



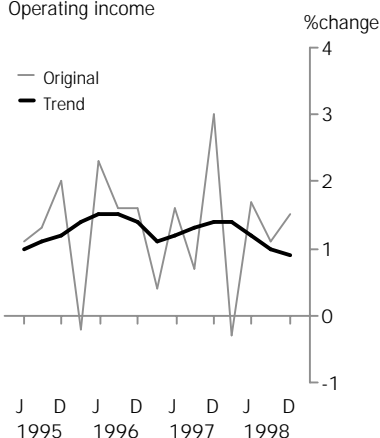
AUSTRALIAN BUSINESS EXPECTATIONS DECEMBER QTR 1998 & SEPTEMBER QTR 1999

EMBARGO: 11:30AM (CANBERRA TIME) FRI 25 SEPT 1998

KEY FIGURES

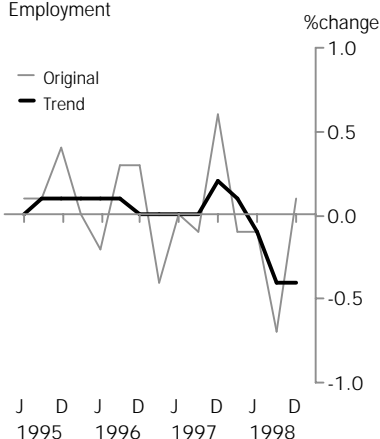
Short term

Operating income



Short term

Employment



ORIGINAL ESTIMATES

	Short-term Dec Qtr 1998 % change	Medium-term Sep Qtr 1999 % change
Operating income	1.5	2.8
Selling prices	0.5	0.9
Profit	6.0	12.4
Employment	0.1	0.4

TREND ESTIMATES

	Short-term Dec Qtr 1998 % change	Medium-term Sep Qtr 1999 % change
Operating income	0.9	2.7
Selling prices	0.3	0.9
Profit	0.5	12.5
Employment	-0.4	0.0

KEY POINTS

ORIGINAL ESTIMATES

SHORT-TERM

- In the December quarter 1998, businesses expect operating income, selling prices, profit and employment to rise (by 1.5%, 0.5%, 6.0% and 0.1% respectively).

MEDIUM-TERM

- In the year to September quarter 1999, businesses expect operating income, selling prices, profit and employment to rise (by 2.8%, 0.9%, 12.4% and 0.4% respectively). While the expectation for profit is weaker than expected for the June quarter 1999, the expectations for the other three indicators are all stronger.

TREND ESTIMATES

SHORT-TERM

- In trend terms, for the December quarter 1998 businesses expect operating income and selling prices to rise (by 0.9% and 0.3% respectively) and full time equivalent employment to fall by 0.4%.

MEDIUM-TERM

- In trend terms, for the year to the September quarter 1999 businesses expect operating income, selling prices and profit to rise (by 2.7%, 0.9% and 12.5% respectively) and full time equivalent employment to remain unchanged.

- For further information about these and related statistics, contact Jonathan Sim on Canberra 02 6252 7045, or any ABS office shown on the back cover of this publication.

NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)

RELEASE DATE

March 1999

5 January 1999

June 1999

26 March 1999



CHANGES IN THIS ISSUE

The trend in short-term (Table 1) and medium term (Table 6) Total Operating Expenses was inadvertently omitted from the previous publication. This has now been rectified.



W. McLennan
Australian Statistician



C O N T E N T S

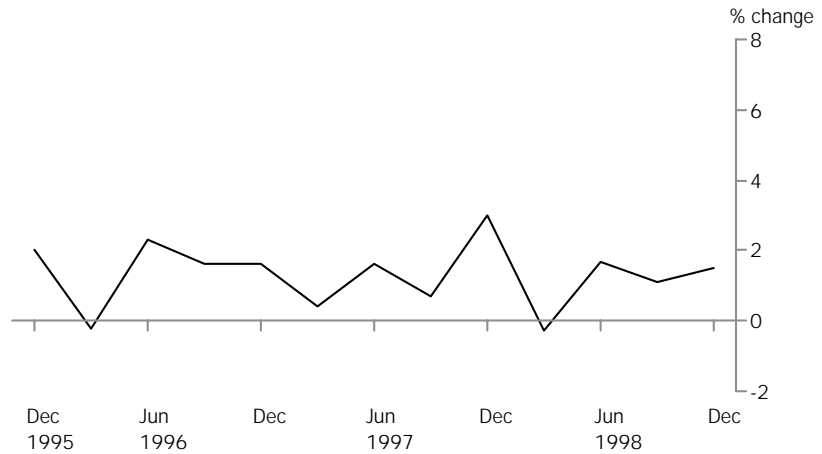
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SUMMARY OF RESULTS: Short-term Outlook

OPERATING INCOME

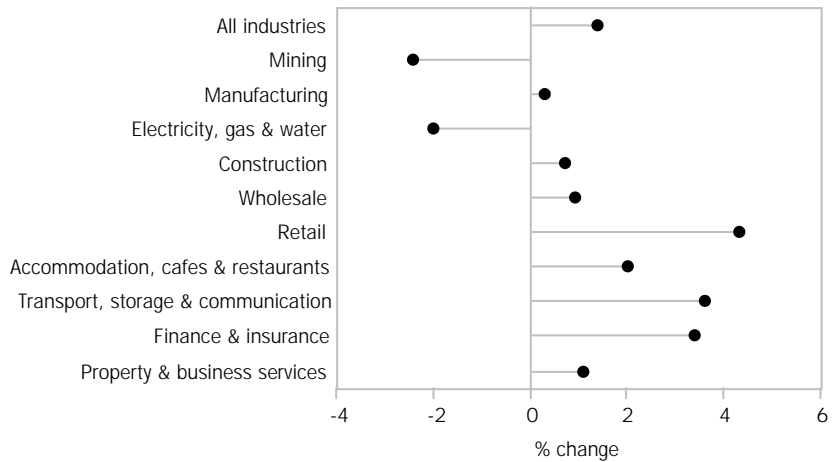
TIME SERIES

Operating Income is expected to rise by 1.5% in the December quarter 1998, in part due to the seasonal increase in sales leading up to Christmas experienced in a number of industries. While small and medium sized business are only expecting a modest increase (0.6% and 0.2% respectively), large businesses are expecting an increase in their Operating Income of 3.9%.



MAIN INDUSTRY COMPARISON

Two industries (Mining and Electricity, gas & water) expect Operating Income to fall in the short term, by 2.4% and 2.0% respectively. All other industries expect increases with Retail and Transport, storage & communication expecting increases of 4.4% and 3.7% respectively due in part to the Christmas season.

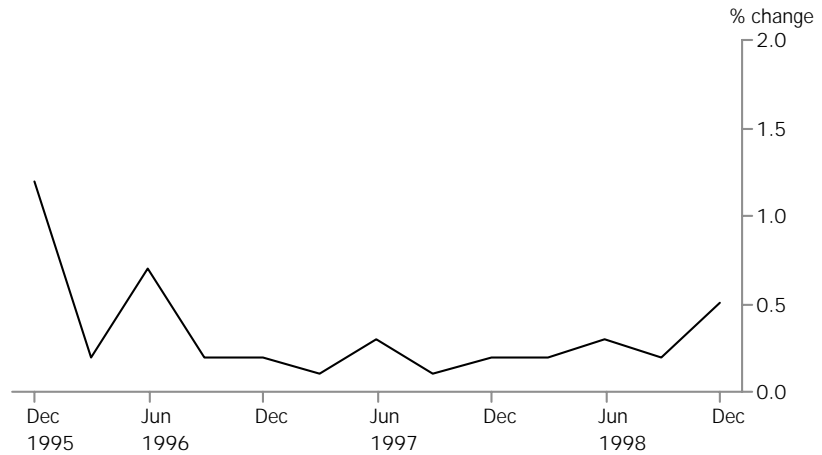


SUMMARY OF RESULTS: Short-term Outlook *continued*

SELLING PRICES

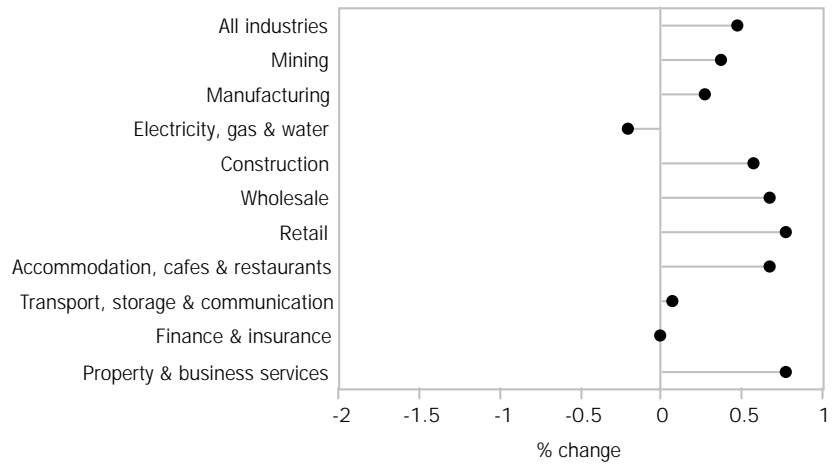
TIME SERIES

The 0.5% increase expected in selling prices is the largest increase in a December quarter since the December quarter 1995 when a 1.2% increase was expected. Businesses of all sizes expect selling prices to increase by 0.5%.



