

ELECTRICITY, GAS, WATER AND SEWERAGE OPERATIONS AUSTRALIA

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- For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or John Ridley on Sydney (02) 9268 4541.

NOTES

ABOUT THIS PUBLICATION

This publication presents the first release of estimates for the electricity supply, gas supply, and water supply, sewerage and drainage services industries from the Economic Activity Survey compiled using new statistical infrastructure. Estimates have been compiled on this new basis for each of 2001–02 and 2002–03. Effectively, a new statistical series has commenced with the 2001–02 collection.

The new infrastructure was described in *Information Paper: Improvements in ABS Economic Statistics [Arising from The New Tax System]* (cat. no. 1372.0), released by the Australian Bureau of Statistics (ABS) on 6 May 2002. The paper described a number of changes to the infrastructure supporting the compilation of ABS economic series. The changes make better use of data available from the taxation system to improve the efficiency, coverage and sample design of the surveys from which these series are sourced.

To facilitate comparisons over time, the effects of the infrastructure changes on the statistics have been measured, by showing data on both bases for 2000–01. The estimates of Industry Value Added (IVA) on the new basis compared with the old basis are: 2.0% higher for ELECTRICITY SUPPLY, 0.9% higher for GAS SUPPLY, and 1.5% lower for WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES.

More details on the size of these effects can be found in Appendix 2.

Employment estimates (and related ratios) have not been included in this issue, due to methodological problems with deriving them from the taxation system data used. See Explanatory Notes paragraph 33 for details.

CANCELLATION OF 2001–02 ISSUE

This publication contains previously unpublished information for the utilities industries for both 2001–02 and 2002–03. This is because the scheduled 2001–02 issue of this publication was not produced, due to delays caused by the introduction of the new statistical infrastructure mentioned above.

Dennis Trewin
Australian Statistician

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ABBREVIATIONS

\$b	billion (thousand million) dollars
\$m	million dollars
ABN	Australian Business Number
ABR	Australian Business Register
ABS	Australian Bureau of Statistics
ABSBR	Australian Bureau of Statistics Business Register
ACT	Australian Capital Territory
ANZSIC	Australian and New Zealand Standard Industrial Classification
ATO	Australian Taxation Office
Aust.	Australia
BAS	Business Activity Statement
BIT	business income tax
EAS	Economic Activity Survey
EBIT	earnings before interest and tax
f.o.b.	free on board
FRC	full retail contestability
GST	Goods and Services Tax
IVA	industry value added
MU	management unit
NEM	National Electricity Market
NSW	New South Wales
NT	Northern Territory
OPBT	operating profit before tax
Qld	Queensland
RSE	relative standard error
SA	South Australia
SISCA	Standard Institutional Sector Classification of Australia
Tas.	Tasmania
TAU	type of activity unit
TNTS	The New Tax System
UJV	unincorporated joint venture
Vic.	Victoria
WA	Western Australia

CHAPTER 1

ELECTRICITY SUPPLY INDUSTRY

INTRODUCTION

Since 1991, governments in Australia have been introducing a competitive market for electricity, referred to as the National Electricity Market (NEM), into the southern and eastern states. In 1994, the introduction of competitive wholesale and retail electricity markets through the NEM resulted in trading across state borders. (Readers are referred to <<http://www.nemmco.com.au>>, the website of the National Electricity Market Management Company, for more details.) Western Australia has also experienced the effects of privatisation, but is not part of the NEM for reasons of geography.

INDUSTRY CHANGES

The concept of state bounded entities also continues to lose relevance. State data for the electricity supply industry in this publication are allocated on the basis of state of head office rather than state of activity (see Explanatory Notes paragraph 31 for more details).

Another continuing 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 market and, conversely, gas businesses enter the electricity market as opportunities expand within these markets. Because each business unit reporting in ABS surveys is classified to one industry, based on its predominant activity, such diversification can affect the statistics in this chapter and those in Chapter 2 Gas Supply Industry.

Deregulation has also allowed new entities to come into the market and compete for customers. It has also resulted in a number of long established entities being dismantled or sold off. 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 change single entities wholly classified to the electricity supply industry into a number of smaller entities, most of which are classified to the electricity supply industry, but some of which may be classified to other industries. Those entities classified to other industries do not contribute to the statistics for the electricity supply industry. Examples of activities formerly carried out by businesses classified to the electricity supply industry, but which are now largely carried out by specialist businesses classified to other industries, are network construction, repair and maintenance of electricity transmission towers, and power pole inspection.

Effect on these data

These changes to business structures have a direct impact on the data presented in this publication, but not all impacts are in the same direction. Where several smaller specialist business units wholly classified to the electricity supply industry have been created from one vertically integrated business, transactions between these businesses are recorded in the statistics (such as sales from the generating business to the distributing business). Previously, such transactions were internal to a single business and generally were not recorded in the statistics. This situation tends to increase sales

*Effect on these data
continued*

and purchases values for the industry, but should have little direct effect on statistics for industry value added, operating profits or capital expenditure. On the other hand, the estimates of several data items (wages and salaries and capital expenditure in particular) for the electricity supply industry will be reduced if activities such as those mentioned in the previous paragraph are now carried out by businesses classified to other industries.

INCOME AND
EXPENDITURE

Sales and service income in the electricity supply industry increased nationally in 2002–03 by \$4.0b (14%) to \$31.4b, although much of the increase was due to the statistical effects of continuing restructuring rather than real growth in production and prices. Sales and service income for South Australia decreased by \$1.2b (46%) due to business restructuring and the transfer of some head office functions to Victoria (see Explanatory Notes paragraph 31 for more details).

Operating profit before tax (OPBT), however, decreased nationally by \$727m (26%) to \$2.1b in 2002–03, being affected by decreases in other income and increases in interest expenses. Industry value added increased by \$1.2b (11%) to \$12.3b in 2002–03.

NET CAPITAL
EXPENDITURE

Net capital expenditure for the electricity supply industry in 2002–03 decreased slightly by \$136m (3.3%) to \$4.0b. The main contributor to this decrease in expenditure was Queensland, where a fall of \$380m (22%) was recorded.

1.1

SUMMARY (a)

<i>Statistical infrastructure / Reference year</i>	<i>Sales and service income(b)</i>	<i>Wages and salaries(c)</i>	<i>Industry value added</i>	<i>Wages and salaries to sales and service income</i>
	\$m	\$m	\$m	ratio
NEW SOUTH WALES				
Old basis				
2000–01	7 876.3	893.3	3 406.2	0.11
New basis				
2000–01(d)	8 029.5	911.4	3 581.1	0.11
2001–02	9 583.1	873.0	3 304.1	0.09
2002–03	10 562.4	941.4	3 605.6	0.09
VICTORIA				
Old basis				
2000–01	5 968.5	476.7	2 402.8	0.08
New basis				
2000–01(d)	5 993.6	493.0	2 398.6	0.08
2001–02	5 284.8	436.2	2 775.0	0.08
2002–03	8 963.8	483.0	3 468.0	0.05
QUEENSLAND				
Old basis				
2000–01	6 125.0	439.0	2 238.0	0.07
New basis				
2000–01(d)	6 162.5	442.0	2 261.9	0.07
2001–02	6 352.0	589.9	2 436.2	0.09
2002–03	6 728.7	611.7	2 617.7	0.09
SOUTH AUSTRALIA				
Old basis				
2000–01	2 203.3	129.4	735.5	0.06
New basis				
2000–01(d)	2 209.7	129.6	740.7	0.06
2001–02	2 550.6	150.2	849.6	0.06
2002–03	1 380.1	139.0	813.2	0.10
WESTERN AUSTRALIA				
Old basis				
2000–01	1 623.6	161.8	954.5	0.10
New basis				
2000–01(d)	1 612.4	159.1	931.8	0.10
2001–02	np	np	np	np
2002–03	np	np	np	np

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

(a) These data are from collections based on two successive statistical infrastructures. To assist users, data for 2000–01 are shown on the old basis (which used a management unit based infrastructure), and on the new basis (as bridged ABN unit / TAU estimates). Data for 2001–02 and 2002–03 are ABN unit / TAU estimates. See Explanatory Notes paragraphs 4–9 and Appendices 1 and 2. Value data are shown at current prices and, therefore, do not discount the impact of price changes.

(b) Includes rent, leasing and hiring income.

(c) Excludes the drawings of working proprietors.

(d) See Appendix 2 for more information.

1.1**SUMMARY (a)** *continued*

<i>Statistical infrastructure / Reference year</i>	<i>Sales and service income(b)</i>	<i>Wages and salaries(c)</i>	<i>Industry value added</i>	<i>Wages and salaries to sales and service income</i>
	\$m	\$m	\$m	ratio
.....				
TASMANIA				
Old basis				
2000–01	969.7	99.0	503.6	0.10
New basis				
2000–01(d)	970.7	99.4	504.2	0.10
2001–02	1 002.2	112.8	507.3	0.11
2002–03	1 100.5	120.3	578.2	0.11
.....				
NORTHERN TERRITORY				
Old basis				
2000–01	306.4	41.3	122.3	0.13
New basis				
2000–01(d)	np	np	np	np
2001–02	np	np	np	np
2002–03	np	np	np	np
.....				
AUSTRALIAN CAPITAL TERRITORY				
Old basis				
2000–01	413.3	39.2	100.9	0.09
New basis				
2000–01(d)	np	np	np	np
2001–02	np	np	np	np
2002–03	608.5	57.7	173.5	0.09
.....				
AUSTRALIA				
Old basis				
2000–01	25 486.1	2 279.7	10 463.8	0.09
New basis				
2000–01(d)	25 746.3	2 319.1	10 676.3	0.09
2001–02	27 454.0	2 433.3	11 062.9	0.09
2002–03	31 432.9	2 564.6	12 264.9	0.08

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

(a) These data are from collections based on two successive statistical infrastructures. To assist users, data for 2000–01 are shown on the old basis (which used a management unit based infrastructure), and on the new basis (as bridged ABN unit / TAU estimates). Data for 2001–02 and 2002–03 are ABN unit / TAU estimates. See Explanatory Notes paragraphs 4–9 and Appendices 1 and 2. Value data are shown at current prices and, therefore, do not discount the impact of price changes.

(b) Includes rent, leasing and hiring income.

(c) Excludes the drawings of working proprietors.

(d) See Appendix 2 for more information.

