i>no.</i>) | 811.0 | 731.0 | 1 112.0 | 915.0 | 518.6 | 384.7 |
| Labour ratios | | | | | | |
| Profit to employment (\$'000/ <i>employee</i>) | 11.8 | 35.4 | 67.7 | 66.7 | 68.3 | 93.4 |
| Industry value added | | | | | | |
| To employment (\$'000/ <i>employee</i>) | 152.4 | 172.4 | 178.5 | 178.4 | 269.3 | 296.7 |
| To selected labour costs (<i>times</i>) | 2.7 | 2.9 | 2.8 | 2.5 | 4.1 | 4.4 |
| Selected labour costs | | | | | | |
| To employment (\$'000/ <i>employee</i>) | 56.0 | 60.2 | 62.9 | 71.5 | 66.3 | 67.0 |

(a) See Explanatory Notes, 'Statistical units' paragraphs 10-15.

1.2

MANAGEMENT UNITS(a), Income and Expenditure

| Items | NSW | | VIC. | | QLD | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Sales of goods and services(b) | 6 174.3 | 6 575.8 | 5 342.3 | 4 991.3 | 5 004.2 | 6 214.7 |
| Less | | | | | | |
| Purchases of goods and materials | 2 491.3 | 2 690.7 | 1 988.2 | 1 505.8 | 2 037.2 | 3 090.3 |
| Rent, leasing and hiring expenses | 27.1 | 40.3 | 30.2 | 21.1 | 10.8 | 10.5 |
| Freight and cartage expenses | 0.8 | 1.0 | 1.0 | 0.6 | 1.5 | 1.5 |
| Motor vehicle expenses | 23.4 | 26.2 | 14.5 | 11.7 | 12.5 | 12.4 |
| Repair and maintenance expenses | 139.5 | 112.6 | 86.5 | 92.3 | 66.6 | 72.8 |
| Payment for contract, sub-contract and commission work | 699.1 | 773.8 | 560.9 | 763.8 | 1 364.0 | 1 329.1 |
| Other selected expenses | 337.6 | 379.7 | 445.6 | 384.2 | 196.3 | 243.7 |
| Purchases and selected expenses | 3 718.6 | 4 024.2 | 3 126.9 | 2 779.3 | 3 688.8 | 4 760.4 |
| Plus | | | | | | |
| Opening inventories | 279.2 | 286.1 | 76.6 | 67.0 | 76.9 | 88.8 |
| Less | | | | | | |
| Closing inventories | 286.1 | 262.8 | 66.5 | 69.8 | 87.3 | 108.2 |
| Cost of sales | 3 711.7 | 4 047.6 | 3 137.1 | 2 776.5 | 3 678.4 | 4 741.0 |
| Plus | | | | | | |
| Capitalised purchases | 111.3 | 108.4 | 183.5 | 114.2 | 255.4 | 296.1 |
| Trading profit | 2 573.8 | 2 636.6 | 2 388.7 | 2 329.0 | 1 581.2 | 1 769.8 |
| Plus | | | | | | |
| Government subsidies | 81.6 | 73.4 | 0.1 | 0.2 | 93.2 | 190.8 |
| Interest income | 44.2 | 42.7 | 174.1 | 185.8 | 36.1 | 55.5 |
| Other income | 231.6 | 162.4 | -86.9 | 168.7 | 125.5 | 117.1 |
| Less | | | | | | |
| Wages and salaries | 766.3 | 745.8 | 417.9 | 341.7 | 367.1 | 392.2 |
| Superannuation | 50.6 | 41.4 | 19.5 | 14.9 | 28.3 | 33.3 |
| Workers compensation | 17.6 | 16.5 | 4.1 | 4.5 | 4.8 | 6.2 |
| Selected labour costs | 834.4 | 803.7 | 441.5 | 361.1 | 400.3 | 431.8 |
| Less | | | | | | |
| Depreciation | 683.7 | 697.5 | 646.8 | 630.4 | 464.7 | 509.6 |
| Insurance premiums | 20.5 | 22.7 | 20.9 | 20.1 | 3.4 | 5.6 |
| Royalties expenses | 5.8 | 6.1 | 13.6 | 13.2 | 6.3 | 7.2 |
| Bad debts | 15.1 | 19.6 | 9.8 | 10.2 | 3.7 | 6.5 |
| Plus | | | | | | |
| Capitalised wages and salaries | 52.8 | 64.5 | 79.3 | 35.6 | 37.8 | 47.3 |
| Earnings before interest and tax | 1 424.4 | 1 429.9 | 1 422.7 | 1 684.2 | 995.5 | 1 219.9 |
| Less | | | | | | |
| Interest expenses | 575.7 | 539.3 | 1 210.1 | 1 254.5 | 289.0 | 299.7 |
| Operating profit before tax | 848.7 | 890.6 | 212.6 | 429.7 | 706.5 | 920.1 |

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

(b) Includes rent, leasing and hiring income.

1.2MANAGEMENT UNITS (a), Income and Expenditure *continued*

| Items | SA | | WA | | TAS. | |
|---|-------------|--------------|--------------|--------------|-------------|--------------|
| | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Sales of goods and services(b) | np | 2 164.7 | 1 588.0 | 1 677.9 | np | 925.4 |
| Less | | | | | | |
| Purchases of goods and materials | np | 798.9 | 592.9 | 581.2 | np | 312.8 |
| Rent, leasing and hiring expenses | np | 11.7 | 10.2 | 13.7 | np | np |
| Freight and cartage expenses | np | 13.1 | 63.1 | 55.8 | np | np |
| Motor vehicle expenses | np | 1.0 | 6.1 | 6.2 | np | np |
| Repair and maintenance expenses | np | 20.6 | 3.8 | 8.0 | np | np |
| Payment for contract, sub-contract and commission work | np | 678.6 | 60.9 | 61.5 | np | np |
| Other selected expenses | np | 68.8 | 90.6 | 59.5 | np | np |
| Purchases and selected expenses | np | 1 592.7 | 827.7 | 786.1 | np | np |
| Plus | | | | | | |
| Opening inventories | np | 38.5 | 77.3 | 61.5 | np | 10.7 |
| Less | | | | | | |
| Closing inventories | np | 36.9 | 61.5 | 77.0 | np | 10.0 |
| Cost of sales | np | 1 594.3 | 843.6 | 770.5 | np | np |
| Plus | | | | | | |
| Capitalised purchases | np | 46.9 | 9.8 | 8.8 | np | np |
| Trading profit | np | 617.3 | 754.3 | 916.2 | np | 421.5 |
| Plus | | | | | | |
| Government subsidies | np | 6.2 | 41.0 | 9.7 | np | np |
| Interest income | np | 19.6 | 4.7 | 4.4 | np | 1.5 |
| Other income | np | 49.6 | 4.9 | 74.8 | np | 8.1 |
| Less | | | | | | |
| Wages and salaries | np | 139.1 | 211.0 | 208.2 | np | 85.3 |
| Superannuation | np | 18.2 | 23.9 | 24.8 | np | 6.3 |
| Workers compensation | np | 1.5 | 2.1 | 1.9 | np | 1.2 |
| Selected labour costs | np | 158.9 | 237.0 | 234.9 | np | 92.9 |
| Less | | | | | | |
| Depreciation | np | 159.0 | 144.2 | 177.9 | np | 126.2 |
| Insurance premiums | np | 8.8 | 6.1 | 6.9 | np | np |
| Royalties expenses | np | 1.5 | 0.1 | 0.1 | np | — |
| Bad debts | np | 3.0 | 3.2 | 3.1 | np | 2.0 |
| Plus | | | | | | |
| Capitalised wages and salaries | np | 24.5 | 17.9 | 0.1 | np | np |
| Earnings before interest and tax | np | 386.0 | 432.2 | 582.3 | np | 231.2 |
| Less | | | | | | |
| Interest expenses | np | 113.6 | 233.9 | 213.9 | np | 143.9 |
| Operating profit before tax | np | 272.3 | 198.3 | 368.4 | np | 87.3 |

np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

(b) Includes rent, leasing and hiring income.

1.2MANAGEMENT UNITS (a), Income and Expenditure *continued*

| Items | NT | | ACT | | AUST. | |
|---|-------------|-------------|--------------|--------------|----------------|----------------|
| | 1997– | 1998– | 1997– | 1998– | 1997– | 1998– |
| | 98 | 99 | 98 | 99 | 98 | 99 |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Sales of goods and services(b) | 290.0 | 309.0 | 336.1 | 308.9 | 20 704.0 | 23 167.7 |
| Less | | | | | | |
| Purchases of goods and materials | 135.3 | np | np | np | 8 030.5 | 9 205.2 |
| Rent, leasing and hiring expenses | 5.7 | np | np | np | 96.4 | 116.4 |
| Freight and cartage expenses | 0.2 | np | 0.5 | 0.7 | 106.7 | 73.2 |
| Motor vehicle expenses | 1.3 | np | 1.1 | 1.3 | 67.8 | 63.8 |
| Repair and maintenance expenses | 24.8 | np | 2.2 | 2.2 | 349.8 | 353.9 |
| Payment for contract, sub-contract and commission work | 9.1 | np | 29.2 | 30.4 | 2 785.5 | 3 759.2 |
| Other selected expenses | 36.6 | np | np | np | 1 215.5 | 1 285.6 |
| Purchases and selected expenses | 212.9 | np | 149.8 | 158.2 | 12 652.2 | 14 857.4 |
| Plus | | | | | | |
| Opening inventories | 20.9 | 21.2 | 7.6 | 6.0 | 596.5 | 579.8 |
| Less | | | | | | |
| Closing inventories | 21.2 | 18.7 | 6.0 | 5.8 | 587.2 | 589.2 |
| Cost of sales | 212.6 | np | 151.4 | 158.4 | 12 661.5 | 14 848.0 |
| Plus | | | | | | |
| Capitalised purchases | — | np | — | — | 600.0 | 601.3 |
| Trading profit | 77.5 | 80.1 | 184.8 | 150.5 | 8 642.5 | 8 921.0 |
| Plus | | | | | | |
| Government subsidies | 42.6 | np | 7.9 | 7.4 | 276.1 | 344.6 |
| Interest income | 1.8 | 2.1 | 4.7 | 2.7 | 285.6 | 314.1 |
| Other income | 20.2 | 28.1 | 7.5 | 24.6 | 332.0 | 633.4 |
| Less | | | | | | |
| Wages and salaries | 40.3 | 38.7 | 61.1 | 56.9 | 2 080.3 | 2 007.9 |
| Superannuation | 4.5 | 4.6 | 7.7 | 6.9 | 188.7 | 150.4 |
| Workers compensation | 0.6 | 0.7 | 1.1 | 1.6 | 36.3 | 34.2 |
| Selected labour costs | 45.5 | 44.0 | 69.9 | 65.4 | 2 305.3 | 2 192.5 |
| Less | | | | | | |
| Depreciation | 54.9 | 55.7 | 49.6 | 47.5 | 2 338.4 | 2 403.9 |
| Insurance premiums | 1.6 | np | 1.9 | 1.9 | 61.5 | 69.0 |
| Royalties expenses | — | — | — | — | 27.5 | 28.2 |
| Bad debts | 1.1 | 1.3 | 1.5 | 0.7 | 38.3 | 46.3 |
| Plus | | | | | | |
| Capitalised wages and salaries | — | np | — | — | 212.9 | 179.6 |
| Earnings before interest and tax | 39.1 | 49.4 | 81.9 | 69.8 | 4 978.1 | 5 652.7 |
| Less | | | | | | |
| Interest expenses | 29.5 | 23.6 | 6.6 | 8.7 | 2 603.2 | 2 597.2 |
| Operating profit before tax | 9.6 | 25.9 | 75.3 | 61.1 | 2 374.9 | 3 055.5 |

np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

(b) Includes rent, leasing and hiring income.

