



2011-12

8772.0

PRIVATE SECTOR CONSTRUCTION INDUSTRY

AUSTRALIA

EMBARGO: 11.30AM (CANBERRA TIME) THURS 27 JUN 2013

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INQUIRIES

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070.

NOTES

- ABOUT THIS PUBLICATION** This publication presents estimates of the economic and financial performance of employing and non-employing private and public trading sector businesses involved in the CONSTRUCTION industry, in respect of the 2011–12 financial year. These data are compiled from a directly collected survey conducted by the Australian Bureau of Statistics (ABS).
- The estimates in this publication are based on the *Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006 edition* (cat. no. 1292.0).
- The collection was last conducted in respect of the 2002–03 financial year.
- COMPARISONS WITH PREVIOUS STATISTICS** The reader should bear in mind that this survey was not designed to support accurate estimates of change over time. Due to changes in the frame, scope and statistical unit, users should exercise caution when comparing the 2011–12 results to the 2002–03 results, and previous iterations of this survey.
- ROUNDING** Where figures have been rounded, discrepancies may occur between the sum of component items and the total.
- COMMENTS** The ABS welcomes comments and suggestions from users regarding future releases of *Private Sector Construction Industry* surveys. These comments should be addressed to the Director, Annual Integrated Collections Business Statistics Centre, Australian Bureau of Statistics, GPO Box 2796Y, Melbourne, VIC 3001.
- INQUIRIES** For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070.

Brian Pink
Australian Statistician

SUMMARY OF FINDINGS

INTRODUCTION

This publication presents results from an Australian Bureau of Statistics (ABS) survey of CONSTRUCTION businesses. The survey was conducted in respect of the 2011–12 financial year and provides detailed measures of the performance, structure and activity of CONSTRUCTION businesses operating in Australia. It includes aspects such as: the composition of income earned, details of expenses incurred and the characteristics of the workforce. A State/territory dimension is also presented in this publication.

The survey scope included employing and non-employing private sector and public trading businesses in Australia. Construction activity includes: BUILDING CONSTRUCTION, HEAVY AND CIVIL ENGINEERING CONSTRUCTION and CONSTRUCTION SERVICES.

For ease of reading, businesses within the scope of the survey are collectively referred to as CONSTRUCTION businesses. Businesses predominantly involved in RESIDENTIAL BUILDING and NON-RESIDENTIAL BUILDING CONSTRUCTION are referred to as 'BUILDING CONSTRUCTION' and businesses predominantly involved in Construction Trade Services (concreting, carpentry, plumbing, etc), are referred to as 'CONSTRUCTION SERVICES'.

SUMMARY OF OPERATIONS

At the end of June 2012, there were 209,783 businesses in the CONSTRUCTION industry. This comprised of 172,697 CONSTRUCTION SERVICES, 31,297 BUILDING CONSTRUCTION and 5,789 HEAVY AND CIVIL ENGINEERING CONSTRUCTION businesses.

During 2011–12, businesses in the CONSTRUCTION industry generated total income of \$305.5b, incurred \$275.4b in total expenses and had employment of 950,000 persons. Total industry value added by these businesses was \$99.4b.

Operating profit before tax (OPBT) for these businesses was \$30.3b and operating profit margin (OPM) was 10.1%.

EMPLOYMENT

At the end of June 2012 there were 950,000 persons working in the CONSTRUCTION industry. Two-thirds (67.0% or 636,000 persons) worked for the CONSTRUCTION SERVICES sector followed by 16.8% (or 160,000 persons) in BUILDING CONSTRUCTION and 16.2% (or 154,000 persons) in HEAVY AND CIVIL ENGINEERING CONSTRUCTION.

The main occupations of persons within these businesses were tradespeople with 33.1% (or 314,000 persons) and labourers with 20.4% (or 194,000 persons).

Small businesses (employment range of 0–19) employed the majority of persons with 62.1% (or 590,000), followed by medium size businesses (employment range of 20–199) with 19.3% (or 183,000) and large size businesses (employment range of 200 or more people) with 18.6% (or 177,000).

INCOME

During 2011–12, businesses in the CONSTRUCTION industry generated total income of \$305.5b. Of the total income, CONSTRUCTION SERVICES accounted for 44.5% (or \$135.9b), BUILDING CONSTRUCTION for 33.2% (or \$101.6b) and HEAVY AND CIVIL ENGINEERING CONSTRUCTION for 22.3% (or \$68.0b).

The major source of income (76.3% or \$233.2b) was from trade services, building and construction, followed by sales of goods and other services (22.1% or \$67.5b).

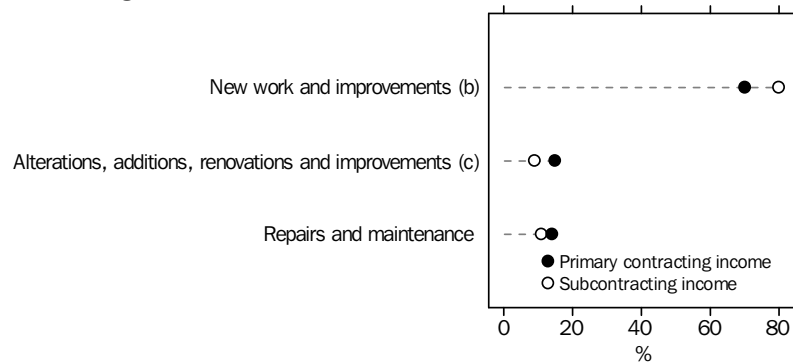
SUMMARY OF FINDINGS *continued*

Primary and subcontracting income

Of the income from trade services, building and construction, primary contracting income accounted for 59.9% (or \$139.6b), while subcontracting income accounted for 40.1% (or \$93.6b).

The following graph shows that income from trade services, building and construction was primarily for new work and improvements (excludes improvements to houses and other buildings).

PRIMARY AND SUBCONTRACTING INCOME BY NATURE OF WORK, Percentage contribution (a)



(a) Percentage contribution to income from trade services, building and construction.
 (b) Excludes improvements to houses and other buildings.
 (c) Includes improvements to houses and other buildings.

EXPENDITURE

During 2011–12, CONSTRUCTION businesses incurred \$275.4b in total expenses of which purchases accounted for 29.8% (or \$82.1b), followed by payments to other businesses for trade services, building and construction work with 28.2% (or \$77.7b).