1.2 FINANCIAL PERFORMANCE

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2001-02									
Sales and service income(a)	9 583.1	5 284.8	6 352.0	2 550.6	np	1 002.2	np	np	27 454.0
Less									
Purchases of goods and materials	5 278.0	1 576.0	4 340.3	1 138.9	np	375.9	np	np	13 616.8
Rent, leasing and hiring expenses	32.3	19.4	23.6	3.5	np	np	np	np	101.2
Freight and cartage expenses	3.1	91.0	3.1	14.6	np	np	np	np	186.8
Motor vehicle running expenses	27.4	16.9	22.8	3.5	np	np	np	np	82.6
Repair and maintenance expenses	162.2	119.2	28.9	29.1	np	np	np	np	424.6
Contract, subcontract and commission expenses	735.6	686.2	646.7	540.6	np	np	np	np	3 120.5
Other selected expenses	626.6	278.5	264.1	116.8	np	np	np	np	1 536.6
<i>Purchases and selected expenses</i>	<i>6 865.1</i>	<i>2 787.1</i>	<i>5 329.5</i>	<i>1 847.1</i>	np	np	np	np	<i>19 069.0</i>
Plus									
Opening inventories	281.2	108.6	119.1	28.7	np	4.1	np	np	680.0
Less									
Closing inventories	308.7	125.2	133.9	29.4	np	3.9	np	np	732.3
<i>Cost of sales</i>	<i>6 837.6</i>	<i>2 770.5</i>	<i>5 314.8</i>	<i>1 846.4</i>	np	np	np	np	<i>19 016.7</i>
Plus									
Capitalised purchases	273.5	141.3	988.2	94.4	np	np	np	np	1 577.5
Trading profit	3 019.0	2 655.6	2 025.4	798.6	np	452.5	np	np	10 014.8
Plus									
Funding from government for operational costs	72.5	0.8	216.1	4.9	np	np	np	np	400.2
Interest income	57.8	77.8	85.2	23.8	np	1.5	np	np	253.3
Other income	119.6	582.5	61.9	47.7	np	12.8	np	np	996.8
Less									
Wages and salaries(b)	873.0	436.2	589.9	150.2	np	112.8	np	np	2 433.3
Employer contributions into superannuation	68.2	20.0	29.5	15.8	np	8.0	np	np	178.1
Workers' compensation premiums/costs	15.6	5.3	4.3	0.6	np	1.4	np	np	32.6
<i>Selected labour costs</i>	<i>956.9</i>	<i>461.5</i>	<i>623.7</i>	<i>166.6</i>	np	<i>122.2</i>	np	np	<i>2 643.9</i>
Less									
Depreciation and amortisation	866.9	776.4	681.0	225.0	np	144.1	np	np	3 043.1
Insurance premiums	31.6	26.1	17.0	9.0	np	np	np	np	101.1
Natural resource royalties expenses	0.6	14.1	10.0	1.3	np	np	np	np	26.5
Bad and doubtful debts	12.6	25.7	10.7	7.9	np	2.1	np	np	67.0
Plus									
Capitalised wages and salaries	120.2	68.3	152.0	28.9	np	np	np	np	392.3
Earnings before interest and tax	1 520.5	2 081.0	1 198.3	494.0	np	228.6	np	np	6 175.7
Less									
Interest expenses	655.4	1 463.1	408.8	484.7	np	99.4	np	np	3 342.2
Operating profit before tax	865.2	617.9	789.5	9.3	np	129.2	np	np	2 833.5

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

(a) Includes rent, leasing and hiring income.

(b) Excludes the drawings of working proprietors.

1.2 FINANCIAL PERFORMANCE *continued*

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2002–03									
Sales and service income(a)	10 562.4	8 963.8	6 728.7	1 380.1	np	1 100.5	np	608.5	31 432.9
Less									
Purchases of goods and materials	6 060.6	3 243.9	4 154.1	482.0	np	404.8	np	np	15 273.3
Rent, leasing and hiring expenses	34.4	20.2	26.2	2.7	np	np	np	np	110.8
Freight and cartage expenses	2.6	6.2	15.2	14.1	np	np	np	13.5	129.4
Motor vehicle running expenses	31.7	11.6	22.4	3.5	np	np	np	—	85.9
Repair and maintenance expenses	111.0	133.7	80.4	23.6	np	np	np	2.3	422.0
Contract, subcontract and commission expenses	767.4	1 683.6	768.2	149.6	np	np	np	215.2	3 874.1
Other selected expenses	541.0	751.5	231.8	93.3	np	np	np	np	1 887.0
<i>Purchases and selected expenses</i>	<i>7 548.8</i>	<i>5 850.6</i>	<i>5 298.4</i>	<i>768.9</i>	np	np	np	460.0	<i>21 782.6</i>
Plus									
Opening inventories	308.4	146.8	139.8	26.8	np	4.6	np	—	759.5
Less									
Closing inventories	319.4	168.6	150.4	36.7	np	4.3	np	—	803.3
<i>Cost of sales</i>	<i>7 537.8</i>	<i>5 828.9</i>	<i>5 287.7</i>	<i>758.9</i>	np	np	np	460.0	<i>21 738.8</i>
Plus									
Capitalised purchases	252.1	171.8	752.3	136.0	np	np	np	12.4	1 374.5
Trading profit	3 276.7	3 306.7	2 193.3	757.1	np	523.7	np	161.0	11 068.5
Plus									
Funding from government for operational costs	85.2	0.5	221.4	6.5	np	np	np	3.8	448.8
Interest income	69.3	234.6	79.2	24.1	np	2.1	np	1.3	419.5
Other income	190.5	-140.9	-135.2	52.3	np	-5.1	np	23.4	182.2
Less									
Wages and salaries(b)	941.4	483.0	611.7	139.0	np	120.3	np	57.7	2 564.6
Employer contributions into superannuation	116.1	31.8	33.1	13.9	np	27.4	np	6.7	258.3
Workers' compensation premiums/costs	17.4	4.2	4.0	0.6	np	2.0	np	1.2	32.9
<i>Selected labour costs</i>	<i>1 074.9</i>	<i>518.9</i>	<i>648.8</i>	<i>153.5</i>	np	<i>149.8</i>	np	65.7	<i>2 855.9</i>
Less									
Depreciation and amortisation	892.4	870.3	776.7	242.3	np	149.1	np	34.5	3 285.4
Insurance premiums	50.3	47.2	29.7	11.9	np	np	np	2.6	161.7
Natural resource royalties expenses	^ 0.2	14.7	7.3	1.3	np	np	np	—	23.5
Bad and doubtful debts	28.0	45.9	9.1	—	np	3.4	np	3.3	95.0
Plus									
Capitalised wages and salaries	143.2	85.7	157.5	36.4	np	np	np	—	451.8
Earnings before interest and tax	1 719.1	1 989.7	1 044.5	467.5	np	242.3	np	83.3	6 149.2
Less									
Interest expenses	737.6	2 015.8	490.6	475.6	np	99.4	np	2.2	4 042.9
Operating profit before tax	981.5	-26.2	553.8	** -8.2	np	142.9	np	81.2	2 106.4

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

— nil or rounded to zero (including null cells)

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

(a) Includes rent, leasing and hiring income.

(b) Excludes the drawings of working proprietors.

1.3 INDUSTRY VALUE ADDED

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2001–02									
Sales and service income(a)	9 583.1	5 284.8	6 352.0	2 550.6	np	1 002.2	np	np	27 454.0
Plus									
Funding from government for operational costs	72.5	0.8	216.1	4.9	np	np	np	np	400.2
Capital work done for own use	393.8	209.5	1 140.2	123.3	np	np	np	np	1 969.8
Change in inventories	27.5	16.6	14.8	0.7	np	-0.2	np	—	52.3
Less									
Intermediate input expenses	6 499.3	2 595.5	4 298.7	1 735.5	np	np	np	np	17 235.8
Capitalised purchases	273.5	141.3	988.2	94.4	np	np	np	np	1 577.5
Industry value added	3 304.1	2 775.0	2 436.2	849.6	np	507.3	np	np	11 062.9
2002–03									
Sales and service income(a)	10 562.4	8 963.8	6 728.7	1 380.1	np	1 100.5	np	608.5	31 432.9
Plus									
Funding from government for operational costs	85.2	0.5	221.4	6.5	np	np	np	3.8	448.8
Capital work done for own use	395.3	257.5	909.7	172.4	np	np	np	12.4	1 826.2
Change in inventories	11.0	21.8	10.6	9.9	np	-0.3	np	—	43.8
Less									
Intermediate input expenses	7 196.1	5 603.8	4 500.6	619.7	np	np	np	438.9	20 112.3
Capitalised purchases	252.1	171.8	752.3	136.0	np	np	np	12.4	1 374.5
Industry value added	3 605.6	3 468.0	2 617.7	813.2	np	578.2	np	173.5	12 264.9

— nil or rounded to zero (including null cells)

(a) Includes rent, leasing and hiring income.

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

1.4 FINANCIAL POSITION

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2001-02									
Assets									
Current assets									
Closing inventories	308.7	125.2	133.9	29.4	np	3.9	np	np	732.3
Other current assets	2 792.4	2 115.3	2 061.9	800.0	np	217.5	np	np	8 711.4
Non-current assets	20 158.0	27 506.1	17 709.3	6 148.5	np	4 603.8	np	np	83 173.9
Total value of assets	23 259.1	29 746.6	19 905.1	6 977.8	np	4 825.2	np	np	92 617.6
Liabilities									
Current liabilities									
Current liabilities	4 303.3	2 766.2	2 585.6	962.5	np	484.7	np	np	11 769.0
Non-current liabilities	9 282.4	19 426.6	9 519.3	5 713.3	np	1 596.2	np	np	49 085.8
Total value of liabilities	13 585.7	22 192.7	12 104.9	6 675.8	np	2 080.8	np	np	60 854.8
Net worth	9 673.4	7 553.9	7 800.3	302.0	np	2 744.4	np	np	31 762.8

2002-03

Assets									
Current assets									
Closing inventories	319.4	168.6	150.4	36.7	np	4.3	np	—	803.3
Other current assets	2 341.1	3 319.2	2 071.6	403.4	np	227.1	np	158.8	9 107.5
Non-current assets	20 899.4	29 292.4	19 566.1	6 102.3	np	4 805.7	np	782.5	87 778.1
Total value of assets	23 559.9	32 780.2	21 788.1	6 542.5	np	5 037.1	np	941.3	97 688.8
Liabilities									
Current liabilities									
Current liabilities	4 771.0	4 200.5	2 119.5	948.2	np	554.5	np	161.5	13 323.7
Non-current liabilities	9 234.0	21 721.5	11 019.8	5 133.6	np	1 552.4	np	*36.4	52 243.1
Total value of liabilities	14 005.1	25 922.0	13 139.3	6 081.8	np	2 106.9	np	197.9	65 566.8
Net worth	9 554.8	6 858.2	8 648.7	460.6	np	2 930.3	np	743.4	32 122.0

* estimate has a relative standard error of 25% to 50% and should be used with caution np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

1.5 FIXED CAPITAL EXPENDITURE (a)

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2001–02									
Capital expenditure on									
Land	9.9	—	11.5	0.6	np	0.1	np	np	25.4
Dwellings, other buildings and structures	499.3	240.3	1 122.7	90.1	np	31.6	np	np	2 013.1
Plant, machinery and equipment	653.2	508.1	625.5	201.6	np	116.9	np	np	2 364.5
<i>Total acquisitions</i>	<i>1 162.4</i>	<i>748.4</i>	<i>1 759.7</i>	<i>292.3</i>	<i>np</i>	<i>148.5</i>	<i>np</i>	<i>np</i>	<i>4 403.0</i>
Disposal of assets	138.5	25.6	50.4	4.6	np	7.1	np	np	236.6
Net capital expenditure	1 023.9	722.8	1 709.3	287.7	np	141.5	np	np	4 166.5
2002–03									
Capital expenditure on									
Land	9.9	0.4	5.0	1.6	np	—	np	—	19.7
Dwellings, other buildings and structures	575.0	272.7	684.3	104.9	np	78.8	np	35.3	1 751.2
Plant, machinery and equipment	597.2	737.1	675.1	225.9	np	69.3	np	1.2	2 558.6
<i>Total acquisitions</i>	<i>1 182.0</i>	<i>1 010.3</i>	<i>1 364.4</i>	<i>332.4</i>	<i>np</i>	<i>148.1</i>	<i>np</i>	<i>36.6</i>	<i>4 329.5</i>
Disposal of assets	49.0	179.2	34.8	4.4	np	6.5	np	0.1	298.8
Net capital expenditure	1 133.0	831.0	1 329.5	328.1	np	141.6	np	36.5	4 030.6

— nil or rounded to zero (including null cells)

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

(a) Items listed include value of capital work done for own use – reported in table 1.3.

