

COMPANY PROFITS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) THURS 22 MAY 1997

MARCH QTR KEY FIGURES

TREND ESTIMATES

	Mar 97 \$m	% change Dec 96 to Mar 97	% change Mar 96 to Mar 97
Company Profits before			
Income Tax	6 141	3.4	2.6
Income Tax & Net Interest	7 650	2.9	1.3
Income Tax, Net Interest & Depreciation	11 759	2.7	4.8

SEASONALLY ADJUSTED

	Mar 97 \$m	% change Dec 96 to Mar 97	% change Mar 96 to Mar 97
Company Profits before			
Income Tax	5 811	-9.7	-9.6
Income Tax & Net Interest	7 333	-7.0	-9.0
Income Tax, Net Interest & Depreciation	11 491	-3.4	-1.9

ORIGINAL ESTIMATES

	Mar 97 \$m	% change Dec 96 to Mar 97	% change Mar 96 to Mar 97
Company Profits before			
Income Tax	4 929	-34.8	-11.1
Income Tax & Net Interest	6 278	-29.8	-10.2
Income Tax, Net Interest & Depreciation	10 353	-20.5	-2.5

MARCH QTR KEY POINTS

TREND ESTIMATES

- The provisional trend estimate of company profits before income tax, for companies with more than 30 employees is \$6,141m. There has been an increase in the trend estimate since June 1996.

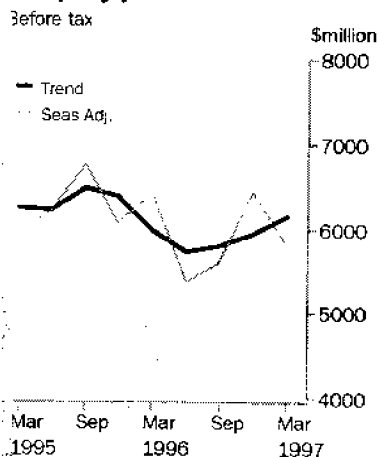
SEASONALLY ADJUSTED

- The seasonally adjusted estimate of company profits before income tax decreased by 9.7% in the March 1997 quarter. This follows an increase of 15.2% in the revised December 1996 quarter estimate which was influenced by companies taking abnormal items into account, particularly in the mining and manufacturing industries.

ORIGINAL ESTIMATES

- The original estimate of company profits before income tax as reported for the March 1997 quarter is \$4,929m, a decrease of 34.8% from the revised December 1996 quarter estimate. This fall is mainly affected by seasonal decreases in manufacturing, retail trade and transport, and abnormal items reported in the December 1996 quarter in mining and manufacturing.

Company profits



INQUIRIES

- For further information about these and related statistics, contact Sue Phillips on 02 9268 4357, or any ABS Office.

NOTES

FORTHCOMING ISSUES

ISSUE(Quarter)

RELEASE DATE

June 1997

21 August 1997

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CHANGES IN THIS ISSUE

This issue contains revisions to the December 1996 quarter as a result of responses received or revised after publication of the previous issue. The revisions affect all industries in original, seasonally adjusted and trend terms. This issue also contains minor revisions to the previous five quarters.

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SAMPLING ERRORS

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

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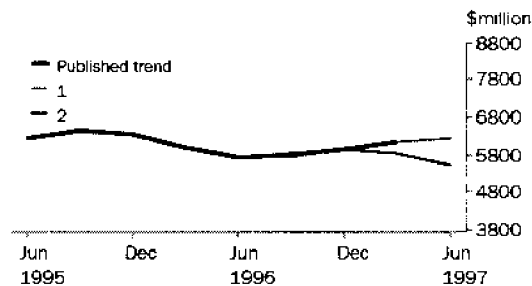
TREND REVISIONS

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

1 The June 1997 seasonally adjusted estimate for company profits before income tax is higher than the March 1997 seasonally adjusted estimate by 10.0%.

2 The June 1997 seasonally adjusted estimate for company profits before income tax is lower than the March 1997 seasonally adjusted estimate by 10.0%.

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

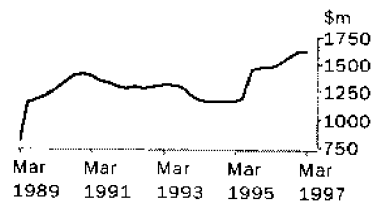


An increase of 10.0% in seasonally adjusted company profits before income tax in June 1997 quarter would show a continuation of the gradual rise in the trend from June 1996 quarter. A fall of the same magnitude would result in a decline in the trend from the December 1996 quarter.