Labour costs accounted for 21.9% (or \$60.4b) of total expenses. This represents an average labour cost per person employed for all in scope CONSTRUCTION businesses of \$63.6k. HEAVY AND CIVIL ENGINEERING CONSTRUCTION recorded higher labour costs per person employed with \$113.5k followed by BUILDING CONSTRUCTION (\$66.6k) and CONSTRUCTION SERVICES (\$50.7k).

BUSINESS SIZE

Small CONSTRUCTION businesses (employment range 0-19) accounted for 97.7% (or 204,949) of all CONSTRUCTION businesses and the largest share of total income with 49.0% (or \$149.8b). The total OPBT of these businesses was \$22.4b. In contrast, large construction businesses (employment range of 200 or more) accounted for 0.1% (or 186) of all CONSTRUCTION businesses and generated just over a quarter of total CONSTRUCTION income (27.3% or \$83.5b). The total OPBT of these businesses was \$2.6b.

PROFIT

In 2011–12, CONSTRUCTION businesses generated \$30.3b in OPBT, almost three-quarters of this (71.6% or \$21.7b) was attributable to CONSTRUCTION SERVICES. HEAVY AND CIVIL ENGINEERING CONSTRUCTION showed the largest average OPBT with \$263.1k per business followed by BUILDING CONSTRUCTION with \$225.8k and CONSTRUCTION SERVICES with \$125.5k.

CONSTRUCTION businesses had an OPM of 10.1%. This margin was higher for CONSTRUCTION SERVICES (16.1%) than for BUILDING CONSTRUCTION (7.1%) and HEAVY AND CIVIL ENGINEERING CONSTRUCTION (2.3%).

SUMMARY OF FINDINGS *continued*

STATE AND TERRITORIES

Queensland and New South Wales recorded the greatest share of income from the sale of goods and services, each with 24.1% (or \$72.6b). Comparatively, these states' population shares were 20.1% and 32.1% respectively. Although Western Australia's share of the population was 10.7%, they accounted for 18.3% (or \$55.2b) of income from sales of goods and services.

In terms of average salaries in the CONSTRUCTION industry, Western Australia's average salary was \$76.6k. This was followed by Queensland (\$59.2k), Victoria (\$51.9k) and Northern Territory (\$51.6k).

The share of wages and salaries to total operating expenses in the CONSTRUCTION industry varied across states, with Western Australia recording the highest level (22.6%). The lowest share of wages and salaries to total operating expenses were in South Australia (15.3%) and the Australian Capital Territory (13.3%).

KEY DATA BY CONSTRUCTION INDUSTRY SUBDIVISION (a)(b)

		30 - Building construction	31 - Heavy and civil engineering construction	32 - Construction services	Total
Businesses at end June(c)	no.	31 297	5 789	172 697	209 783
Employment at end June (d)	'000	160	154	636	950
Income					
Income from trade services, building and construction					
Primary contracting income	\$m	69 039	49 745	20 850	139 634
Subcontracting income	\$m	^ 5 357	9 272	78 925	93 554
Total	\$m	74 396	59 017	99 775	233 188
Income from sales of goods and other services	\$m	^ 25 154	^ 7 863	34 451	67 468
Other income	\$m	2 018	^ 1 112	^ 1 700	4 830
Total	\$m	101 567	67 992	135 926	305 485
Expenses					
Labour costs (e)	\$m	10 653	17 480	32 250	60 383
Payments to other businesses for trade services, building and construction work	\$m	42 005	15 191	20 459	77 655
Purchases	\$m	26 627	17 350	38 095	82 071
Other expenses	\$m	14 560	16 868	23 897	55 324
Total	\$m	93 845	66 888	114 700	275 434
Earnings before interest, tax, depreciation and amortisation (f)	\$m	^ 8 047	^ 3 755	24 392	36 195
Operating profit before tax (f)	\$m	^ 7 066	*1 523	21 667	30 256
Operating profit margin	%	^ 7.1	*2.3	16.1	10.1
Industry value added(f)	\$m	19 458	21 545	58 356	99 358
Net capital expenditure	\$m	** -201	3 146	^ 3 827	^ 6 773

^ 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

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

(a) For scope and coverage details, see Explanatory Notes, paragraphs 6-20.

(b) For details of comparability with other ABS statistics, see Explanatory Notes, paragraph 30.

(c) Excludes micro non employing units. See Technical Note 1, paragraph 7.

(d) Includes working proprietors and partners of unincorporated businesses.

(e) Excludes capitalised wages and salaries and drawings of working proprietors.

(f) See Technical Note 2, paragraph 5.

MAIN OCCUPATION OF PERSONS WORKING BY CONSTRUCTION INDUSTRY
 SUBDIVISION (a) (b)

	30 - Building construction	31 - Heavy and civil engineering construction	32 - Construction services	Total
	'000	'000	'000	'000
Employment at end June(c)				
Managers	38	14	124	176
Professionals	^ 6	24	11	42
Technicians	^ 12	11	^ 21	45
Tradespeople	43	34	238	314
Labourers	^ 18	43	133	194
Other	42	28	110	180
Total	160	154	636	950

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

- (a) For scope and coverage details, see Explanatory Notes, paragraph 6-20.
- (b) For data comparability with other ABS statistics, see Explanatory Notes, paragraph 30.
- (c) Includes working proprietors and partners of unincorporated businesses.