1.6 SELECTED PERFORMANCE MEASURES

		NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
2001-02										
Labour										
Industry value added to selected labour costs	times	3.5	6.0	3.9	5.1	np	4.2	np	np	4.2
Income										
Sales and service income to assets	times	0.4	0.2	0.3	0.4	np	0.2	np	np	0.3
Profitability										
Trading profit margin	%	31.5	50.2	31.9	31.3	np	45.2	np	np	36.5
Return on funds	%	8.0	7.7	6.9	8.2	np	5.3	np	np	7.6
Return on assets	%	3.7	2.1	4.0	0.1	np	2.7	np	np	3.1
Liquidity										
Liquidity ratio	times	0.6	0.8	0.8	0.8	np	0.4	np	np	0.7
Current ratio	times	0.7	0.8	0.8	0.9	np	0.5	np	np	0.8
Debt										
Interest coverage	times	2.3	1.4	2.9	1.0	np	2.3	np	np	1.8
Debt to assets	%	58.4	74.6	60.8	95.7	np	43.1	np	np	65.7
Capital expenditure										
Acquisitions to disposals	times	8.4	29.3	34.9	63.1	np	21.1	np	np	18.6
Net capital expenditure to assets	%	4.4	2.4	8.6	4.1	np	2.9	np	np	4.5

2002-03

Labour										
Industry value added to selected labour costs	times	3.4	6.7	4.0	5.3	np	3.9	np	2.6	4.3
Income										
Sales and service income to assets	times	0.4	0.3	0.3	0.2	np	0.2	np	0.6	0.3
Profitability										
Trading profit margin	%	31.0	36.9	32.6	54.9	np	47.6	np	26.5	35.2
Return on funds	%	9.1	7.0	5.3	8.4	np	5.4	np	10.7	7.3
Return on assets	%	4.2	-0.1	2.5	-0.1	np	2.8	np	8.6	2.2
Liquidity										
Liquidity ratio	times	0.5	0.8	1.0	0.4	np	0.4	np	1.0	0.7
Current ratio	times	0.6	0.8	1.0	0.5	np	0.4	np	1.0	0.7
Debt										
Interest coverage	times	2.3	1.0	2.1	1.0	np	2.4	np	38.4	1.5
Debt to assets	%	59.4	79.1	60.3	93.0	np	41.8	np	21.0	67.1
Capital expenditure										
Acquisitions to disposals	times	24.1	5.6	39.2	75.9	np	22.7	np	537.8	14.5
Net capital expenditure to assets	%	4.8	2.5	6.1	5.0	np	2.8	np	3.9	4.1

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

CHAPTER 2

GAS SUPPLY INDUSTRY

INTRODUCTION

The current gas supply industry reflects the results of the restructuring which began in the early 1990s. Most states and territories have committed, under the terms of the 1997 National Gas Pipelines Access Agreement, to work towards implementing full retail contestability (FRC) to give all gas users their choice of supplier. FRC was introduced in NSW and the ACT in January 2002, and in Victoria in October 2002. Western Australia and South Australia are yet to fully implement FRC.

INDUSTRY CHANGES

As in the electricity supply industry, vertically integrated businesses have formed separate business units to undertake various stages of distribution and other activities. Increasingly, competition has been introduced along the various stages of the distribution chain with the entry of new businesses.

This has resulted in the reporting of transactions between distributors and with other specialist businesses. Such transactions were not recorded separately under the vertically integrated business model. The effect on the statistics in this publication has been to substantially increase the value of 'gross' variables such as sales and service income and total expenses (and their component items), but to have a much lesser effect on 'net' variables such as industry value added (IVA), earnings before interest and tax (EBIT) and operating profit before tax (OPBT). In general, changes to these net variables reflect improved efficiencies in the industry or changes in sources of funding rather than changed industry structures.

Over time, as the market continues to develop, businesses have gradually rationalised and restructured their operations. This has resulted in several businesses widening their networks through corporate takeovers to include activities not previously undertaken by gas supply businesses. Conversely, some activities previously undertaken by gas supply businesses are now being undertaken by businesses classified to other industries, in particular, pipeline transport and electricity supply.

INDUSTRY PERFORMANCE

In 2002–03, sales and service income in the gas supply industry increased nationally by \$386m (6.7%) to \$6.1b. Operating profit before tax (OPBT) increased by \$23m (4.9%) to \$493m. Industry value added increased by \$112m (9.9%) to \$1.25b in 2002–03. Net capital expenditure for the gas supply industry in 2002–03 increased by \$55m (37%) to \$203m.

2.1

SUMMARY (a)

<i>Statistical infrastructure / Reference year</i>	<i>Sales and service income(b)</i>	<i>Wages and salaries(c)</i>	<i>Industry value added</i>	<i>Wages and salaries to sales and service income</i>
	\$m	\$m	\$m	ratio
Old basis				
2000–01	5 225.8	110.4	1 359.8	0.02
New basis				
2000–01(d)	5 329.0	116.7	1 372.5	0.02
2001–02	5 736.6	112.7	1 137.9	0.02
2002–03	6 122.1	130.1	1 250.0	0.02

- (a) These data are from collections based on two successive statistical infrastructures. To assist users, data for 2000–01 are shown on the old basis (which used a management unit based infrastructure), and on the new basis (as bridged ABN unit / TAU estimates). Data for 2001–02 and 2002–03 are ABN unit / TAU estimates. See Explanatory Notes paragraphs 4–9 and Appendices 1 and 2. Value data are shown at current prices and, therefore, do not discount the impact of price changes.
- (b) Includes rent, leasing and hiring income.
- (c) Excludes the drawings of working proprietors.
- (d) See Appendix 2 for more information.

2.2

FINANCIAL PERFORMANCE

	2001-02	2002-03
	\$m	\$m
Sales and service income(a)	5 736.6	6 122.1
Less		
Purchases of goods and materials	2 315.1	2 915.3
Rent, leasing and hiring expenses	19.9	23.0
Freight and cartage expenses	1 099.7	1 213.3
Motor vehicle running expenses	17.8	18.2
Repair and maintenance expenses	30.3	30.5
Contract, subcontract and commission expenses	606.0	332.0
Other selected expenses	530.4	363.9
<i>Purchases and selected expenses</i>	<i>4 619.2</i>	<i>4 896.2</i>
Plus		
Opening inventories	32.7	36.6
Less		
Closing inventories	36.3	35.9
<i>Cost of sales</i>	<i>4 615.7</i>	<i>4 896.9</i>
Plus		
Capitalised purchases	0.2	3.8
Trading profit	1 121.1	1 229.0
Plus		
Funding from government for operational costs	2.5	4.4
Interest income	15.4	13.4
Other income	25.4	39.9
Less		
Wages and salaries(b)	112.7	130.1
Employer contributions into superannuation	9.0	11.7
Workers' compensation premiums/costs	1.2	2.6
<i>Selected labour costs</i>	<i>122.9</i>	<i>144.4</i>
Less		
Depreciation and amortisation	195.8	219.3
Insurance premiums	5.7	9.0
Natural resource royalties expenses	—	0.1
Bad and doubtful debts	17.1	26.3
Plus		
Capitalised wages and salaries	0.1	0.5
Earnings before interest and tax	822.8	888.1
Less		
Interest expenses	352.9	395.0
Operating profit before tax	469.9	493.1

— nil or rounded to zero (including null cells)

(a) Includes rent, leasing and hiring income.

(b) Excludes the drawings of working proprietors.

2.3 INDUSTRY VALUE ADDED

	2001-02	2002-03
	\$m	\$m
Sales and service income(a)	5 736.6	6 122.1
Plus		
Funding from government for operational costs	2.5	4.4
Capital work done for own use	0.3	4.3
Change in inventories	3.6	-0.7
Less		
Intermediate input expenses	4 604.7	4 876.3
Capitalised purchases	0.2	3.8
Industry value added	1 137.9	1 250.0

(a) Includes rent, leasing and hiring income.

2.4 FINANCIAL POSITION

	2001-02	2002-03
	\$m	\$m
Assets		
Current assets		
Closing inventories	36.3	35.9
Other current assets	1 332.8	1 390.0
Non-current assets	7 711.3	8 721.5
<i>Total value of assets</i>	<i>9 080.4</i>	<i>10 147.4</i>
Liabilities		
Current liabilities	2 251.1	2 300.8
Non-current liabilities	4 628.7	5 842.9
<i>Total value of liabilities</i>	<i>6 879.8</i>	<i>8 143.7</i>
Net worth	2 200.6	2 003.6

2.5

FIXED CAPITAL EXPENDITURE (a)

	2001-02	2002-03
	\$m	\$m
Capital expenditure on		
Land	0.5	5.3
Dwellings, other buildings and structures	79.0	106.1
Plant, machinery and equipment	80.5	95.9
<i>Total acquisitions</i>	<i>160.1</i>	<i>207.4</i>
Disposal of assets	11.8	3.9
Net capital expenditure	148.2	203.5

(a) Items listed include value of capital work done for own use – reported in table 2.3.

2.6

SELECTED PERFORMANCE MEASURES

		2001-02	2002-03
Labour			
Industry value added to selected labour costs	times	9.3	8.7
Income			
Sales and service income to assets	times	0.6	0.6
Profitability			
Trading profit margin	%	19.5	20.1
Return on funds	%	12.0	11.3
Return on assets	%	5.2	4.9
Liquidity			
Liquidity ratio	times	0.6	0.6
Current ratio	times	0.6	0.6
Debt			
Interest coverage	times	2.3	2.2
Debt to assets	%	75.8	80.3
Capital expenditure			
Acquisitions to disposals	times	13.5	52.9
Net capital expenditure to assets	%	1.6	2.0

CHAPTER **3**

WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES INDUSTRY

INTRODUCTION

This section of the publication presents statistics about the water supply, sewerage and drainage services industry. Both private and government units are included in the scope of the survey. In a manner similar to the electricity and gas supply industries, the water supply, sewerage and drainage services industry is also undergoing a process of reform.

INDUSTRY PERFORMANCE

In 2002–03, sales and service income increased by 15% to \$8.3b. Operating profit before tax was \$2.6b, an increase of 3.9%. Industry value added was \$5.2b, an increase of 6.9% on 2001–02.

The water supply, sewerage and drainage services industry's selected labour costs increased by 9% in 2002–03, to \$1.4b.

3.1 SUMMARY (a)

<i>Statistical infrastructure / Reference year</i>	<i>Sales and service income(b)</i> \$m	<i>Wages and salaries(c)</i> \$m	<i>Industry value added</i> \$m	<i>Wages and salaries to sales and service income</i> ratio
Old basis				
2000–01	6 492.0	823.4	4 167.3	0.13
New basis				
2000–01(d)	6 403.6	817.7	4 104.0	0.13
2001–02	7 247.8	1 070.3	4 881.7	0.15
2002–03	8 320.9	1 199.9	5 219.8	0.14

(a) These data are from collections based on two successive statistical infrastructures. To assist users, data for 2000–01 are shown on the old basis (which used a management unit based infrastructure), and on the new basis (as bridged ABN unit / TAU estimates). Data for 2001–02 and 2002–03 are ABN unit / TAU estimates. See Explanatory Notes paragraphs 4–9 and Appendices 1 and 2. Value data are shown at current prices and, therefore, do not discount the impact of price changes

(b) Includes rent, leasing and hiring income.