T. J. Skinner
Acting Australian Statistician

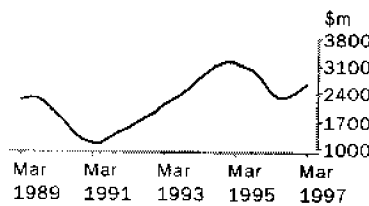
COMPANY PROFITS BEFORE INCOME TAX BY INDUSTRY: Trend

MINING



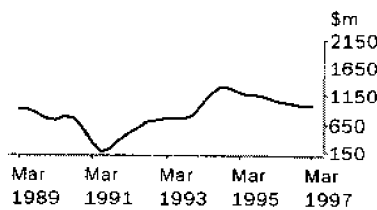
The March 1997 quarter trend estimate for the Mining industry is relatively unchanged (-0.4%) from the December 1996 quarter, following increases in the previous three quarters.

MANUFACTURING



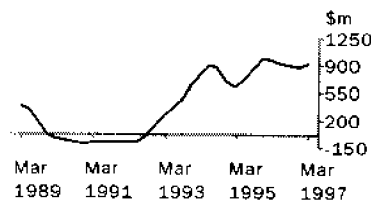
The Manufacturing industry trend estimate increased by 6.6% continuing the increase from the June 1996 quarter.

WHOLESALE/RETAIL



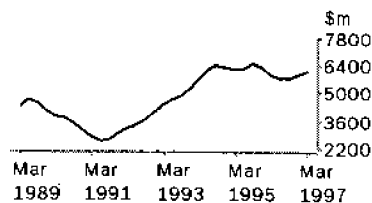
For the combined Wholesale and Retail Trade industries, the trend estimate has gradually declined since the December 1994 quarter. However, the trend in Retail Trade is showing improvement in the last three quarters.

OTHER SELECTED INDUSTRIES



This includes Construction, Transport & Storage, Services to Finance & Insurance, Property & Business Services, and Other Services.

TOTAL ALL INDUSTRIES



The All Industries trend estimate has increased by 3.4% from the December 1996 quarter and is 2.6% higher than the March 1996 quarter estimate.



COMPANY PROFITS BEFORE INCOME TAX : All Series

Quarter	Company profits before income tax, net interest paid and depreciation	Company profits before income tax and net interest paid	Company profits before income tax
	\$m	\$m	\$m
ORIGINAL			
1993-94			
March	9 020	6 132	4 903
June	9 447	6 440	5 367
1994-95			
September	11 440	8 297	7 135
December	11 908	8 728	7 660
March	9 479	6 276	5 013
June	10 004	6 713	5 408
1995-96			
September	11 982	8 550	7 283
December	12 004	8 510	7 213
March	10 620	6 993	5 546
June	10 146	6 300	4 794
1996-97			
September	11 659	7 750	6 056
December	13 028	8 943	7 555
March	10 353	6 278	4 929
SEASONALLY ADJUSTED			
1993-94			
March	9 883	6 959	5 837
June	10 104	7 103	6 157
1994-95			
September	10 935	7 826	6 648
December	10 806	7 637	6 428
March	10 372	7 096	5 953
June	10 708	7 411	6 212
1995-96			
September	11 340	7 951	6 766
December	10 942	7 474	6 064
March	11 712	8 062	6 426
June	10 888	6 974	5 369
1996-97			
September	10 961	7 126	5 584
December	11 899	7 883	6 433
March	11 491	7 333	5 811
TREND ESTIMATES			
1993-94			
March	9 791	6 841	5 736
June	10 316	7 312	6 246
1994-95			
September	10 665	7 572	6 468
December	10 698	7 516	6 347
March	10 670	7 418	6 239
June	10 711	7 401	6 225
1995-96			
September	11 101	7 724	6 476
December	11 297	7 793	6 376
March	11 218	7 550	5 983
June	11 152	7 343	5 738
1996-97			
September	11 252	7 335	5 790
December	11 450	7 436	5 939
March	11 759	7 650	6 141