	PRIMARY CONTRACTING INCOME		SUBCONTRACTING INCOME		TOTAL	
	Income	Percentage of total income	Income	Percentage of total income	Income	Percentage of total income
	\$m	%	\$m	%	\$m	%
Income from trade services, building and construction by type of construction						
Houses						
New construction work	20 219	14.5	^ 15 392	^ 16.5	35 611	15.3
Alterations, additions, renovations and improvements	^ 10 157	^ 7.3	^ 3 133	^ 3.3	^ 13 290	^ 5.7
Repairs and maintenance	^ 4 853	^ 3.5	^ 1 584	^ 1.7	^ 6 436	^ 2.8
<i>Total</i>	35 229	25.2	^ 20 108	^ 21.5	55 337	23.7
Other residential building						
New construction work	^ 7 138	^ 5.1	^ 3 679	^ 3.9	^ 10 817	^ 4.6
Alterations, additions, renovations and improvements	^ 1 119	^ 0.8	*958	*1.0	^ 2 077	^ 0.9
Repairs and maintenance	^ 797	^ 0.6	^ 284	^ 0.3	^ 1 081	^ 0.5
<i>Total</i>	^ 9 054	^ 6.5	^ 4 921	^ 5.3	13 975	6.0
Non-residential building						
New construction work	30 387	21.8	^ 21 738	23.2	52 125	22.4
Alterations, additions, renovations and improvements	^ 10 215	^ 7.3	^ 4 604	^ 4.9	^ 14 819	^ 6.4
Repairs and maintenance	^ 4 348	3.1	^ 2 005	^ 2.1	^ 6 352	^ 2.7
<i>Total</i>	44 949	32.2	28 346	30.3	73 296	31.4
Road and bridge construction						
New work and improvements	12 031	8.6	^ 4 591	^ 4.9	16 622	7.1
Repairs and maintenance	^ 1 653	^ 1.2	^ 1 002	^ 1.1	^ 2 655	^ 1.1
<i>Total</i>	13 685	9.8	^ 5 592	^ 6.0	19 277	8.3
Railways, tramways and harbour construction						
New work and improvements	^ 5 509	^ 3.9	^ 2 014	^ 2.2	^ 7 522	^ 3.2
Repairs and maintenance	*1 003	*0.7	^ 201	^ 0.2	*1 204	*0.5
<i>Total</i>	^ 6 512	^ 4.7	^ 2 215	^ 2.4	^ 8 727	^ 3.7
Water storage and supply, sewerage and drainage construction						
New work and improvements	4 191	3.0	^ 2 597	^ 2.8	6 788	2.9
Repairs and maintenance	^ 1 105	^ 0.8	^ 315	^ 0.3	^ 1 420	^ 0.6
<i>Total</i>	5 296	3.8	^ 2 912	^ 3.1	8 208	3.5
Electricity generation, transmission and distribution construction						
New work and improvements	992	0.7	*6 418	^ 6.9	^ 7 411	^ 3.2
Repairs and maintenance	1 779	1.3	^ 887	^ 0.9	2 666	1.1
<i>Total</i>	2 771	2.0	^ 7 305	^ 7.8	^ 10 077	^ 4.3
Telecommunications construction						
New work and improvements	2 028	1.5	*1 121	*1.2	3 150	1.4
Repairs and maintenance	535	0.4	*435	*0.5	^ 971	^ 0.4
<i>Total</i>	2 564	1.8	^ 1 557	^ 1.7	4 120	1.8
Oil, gas, coal, pipelines (other than water) and other heavy duty construction						
New work and improvements	11 517	8.2	^ 9 029	^ 9.7	20 546	8.8
Repairs and maintenance	1 971	1.4	**2 270	**2.4	*4 242	*1.8
<i>Total</i>	13 488	9.7	^ 11 300	^ 12.1	24 788	10.6

^ 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

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

(a) For scope and coverage details, see Explanatory Notes, paragraphs 6-20.

(b) For details of comparability with other ABS statistics, see Explanatory Notes, paragraph 30.

INCOME FROM PRIMARY CONTRACTING AND SUBCONTRACTING BY CONSTRUCTION INDUSTRY (a)(b) *continued*



	PRIMARY CONTRACTING INCOME		SUBCONTRACTING INCOME		TOTAL	
	Income	Percentage of total income	Income	Percentage of total income	Income	Percentage of total income
	\$m	%	\$m	%	\$m	%
Income from trade services, building and construction by type of construction <i>cont.</i>						
Other non-building construction(c)						
New work and improvements	3 977	2.8	^ 8 346	^ 8.9	12 323	5.3
Repairs and maintenance	^ 2 108	^ 1.5	^ 952	^ 1.0	^ 3 060	^ 1.3
<i>Total</i>	6 085	4.4	^ 9 298	^ 9.9	15 383	6.6
Total	139 634	100.0	93 554	100.0	233 188	100.0
Income from trade services, building and construction work by nature of work done						
New work and improvements(d)	97 990	70.2	74 924	80.1	172 914	74.2
Alterations, additions, renovations and improvements(e)	21 491	15.4	^ 8 694	^ 9.3	30 185	12.9
Repairs and maintenance	20 153	14.4	^ 9 935	^ 10.6	30 088	12.9
Total	139 634	100.0	93 554	100.0	233 188	100.0



- ^ estimate has a relative standard error of 10% to less than 25% and should be used with caution
- (a) For scope and coverage details, see Explanatory Notes, paragraphs 6-20.
- (b) For details of comparability with other ABS statistics, see Explanatory Notes, paragraph 30.
- (c) Includes recreation and landscaping, site preparation and demolition.
- (d) Excludes improvements to houses and other buildings
- (e) Includes improvements to houses and other buildings.



KEY DATA BY BUSINESS SIZE FOR THE CONSTRUCTION INDUSTRY(a)(b)

		<i>Small</i> 0-19 persons	<i>Medium</i> 20-199 persons	<i>Large</i> 200 or more persons	<i>Total</i>
Businesses at end June(c)	no.	204 949	4 648	186	209 783
Employment at end June (d)	'000	590	183	177	950
Income					
Income from trade services, building and construction					
Primary contracting income	\$m	50 947	33 082	55 605	139 634
Subcontracting income	\$m	55 000	24 742	13 813	93 554
<i>Total</i>	\$m	105 946	57 824	69 418	233 188
Income from sales of goods and other services	\$m	^ 42 350	12 975	12 143	67 468
Other income	\$m	^ 1 523	^ 1 359	1 948	4 830
Total	\$m	149 819	72 158	83 508	305 485
Expenses					
Labour costs (e)	\$m	22 895	15 896	21 593	60 383
Payments to other businesses for trade services, building and construction work	\$m	37 011	17 220	23 424	77 655
Other construction related fees and services	\$m	^ 3 849	^ 610	547	^ 5 007
Purchases					
Purchases of construction, trade and building materials	\$m	31 718	16 060	16 933	64 711
Other purchases	\$m	^ 7 819	^ 6 891	2 650	^ 17 360
<i>Total</i>	\$m	39 537	22 951	19 583	82 071
Other expenses	\$m	23 230	10 978	16 111	50 318
Total	\$m	126 522	67 655	81 258	275 434
Earnings before interest, tax, depreciation and amortisation (f)	\$m	26 614	^ 6 283	3 298	36 195
Operating profit before tax (f)	\$m	22 380	^ 5 266	2 611	30 256
Operating profit margin	%	15.1	^ 7.4	3.2	10.1
Industry value added(f)	\$m	51 233	22 796	25 329	99 358
Net capital expenditure	\$m	^ 4 244	^ 1 483	1 046	^ 6 773

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

(a) For scope and coverage details, see Explanatory Notes, paragraphs 6-20.