(c) Excludes the drawings of working proprietors.

(d) See Appendix 2 for more information.

3.2 FINANCIAL OPERATIONS, Summary

	2001–02 \$m	2002–03 \$m
Financial performance		
Sales and service income(a)	7 247.8	8 320.9
Purchases and selected expenses	3 493.6	^ 4 339.9
Trading profit	4 067.1	4 324.3
Selected labour costs	1 294.4	1 410.7
Earnings before interest and tax	3 174.7	3 280.9
Operating profit before tax	2 476.6	2 574.5
Industry value added	4 881.7	5 219.8
Financial position		
Assets	67 253.3	70 771.9
Liabilities	13 973.6	14 639.7
Net worth	53 279.8	56 132.2
Fixed capital expenditure(b)		
Acquisitions	^ 2 118.3	^ 1 818.8
Net capital expenditure	^ 1 980.5	* 1 684.3

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

(a) Includes rent, leasing and hiring income.

(b) Includes value of capital work done for own use.

EXPLANATORY NOTES

INTRODUCTION

1 This publication, *Electricity, Gas, Water and Sewerage Operations, Australia, 2001–02 and 2002–03* (cat. no. 8226.0), is the first to present data for the utilities industries compiled from the 2001–02 and 2002–03 collections, together with some revised and comparative statistics for 2000–01. This is also the first issue where the Australian Business Number (ABN) is the primary basis for the statistical units used to collect the data. (As a consequence, the scope of the collection has been expanded to include non-employers, although this has not had a significant effect upon the statistics presented.) For the last published survey (2000–01), the employing ABS 'management unit' was the sole statistical unit used to collect data. For more information about these changes to the annual utilities industries collection and how they affect data outputs, see Appendices 1 and 2.

2 These industries, as specified in Division D ELECTRICITY, GAS AND WATER SUPPLY of the *Australian and New Zealand Standard Industrial Classification (ANZSIC)* (cat. no. 1292.0), comprise:

- ELECTRICITY SUPPLY (ANZSIC Group 361), which relates to the generation, transmission or distribution of electricity
- GAS SUPPLY (ANZSIC Group 362), which relates to the manufacture of town gas from coal and/or petroleum, or the mains distribution of town gas, natural gas or liquefied petroleum gas
- WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES (ANZSIC Group 370), which relates to the storage, purification or supply of water, or the operation of sewerage or drainage systems, including sewage treatment plants.

3 The utilities industries collection is conducted on an annual basis as a component of the Economic Activity Survey (EAS):

- A sample of utilities industries businesses (approximately, 360 for 2001–02 and 400 for 2002–03) were asked to provide employment details and data obtained from statements of financial performance and position, mainly by mail out questionnaires. (Each sample included all businesses from the electricity and gas supply industries which were above certain cutoffs; and a sample of water supply, sewerage and drainage services industry businesses.)
- For each year, key financial data for approximately 800 utilities industries businesses, which had been supplied by them to the Australian Taxation Office (ATO) on business income tax returns (BIT data), were then used to supplement the ABS's directly collected information.

For details, see Appendix 1 paragraphs 5–12.

STATISTICAL UNITS DEFINED ON THE ABS BUSINESS REGISTER

4 The ABS uses an economic statistics units model on the ABS Business Register (ABSBR) to describe the characteristics of businesses, and the structural relationships between related businesses. Within large and diverse business groups, the units model is also used to define reporting units that can provide data to the ABS at suitable levels of detail.

5 In mid 2002, to better use the information available as a result of *The New Tax System (TNTS)*, the ABS changed its economic statistics units model. The new units model allocates businesses to one of two sub-populations. The vast majority of businesses are in what is called the ATO maintained population, while the remaining

STATISTICAL UNITS DEFINED
ON THE ABS BUSINESS
REGISTER *continued*

ATO maintained population

businesses are in the ABS maintained population. Together, these two sub-populations make up the ABSBR population.

6 Most businesses and organisations in Australia need to obtain an Australian Business Number (ABN), and are then included on the whole-of-government register of businesses, the Australian Business Register (ABR), which is maintained by the ATO. Most of these businesses have simple structures; therefore, the unit registered for an ABN will satisfy ABS statistical requirements. For these businesses, the ABS has aligned its statistical units structure with the ABN unit. The businesses with simple structures constitute the ATO maintained population, and the ABN unit is used as the statistical unit for all ABS economic collections.

ABS maintained population

7 For the population of businesses where the ABN unit is not suitable for ABS statistical requirements, the ABS maintains its own units structure through direct contact with the business. These businesses constitute the ABS maintained population. This population consists typically of large, complex and diverse businesses. The new statistical units model described below has been introduced to cover such businesses.

Enterprise group: This is a unit covering all the operations in Australia of one or more legal entities under common ownership and/or control. It covers all the operations in Australia of legal entities which are related in terms of the current Corporations Law (as amended by the *Corporations Legislation Amendment Act 1991*), including legal entities such as companies, trusts and partnerships. Majority ownership is not required for control to be exercised.

Enterprise: The enterprise is an institutional unit comprising:

- (i) a single legal entity or business entity, or
- (ii) more than one legal entity or business entity within the same enterprise group and in the same institutional sub-sector (i.e. they are all classified to a single Standard Institutional Sector Classification of Australia (SISCA) sub-sector).

Type of activity unit (TAU): The TAU is comprised of one or more business entities, sub-entities or branches of a business entity within an enterprise group that can report production and employment data for similar economic activities. When a minimum set of data items are available, a TAU is created which covers all the operations within an industry subdivision (and the TAU is classified to the relevant subdivision of the ANZSIC). Where a business cannot supply adequate data for each industry, a TAU is formed which contains activity in more than one industry subdivision.

8 For more information about the effects of the introduction of the new economic statistics units model, refer to *Information Paper: Improvements in ABS Economic Statistics [Arising from The New Tax System]* (cat. no. 1372.0).

Comparison over time

9 For the 2000–01 year, the utilities industries collection used the management unit as the statistical unit. For 2001–02 and later years, the statistical unit is the ABN unit for businesses with simple structures, and the TAU for businesses with complex structures. In most cases, ABN units / TAUs will concord with the management units used prior to the 2001–02 year.

SCOPE AND COVERAGE

10 The scope of the 2001–02 and 2002–03 utilities industries collections comprises all businesses (including non-employed businesses) on the ABSBR at time of selection, whose industry is classified to ANZSIC Division D ELECTRICITY, GAS AND WATER SUPPLY. This division comprises the following subdivisions and their component groups and classes:

SCOPE AND COVERAGE

continued

- 36 Electricity and Gas Supply
 - 361 Electricity Supply
 - 3610 Electricity Supply
 - 362 Gas Supply
 - 3620 Gas Supply
- 37 Water Supply, Sewerage and Drainage Services
 - 370 Water Supply, Sewerage and Drainage Services
 - 3701 Water Supply
 - 3702 Sewerage and Drainage Services

11 Statistics in this publication are presented by chapter for each of ANZSIC Groups 361 ELECTRICITY SUPPLY, 362 GAS SUPPLY, and 370 WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES.

12 The ANZSIC-based industry statistics presented in this publication are compiled differently from activity statistics. Each ABN unit or TAU on the ABSBR has been classified (by the ATO and the ABS respectively) to a single industry irrespective of any diversity of activities undertaken. The industry class allocated is the one which provides the main source of income. For example, a business which derives most of its income from electricity generation activities would have all operations included in the aggregates and ratios for ELECTRICITY SUPPLY, even if significant secondary activities (such as water supply, coal mining, or retailing) were undertaken. This particularly occurs in both the Australian Capital Territory and the Northern Territory, where water and sewerage data exclude data for their major water suppliers, since those businesses are classified as part of the electricity supply industry.

13 Electricity generation is also sometimes undertaken by a business mainly engaged in other activities (e.g. a manufacturing business) 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 supply industry and, therefore, do not contribute to these statistics.

14 Businesses mainly engaged in the distribution of liquefied petroleum gas in bulk or in containers are not treated as part of the gas supply industry, as they are classified to ANZSIC Division F WHOLESALE TRADE.

15 The ABS maintained population of the ABSBR includes all general government organisations classified according to the Standard Institutional Sector Classification of Australia (SISCA). Where a general government authority operates a number of business units each coinciding with a 'division' or 'line of business' with separate and comprehensive accounts, then each of these business units is recorded as a separate TAU on the ABSBR, and its industry allocated according to the predominant activity of that TAU. For example, a local government council recorded on the ABSBR as operating separate TAUs for general services, electricity supply, water supply, and sewerage operations would have the three latter TAUs included in the scope of the utilities industries collection.

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

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

SCOPE AND COVERAGE

continued

18 Unincorporated joint ventures (UJVs) within the utilities industries are arrangements which allow the sharing of expertise, resources and risk associated with specific projects. This occurs through the participation of a number of organisations (by investment) in a specific operation (e.g. a power station). Some of these organisations may not otherwise be involved in that industry.

19 The utilities industries collection includes such businesses which are operators and/or participants in UJVs. Generally, each participant supplies data on its share of income and assets, while the operator reports all expenses and employment.

20 The ABS attempts to obtain data for those businesses which ceased operation during the year, but it is not possible to obtain data for all of them.

REFERENCE PERIOD

21 The period covered by each collection is, in general, the 12 months ended 30 June. Where businesses are unable to supply information on this basis, an accounting period for which data can be provided is used for data other than that relating to employment.

22 Financial data presented incorporate all units in scope of the particular utilities industries collection that were in production stage at any time during the year. They also include any temporarily inactive units, i.e. those units which were in the development stage or which were not in production, but which still existed and held assets and liabilities and/or incurred some non-operating expenses (e.g. depreciation, administration costs).

RELIABILITY OF ESTIMATES

23 For information on this subject, see Technical Notes 1 and 2.

INDUSTRY PERFORMANCE MEASURES

24 This publication presents a wide range of data that can be used to analyse business and industry performance.

25 Differences in accounting policy and practices across businesses and industries can lead to some inconsistencies in the data input to the statistics. While much of the accounting process is subject to standards, there is still a great deal of flexibility left to managers and accountants 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 issues as depreciation rates, bad debt provisions and write off, and goodwill write off.

26 A range of performance measures, usually expressed as ratios, can be produced from the data available from businesses' statements of financial performance and position. The ratios presented in this publication comprise:

- income ratios, which indicate the efficiency of selling activities (including the sale of services as well as goods)
- profitability ratios, which measure rates of profit on sales, funds and assets
- liquidity ratios, which measure the ability of businesses to meet short-term financial obligations, i.e. how quickly selected assets can be converted into cash
- debt ratios, which 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, which measure the relative profitability and costs of labour
- capital expenditure ratios, which indicate capacity for and extent of business investment in capital assets.

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

28 Those ratios compiled from a combination of flow and level items need to be treated with additional caution. The information contained in statements of financial position indicate the level of assets and liabilities at a point in time. Information contained in statements of financial performance summarise the flows (or transactions)

INDUSTRY PERFORMANCE

MEASURES *continued*

which have taken place during the past financial year. Ratios which include both level and flow items in their derivation may be volatile due to the timing differences involved. It may, therefore, be preferable to base any analysis on a range of data presented rather than focusing on one variable.

