

**COMPANY PROFITS, AUSTRALIA  
JUNE QUARTER 1994**

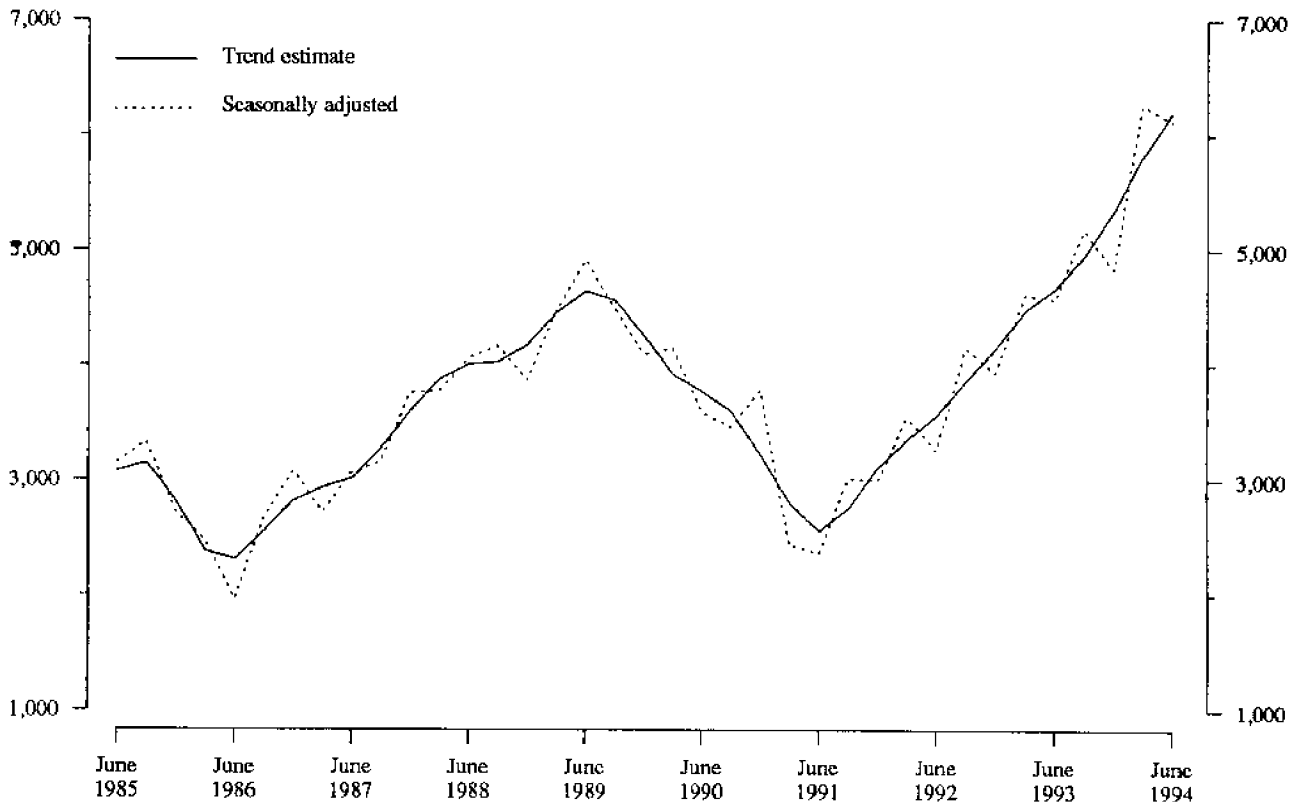
NOTE: Trend estimates aim to remove irregular influences such as industrial disputes or redundancy payments from seasonally adjusted data. Further details can be found in paragraphs 18 to 20 of the Explanatory Notes. Trend estimates for the latest period are subject to revision as indicated in the note on page 2 on *Reliability of Contemporary Trend Estimates*.

**MAIN FEATURES**

For the June 1994 quarter, the provisional trend estimate of company profits (before income tax) for companies with more than 30 employees, is estimated to be \$6,193 million, a 6 per cent rise from the revised March quarter estimate.

Company Profits have recorded 12 consecutive quarters of growth and are at the highest level since the series began. The June quarter 1994 trend is 33 per cent higher than June quarter 1993.