n.r. not recorded

COMPANY PROFITS BEFORE INCOME TAX, DEPRECIATION AND INTEREST: Original

Period	<i>Company profits before income tax, net interest paid and depreciation</i>	<i>Depreciation</i>	<i>Company profits before income tax and net interest paid</i>	<i>Interest paid</i>	<i>Interest received</i>	<i>Net interest paid</i>	<i>Company profits before income tax</i>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1993-94	38 419	11 810	26 609	8 872	4 084	4 788	21 821
1994-95	42 831	12 817	30 014	11 233	6 435	4 799	25 216
1995-96	44 752	14 400	30 352	11 324	5 807	5 516	24 836
1993-94							
March	9 020	2 888	6 132	2 110	881	1 229	4 903
June	9 447	3 008	6 440	2 393	1 320	1 073	5 367
1994-95							
September	11 440	3 143	8 297	2 549	1 386	1 163	7 135
December	11 908	3 179	8 728	2 697	1 629	1 068	7 660
March	9 479	3 204	6 276	2 740	1 477	1 263	5 013
June	10 004	3 291	6 713	3 247	1 942	1 305	5 408
1995-96							
September	11 982	3 432	8 550	2 620	1 354	1 266	7 283
December	12 004	3 494	8 510	2 702	1 405	1 296	7 213
March	10 620	3 627	6 993	2 867	1 419	1 447	5 546
June	10 146	3 846	6 300	3 135	1 629	1 507	4 794
1996-97							
September	11 659	3 909	7 750	3 363	1 668	1 694	6 056
December	13 028	4 085	8 943	3 367	1 980	1 388	7 555
March	10 353	4 075	6 278	3 275	1 926	1 349	4 929

COMPANY PROFITS BEFORE INCOME TAX, BY BROAD INDUSTRY: All Series

Period	Mining	Manu- facturing	Cons- truction	Wholesale trade	Retail trade	Transport and storage	Services to finance and insurance	Property and business services	Other services	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
ORIGINAL										
1993-94	4 833	10 655	368	1 965	1 652	774	849	-1	726	21 821
1994-95	4 668	12 626	500	3 143	1 933	649	916	-340	1 121	25 216
1995-96	5 950	10 516	619	2 800	1 629	780	602	-10	1 949	24 836
1994-95										
December	1 066	3 601	138	876	916	198	416	61	388	7 660
March	1 256	2 874	106	641	254	84	-10	-284	91	5 013
June	1 049	2 746	156	751	379	153	278	-279	175	5 408
1995-96										
September	1 605	3 206	150	732	349	252	158	157	674	7 283
December	1 468	3 286	205	697	786	328	104	-137	476	7 213
March	1 418	2 311	146	688	217	246	85	-5	440	5 546
June	1 459	1 713	119	683	277	-46	254	-25	360	4 794
1996-97										
September	1 574	2 592	174	589	274	164	140	-68	617	6 056
December	1 746	3 040	210	638	783	421	81	153	483	7 555
March	1 521	2 179	107	441	234	307	16	-146	269	4 929
SEASONALLY ADJUSTED										
1993-94	4 828	10 773	366	1 959	1 680	795	848	7	739	21 995
1994-95	4 657	12 644	512	3 141	1 931	645	914	-335	1 131	25 242
1995-96	5 953	10 366	617	2 796	1 615	729	602	-6	1 953	24 625
1994-95										
December	1 092	3 136	106	857	482	151	364	-65	307	6 428
March	1 242	3 295	118	716	451	114	55	-226	189	5 953
June	1 107	3 141	184	735	473	200	250	-174	295	6 212
1995-96										
September	1 501	2 902	156	690	473	215	173	124	533	6 766
December	1 514	2 868	157	682	416	249	54	-270	394	6 064
March	1 401	2 638	165	763	380	326	149	59	544	6 426
June	1 537	1 957	138	661	347	-61	226	81	482	5 369
1996-97										
September	1 471	2 354	181	555	370	140	152	108	469	5 584
December	1 806	2 657	162	625	415	319	32	16	400	6 433
March	1 503	2 482	122	516	407	403	80	-79	377	5 811
TREND ESTIMATES										
1993-94	4 859	10 720	355	2 026	1 706	774	862	77	752	22 131
1994-95	4 678	12 649	528	3 092	1 935	644	885	-308	1 175	25 279
1995-96	5 890	10 546	622	2 783	1 616	785	589	-153	1 894	24 572
1994-95										
December	1 165	3 193	104	814	487	147	239	-76	274	6 347
March	1 161	3 206	134	776	471	146	211	-133	266	6 239
June	1 186	3 133	192	713	466	173	171	-133	323	6 225
1995-96										
September	1 458	3 012	143	699	456	241	138	-90	419	6 476
December	1 471	2 778	159	716	422	255	133	-44	486	6 376
March	1 464	2 474	159	703	378	180	147	-21	500	5 983
June	1 496	2 282	161	666	360	109	172	2	490	5 738
1996-97										
September	1 575	2 320	162	612	375	144	143	-1	460	5 790
December	1 625	2 474	154	589	397	266	87	-46	412	5 939
March	1 619	2 637	142	546	412	396	62	-57	383	6 141