1.3 MANAGEMENT UNITS(a), Industry Value Added

| Items | NSW | | VIC. | | QLD | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| Sales of goods and services(b) (\$m) | 6 174.3 | 6 575.8 | 5 342.3 | 4 991.3 | 5 004.2 | 6 214.7 |
| Government subsidies (\$m) | 81.6 | 73.4 | 0.1 | 0.2 | 93.2 | 190.8 |
| Capital work done for own use (\$m) | 164.0 | 172.8 | 262.8 | 149.8 | 293.2 | 343.4 |
| Turnover (\$m) | 6 420.0 | 6 822.0 | 5 605.2 | 5 141.2 | 5 390.6 | 6 749.0 |
| Plus | | | | | | |
| Closing inventories (\$m) | 286.1 | 262.8 | 66.5 | 69.8 | 87.3 | 108.2 |
| Less | | | | | | |
| Opening inventories (\$m) | 279.2 | 286.1 | 76.6 | 67.0 | 76.9 | 88.8 |
| Less | | | | | | |
| Capitalised purchases (\$m) | 111.3 | 108.4 | 183.5 | 114.2 | 255.4 | 296.1 |
| Less | | | | | | |
| Intermediate input expenses (\$m) | 3 499.9 | 3 807.3 | 2 900.0 | 2 629.3 | 3 405.9 | 4 429.8 |
| Industry value added (\$m) | 2 815.7 | 2 883.1 | 2 511.5 | 2 400.5 | 1 739.7 | 2 042.4 |

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

(b) Includes rent, leasing and hiring income.

1.3 MANAGEMENT UNITS(a), Industry Value Added *continued*

| Items | SA | | WA | | TAS. | |
|--------------------------------------|-----------|----------------|----------------|----------------|-----------|--------------|
| | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| Sales of goods and services(b) (\$m) | np | 2 164.7 | 1 588.0 | 1 677.9 | np | 925.4 |
| Government subsidies (\$m) | np | 6.2 | 41.0 | 9.7 | np | np |
| Capital work done for own use (\$m) | np | 71.4 | 27.7 | 8.9 | np | np |
| Turnover (\$m) | np | 2 242.3 | 1 656.7 | 1 696.5 | np | 974.1 |
| Plus | | | | | | |
| Closing inventories (\$m) | np | 36.9 | 61.5 | 77.0 | np | 10.0 |
| Less | | | | | | |
| Opening inventories (\$m) | np | 38.5 | 77.3 | 61.5 | np | 10.7 |
| Less | | | | | | |
| Capitalised purchases (\$m) | np | 46.9 | 9.8 | 8.8 | np | np |
| Less | | | | | | |
| Intermediate input expenses (\$m) | np | 1 531.2 | 802.9 | 752.4 | np | np |
| Industry value added (\$m) | np | 662.6 | 828.2 | 950.8 | np | 472.5 |

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

(b) Includes rent, leasing and hiring income.

1.3 MANAGEMENT UNITS(a), Industry Value Added *continued*

| Items | NT | | ACT | | AUST. | |
|--------------------------------------|--------------|--------------|--------------|--------------|-----------------|-----------------|
| | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 |
| Sales of goods and services(b) (\$m) | 290.0 | 309.0 | 336.1 | 308.9 | 20 704.0 | 23 167.7 |
| Government subsidies (\$m) | 42.6 | np | 7.9 | 7.4 | 276.1 | 344.6 |
| Capital work done for own use (\$m) | — | np | — | — | 812.9 | 780.9 |
| Turnover (\$m) | 332.6 | 351.6 | 344.0 | 316.3 | 21 793.0 | 24 293.1 |
| Plus | | | | | | |
| Closing inventories (\$m) | 21.2 | 18.7 | 6.0 | 5.8 | 587.2 | 589.2 |
| Less | | | | | | |
| Opening inventories (\$m) | 20.9 | 21.2 | 7.6 | 6.0 | 596.5 | 579.8 |
| Less | | | | | | |
| Capitalised purchases (\$m) | — | np | — | — | 600.0 | 601.3 |
| Less | | | | | | |
| Intermediate input expenses (\$m) | 209.3 | np | 144.0 | 152.9 | 11 826.9 | 14 000.1 |
| Industry value added (\$m) | 123.6 | 126.0 | 198.5 | 163.2 | 9 356.8 | 9 701.0 |

np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

(b) Includes rent, leasing and hiring income.

1.4 MANAGEMENT UNITS(a), Assets and Liabilities

| Items | NSW | | VIC. | | QLD | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 |
| Assets | | | | | | |
| Current assets | | | | | | |
| Closing inventories (\$m) | 286.1 | 262.8 | 66.5 | 69.8 | 87.3 | 108.2 |
| Other current assets (\$m) | 1 948.7 | 1 999.3 | 1 866.3 | 1 851.6 | 2 165.0 | 1 505.1 |
| Non-current assets (\$m) | 16 591.3 | 16 853.4 | 26 208.7 | 26 471.6 | 10 874.8 | 11 846.2 |
| Total (\$m) | 18 826.2 | 19 115.5 | 28 141.5 | 28 393.0 | 13 127.1 | 13 459.5 |
| Liabilities | | | | | | |
| Current liabilities (\$m) | 2 248.7 | 2 703.3 | 1 923.8 | 1 904.1 | 1 186.5 | 1 384.0 |
| Non-current liabilities (\$m) | 6 963.5 | 6 485.6 | 17 745.2 | 16 505.6 | 4 812.2 | 5 502.3 |
| Total (\$m) | 9 212.2 | 9 188.9 | 19 669.0 | 18 409.7 | 5 998.7 | 6 886.3 |
| Net worth (\$m) | 9 614.0 | 9 926.7 | 8 472.5 | 9 983.3 | 7 128.4 | 6 573.2 |

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

1.4MANAGEMENT UNITS(a), Assets and Liabilities *continued*

| Items | SA | | WA | | TAS. | |
|-------------------------------|-------------|----------------|----------------|----------------|-------------|----------------|
| | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 |
| Assets | | | | | | |
| Current assets | | | | | | |
| Closing inventories (\$m) | np | 36.9 | 61.5 | 77.0 | np | 10.0 |
| Other current assets (\$m) | np | 431.6 | 229.9 | 451.5 | np | 181.2 |
| Non-current assets (\$m) | np | 3 694.9 | 4 165.7 | 3 977.8 | np | 4 176.0 |
| Total (\$m) | np | 4 163.4 | 4 457.2 | 4 506.3 | np | 4 367.2 |
| Liabilities | | | | | | |
| Current liabilities (\$m) | np | 542.3 | 816.8 | 1 128.4 | np | 625.4 |
| Non-current liabilities (\$m) | np | 3 006.9 | 2 514.3 | 2 231.0 | np | 1 453.2 |
| Total (\$m) | np | 3 549.2 | 3 331.0 | 3 359.4 | np | 2 078.6 |
| Net worth (\$m) | np | 614.2 | 1 126.1 | 1 147.0 | np | 2 288.6 |

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

1.4MANAGEMENT UNITS(a), Assets and Liabilities *continued*

| Items | NT | | ACT | | AUST. | |
|-------------------------------|----------------|--------------|----------------|----------------|-----------------|-----------------|
| | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 |
| Assets | | | | | | |
| Current assets | | | | | | |
| Closing inventories (\$m) | 21.2 | 18.7 | 6.0 | 5.8 | 587.2 | 589.2 |
| Other current assets (\$m) | 88.6 | 99.0 | 77.0 | 100.5 | 6 754.5 | 6 619.8 |
| Non-current assets (\$m) | 979.2 | 757.8 | 1 339.3 | 1 332.5 | 67 525.1 | 69 110.3 |
| Total (\$m) | 1 089.0 | 875.5 | 1 422.2 | 1 438.8 | 74 866.7 | 76 319.2 |
| Liabilities | | | | | | |
| Current liabilities (\$m) | 66.9 | 80.8 | 59.5 | 60.3 | 7 216.8 | 8 428.6 |
| Non-current liabilities (\$m) | 261.6 | 231.2 | 170.8 | 187.2 | 35 212.1 | 35 602.9 |
| Total (\$m) | 328.5 | 312.0 | 230.3 | 247.5 | 42 428.9 | 44 031.5 |
| Net worth (\$m) | 760.5 | 563.5 | 1 191.9 | 1 191.2 | 32 437.9 | 32 287.7 |

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

1.5 MANAGEMENT UNITS(a), Capital Expenditure(b)

| Items | NSW | | VIC. | | QLD | | SA | |
|---|-----------|---------|-----------|---------|-----------|---------|----------|---------|
| | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Capital expenditure on | | | | | | | | |
| Land | 3.4 | 1.5 | 12.3 | 2.0 | 1.8 | 3.6 | np | 0.8 |
| Dwellings, other buildings and structures | 336.0 | 350.2 | 246.7 | 286.1 | 433.1 | 497.7 | np | 35.1 |
| Plant, machinery and equipment | 154.8 | 225.8 | 291.2 | 190.0 | 154.9 | 440.0 | np | 129.7 |
| <i>Total acquisitions</i> | 494.2 | 577.5 | 550.3 | 478.0 | 589.9 | 941.3 | np | 165.6 |
| Disposal of assets | 156.2 | 84.3 | 36.4 | 139.5 | 21.4 | 28.6 | np | 2.1 |
| Net capital expenditure | 338.1 | 493.2 | 513.9 | 338.5 | 568.5 | 912.8 | np | 163.4 |

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

(b) Includes capital work done for own use.

1.5 MANAGEMENT UNITS(a), Capital Expenditure(b) *continued*

| Items | WA | | TAS. | | NT | |
|---|----------|---------|-----------|---------|----------|---------|
| | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Capital expenditure on | | | | | | |
| Land | 0.6 | 0.9 | np | 0.9 | — | — |
| Dwellings, other buildings and structures | 14.7 | 11.2 | np | 94.4 | — | — |
| Plant, machinery and equipment | 493.6 | 357.8 | np | 34.3 | 28.2 | 36.6 |
| <i>Total acquisitions</i> | 508.8 | 369.9 | np | 129.5 | 28.2 | 36.6 |
| Disposal of assets | 51.2 | 33.1 | np | 4.7 | 0.2 | — |
| Net capital expenditure | 457.6 | 336.8 | np | 124.8 | 28.0 | 36.6 |

np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

(b) Includes capital work done for own use.

1.5MANAGEMENT UNITS (a), Capital Expenditure (b) *continued*

| <i>Items</i> | ACT | | AUST. | |
|---|---------------|-------------|---------------|-------------|
| | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 |
| | \$m | \$m | \$m | \$m |
| Capital expenditure on | | | | |
| Land | 0.2 | — | 18.3 | 9.7 |
| Dwellings, other buildings and structures | 18.0 | 17.7 | 1 154.8 | 1 292.4 |
| Plant, machinery and equipment | 13.1 | 15.8 | 1 275.2 | 1 429.9 |
| <i>Total acquisitions</i> | 31.3 | 33.5 | 2 448.4 | 2 732.0 |
| Disposal of assets | 0.6 | 14.1 | 272.4 | 306.4 |
| Net capital expenditure | 30.7 | 19.4 | 2 176.0 | 2 425.6 |

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

(b) Includes capital work done for own use.