**COMPANY PROFITS BEFORE INCOME TAX**  
\$ Million



**INQUIRIES**

- for further information about statistics in this publication and the availability of related unpublished statistics, contact Horst Peemoeller on Canberra (06) 252 5617 or any ABS State office.
- for information about other ABS statistics and services please refer to the back page of this publication.

### Industry

Trend estimates of company profits for the mining industry continue to fall, with a 4 per cent drop in the June quarter being the fifth consecutive quarter of decline.

The manufacturing sector continues to show a steady pattern of growth with estimated profits of \$3,165, an increase of 10 per cent in the June quarter following an 11 per cent increase in the previous quarter.

The wholesale sector recorded a 19 per cent gain to \$560m in the June quarter, while retail moved up 7 per cent to \$525m from the revised March figure of \$491m.

### COMPANY PROFITS BEFORE INCOME TAX Trend estimates by industry

	June 1994		Change from Mar 1994
	\$m	%	\$m
Mining	1,120	18	-41
Manufacturing	3,165	51	280
Wholesale	560	9	90
Retail	525	8	34
<b>Total (a)</b>	<b>6,193</b>	<b>100</b>	<b>373</b>

(a) Includes 'Other' industries.

### RELIABILITY OF CONTEMPORARY TREND ESTIMATES

The table below presents trend estimates of company profits before income tax from June quarter 1993 onwards.

These trend estimates have been derived by applying a centred 7 term Henderson weighted moving average to all but the last three quarters of the seasonally adjusted series. The last three quarterly trend estimates have been obtained by applying a set of moving averages that approximate the Henderson averages. While this procedure enables production of trend estimates for the latest periods, it also results in revisions to the trend estimates for the most recent quarters as additional seasonally adjusted observations become available in subsequent quarters.

To illustrate the possible impact of future quarters' observations on the provisional trend estimates for the latest three quarters, the table also shows the revisions to these trend estimates that would result if the seasonally adjusted estimate of company profits next quarter (September 1994) is 10 per cent higher or lower than this quarter and if there are no revisions to the current or previous quarters' estimates.

The 10 per cent range has been chosen because in the last decade the average quarterly percentage movement, without regard to sign, of the seasonally adjusted company profit before income tax has been about 10 per cent.

If the seasonally adjusted estimate of company profits were to decrease by 10 per cent in the September quarter, the provisional trend estimate for that quarter would be \$5,933 million, a movement of less than 1 per cent. The movements for September, December and March which are provisionally 6 per cent, 8 per cent and 9 per cent respectively would be revised to 6 per cent, 9 per cent and 7 per cent respectively. On the other hand, a 10 per cent seasonally adjusted rise in company profits in the September quarter, would produce a trend estimate of \$6,752 million, a movement of 7 per cent, with the movements in the trend estimate for September, December and March being revised to 6 per cent, 7 per cent and 9 per cent respectively.

### COMPANY PROFITS BEFORE INCOME TAX — RELIABILITY OF TREND ESTIMATES

Period	\$m	% change on previous quarter	Revised trend estimate if September 1994 seasonally adjusted company profits before income tax -			
			is down 10% on June 1994		is up 10% on June 1994	
			\$m	% change on previous quarter	\$m	% change on previous quarter
1992-93						
June	4,667	4	4,667	4	4,667	4
1993-94						
September	4,951	6	4,951	6	4,951	6
December	5,343	8	5,394	9	5,322	7
March	5,820	9	5,795	7	5,820	9
June	6,193	6	5,950	3	6,296	8
1994-95						
September			5,933	0	6,752	7

TABLE 1. SUMMARY OF COMPANY PROFITS BEFORE INCOME TAX  
(\$ million)