MAIN INDUSTRY COMPARISON

Electricity, gas and water is the only industry expecting a fall (0.2%) in selling prices in the December quarter 1998, while the largest increases are expected in Retail and the Property & business services industries, both expecting an increase of 0.8%.

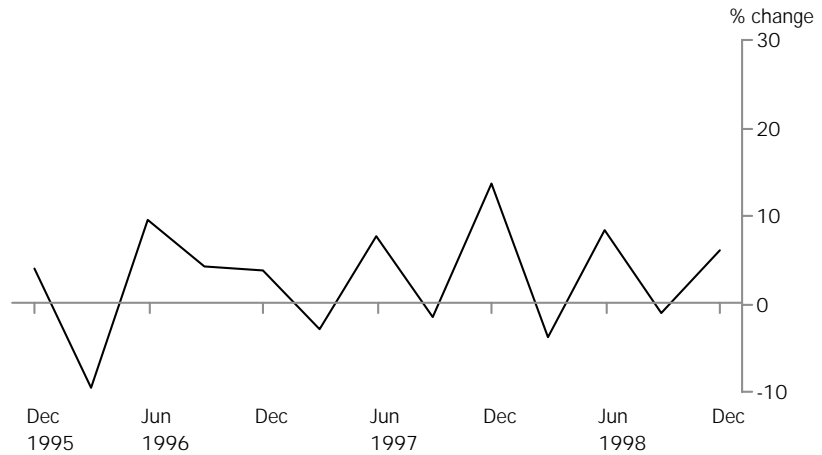


SUMMARY OF RESULTS: Short-term Outlook *continued*

PROFITS

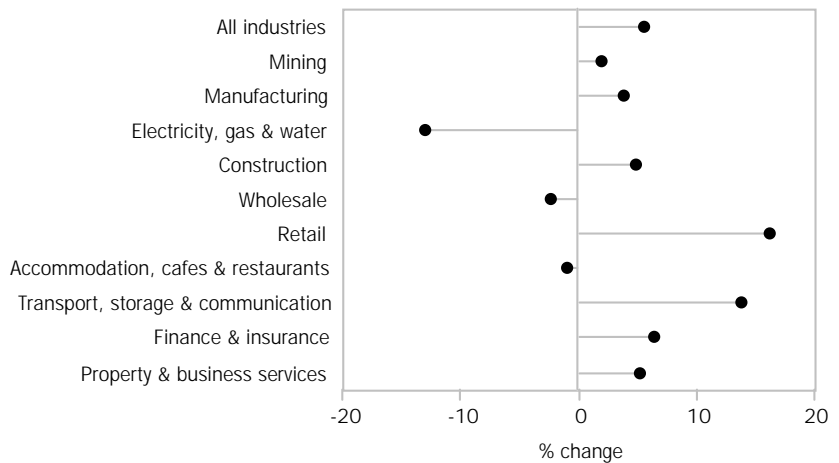
TIME SERIES

Profits are expected to increase by 6.0% in the December quarter 1998. While small and medium sized businesses expect profits to fall (by 5.7% and 6.4% respectively), large businesses expect profits to increase by 17.5%.



MAIN INDUSTRY COMPARISON

The Retail and Transport, storage & communication industries expect the largest increase in profits (16.6% and 14.2% respectively) due in part to the Christmas season. Only three industries expect falls in their profits in the short term, with the Electricity, gas & water industry expecting a 12.9% decline.

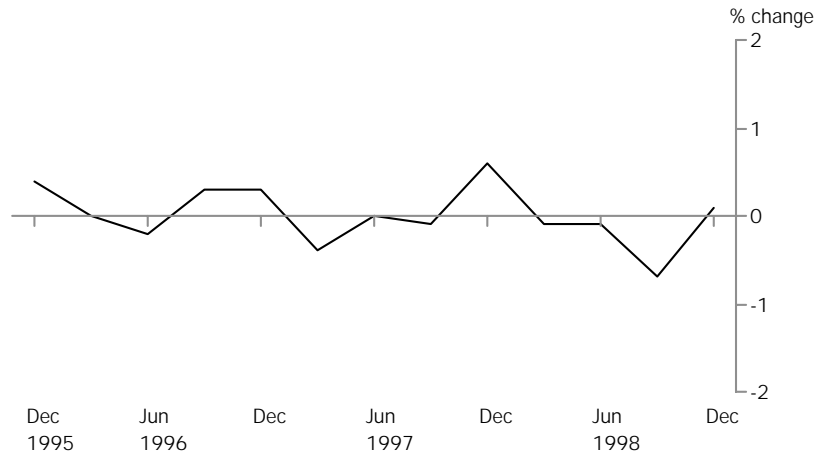


SUMMARY OF RESULTS: Short-term Outlook *continued*

EMPLOYMENT

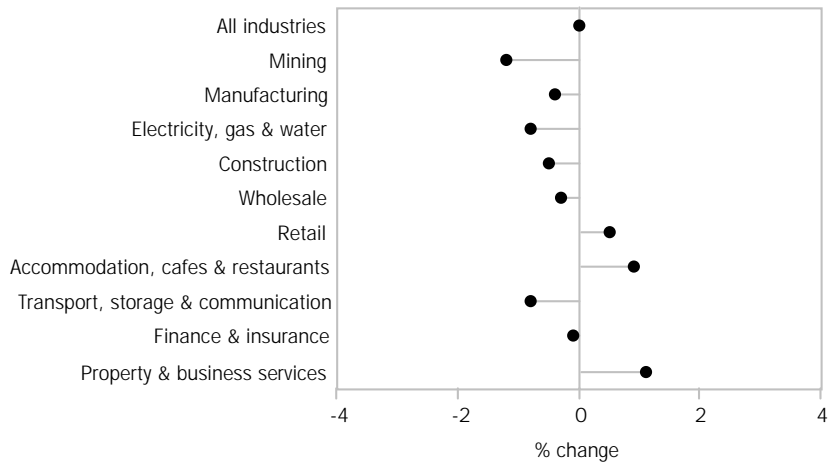
TIME SERIES

Employment (full time equivalent) is expected to rise by 0.1% in the December quarter 1998. This is the first expected quarterly increase since the December quarter 1997 when an increase of 0.6% was expected.



MAIN INDUSTRY COMPARISON

Seven out of ten industries expect falls in employment in the December quarter 1998 with the largest fall expected in the Mining industry (1.2%). Only the Retail, Accommodation, cafes & restaurants, and Property & business services industries expect to increase employment in the quarter with some of this likely to be due to seasonal factors such as the Christmas season and tourism.

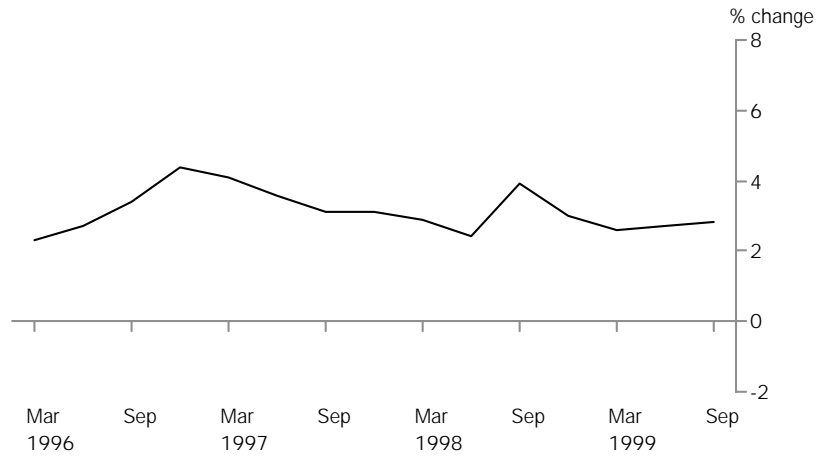


SUMMARY OF RESULTS: Medium-term Outlook

OPERATING INCOME

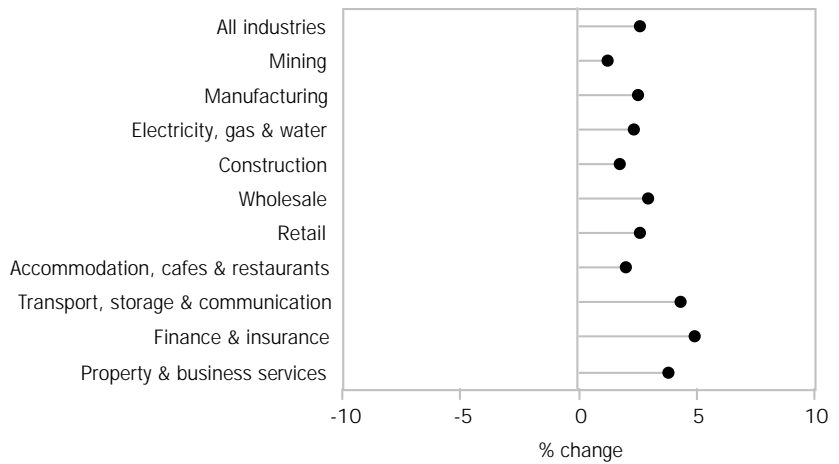
TIME SERIES

Operating Income is expected to rise by 2.8% in the medium term with large businesses expecting expecting Operating Income to increase by 3.3%. Small and medium sized businesses expect Operating Income to increase by 2.6% and 2.7% respectively.