1.6 MANAGEMENT UNITS (a)(b), Selected Performance Measures

| <i>Items</i> | NSW | | VIC. | | QLD | | SA | |
|--|-----------|---------|-----------|---------|----------|---------|----------|---------|
| | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| Turnover | | | | | | | | |
| Asset turnover (%) | 0.3 | 0.3 | 0.2 | 0.2 | 0.4 | 0.5 | np | 0.5 |
| Profitability | | | | | | | | |
| Trading profit margin (%) | 41.7 | 40.1 | 44.7 | 46.7 | 31.6 | 28.5 | np | 28.5 |
| Return on funds (%) | 8.6 | 8.7 | 5.4 | 6.4 | 8.3 | 10.1 | np | 10.7 |
| Return on assets (%) | 4.5 | 4.7 | 0.8 | 1.5 | 5.4 | 6.8 | np | 6.5 |
| Liquidity | | | | | | | | |
| Liquidity ratio (<i>times</i>) | 0.9 | 0.7 | 1.0 | 1.0 | 1.8 | 1.1 | np | 0.8 |
| Current ratio (<i>times</i>) | 1.0 | 0.8 | 1.0 | 1.0 | 1.9 | 1.2 | np | 0.9 |
| Debt | | | | | | | | |
| Interest coverage (<i>times</i>) | 2.5 | 2.7 | 1.2 | 1.3 | 3.4 | 4.1 | np | 3.4 |
| Debt to assets (%) | 48.9 | 48.1 | 69.9 | 64.8 | 45.7 | 51.2 | np | 85.2 |
| Capital expenditure | | | | | | | | |
| Acquisitions to disposals ratio (<i>times</i>) | 3.2 | 6.9 | 15.1 | 3.4 | 27.6 | 32.9 | np | 78.9 |
| Net capital expenditure to assets (%) | 1.8 | 2.6 | 1.8 | 1.2 | 4.3 | 6.8 | np | 3.9 |

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

(b) For 'labour ratios' see table 1.1.

1.6MANAGEMENT UNITS (a)(b), Selected Performance Measures *continued*

| Items | WA | | TAS. | | NT | | ACT | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 |
| Turnover | | | | | | | | |
| Asset turnover (%) | 0.4 | 0.4 | np | 0.2 | 0.3 | 0.4 | 0.2 | 0.2 |
| Profitability | | | | | | | | |
| Trading profit margin (%) | 47.5 | 54.6 | np | 45.5 | 26.7 | 25.9 | 55.0 | 48.7 |
| Return on funds (%) | 11.9 | 17.2 | np | 6.2 | 3.8 | 6.2 | 6.0 | 5.1 |
| Return on assets (%) | 4.4 | 8.2 | np | 2.0 | 0.9 | 3.0 | 5.3 | 4.2 |
| Liquidity | | | | | | | | |
| Liquidity ratio (<i>times</i>) | 0.3 | 0.4 | np | 0.3 | 1.3 | 1.2 | 1.3 | 1.7 |
| Current ratio (<i>times</i>) | 0.4 | 0.5 | np | 0.3 | 1.6 | 1.5 | 1.4 | 1.8 |
| Debt | | | | | | | | |
| Interest coverage (<i>times</i>) | 1.8 | 2.7 | np | 1.6 | 1.3 | 2.1 | 12.5 | 8.0 |
| Debt to assets (%) | 74.7 | 74.5 | np | 47.6 | 30.2 | 35.6 | 16.2 | 17.2 |
| Capital expenditure | | | | | | | | |
| Acquisitions to disposals ratio (<i>times</i>) | 9.9 | 11.2 | np | 27.4 | 141.0 | 916.0 | 52.2 | 2.4 |
| Net capital expenditure to assets (%) | 10.3 | 7.5 | np | 2.9 | 2.6 | 4.2 | 2.2 | 1.4 |

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

(b) For 'labour ratios' see table 1.1.

1.6MANAGEMENT UNITS (a)(b), Selected Performance Measures *continued*

| <i>Items</i> | AUST. . . . | |
|---|-------------|-------------|
| | 1997- 98 | 1998- 99 |
| Turnover | | |
| Asset turnover (%) | 0.3 | 0.3 |
| Profitability | | |
| Trading profit margin (%) | 41.7 | 38.5 |
| Return on funds (%) | 12.6 | 13.9 |
| Return on assets (%) | 3.2 | 4.0 |
| Liquidity | | |
| Liquidity ratio (<i>times</i>) | 0.9 | 0.8 |
| Current ratio (<i>times</i>) | 1.0 | 0.9 |
| Debt | | |
| Interest coverage (<i>times</i>) | 1.9 | 2.2 |
| Debt to assets (%) | 56.7 | 57.7 |
| Capital expenditure | | |
| Acquisitions to disposals ratio (<i>times</i>) | 9.0 | 8.9 |
| Net capital expenditure to assets (%) | 2.9 | 3.2 |

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

(b) For 'labour ratios' see table 1.1.

1.7 ESTABLISHMENT LEVEL(a), Employment—At 30 June

| Items | NSW | | VIC. | | QLD | | SA | |
|---|-----------|---------|-----------|---------|-----------|---------|----------|---------|
| | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| Establishments (no.) | 17 | 19 | 20 | 20 | 24 | 32 | 3 | 9 |
| Employment | | | | | | | | |
| Males (no.) | 10 892 | 10 137 | 4 735 | 4 093 | 5 790 | 5 803 | np | 1 645 |
| Females (no.) | 1 920 | 1 778 | 884 | 805 | 1 151 | 1 183 | np | 258 |
| Persons (no.) | 12 812 | 11 915 | 5 619 | 4 898 | 6 941 | 6 986 | np | 1 903 |
| Persons employed per establishment (no.) | 753.6 | 627.1 | 281.0 | 244.9 | 289.2 | 218.3 | np | 211.4 |
| Employees engaged on new construction (no.) | 1 297 | 1 911 | 1 000 | 776 | 844 | 825 | np | 263 |
| Wages and salaries | | | | | | | | |
| All employees (\$m) | 796.5 | 777.8 | 374.4 | 290.7 | 365.5 | 383.5 | np | 123.0 |
| Employees engaged on new construction (\$m) | 62.5 | 97.2 | 39.9 | 26.4 | 47.8 | 50.4 | np | 22.6 |

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

1.7 ESTABLISHMENT LEVEL(a), Employment—At 30 June *continued*

| Items | WA | | TAS. | | NT | | AUST. | |
|---|----------|---------|-----------|---------|----------|---------|------------|---------|
| | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| Establishments (no.) | 9 | 10 | 2 | 3 | 2 | 2 | 77 | 95 |
| Employment | | | | | | | | |
| Males (no.) | 3 061 | 3 019 | np | 1 325 | 485 | 440 | 28 128 | 26 462 |
| Females (no.) | 376 | 327 | np | 234 | 123 | 111 | 4 910 | 4 696 |
| Persons (no.) | 3 437 | 3 346 | np | 1 559 | 608 | 551 | 33 038 | 31 158 |
| Persons employed per establishment (no.) | 381.9 | 334.6 | np | 519.7 | 304.0 | 275.5 | 429.1 | 328.0 |
| Employees engaged on new construction (no.) | 20 | 12 | np | np | — | np | 3 554 | 3 928 |
| Wages and salaries | | | | | | | | |
| All employees (\$m) | 211.0 | 208.2 | np | np | 34.8 | np | 1 962.2 | 1 899.8 |
| Employees engaged on new construction (\$m) | 1.6 | — | np | np | — | np | 168.0 | 204.2 |

np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 10-15.

1.8

ESTABLISHMENT LEVEL(a), Income and Expenditure

| Items | NSW & ACT | | VIC. | | QLD | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 | 1997- 98 | 1998- 99 |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Sales of electricity(b) | 5 389.9 | 5 504.1 | 4 224.5 | 3 740.2 | 3 729.0 | 4 848.4 |
| Sales of gas and gas by-products(b) | 19.6 | 13.9 | — | — | — | 0.3 |
| Sales of other goods | 62.2 | 56.8 | 7.2 | 7.7 | 101.1 | 37.9 |
| Service income | 967.6 | 1 329.2 | 1 090.9 | 1 123.5 | 1 191.9 | 1 340.4 |
| Government subsidies | 84.4 | 76.0 | 0.3 | 0.5 | 93.6 | 197.5 |
| Capital work done for own use | 164.0 | 178.5 | 252.9 | 128.8 | 293.2 | 343.8 |
| Turnover | 6 687.8 | 7 158.5 | 5 575.8 | 5 000.6 | 5 408.7 | 6 768.3 |
| Plus | | | | | | |
| Closing inventories | 290.6 | 262.8 | 61.8 | 55.8 | 87.8 | 109.2 |
| Less | | | | | | |
| Opening inventories | 285.2 | 286.1 | 71.8 | 60.3 | 76.9 | 88.8 |
| Less | | | | | | |
| Purchases | | | | | | |
| Materials, components, containers etc.(c)(d) | 185.7 | 220.4 | 545.8 | 424.5 | 330.3 | 370.4 |
| Fuels | 777.1 | 808.6 | 72.2 | 39.3 | 431.1 | 463.5 |
| Electricity | 1 593.0 | 1 732.8 | 1 660.8 | 1 028.8 | 1 195.8 | 2 246.0 |
| Gas (as a fuel) | 13.8 | 10.0 | 9.8 | 8.0 | — | 19.5 |
| Goods for resale(c) | 47.6 | 54.2 | 4.4 | 216.6 | 77.3 | — |
| Rent, leasing and hiring expenses | 27.6 | 39.2 | 29.1 | 20.2 | 8.8 | 10.1 |
| Freight and cartage expenses | 1.0 | 1.0 | 1.3 | 0.6 | 1.5 | 1.5 |
| Motor vehicle expenses | 24.0 | 26.5 | 14.1 | 10.6 | 12.3 | 12.5 |
| Repair and maintenance expenses | 142.7 | 104.8 | 67.3 | 70.5 | 69.8 | 69.2 |
| Payment for contract, sub-contract and commission work | 725.5 | 821.2 | 527.4 | 668.3 | 1 364.7 | 1 325.1 |
| Subsidy expenses | 24.6 | 18.2 | — | — | 0.4 | 0.2 |
| Purchases and selected expenses | 3 562.8 | 3 836.7 | 2 932.2 | 2 487.2 | 3 492.0 | 4 518.1 |
| Value added | 3 130.6 | 3 298.5 | 2 633.6 | 2 508.9 | 1 927.7 | 2 270.6 |

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

(b) Includes transfers out to other establishments of the same management unit where appropriate.

(c) Includes transfers in from other establishments of the same management unit where appropriate.

(d) Includes minerals for further processing.