Period	Company Profits Before Income Tax, Net Interest Paid and Depreciation			Company Profits Before Income Tax and Net Interest Paid			Company Profits Before Income Tax		
	Original	Seasonally Adjusted	Trend Estimate	Original	Seasonally Adjusted	Trend Estimate	Original	Seasonally Adjusted	Trend Estimate
<i>1990-91</i>									
June	7,010	7,281	7,494	4,474	4,805	4,942	2,122	2,366	2,563
<i>1991-92</i>									
September	7,975	7,851	7,658	5,292	5,173	5,028	3,057	3,012	2,756
December	8,958	7,965	8,037	6,243	5,273	5,312	3,943	2,999	3,109
March	7,577	8,428	8,214	4,807	5,593	5,447	2,883	3,553	3,356
June	7,712	8,052	8,243	4,973	5,315	5,471	2,942	3,264	3,569
<i>1992-93</i>									
September	8,476	8,405	8,324	5,713	5,655	5,530	4,193	4,152	3,863
December	9,500	8,412	8,513	6,593	5,521	5,678	5,048	3,935	4,146
March	7,999	8,919	8,841	5,195	6,055	5,963	3,701	4,619	4,476
June	8,654	9,033	9,062	5,757	6,131	6,149	4,111	4,568	4,667
<i>1993-94</i>									
September r	9,581	9,437	9,278	6,659	6,514	6,332	5,369	5,184	4,951
December r	10,376	9,158	9,514	7,382	6,126	6,562	6,183	4,839	5,343
March r	9,013	10,119	9,790	6,124	7,214	6,842	4,948	6,271	5,820
June p	9,465	9,923	10,020	6,512	6,986	7,014	5,410	6,115	6,193

TABLE 2. COMPANY PROFITS BEFORE INCOME TAX, ORIGINAL SERIES  
(\$ million)

Period	Company Profits Before Income Tax, Net Interest Paid and Depreciation	Depreciation	Company Profits Before Income Tax and Net Interest Paid	Net Interest Paid	Company Profits Before Income Tax
1991-92	32,222	10,907	21,315	8,490	12,825
1992-93	34,630	11,372	23,258	6,204	17,053
1993-94 p	38,435	11,759	26,677	4,767	21,909
<i>1990-91</i>					
June	7,010	2,536	4,474	2,352	2,122
<i>1991-92</i>					
September	7,975	2,683	5,292	2,235	3,057
December	8,958	2,714	6,243	2,300	3,943
March	7,577	2,770	4,807	1,924	2,883
June	7,712	2,740	4,973	2,031	2,942
<i>1992-93</i>					
September	8,476	2,763	5,713	1,520	4,193
December	9,500	2,908	6,593	1,545	5,048
March	7,999	2,805	5,195	1,494	3,701
June	8,654	2,896	5,757	1,646	4,111
<i>1993-94</i>					
September r	9,581	2,922	6,659	1,290	5,369
December r	10,376	2,995	7,382	1,199	6,183
March r	9,013	2,890	6,124	1,176	4,948
June p	9,465	2,952	6,512	1,102	5,410
APPROXIMATE STANDARD ERRORS					
Quarterly Total	95	30	91	26	83
Quarterly Movement (a)	84	14	82	13	80

(a) Refer to paragraph 22 of the explanatory notes.

TABLE 3. COMPANY PROFITS BEFORE INCOME TAX, NET INTEREST PAID AND DEPRECIATION BY BROAD INDUSTRY SEASONALLY ADJUSTED SERIES AND PERCENTAGE CHANGE