MAIN INDUSTRY COMPARISON

All industries expect profits to increase in the medium term, with the largest increase expected in the Transport, storage & communication industry where an increase of 4.5% is expected.

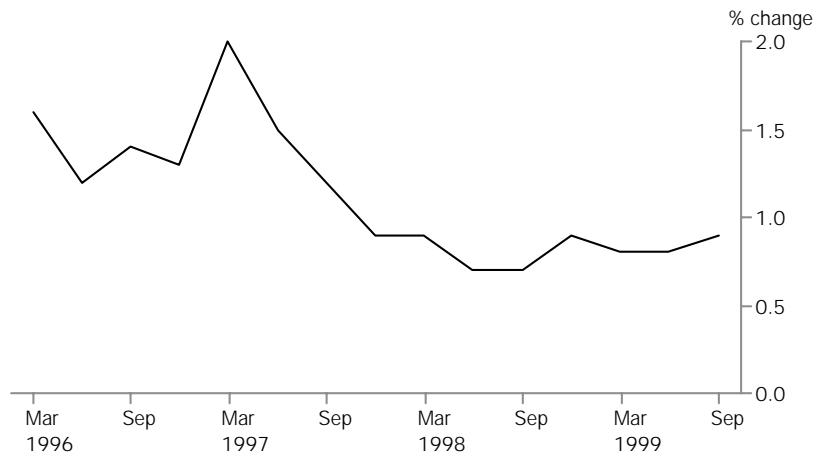


SUMMARY OF RESULTS: Medium-term Outlook *continued*

SELLING PRICES

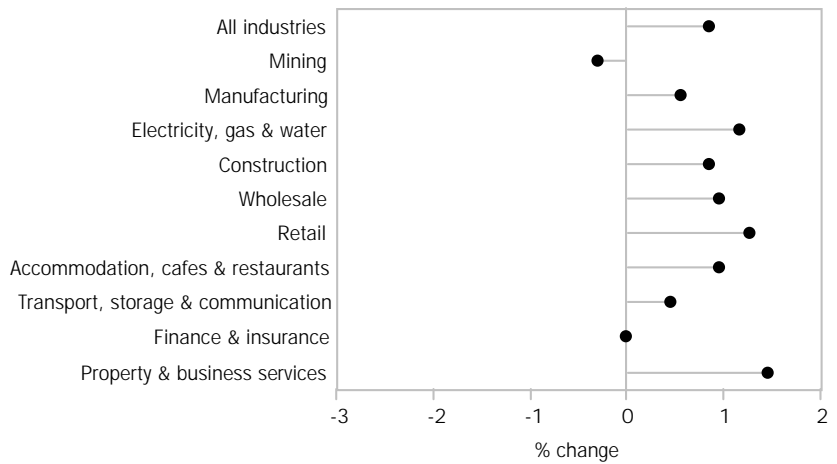
TIME SERIES

The increase expected in Selling Prices over the medium term is 0.9%. This is little changed from that expected over the last few quarters.



MAIN INDUSTRY COMPARISON

The Mining industry is the only industry expecting a fall (0.3%) in Selling Prices in the medium term, while five industries (Property & business services, Retail, Electricity, gas & water, Wholesale, and Accommodation, cafes & restaurants) expect increases of 1.0% or more.

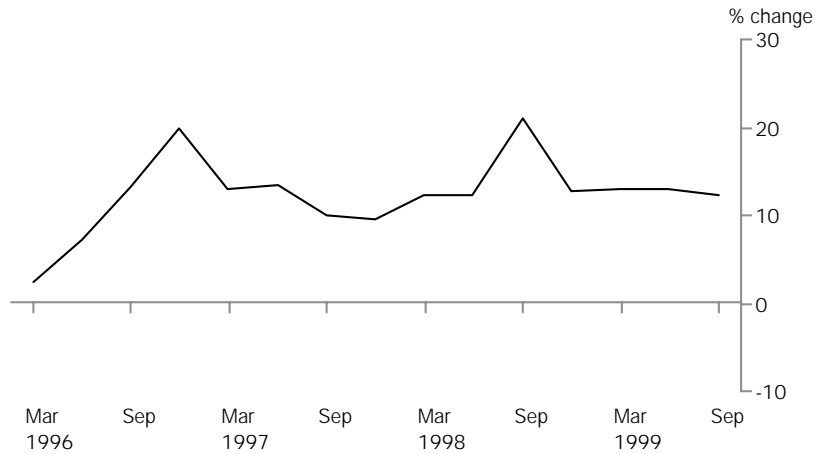


SUMMARY OF RESULTS: Medium-term Outlook *continued*

PROFITS

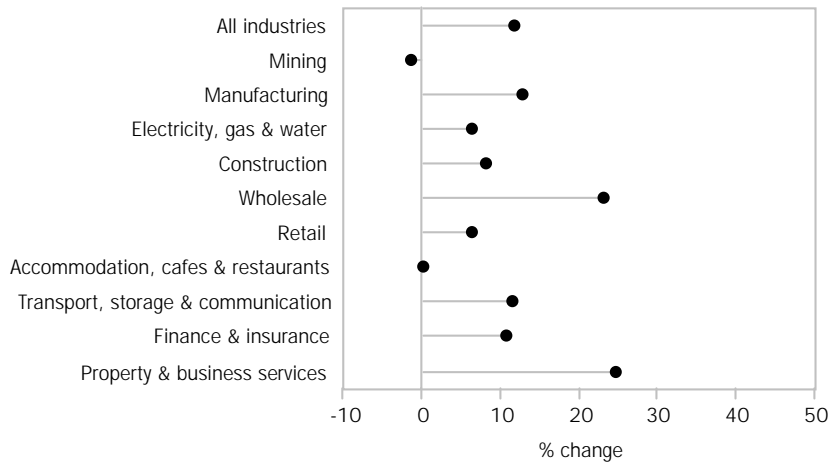
TIME SERIES

While Profits are expected to increase by 12.4% over the medium term, their rate of increase is expected to be weaker than that expected three months ago (13.1%). Business of all sizes expect an increase in Profits with medium sized businesses expecting 15.3% while small and large businesses expect increases of 13.5% and 11.0% respectively.



MAIN INDUSTRY COMPARISON

All industries, with the exception of Mining, expect profits to increase in the medium term, with the largest increases expected in the Property & business services and Wholesale industries.

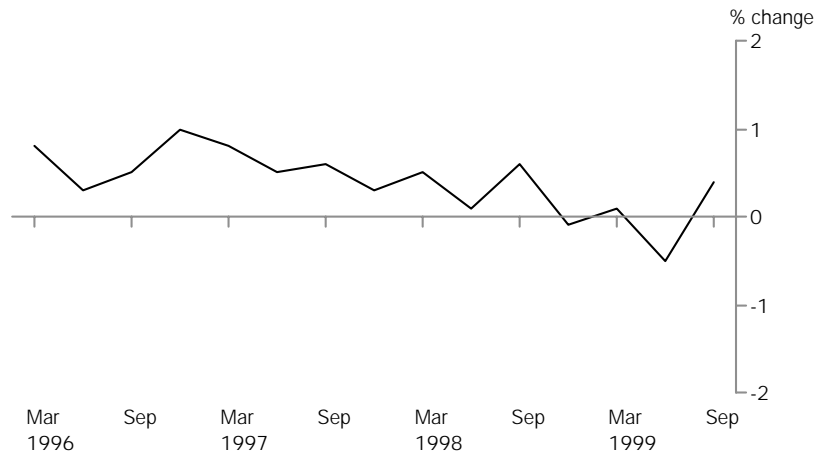


SUMMARY OF RESULTS: Medium-term Outlook *continued*

EMPLOYMENT

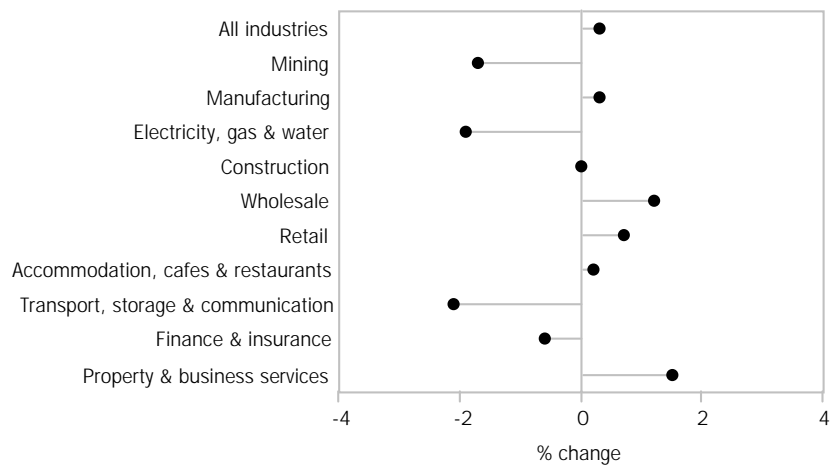
TIME SERIES

Full time equivalent Employment is expected to rise by 0.4% in the medium term. This is a turnaround from three months ago when it was expected to fall by 0.5%. While large businesses expect a fall in employment of 0.1%, small and medium sized businesses expect increases of 0.5% and 1.2% respectively.



MAIN INDUSTRY COMPARISON

While four industries (Mining, Electricity, gas & water, Transport, storage & communication, and Finance & insurance) expect employment to fall in the medium term, all other industries expect it to increase. The largest increase is expected in the Property & business services industry, which is expecting an increase of 1.6% or greater.



EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR

	<i>Dec Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>	<i>Sep Qtr 1998</i>	<i>Dec Qtr 1998</i>
Business performance indicators	%	%	%	%	%

ORIGINAL

Trading performance					
Operating income	3.0	-0.3	1.7	1.1	1.5
Selling prices	0.2	0.2	0.3	0.2	0.5
Profit	13.7	-3.8	8.4	-1.0	6.0
Investment					
Capital expenditure	5.3	1.4	3.8	2.8	4.9
Stocks	-0.4	-0.3	-0.5	-0.3	-0.7
Employment					
Full time equivalent	0.6	-0.1	-0.1	-0.7	0.1
Operating expenses					
Wages	1.3	0.5	0.5	0.8	1.2
Non-wage labour	1.0	0.3	0.4	0.8	0.6
Other	1.7	0.2	1.1	1.3	1.1
Total	1.6	0.3	1.0	1.2	1.1

TREND

Trading performance					
Operating income	1.4	1.4	1.2	1.0	0.9
Selling prices	0.2	0.2	0.3	0.3	0.3
Profit	4.9	5.5	3.6	1.1	0.5
Investment					
Capital expenditure	3.6	3.2	3.0	3.6	4.6
Stocks	-0.3	-0.3	-0.4	-0.5	-0.6
Employment					
Full time equivalent	0.2	0.1	-0.1	-0.4	-0.4
Operating expenses					
Wages	0.9	0.7	0.7	0.7	0.8
Total	0.9	0.9	0.9	1.0	1.1

SHORT-TERM WEIGHTED NET BALANCE—December Qtr 1998

BUSINESSES EXPECTING.....

	<i>Decreases</i>	<i>No change</i>	<i>Increases</i>	<i>Net balance</i>
Business performance indicators	%	%	%	%
Trading performance				
Operating income	20.0	24.5	55.4	37.5
Selling prices	8.8	45.0	46.2	39.4
Profit	38.5	16.1	46.0	8.0
Investment				
Capital expenditure	12.9	39.7	47.4	33.9
Stocks	41.4	30.9	27.6	-13.8
Employment				
Full time equivalent	29.0	53.1	17.9	-11.2
Operating expenses				
Wages	9.0	33.2	57.8	48.8
Non-wage labour	9.4	41.1	49.6	40.2
Other	14.6	30.4	54.9	42.9

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998
Business performance indicators	%	%	%	%	%

MINING

Trading performance					
Operating income	2.0	2.6	0.4	1.3	-2.4
Selling prices	-0.2	-0.3	-1.6	-0.8	0.4
Profit	17.0	10.4	1.7	6.2	2.4
Investment					
Capital expenditure	5.4	-2.4	11.1	2.5	-4.5
Stocks	-2.4	-1.4	-1.3	1.4	4.6
Employment					
Full time equivalent	-1.1	-1.1	-0.7	-1.7	-1.2
Operating expenses					
Wages	-1.1	1.2	0.2	-1.6	-1.3
Non-wage labour	-1.0	1.4	-0.2	-0.9	-1.5
Other	-0.4	0.7	0.1	0.2	-4.4
Total	-0.5	0.7	0.1	-0.1	-3.8

MANUFACTURING

Trading performance					
Operating income	2.4	-1.1	3.7	3.2	0.4
Selling prices	0.0	-0.3	0.2	0.0	0.3
Profit	16.5	-9.5	29.0	11.0	4.2
Investment					
Capital expenditure	10.6	5.6	7.5	8.1	14.7
Stocks	-0.3	-0.5	-0.3	-1.0	-1.6
Employment					
Full time equivalent	-0.3	-0.3	-0.5	-0.3	-0.4
Operating expenses					
Wages	1.0	0.6	0.5	0.9	0.6
Non-wage labour	0.6	0.2	0.7	0.8	0.3
Other	1.2	-0.1	1.7	2.3	-0.2
Total	1.1	0.0	1.5	2.0	-0.1

ELECTRICITY, GAS & WATER

Trading performance					
Operating income	-0.6	0.3	0.8	-0.2	-2.0
Selling prices	-0.9	-0.2	0.0	0.5	-0.2
Profit	-0.5	5.1	4.6	8.3	-12.9
Investment					
Capital expenditure	1.8	-5.4	5.6	3.7	4.3
Stocks	0.1	-0.1	-2.2	0.1	-0.4
Employment					
Full time equivalent	-1.2	-1.4	-0.7	-1.5	-0.8
Operating expenses					
Wages	0.7	-1.4	0.1	0.0	0.3
Non-wage labour	1.1	-0.9	-0.3	0.1	0.0
Other	-1.0	-0.8	0.7	-2.0	0.2
Total	-0.8	-0.8	0.6	-1.8	0.2

CONSTRUCTION

Trading performance					
Operating income	2.0	-0.3	0.5	0.6	0.8
Selling prices	0.1	0.3	0.3	0.2	0.6
Profit	10.4	-6.2	-1.4	1.5	5.2
Investment					
Capital expenditure	5.9	4.1	6.1	0.2	0.7
Stocks	-0.2	-0.2	-0.7	0.7	-0.1
Employment					
Full time equivalent	0.0	-1.1	-0.4	-1.4	-0.5
Operating expenses					
Wages	1.3	0.0	0.2	0.2	0.2
Non-wage labour	2.0	-0.3	0.5	1.0	-0.2
Other	1.1	0.5	0.7	0.6	0.5
Total	1.1	0.4	0.6	0.6	0.4

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998
Business performance indicators	%	%	%	%	%

WHOLESALE

Trading performance					
Operating income	2.5	0.1	2.0	0.6	1.0
Selling prices	0.0	0.3	0.6	0.2	0.7
Profit	12.8	-3.3	13.1	-6.1	-2.4
Investment					
Capital expenditure	12.2	4.2	8.3	4.2	3.6
Stocks	-0.5	0.3	0.0	-0.8	-1.1
Employment					
Full time equivalent	-0.4	0.2	0.3	0.0	-0.3
Operating expenses					
Wages	1.5	1.1	1.1	1.0	1.4
Non-wage labour	0.5	0.5	0.9	0.7	0.9
Other	1.4	0.6	0.9	1.3	1.2
Total	1.4	0.6	0.9	1.2	1.2

RETAIL

Trading performance					
Operating income	6.3	-1.2	1.2	0.4	4.4
Selling prices	0.5	0.4	0.5	0.3	0.8
Profit	30.3	-3.1	1.3	-8.2	16.6
Investment					
Capital expenditure	14.2	3.7	9.1	-10.1	1.0
Stocks	-1.1	-0.7	-1.9	0.8	-0.5
Employment					
Full time equivalent	3.3	-0.5	-0.1	0.1	0.6
Operating expenses					
Wages	3.2	0.0	0.5	1.5	2.5
Non-wage labour	2.6	0.0	0.5	1.6	1.5
Other	4.1	-0.9	1.2	1.3	3.3
Total	4.0	-0.7	1.1	1.4	3.2

ACCOMMODATION, CAFES & RESTAURANTS

Trading performance					
Operating income	2.5	-0.5	0.1	0.2	2.1
Selling prices	0.5	0.5	0.7	0.2	0.7
Profit	9.6	-14.5	-4.6	-6.9	-1.0
Investment					
Capital expenditure	1.1	1.8	-1.2	4.0	2.1
Stocks	0.5	-0.4	-0.5	-0.5	0.5
Employment					
Full time equivalent	1.0	0.0	-0.6	-0.5	1.0
Operating expenses					
Wages	1.9	1.4	0.6	1.1	2.1
Non-wage labour	0.6	1.5	0.6	1.1	2.0
Other	1.5	1.1	0.8	0.9	2.2
Total	1.6	1.2	0.7	1.0	2.2

TRANSPORT, STORAGE & COMMUNICATION

Trading performance					
Operating income	0.7	0.3	1.3	0.5	3.7
Selling prices	0.4	0.4	-0.4	-0.1	0.1
Profit	-6.5	-2.7	3.9	7.7	14.2
Investment					
Capital expenditure	3.0	-2.6	2.1	3.3	8.2
Stocks	1.0	-0.9	-1.0	-0.1	-4.4
Employment					
Full time equivalent	-0.4	2.2	-0.8	-1.0	-0.8
Operating expenses					
Wages	1.0	0.8	0.6	0.4	0.4
Non-wage labour	1.1	1.1	0.6	-0.8	-0.9
Other	2.0	0.5	1.5	-1.0	1.4
Total	1.7	0.6	1.2	-0.7	1.0

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

Business performance indicators	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998
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FINANCE & INSURANCE

Trading performance					
Operating income	1.6	0.3	1.4	1.0	3.5
Selling prices	-0.1	0.1	0.2	0.1	0.0
Profit	9.6	-0.6	1.4	0.2	6.7
Investment					
Capital expenditure	0.4	-1.8	0.0	0.5	3.3
Stocks	3.3	0.4	-0.3	-0.2	0.0
Employment					
Full time equivalent	-0.2	-0.1	-1.3	-0.6	-0.1
Operating expenses					
Wages	-0.2	-0.5	-0.3	2.2	2.6
Non-wage labour	-0.8	0.1	-0.6	3.9	0.8
Other	0.2	0.5	1.5	1.4	3.5
Total	0.2	0.4	1.3	1.5	3.4