1.8ESTABLISHMENT LEVEL(a), Income and Expenditure *continued*

| Items | SA | | WA | | TAS. | |
|--|---------|----------------|----------------|----------------|---------|--------------|
| | 1997-98 | 1998-99 | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Sales of electricity(b) | np | 1 413.6 | 1 554.1 | 1 571.7 | np | 796.9 |
| Sales of gas and gas by-products(b) | np | — | 7.3 | 14.9 | np | — |
| Sales of other goods | np | 21.8 | 2.9 | — | np | — |
| Service income | np | 660.8 | 71.7 | 121.5 | np | 128.5 |
| Government subsidies | np | 0.7 | 41.0 | 9.7 | np | np |
| Capital work done for own use | np | 71.4 | 27.7 | 8.9 | np | np |
| Turnover | np | 2 168.3 | 1 704.7 | 1 726.8 | np | 974.1 |
| Plus | | | | | | |
| Closing inventories | np | 24.9 | 62.4 | 77.9 | np | 10.0 |
| Less | | | | | | |
| Opening inventories | np | 26.7 | 78.4 | 61.5 | np | 10.7 |
| Less | | | | | | |
| Purchases | | | | | | |
| Materials, components, containers etc.(c)(d) | np | 131.8 | 27.0 | 23.0 | np | 41.4 |
| Fuels | np | 4.7 | 266.1 | 269.4 | np | 1.0 |
| Electricity | np | 481.2 | 70.3 | 65.1 | np | 270.3 |
| Gas (as a fuel) | np | 143.1 | 237.8 | 230.9 | np | — |
| Goods for resale(c) | np | — | 2.3 | — | np | — |
| Rent, leasing and hiring expenses | np | 10.1 | 10.2 | 13.7 | np | np |
| Freight and cartage expenses | np | 0.1 | 63.1 | 55.8 | np | np |
| Motor vehicle expenses | np | 1.0 | 6.1 | 6.2 | np | np |
| Repair and maintenance expenses | np | 20.5 | 4.4 | 8.4 | np | np |
| Payment for contract, sub-contract and commission work | np | 668.6 | 66.0 | 64.9 | np | np |
| Subsidy expenses | np | — | — | — | np | np |
| Purchases and selected expenses | np | 1 461.1 | 753.3 | 737.3 | np | 471.4 |
| Value added | np | 705.4 | 935.4 | 1 005.8 | np | 502.0 |

np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

(b) Includes transfers out to other establishments of the same management unit where appropriate.

(c) Includes transfers in from other establishments of the same management unit where appropriate.

(d) Includes minerals for further processing.

1.8ESTABLISHMENT LEVEL(a), Income and Expenditure *continued*

| Items | NT | | AUST. | |
|--|--------------|--------------|-----------------|-----------------|
| | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| | \$m | \$m | \$m | \$m |
| Sales of electricity(b) | 282.8 | 290.1 | 17 021.2 | 18 165.0 |
| Sales of gas and gas by-products(b) | 2.5 | — | 116.2 | 29.2 |
| Sales of other goods | — | — | 193.3 | 124.1 |
| Service income | 1.8 | 14.8 | 3 341.6 | 4 718.7 |
| Government subsidies | 31.7 | np | 253.6 | 328.1 |
| Capital work done for own use | — | np | 802.2 | 765.9 |
| Turnover | 318.8 | 334.3 | 21 728.0 | 24 131.0 |
| Plus | | | | |
| Closing inventories | 15.7 | 16.1 | 561.0 | 556.6 |
| Less | | | | |
| Opening inventories | 14.9 | 15.7 | 569.8 | 549.9 |
| Less | | | | |
| Purchases | | | | |
| Materials, components, containers etc.(c)(d) | 3.3 | 3.6 | 1 258.5 | 1 215.1 |
| Fuels | 85.1 | 77.1 | 1 640.8 | 1 663.5 |
| Electricity | 22.9 | 18.2 | 4 958.0 | 5 842.3 |
| Gas (as a fuel) | 82.5 | 85.0 | 461.7 | 496.5 |
| Goods for resale(c) | — | — | 184.9 | 270.8 |
| Rent, leasing and hiring expenses | 5.0 | np | 89.8 | 98.0 |
| Freight and cartage expenses | 0.1 | np | 90.9 | 59.4 |
| Motor vehicle expenses | 0.9 | np | 63.2 | 61.3 |
| Repair and maintenance expenses | 21.9 | np | 324.7 | 317.3 |
| Payment for contract, sub-contract and commission work | 5.6 | np | 2 740.4 | 3 661.6 |
| Subsidy expenses | 0.1 | np | 25.1 | 42.3 |
| Purchases and selected expenses | 227.5 | 216.3 | 11 838.1 | 13 728.2 |
| Value added | 92.1 | 118.4 | 9 881.1 | 10 409.6 |

— nil or rounded to zero (including null cells)

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

(b) Includes transfers out to other establishments of the same management unit where appropriate.

(c) Includes transfers in from other establishments of the same management unit where appropriate.

(d) Includes minerals for further processing.

INTRODUCTION

Over the past few years, the Australian gas supply industry has been transformed through processes of restructuring and privatisation. This industry is no longer the domain of State-based and State-regulated businesses, with the reform process resulting in the disaggregation of the majority of the State-owned utilities. This has provided opportunities for new gas suppliers to enter the market. In addition, the reforms have resulted in change in three key areas: the development of a national access regime; the removal of legislative and regulatory barriers to competition; and the structural reform of gas facilities and utilities. A Special Article which discussed some of the reforms appeared in the 1997–98 issue of *Electricity, Gas, Water and Sewerage Industries, Australia* (Cat. no. 8208.0).

An interesting trend that has emerged from the restructuring and reform process has been the diversification of energy businesses to enable them to provide customers with their complete energy needs. This has resulted in gas businesses expanding their operations through involvement into the electricity market, as well as electricity companies entering the gas market. The concept of State-based businesses has also changed with businesses now extending their customer bases across State borders as opportunities in national gas and electricity markets open up.

While the number of management units has remained stable over the past two years, there is evidence that restructuring is continuing. During the last few years as reforms were implemented, new units were created as the vertically integrated units were broken down, and in many cases these have been sold off to private businesses. More recently, this period of rationalisation has resulted in several businesses widening their networks through corporate takeovers, while a number of individual companies have restructured their operations to the point where activities not previously undertaken by gas businesses are now being included, as well as activities previously undertaken by gas businesses now being undertaken by non-gas businesses.

Caution should therefore be used when making comparisons of data over time.

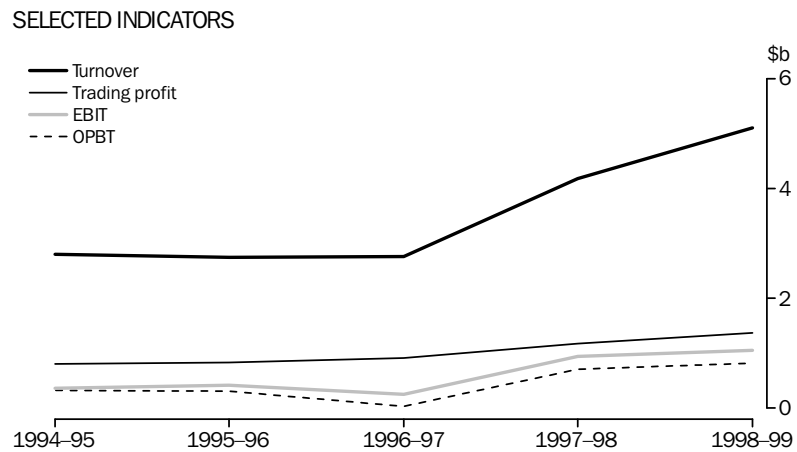
MANAGEMENT UNIT
PERFORMANCE
MEASURES

The current environment within the gas industry reflects the results of several years of restructuring beginning in the early 1990s. The formation of separate businesses to undertake transmission, distribution and other activities to replace vertically integrated businesses has resulted in the recording of transactions between transmitters, distributors and other specialist businesses. Such transactions were not recorded in the vertically integrated businesses. The effect on the statistics has been to substantially increase the value of 'gross' variables such as turnover and total expenses (and their component items) but to have a much lesser effect on 'net' variables such as industry value added (IVA) and operating profit before tax (OPBT). In general, changes to these net variables reflect improved efficiencies in the industry rather than changed industry structures. More recently, gas businesses have tended to widen their operations to

MANAGEMENT UNIT
PERFORMANCE
MEASURES *continued*

include activities not generally undertaken by the industry prior to restructuring. The effect of this on the statistics has been to increase the level of all variables. This is most noticeable in the increase in employment from 1997–98 to 1998–99.

The following graph shows changes in selected variables over the period 1994–95 to 1998–99 and in particular the substantial increases in turnover and OPBT.



Analysis of selected variables from 1994–95 to 1998–99 highlights the effects of restructuring. Over the past two years as State-owned utilities have been sold off, and new gas suppliers have entered the market, the increased demarcation between distribution, transmission and retail sales has resulted in turnover increasing significantly. This is primarily because each of these units is now selling gas or earning service income or transmission income. Previously, the costs of transmission and distribution were internal costs borne by State-owned public utilities. Profitability within the sector has risen slightly as the bottom line is still tempered by the offsetting effects of gas purchases or payments for transmission.

While the graph includes the effects of businesses incorporating non-gas activities into their operations, the primary changes are due to the disaggregation of functions across the industry. The drop in earnings before interest and tax and operating profit before tax in 1996–97 was because of a one-off payment by the then Gas and Fuel Corporation of Victoria, as a settlement of a dispute with Bass Strait producers Esso/BHPP over Petroleum Resource Rent Tax.

Data from the Gas Supply Collection, relating to the manufacture and distribution of gas, is available only at the national level since more detailed tables at State level may provide information about individual businesses or organisations. The Australian Bureau of Statistics (ABS) maintains confidentiality of the data provided to it, and as a result is unable to release such detailed information.

Employment, wages and salaries

Employment and wages and salaries in the gas supply industry continue to be affected by the changes caused by industry reforms. Employment increased by 12% to 3,073 persons in 1998–99 (up 335 persons on the 1997–98 figure). This increase was primarily attributable to industry restructuring with activity that was not previously undertaken by businesses in the gas supply industry now being included. Increases from this direction

MANAGEMENT UNIT
PERFORMANCE
MEASURES *continued*

were offset by a number of businesses reducing employee numbers as a result of takeover activities. Wages and salaries increased by \$31m (20%) to \$183m in 1998–99. The majority of this increase was due to the inclusion of activity that was previously classified to industries other than gas supply (ANZSIC 3620). However, takeover activity and rationalisation of other operations has also resulted in some genuine redundancies.

Income and expenditure

In 1998–99 sales of goods and services in the gas supply industry rose by \$918m (22%) from \$4.1b to \$5.0b. Data reported for 1997–98 showed significant increases in the value of several items such as sales of goods and services, freight and cartage expenses, and payment for contract, sub-contract and commission work. These increases were primarily due to industry restructuring which saw the emergence of new entities which were solely responsible for distribution of gas through gas networks, or for selling gas on a contract or commission basis. These entities predominantly received transmission income or commission income for sales as their major source of income from gas suppliers, while transmission expenses contributed to increased expenses. Prior to 1997–98, several entities were responsible for all aspects of distribution, transmission and retailing and such costs were absorbed into a single company's accounts. This situation has effectively stabilised in 1998–99 with these data items showing less dramatic changes from the data reported for 1997–98. Freight and cartage expenses increased by \$83m (10%) to \$936m while payment for contract, sub-contract and commission expenses decreased by \$62m (8%) to \$693m in 1998–99.