29 The varying degree to which businesses consolidate their accounts may also affect the ratios calculated.

30 The above limitations are not meant to imply that analysis based on these data should be avoided, only that they should be borne in mind when interpreting the data presented in this publication.

STATE AND TERRITORY

ESTIMATES

31 State and territory summary estimates for the electricity supply industry are presented in Chapter 1. To enable the production of these estimates, state or territory data for businesses which were part of the mail out survey were allocated on the basis of state/territory of head office (rather than reported state/territory of activity). Care should, therefore, be taken in interpreting state/territory movements in the data in the tables in this chapter. This is because these movements will reflect movements in the data based on head office of individual businesses, as well as actual increases/decreases in activity. The relevant data for all other businesses, including those whose contribution was sourced from BIT data, were allocated to their state/territory of operations as recorded on the ABSBR. Statistical modelling enabled the production of state and territory estimates for industry value added.

DATA ADJUSTED

32 Data in this publication have been adjusted to allow for lags in processing new businesses to the ABSBR. The effects of these adjustments on Australian estimates of sales and service income are:

- for 2001–02:
 - for ELECTRICITY SUPPLY, an increase of 0.2%, with most states and territories being affected to a similar degree
 - for GAS SUPPLY, an increase of 0.7%
 - for WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES, an increase of 0.3%
- for 2002–03:
 - for ELECTRICITY SUPPLY, an increase of 0.5%, with most states and territories being affected to a similar degree
 - for GAS SUPPLY, an increase of 0.6%
 - for WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES, an increase of 0.1%.

EMPLOYMENT DATA

33 Employment estimates (and related ratios) have been excluded from this issue, due to reliability problems with the modelling of ATO BIT data intended to provide employment estimates for non-sampled ABN units. When these problems are resolved, estimates will be made available.

ACKNOWLEDGMENT

34 ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is very much 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*.

RELATED PUBLICATIONS

35 The ABS produces industry estimates for a range of selected industries (including utilities) and these results are to be available in *Australian Industry, 2001–02 and 2002–03* (cat. no. 8155.0) to be released on 20 December 2004. National estimates of income, expenditure, assets and liabilities and associated ratios will be available at the ANZSIC division level. Data presenting greater detail are considered experimental at this stage, while the methodology used to produce them is reviewed and improved. These consist of national estimates of income, expenses, operating profit before tax (OPBT),

RELATED PUBLICATIONS

continued

and wages and salaries, at the ANZSIC subdivision group level, and state/territory estimates of these items at the ANZSIC division level.

36 Users may also wish to refer to the following publications:

Australian Industry, 2000–01, cat. no. 8155.0, released on 27 August 2003

– Annual publication

Australian Labour Market Statistics, cat. no. 6105.0 – Quarterly publication

Australian National Accounts: National Income, Expenditure and Product,

cat. no. 5206.0 – Quarterly publication

Australian National Accounts: State Accounts, 2002–03, cat. no. 5220.0,

released on 12 November 2003 – Annual publication

Australian System of National Accounts: Concepts, Sources and Methods, 2000,

cat. no. 5216.0, released on 21 December 2000 – Irregular publication

Australia's Environment: Issues and Trends, 2003, cat. no. 4613.0,

released on 31 July 2003 – Annual publication

Business Indicators, Australia, cat. no. 5676.0 – Quarterly publication

Business Operations and Industry Performance, Australia, 2000–01, cat. no. 8140.0,

released on 6 December 2002 – Final issue

Directory of Electricity, Gas, Water and Sewerage Statistics, cat. no. 1140.0,

released on 1 May 2001 – Irregular publication

Energy and Greenhouse Gas Emissions Accounts, Australia, 1992–93 to 1997–98,

cat. no. 4604.0, released on 16 May 2001 – Irregular publication

Energy Statistics, Australia, 2001–02, cat. no. 4649.0.55.001, released on

19 December 2003 – Irregular publication

Environment Protection Expenditure, Australia, 2000–01, cat. no. 4603.0, released on

4 September 2002 – Biennial publication

Environmental Issues: People's Views and Practices, March 2003, cat. no. 4602.0,

released on 26 November 2003 – Annual publication

Household Expenditure Survey, Australia: Summary of Results, 1998–99, cat. no. 6530.0,

released on 28 June 2000 – Quinquennial publication

Information Paper: ABS Statistics and The New Tax System, 2000, cat. no. 1358.0,

released on 26 April 2000 – Irregular publication

Information Paper: Improvements in ABS Economic Statistics [Arising from The New

Tax System], cat. no. 1372.0, released on 6 May 2002 – Irregular publication

Job Vacancies, Australia, cat. no. 6354.0 – Quarterly publication

Labour Costs, Australia, 2002–03, cat. no. 6348.0.55.001,

released on 11 June 2004 – Irregular electronic publication

Labour Price Index, Australia, cat. no. 6345.0 – Quarterly publication (renamed from

Wage Cost Index, Australia)

Manufacturing Production, Australia, cat. no. 8301.0.55.001

– Quarterly electronic publication

Private New Capital Expenditure and Expected Expenditure, Australia, cat. no. 5625.0

– Quarterly publication

Research and Experimental Development, Businesses, Australia, 2002–03,

cat. no. 8104.0, released on 6 September 2004 – Annual publication

Water Account, Australia, 2000–01, cat. no. 4610.0, released on 19 May 2004

– Irregular publication

Year Book Australia, 2004, cat. no. 1301.0, released on 27 February 2004

– Annual publication

RELATED PUBLICATIONS

*continued**Non-ABS data*

37 Current publications and other products released by the ABS are listed in the *Catalogue of Publications and Products* (cat. no. 1101.0). The Catalogue is available from any ABS office or the ABS web site <<http://www.abs.gov.au>>. The ABS also issues a daily Release Advice on the web site which details products to be released in the week ahead.

38 There are a number of external organisations that collect and present data about their respective industries. Users requiring further information should contact:

Electricity Supply Association of Australia Ltd, Sydney (02) 9261 0141

web site <<http://www.esaa.com.au>>

(for key data, see the ESAA's annual publication *Electricity Australia*)

Australian Gas Association, Canberra (02) 6272 1555

web site <<http://www.gas.asn.au>>

(for key data, see the AGA's annual publication *Gas Statistics, Australia*)

Australian Water Association Ltd., Sydney (02) 9413 1288

web site <<http://www.awa.asn.au>>

Water Services Association of Australia, Melbourne (03) 9606 0678

web site <<http://www.wsaa.asn.au>>

(for key data, see the WSAA's annual publication

Australia's Urban Water Industry: WSAA Facts)

Productivity Commission, Melbourne (03) 9653 2100 and Canberra (02) 6240 3200

web site <<http://www.pc.gov.au>>

ABS DATA AVAILABLE ON
REQUEST

39 As well as the statistics included in this and related publications, the ABS may have other relevant data available on request and for a charge. Inquiries should be made to the National Information and Referral Service on 1300 135 070.

ROUNDING

40 Where figures have been rounded, discrepancies may occur between totals and the sums of the component items.

41 Proportions, ratios and other calculated figures shown in this publication have been calculated using unrounded estimates and may be different from, but are more accurate than, calculations based on the rounded estimates.

APPENDIX 1

SURVEY CHANGES

CHANGES TO ABS BUSINESS REGISTER

1 The introduction of The New Tax System (TNTS) has had a number of significant implications for ABS business statistics. These were initially discussed in *Information Paper: ABS Statistics and The New Tax System* (cat. no. 1358.0), which was released on 26 April 2000. The paper foreshadowed changes in the statistical infrastructure used by the ABS to support the compilation of ABS economic series.

2 *Information Paper: Improvements in ABS Economic Statistics [Arising from The New Tax System]* (cat. no. 1372.0) released on 6 May 2002 provided further information about these changes and their treatment in statistical series.

3 Most of these changes directly affected the ABS Business Register (ABSBR), which contains a list of businesses from which samples are selected to collect data for ABS economic series (including the annual utilities industries collection). The series have been affected by the changes in the following ways:

- the population of businesses that are considered to be employing based on taxation information has changed as a result of TNTS
- the statistical units model, that is, the way in which business structures are represented on the ABSBR, is being more closely aligned with taxation reporting requirements
- the Australian Taxation Office (ATO), which maintains the Australian Business Register used as a source for ABSBR ABN units, has classified some businesses differently from the ABS, for example to different industries
- different measures of business size are available.

4 For more information about the ABSBR, see Explanatory Notes paragraphs 4–7.

2001–02 SURVEY CHANGES

5 For each of the 2001–02 and 2002–03 utilities industries collections, the ABSBR allocated businesses to one of two sub-populations, comprising respectively ABN units and TAUs (Type of activity units). For unit definitions, see Explanatory Notes paragraphs 6–9. These units replaced the management unit, which was the basis for the 2000–01 collection. In addition, the ABS made further changes, notably, expanding its register to encompass all units on the ATO maintained Australian Business Register, including non-employers. (These non-employers have now been included in the scope of the utilities industries collection.) In most other cases, ABN units / TAUs concurred with the management units used for 2000–01.

CHANGES TO DATA ESTIMATES

6 For a number of years, the ABS has been expanding the range of data sources it uses, in order to decrease the statistical reporting load placed on providers while maintaining or increasing the range of information available. A major alternate source of data is the ATO, which collects key financial data for business income tax and other taxation related purposes. Section 68 of the *Taxation Administration Act 1953* provides for the ATO to pass information to the Australian Statistician for the purposes of the *Census and Statistics Act 1905*. For the first time, the estimates in this publication have been sourced from a combination of data from the Economic Activity Survey (EAS) conducted by the ABS and key financial data from business income tax files (BIT data) provided by the ATO.

ABS maintained population

7 All units in the ABS maintained population (i.e. TAUs) classified to the utilities industries were eligible to be selected for direct collection. Since the ABS maintained population mainly accounts for large and complex businesses, direct collection of data by the ABS for these units is necessary because:

- many large and complex employing businesses have more than one legal entity, making it difficult to identify all legal entities for that business in the BIT data
- BIT data do not include all of the detailed information that the ABS requires from large and complex businesses
- 'tax exempt' businesses that are not required to complete business income tax returns would otherwise not contribute to the statistics.

ATO maintained population

8 The balance of units on the ABSBR classified to the utilities industries were ABN units, from the ATO maintained population. Cut-offs were established (see Appendix 1 paragraphs 9–11) which determined the way in which each ABN unit contributed to the statistics:

- First, ABN units with annualised Business Activity Statement (BAS) total sales (used in lieu of EAS total income) at or greater than the cut-offs set for individual ANZSIC groups were eligible to be selected for direct collection of data by the ABS. If selected, they were sent the same mail out questionnaire for completion that was sent to selections from the ABS maintained population.
- Second, ABN units with annualised BAS total sales below the set cut-offs were excluded from direct collection. For these units, BIT data were obtained and added to the directly collected estimates to produce the statistics in this publication.

Cut-offs for ABN units

9 For each of the 2001–02 and 2002–03 collections, estimates for six key data items from the 2000–01 EAS collection were used to determine the cut-offs at or above which an ABN unit was available for direct collection and below which its contribution was sourced from BIT data. The key data items used were employment, wages and salaries, sales and service income, industry value added, total income and total expenses.