(b) For details of comparability with other ABS statistics, see Explanatory Notes, paragraph 30.

(c) Excludes micro non employing units. See Technical Note 1, paragraph 7.

(d) Includes working proprietors and partners of unincorporated businesses.

(e) Excludes capitalised wages and salaries and drawings of working proprietors.

(f) See Technical Note 2, paragraph 5.

STATES, TERRITORIES AND AUSTRALIA BY CONSTRUCTION INDUSTRY(a)(b)

		<i>New South Wales</i>	<i>Victoria</i>	<i>Queensland</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Northern Territory</i>	<i>Australian Capital Territory</i>	<i>Australia</i>
Employment at end June(c)	'000	261	227	212	56	148	15	^ 13	^ 18	950
	%	27.4	23.9	22.3	5.9	15.6	1.6	^ 1.3	^ 1.9	100.0
Income from sales of goods and services	\$m	72 583	70 770	72 598	15 515	55 153	3 596	^ 4 210	^ 6 231	300 655
	%	24.1	23.5	24.1	5.2	18.3	1.2	^ 1.4	^ 2.1	100.0
Wages and salaries (d)	\$m	12 627	11 796	12 540	2 179	11 341	617	^ 671	^ 709	52 480
	%	24.1	22.5	23.9	4.2	21.6	1.2	^ 1.3	^ 1.4	100.0
Total expenses	\$m	68 170	65 431	65 636	^ 14 214	50 148	2 966	3 558	^ 5 311	275 434
	%	24.7	23.8	23.8	^ 5.2	18.2	1.1	1.3	^ 1.9	100.0

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

(a) For scope and coverage details, see Explanatory Notes, paragraphs 6-20.

(b) For details of comparability with other ABS statistics, see Explanatory Notes, paragraph 30.

(c) Includes working proprietors and partners of unincorporated businesses.

(d) Includes capitalised wages and salaries; excludes drawings of working proprietors.

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents estimates of the economic and financial performance of the CONSTRUCTION industry for 2011–12. This is the sixth time the ABS has conducted the survey. Previous statistics were released for 1978–79, 1984–85, 1988–89, 1996–97 and 2002–03. The primary purpose of these estimates is to present detailed information on the financial performance and type of activity of businesses primarily engaged in the provision of CONSTRUCTION activity.

Reference period

2 The period covered by the collection is intended to be 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. Such businesses make a substantial contribution to some of the estimates presented in this publication. As a result, the estimates can reflect trading conditions that prevailed in periods outside the twelve months ended June in the relevant year.

3 Although financial data estimates relate to the full 12 months, employment estimates relate to the last pay period ending in June of the given year. As a result, estimates of wages and salaries per person employed can be affected by any fluctuations in employment during the reference period.

4 Financial data presented incorporate all units in scope of the CONSTRUCTION collection that were in operation 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).

CLASSIFICATION

5 The businesses that contribute to the statistics in this publication are classified by:

- institutional sector, in accordance with the STANDARD INSTITUTIONAL SECTOR CLASSIFICATION OF AUSTRALIA (SISCA), which is detailed in *Standard Economic Sector Classifications of Australia (SESCA)* (cat. no. 1218.0)
- industry, in accordance with the *Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006 edition* (cat. no. 1292.0)
- state and territory
- business size
- by CONSTRUCTION service activity, in accordance with the NATIONAL CLASSIFICATIONS OF CONSTRUCTION SERVICES.

SCOPE

6 The scope of the collection was all employing and non-employing private and public trading sector businesses on the ABS Business Register, classified to Division E - CONSTRUCTION - of the AUSTRALIAN AND NEW ZEALAND STANDARD INDUSTRIAL CLASSIFICATION (ANZSIC). ANZSIC Division E consists of businesses mainly engaged in:

- ⌘ RESIDENTIAL BUILDING CONSTRUCTION (ANZSIC Classes 3011 and 3019) - businesses mainly engaged in the construction of houses or residential buildings, or in carrying out alterations, additions or renovations or in organising or managing these activities.
- ⌘ NON-RESIDENTIAL BUILDING CONSTRUCTION (ANZSIC Class 3020) - businesses mainly engaged in the construction of non-residential buildings such as hotels, motels, hostels, hospitals, prisons or other buildings, in carrying out alterations, additions or renovations to such buildings, or in organising or managing these activities.
- ⌘ HEAVY AND CIVIL ENGINEERING CONSTRUCTION (ANZSIC Classes 3101 and 3109) - businesses mainly engaged in the construction or general repair of roads, bridges, aerodrome runways, parking lots, railway permanent way, dams, irrigation systems, harbour or river works, water or gas supply systems, oil refineries, pipelines or construction projects not elsewhere classified, in the on-site assembly of furnaces or heavy electrical machinery from prefabricated components or in the general repair of such structures, machinery or equipment or in organising or managing these activities.

EXPLANATORY NOTES *continued*

SCOPE *continued*

3 CONSTRUCTION SERVICES (ANZSIC Classes 3211 and 3212, 3221 to 3224, 3231 to 3234, 3239, 3241 to 3245, 3291, 3292 and 3299) - businesses mainly engaged in providing special building or construction trade services, such as land development and subdivision, site preparation services, concreting services, bricklaying services, roofing services, structural steel erection services, plumbing services, electrical services, air-conditioning and heating services, fire and security alarm installation services, other building installations services, plastering and ceiling services, carpentry services, tiling and carpentry services, painting decorating services, glazing services, landscaping services, hire of construction machinery and other construction services n.e.c.

7 Businesses were only included in the scope of the collection if their turnover exceeded a threshold level, or the business was identified as being an employing business (based on ATO information), as at the end of the reference period. Turnover thresholds were set for each ANZSIC class so that the contribution of businesses in the scope of the collection accounted for approximately 97.5% of total industry class turnover as determined by Business Activity Statement (BAS) data.

8 The scope of the collection excludes entities classified to SISCAs Sector 3 GENERAL GOVERNMENT. Government-owned or controlled Public Non-Financial Corporations are included.