PROPERTY & BUSINESS SERVICES

Trading performance					
Operating income	2.2	0.7	0.2	-0.2	1.2
Selling prices	0.4	0.3	0.2	0.7	0.8
Profit	10.3	-0.9	0.6	-9.8	5.6
Investment					
Capital expenditure	0.9	2.8	0.1	3.3	2.7
Stocks	0.7	-0.3	-0.1	0.3	-0.5
Employment					
Full time equivalent	0.3	-0.3	0.4	0.2	1.2
Operating expenses					
Wages	0.9	0.7	0.4	0.8	2.0
Non-wage labour	0.3	0.5	0.3	0.4	1.3
Other	1.6	1.3	0.1	1.2	0.0
Total	1.4	1.1	0.1	1.1	0.6

ALL INDUSTRIES

Trading performance					
Operating income	3.0	-0.3	1.7	1.1	1.5
Selling prices	0.2	0.2	0.3	0.2	0.5
Profit	13.7	-3.8	8.4	-1.0	6.0
Investment					
Capital expenditure	5.3	1.4	3.8	2.8	4.9
Stocks	-0.4	-0.3	-0.5	-0.3	-0.7
Employment					
Full time equivalent	0.6	-0.1	-0.1	-0.7	0.1
Operating expenses					
Wages	1.3	0.5	0.5	0.8	1.2
Non-wage labour	1.0	0.3	0.4	0.8	0.6
Other	1.7	0.2	1.1	1.3	1.1
Total	1.6	0.3	1.0	1.2	1.1

STATE EXPECTATIONS, Short-term Outlook Expected Aggregate Change

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	<i>Dec Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>	<i>Sep Qtr 1998</i>	<i>Dec Qtr 1998</i>
Business performance indicators	%	%	%	%	%

NEW SOUTH WALES

Trading performance					
Operating income	3.0	-0.3	2.3	0.8	1.2
Selling prices	0.2	0.3	0.3	0.3	0.7
Profit	4.1	-3.2	8.0	-8.0	-3.1
Investment					
Capital expenditure	4.6	2.8	2.4	1.7	6.4
Stocks	-0.6	-0.5	-0.6	0.0	-1.1
Employment					
Full time equivalent	0.9	0.0	-0.1	-1.2	0.1

VICTORIA

Trading performance					
Operating income	2.6	-0.2	1.7	1.1	1.3
Selling prices	0.1	0.1	0.3	0.4	0.3
Profit	5.9	-4.0	1.8	2.0	-3.0
Investment					
Capital expenditure	6.2	2.0	3.3	5.1	6.1
Stocks	-0.6	-0.2	-0.6	0.6	-1.1
Employment					
Full time equivalent	0.7	0.0	-0.3	-0.1	0.0

QUEENSLAND

Trading performance					
Operating income	2.7	-0.5	1.6	2.3	1.9
Selling prices	0.2	0.3	0.0	-0.2	0.7
Profit	5.8	-5.5	1.3	-0.2	6.5
Investment					
Capital expenditure	6.1	0.4	5.9	1.1	4.2
Stocks	-0.8	-0.6	-0.3	-0.3	-1.8
Employment					
Full time equivalent	0.3	-0.4	-0.3	-0.2	0.2

SOUTH AUSTRALIA

Trading performance					
Operating income	5.1	0.2	1.9	2.0	0.4
Selling prices	0.3	0.2	0.5	0.4	0.4
Profit	26.4	3.0	2.9	12.4	-16.0
Investment					
Capital expenditure	9.5	1.5	9.8	2.6	0.4
Stocks	0.6	1.9	0.2	-2.4	-0.4
Employment					
Full time equivalent	1.0	0.1	-0.1	-1.2	1.0

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998
Business performance indicators	%	%	%	%	%

WESTERN AUSTRALIA

Trading performance					
Operating income	3.6	-0.1	1.2	1.2	1.0
Selling prices	0.2	0.0	0.4	0.4	0.3
Profit	14.6	-3.8	1.8	3.4	4.3
Investment					
Capital expenditure	8.8	0.9	2.6	7.5	3.0
Stocks	-0.8	-0.6	-0.7	-1.2	2.1
Employment					
Full time equivalent	0.9	0.1	0.0	-0.7	0.2

TASMANIA

Trading performance					
Operating income	5.7	-1.4	0.8	-4.8	1.5
Selling prices	-0.1	0.2	-0.3	-1.1	0.4
Profit	23.5	-8.0	10.6	-3.9	-3.7
Investment					
Capital expenditure	-1.5	1.6	1.4	1.8	4.0
Stocks	5.4	-0.6	-0.7	-5.1	-0.6
Employment					
Full time equivalent	-0.6	-0.8	-0.6	-0.7	0.1

AUSTRALIA

Trading performance					
Operating income	3.0	-0.3	1.7	1.1	1.5
Selling prices	0.2	0.2	0.3	0.2	0.5
Profit	13.7	-3.8	8.4	-1.0	6.0
Investment					
Capital expenditure	5.3	1.4	3.8	2.8	4.9
Stocks	-0.4	-0.3	-0.5	-0.3	-0.7
Employment					
Full time equivalent	0.6	-0.1	-0.1	-0.7	0.1

SIZE OF BUSINESS, Short-term Outlook Expected Aggregate Change

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	<i>Dec Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>	<i>Sep Qtr 1998</i>	<i>Dec Qtr 1998</i>
Business performance indicators	%	%	%	%	%

SMALL

Trading performance					
Operating income	2.1	0.1	0.3	0.0	0.6
Selling prices	0.0	0.1	0.3	0.2	0.5
Profit	6.4	-3.8	-2.5	-7.3	-5.7
Investment					
Capital expenditure	4.1	2.8	3.3	3.8	5.1
Stocks	0.0	-0.2	-0.6	-0.5	-0.7
Employment					
Full time equivalent	0.3	-0.1	0.1	-1.2	0.0
Operating expenses					
Wages	1.2	0.5	0.4	0.5	1.0
Non-wage labour	1.0	0.2	0.4	0.7	0.6
Other	1.7	1.0	0.8	1.5	1.2
Total	1.6	0.9	0.7	1.3	1.1

MEDIUM

Trading performance					
Operating income	1.8	0.5	2.1	1.4	0.2
Selling prices	0.1	0.3	0.5	0.3	0.5
Profit	6.2	-5.8	14.4	1.1	-6.4
Investment					
Capital expenditure	4.5	2.1	2.0	1.6	3.7
Stocks	-0.4	-0.3	0.0	-0.8	-0.6
Employment					
Full time equivalent	0.1	0.0	-0.2	-0.2	0.2
Operating expenses					
Wages	1.4	1.1	0.6	0.8	1.6
Non-wage labour	0.9	0.6	0.4	0.5	1.3
Other	1.5	1.0	1.4	1.2	0.5
Total	1.5	1.0	1.2	1.1	0.8

LARGE

Trading performance					
Operating income	4.8	-1.3	3.3	2.3	3.9
Selling prices	0.4	0.2	0.2	0.1	0.5
Profit	26.6	-3.3	24.8	9.0	17.5
Investment					
Capital expenditure	6.8	-0.5	4.8	2.2	5.1
Stocks	-1.1	-0.4	-0.9	0.1	-1.8
Employment					
Full time equivalent	1.4	-0.2	-0.3	-0.3	0.2
Operating expenses					
Wages	1.4	0.2	0.5	1.2	1.2
Non-wage labour	1.1	0.3	0.5	1.0	-0.1
Other	1.8	-1.1	1.4	1.2	1.6
Total	1.7	-0.9	1.2	1.2	1.5

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF
THE PREVIOUS YEAR

	<i>Sep Qtr</i> 1998	<i>Dec Qtr</i> 1998	<i>Mar Qtr</i> 1999	<i>Jun Qtr</i> 1999	<i>Sep Qtr</i> 1999
Business performance indicators	%	%	%	%	%

ORIGINAL

Trading performance					
Operating income	3.9	3.0	2.6	2.7	2.8
Selling prices	0.7	0.9	0.8	0.8	0.9
Profit	21.0	12.8	13.1	13.1	12.4
Investment					
Capital expenditure	3.7	2.8	2.0	3.2	2.1
Stocks	0.9	0.8	0.2	0.3	0.4
Employment					
Full time equivalent	0.6	-0.1	0.1	-0.5	0.4
Operating expenses					
Wages	2.1	1.5	1.4	1.5	1.8
Non-wage labour	1.6	1.0	1.1	1.1	1.4
Other	2.0	1.5	1.4	1.7	1.7
Total	2.0	1.5	1.4	1.6	1.7

TREND

Trading performance					
Operating income	3.2	3.1	2.9	2.7	2.7
Selling prices	0.8	0.8	0.8	0.8	0.9
Profit	15.8	15.0	13.9	13.0	12.5
Investment					
Capital expenditure	3.1	3.1	3.0	2.3	1.7
Stocks	0.6	0.6	0.5	0.3	0.3
Employment					
Full time equivalent	0.3	0.1	-0.1	-0.1	0.0
Operating expenses					
Wages	1.8	1.6	1.5	1.5	1.7
Total	1.6	1.6	1.5	1.6	1.7

BUSINESSES EXPECTING.....