Much of the \$918m increase in sales of goods and services was attributable to the inclusion of wholesaling activity in the gas supply industry. This activity was previously excluded from the collection, however, restructuring of a number of management units has altered the reporting arrangements. The increase in sales was offset by an increase in purchases and selected expenses, which rose by \$776m (26%) to \$3.8b in 1998–99. In a similar manner to sales income, the primary contributor to the increase in purchases and selected expenses was a \$684m (64%) increase in the value of purchases. As previously mentioned, much of this increase is due to the inclusion of gas wholesaling activity, however, there has also been an increase in gas supply businesses buying and on-selling electricity in order to provide consumers with complete energy solutions.

The effects of these structural changes, particularly as they have affected the value of sales of goods and services and purchases of goods and materials, have been an increase in trading profit of \$196m (17%) to \$1.4b in 1998–99. In a similar manner the effects have been reflected in both earnings before interest and tax which increased by \$105m (11%) to \$1.0b, and operating profit before tax which increased by \$106m (15%) to \$819m.

Assets and liabilities

Restructuring continues to cause changes to the levels of industry assets and liabilities. Over the past two years there have been variations in the way assets have been valued, changes to the level of business liability and the sales of a number of assets. Furthermore, new businesses entering the Australian gas supply industry are including their own assets and liabilities which has contributed to fluctuations in both items. The inclusion of activity that was previously classified to wholesaling has also affected the level of assets and liabilities.

In 1998–99 the value of current assets decreased by \$161m (10%) to \$1.4b and current liabilities decreased by \$441m (24%) to \$1.4b, while non-current assets increased by

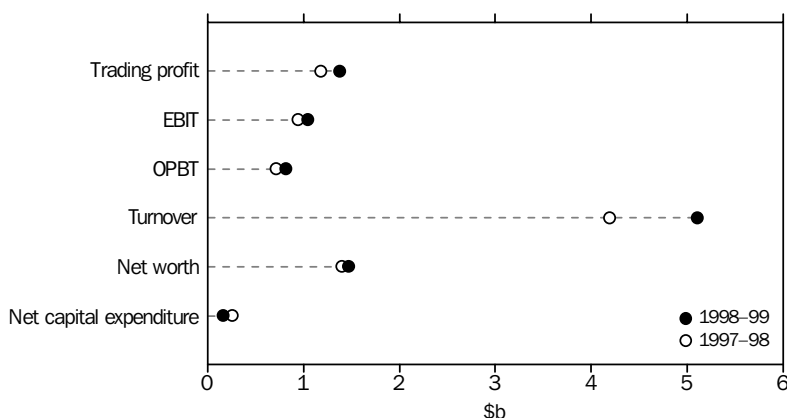
MANAGEMENT UNIT
PERFORMANCE
MEASURES *continued*

\$2.4b (53%) to \$7.0b and non-current liabilities increased by \$2.6b (91%) to \$5.5b in 1998–99. Net worth increased by just \$68m (5%) to \$1.5b in 1998–99.

Net capital expenditure

In 1998–99 net capital expenditure decreased by \$94m (37%) to \$160m. The main factor in the drop in net capital expenditure was a reduction in the capital expenditure on dwellings, buildings and other structures which fell by \$94m (45%) to \$115m in 1998–99.

SELECTED INDICATORS



Performance measures

Selected performance measures are presented below. However, readers should note that restructuring would have affected these measures and that some caution is required when using them (see paragraphs 17–23 of the Explanatory Notes).

Some of the main features for performance measures in the gas industry in 1998–99 were:

- trading profit margin decreased only slightly from 29% to 27%;
- return on funds decreased from 22% to 15%;
- liquidity ratio increased from 0.8 to 1.0 times;
- debts to assets increased from 77% to 82%; and
- acquisitions to disposals decreased from 30.8 times to 7.8 times.

ESTABLISHMENT
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Many of the changes outlined for data at the management unit level are mirrored in the data at establishment level. The number of units has increased slightly from 23 to 25 mainly due to restructuring.

SUMMARY OF OPERATIONS

| | 1996–97 | 1997–98 | 1998–99 |
|---------------------------------|---------|---------|---------|
| Establishments at 30 June (no.) | 14 | 23 | 25 |
| Employment at 30 June (no.) | 4 784 | 3 281 | 3 002 |
| Wages and salaries (\$m) | 299.1 | 171.0 | 175.3 |
| Turnover (\$m) | 2 941.5 | 4 206.3 | 4 914.1 |
| Value added (\$m) | 1 482.5 | 1 413.4 | 1 552.3 |

ESTABLISHMENT
PERFORMANCE
MEASURES *continued*

Employment, wages and salaries

Employment in the gas supply industry at establishment level at 30 June 1999 was down 279 persons (9%) to 3,002 persons. Wages and salaries rose by \$4m (3%) to \$175m. The effects of inclusion of non-gas activities that was observed at management unit level (i.e. an increase in employment) did not occur at establishment level because these activities are generally carried out at other establishments (i.e. establishments which do not have gas transmission or distribution as their main activity and are therefore classified to other industries).

The number of employees on new construction remained quite low dropping 24 persons (27%) to 66 persons. Much of the activity associated with new construction remains classified to industries other than gas supply (e.g. construction industries) following industry restructuring over the past few years.

Income and expenditure

Turnover in the gas supply industry during 1998–99 increased by \$708m (17%) from \$4.2b to \$4.9b at establishment level. The continuing restructuring has resulted in increases to both the value of sales of gas and purchases of gas as a direct consequence of an increased number of entities within the chain of transmission, distribution and retail sale of gas, each buying and/or selling gas, or involved in transmission or distribution functions. In addition, freight and cartage expenses rose by \$82m (10%) to \$922m.

Value added rose by \$139m (10%) from \$1.4b to \$1.6b during 1998–99.

2.1 MANAGEMENT UNITS (a), Employment and Labour Ratios—At 30 June

| <i>Items</i> | 1997- 98 | 1998- 99 |
|---|-------------|-------------|
| | | |
| Management units (<i>no.</i>) | 18 | 18 |
| Employment (<i>no.</i>) | 2 738 | 3 073 |
| Persons employed per management unit (<i>no.</i>) | 152.1 | 170.7 |
| Labour ratios | | |
| Profit to employment (\$'000/ <i>employee</i>) | 260.5 | 266.5 |
| Industry value added | | |
| To employment (\$'000/ <i>employee</i>) | 441.6 | 456.9 |
| To selected labour costs (<i>times</i>) | 7.2 | 7.1 |
| Selected labour costs | | |
| To employment (\$'000/ <i>employee</i>) | 61.1 | 64.7 |
| | | |

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

2.2**MANAGEMENT UNITS (a), Income and Expenditure**

| | 1997– 98 | 1998– 99 |
|---|----------------|----------------|
| <i>Items</i> | \$m | \$m |
| | | |
| Sales of goods and services(b) | 4 112.5 | 5 030.6 |
| Less | | |
| Purchases of goods and materials | 1 072.3 | 1 756.2 |
| Rent, leasing and hiring expenses | 33.8 | 40.0 |
| Freight and cartage expenses | 853.1 | 936.0 |
| Motor vehicle expenses | 8.6 | 13.8 |
| Repair and maintenance expenses | 36.1 | 34.9 |
| Payment for contract, sub-contract and commission work | 754.6 | 692.7 |
| Other selected expenses | 226.3 | 287.2 |
| <i>Purchases and selected expenses</i> | <i>2 984.8</i> | <i>3 760.7</i> |
| Plus | | |
| Opening inventories | 24.7 | 21.4 |
| Less | | |
| Closing inventories | 11.1 | 61.1 |
| <i>Cost of sales</i> | <i>2 998.4</i> | <i>3 720.9</i> |
| Plus | | |
| Capitalised purchases | 65.8 | 66.5 |
| Trading profit | 1 179.9 | 1 376.2 |
| Plus | | |
| Government subsidies | 4.8 | 4.8 |
| Interest income | 17.7 | 19.3 |
| Other income | 128.8 | 84.7 |
| Less | | |
| Wages and salaries | 151.8 | 182.5 |
| Superannuation | 13.4 | 13.9 |
| Workers compensation | 2.1 | 2.5 |
| <i>Selected labour costs</i> | <i>167.2</i> | <i>198.9</i> |
| Less | | |
| Depreciation | 215.3 | 222.2 |
| Insurance premiums | 4.2 | 6.8 |
| Royalties expenses | — | — |
| Bad debts | 9.1 | 12.8 |
| Plus | | |
| Capitalised wages | 7.2 | 3.6 |
| Earnings before interest and tax | 942.5 | 1 047.9 |
| Less | | |
| Interest expenses | 229.4 | 229.0 |
| Operating profit before tax | 713.2 | 818.9 |

— nil or rounded to zero (including null cells)

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

(b) Includes rent, leasing and hiring income.

2.3

MANAGEMENT UNITS(a), Industry Value Added

| <i>Items</i> | 1997– 98 | 1998– 99 |
|--------------------------------------|----------------|----------------|
| | | |
| Sales of goods and services(b) (\$m) | 4 112.5 | 5 030.6 |
| Government subsidies (\$m) | 4.8 | 4.8 |
| Capital work done for own use (\$m) | 73.1 | 70.1 |
| Turnover (\$m) | 4 190.3 | 5 105.5 |
| Plus | | |
| Closing inventories (\$m) | 11.1 | 61.1 |
| Less | | |
| Opening inventories (\$m) | 24.7 | 21.4 |
| Less | | |
| Capitalised purchases (\$m) | 65.8 | 66.5 |
| Less | | |
| Intermediate input expenses (\$m) | 2 901.8 | 3 674.7 |
| Industry value added (\$m) | 1 209.1 | 1 404.1 |

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

(b) Includes rent, leasing and hiring income.

2.4

MANAGEMENT UNITS(a), Assets and Liabilities

| <i>Items</i> | 1997– 98 | 1998– 99 |
|-------------------------------|----------------|----------------|
| | | |
| Assets | | |
| Current assets | | |
| Closing inventories (\$m) | 11.1 | 61.1 |
| Other current assets (\$m) | 1 532.3 | 1 321.4 |
| Non-current assets (\$m) | 4 539.4 | 6 951.5 |
| Total (\$m) | 6 082.9 | 8 334.0 |
| Liabilities | | |
| Current liabilities (\$m) | 1 810.2 | 1 369.4 |
| Non-current liabilities (\$m) | 2 872.0 | 5 495.5 |
| Total (\$m) | 4 682.2 | 6 864.8 |
| Net worth (\$m) | 1 400.8 | 1 469.2 |

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

2.5 MANAGEMENT UNITS(a), Capital Expenditure(b)

| <i>Items</i> | 1997– 98 | 1998– 99 |
|---|--------------|--------------|
| | \$m | \$m |
| Capital expenditure on | | |
| Land | 0.2 | 0.1 |
| Dwellings, other buildings and structures | 209.1 | 115.3 |
| Plant, machinery and equipment | 53.0 | 68.0 |
| <i>Total acquisitions</i> | 262.2 | 183.3 |
| Disposal of assets | 8.5 | 23.6 |
| Net capital expenditure | 253.7 | 159.7 |

- (a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.
 (b) Includes capital work done for own use.