Period	Company Profits Before Income Tax, Net Interest Paid and Depreciation	Company Profits Before Income Tax and Net Interest Paid	Company Profits Before Income Tax					Total
			Mining	Manufacturing	Wholesale Trade	Retail Trade	Other Selected Industries	
\$ MILLION								
<i>1990-91</i>								
June	7,281	4,805	1,342	1,141	-172	195	-141	2,366
<i>1991-92</i>								
September	7,851	5,173	1,275	1,302	254	160	21	3,012
December	7,965	5,273	1,318	1,385	-19	266	49	2,999
March	8,428	5,593	1,331	1,671	237	169	146	3,553
June	8,052	5,315	1,123	1,514	418	224	-15	3,264
<i>1992-93</i>								
September	8,405	5,655	1,598	1,804	308	376	65	4,152
December	8,412	5,521	1,165	1,901	320	309	240	3,935
March	8,919	6,055	1,426	2,115	440	417	221	4,619
June	9,033	6,131	1,378	2,251	453	316	171	4,568
<i>1993-94</i>								
September r	9,437	6,514	1,396	2,476	418	295	599	5,184
December r	9,158	6,126	1,138	2,348	255	367	731	4,839
March r	10,119	7,214	1,202	3,104	548	585	832	6,271
June p	9,923	6,986	1,112	3,115	589	493	807	6,115
PERCENTAGE CHANGE								
<i>1990-91</i>								
June	-2	-2	-5	4	-1,229	152	14	-3
<i>1991-92</i>								
September	8	8	-5	14	248	-18	115	27
December	1	2	3	6	-108	66	131	0
March	6	6	1	21	1,330	-37	196	18
June	-4	-5	-16	-9	77	33	-110	-8
<i>1992-93</i>								
September	4	6	42	19	-26	67	529	27
December	0	-2	-27	5	4	-18	268	-5
March	6	10	22	11	38	35	-8	17
June	1	1	-3	6	3	-24	-23	-1
<i>1993-94</i>								
September r	4	6	1	10	-8	-7	250	13
December r	-3	-6	-19	-5	-39	24	22	-7
March r	10	18	6	32	115	59	14	30
June p	-2	-3	-7	0	7	-16	-3	-2

TABLE 4. COMPANY PROFITS BEFORE INCOME TAX, NET INTEREST PAID AND DEPRECIATION BY BROAD INDUSTRY  
TREND ESTIMATES AND PERCENTAGE CHANGE

Period	Company Profits Before Income Tax, Net Interest Paid and Depreciation	Company Profits Before Income Tax and Net Interest Paid	Company Profits Before Income Tax					Other Selected Industries	Total
			Mining	Manu- facturing	Wholesale Trade	Retail Trade			
\$ MILLION									
<i>1990-91</i>									
June	7,494	4,942	1,365	1,158	241	155	-106	2,563	
<i>1991-92</i>									
September	7,658	5,028	1,299	1,275	141	188	-13	2,756	
December	8,037	5,312	1,277	1,430	138	204	66	3,109	
March	8,214	5,447	1,288	1,545	216	216	69	3,356	
June	8,243	5,471	1,311	1,638	310	252	59	3,569	
<i>1992-93</i>									
September	8,324	5,530	1,335	1,756	358	312	102	3,863	
December	8,513	5,678	1,356	1,913	364	365	149	4,146	
March	8,841	5,963	1,378	2,116	412	360	209	4,476	
June	9,062	6,149	1,368	2,238	423	323	316	4,667	
<i>1993-94</i>									
September r	9,278	6,332	1,335	2,384	385	334	512	4,951	
December r	9,514	6,562	1,232	2,605	394	404	709	5,343	
March r	9,790	6,842	1,161	2,885	470	491	814	5,820	
June p	10,020	7,014	1,120	3,165	560	525	833	6,193	
PERCENTAGE CHANGE									
<i>1990-91</i>									
June	-4	-6	-9	0	-37	3	26	-9	
<i>1991-92</i>									
September	2	2	-5	10	-42	21	88	8	
December	5	6	-2	12	-2	9	627	13	
March	2	3	1	8	56	5	5	8	
June	0	0	2	6	43	17	-16	6	
<i>1992-93</i>									
September	1	1	2	7	16	24	74	8	
December	2	3	2	9	2	17	46	7	
March	4	5	2	11	13	-1	41	8	
June	3	3	-1	6	3	-10	51	4	
<i>1993-94</i>									
September r	2	3	-2	7	-9	4	62	6	
December r	3	4	-8	9	2	21	38	8	
March r	3	4	-6	11	19	21	15	9	
June p	2	3	-4	10	19	7	2	6	

TABLE 5. COMPANY PROFITS BEFORE INCOME TAX, NET INTEREST PAID AND DEPRECIATION, BY INDUSTRY  
(\$ million)