	<i>Decreases</i>	<i>No change</i>	<i>Increases</i>	<i>Net balance</i>
Business performance indicators	%	%	%	%
Trading performance				
Operating income	10.9	19.3	69.8	58.2
Selling prices	9.0	30.6	60.4	50.8
Profit	18.8	12.8	68.6	50.1
Investment				
Capital expenditure	15.7	34.4	49.9	33.6
Stocks	31.8	38.4	29.7	-2.1
Employment				
Full time equivalent	16.5	49.4	34.1	17.6
Operating expenses				
Wages	9.5	20.8	69.7	60.2
Non-wage labour	9.9	29.4	60.7	50.8
Other	12.2	23.2	64.6	53.3

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF
THE PREVIOUS YEAR

Business performance indicators	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
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MINING

Trading performance					
Operating income	4.6	3.5	5.3	4.0	1.4
Selling prices	0.4	-0.1	0.3	-2.1	-0.3
Profit	29.3	10.3	40.1	27.4	-1.2
Investment					
Capital expenditure	13.6	3.7	3.8	-3.3	-6.2
Stocks	-1.7	-1.0	-0.1	-4.5	2.1
Employment					
Full time equivalent	-2.1	-1.4	-0.6	-2.6	-1.7
Operating expenses					
Wages	-1.2	1.4	0.9	-1.3	-1.1
Non-wage labour	-1.5	1.5	0.4	-1.0	-2.1
Other	0.2	1.0	-1.0	0.2	0.3
Total	-0.1	1.0	-0.6	-0.1	0.0

MANUFACTURING

Trading performance					
Operating income	4.4	3.3	3.2	2.3	2.7
Selling prices	0.8	0.7	1.0	0.7	0.6
Profit	32.0	17.9	23.4	19.6	13.4
Investment					
Capital expenditure	6.2	6.3	3.5	1.5	11.1
Stocks	0.6	0.9	-0.5	0.0	-0.3
Employment					
Full time equivalent	-0.1	-0.2	-0.3	-0.2	0.4
Operating expenses					
Wages	2.0	1.7	1.7	1.7	1.9
Non-wage labour	1.4	1.2	1.4	1.4	1.4
Other	1.8	1.3	1.4	1.1	1.2
Total	1.8	1.4	1.4	1.2	1.3

ELECTRICITY, GAS & WATER

Trading performance					
Operating income	0.9	0.0	0.4	1.7	2.5
Selling prices	-0.6	-1.4	-0.2	0.6	1.2
Profit	-0.3	0.8	-4.9	12.3	6.9
Investment					
Capital expenditure	-5.5	-6.7	-6.6	15.3	11.0
Stocks	-0.6	-1.7	-2.4	-3.3	-2.1
Employment					
Full time equivalent	-2.1	-2.7	-1.7	-1.9	-1.9
Operating expenses					
Wages	0.6	-1.5	0.5	0.0	-0.1
Non-wage labour	0.3	-1.8	-0.3	0.3	-0.5
Other	1.0	-0.1	1.4	-0.3	1.7
Total	1.0	-0.2	1.3	-0.3	1.5

CONSTRUCTION

Trading performance					
Operating income	2.5	1.6	1.9	1.8	1.9
Selling prices	0.7	0.9	0.8	0.5	0.9
Profit	13.2	6.3	8.8	5.7	8.9
Investment					
Capital expenditure	5.7	1.1	3.2	1.3	1.7
Stocks	0.6	0.5	0.0	1.1	0.4
Employment					
Full time equivalent	0.5	0.0	0.7	-0.5	0.0
Operating expenses					
Wages	1.9	0.8	1.1	1.0	0.4
Non-wage labour	1.8	0.2	1.1	1.4	-0.1
Other	1.5	1.0	1.4	1.4	1.3
Total	1.6	0.9	1.3	1.4	1.1

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF
THE PREVIOUS YEAR

Business performance indicators	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
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	%	%	%	%	%
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WHOLESALE

Trading performance					
Operating income	4.1	3.8	2.8	3.6	3.1
Selling prices	0.6	1.3	1.0	0.9	1.0
Profit	27.1	17.9	14.8	15.8	23.8
Investment					
Capital expenditure	3.7	5.3	8.0	16.3	1.5
Stocks	1.3	1.2	1.0	0.5	0.2
Employment					
Full time equivalent	0.6	0.9	0.8	0.5	1.3
Operating expenses					
Wages	2.0	2.3	2.2	2.6	1.8
Non-wage labour	1.3	1.5	1.7	1.8	1.1
Other	1.9	1.9	1.6	2.5	1.8
Total	1.9	1.9	1.7	2.5	1.8

RETAIL

Trading performance					
Operating income	3.4	2.8	2.3	2.8	2.8
Selling prices	0.8	1.2	1.0	1.2	1.3
Profit	17.1	11.7	5.5	11.2	6.9
Investment					
Capital expenditure	8.6	3.4	8.0	6.1	2.4
Stocks	1.4	0.8	0.3	1.3	1.0
Employment					
Full time equivalent	1.7	0.7	0.5	0.5	0.8
Operating expenses					
Wages	2.3	1.6	1.2	2.0	2.8
Non-wage labour	1.7	1.2	1.1	1.8	1.9
Other	2.0	1.3	1.6	1.9	2.3
Total	2.0	1.3	1.6	1.9	2.3

ACCOMMODATION, CAFES & RESTAURANTS

Trading performance					
Operating income	3.2	2.4	2.2	1.8	2.2
Selling prices	1.5	1.2	1.8	1.6	1.0
Profit	10.1	4.1	7.1	9.3	0.7
Investment					
Capital expenditure	3.4	1.5	1.0	4.7	1.9
Stocks	0.5	0.4	0.0	0.0	0.1
Employment					
Full time equivalent	0.0	0.0	0.2	0.0	0.3
Operating expenses					
Wages	3.1	2.2	1.9	1.8	1.6
Non-wage labour	1.4	1.7	1.7	1.5	1.4
Other	2.3	2.0	1.3	0.7	2.4
Total	2.5	2.0	1.4	1.0	2.2

TRANSPORT, STORAGE & COMMUNICATION

Trading performance					
Operating income	3.2	3.2	3.6	3.2	4.5
Selling prices	0.4	0.7	0.1	-0.3	0.5
Profit	11.8	18.2	21.3	17.7	12.2
Investment					
Capital expenditure	0.4	3.3	-1.4	5.1	-1.6
Stocks	1.2	1.4	2.4	-0.4	3.4
Employment					
Full time equivalent	-0.2	0.0	0.0	-2.1	-2.1
Operating expenses					
Wages	0.4	1.6	1.9	-0.2	0.0
Non-wage labour	1.1	2.5	2.0	-0.7	0.8
Other	2.6	1.7	2.3	1.5	3.5
Total	2.1	1.7	2.2	1.0	2.5

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF THE PREVIOUS YEAR

	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
Business performance indicators	%	%	%	%	%

FINANCE & INSURANCE

Trading performance					
Operating income	4.5	5.2	3.3	4.2	5.1
Selling prices	0.5	0.7	0.5	0.5	0.0
Profit	20.8	16.5	8.2	13.7	11.3
Investment					
Capital expenditure	-1.3	0.3	-0.4	-1.9	2.8
Stocks	2.5	0.1	-0.1	0.1	0.0
Employment					
Full time equivalent	0.5	-1.4	-1.8	-1.0	-0.6
Operating expenses					
Wages	1.1	0.1	0.9	2.2	3.8
Non-wage labour	0.1	0.2	0.3	2.1	3.5
Other	1.3	2.0	1.8	1.7	2.5
Total	1.3	1.8	1.7	1.7	2.7

PROPERTY & BUSINESS SERVICES

Trading performance					
Operating income	5.2	1.9	1.7	2.0	4.0
Selling prices	0.9	0.6	0.2	1.6	1.5
Profit	21.1	7.6	9.7	5.7	25.3
Investment					
Capital expenditure	1.1	1.6	0.5	2.0	1.1
Stocks	0.8	-0.1	-0.3	0.0	1.0
Employment					
Full time equivalent	0.5	-1.2	-0.8	0.6	1.6
Operating expenses					
Wages	2.6	1.1	0.8	1.7	3.0
Non-wage labour	1.9	0.5	0.4	0.9	2.7
Other	3.2	1.0	0.6	1.3	0.7
Total	3.0	1.0	0.7	1.3	1.4

ALL INDUSTRIES

Trading performance					
Operating income	3.9	3.0	2.6	2.7	2.8
Selling prices	0.7	0.9	0.8	0.8	0.9
Profit	21.0	12.8	13.1	13.1	12.4
Investment					
Capital expenditure	3.7	2.8	2.0	3.2	2.1
Stocks	0.9	0.8	0.2	0.3	0.4
Employment					
Full time equivalent	0.6	-0.1	0.1	-0.5	0.4
Operating expenses					
Wages	2.1	1.5	1.4	1.5	1.8
Non-wage labour	1.6	1.0	1.1	1.1	1.4
Other	2.0	1.5	1.4	1.7	1.7
Total	2.0	1.5	1.4	1.6	1.7

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF THE PREVIOUS YEAR

	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
Business performance indicators	%	%	%	%	%

NEW SOUTH WALES

Trading performance					
Operating income	4.0	2.6	2.6	2.6	2.7
Selling prices	0.7	0.8	0.7	0.8	1.1
Profit	18.6	7.3	9.6	7.5	11.5
Investment					
Capital expenditure	3.4	3.1	1.8	3.7	1.1
Stocks	0.7	0.4	0.0	0.1	0.4
Employment					
Full time equivalent	0.9	0.0	0.1	-0.9	0.3