10 Cut-offs were set separately for each of ANZSIC groups 361 ELECTRICITY SUPPLY, 362 GAS SUPPLY and 370 WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES.

11 The cut-offs were initially set such that the aggregated contribution of those ABN units sourced from BIT data to the six key estimates was expected to be less than 5% (and preferably closer to 2%). Once determined, the non-employment cut-offs were adjusted so that none was greater than \$1 million.

Utilities industries estimates

12 Therefore, 2001–02 and 2002–03 utilities industries estimates were each derived as follows:

- For all businesses in the ABS maintained population and those businesses at or above the cut-offs in the ATO maintained population, a mail out survey (which included a sample component for businesses classified to WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES) was used to estimate their contribution.
- For the balance of businesses (i.e. in the ATO maintained population below the cut-offs for their ANZSIC category), their contribution was sourced from BIT data, with some more detailed breakdowns produced using proportional relationships derived from the mail out survey data.

Income contribution by unit type

13 The following table shows proportional contributions to sales and service income by the business groupings described in the previous paragraphs of this Appendix.

Income contribution by unit
type continued

CONTRIBUTION TO SALES AND SERVICE INCOME (a)

ABSBR unit	ELECTRICITY SUPPLY UNITS USING			GAS SUPPLY UNITS USING			WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES UNITS USING		
	ATO BIT data	Directly collected data	Total	ATO BIT data	Directly collected data	Total	ATO BIT data	Directly collected data	Total
	%	%	%	%	%	%	%	%	%
2001-02									
ABN units	0.5	8.1	8.6	1.4	12.4	13.8	1.1	5.2	6.2
TAUs	—	91.4	91.4	—	86.2	86.2	—	93.8	93.8
Total	0.5	99.5	100.0	1.4	98.6	100.0	1.1	98.9	100.0
2002-03									
ABN units	0.3	3.7	4.0	1.8	11.0	12.8	1.3	8.1	9.4
TAUs	—	96.0	96.0	—	87.2	87.2	—	90.6	90.6
Total	0.3	99.7	100.0	1.8	98.2	100.0	1.3	98.7	100.0

— nil or rounded to zero (including null cells)

(a) Includes rent, leasing and hiring income.

INTRODUCTION

1 For the 2000–01 year, the utilities industries collection used the management unit (MU) as the statistical unit. The management unit was defined as the highest-level accounting unit within a business, having regard to industry homogeneity, for which accounts were maintained. In nearly all cases, it coincided with the legal entity owning the business (i.e. company, partnership, trust, sole operator, etc.).

2 For 2001–02 and later years, the statistical unit has been changed to the ABN unit for businesses with simple structures and the TAU for businesses with complex structures. (For details of the new economic statistics units model, see Explanatory Notes paragraphs 4–9.) In most cases, ABN units / TAUs concurred with the management units used for the 2000–01 year.

BRIDGING ABN UNITS / TAUs AND MANAGEMENT UNITS

3 Management unit data for 2000–01 have been updated to take account of revisions to the data since they were published in the previous issue of this publication. These revised data have then been adjusted to incorporate differences imputed from analysis of the 2001–02 and 2002–03 ABN unit / TAU data. These include the addition of non-employers to the collection, differences between industry codes allocated (to some businesses) by the ATO and those assigned by the ABS, and the addition and use of BIT data sourced from the ATO (see Appendix 1 paragraphs 8–12).

4 The following two tables show 2000–01 utilities industries estimates for, respectively, management units and ABN units / TAUs (which reflect all of the changes described in the previous paragraph) for the data items: sales and service income, wages and salaries, and industry value added. The third table shows the percentage difference between these estimates.

MANAGEMENT UNIT ESTIMATES (a), 2000–01

INDUSTRY GROUP		Sales and service income (b)	Wages and salaries (c)	Industry value added
code	Description	\$m	\$m	\$m
361	Electricity supply			
	NSW	7 876.3	893.3	3 406.2
	Vic.	5 968.5	476.7	2 402.8
	Qld	6 125.0	439.0	2 238.0
	SA	2 203.3	129.4	735.5
	WA	1 623.6	161.8	954.5
	Tas.	969.7	99.0	503.6
	NT	306.4	41.3	122.3
	ACT	413.3	39.2	100.9
	Aust.	25 486.1	2 279.7	10 463.8
362	Gas supply	5 225.8	110.4	1 359.8
370	Water supply, sewerage and drainage services	6 492.0	823.4	4 167.3

(a) See Appendix 2 paragraph 3.
 (b) Includes rent, leasing and hiring income.
 (c) Excludes the drawings of working proprietors.

BRIDGING ABN UNITS / TAUs
AND MANAGEMENT UNITS

continued

ABN UNIT / TAU ESTIMATES (a), 2000–01

INDUSTRY GROUP		Sales and service income (b)	Wages and salaries (c)	Industry value added
ANZSIC code	Description	\$m	\$m	\$m
361	Electricity supply			
	NSW	8 029.5	911.4	3 581.1
	Vic.	5 993.6	493.0	2 398.6
	Qld	6 162.5	442.0	2 261.9
	SA	2 209.7	129.6	740.7
	WA	1 612.4	159.1	931.8
	Tas.	970.7	99.4	504.2
	NT	np	np	np
	ACT	np	np	np
	Aust.	25 746.3	2 319.1	10 676.3
362	Gas supply	5 329.0	116.7	1 372.5
370	Water supply, sewerage and drainage services	6 403.6	817.7	4 104.0

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

(a) See Appendix 2 paragraph 3. Also, relative standard errors are not available for these data.

(b) Includes rent, leasing and hiring income.

(c) Excludes the drawings of working proprietors.

PERCENTAGE DIFFERENCE (a)

INDUSTRY GROUP		DIFFERENCE BETWEEN ABN UNIT / TAU AND MANAGEMENT UNIT ESTIMATES OF		
ANZSIC code	Description	Sales and service income (b)	Wages and salaries (c)	Industry value added
		%	%	%
361	Electricity supply			
	NSW	1.9	2.0	5.1
	Vic.	0.4	3.4	-0.2
	Qld	0.6	0.7	1.1
	SA	0.3	0.1	0.7
	WA	-0.7	-1.7	-2.4
	Tas.	0.1	0.4	0.1
	NT	np	np	np
	ACT	np	np	np
	Aust.	1.0	1.7	2.0
362	Gas supply	2.0	5.7	0.9
370	Water supply, sewerage and drainage services	-1.4	-0.7	-1.5

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

(a) See Appendix 2 paragraph 3. Also, relative standard errors are not available for these data.

(b) Includes rent, leasing and hiring income.

(c) Excludes the drawings of working proprietors.

TECHNICAL NOTE 1 **DATA RELIABILITY**

SAMPLE ERROR

1 For each of 2001–02 and 2002–03, the utilities industries survey was, in part, a sample survey designed primarily to deliver industry group estimates for Australia. State and territory estimates for ANZSIC Group 361 ELECTRICITY SUPPLY are also produced.

2 The majority of data contained in this publication have been obtained from a sample of utilities industries businesses. As such, these data are 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 utilities industries businesses in the population. The measure of the likely difference as used by the ABS is given by the standard error, 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 two chances in three that a sample estimate will differ by less than one standard error 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 standard errors.

3 The standard error can also be expressed as a percentage of the estimate, and this is known as the relative standard error (RSE). Relative standard errors at the industry group level for selected data items representing the full range of data contained in this publication are shown in Technical Note 2. Detailed relative standard errors can be made available on request.

4 Note that RSEs for ANZSIC Groups 361 ELECTRICITY SUPPLY and 362 GAS SUPPLY are generally very small: this is because the only sampled contribution to these estimates has been from BIT data. See Appendix 1 paragraph 12 for details.

5 The size of the RSE may be a misleading indicator of the reliability of some of the estimates for trading profit, OPBT, EBIT and IVA. This situation may occur where an estimate may legitimately include positive and negative values, reflecting the financial performance of individual businesses. In these cases, the aggregated estimate can be small relative to the contribution of individual businesses resulting in a standard error which is large relative to the estimate.

NON-SAMPLE ERROR

6 All data presented in this publication are subject to non-sample error.

7 The imprecision due to sampling variability, which is measured by the standard error, 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 by providers, errors made in collection such as in 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 full census or a sample.

8 While it is not possible to quantify non-sampling error, every effort is made to reduce it to a minimum. Collection forms are designed to be easy to complete and assist businesses to report accurately. Efficient and effective operating procedures and systems are used to compile the statistics. The ABS compares data from different ABS (and non-ABS) sources relating to the one industry, to ensure consistency and coherence.

NON-SAMPLE ERROR *continued*

9 There are also non-sampling errors associated with the BIT data sourced from the ATO. For example, the ATO treats any non-response by either bringing forward the previous year's data for a non-responding business, or imputing the data as zero if there are no previous data to use.

TECHNICAL NOTE 2 **RELATIVE STANDARD ERRORS**

361 ELECTRICITY SUPPLY

	2001-02			2002-03		
	<i>Sales and service income(a)</i>	<i>Wages and salaries(b)</i>	<i>Industry value added</i>	<i>Sales and service income(a)</i>	<i>Wages and salaries(b)</i>	<i>Industry value added</i>
	%	%	%	%	%	%
NSW	—	0.1	—	—	—	0.1
Vic.	0.1	0.1	0.1	0.4	0.1	0.5
Qld	—	—	—	0.1	—	0.2
SA	—	—	—	—	—	—
WA	0.1	0.1	—	0.1	—	0.1
Tas.	—	0.1	—	—	—	—
NT	—	—	—	—	—	—
ACT	—	—	—	0.2	—	0.8
Aust.	—	—	—	0.1	—	0.1

- nil or rounded to zero (including null cells)
(a) Includes rent, leasing and hiring income.
(b) Excludes the drawings of working proprietors.

362 GAS SUPPLY

	<i>Sales and service income(a)</i>	<i>Wages and salaries(b)</i>	<i>Industry value added</i>
<i>Reference year</i>	%	%	%
2001-02	—	0.2	0.1
2002-03	—	—	—

- nil or rounded to zero (including null cells)
(a) Includes rent, leasing and hiring income.
(b) Excludes the drawings of working proprietors.

370 WATER SUPPLY,
SEWERAGE AND DRAINAGE
SERVICES

	<i>Sales and service income(a)</i>	<i>Wages and salaries(b)</i>	<i>Industry value added</i>
<i>Reference year</i>	%	%	%
2001-02	3.4	3.5	3.4
2002-03	5.1	3.7	4.1

- (a) Includes rent, leasing and hiring income.
(b) Excludes the drawings of working proprietors.

GLOSSARY

Data presented in this publication have been compiled from the standard financial accounts of businesses; therefore, the definition of each reported item aligns closely with that adopted in standard business accounting practice. Definitions of particular terms, as used in this publication, are also included. Terms for employment at end of June and derivative items are not included, but will be included with the later release of these data.