Period	Manufacturing										Total Manu- facturing	Wholesale Trade	Retail Trade	Other Selected Industries	Total
	Mining	Food, Beverages and Tobacco	Textiles, Clothing and Footwear	Paper and Printing	Chemicals, Petroleum and Coal Products	Basic Metal Products	Transport Equipment	Fabric- ated Metal Products(b)	Other Manu- facturing(c)	Total Manu- facturing					
1991-92	8,823	3,093	522	1,824	1,429	1,619	678	1,788	2,327	13,281	2,970	2,129	5,019	32,222	
1992-93	9,384	3,508	499	1,764	1,776	1,915	1,108	1,668	2,499	14,738	3,105	2,395	5,008	34,630	
1993-94 p	8,468	3,455	674	2,330	2,021	2,324	1,117	2,056	2,961	16,937	3,480	2,796	6,754	38,435	
1990-91															
June	2,230	695	100	407	381	435	122	319	556	3,015	193	494	1,079	7,010	
1991-92															
September	2,179	792	158	491	360	418	134	426	630	3,409	694	403	1,289	7,975	
December	2,310	907	149	526	360	338	158	507	655	3,599	823	859	1,367	8,958	
March	2,238	735	110	403	388	435	138	401	528	3,137	591	388	1,223	7,577	
June	2,095	660	105	405	321	428	248	454	514	3,136	862	479	1,141	7,712	
1992-93															
September	2,500	848	144	446	374	490	285	402	657	3,646	690	521	1,119	8,476	
December	2,254	1,130	141	467	400	427	275	465	686	3,991	860	929	1,467	9,500	
March	2,295	734	101	406	450	474	232	381	494	3,270	703	446	1,285	7,999	
June	2,334	797	113	445	552	523	316	421	663	3,831	852	499	1,137	8,654	
1993-94															
September r	2,273	883	183	582	443	602	312	513	771	4,288	815	501	1,704	9,581	
December r	2,129	1,012	174	622	499	596	154	525	811	4,394	798	1,075	1,980	10,376	
March r	2,062	817	145	533	531	530	248	471	664	3,939	867	535	1,610	9,013	
June p	2,004	742	172	592	547	596	402	548	715	4,316	1,000	685	1,459	9,465	
APPROXIMATE STANDARD ERRORS															
Quarterly Total	29	15	8	14	17	3	3	22	23	42	40	17	24	95	
Quarterly Movement (a)	23	7	5	9	13	2	2	15	18	30	44	15	21	84	

(a) Refer to paragraph 22 of the explanatory notes. (b) Includes other machinery and equipment. (c) Includes wood, wood products, furniture, non-metallic mineral products and miscellaneous manufacturing.

TABLE 6. COMPANY PROFITS BEFORE INCOME TAX, NET INTEREST PAID, BY INDUSTRY  
(\$ million)

Period	Manufacturing										Total Manu- facturing	Wholesale Trade	Retail Trade	Other Selected Industries	Total
	Mining	Food, Beverages and Tobacco	Textiles, Clothing and Footwear	Paper and Printing	Chemicals, Petroleum and Coal Products	Basic Metal Products	Transport Equipment	Fabric- ated Metal Products(b)	Other Manu- facturing(c)	Total					
1991-92	5,883	2,262	396	1,388	934	840	242	1,241	1,602	8,905	1,996	1,436	3,095	21,315	
1992-93	6,230	2,664	371	1,364	1,193	1,111	669	1,165	1,788	10,326	2,175	1,694	2,833	23,258	
1993-94 p	5,391	2,567	517	1,861	1,470	1,541	714	1,516	2,173	12,359	2,461	1,932	4,534	26,677	
<b>1990-91</b>															
June	1,551	522	63	313	258	252	31	201	366	2,006	-37	323	630	4,474	
<b>1991-92</b>															
September	1,444	594	123	381	244	224	14	286	455	2,321	471	244	812	5,292	
December	1,588	706	115	410	239	160	51	374	466	2,522	561	681	892	6,243	
March	1,483	517	79	294	260	228	34	263	349	2,025	348	207	744	4,807	
June	1,367	445	79	302	191	229	143	317	332	2,037	617	305	647	4,973	
<b>1992-93</b>															
September	1,734	642	111	350	240	297	180	273	484	2,577	467	345	590	5,713	
December	1,402	901	106	368	262	229	169	339	504	2,878	617	749	947	6,593	
March	1,546	525	71	307	311	278	124	258	313	2,187	483	275	703	5,195	
June	1,548	596	82	340	380	307	196	296	487	2,684	608	325	593	5,757	
<b>1993-94</b>															
September r	1,508	665	145	475	310	406	201	374	579	3,154	568	276	1,153	6,659	
December r	1,354	781	133	502	361	403	50	391	617	3,238	527	841	1,422	7,382	
March r	1,299	602	109	412	391	334	158	341	468	2,813	615	332	1,064	6,124	
June p	1,231	520	130	472	409	398	305	410	510	3,153	751	483	895	6,512	
APPROXIMATE STANDARD ERRORS															
Quarterly Total	29	15	6	11	14	2	3	21	24	40	38	16	25	91	
Quarterly Movement (a)	21	7	5	8	13	2	3	15	19	30	44	19	21	82	