VICTORIA

Trading performance					
Operating income	3.7	3.3	2.6	3.6	3.3
Selling prices	0.8	0.8	0.8	1.1	0.7
Profit	17.9	10.9	11.3	18.4	8.8
Investment					
Capital expenditure	1.8	3.1	1.5	4.3	1.4
Stocks	1.2	1.3	0.1	1.0	0.4
Employment					
Full time equivalent	0.6	0.2	-0.1	0.2	0.7

QUEENSLAND

Trading performance					
Operating income	4.0	3.0	2.8	2.0	2.5
Selling prices	0.8	1.0	0.7	0.6	0.6
Profit	24.4	10.8	16.3	9.5	6.6
Investment					
Capital expenditure	6.9	3.8	4.7	3.9	8.3
Stocks	1.0	0.8	0.2	-0.1	-0.4
Employment					
Full time equivalent	0.8	-0.1	-0.1	0.1	0.9

SOUTH AUSTRALIA

Trading performance					
Operating income	4.8	4.3	2.7	3.4	2.8
Selling prices	0.8	0.8	0.7	0.8	1.0
Profit	25.3	18.1	22.7	20.9	-0.6
Investment					
Capital expenditure	3.0	2.3	-2.0	8.6	-6.0
Stocks	1.1	2.0	0.2	0.3	1.8
Employment					
Full time equivalent	-0.3	-1.5	-1.3	-0.5	0.6

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF THE PREVIOUS YEAR

	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
Business performance indicators	%	%	%	%	%

WESTERN AUSTRALIA

Trading performance					
Operating income	4.1	3.0	2.6	2.5	1.9
Selling prices	0.9	1.3	1.1	1.0	0.9
Profit	21.6	11.7	9.6	6.6	4.7
Investment					
Capital expenditure	8.0	2.8	1.0	-1.1	-2.4
Stocks	0.7	0.5	0.6	0.5	0.7
Employment					
Full time equivalent	0.6	0.2	0.5	-0.3	0.4

TASMANIA

Trading performance					
Operating income	2.2	2.8	1.4	-3.0	2.1
Selling prices	0.8	0.7	0.4	-0.3	0.7
Profit	15.3	22.7	11.3	1.2	2.8
Investment					
Capital expenditure	-0.6	1.1	2.4	3.0	39.7
Stocks	0.6	0.0	-0.1	-2.3	-1.1
Employment					
Full time equivalent	-0.8	-1.0	-0.6	-1.0	0.1

AUSTRALIA

Trading performance					
Operating income	3.9	3.0	2.6	2.7	2.8
Selling prices	0.7	0.9	0.8	0.8	0.9
Profit	21.0	12.8	13.1	13.1	12.4
Investment					
Capital expenditure	3.7	2.8	2.0	3.2	2.1
Stocks	0.9	0.8	0.2	0.3	0.4
Employment					
Full time equivalent	0.6	-0.1	0.1	-0.5	0.4

EXPECTED AGGREGATE CHANGE OVER THE SAME QUARTER OF THE PREVIOUS YEAR

	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999
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Business performance indicators % % % % %

SMALL

Trading performance					
Operating income	4.3	3.1	1.9	1.6	2.6
Selling prices	0.7	0.9	0.6	0.8	0.8
Profit	22.3	14.4	6.8	2.9	13.5
Investment					
Capital expenditure	3.7	2.0	2.3	3.9	5.6
Stocks	0.9	0.9	0.2	0.7	0.3
Employment					
Full time equivalent	0.6	0.0	0.3	-0.9	0.5
Operating expenses					
Wages	2.3	1.4	1.0	1.0	1.6
Non-wage labour	1.7	0.8	0.8	0.9	1.2
Other	2.2	1.4	1.3	1.9	1.6
Total	2.2	1.4	1.3	1.8	1.6

MEDIUM

Trading performance					
Operating income	3.0	2.9	2.4	2.8	2.7
Selling prices	0.7	0.8	0.9	1.0	1.1
Profit	18.2	17.6	17.3	19.3	15.3
Investment					
Capital expenditure	1.7	2.7	4.5	3.1	2.2
Stocks	0.7	1.0	-0.3	-0.4	-1.0
Employment					
Full time equivalent	0.9	0.1	-0.2	-0.1	1.2
Operating expenses					
Wages	2.3	1.7	1.3	1.7	2.4
Non-wage labour	1.8	1.3	1.2	1.2	2.0
Other	1.7	1.7	1.4	0.5	1.7
Total	1.8	1.7	1.4	0.7	1.8

LARGE

Trading performance					
Operating income	3.8	2.9	3.7	4.2	3.3
Selling prices	0.8	0.9	0.9	0.8	0.8
Profit	20.2	9.9	22.6	28.8	11.0
Investment					
Capital expenditure	4.3	3.9	1.2	2.6	-1.8
Stocks	1.1	0.5	0.4	0.3	1.5
Employment					
Full time equivalent	0.5	-0.3	-0.1	-0.1	-0.1
Operating expenses					
Wages	1.7	1.4	1.7	1.8	1.6
Non-wage labour	1.2	1.2	1.4	1.2	1.1
Other	1.7	1.4	1.6	1.9	1.7
Total	1.7	1.4	1.6	1.9	1.7

EXPLANATORY NOTES

INTRODUCTION

- 1** This publication contains estimates of future economic activity based on the business expectations of senior executives, managers and proprietors of businesses operating in Australia. The estimates have been compiled from data collected by the Australian Bureau of Statistics (ABS) in its quarterly survey of business expectations.
- 2** This survey commenced with short term expectations for the December quarter 1993 and medium term expectations for the September quarter 1994. This quarter's publication contains estimates of the expected change between the September quarter 1998 and the December quarter 1998 and the September quarter 1999.
- 3** Seasonal adjustment of these data cannot take place until at least 5 years of data are available. Trend estimates are provided on pages 12 and 20.
- 4** The survey is conducted by mail each quarter. This quarter's survey was collected during August/September 1998.
- 5** It is based on a stratified random sample of approximately 3,000 businesses selected from the ABS annual Economic Activity Survey (EAS). EAS in turn derives its survey population from the ABS central register of business units.
- 6** The sample is stratified by industry, sector (private and government business) and size of business (measured by number of employees). Within each stratum businesses are sampled randomly, with each business in a stratum having the same probability of selection.
- 7** The sample is supplemented by a further sample of businesses which have been added to the ABS business register since the original EAS sample was selected. This ensures that the expectations of relatively new businesses are taken into account in the overall estimates.

SCOPE OF THE SURVEY

- 8** The statistics in this publication relate to employing businesses in all industries and sectors of the Australian economy except:
 - agriculture, forestry and fishing;
 - general government.
- 9** Data related to intended sheep matings are collected annually by the ABS and published in catalogue 7111.0 and 7113.0 publications from the Agricultural Commodity Survey.
- 10** The Australian Bureau of Agricultural and Resource Economics (ABARE) publishes its forecasts for specific commodities and for the Agriculture industry generally, as part of the annual Outlook conference in February each year. ABARE updates these forecasts in its quarterly publication *Australian Commodities—Forecasts and Issues*.

CLASSIFICATION

- 11** Each statistical unit selected in the survey is classified to an industry according to the Australian and New Zealand Standard Industrial Classification (ANZSIC).

BUSINESS SIZE

- 12** Data presented in this publication is classified by three business sizes :
 - small (less than 20 employees, except for manufacturers where it is less than 100);
 - medium (20 to 99 employees, except for manufacturers where it is 100 to 599 employees); and
 - large (100 or more employees, except for manufacturers where it is 600 or more employees).

EXPLANATORY NOTES

BUSINESS SIZE *continued*

PROPORTION OF BUSINESSES SELECTED BY SIZE WITHIN AUSTRALIA

	<i>Small</i>	<i>Medium</i>	<i>Large</i>	<i>All businesses</i>
	%	%	%	%
Manufacturing	58.3	19.1	22.6	100.0
Other industries	51.2	17.8	31.0	100.0
All industries	53.2	18.2	28.6	100.0

STATISTICAL UNIT

13 The statistical unit used in the survey of business expectations is the management unit. The management unit is the highest level accounting unit within a business for which sub-annual accounts are maintained, having regard for industry homogeneity.

14 In nearly all cases the management unit coincides with the legal entity owning the business (i.e. company, partnership, trust, sole proprietor, etc.).

15 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'.

BUSINESS PERFORMANCE INDICATORS

16 The survey uses a set of well recognised economic trading indicators in measuring future trading activity. These indicators are: Operating income, selling prices, operating expenses, employment, etc. See Glossary for details.

17 The survey asks for full-time equivalent paid persons working. This is not a usual definition of employment as used by the ABS. It would be incorrect to assume a direct comparison with labour force statistics or other ABS employment statistics for instance.

SIMPLE AND WEIGHTED NET BALANCE

18 The simple net balance for a selected indicator is estimated by subtracting the percentage of respondents predicting a 'fall' from the percentage of respondents expecting a 'rise'.

19 The net balance is a *qualitative* statistic best suited to indicating the sentiment of businesses about future business conditions, and measures the net proportion of businesses predicting a rise or fall in future business conditions.

20 The weighted net balance is estimated by weighting the surveyed direction of change for each unit by its benchmark level response for the equivalent variable in the EAS.

21 Weighting the responses enables larger businesses to have an influence upon the net balance proportional to the level of their expenditure, employment size, etc. Movements in the weighted net balance indicate the net proportion of business activity predicting a rise or fall in future business conditions.