ABN unit	The statistical unit used to represent businesses, and for which statistics are reported, in most cases. The ABN unit is the business unit which has registered for an ABN, and thus appears on the ATO administered Australian Business Register. In most cases, the ABN unit represents the legal entity. This unit is suitable for ABS statistical needs when the business is simple in structure. For more significant and diverse businesses where the ABN unit is not suitable for ABS statistical needs, the statistical unit used is the type of activity unit (TAU).
Acquisitions	See the entry for fixed capital expenditure.
Acquisitions to disposals	The number of times that the value of assets acquired exceeds the value of disposal of assets, i.e. acquisitions / disposal of assets.
Assets	The reported total book value of assets as at the end of the reporting period. Comprises current assets (such as inventories and trade debtors) and non-current assets (such as property, plant and machinery needed for normal operations, capitalised interest, patents, licences and goodwill).
Bad and doubtful debts	Represents the amount of bad and doubtful debts written-off, net of bad and doubtful debts previously written-off but recovered.
Bridging data	Data produced taking into account the quantification of differences in the scope of (usually) consecutive survey population characteristics, thus enabling serial analysis of selected data items. See Appendix 2 for details.
Business	Represents the ABN unit or type of activity unit (TAU) which are the two standard units for each of the 2001–02 and 2002–03 utilities industries collections. For details, see Explanatory Notes paragraphs 4–9.
Business Activity Statement (BAS) total sales	Represented by the form item G1 <i>Total sales</i> on businesses' Business Activity Statements, supplied by them to the ATO. This item comprises all payments and other consideration (including GST) received during the nominated tax period for supplies made in the course of business.
Capital expenditure on dwellings, other buildings and structures	Capital expenditure incurred acquiring dwellings, other buildings and structures, including roads, warehouses, offices, transmission lines, pipelines, pumping stations, dams, bridges, etc.
Capital expenditure on land	Capital expenditure incurred acquiring land.
Capital expenditure on plant, machinery and equipment	Capital expenditure incurred acquiring plant, machinery and other equipment. Note that this category includes the acquisition of motor vehicles.
Capitalised purchases	Goods drawn from inventories for use as fixed tangible assets in capital work done by own employees for own use or for rental or lease.

Capital work done for own use	Capitalised work done by the employees or proprietors of a business in manufacturing, constructing, installing or repairing assets, in mineral and petroleum exploration activities, and the in-house development of computer software, for use by the business or for rental or lease. This work is valued at the capitalised costs of the materials and the wages and salaries involved.
Capitalised wages and salaries	Capitalised payments for work done by own employees in manufacturing, constructing or installing assets, or in developing computer software in-house for use by the business or for rental or lease.
Change in inventories	The value of total closing inventories less total opening inventories.
Closing inventories	The value of all inventories of finished goods (including mineral ores), work-in-progress, raw materials, fuels, containers and packaging materials at the end of the reporting period.
Contract, subcontract and commission expenses	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 the electricity supply industry, includes transmission fees, distribution fees, network charges and grid fees. (Pipeline charges are included in freight and cartage expenses).
Cost of sales	The sum of purchases, selected expenses and opening inventories less closing inventories.
Current assets	The value of closing trading inventories (i.e. at the end of the reporting period) 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 reporting period. This includes provisions for taxation, leave, claims, trade creditors and 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 instead of equity, i.e. (liabilities / assets) x 100.
Depreciation and amortisation	Depreciation/amortisation allowed on buildings and other fixed tangible assets. Includes, for lessees only, depreciation/amortisation in respect of finance leases.
Disposal of assets	Proceeds from the sale of selected tangible assets: land, dwellings, other buildings and structures, plant, machinery and equipment. Includes the disposal of motor vehicles. Excludes intangible assets, such as patents, licences and goodwill.
Earnings before interest and tax (EBIT)	Profit prior to the deduction of interest expenses and income tax.
Electricity supply industry	Comprises businesses classified to ANZSIC Group 361 ELECTRICITY SUPPLY. This group consists of units mainly engaged in the generation, transmission or distribution of electricity. It excludes units mainly engaged in the construction, repair or maintenance of electricity transmission towers or lines, power station buildings or water storage dams, included in Division E CONSTRUCTION.
Employer contributions into superannuation	Includes salary sacrifice. Also includes all employer contributions to superannuation funds (including the employer productivity contribution) and provisions for employer contributions to superannuation funds. Employee contributions are excluded.
Enterprise	The enterprise is an institutional unit comprising: <ul style="list-style-type: none"> ■ a single legal entity or business entity, or ■ more than one legal entity or business entity within the same enterprise group and in the same institutional sub-sector (i.e. they are all classified to a single Standard Institutional Sector Classification of Australia (SISCA) sub-sector).

Enterprise group	A unit covering all the operations in Australia of one or more legal entities under common ownership and/or control. It covers all the operations in Australia of legal entities which are related in terms of the current Corporations Law (as amended by the <i>Corporations Legislation Amendment Act 1991</i>), including legal entities such as companies, trusts and partnerships. Majority ownership is not required for control to be exercised.																
Fixed capital expenditure	Total expenditure on acquiring fixed tangible assets, before deduction of trade-in allowances, and including expenses (except capitalised interest) incurred during the year. Fixed tangible assets include land, dwellings, other buildings and structures, plant, machinery and equipment. Intangible assets such as capitalised exploration expenditure, patents, licences and goodwill are excluded. For further details, see capital expenditure entries.																
Freight and cartage expenses	Includes pipeline charges. Excludes the cost of delivery by own vehicles and employees, as well as overseas freight and cartage on goods exported.																
Funding from government for operational costs	Funding from federal, state and/or local government for operational costs (e.g. wages and salaries, rent, food). Includes bounties, subsidies, export grants, apprenticeship and traineeship schemes, community service obligation, and amounts reimbursed under the Australian Government's Diesel Fuel Rebate Scheme.																
Funding from government for specific capital items	As reported by providers.																
Gas supply industry	Comprises businesses classified to ANZSIC Group 362 GAS SUPPLY. This group consists of units mainly engaged in the manufacture of town gas from coal and/or petroleum or in the distribution of manufactured town gas, natural gas or liquefied petroleum gas through a system of mains, including pipelines operated on own account. It excludes units mainly engaged in: <ul style="list-style-type: none"> ■ treating natural gas to produce purified natural gas or liquefied hydrocarbon gases, or operating natural gas absorption or separation plants, included in Division B MINING ■ manufacturing liquefied petroleum gases in conjunction with petroleum refining, included in Division C MANUFACTURING ■ construction, repair or maintenance of gas mains, included in Division E CONSTRUCTION ■ wholesaling or retailing liquefied petroleum gas in bottles or bulk (except through a mains system), included in Division F WHOLESALE TRADE ■ operating pipelines for the transport of gas on a contract or fee basis, included in Division I TRANSPORT AND STORAGE. 																
Industry value added (IVA)	IVA represents the value added by an industry to the intermediate inputs used by the industry. IVA is the measure of the contribution by utilities businesses to gross domestic product. The derivation of IVA is as follows: <table border="0" style="margin-left: 20px;"> <tr> <td></td> <td>Sales and service income</td> </tr> <tr> <td><i>plus</i></td> <td>Funding from federal, state and/or local government for operational costs</td> </tr> <tr> <td><i>plus</i></td> <td>Capital work done for own use</td> </tr> <tr> <td><i>plus</i></td> <td>Closing inventories</td> </tr> <tr> <td><i>less</i></td> <td>Opening inventories</td> </tr> <tr> <td><i>less</i></td> <td>Intermediate input expenses (for details, see the entry for operating expenses)</td> </tr> <tr> <td><i>less</i></td> <td>Capitalised purchases</td> </tr> <tr> <td><i>equals</i></td> <td>IVA</td> </tr> </table> <p>However, it should be noted that IVA is not a measure of operating profit before tax (OPBT). Wage and salary expenses 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 (see the entry for operating expenses for further detail).</p>		Sales and service income	<i>plus</i>	Funding from federal, state and/or local government for operational costs	<i>plus</i>	Capital work done for own use	<i>plus</i>	Closing inventories	<i>less</i>	Opening inventories	<i>less</i>	Intermediate input expenses (for details, see the entry for operating expenses)	<i>less</i>	Capitalised purchases	<i>equals</i>	IVA
	Sales and service income																
<i>plus</i>	Funding from federal, state and/or local government for operational costs																
<i>plus</i>	Capital work done for own use																
<i>plus</i>	Closing inventories																
<i>less</i>	Opening inventories																
<i>less</i>	Intermediate input expenses (for details, see the entry for operating expenses)																
<i>less</i>	Capitalised purchases																
<i>equals</i>	IVA																

Industry value added to selected labour costs	IVA of businesses which operated during the year ended 30 June divided by selected labour costs, i.e. industry value added / selected labour costs.								
Insurance premiums	Premiums for fire, general, accident, public liability, optional third-party and comprehensive motor vehicle insurance, professional indemnity insurance and common law liability.								
Interest coverage	The number of times that businesses can meet their interest expenses from their earnings before interest and tax, i.e. earnings before interest and tax / interest expenses.								
Interest expenses	Includes interest paid on loans from banks, finance companies, insurance companies and related or unrelated businesses, and in respect of finance leases.								
Interest income	Includes interest received from bank accounts, loans and finance leases and earnings on discounted bills. Excludes charges between companies in the same TAU.								
Intermediate input expenses	For details, see the entry for operating expenses.								
Intermediate inputs	Intermediate inputs consist of materials and certain services which are used up in the production process. The calculation is: <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">Intermediate input expenses (for details, see the entry for operating expenses)</td> </tr> <tr> <td style="text-align: right;"><i>plus</i></td> <td style="text-align: right;">Opening inventories</td> </tr> <tr> <td style="text-align: right;"><i>less</i></td> <td style="text-align: right;">Closing inventories</td> </tr> <tr> <td style="text-align: right;"><i>equals</i></td> <td style="text-align: right;">Intermediate inputs</td> </tr> </table>		Intermediate input expenses (for details, see the entry for operating expenses)	<i>plus</i>	Opening inventories	<i>less</i>	Closing inventories	<i>equals</i>	Intermediate inputs
	Intermediate input expenses (for details, see the entry for operating expenses)								
<i>plus</i>	Opening inventories								
<i>less</i>	Closing inventories								
<i>equals</i>	Intermediate inputs								
Inventories – opening/closing	The value of all inventories of finished goods (including mineral ores), work-in-progress, raw materials, fuels, containers, etc. at the beginning and end of the reporting period, respectively.								
Liabilities	The reported total book value of liabilities as at the end of the reporting period. Comprises current liabilities (such as trade creditors and provisions for employee entitlements) and non-current liabilities (such as provisions for employee entitlements, bank loans, debentures and unsecured notes). Provisions for employee entitlements include annual leave, leave bonuses, long service leave, and severance, termination and redundancy payments, but exclude fringe benefits and payroll tax, employer contributions to superannuation funds, and workers' compensation costs.								
Liquidity ratio	The number of times current assets other than inventories exceed current liabilities, i.e. (current assets – closing inventories) / current liabilities.								
Management unit	For collections prior to 2001–02, the management unit was the highest-level accounting unit within a business, having regard to industry homogeneity, for which accounts were maintained. In nearly all cases, it coincided with the legal entity owning the business (i.e. company, partnership, trust, sole operator, etc.).								
Motor vehicle running expenses	Includes expenditure on registration fees, compulsory third-party insurance premiums, fuel and repair and maintenance expenses. Excludes expenses for off-road motor vehicles (e.g. forklifts, mobile plant).								
Natural resource royalties expenses	Includes payments under mineral lease arrangements, and resource rent taxes and royalties. Excludes payments for royalties from intellectual property (e.g. patents, copyrights, etc.), which are included under other operating expenses.								
Net capital expenditure	The value of total capital expenditure less proceeds received from the disposal of fixed tangible assets.								
Net capital expenditure to assets	The percentage of the total book value of assets spent on net capital expenditure, i.e. (net capital expenditure / assets) x 100.								
Net worth	Total assets minus total liabilities, and is equal to the interest of shareholders or other owners in the assets of the business. Also called 'owner's equity'.								