9 The scope excluded activity undertaken by private individuals for their own use.

COVERAGE

10 This section discusses frame, statistical units, coverage issues and improvements to coverage.

Frame

11 Businesses contributing to the estimates in this publication are sourced from the ABS Business Register (ABSBR), which has two components as described below.

Statistical Units

12 The ABS uses an economic statistics units model on the 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.

13 In mid 2002, the ABS commenced sourcing its register information from the ABR and at that time changed its business register to a two population model. The two populations comprise what is called the Non-Profiled Population and the Profiled Population. The main distinction between businesses in the two populations relates to the complexity of the business structure and the degree of intervention required to reflect the business structure and the degree of intervention required to reflect the business structure for statistical purposes.

NON-PROFILED POPULATION

14 The majority of businesses included on the ABS Business Register are in the Non-Profiled Population. Most of these businesses are understood to have simple structures. For these businesses, the ABS is able to use the ABN as the basis for a statistical unit. One ABN equates to one statistical unit.

PROFILED POPULATION

15 For a small number of businesses, the ABN unit is not suitable for ABS economic statistical purposes and the ABS maintains its own units structure through direct contact with businesses. These businesses constitute the Profiled Population. This population consists typically of large or complex groups of businesses. The statistical units model below caters for such businesses:

EXPLANATORY NOTES *continued*

Statistical Units *continued*

- **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:
 - 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 subsector (i.e. they are all classified to a single STANDARD INSTITUTIONAL SECTOR CLASSIFICATION OF AUSTRALIA (SISCA) subsector).
- **Type of activity (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 is 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.

Coverage issues

16 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 predominant industry class irrespective of any diversity of activities undertaken. A CONSTRUCTION business is one predominantly engaged in construction activities, but the data collected for it cover all activities of the business (including any non-construction activities). Conversely, there are some businesses predominantly engaged in non-construction activities which also undertake limited construction activities; these are excluded from the CONSTRUCTION statistics collection.

17 The ABS attempts to maintain a current understanding of the structure of the large, complex and diverse business groups that form the ABS maintained population on the ABSBR, through direct contact with those businesses. Resultant changes in their structures on the ABSBR can affect:

- the availability of such businesses (or units within them) for inclusion in the annual economic collections,
- the delineation of the units, within those groups, for which data are to be reported.

18 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.

Improvements to coverage

19 Data in this publication have been adjusted to allow for lags in processing new businesses to the ABSBR, and the omission of some businesses from the register. The majority of businesses affected, and to which the adjustments apply, are small in size. As an example, the effect of these adjustment is generally 4% or less for most ANZSIC industry divisions and for most states and territories.

20 For more information on these adjustments, please refer to the *ABS publication Information Paper: Improvements to ABS Economic Statistics, 1997* (cat. no. 1357.0).

DEFINITION OF KEY TERMS

Industry performance measures

21 Selected key terms are described below.

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

EXPLANATORY NOTES *continued*

Industry performance measures continued

23 Differences in accounting policy and practices across businesses and industries can lead to some inconsistencies in the data input to the statistics. Although 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 that they adopt. For example, the way profit is measured is affected by management policy about such issues as depreciation rates, bad debt provisions and write off, and goodwill write off. The varying degree to which businesses consolidate their accounts may also affect any industry performance measures calculated.

24 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.

Australian International Financial Reporting Standards

25 The new Australian International Financial Reporting Standards (AIFRS) were progressively implemented in Australia from 1 January 2005. As a result, a number of items in the financial accounts of Australian businesses have been affected by changed definitions, which have in turn affected both Income Statements and Balance Sheets. A range of ABS economic collections source data from financial accounts of businesses, and use those data to derive economic statistics. There have been no changes in the associated economic definitions.

SURVEY DESIGN

26 The frame (from which the sample was selected) was stratified using information held on the ABSBR. Businesses were then selected from the frame using stratified random sampling techniques. A sample of 3,524 businesses classified to the CONSTRUCTION industry division was selected for the survey. Each business was asked to provide data sourced primarily from financial statements, mainly by mail out questionnaires. Businesses were also asked to supply key details of their operations by state and territory, enabling production of the state/territory estimates.

State and territory estimates

27 State and territory summary estimates are presented in this publication. To enable the production of these estimates, businesses included in the mail out survey were asked to report data for employment, income from sales of goods and services, wages and salaries, and total expenses, for each state and/or territory in which they operated, if more than one. The relevant data for all other businesses, including those whose contribution was sourced from BAS data, were allocated to their state/territory of operations as recorded on the ABSBR.

Effects of rounding

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

29 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.

DATA COMPARABILITY

Comparison with other ABS statistics

30 Key annual industry data for ANZSIC Subdivisions 30 BUILDING CONSTRUCTION, 31 HEAVY AND CIVIL ENGINEERING CONSTRUCTION and 32 CONSTRUCTION SERVICES are published in *Australian Industry* (cat. no. 8155.0). There are important differences between statistics published in *Australian Industry* and *Private Sector Construction Industry* publications. CONSTRUCTION Industry Survey was partially integrated with Division E (CONSTRUCTION) in *Australian Industry* for 2011–12. Partial integration means that the different sample sizes have been used for producing the CONSTRUCTION Survey and *Australian Industry* estimates. Different sample sizes have resulted in minor variations between estimates due to presence of sampling error. Users should exercise caution when making comparisons between the two sets of estimates.

EXPLANATORY NOTES *continued*

Comparison with other ABS statistics continued

31 In some cases estimates provided in this publication may differ slightly from those from other sources. These differences may be the result of sampling or non-sampling error, or may result from differences in scope, coverage, definitions or methodology i.e. businesses in the bottom 2.5 percentile of BAS sales are excluded, this has a significant impact on businesses counts in CONSTRUCTION, where 30% of non-employing businesses are part of the bottom 2.5 percentile.

FURTHER INFORMATION

Related publications

32 A range of further information is available, as described below.

33 The following ABS publications present economy wide and industry specific data:

- *Australian Industry, 2011-12* (cat no. 8155.0)
- *Building Approvals, Australia, April 2013* (cat no. 8731.0)
- *Construction Work Done, Australia, Preliminary, March 2013* (cat no. 8755.0)
- *Engineering Construction Activity, Australia, December 2012* (cat no. 8762.0)
- *Building Activity, Australia, December 2012* (cat no. 8752.0)

Other information available

34 The ABS also issues a daily Release Advice on the web site which details products to be released in the week ahead.

35 Inquiries should be made to the National Information and Referral Service on 1300 135 070.

Acknowledgement

36 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*.