COMPANY PROFITS BEFORE INCOME TAX, By Broad Industry—Percentage Changes: **All Series(a)**

Period	Mining	Manu- facturing	Construction	Wholesale trade	Retail trade	Transport and storage	Services to finance and insurance	Property and business services	Other services	Total
ORIGINAL										
1993-94	-8.3	33.3	13.6	34.0	19.8	96.7	491.7	99.7	154.2	30.2
1994-95	-3.4	18.5	36.1	60.0	17.0	-16.2	7.8	n.p.	54.4	15.6
1995-96	27.5	-16.7	23.8	-10.9	-15.7	20.2	-34.2	97.2	73.9	-1.5
1994-95										
December	-17.8	5.8	36.9	0.2	139.1	-8.0	79.2	-62.2	-16.8	7.4
March	17.9	-20.2	-23.4	-26.8	-72.2	-57.4	-102.4	-565.1	-76.6	-34.6
June	-16.5	-4.5	47.4	17.1	49.3	81.6	n.p.	1.7	93.4	7.9
1995-96										
September	53.1	16.7	-4.0	-2.5	-8.1	64.9	-42.9	156.5	283.9	34.7
December	-8.5	2.5	37.0	-4.8	125.3	30.3	-34.1	-187.0	-29.3	-1.0
March	-3.4	-29.7	-28.7	-1.4	-72.4	-25.0	-18.8	96.5	-7.6	-23.1
June	2.9	-25.9	-18.7	-0.7	27.6	-118.7	200.1	-423.4	-18.3	-13.6
1996-97										
September	7.9	51.3	46.3	-13.8	-1.3	455.4	-44.8	-167.2	71.5	26.3
December	10.9	17.3	21.0	8.4	186.2	157.4	-42.0	326.9	-21.7	24.8
March	-12.8	-28.3	-49.1	-30.9	-70.1	-27.1	-80.7	-195.4	-44.2	-34.8
SEASONALLY ADJUSTED										
1993-94	-8.4	33.8	17.0	35.0	19.6	99.1	492.4	101.5	147.2	30.5
1994-95	-3.5	17.4	40.1	60.3	14.9	-18.9	7.8	n.p.	53.0	14.8
1995-96	27.8	-18.0	20.4	-11.0	-16.4	13.1	-34.1	98.1	72.7	-2.4
1994-95										
December	-10.2	2.1	0.5	3.0	-8.3	-16.6	47.7	-150.0	-9.7	-3.3
March	13.8	5.0	12.2	-16.4	-6.5	-24.6	-85.0	-245.3	-38.4	-7.4
June	-10.9	4.7	55.0	2.7	5.1	76.5	357.9	22.7	56.3	4.3
1995-96										
September	35.5	-7.6	-14.8	-6.2	-0.2	7.3	-30.9	170.9	80.6	8.9
December	0.9	-1.2	0.5	-1.1	-12.1	15.8	-68.5	-318.7	-26.2	-10.4
March	-7.4	-8.0	5.2	11.8	-8.5	30.9	174.6	121.8	38.2	6.0
June	9.7	-25.8	-16.6	-13.3	-8.7	-118.7	51.4	38.1	-11.4	-16.4
1996-97										
September	-4.3	20.3	31.4	-16.1	6.6	330.6	-32.6	-232.3	-2.7	4.0
December	22.8	12.9	-10.9	12.7	12.3	127.0	-78.8	115.0	-14.6	15.2
March	-16.8	-6.6	-24.5	-17.5	-1.9	26.4	148.0	-591.1	-5.9	-9.7
TREND ESTIMATES										
1993-94	-6.1	33.7	5.6	34.4	26.5	83.0	515.7	115.2	133.8	32.0
1994-95	-3.7	18.0	48.9	52.6	13.4	-16.8	2.7	-498.8	56.3	14.2
1995-96	25.9	-16.6	17.8	-10.0	-16.5	22.0	-33.4	50.2	61.1	-2.8
1994-95										
December	-0.2	2.5	6.4	3.3	-4.9	-17.3	-9.1	-327.7	-12.2	-1.9
March	-0.3	0.4	29.3	-4.7	-3.3	-0.5	-11.7	-74.4	-2.9	-1.7
June	2.1	-2.3	43.2	-8.1	-1.0	18.3	-19.1	-0.1	21.5	-0.2
1995-96										
September	23.0	-3.9	-25.8	-2.0	-2.1	39.6	-19.4	31.9	29.7	4.0
December	0.9	-7.8	11.4	2.4	-7.5	5.7	-3.7	51.5	15.9	-1.5
March	-0.5	-11.0	0.2	-1.8	-10.4	-29.3	10.3	52.1	2.8	-6.2
June	2.2	-7.8	1.1	-5.2	-4.7	-39.5	17.5	108.2	-2.0	-4.1
1996-97										
September	5.3	1.7	0.5	-8.1	4.0	31.9	-16.7	-153.5	-6.0	0.9
December	3.2	6.6	-4.7	-7.0	5.9	85.1	-39.2	n.p.	-10.5	2.6
March	-0.4	6.6	-7.7	-4.1	3.9	48.7	-28.9	-23.7	-6.9	3.4