(a) Refer to paragraph 22 of the explanatory notes. (b) Includes other machinery and equipment. (c) Includes wood, wood products, furniture, non-metallic mineral products and miscellaneous manufacturing.

TABLE 7. COMPANY PROFITS BEFORE INCOME TAX, BY INDUSTRY  
(\$ million)

Period	Manufacturing											Total	
	Mining	Food, Beverages and Tobacco	Textiles, Clothing and Footwear	Paper and Printing	Chemicals, Petroleum and Coal Products	Basic Metal Products	Transport Equipment	Fabricated Metal Products(b)	Other Manufacturing(c)	Total Manufacturing	Wholesale Trade		Retail Trade
1991-92	5,048	1,706	268	756	686	140	58	1,016	1,157	5,788	889	917	184
1992-93	5,547	2,159	261	1,026	1,011	513	541	1,024	1,437	7,973	1,522	1,333	679
1993-94 p	4,839	2,139	387	1,627	1,355	1,434	638	1,336	1,891	10,807	1,812	1,619	2,832
1990-91													
June	1,333	332	27	96	168	71	-33	120	235	1,016	-177	163	-214
1991-92													
September	1,253	446	87	172	183	49	-39	221	328	1,447	242	104	10
December	1,399	565	77	218	179	-22	-7	316	352	1,678	82	551	233
March	1,286	386	51	170	202	56	-5	217	239	1,316	148	75	59
June	1,110	308	53	197	122	56	110	262	238	1,347	417	186	-118
1992-93													
September	1,572	513	84	281	196	156	153	239	381	2,003	300	248	70
December	1,236	765	77	302	221	75	145	306	412	2,304	420	639	449
March	1,384	413	44	249	279	120	99	228	236	1,667	347	185	117
June	1,355	469	56	195	315	162	144	251	408	1,998	456	260	42
1993-94													
September r	1,374	556	108	413	279	377	180	330	506	2,748	412	196	639
December r	1,206	679	104	436	335	376	32	343	543	2,848	354	758	1,016
March r	1,169	504	76	357	361	310	141	297	402	2,447	453	260	618
June p	1,091	400	99	421	381	372	285	366	439	2,763	593	405	558
APPROXIMATE STANDARD ERRORS													
Quarterly Total	25	10	5	10	12	2	3	18	23	36	36	15	24
Quarterly Movement (a)	17	6	5	8	13	1	3	16	19	30	44	19	20

(a) Refer to paragraph 22 of the explanatory notes. (b) Includes other machinery and equipment. (c) Includes wood, furniture, non-metallic mineral products and miscellaneous manufacturing.



## EXPLANATORY NOTES

## Introduction

This publication presents preliminary estimates of company profits 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 of the survey

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. Companies excluded are those primarily engaged in agriculture, forestry, fishing, hunting (ASIC categories 01-04), banking (614), non-bank finance (615), unit trusts, land trusts, mutual funds (6161), insurance (623), public administration (71) and community service activities (81-84).

3. The data in this publication relate to companies employing more than 30 people. It is estimated (from a 1987-88 annual survey) that smaller companies account for only about 10% of profit in the selected industries, with coverage of company profits for the major industry groups as follows:

- Mining — 99%
- Manufacturing — 93%
- Wholesale/retail — 74%
- Other industries — 66%

## Coverage in this publication

4. In order to classify profits by industry in these series, each statistical unit (see paragraph 10) is classified to the Australian Standard Industrial Classification (ASIC) industry in which it *mainly* operates.