2.6 MANAGEMENT UNITS(a)(b), Selected Performance Measures

| <i>Items</i> | 1997– 98 | 1998– 99 |
|--|-------------|-------------|
| Turnover | | |
| Asset turnover (<i>times</i>) | 0.7 | 0.6 |
| Profitability | | |
| Trading profit margin (%) | 28.7 | 27.4 |
| Return on funds (%) | 22.1 | 15.0 |
| Return on assets (%) | 11.7 | 9.8 |
| Liquidity | | |
| Liquidity ratio (<i>times</i>) | 0.8 | 1.0 |
| Current ratio (<i>times</i>) | 0.9 | 1.0 |
| Debt | | |
| Interest coverage (<i>times</i>) | 4.1 | 4.6 |
| Debt to assets (%) | 77.0 | 82.4 |
| Capital expenditure | | |
| Acquisitions to disposals ratio (<i>times</i>) | 30.8 | 7.8 |
| Net capital expenditure to assets (%) | 4.2 | 1.9 |

- (a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.
 (b) For 'labour ratios' see table 2.1.

2.7 ESTABLISHMENT LEVEL(a), Employment—At 30 June

| <i>Items</i> | 1997– 98 | 1998– 99 |
|--|-------------|-------------|
| Establishments(b) (<i>no.</i>) | 23 | 25 |
| Employment | | |
| Males (<i>no.</i>) | 2 424 | 2 222 |
| Females (<i>no.</i>) | 857 | 780 |
| Persons (<i>no.</i>) | 3 281 | 3 002 |
| Persons employed per establishment (<i>no.</i>) | 142.7 | 120.1 |
| Employees engaged on new construction (\$ <i>m</i>) | 90 | 66 |
| Wages and salaries | | |
| All employees (\$ <i>m</i>) | 171.0 | 175.3 |
| Employees engaged on new construction (\$ <i>m</i>) | 4.0 | 2.8 |

- (a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.
- (b) Number of gas establishments operating at 30 June 1999 for the States and Territories were: New South Wales—6; Victoria—5; Queensland—5; South Australia—3; Western Australia—2; Tasmania—0; Northern Territory—2; Australian Capital Territory—2.

2.8

ESTABLISHMENT LEVEL(a), Income and Expenditure

| | 1997– 98 | 1998– 99 |
|---|----------------|----------------|
| <i>Items</i> | \$m | \$m |
| | | |
| Sales of gas and gas by-products(b) | 2 656.2 | 3 431.7 |
| Sales of electricity(b) | 4.6 | 71.9 |
| Sales of other goods(b) | 47.7 | 33.4 |
| Service income(c) | 1 474.7 | 1 368.3 |
| Government subsidies | 4.8 | 4.8 |
| Capital work done for own use | 18.4 | 4.1 |
| Turnover | 4 206.3 | 4 914.1 |
| Plus | | |
| Closing inventories | 18.7 | 55.7 |
| Less | | |
| Opening inventories | 33.3 | 20.4 |
| Less | | |
| Purchases | | |
| Materials, components, containers etc.(d) | 30.9 | 16.8 |
| Fuels | 0.4 | 0.1 |
| Electricity | 4.8 | 51.8 |
| Gas | 1 012.1 | 1 611.6 |
| Goods for resale | 42.8 | 27.6 |
| Rent, leasing and hiring expenses | 39.1 | 39.7 |
| Freight and cartage expenses | 840.1 | 921.8 |
| Motor vehicle expenses | 9.9 | 13.1 |
| Repair and maintenance expenses | 29.1 | 34.5 |
| Payment for contract, sub-contract and commission work | 769.2 | 680.1 |
| <i>Purchases and selected expenses</i> | <i>2 778.3</i> | <i>3 397.1</i> |
| Value added | 1 413.4 | 1 552.3 |
| | | |

- (a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.
- (b) Includes transfers out to other establishments of the same management unit where appropriate.
- (c) Includes rent, leasing and hiring income.
- (d) Includes transfers in from other establishments of the same management unit where appropriate.

INTRODUCTION

1998–99 data for the Australian water supply and sewerage and drainage services industries presented in this publication include operations by private and public trading enterprises. However, they exclude the operations of business units which provide the relevant services but which have general government as their main activity. Typically, the type of unit which has not been included would be a water supply operation carried out by a local government authority.

In a manner similar to the electricity and gas industries, the water and sewerage industries have also been experiencing the effects of reform. A special article discussing issues associated with the reform process appeared in the 1997–98 issue of *Electricity, Gas, Water and Sewerage Industries, Australia* (Cat. no. 8208.0).

MANAGEMENT UNIT
PERFORMANCE
MEASURES

The 1998–99 Economic Activity Survey collected data at management unit level only (see paragraphs 10–15 of the Explanatory Notes) for those water and sewerage industries in scope of the survey.

Employment, wages and salaries

At 30 June there were 99 management units in Australia in the water and sewerage industries. Employment in these industries was reported as 12,550 persons in 1998–99. Wages and salaries paid was \$615m during the reference period. Selected labour costs (which includes wages and salaries, superannuation, workers' compensation and costs) was \$675m in 1998–99.

Income and expenditure

Turnover in 1998–99 was \$5.3b. Sales of goods and services accounting for \$5.0b. Trading profit was reported as \$3.0b with the value of purchases and selected expenses being \$2.0b. Earnings before interest and tax was \$2.2b while operating profit before tax was reported as \$1.9b for the water and sewerage industries. Industry value added was \$3.2b for the reference period.

Assets and liabilities

The total value of assets in the water and sewerage industries was \$41.8b while the total value of liabilities was \$7.2b. This resulted in a total net worth of \$34.5b.

Net capital expenditure

The value of acquisitions of fixed tangible assets in 1998–99 was \$1.5b while the value of disposals was \$43m. This resulted in a net capital expenditure of \$1.5b for the reference period.

3.1 MANAGEMENT UNITS(a), Summary of Financial Details

| | 1998– 99 |
|----------------------------------|-------------|
| <i>Items</i> | \$m |
| | |
| Income and expenditure | |
| Sales of goods and services | 4 997.8 |
| Purchases and selected expenses | 2 034.3 |
| Trading profit | 2 960.1 |
| Selected labour costs | 674.7 |
| Earnings before interest and tax | 2 179.5 |
| Operating profit before tax | 1 887.4 |
| Turnover | 5 263.6 |
| Industry value added | 3 190.0 |
| Assets and liabilities | |
| Total assets | 41 750.1 |
| Total liabilities | 7 219.6 |
| <i>Net worth</i> | 34 530.4 |
| Capital expenditure | |
| Total acquisitions | 1 493.6 |
| Net capital expenditure | 1 450.8 |

(a) See Explanatory Notes, 'Statistical units', paragraphs 10–15.

EXPLANATORY NOTES

INTRODUCTION

1 The range of financial statistics appearing in this publication have been derived from the 1998–99 Census of Electricity and Gas Operations and the 1998–99 Economic Activity Survey for Water and Sewerage data. These collections aim to meet the demands of users who require annual financial statistics which can be related to other industry sectors in Australia on a consistent basis.

2 The collection of electricity, gas, water and sewerage data is conducted as a component of the ABS integrated economic statistics system. Data from each industry sector conform to the same basic conceptual standards, allowing comparative analysis between and across different industry sectors.

3 The findings for 1997–98 are now final and replace those previously issued in the 1997–98 issue of *Electricity, Gas, Water and Sewerage Industries, Australia* (Cat. no. 8208.0) released on 30 September 1999.

SCOPE

4 The 1993 edition of the *Australian and New Zealand Standard Industrial Classification (ANZSIC)* (Cat. no. 1292.0) has been used to classify management units (and establishments) included in the Census of Electricity and Gas Operations and the Water and Sewerage Survey.

5 The Census of Electricity and Gas Operations covers those management units and establishments mainly engaged in the generation, transmission or distribution of electricity (ANZSIC Class 3610); and the manufacture of town gas from coal and/or petroleum, or the mains distribution of town gas, natural gas or liquefied petroleum gas (ANZSIC Class 3620). Note that management units and establishments mainly engaged in the distribution of liquefied petroleum gas in bulk or in containers are classified to petroleum product wholesaling (ANZSIC Class 4521). The Water and Sewerage Survey covers those management units mainly engaged in the storage, purification or supply of water, or the operation of sewerage or drainage systems, including sewage treatment plants (ANZSIC Class 3701: Water Supply, and Class 3702: Sewerage and Drainage Services).

6 Electricity generation is sometimes undertaken within a location mainly engaged in other activities (e.g. a manufacturing establishment) solely, or in part, to provide power for those activities. Statistics relating to electricity generation in this situation are not treated as part of the electricity industry and therefore are not included in this publication, unless sales or transfers out of electricity exceed a specific value (\$7.3m in 1997–98 and 1998–99). The statistics do include details relating to separate locations of a management unit mainly engaged in producing electricity for use by other locations of the management unit (e.g. for use by a separately located manufacturing establishment).

7 Prior to recent industry reforms, the electricity industry was largely vertically integrated i.e. the activities of generation, transmission and distribution of electricity were conducted within a single management unit. With restructuring, these activities are more often conducted by separate management units. This has resulted in increases to some data items e.g. the sale of electricity may be recorded by both generator and distributor.

SCOPE *continued*

8 The gas industry has also recently undergone industry reforms leading to restructuring and privatisation. In a similar fashion to the electricity industry the activities of transmission, distribution and other activities (e.g. retailing) are now being carried out by separate management units. This has resulted in increases to some data items e.g. sale of gas may be recorded by both distributors and retailers.

9 Data for the Australian water and sewerage industries for 1998–99 has been derived from the annual Economic Activity Survey. The scope of this collection differs from information presented in previous years which was collected via the Water and Sewerage Survey which includes all businesses classified to the water and sewerage industries on the ABS Business Register. The annual Economic Activity Survey, however, excludes businesses classified to the General Government sector although Public Trading Enterprises are included. As a result of this variation in scope the data for previous years is not directly comparable with the data presented for 1998–99.

STATISTICAL UNITS

10 The basic units for which statistics are reported in ABS integrated industry collections are the management unit and the establishment.

11 The management unit is the highest-level unit within a business, having regard to industry homogeneity requirements, for which accounts are maintained; in nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, sole operator etc.). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a division or line of business. A management unit is recognised where separate and comprehensive accounts are compiled for it.

12 The establishment is the smallest accounting unit of a business, within a State or Territory, controlling its productive activities and maintaining a specified range of detailed data including data enabling value added to be calculated. In general an establishment covers all operations at a physical location, but may consist of a group of locations provided they are within the same State or Territory and classified to a single industry. The majority of establishments operate at one location only.

13 This publication presents industry statistics which are compiled differently from activity statistics. Each management unit or establishment is classified to a single industry irrespective of any diversity of activities undertaken. The industry allocated is the one which provides the main source of income. This means that a management unit which derives most of its income from electricity generation activities would have all operations included in the aggregates and ratios for the electricity industry group, even if significant secondary activities (e.g. water supply, coal mining, retailing) were undertaken. For example, the water and sewerage data collected for the Australian Capital Territory and the Northern Territory excludes their major water suppliers, since at the management unit level they are classified as part of the electricity industry.

14 The differences in definition of management unit and establishment often result in different values being obtained for certain data items. For example, employment at the establishment level only includes those employees that are involved in that industry whilst employment at the management unit level includes all employees of that business unit. This often includes employees who would be included in a different industry at the establishment level (e.g. retail sales staff, head office staff).