Use of Australian Taxation Office (ATO) data in this publication

37 The results of these studies are based, in part, on tax data supplied by the ATO to the ABS under the *Income Tax Assessment Act 1936*, which requires that such data are only used for statistical purposes. No individual information collected under the *Census and Statistics Act 1905* is provided back to the ATO for administrative or regulatory purposes. Any discussion of data limitations or weaknesses is in the context of using the data for statistical purposes, and is not related to the ability of the data to support the ATO's core operational requirements.

38 Legislative requirements to ensure privacy and secrecy of these data have been followed. Only people authorised under the *Australian Bureau of Statistics Act 1975* have been permitted to view data about any particular organisation and/or persons in conducting these analyses. No information about individual taxpayers (persons) has been released to the ABS. Aggregated personal income tax data are confidentialised by the ATO before release to the ABS. In accordance with the *Census and Statistics Act 1905*, results have been confidentialised to ensure that they are not likely to enable identification of a particular person or organisation.

ABBREVIATIONS

\$b	billion (thousand million) dollars
\$k	thousand dollars
\$m	million dollars
ABN	Australian Business Number
ABR	Australian Business Register
ABS	Australian Bureau of Statistics
ABSBR	Australian Bureau of Statistics Business Register
AIFRS	Australian International Financial Reporting Standards
ANZSIC	Australian and New Zealand Standard Industrial Classification
ATO	Australian Taxation Office

EXPLANATORY NOTES *continued*

BAS	Business Activity Statement
EAS	Economic Activity Survey
n.e.c.	not elsewhere classified
no.	number
RSE	relative standard error
SISCA	Standard Institutional Sector Classification of Australia
TAU	type of activity unit

TECHNICAL NOTE 1 ESTIMATION METHODOLOGY

INTRODUCTION

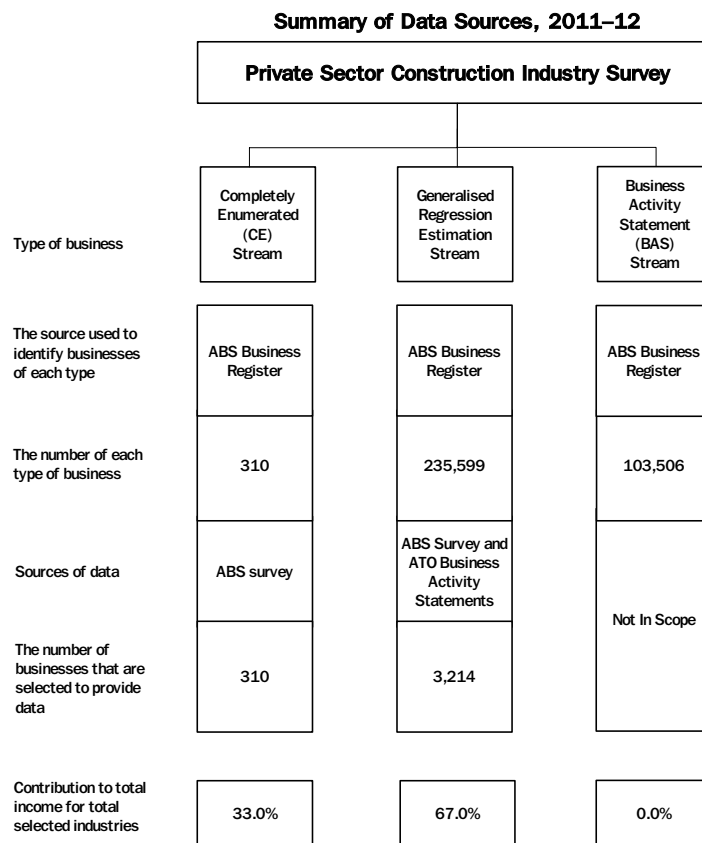
1 The availability of Business Activity Statement (BAS) data collected by the Australian Taxation Office (ATO) has provided the Australian Bureau of Statistics (ABS) with opportunities to improve the efficiency of collection designs and estimation for its business surveys, while at the same time reducing the reporting burden placed on businesses. Under taxation law, data may be passed by the Commissioner for Taxation to the ABS for specified statistical purposes. Accordingly, turnover and wages information sourced from ATO Business Activity Statement data was used to improve the accuracy of the 2011–12 industry estimates which were produced using data items collected directly by the ABS from businesses.

ESTIMATION METHODOLOGY

2 The 2011–12 Private Sector Construction Industry Survey estimates have been produced using generalised regression estimation. This estimation method enables maximum use of observed linear relationships between data directly collected from businesses in the survey and auxiliary information. When the auxiliary information is strongly correlated with data items collected in a survey, the generalised regression estimation methodology will improve the accuracy of the estimates. The auxiliary variables used in this survey were turnover and wages sourced from BAS data.

PRODUCING ESTIMATES

3 The following diagram illustrates the ways in which CONSTRUCTION businesses contribute to the estimates in this publication.



DATA STREAMING

4 For the purpose of compiling the estimates in this publication, data for businesses as recorded on the ABS Business Register (ABSBR) contribute via one of two categories (or 'streams') in accordance with significance and collection related characteristics.

Completely enumerated (CE) stream:

5 The completely enumerated stream consists of directly collected survey data for those units recorded on the ABSBR as having employment greater than 300, plus additional economically significant units in the Profiled Population and units significant to small state estimates.

TECHNICAL NOTE 1 ESTIMATION METHODOLOGY *continued*

Generalised regression estimation stream:

6 The generalised regression estimation stream comprises directly collected data for those sampled units which are not in the CE stream and have turnover, in aggregate, above the bottom 2.5 percentile of BAS sales for that industry, or are identified as employing businesses (based on ATO information).

Business Activity Statement (BAS) stream:

7 The reader should exercise caution interpreting the estimates relating to the number of CONSTRUCTION businesses, as this survey excludes businesses that contributed in aggregate less than 2.5% of Business Activity Statement (BAS) turnover and had zero employment.

8 This stream, comprising of 103,506 businesses is not in the scope of the Private Sector Construction Industry survey. Of the 103,506 businesses not eligible for selection, CONSTRUCTION SERVICES accounted for 69,236 businesses, BUILDING CONSTRUCTION 29,760 and HEAVY AND CIVIL ENGINEERING 4,510.

