Australian Bureau of Statistics

CATALOGUE NO. 5651.0

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COMPANY PROFITS, AUSTRALIA
SEPTEMBER QUARTER 1993

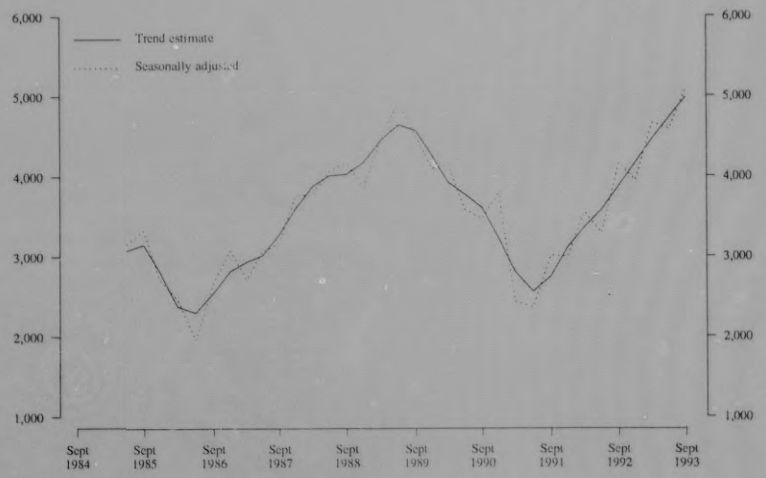
NOTE: Trend estimates aim to remove irregular influences such as industrial disputes or exchange rate variations from seasonally adjusted data. Further details can be found in paragraphs 18 to 20 of the Explanatory Notes. Trend estimates for the latest period are subject to revision as indicated in the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

MAIN FEATURES

For the September 1993 quarter, the provisional trend estimate of company profits (before income tax) for companies with more than 30 employees, is estimated to be $4,983 million, a 5 per cent rise from the revised June quarter estimate.

Company Profits have now recorded nine consecutive quarters of growth. The September quarter provisional estimate is now at the highest level since the series began.

COMPANY PROFITS BEFORE INCOME TAX
$ MILLION



INQUIRIES

- *for further information about statistics in this publication and the availability of related unpublished statistics*, contact Ross Upson on Canberra (06) 252 5617 or any ABS State office.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

Industry

The manufacturing sector continues to show a steady pattern of growth, with estimated profits of $2,470m, an increase of $189m, or 8 per cent.

Mining after two quarters of zero growth has also shown an increase of 3 per cent in September.

For the third consecutive quarter estimates for the retail sector indicate decreasing profits.

COMPANY PROFITS BEFORE INCOME TAX
Trend estimates by industry

	Sept 93		Change from June 1993
	$m	%	$m
Mining	1,394	28	35
Manufacturing	2,470	50	189
Wholesale	444	9	8
Retail	283	6	-38
Total (a)	4,983	100	256

(a) Includes 'Other' industries.

RELIABILITY OF CONTEMPORARY TREND ESTIMATES

The table below presents trend estimates of company profits before income tax from September quarter 1992 onwards.

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

To illustrate the possible impact of future quarters observations on the provisional trend estimates for the latest three quarters, the table also shows the revisions to these trend estimates that would result if the seasonally adjusted estimate of company profits next quarter (December 1993) is 10 per cent higher or lower than this quarter and if there are no revisions to the current or previous quarters' estimates.

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

If the seasonally adjusted estimate of company profits were to decrease by 10 per cent in the December quarter, the provisional trend estimate for that quarter would be $4,769 million, a movement of -1 per cent. The movements for March, June and September which are provisionally 7 per cent, 6 per cent and 5 per cent respectively, would be revised to 8 per cent, 4 per cent and 2 per cent respectively. On the other hand, a 10 per cent seasonally adjusted rise in company profits in the December quarter, would produce a trend estimate of $5,449 million, a movement of 7 per cent, with the movements in the trend estimate for March, June and September being revised to 7 per cent, 6 per cent and 8 per cent, respectively.

COMPANY PROFITS BEFORE INCOME TAX — RELIABILITY OF TREND ESTIMATES

			Revised trend estimate if December 1993 seasonally adjusted company profits before income tax -			
			is down 10% on September 1993		is up 10% on September 1993	
Period	$m	% change on previous quarter	$m	% change on previous quarter	$m	% change on previous quarter
1992-93						
September	3,879	8	3,879	8	3,879	8
December	4,174	8	4,174	8	4,174	8
March	4,469	7	4,510	8	4,450	7
June	4,727	6	4,712	4	4,733	6
1993-94						
September	4,983	5	4,814	2	5,101	8
December	—	—	4,769	-1	5,449	7

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

Period	*Company Profits Before Income Tax, Net Interest Paid and Depreciation*			*Company Profits Before Income Tax and Net Interest Paid*			*Company Profits Before Income Tax*		
	Original	*Seasonally Adjusted*	*Trend Estimate*	*Original*	*Seasonally Adjusted*	*Trend Estimate*	*Original*	*Seasonally Adjusted*	*Trend Estimate*
1990-91									
September	8,508	8,392	8,631	6,053	5,940	6,157	3,496	3,469	3,605
December	9,895	8,816	8,240	7,316	6,296	5,740	4,690	3,789	3,227
March	6,728	7,445	7,774	4,219	4,897	5,254	1,976	2,437	2,807
June	7,010	7,281	7,494	4,474	4,805	4,942	2,122	2,366	2,563
1991-92									
September	7,975	7,851	7,658	5,292	5,173	5,028	3,057	3,012	2,755
December	8,958	7,965	8,037	6,243	5,273	5,312	3,943	2,999	3,111
March	7,577	8,428	8,217	4,807	5,593	5,450	2,883	3,553	3,364
June	7,724	8,064	8,251	4,982	5,325	5,479	2,960	3,291	3,581
1992-93									
September	8,491	8,420	8,338	5,725	5,667	5,542	4,205	4,160	3,879
December	9,531	8,439	8,545	6,612	5,536	5,700	5,067	3,945	4,174
March	8,034	8,956	8,862	5,209	6,075	5,965	3,723	4,661	4,469
June	8,739	9,120	9,154	5,784	6,161	6,205	4,119	4,588	4,727
1993-94									
September p	9,595	9,444	9,421	6,605	6,450	6,354	5,283	5,073	4,983