15 Separately located administrative offices and ancillary units such as storage premises, laboratories and producers' sales branches continue to have their

STATISTICAL UNITS *continued*

activities included with electricity or gas activities unless these ancillaries constitute a separate accounting unit, in which case they are defined as a separate establishment.

REFERENCE PERIOD

16 The period covered by the collection is in general the 12 months ended 30 June. Where businesses are unable to supply information on this basis, the substitute accounting period is used for data other than that relating to employment.

COMPARABILITY WITH
PREVIOUS STATISTICS

17 Commencing with estimates for 1997–98, under international standards, contribution to gross domestic product (GDP) by electricity, gas, water and sewerage industries has been measured by the variable 'industry value added' (IVA). Estimates for IVA measure the value added by an industry to the intermediate inputs used by that industry. Under the previous standards, the corresponding contribution to GDP was measured by the variable 'industry gross product' (IGP) at the management unit level. It should be noted that IVA is not the same variable as 'value added' which is published at the establishment level. The composition of 'value added' has not changed under the new standards.

INDUSTRY PERFORMANCE
RATIOS

18 A range of performance measures, usually referred to as 'ratios', can be produced from the data available from profit and loss statements and balance sheets of businesses. This publication presents only a selection of these for the electricity and gas industries. While these are a very useful way of presenting summaries of performance, users of these statistics should note the limitations referred to below before making any judgments based on these results. Comment from analysts on the need for, and use of, these or other measures would be welcomed by the ABS.

19 Users should take particular note of the following limitations in respect of the ratios presented in this publication.

20 The usefulness of the ratios for analytical purposes depends on how they are calculated. Comparison between industries on a total industry basis may be best served by the estimates presented herein, i.e. based on industry estimates for numerators and denominators. Users should be aware that assessment of individual business performance based on comparisons with industry estimates may be misleading for other reasons. There may be circumstances peculiar to the business in question which should be taken into account. For example, whether it is undertaking a program of expansion, contraction, diversification or amalgamation during the period under review. Analysis of movements in performance indicators of the business and industry over a number of years would be more appropriate.

21 Differences in accounting policy and practices across businesses and industries and changes over time lead to some inconsistencies in the data input to these estimates. While much of the accounting process is subject to standards, there is still a great deal of flexibility left to managers in the accounting policy and practices they adopt. For example, acceptable methods of asset valuation include historical cost, replacement cost and current market value. The timing of asset revaluations also varies considerably across businesses. The way profit is measured is affected by management policy on such things as depreciation rates, bad debt provisions and write-off and goodwill write-off. The varying degree to which businesses decide to consolidate their accounts may affect the quality of the ratios calculated. In general, the effect of consolidation is to 'net out' some of the transactions between related business units and this may distort some ratios.

INDUSTRY PERFORMANCE

RATIOS *continued*

22 Finally, use of a single ratio in any analysis is to be avoided because it could be misleading. Often the interpretation of one ratio is influenced by the value of others. The above limitations are not meant to imply that analysis based on ratios should be avoided. However, they should be borne in mind when making any commentary or decisions based on these types of statistics.

23 The ratios presented in this publication are categorised as follows:

- turnover ratios indicate the efficiency of selling activities (including the sale of services as well as goods);
- profitability ratios measure rates of profit on sales, funds and assets;
- liquidity ratios measure the ability of businesses to meet short-term financial obligations, i.e. how quickly can it convert selected assets into cash;
- debt ratios indicate the extent to which debt is used as an alternative to financing through equity and the ability of businesses to meet the cost of such financing;
- labour ratios measure the relative profitability and costs of labour; and
- capital expenditure ratios indicate the ability and extent to which businesses invest in capital assets.

24 A further explanation of each ratio can be found in the Glossary.

RELIABILITY OF ESTIMATES

25 Data presented in this publication for ANZSIC Division D, Subdivision 37 (Water Supply, Sewerage and Drainage Services) are based on information collected from a sample of businesses and are, therefore, subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all businesses in the population. One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because the data were obtained from only a sample of units. There are about 2 chances in 3 that a sample estimate will differ by less than one SE from the figure that would have been obtained if the data had been obtained from all units, and about 19 chances in 20 that the difference will be less than two SEs.

26 The imprecision due to sampling variability, which is measured by the SE, should not be confused with inaccuracies that may occur because of inadequacies in available sources from which the population frame was compiled, imperfections in reporting from providers, errors made in collection such as recording and coding data, and errors made in processing data. Inaccuracies of this kind are referred to collectively as non-sampling error and they may occur in any enumeration, whether it be a census or a sample survey. Every effort is made to reduce non-sampling error to a minimum by careful design of questionnaires, editing processes, and efficient operating procedures.

GENERAL ACKNOWLEDGMENT

27 ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is appreciated: without it, the wide range of statistics published by the ABS would not be available. Information received by the ABS is treated in strict confidence as required by the *Census and Statistics Act 1905*.

EXTERNAL ORGANISATIONS

28 There are a number of external organisations that collect and present data about their respective industries. Should users require further details about these industries, it is recommended that the organisations be contacted directly. Users may contact them at the following addresses:

EXTERNAL ORGANISATIONS

continued

- Electricity Supply Association of Australia
Level 11, 74 Castlereagh Street, Sydney, NSW 2000
telephone 02 9233 7222
facsimile 02 9233 7244
- Australian Gas Association
Level 3, 7–9 Moore Street, Canberra, ACT 2601
telephone 02 6247 3955
facsimile 02 6249 7402
email canberra@gas.asn.au
- Australian Water and Wastewater Association
PO Box 388, Artarmon, NSW 1570
telephone 02 9413 1288
- Water Services Association of Australia
Level 7, 469 Latrobe Street, Melbourne, Vic. 3000
telephone 03 9606 0678
facsimile 03 9606 0376
email info@wsaa.asn.au
- Productivity Commission
PO Box 80, Belconnen, ACT 2616
telephone 02 6240 3251
facsimile 02 6240 3399

29 The following publications provide key data for the electricity, gas and urban water supply industries in Australia:

- Electricity Supply Association of Australia, 2000, *Electricity Australia* (annual), ESAA, Sydney
- Australian Gas Association, *Gas Statistics, Australia* (annual), AGA, Canberra
- Water Services Association of Australia, *Australia's Urban Water Industry: WSAA Facts*, WSAA, Melbourne

RELATED PUBLICATIONS AND
AVAILABILITY OF
UNPUBLISHED STATISTICS

Related publications

- 30** Users may also wish to refer to the following publications:
- Australians and the Environment* (Cat. no. 4601.0) contains information on renewable energy, stormwater and sewage, and greenhouse gas emissions.
 - Australia's Environment* (Cat. no. 4613.0) presents a broad selection of environmental statistics and information which illustrate topical environmental issues. Themes include land use; energy use; marine and freshwater systems; waste and pollution. First release expected November 2000.
 - Australia's Environment: Issues and Facts* (Cat. no. 4140.0) includes sections on greenhouse gas emission controls, sources and occurrences as well as Australia's natural resources, water and energy.
 - Business Operations and Industry Performance, Australia* (Cat. no. 8140.0)
 - Directory of Electricity, Gas, Water and Sewerage Statistics* (Cat. no. 1140.0). First release expected December 2000.
 - Electricity, Gas, Water and Sewerage Industries, Australia* (Cat. no. 8208.0)
 - Energy Accounts* (Cat. no. 4604.0) focuses on Australian energy bearing resources such as petroleum, coal etc. with flow accounts showing movement of energy in quantity terms through economic sectors.
 - Environment Expenditure, Local Government, Australia* (Cat. no. 4611.0) focuses on local governments and highlights financial transactions made by local government on environmental issues.

RELATED PUBLICATIONS AND
AVAILABILITY OF
UNPUBLISHED STATISTICS

continued

Environment Protection Expenditure, Australia (Cat. no. 4603.0)
Environmental Issues: People's Views and Practices (Cat. no. 4602.0)
includes data on household water conservation practices.
Household Expenditure Survey, Australia: Summary of Results
(Cat. no. 6530.0) includes expenditure on fuel and power, and on water
and sewerage rates.
*Housing and Infrastructure in Aboriginal and Torres Strait Islander
Communities, Australia* (Cat. no. 4710.0) contains summary information
on the infrastructure of all discrete Indigenous communities including
water, electricity, sewerage, drainage and solid waste.
Manufacturing Industry, Australia (Cat. no. 8221.0)
Manufacturing Production, Australia (Cat. no. 8301.0) (quarterly) which
includes details of the production (quantity) of important manufactured
commodities (including electricity and gas)—issued approximately four
weeks after the month to which it relates.
Mining, Electricity and Gas Operations, Australia, Preliminary
(Cat. no. 8401.0)
Water Account for Australia (Cat. no. 4610.0) provides quantitative data on
a national and State level, e.g. volume of surface and ground water assets
(stocks) and supply and use of water by various industries as well as
monetary data linked to the use of water resources and some supply and
sustainability indicators.

31 Current publications produced by the ABS are listed in the Catalogue of
Publications and Products (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 Release Advice are available
from any ABS office.

Unpublished statistics

32 The statistics presented in this publication represent only a portion of the
information which is available from the Census of Electricity and Gas Operations
and the Water and Sewerage Survey. Unpublished information can generally be
made available on request, subject to quality and confidentiality guidelines
associated with the release of such data. The charges for these services vary
according to the time required to extract, tabulate and evaluate the data.

33 Inquiries should be made to the officer named in the Inquiries section at
the front of this publication.

ROUNDING

34 Where figures have been rounded, discrepancies may occur between the
sum of component items and the total.

GLOSSARY

As the data presented in this publication have been compiled from the standard financial accounts of businesses, the definition of each reported item aligns closely with that adopted in standard business accounting practice. In those instances where more than one standard or definition is available, the following paragraphs indicate which one has been chosen.