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Non-current assets	The book value of non-current assets at the end of the reporting period. This includes plant and machinery needed for normal operations, capitalised interest, property and goodwill.
Non-current liabilities	The book value of non-current liabilities at the end of the reporting period. This includes provisions for employee entitlements, bank loans, debentures and unsecured notes.
Opening inventories	The value of all inventories of finished goods (including mineral ores), work-in-progress, raw materials, fuels, containers and packaging materials at the beginning of the reporting period.
Operating expenses	<p>For the purposes of calculating economic and accounting variables for utilities industries, operating expenses incurred by businesses are divided into several categories. However, some expenses are excluded entirely from all such calculations: excluded are extraordinary expenses, capitalised expenses, income tax and other direct taxes, goods and services tax (GST) and excise payable to governments, capital repayments or losses on asset sales, dividends, donations and foreign exchange losses.</p> <p>Those expenses used for calculations are categorised as follows:</p> <p><i>Intermediate input expenses</i></p> <p>This category covers the major expenses incurred by businesses in producing and distributing goods and services (except labour costs), and comprises two sub-categories of operating expenses:</p> <p>Purchases of goods, materials and services used in production, which include:</p> <ul style="list-style-type: none"> ■ purchases of materials, components, explosives, containers and packaging materials, electricity, fuels and water ■ purchases of goods (including electricity, gas and water for distribution) for resale (without any further processing or assembly) ■ motor vehicle running expenses ■ freight and cartage expenses ■ repair and maintenance expenses ■ rent, leasing and hiring expenses (excluding finance lease payments) ■ contract, subcontract and commission expenses. <p>Expenses related to the sale of goods and administrative expenses, which include:</p> <ul style="list-style-type: none"> ■ management fees/charges paid to related and unrelated businesses ■ bank charges other than interest ■ audit and other accounting expenses ■ legal fees ■ advertising expenses ■ postal and telecommunication expenses ■ office supplies and printing expenses ■ travelling, accommodation and entertainment expenses ■ staff training ■ payments for royalties from intellectual property (e.g. patents, copyrights, etc.). <p>Excluded from intermediate input expenses are selected labour costs and other operating expenses as detailed below:</p> <p><i>Selected labour costs</i></p> <ul style="list-style-type: none"> ■ wages and salaries (including provisions for employee entitlements) ■ employer contributions into superannuation including salary sacrifice ■ workers' compensation premiums and other costs. <p><i>Other operating expenses</i></p> <p>Some expenses are excluded from the calculation of intermediate input expenses and selected labour costs, but are included in the calculation of the accounting variable operating profit before tax (OPBT). These expenses include:</p> <ul style="list-style-type: none"> ■ bad and doubtful debts ■ computer software expenses not capitalised by businesses

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Operating expenses <i>continued</i>	<ul style="list-style-type: none"> ■ depreciation and amortisation ■ insurance premiums (except workers' compensation and compulsory third party motor vehicle insurance premiums) ■ interest expenses ■ land tax and land rates ■ natural resource royalties expenses ■ payroll tax and fringe benefits tax.
Operating profit before tax (OPBT)	Profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).
Other income	Includes natural resource royalties income, dividend income and other income such as net profit (or loss) on the sale of fixed tangible assets, net profit (or loss) resulting from variations in foreign exchange rates/transactions, and funding from federal, state and/or local government for specific capital items. It excludes extraordinary profits or losses, i.e. those not associated with the normal operations of the business and of a non-recurring nature.
Other selected expenses	Includes expenditure on management fees/charges paid to related and unrelated businesses, bank charges other than interest, audit and other accounting expenses, legal fees, advertising expenses, postal and telecommunication expenses, office supplies and printing expenses, travelling, accommodation and entertainment expenses, staff training, payments for royalties from intellectual property (e.g. patents, copyrights, etc.), payroll tax, fringe benefits tax, land tax, land rates, and computer software expenses not capitalised.
Purchases and selected expenses	Purchases of goods and materials, rent, leasing and hiring expenses, freight and cartage expenses, motor vehicle running expenses, repair and maintenance expenses, contract, subcontract and commission expenses, and other selected expenses.
Purchases of goods and materials	Purchases of materials, components, explosives, containers, packaging materials, fuels, electricity and water, and purchases of other goods for resale. Also includes capitalised purchases. Excludes purchases of parts and fuels for motor vehicles, apart from fuels for off-road vehicles, such as forklifts and mobile plant, which are included.
Reference period	For each collection year, businesses are asked to report data for the financial year ended 30 June. However, if a business has a different financial year, it is asked to report (apart from employment) for the 12 month period which ends between 1 October of the previous year and 30 September of the current year. This period is then used as a substitute for the financial year ended 30 June. For example, for the 2002–03 collection, a business may have reported data for the year ended 31 December 2002.
Rent, leasing and hiring expenses	Operating lease payments for land, dwellings, other buildings and structures, motor vehicles, plant, machinery and other equipment. Finance lease payments are excluded.
Rent, leasing and hiring income	For details, see the entry for sales and service income.
Repair and maintenance expenses	Includes computer software and hardware maintenance, and repair and maintenance of off-road motor vehicles. Excludes wages and salaries of own employees and the repair and maintenance costs of on-road motor vehicles.
Return on assets	Operating profit before tax as a percentage of the total book value of assets, i.e. (operating profit before tax / assets) x 100.
Return on funds	Earnings before interest and tax (EBIT) as a percentage of the sum of shareholders' funds and non-current liabilities, i.e. EBIT / (net worth + non-current liabilities) x 100.

Sales and service income	<p>Includes:</p> <p><i>Sales of goods</i></p> <ul style="list-style-type: none"> ■ whether or not produced by the business (including goods produced for the business on a commission basis). Includes sales or transfers to related businesses or to overseas branches of the business, progress payments relating to long term contracts if they are billed in the period, delivery charges not separately invoiced to customers, and sales of goods produced by the business from crude materials purchased. Excludes excise and duties received on behalf of the Government, sales of fixed tangible assets, natural resource royalties income, interest income, and delivery charges separately invoiced to customers. Exports are valued free on board (f.o.b.) (i.e. export freight charges are excluded). ■ includes income from rates (e.g. water, sewerage, irrigation and drainage rates) <p><i>Income from services</i></p> <ul style="list-style-type: none"> ■ includes income from consulting services, repair, maintenance and service income and fees, contract, subcontract and commission income, management fees/charges from related and unrelated businesses, installation charges, delivery charges separately invoiced to customers and royalties from intellectual properties (e.g. patents, copyrights, etc.). For the electricity supply and gas supply industries, also includes transmission and distribution income. Excludes natural resource royalties income, interest income, and delivery charges not separately invoiced to customers. <p><i>Rent, leasing and hiring income</i></p> <ul style="list-style-type: none"> ■ derived from the ownership of land, dwellings, buildings and other structures, motor vehicles, plant, machinery and other equipment. Royalties from intellectual property are also included. Excludes royalties from mineral leases, income from finance leases and payments received under hire purchase arrangements. This item is included in sales and service income, but is not separately published. (Under the current international standards, rent, leasing and hiring income (except from finance leases) is classified as service income.) <p>These are valued net of discounts given and exclusive of goods and services tax (GST). Extraordinary items are also excluded.</p>
Sales and service income to assets	The number of times the value of sales and service income exceeds the value of assets, i.e. sales and service income / assets.
Selected labour costs	See the entry for operating expenses.
Standard Institutional Sector Classification of Australia	The SISCA is the central classification among ABS Standard Economic Sector Classifications. It is based on the System of National Accounts 1993 (SNA93) institutional sector classification, and includes the sectors: non-financial corporations, financial corporations, general government, households, non-profit institutions serving households, and rest of the world (which includes only non-resident units, these being excluded from all other sectors). For more information, users should refer to <i>Standard Economic Sector Classifications of Australia (SESCA)</i> (cat. no. 1218.0).
Superannuation	See the entry for employer contributions into superannuation.
Trading profit	<p>A measure of profit directly attributable to trading in goods and services. It is derived by subtracting the cost of sales from the value of sales and service income plus the value of capitalised purchases.</p> <p>It should not be inferred that all of this profit is available as surplus as other expenses such as selected labour costs, depreciation, insurance premiums, royalties, bad debts and interest have not been taken into account. Also, other income items such as funding from government and interest income have not been included.</p>
Trading profit margin	Trading profit as a percentage of sales and service income, i.e. (trading profit / sales and service income) x 100.

Type of activity unit (TAU)	<p>The TAU is comprised of one or more business entities, sub-entities or branches of a business entity within an enterprise group that can report production and employment data for similar economic activities. When a minimum set of data items are available, a TAU is created which covers all the operations within an industry subdivision (and the TAU is classified to the relevant subdivision of the ANZSIC). Where a business cannot supply adequate data for each industry, a TAU is formed which contains activity in more than one industry subdivision.</p> <p>In most cases, TAUs concurred with the management units used prior to the 2001–02 year.</p>
Utilities industries	<p>Businesses classified to ANZSIC Division D ELECTRICITY, GAS AND WATER SUPPLY. This division comprises three industry groups: 361 ELECTRICITY SUPPLY, 362 GAS SUPPLY and 370 WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES. See Explanatory Notes paragraphs 10–17 for details.</p>
Wages and salaries	<p>The gross wages and salaries (including capitalised wages and salaries) of all employees of the business. The item includes severance, termination and redundancy payments, salaries and fees of directors and executives, retainers and commissions of persons who received a retainer, bonuses, and annual and other types of leave. Provision expenses for employee entitlements (e.g. provisions for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments) are also included. Payments related to salary sacrifice and payments to self-employed persons such as consultants, contractors and persons paid solely by commission without a retainer are excluded. The drawings of working proprietors are also excluded.</p>
Wages and salaries to sales and service income ratio	<p>The wages and salaries paid by utilities industries businesses which operated during the year ended 30 June as a proportion of the sales and service income of utilities industries businesses which operated during the same year.</p>
Water supply, sewerage and drainage services industry	<p>Comprises businesses classified to ANZSIC Group 370 WATER SUPPLY, SEWERAGE AND DRAINAGE SERVICES. This group comprises two classes:</p> <ul style="list-style-type: none"> ■ 3701 WATER SUPPLY <p>This class consists of units mainly engaged in the storage, purification or distribution of water, by pipeline or carrier. It includes the operation of irrigation systems concerned with the supply of water to farms, and the supply of steam or hot water. This class excludes units mainly engaged in:</p> <ul style="list-style-type: none"> ■ operating irrigation systems concerned with the distribution of water on farms, included in Division A AGRICULTURE, FORESTRY AND FISHING ■ the construction or repair of water storage dams, mains or pumping stations, included in Division E CONSTRUCTION. ■ 3702 SEWERAGE AND DRAINAGE SERVICES <p>This class consists of units mainly engaged in operating sewerage or drainage systems or sewerage treatment plants. It excludes units mainly engaged in the construction or repair of sewerage or storm water drainage systems, included in Division E CONSTRUCTION.</p>
Workers' compensation premiums/costs	<p>As reported by providers.</p>

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