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

COMPANY PROFITS, by Broad Industry: Original

Period	Mining \$m	Manu- facturing \$m	Construction \$m	Wholesale trade \$m	Retail trade \$m	Transport and storage \$m	Services to finance and insurance \$m	Property and business services \$m	Other services \$m	Total \$m
PROFITS BEFORE INCOME TAX										
1993-94	4 833	10 655	368	1 965	1 652	774	849	-1	726	21 821
1994-95	4 668	12 626	500	3 143	1 933	649	916	- 340	1 121	25 216
1995-96	5 950	10 516	619	2 800	1 629	780	602	-10	1 949	24 836
1994-95										
December	1 066	3 601	138	876	916	198	416	61	388	7 660
March	1 256	2 874	106	641	254	84	-10	- 284	91	5 013
June	1 049	2 746	156	751	379	153	278	- 279	175	5 408
1995-96										
September	1 605	3 206	150	732	349	252	158	157	674	7 283
December	1 468	3 286	205	697	786	328	104	- 137	476	7 213
March	1 418	2 311	146	688	217	246	85	-5	440	5 546
June	1 459	1 713	119	683	277	-46	254	-25	360	4 794
1996-97										
September	1 574	2 592	174	589	274	164	140	-68	617	6 056
December	1 746	3 040	210	638	783	421	81	153	483	7 555
March	1 521	2 179	107	441	234	307	16	- 146	269	4 929
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1993-94	5 386	12 202	460	2 621	1 962	1 005	1 347	585	1 040	26 609
1994-95	5 169	14 241	607	3 997	2 185	836	1 002	507	1 469	30 014
1995-96	6 499	12 377	683	3 559	1 940	1 059	825	703	2 708	30 352
1994-95										
December	1 183	3 986	164	1 070	982	258	408	213	465	8 728
March	1 390	3 262	132	860	317	123	18	-18	191	6 276
June	1 200	3 210	184	987	443	182	332	- 105	280	6 713
1995-96										
September	1 721	3 648	169	915	419	320	238	318	800	8 550
December	1 594	3 743	222	887	860	404	121	83	595	8 510
March	1 549	2 747	161	879	306	315	180	188	669	6 993
June	1 634	2 239	131	879	356	19	285	114	643	6 300
1996-97										
September	1 732	3 191	181	771	369	247	189	148	921	7 750
December	1 906	3 530	217	785	877	522	58	226	821	8 943
March	1 674	2 651	125	569	307	402	-68	-5	622	6 278
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1993-94	8 487	16 763	681	3 712	2 836	1 597	1 532	1 171	1 639	38 419
1994-95	8 113	19 227	957	5 074	2 931	1 481	1 435	1 310	2 303	42 831
1995-96	9 897	17 627	989	4 671	2 724	2 148	1 247	1 415	4 035	44 752
1994-95										
December	1 883	5 255	255	1 351	1 167	417	504	412	664	11 908
March	2 121	4 513	215	1 121	500	277	140	180	412	9 479
June	1 965	4 462	273	1 257	628	357	462	90	511	10 004
1995-96										
September	2 533	4 945	234	1 216	600	572	331	486	1 065	11 982
December	2 423	5 051	298	1 161	1 059	661	221	252	878	12 004
March	2 398	4 066	239	1 147	510	586	284	373	1 018	10 620
June	2 543	3 565	218	1 147	555	329	410	303	1 074	10 146
1996-97										
September	2 597	4 621	264	1 019	614	547	278	347	1 372	11 659
December	2 761	5 034	296	1 054	1 101	820	176	457	1 330	13 028
March	2 546	4 129	216	802	541	740	43	225	1 111	10 353