EXPECTED AGGREGATE CHANGE

22 The expected aggregate change measures the forecasted percentage change in the level of a particular indicator. It is estimated by weighting the expected percentage change reported by respondents to the survey by their proportion of aggregate sales, expenditure, employment, etc. in the economy as measured from the benchmark estimate in the EAS.

23 The weighted aggregate estimate of a particular indicator, combined with an estimated level, can be used to quantify its expected future movement.

EXPLANATORY NOTES

COMPARISON OF RESULTS

24 The weighted net balance and expected aggregate change are complementary measures which, in combination, give a broad indication of future business conditions. It is possible to obtain estimates in opposite directions for the net balance and weighted aggregate change estimates.

25 The weighted net balance provide a *qualitative* measure of the proportion of businesses predicting the direction of change in future business conditions. The expected aggregate change, however, provides a *quantitative* measure predicting the magnitude of change in a selected variable.

26 A comparison of the various expectations measures is provided in the following table:

COMPARISON OF THREE MEASURES OF BUSINESS EXPECTATIONS

	<i>Simple net balance</i>	<i>Weighted net balance</i>	<i>Weighted aggregate</i>
	%	%	%
Operating income	33.8	37.5	1.5
Wage costs	46.4	48.8	1.2
Employment Full time equivalent	-8.2	-11.2	0.1

27 For the December quarter 1998 a simple net balance of 33.8% of businesses expect a rise in Operating Income. The rise in the Operating Income weighted net balance of 37.5% indicates that the businesses expecting a rise in Operating Income tend to be larger than those expecting a fall.

TREND ESTIMATES

28 The trend estimates are derived by applying a 7-term Henderson moving average to the (unpublished) seasonally adjusted series (The seasonally adjusted series will be available for publication in upcoming releases). 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 (02) 6252 6345.

RELIABILITY OF ESTIMATES

29 All of the estimates in this publication are subject to:

- sampling error;
- non-sampling error; and
- benchmark bias

EXPLANATORY NOTES

SAMPLING ERROR

30 Sampling error is due to the use of a sample rather than a complete enumeration; that is, the estimates differ from the values that would have been obtained if all units were surveyed. A 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 only a sample of units was included. There are about two chances in three that the difference will be within one standard error, and about nineteen chances in twenty that the difference will be within two standard errors.

STANDARD ERRORS

31 The table below provides standard errors for some of the main estimates of this publication. As an example of how the standard errors can be interpreted, given that the short term expectation for *Operating Income* for Australia is 1.5% with a standard error of 0.3, there would be two chances in three that the true value would be within the range 1.2% and 1.8%.

STANDARD ERRORS OF KEY ESTIMATES, SHORT-TERM EXPECTATION, AUSTRALIA

<i>Business performance indicator</i>	<i>Survey estimate</i>	<i>Standard error</i>
Operating income	1.5	0.3
Selling prices	0.5	0.1
Profit	6.0	0.3
Capital expenditure	4.9	1.2
Stocks	-0.7	0.5
Employment	0.1	0.1
Wage costs	1.2	0.1

NON-SAMPLING ERROR

32 All other inaccuracies are referred to collectively as non-sampling error. The major areas of concern are: non-response; mis-reporting of data by respondents; and deficiency in the central register of economic units.

33 Every effort is made to reduce the non-sampling error to a minimum by careful design of questionnaires and efficient editing and operating procedures.

34 The expected aggregate change is designed to reflect business expectations for each business performance indicator, as accurately as possible. However, while the estimates should be appropriate measures of business climate, the expectations may not predict actual movements accurately. Businesses may be too optimistic or pessimistic in their predictions at different times.

35 In addition, actual movements would be partly comprised of activity of relatively recently formed businesses, and businesses which are formed during the expectations reference period which are not immediately represented in BES because they would not have been included on the ABS central register of economic units. Allowance is made in other ABS series for coverage deficiencies relating to newly formed businesses but no allowance for this is made in BES. This is important for some variables, where the contribution of new businesses to growth in that variable is relatively substantial (e.g. employment, capital expenditure or stocks).

EXPLANATORY NOTES

BENCHMARKS

36 Benchmark (or base level) information is obtained from the ABS annual Economic Activity Survey (EAS). It is used to weight individual business responses by their relative contribution to each business performance indicator. This enables percentage responses from different businesses to be aggregated.

37 In June each year a new sample is selected from units surveyed by EAS in the previous financial year. New benchmarks are introduced for the survey conducted in August each year. The benchmark data become increasingly out of date as they are used in the surveys conducted in November, February and May. In certain cases, the benchmark data may not accurately reflect the current activity of a business. It is currently not possible to measure the extent of any such inaccuracies.

38 Results from the EAS are published in *Business Operations and Industry Performance* (8140.0).

SYMBOLS AND OTHER USAGES

— nil or rounded to zero
n.a. not available for publication

G L O S S A R Y

Capital expenditure	The expected change in the value of capital expenditure in new tangible assets.
Closing stocks	The expected change in the book value of closing stocks between the end of the collection quarter and the end of the reference periods.
Non-wage labour expenses	<p>The expected change in the total amount of employment related expenses not paid directly to employees.</p> <p>Some of these expenses are payroll tax, worker's compensation and superannuation.</p>
Operating income	<p>The expected change in operating income derived from the sale of goods or the provision of services by a business in terms of value.</p> <p>Financial institutions report on the expected change in gross interest income plus fees and commissions.</p> <p>Non-profit or charitable organisations report on the expected change in fees received for services, donations from the public and government grants and subsidies.</p>
Other operating expenses	<p>The expected change in the total amount of all expenses which are not classified as labour expenses.</p> <p>Some of these expenses are overheads, advertising, raw materials and packaging and handling.</p>
Paid persons working	The expected change in the number of paid persons working. Where part time or casual employees are involved employers are requested to convert to a full-time equivalent. It should be noted that most other ABS series which provide data on paid persons working do not use a full-time equivalent measure.
Profit	<p>Profit is a derived item based on the present trading performance of a business and the expected changes to the level of sales of goods and services and the sum of all expense items.</p> <p>The difference between the new benchmarks for the <i>sales of goods and services</i> and the sum of all expenses items (the sum of <i>total wage expense, non-wage labour expense and all other operating expenses</i>) as determined by the responses received, the Economic Activity Survey benchmarks for those items and an indicator of present trading performance (cost/income ratio) are used to determine the expected change for profit for the reference periods.</p> <p>Because of reporting difficulties experienced with the cost/income ratios, caution should be exercised in interpreting profit expectations.</p>
Reference periods	<p>There are two reference periods surveyed each quarter:</p> <ul style="list-style-type: none">▪ Short-term (if the current quarter is September 1998, then the quarter being surveyed is December 1998); and▪ Medium-term (if the current quarter is September 1998, then the quarter being surveyed is September 1999).
Selling prices	<p>The expected change in the unit price of goods sold or services provided by the business. Where a business sells a range of products or services a representative product or service is used.</p> <p>Financial institutions report on interest rates, services and commissions charged.</p> <p>The benchmark for weighting the selling prices response is derived from associating selling prices with total expenses.</p>

G L O S S A R Y

State information	<p>State information has been derived for businesses in the survey which operate in more than one State.</p> <p>This has been achieved by</p> <ul style="list-style-type: none">▪ applying a weight (the proportion of a business's economic activity undertaken in each State) to the benchmarks for that business to arrive at potentially eight different benchmarks for each business performance indicator; and▪ applying the overall percentage change in the business performance indicators obtained from the survey to each of the State benchmarks for each business performance indicator.
Total operating expenses	<p>This is a derived estimate from the weighted response for the total of wage, non-wage labour and all other expenses.</p>
Total wage expenses	<p>The expected change in the total amount of direct wage and salaries paid to employees.</p>

UNPUBLISHED DATA

AVAILABLE DATA	<p>The amount of data collected from the Survey of Business Expectations is much greater than the data contained in this publication.</p> <p>Subject to the ABS provisions for maintaining the confidentiality of respondents and their information, more detailed information by industry and size of business may be made available on request.</p>
SIZE OF BUSINESS	<p>The size of business is based on employment. Additional data can be estimated for the following size ranges:</p> <ul style="list-style-type: none">▪ less than 20 employees.▪ 20 and less than 100 employees.▪ 100 and less than 600 employees.▪ 600 and greater employees.▪ small (less than 20 employees except for manufacturing, which is less than 100).▪ medium (20 to less than 100 employees except for manufacturing, which is 100 to less than 600).▪ large (100 and greater employees except for manufacturing, which is 600 and greater).
INDUSTRY	<p>Industry is classified according to ANZSIC and is available at the 1 and 2 digit level. Additional data is available for:</p> <ul style="list-style-type: none">▪ 15 industries categorised at the one digit ANZSIC level;▪ 47 industries categorised at the two digit ANZSIC level; and▪ user defined industry groups such as 'service industries'.
STATE INFORMATION	<p>State information has been derived from the business activity conducted by business in each State. Where sufficient information is available to provide satisfactory estimates, data may be made available at the same level of detail as that for Australia. State information is subject to a greater degree of variance than the Australia data.</p>
NET BALANCE	<p>A weighted net balance for industries and size of business can be produced as a special data service.</p>
MORE INFORMATION	<p>For more information please contact the officer named at the front of this publication or write to:</p> <p>The Assistant Director Business Expectations Survey Australian Bureau of Statistics PO Box 10 Belconnen ACT 2616.</p>

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