9 Estimates for each of the selected industries were produced by aggregating the contributing data streams.

TECHNICAL NOTE 2 DATA QUALITY

RELIABILITY

1 The estimates in this release are based on information obtained from a sample survey. Any collection of data can be affected by factors that impact the reliability of the resulting statistics, regardless of the methodology used. These factors result in non-sampling error. In addition to non-sampling error, sample surveys are also subject to inaccuracies that arise from selecting a sample rather than conducting a census. This type of error is called sampling error.

SAMPLING ERROR

2 The data contained in this publication have been obtained from a sample of 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 businesses in the population. One measure of the likely difference 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 all units had been included in the collection, and about nineteen chances in twenty that the difference will be less than two standard errors.

3 Sampling variability can also be measured by the relative standard error (RSE), which is obtained by expressing the standard error as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to the effects of random sampling, and this avoids the need to refer also to the size of the estimate. Selected data item RSEs for the CONSTRUCTION industry (division level) for Australia are shown in the table below. Detailed relative standard errors are available on request.

4 To illustrate, the estimate of total income for the CONSTRUCTION industry in 2011–12 was \$305,485m. The RSE of this estimate is shown as 1.8%, giving a standard error of approximately \$5,499m. Therefore, there are two chances in three that, if all units had been included in the survey, a figure in the range of \$299,986m to \$310,984m would have been obtained, and nineteen chances in twenty (i.e. a confidence interval of 95%) that the figure would have been within the range of \$294,487m to \$316,483m.

RELATIVE STANDARD ERRORS

	<i>Labour costs</i>	<i>Income from trade services, building & construction</i>	<i>Total Income</i>	<i>Total expenses</i>	<i>Industry value added</i>
	%	%	%	%	%
Construction	1.3	1.8	1.8	1.9	2.6
Building construction	2.8	3.6	3.6	3.6	6.1
Heavy and civil engineering construction	0.8	1.7	1.5	1.5	2.3
Construction services	2.2	2.9	2.9	3.1	3.9

5 The size of the RSE may be a misleading indicator of the reliability of the estimates for (a) operating profit before tax, (b) earnings before interest, tax, depreciation and amortisation and (c) industry value added. It is possible for an estimate legitimately to include positive and negative values, reflecting the financial performance of individual businesses. In this case, 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-SAMPLING ERROR

6 Error other than that due to sampling may occur in any type of collection, whether a full census or a sample, and is referred to as non-sampling error. All data presented in this publication are subject to non-sampling error. Non-sampling error can arise from 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. It also occurs when information cannot be obtained from all businesses selected. The imprecision due to non-sampling variability cannot be quantified and should not be confused with sampling variability, which is measured by the standard error.

7 Although it is not possible to quantify non-sampling error, every effort is made to minimise it. 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.

8 Differences in accounting policy and practices across businesses and industries can also lead to some inconsistencies in the data used to compile the estimates. Although much of the accounting process is subject to standards, there remains a great deal of flexibility available to individual businesses in the accounting policies and practices they adopt.

9 The above limitations are not meant to imply that analysis based on these data should be avoided, only that the limitations should be considered when interpreting the data presented in this publication. This publication presents a wide range of data that can be used to analyse business and industry performance. It is important that any analysis be based upon the range of data presented rather than focusing on one variable.

REFERENCE PERIOD

10 Where businesses were unable to supply data for the 12 months ended 30 June, an accounting period for which data can be provided is used for data other than those relating to employment.

11 Estimates of financial data in some industries are heavily impacted by fluctuating commodity prices. In these industries the reporting by businesses for an accounting period that is not for the period ended 30 June can result in different estimates compared with what they would have been, had the businesses reported for an accounting period ended 30 June.

12 In November 2011, the ABS released an information paper on the impact that businesses reporting for accounting periods other than those ended 30 June had on the estimates present in past versions of this release. In the second half of 2013, the ABS will release this paper updated to show the impact of off-June reporters on estimates presented in this release.

QUALITY INDICATORS

13 Non-sampling error also occurs when information cannot be obtained from all businesses selected in the survey. For the 2011–12 survey of the CONSTRUCTION industry, there was an 80.3% response rate from all businesses that were surveyed and found to be operating during the reference period. Data were imputed for the remaining 19.7% of operating businesses. This imputation contributed 17.3% to the estimate of total income for the CONSTRUCTION industry.

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. Included in the glossary are published data items and components used to calculate derived items.

Alterations, additions, renovations and improvements (income from)	This item refers to income from trade services, building and construction work which adds to the capital value of existing assets and/or prolongs the effective life of existing assets. It excludes repairs and maintenance of an existing asset.
Business	A business is generally considered to be a person, partnership or corporation engaged in business or commerce. In this publication, the term represents the ABN unit or type of activity unit (TAU), which are the two standard statistical units for the 2011–12 EAS collections. For details, see Explanatory Notes paragraphs 12-15.
Capital expenditure	Total (gross) expenditure on acquiring fixed tangible and intangible assets, before deduction of trade-in allowances, and including expenses (except capitalised interest) incurred during the year in acquiring such assets. Fixed tangible assets include land, dwellings, other buildings and structures, plant, machinery and equipment (including motor vehicles). Intangible assets include capitalised exploration expenditure, patents, licences and goodwill.
Disposal of assets	Proceeds from the sale of tangible assets (plant, machinery, equipment, land, dwellings, other buildings and structures) and intangible assets (such as patents, licences and goodwill).
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Profit prior to the deduction of net interest (interest income minus interest expenses), income tax, depreciation and amortisation.
Employment at end June	Number of persons working for CONSTRUCTION businesses during the last pay period ending in June of the given year. Includes working proprietors and partners, employees absent on paid or prepaid leave, employees on workers' compensation who continue to be paid through the payroll, and contract workers paid through the payroll. Excludes persons paid by commission only, non-salaried directors, volunteers and self-employed persons such as consultants and contractors.
Income from trade services, building and construction	Refers to both subcontracting and primary contracting income earned for trade services, building or construction work.
Industry class	The structure of ANZSIC comprises four levels, ranging from industry division (broadest level) to industry class (finest level). Activities are narrowly defined within the industry class level, which is identified by a four-digit code, e.g. Industry Class 3241 PLASTERING AND CEILING SERVICES. Usually, an activity is primarily defined to one class. However, some activities may be primary to more than one class.
Industry division	The structure of ANZSIC comprises four levels, ranging from industry division (broadest level) to industry class (finest level). The main purpose of the industry division level is to provide a limited number of categories which give a broad overall picture of the economy. There are 19 divisions within ANZSIC, each identified by an alphabetical letter that is; 'A' for AGRICULTURE, FORESTRY AND FISHING , 'E' for CONSTRUCTION etc.
Industry subdivision	This is the broadest level category within each industry division of ANZSIC and is identified by a two-digit code, e.g. Industry Subdivision 31 for HEAVY AND CIVIL ENGINEERING CONSTRUCTION. Industry subdivisions are built up from industry groups which, in turn, are built up from industry classes.
Industry value added (IVA)	IVA is an estimate of the difference between the market value of the output of an industry and the purchases of materials and expenses incurred in the production of that output.