COMPANY PROFITS, By Detailed Manufacturing Industry: Original

Period	Food, beverages and tobacco	Textile clothing footwear and leather	Wood and paper products	Printing, publishing and recorded media	Petroleum, coal, chemicals and assoc. products	Non- metallic mineral products	Metal products	Machinery and equipment	Other manu- facturing	Total manu- facturing
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
PROFITS BEFORE INCOME TAX										
1993-94	2 130	380	913	1 134	1 633	1 047	1 895	1 402	122	10 655
1994-95	2 252	469	983	1 411	1 781	1 132	2 364	2 170	64	12 626
1995-96	2 291	269	731	1 127	1 859	754	1 656	1 774	56	10 516
1994-95										
December	786	118	274	371	404	311	666	655	16	3 601
March	494	109	195	343	444	269	586	427	7	2 874
June	395	97	235	333	429	220	528	494	17	2 746
1995-96										
September	603	101	270	340	403	240	687	550	12	3 206
December	880	77	205	340	557	225	560	423	19	3 286
March	513	42	158	218	409	160	456	343	12	2 311
June	295	49	98	229	490	129	-47	459	12	1 713
1996-97										
September	632	53	160	266	366	189	439	478	9	2 592
December	842	54	165	324	569	149	528	397	13	3 040
March	442	58	134	197	416	122	451	354	6	2 179
PROFITS BEFORE INCOME TAX & NET INTEREST PAID										
1993-94	2 560	512	1 071	1 257	1 853	1 172	2 050	1 594	133	12 202
1994-95	2 746	594	1 162	1 535	2 042	1 225	2 510	2 325	101	14 241
1995-96	2 813	395	971	1 359	2 132	892	1 829	1 897	88	12 377
1994-95										
December	914	147	315	398	464	329	708	685	25	3 986
March	605	141	239	375	508	291	617	469	17	3 262
June	537	131	278	372	504	252	568	542	26	3 210
1995-96										
September	728	130	330	387	477	265	731	576	25	3 648
December	1 025	109	261	386	626	259	602	448	26	3 743
March	627	74	219	270	471	190	501	377	18	2 747
June	433	82	161	317	559	178	-5	497	19	2 239
1996-97										
September	762	82	224	310	451	230	600	518	14	3 191
December	989	83	236	372	640	189	556	447	19	3 530
March	555	84	211	244	494	158	497	398	10	2 651
PROFITS BEFORE INCOME TAX, NET INTEREST PAID & DEPRECIATION										
1993-94	3 453	673	1 522	1 490	2 571	1 556	2 973	2 364	160	16 763
1994-95	3 782	795	1 542	1 807	2 833	1 663	3 469	3 191	146	19 227
1995-96	3 902	595	1 402	1 691	3 036	1 359	2 840	2 663	139	17 627
1994-95										
December	1 178	195	407	469	661	438	960	911	35	5 255
March	861	192	335	448	708	403	863	674	29	4 513
June	805	183	376	433	704	367	799	758	38	4 462
1995-96										
September	1 002	180	437	469	708	381	979	750	39	4 945
December	1 289	157	370	467	841	380	857	650	39	5 051
March	896	123	332	351	701	303	755	574	31	4 066
June	715	134	263	404	786	295	249	689	30	3 565
1996-97										
September	1 056	133	345	401	705	355	877	724	24	4 621
December	1 278	129	361	467	934	312	858	662	33	5 034
March	840	129	340	344	793	282	775	605	22	4 129