5. The industries shown in this publication are detailed below.

<i>Publication Industry</i>	<i>ASIC</i>
MINING	DIVISION B
MANUFACTURING	DIVISION C
Food, Beverages & Tobacco	Sub-division 21
Textiles, Clothing and Footwear	Sub-division 23,24
Paper and Printing	Sub-division 26
Chemicals, Petroleum and Coal Products	Sub-division 27
Basic Metal Products	Sub-division 29
Transport Equipment	Sub-division 32
Fabricated Metal Products	Sub-division 31
Other Machinery and Equipment	Sub-division 33
Other Manufacturing	
Wood, Wood Products and Furniture	Sub-division 25
Non-metallic Mineral Products	Sub-division 28
Miscellaneous Manufacturing	Sub-division 34
WHOLESALE TRADE	SUB-DIVISION 47
RETAIL TRADE	SUB-DIVISION 48
OTHER SELECTED INDUSTRIES	
Include -	
Electricity, gas and water	Division D
Construction	Division E
Transport and storage	Division G

Communication	Division H
Holding companies n.e.c. and holder investors n.e.c.	Classes 6162-3
Services to finance and investment	Group 617
Services to insurance	Group 624
Property and business services	Sub-division 63
Entertainment and recreational services	Sub-division 91
Restaurants, hotels and clubs	Sub-division 92
Personal services	Sub-division 93

## Definitions

6. A *company* is 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.

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

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

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

## Statistical unit

10. From the beginning of 1989, the ABS has introduced a new statistical unit known as the *management unit*. The management unit is the highest-level unit within a business, having regard for industry homogeneity, for which accounts are maintained; in nearly all cases it coincides with the legal entity owning the business (i.e. incorporated company). 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. The management unit is being implemented on the ABS central register of businesses and included in the Survey of Company Profits as reporting arrangements with the larger groups of companies are finalised.

11. Where the management unit has not been implemented, the statistical unit is still the company as presently recorded on the ABS central register of businesses.

## Comparability of series

12. The conceptual basis of the survey has changed from that used in the June quarter 1989. Since the September quarter 1989, the survey collects information from respondents' *management accounts*. Previously, data was sought on a *modified tax* basis.

13. There will be an on-going effect on the aggregate data due to the change of statistical unit (see paragraphs 10 to 11 above). No attempt has been made to adjust back series for this change but the effects are likely to be insignificant.

### Seasonal adjustment

14. 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.

15. Seasonal adjustment may be carried out by various methods and the results will vary accordingly. Seasonally adjusted statistics are in fact only conditional estimates. Short term movements in all the published series cannot be assumed to indicate changes in trend.

16. It should also be noted that the seasonally adjusted figures necessarily reflect the sampling and other errors to which the original figures are subject.

17. At least once each year the seasonally adjusted series are revised to take into account the latest available data. The most recent re-analysis of the company profits series takes into account data collected up to and including the June quarter 1993 survey. The nature of the seasonal adjustment process is such that the magnitude of some revisions resulting from 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 more recent quarters.

18. Seasonal adjustment procedures do not aim to remove the irregular or non-seasonal influences which may be present in any particular quarter, such as processing delays or industrial disputes. Irregular influences that are highly volatile can make it difficult to interpret the movement of the series even after adjustment for seasonal variation.

19. The seasonally adjusted series can, however, be smoothed to reduce the impact of the irregular component in the adjusted series. This smoothed seasonally adjusted series is called a trend estimate. The trend estimates of company profits statistics have been derived by applying a 7-term Henderson-weighted moving average to the seasonally adjusted series.

20. While this technique enables trend estimates for the latest period to be produced, it does result in revisions to the trend estimate for the most recent quarters as additional observations become available. There may also be revisions as a result of changes in the original data, and as a result of re-estimation of seasonal factors. Users may wish to refer to the ABS Information Papers, *A Guide to Smoothing Time Series — Estimates of "Trend"* (1316.0) and *Time Series Decomposition — An Overview* (1317.0) for more detailed information on smoothing of seasonally adjusted time series data.