| | |
|----------------------------------|---|
| Acquisitions to disposals | The number of times that dollars spent on acquiring assets exceed dollars received for disposal of assets i.e. total acquisitions/total disposals. |
| Asset turnover ratio | A measure of the number of times the value of sales exceeds the value of assets i.e. sales of goods and services/total assets. |
| Bad debts | Represents the amount of bad debts written off, net of bad debts previously written off but recovered. |
| Capital expenditure | Includes all capitalised costs and progress payments made to contractors for capital work on land, dwellings, buildings and structures, and plant, machinery and equipment (both new and second-hand). |
| Capitalised purchases | Goods drawn from inventories for use as fixed tangible assets in capital work done for own use. |
| Capitalised wages | Capitalised payments for work done by own employees in manufacturing, constructing or installing assets. |
| Capital work for own use | <p>Work done by the employees or proprietors of a business for use by the business or for rental or lease to other businesses. The main types of work are manufacturing, constructing, installing or repairing assets and development of computer software.</p> <p>Conceptually, this item should also include own account production of literary, entertainment or artistic originals. However, these activities are relatively unimportant for the electricity, gas, water and sewerage industries and have not been measured for these industries.</p> |
| Cost of sales | The sum of purchases, selected expenses and opening stocks minus closing stocks. |
| Current assets | Refers to the value of closing trading inventory (i.e. at the end of the financial year) plus the value of other current assets such as cash, short-term deposits, prepayments and short-term loans to employees. |
| Current liabilities | The book value of current liabilities at the end of the financial year. This includes provisions for taxation, leave, claims, trade creditors, other accounts payable and bank overdrafts. |
| Current ratio | The number of times current assets exceed current liabilities i.e. current assets/current liabilities. |
| Debt to assets | The percentage of assets financed by debt as opposed to equity i.e. (total liabilities/total assets) x 100. |
| Depreciation | Includes depreciation allowed on buildings and other fixed tangible assets. |
| Disposal of assets | Includes the proceeds from the sale of land, dwellings, buildings, plant, machinery and equipment. |

| | |
|--|---|
| Earnings before interest and tax (EBIT) | A measure of profit prior to the deduction of interest expenses and income tax. |
| Employment | Includes working proprietors, working partners, permanent, part-time, temporary and casual employees, employees on paid leave and managerial and executive employees working for the business during the last pay period ending in June. |
| Establishments at 30 June | Refers to the number of establishments in operation at 30 June. |
| Freight and cartage expenses | Excludes cost of delivery by own vehicles and employees, and also excludes overseas freight. For gas supply industry includes transmission expenses. (For electricity industry transmission expenses are included in payment for contract expenses.) |
| Government subsidies | Includes bounties, subsidies and export grants. |
| Industry value added (IVA) | <p>IVA represents the value added by an industry to the intermediate inputs used by the industry. IVA is the measure of the contribution by electricity, gas, water and sewerage industries at management unit level to gross domestic product. At establishment level a different value added measure is compiled, known simply as 'value added'.</p> <p>The derivation of IVA is as follows:</p> <p style="margin-left: 40px;">Turnover <i>Plus</i> Closing inventories <i>Less</i> Opening inventories <i>Less</i> Capitalised purchases <i>Less</i> Intermediate input expenses <i>Equals</i> IVA</p> <p>However, it should be noted that IVA is not a measure of operating profits before tax. Wages, salaries and most other labour costs are not taken into account in its calculation and nor are most insurance premiums, interest expenses or depreciation and a number of lesser expenses.</p> |
| Industry value added to employment | The average amount, expressed in thousands of dollars, of industry value added for each employee, working proprietor and working partner i.e. industry value added/employment. |
| Industry value added to selected labour costs | The average amount of the value of each dollar of value added generated by each dollar input of labour i.e. industry value added/selected labour costs. |
| Insurance premiums | Includes premiums for fire, general, accident, optional third-party and comprehensive motor vehicle insurance. |
| Interest coverage | The number of times that businesses can meet their interest expenses from their earnings before interest i.e. earnings before interest and tax/interest expenses. |
| Interest expenses | Includes interest paid on loans from banks, finance companies, insurance companies and related companies. |
| Interest income | Includes interest received from bank accounts, loans and finance leases, and earnings on discounted bills. |

| | |
|---|--|
| Intermediate inputs | <p>Intermediate inputs consist of materials and certain services which are used up in the production process. Definitions of relevant component items are also included in this glossary. It is calculated as follows:</p> <p style="padding-left: 40px;">Intermediate input expenses</p> <p style="padding-left: 80px;"><i>Plus</i></p> <p style="padding-left: 120px;">Opening inventories of raw materials, fuels, containers, etc.</p> <p style="padding-left: 80px;"><i>Less</i></p> <p style="padding-left: 120px;">Closing inventories of raw materials, fuels, containers, etc.</p> <p style="padding-left: 40px;"><i>Equals</i></p> <p style="padding-left: 80px;">Intermediate inputs</p> |
| Intermediate input expenses | <p>Includes two categories of operating expenses:</p> <ul style="list-style-type: none"> ■ purchases of goods, materials and services used in production; and ■ expenses related to the sale of goods and administrative expenses. <p>Purchase of goods, materials and services used in production includes:</p> <ul style="list-style-type: none"> ■ purchases of goods and materials; ■ motor vehicle expenses, freight and cartage expenses, repair and maintenance expenses; ■ rent, leasing and hiring expenses (except for finance leases); ■ payment for contract, subcontract and commission expenses. <p>This category of operating expenses is included in value added produced at mining establishment level.</p> <p>Expenses related to the sale of goods and administrative expenses:</p> <ul style="list-style-type: none"> ■ the main expenses in this second group are advertising expenses, audit and accounting expenses, bank fees and charges (except interest), cleaning expenses, environmental protection expenses, intellectual property royalty expenses, legal fees, management fees, paper, printing and stationery expenses, postal and telecommunication expenses, staff training expenses and travelling, accommodation and entertainment expenses. |
| Inventories—Opening and closing | <p>The value of all inventories (known as 'stocks' in earlier publications) finished goods, work-in-progress, raw materials, fuels, containers, etc. at the beginning and end of the financial year, respectively. Previously called 'opening and closing stocks'.</p> |
| Liquidity ratio | <p>The number of times current assets other than stocks exceed current liabilities i.e. (current assets – closing stocks)/current liabilities.</p> |
| Management units at 30 June | <p>Refers to the number of management units in operation at 30 June.</p> |
| Motor vehicle expenses | <p>Includes expenditure on registration fees, compulsory third-party insurance, fuel and repairs.</p> |
| Net capital expenditure | <p>The difference between total acquisitions and disposals of assets.</p> |
| Net capital expenditure to assets | <p>The percentage of the total book value of assets spent on net capital expenditure i.e. (net capital expenditure/total assets) x 100.</p> |
| Net worth | <p>Total assets minus total liabilities and is equal to the interest of shareholders or other owners in the assets of the business.</p> |
| Non-current assets | <p>The book value of non-current assets at the end of the financial year. This includes plant and machinery needed for normal operations, capitalised interest, property and goodwill.</p> |
| Non-current liabilities | <p>The book value of non-current liabilities at the end of the financial year. This includes bank loans, debentures and unsecured notes.</p> |
| Operating profit before tax (OPBT) | <p>A measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).</p> |

| | |
|--|---|
| Other income | Includes royalty income, dividends, net profit (or loss) on the sale of fixed tangible assets and net profit (or loss) on foreign exchange. It excludes extraordinary profits or losses such as those associated with the sale of a segment of the business or goodwill revaluations. |
| Other selected expenses | Includes expenditure on management fees/charges paid to related and unrelated businesses, office supplies and printing costs, telephone and postage charges, travelling and entertainment expenses, accounting and legal services, advertising costs, payroll tax, fringe benefits tax, land tax, rates and subsidy expenses (i.e. amounts paid to electricity subsidy funds). |
| Payment for contract, subcontract and commission work | Includes payments to other businesses and self-employed persons for work done or sales made on a contract or commission basis. Payments to persons paid by commission without a retainer are also included. For electricity industry includes transmission expenses. (For gas supply industry transmission expenses are included in freight and cartage expenses.) |
| Profit margin | Operating profit before tax as a percentage of total operating income. |
| Profit to employment | The average amount, expressed in thousands of dollars, of operating profit before tax contributed by each employee, working proprietor and working partner i.e. operating profit before tax/employment. |
| Purchases and selected expenses | At the establishment level, includes purchases of goods and materials, rent, leasing and hiring expenses, freight and cartage expenses, motor vehicle expenses, repair and maintenance expenses, and payment for contract, subcontract and commission work. At the management unit level other selected expenses also are included. |
| Purchases of goods and materials | Includes purchases of materials, components, containers, packaging, fuels, electricity and water, and purchases of other goods for resale. |
| Rent, leasing and hiring expenses | Includes expenses for land, buildings and other structures; motor vehicles; and plant, machinery and other equipment. |
| Rent, leasing and hiring income | Includes proceeds from the rent, lease or hiring of land, buildings, machinery, vehicles and equipment. (Is included in Sales of goods and services.) |
| Repair and maintenance expenses | Excludes the repair and maintenance costs of motor vehicles and the wages and salaries paid to own employees. |
| Return on assets | Derived by expressing operating profit before tax as a percentage of the total book value of assets i.e. (operating profit before tax/total assets) x 100. |
| Return on funds | Derived by expressing earnings before interest and tax as a percentage of the total of shareholders funds and non-current liabilities, i.e. earnings before interest and tax/(net worth + non-current liabilities) x 100. |
| Royalties expenses | Includes any payments made for the use of rights, information or material owned by another company or person. |
| Sales of goods and services | Includes revenue from the sale of goods (e.g. electricity, gas and gas by-products, water and wastewater, electrical or gas appliances) and service income (e.g. transmission and distribution income, repair and service income, contract, subcontract and commission income, delivery charges). Sales are valued net of sales tax, excise and other duties collected on behalf of governments. Rent, leasing and hiring income is also included in sales of goods and services. Estimates of sales of goods and services for establishments also include the value of transfers of electricity or gas and/or other goods to other establishments of the same business. These transfers are valued at commercial value (i.e. the value which would have applied had the establishments concerned not been under common ownership). |

| | |
|--|--|
| Selected labour costs | The sum of wages and salaries, superannuation and workers' compensation. Wages and salaries include gross wages and salaries and amounts paid as severance, termination and redundancy payments to permanent, temporary, casual and part-time employees. Superannuation includes all employer contributions to superannuation schemes and any benefits paid by employers operating unfunded schemes. Workers' compensation includes premiums and any other costs incurred by the employer, not reimbursed by an insurance company. |
| Selected labour costs to employment | The average amount, expressed in thousands of dollars, of selected labour costs incurred by business (including wages, salaries, superannuation, workers' compensation premiums) for each employee, working proprietor and working partner i.e. selected labour costs/employment. |
| Service income | Income received from service activities. Included are income from work done or sales made on a commission basis, income from repair, maintenance or servicing, installation and delivery charges separately invoiced to customers, advertising income and management fees/charges received from related or unrelated businesses. For electricity and gas supply, also includes transmission and distribution income. Service income is valued net of discounts given. For periods from 1997–98, under new international standards, income from intellectual property royalties and rent, leasing and hiring income (except from finance leases) have also been classified as service income. Rent, leasing and hiring income is income derived from the ownership of land, buildings, vehicles, machinery or equipment, excluding any income from finance leases. |
| Superannuation | Includes all employer contributions to superannuation schemes and any benefits paid by employers operating unfunded schemes. |
| Trading profit | A measure of profit directly attributable to trading in goods and services, derived by subtracting the cost of sales from the value of sales of goods and services. |
| Trading profit margin | Derived by expressing total trading profit as a percentage of total sales of goods and services i.e. (trading profit/sales of goods and services) x 100. |
| Turnover | Includes all proceeds from operating revenue (i.e. sales, service income, rent, leasing and hiring income, and government subsidies) plus the value of capital work done for own use, or for rental or lease. There are some conceptual differences between turnover as provided in this publication and turnover as defined by the new international standards. These differences are explained as part of the definition of the component item 'capital work done for own use'. Full compliance with the new standards would make very little difference to estimates of turnover. Excluded are interest income, income from natural resource royalties, funding by Federal, State or Local Governments for specific capital items, dividends and receipts from sale of fixed tangible assets. |
| Value added | This item is compiled for establishment level. It includes turnover plus the increase (or less the decrease) in the value of inventories, less purchases and selected expenses. |
| Wages and salaries | Refers to payments made to all permanent, part-time, casual and temporary employees on the payroll during the financial year. Such payments include severance, termination and redundancy payments, overtime earnings, penalty payments and shift allowances, all paid leave, leave loadings and bonuses. |
| Workers' compensation | Includes premiums and any other costs incurred by the employer not reimbursed by an insurance company. |

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