EXPLANATORY NOTES

INTRODUCTION

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

SCOPE AND COVERAGE

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

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

4 The scope of the survey:

- includes the following industries (Australian and New Zealand Standard Industrial Classification [ANZSIC] Divisions, Subdivisions and Groups):
 - Mining (Division B)
 - Manufacturing (Division C)
 - Food, beverages and tobacco (21)
 - Textiles, clothing, footwear and leather (22)
 - Wood and paper products (23)
 - Printing, publishing and recorded media (24)
 - Petroleum, coal, chemical and associated products (25)
 - Non-metallic mineral products (26)
 - Metal products (27)
 - Machinery and equipment (28)
 - Other manufacturing (29)
 - Construction (Division E)
 - Wholesale trade (Division F)
 - Retail trade (Division G)
 - Transport and storage (Division I)
 - Other financiers (733)
 - Financial asset investors (734)
 - Services to finance and insurance (75)
 - Property and business services (Division L)
 - Other services including
 - Electricity, gas and water supply (Division D)
 - Accommodation, cafes and restaurants (Division H)
 - Communication services (Division J)
 - Cultural and recreational services (Division P)
 - Personal services (95)
- excludes the following industries
 - Agriculture, forestry and fishing (Division A)
 - Central bank and Deposit taking financiers (731-732)
 - Insurance (74)
 - Government administration and defence (Division M)
 - Education (Division N)
 - Health and community services (Division O)
 - Other services (96)
 - Private households employing staff (97)
- the scope excludes public sector business units (i.e. all departments, authorities and other organisations owned and/or controlled by the Commonwealth, State and Local Governments). Primary producer marketing boards are classified as public sector and are also excluded.

EXPLANATORY NOTES

SURVEY SAMPLE DESIGN

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

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

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

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

SURVEY METHODOLOGY

9 The survey is conducted by mail on a quarterly basis. Forms are sent to a sample of approximately 3,800 business units employing more than 30 people. The sample is selected from the ABS central register of businesses and is stratified by industry, number of employees and, from the March 1997 quarter, by State/Territory. All business units with over 250 employees and/or a known large profit/loss are included in the sample.

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

STATISTICAL UNIT

11 The survey uses the management unit as the statistical unit. The management unit is the highest-level accounting unit within a business, having regard to industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, etc). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it. Prior to 1989, the survey used a different statistical unit. Further details are available on request.

EXPLANATORY NOTES

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CLASSIFICATION BY INDUSTRY

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

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

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

SEASONAL ADJUSTMENT

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

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

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

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

19 Seasonal factors are reviewed and revised annually to take account of each additional year's original data. The nature of the seasonal adjustment process is such that the magnitude of some revisions resulting from the re-analysis may be quite significant, especially for data for more recent quarters. For this reason, additional care should be exercised when interpreting movements in seasonally adjusted data for recent quarters.

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

TREND ESTIMATES

21 The trend estimates are derived by applying a 7-term Henderson moving average to the seasonally adjusted series. The 7-term Henderson average (like all Henderson averages) is symmetric but, as the end of a time series is approached, asymmetric forms of the average are applied. Unlike the weights of the standard 7-term Henderson moving average, the weights employed here have been tailored to suit the particular characteristics of individual series. While the asymmetric weights enable trend estimates for recent quarters to be produced, it does result in revisions to the estimates for the most recent three quarters as additional observations become available. There may also be revisions because of changes in the original data and as a result of the re-estimation of the seasonal factors. For further information, see *A Guide to Interpreting Time Series — Monitoring 'Trends': an Overview* (1348.0) or contact the Assistant Director, Time Series Analysis on (06) 252 6345.

DESCRIPTION OF TERMS

22 A description of the terms used in this publication are given below:

EXPLANATORY NOTES

A company An incorporated private sector business enterprise. For the purpose of the survey, branches of overseas companies operating in Australia are included but overseas branches of Australian companies are excluded.

Company profits before income tax *Net operating profit or loss before income tax and extraordinary items* and is net of capital profits or losses and dividends received.

Net interest paid Interest expense less any interest income. Interest received from or paid to overseas sources is included. The interest component of finance lease payments is also included.

Depreciation of fixed assets This is as per management accounts and includes depreciation on equipment acquired under a finance lease.