### Survey sample redesign

21. September quarter data reflect changes in the sample of companies surveyed. About 20% of sampled companies are rotated out of the survey in the September quarter and replaced with companies of similar size and activity. The major effect of this rotation is that standard errors of movement for the September quarter tend to be larger than for other quarters. The movement standard errors in Tables 2, 5, 6 and 7 are based on data from a number of quarters and will therefore tend to understate the true standard errors for September quarter movement

estimates. Estimates of September quarter movement standard errors are available on request.

### Reliability of the estimates

22. Since estimates are based on information obtained from a sample drawn from units in the surveyed population, the estimates and the movements derived from them are subject to sampling variability. One measure of the difference is given by the standard error which indicates the extent to which an estimate might have varied by chance because only a sample of units was included. 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 all units had been included, and about nineteen chances in twenty that the difference will be less than two standard errors.

23. Approximate standard errors for estimates of level and movement for company profits, depreciation and net interest paid are presented in Tables 2, 5, 6 and 7.

An example of the use of standard errors for the current quarter is as follows:

*Estimate of movement.* The estimate of quarterly movement to June quarter 1994 for company profits before income tax was \$462m from the March estimate of \$4,948m. The standard error on movement is \$80m (Table 2). There are two chances in three that a complete collection would have given an estimate of movement within one standard error of the sample estimate (i.e. in the range \$382m to \$542m). There are nineteen chances in twenty that a complete collection would give an estimate within two standard errors of the sample estimate (i.e. in the range \$302m to \$622m).

24. The imprecision due to sampling is not the only type of inaccuracy to which the estimates are subject. Other inaccuracies, referred to collectively as non-sampling errors, may occur for example, because of incorrect reporting by respondents, and deficiencies in the central register of businesses from which the sample is selected.

25. Every effort is made to reduce the non-sampling error to a minimum by careful design of questionnaires, efficient operating procedures, and appropriate methodology.

### Survey methodology

26. The survey is conducted by mail on a quarterly basis. Forms are sent to a sample of approximately 3,000 business units employing more than 30 people. The sample is selected from the ABS central register of businesses and is stratified by industry and number of employees. All business units with over 140 employees and/or known large profit/loss are included in the sample.

27. 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. Aggregates are calculated from reported data using the *number raised* estimation technique. Data are edited both at individual business unit level and at aggregate level.

### Revisions to estimate

28. It should be noted that the estimates in this publication are subject to revision. This is particularly so with the latest quarter which is usually compiled on the basis of incomplete response. In addition, earlier quarters may be revised by companies as they finalise their accounts.

### Comparison with other ABS statistics

29. 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:

- (a) the national accounts estimates of gross operating surplus include the profits of all companies whereas results from the survey relate only to those companies with employment of more than 30 persons
- (b) the national accounts estimates of gross operating surplus include estimates for companies classified to the agriculture, forestry, fishing and hunting, and community services industries
- (c) 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
- (d) the national accounts estimates of gross operating surplus include details relating to net third party insurance transfers, royalty and land rent payments
- (e) 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

30. More detailed industry data from this survey are available on request. The cost for such a service being dependant upon the amount of data requested. Inquiries should be made to the officer named in the Phone Inquiries section at the front of this publication or by writing to The Director, Business Surveys Section, Australian Bureau of Statistics, P.O. Box 10, Belconnen, A.C.T. 2616.

### Related publications

31. Users may also wish to refer to the following publications:

*Private New Capital Expenditure, Australia, Actual and Expected Expenditure, Preliminary (5625.0)* — issued quarterly

*Private New Capital Expenditure, Australia (5626.0)* — issued quarterly

*State Estimates of Private New Capital Expenditure, Actual and Expected Expenditure (5646.0)* — issued quarterly

*Stocks Manufacturers' Sales and Expected Sales, Australia (5629.0)* — issued quarterly

*Australian National Accounts, National Income and Expenditure (5206.0)* — issued quarterly

*A Guide to Smoothing Time Series Estimates of Trend (1316.0)*

32. 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 *Publications Advice (1105.0)* which lists publications to be released in the next few days. The Catalogue and the Publications Advice are available from any ABS office.

### Symbols and other usages

- |      |   |
|------|---|
| r    | data or series revised since previous issue       |
| p    | preliminary figures or series subject to revision |
| s.a. | seasonally adjusted figures                       |

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