GLOSSARY *continued*

Industry value added (IVA) <i>continued</i>	<p>The derivation of IVA for individual businesses depends on whether they are classified as market or non-market producers. Non-market producers are those institutions which provide goods or services either free or at prices that are not economically significant. In other words, their prices are not significantly influenced by the amounts that producers are willing to supply, nor the amounts that users are willing to pay to purchase the goods or services being provided. Conversely, market producers provide goods and services at prices that are economically significant.</p> <p>For market producers, the derivation of IVA is as follows:</p> <p>Sales and service income</p> <p><i>plus</i> Funding from federal, state and/or local government for operational costs</p> <p>Capital work done for own use</p> <p>Closing inventories</p> <p><i>less</i> Opening inventories</p> <p>Purchases of goods and materials</p> <p>Other intermediate input expenses</p> <p><i>equals</i> IVA</p> <p>However, it should be noted that IVA is a measure of economic activity and is not equivalent to operating profit before tax (OPBT). Wage and salary expenses and most other labour costs are not taken into account in the calculation for market producers, neither are interest expenses, depreciation or a number of lesser expenses. On the income side, OPBT includes total income, whereas IVA only includes sales and service income and government funding for operational costs.</p> <p>As a principle, the output of non-market production is valued at cost, including intermediate input expenses. As shown in the above derivation, purchases and other intermediate input expenses are deducted from output in order to arrive at IVA.</p> <p>Accordingly, the derivation of IVA for non-market producers can be described as follow:</p> <p>Selected labour costs</p> <p><i>plus</i> Depreciation and amortisation</p> <p><i>equals</i> IVA</p> <p>Estimates of industry value added are obtained by summing the contributions of businesses classified to that industry, both market and (if any) non-market producers. Market producers predominate in most industries.</p> <p>Industry value added is related to, but different from, the national accounting variable gross value added. For national accounts purposes, gross value added is calculated by adjusting IVA to include GENERAL GOVERNMENT units and also to account for some other effects.</p>
Labour costs	<p>Comprises wages and salaries (including salary sacrificed earnings paid on behalf of employees and employee share based payments and stock options), employer contributions into superannuation, workers' compensation premiums/costs, fringe benefits tax and payroll tax.</p>
Net capital expenditure	<p>The value of total capital expenditure less proceeds received from the disposal of selected assets.</p>
New construction work	<p>The item refers to income from trade services, building and construction work which creates value in the form of new assets.</p>
New work and improvements	<p>This item refers to income from trade services, building and construction work which adds to the capital value of assets either by creating a new asset or improving an existing asset. It excludes repairs and maintenance of an existing asset.</p>

GLOSSARY *continued*

Non-residential building	This item refers to a building not intended for long-term residential use. Examples include factories, warehouses and other industrial buildings; commercial buildings such as offices, shops and restaurants; hotels, motels, boarding houses, hostels, holiday apartment buildings and other premises offering short-term accommodation; hospitals; nursing homes; entertainment and recreational facilities; educational facilities; farm buildings; defence buildings; prisons; and religious buildings.
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), i.e. total income less total expenses plus change in inventories.
Operating profit margin	The percentage of sales and service income available as operating profit before tax (OPBT), i.e. (OPBT divided by sales and service income) multiplied by 100.
Other construction related fees and services	Includes builders and other licence fees, payments for architectural, surveying, security and technical services, real estate agent commissions and fees, building development and approval charges.
Other expenses	Expenditure items not separately itemised. Examples include bad and doubtful debts, natural resource royalty expenses, land tax and rates, computer software expenses, freight, other royalties expenses, payments to employment agencies for staff and other operating expenses.
Other income	Income from sources not separately itemised. Examples include dividend income, funding from government for specific capital items, net profit or loss on share trading, asset sales, variations in exchange rates or resulting from the revaluation of assets in accordance with the Australian International Financial Reporting Standards (AIFRS).
Payments to other businesses for trade services, building and construction work	Refers to payments made to other businesses and self-employed persons, for trade services, building or construction work done. Such payments are either payments to subcontractors or payments to head contractors/construction project managers.
Primary contracting income from trade services, building and construction	This item refers to income earned by a trade service or CONSTRUCTION business where it acts as a head contractor/construction project manager, irrespective of whether the business is the property owner. It also includes income from trade services provided directly to non-construction businesses and householders.
Purchases	This item refers to the costs of goods and services used in the production of the final output of a business. This item includes construction, trade and building materials, petroleum products, fuel expenses for off-road vehicles (e.g. fork-lifts, mobile plant and quarry dump trucks), electricity, gas and water.
Road and bridge construction	Includes aerodrome runways, asphalt surfacing and road construction and sealing, elevated highways and overpasses, viaducts and bridges (for any purpose).
Sales of goods and other services	This item refers to income from sales of goods and services other than income from trade services, building and construction work. It includes income from non-construction services, sales from property development and other sales of goods.
Subcontracting income from trade services, building and construction	Subcontracting income is earned by a trade services or CONSTRUCTION business where it is contracted and/or paid by the head contractor/construction project manager or any other construction contractor.
Total expenses	The sum of all expense components.
Total income	Comprises contracting and subcontracting income from trade services, building and CONSTRUCTION, sales of goods and other services and other income. For details, see the entries for these items.
Wages and salaries	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

GLOSSARY *continued*

Wages and salaries *continued*

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, as are salary sacrificed earnings and remuneration of employees in the form of share based payments and stock options.

Payments related to self-employed persons such as consultants, contractors and persons paid solely by commission without a retainer are excluded. The drawings of working proprietors and partners are also excluded.

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