COMPARISON WITH OTHER ABS STATISTICS

23 The series 'Company Profits Before Income Tax, Net Interest Paid and Depreciation' equates, broadly with the national accounting series of 'Gross Operating Surplus of Private Corporate Trading Enterprises'. However, the two series are not directly comparable for the following reasons:

- the national accounts' estimates of gross operating surplus include the profits of all companies whereas results from the Survey of Company Profits relate only to those companies with employment of more than 30 persons
- the national accounts' estimates of gross operating surplus include estimates for companies classified to the agriculture, forestry, fishing and hunting, and community services industries
- the national accounts' estimates of gross operating surplus are after deduction of the stock valuation adjustment which measures the portion of income attributable to holding gains or losses resulting from stock valuation practices
- the national accounts' estimates of gross operating surplus include details relating to net third party insurance transfers, royalty and land rent payments
- the national accounts' estimates incorporate data from other sources such as taxation data as well as information from the Survey of Company Profits.

UNPUBLISHED STATISTICS

24 More detailed industry data from this survey are available on request, the cost for such a service being dependent upon the amount of data requested.

RELATED PUBLICATIONS

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

- *Australian National Accounts, National Income Expenditure and Product* (5206.0)
- *Private New Capital Expenditure and Expected Expenditure, Australia*, (5625.0)
- *State Estimates of Private New Capital Expenditure* (5646.0)
- *Stocks, Selected Industry Sales and Expected Sales, Australia* (5629.0)
- *Australian Business Expectations* (5250.0)
- *Business Operations and Industry Performance, Australia* (8140.0)

26 Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and the Release Advice are available from any ABS office.

SYMBOLS AND OTHER USAGES

n.p. not available for publication

STANDARD ERRORS

INTRODUCTION

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

LEVEL ESTIMATES

To illustrate, let us say that the published level estimate for company profits before tax is \$5,600m and the calculated standard error in this case is \$190m. The standard error is then used to interpret the level estimate of \$5,600m. For instance, the standard error of \$190m indicates that:

- There are approximately two chances in three that the real value falls within the range \$5,410m to \$5,790m ($\$5,600m \pm \$190m$)
- There are approximately nineteen chances in twenty that the real value falls within the ranges \$5,220m and \$5,980m ($\$5,600m \pm \$380m$)

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

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

	Company profits before income tax \$m	Company profits before income tax, net interest paid \$m	Company profits before income tax, net interest paid and depreciation \$m
Mining	10	10	11
Manufacturing			
Food, beverages and tobacco	17	20	32
Textiles, clothing, footwear and leather	6	7	7
Wood and paper products	14	14	17
Printing, publishing and recorded media	18	18	19
Petroleum, coal, chemical and assoc. products	25	24	27
Non-metallic mineral products	8	8	8
Metal products	22	22	25
Machinery and equipment	29	28	30
Other manufacturing	14	13	12
Total manufacturing	55	56	64
Construction	24	24	27
Wholesale trade	47	46	51
Retail trade	34	35	36
Transport and storage	27	30	38
Services to finance and insurance	24	24	24
Property and business services	166	132	128
Other services	37	32	36
Total	194	165	169

STANDARD ERRORS

MOVEMENT ESTIMATES

The following example illustrates how to use the standard error to interpret a movement estimate. Let us say that one quarter the published level estimate for Company Profits before tax is \$5,600m, the next quarter the published level estimate is \$6,000m. In this example the calculated standard error for the movement estimate is \$150m. The standard error is then used to interpret the published movement estimate of +\$400m.

For instance, the standard error of \$150m indicates that:

- There are approximately two chances in three that the real movement over the two quarter period falls within the range \$250m to \$550m ($\$400m \pm \$150m$)
- There are approximately nineteen chances in twenty that the real movement falls within the range \$100m to \$700m ($\$400m \pm \$300m$)

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

	Company profits before income tax \$m	Company profits before income tax, net interest paid \$m	Company profits before income tax, net interest paid and depreciation \$m
Mining	13	12	12
Manufacturing			
Food, beverages and tobacco	15	16	17
Textiles, clothing, footwear and leather	6	6	7
Wood and paper products	12	12	12
Printing, publishing and recorded media	14	14	15
Petroleum, coal, chemical and assoc. products	24	25	27
Non-metallic mineral products	6	6	6
Metal products	23	22	24
Machinery and equipment	33	32	32
Other manufacturing	8	8	8
Total manufacturing	54	53	56
Construction	26	26	28
Wholesale trade	51	52	53
Retail trade	40	40	41
Transport and storage	28	26	30
Services to finance and insurance	22	22	21
Property and business services	88	78	81
Other services	58	56	56
Total	151	143	148



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ISSN 0818-9986

RRP \$14.00