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

Period	*Company Profits Before Income Tax, Net Interest Paid and Depreciation*	*Depreciation*	*Company Profits Before Income Tax and Net Interest Paid*	*Net Interest Paid*	*Company Profits Before Income Tax*
1990-91	32,140	10,079	22,061	9,778	12,284
1991-92	32,233	10,909	21,324	8,481	12,843
1992-93	r 34,795	11,464	r 23,330	6,217	r 17,114
1990-91					
September	8,508	2,455	6,053	2,557	3,496
December	9,895	2,579	7,316	2,626	4,690
March	6,728	2,509	4,219	2,243	1,976
June	7,010	2,536	4,474	2,352	2,122
1991-92					
September	7,975	2,683	5,292	2,235	3,057
December	8,958	2,714	6,243	2,300	3,943
March	7,577	2,770	4,807	1,924	2,883
June	7,724	2,742	4,982	2,022	2,960
1992-93					
September	r 8,491	2,766	r 5,725	1,520	r 4,205
December	r 9,531	2,919	r 6,612	1,545	r 5,067
March r	8,034	2,824	5,209	1,486	3,723
June r	8,739	2,955	5,784	1,666	4,119
1993-94					
September p	9,595	2,990	6,605	1,322	5,283
		APPROXIMATE STANDARD ERRORS			
Quarterly Total	95	30	91	26	83
Quarterly Movement (a)	84	14	82	13	80

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

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

Period	*Company Profits Before Income Tax, Net Interest Paid and Depreciation*	*Company Profits Before Income Tax and Net Interest Paid*	*Company Profits Before Income Tax*					
			Mining	*Manu-facturing*	*Wholesale Trade*	*Retail Trade*	*Other Selected Industries*	*Total*
			$ MILLION					
1990-91								
September	8,392	5,940	1,385	1,331	560	270	–77	3,469
December	8,816	6,296	1,768	1,319	541	256	–95	3,789
March	7,445	4,897	1,412	1,096	15	77	–163	2,437
June	7,281	4,805	1,342	1,141	–172	195	–141	2,366
1991-92								
September	7,851	5,173	1,275	1,302	254	160	21	3,012
December	7,965	5,273	1,318	1,385	–19	266	49	2,999
March	8,428	5,593	1,331	1,671	237	169	146	3,553
June	8,064	5,325	1,123	1,517	416	224	10	3,291
1992-93								
September	8,420	5,667	1,600	1,800	308	375	77	4,160
December	8,439	5,536	1,167	1,901	320	310	247	3,945
March	8,956	6,075	1,428	2,115	440	421	257	4,661
June	9,120	6,161	1,361	2,250	447	320	211	4,588
1993-94								
September p	9,444	6,450	1,370	2,504	420	232	546	5,073
			PERCENTAGE CHANGE (revised)					
1990-91								
September	–4	–6	6	–15	96	–34	–553	–3
December	5	6	28	–1	–3	–5	–23	9
March	–16	–22	–20	–17	–97	–70	–71	–36
June	–2	–2	–5	4	–1,229	152	14	–3
1991-92								
September	8	8	–5	14	248	–18	115	27
December	1	2	3	6	–108	66	131	0
March	6	6	1	21	1,330	–37	196	18
June	–4	–5	–16	–9	76	33	–93	–7
1992-93								
September	4	6	43	19	–26	67	633	26
December	0	–2	–27	6	4	–17	222	–5
March	6	10	22	11	37	36	4	18
June	2	1	–5	6	1	–24	–18	–2
1993-94								
September p	4	5	1	11	–6	–28	159	11

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

Period	Company Profits Before Income Tax, Net Interest Paid and Depreciation	Company Profits Before Income Tax and Net Interest Paid	Company Profits Before Income Tax					
			Mining	Manu-facturing	Wholesale Trade	Retail Trade	Other Selected Industries	Total
			$ MILLION					
1990-91								
September	8,631	6,157	1,491	1,386	476	307	–62	3,605
December	8,240	5,740	1,551	1,226	469	209	–119	3,227
March	7,774	5,254	1,498	1,156	383	150	–144	2,807
June	7,494	4,942	1,365	1,158	241	155	–106	2,563
1991-92								
September	7,658	5,028	1,299	1,275	141	188	–14	2,755
December	8,037	5,312	1,277	1,431	138	204	67	3,111
March	8,217	5,450	1,287	1,545	215	216	77	3,364
June	8,251	5,479	1,311	1,638	309	252	71	3,581
1992-93								
September	8,338	5,542	1,337	1,755	358	312	116	3,879
December	8,545	5,700	1,358	1,910	364	370	172	4,174
March	8,862	5,965	1,357	2,100	399	363	248	4,469
June	9,154	6,205	1,359	2,281	436	321	329	4,727
1993-94								
September p	9,421	6,354	1,394	2,470	444	283	416	4,983
			PERCENTAGE CHANGE (revised)					
1990-91								
September	–2	–3	9	–14	14	–18	–520	–4
December	–5	–7	4	–12	–1	–32	–93	–10
March	–6	–8	–3	–6	–18	–28	–21	–13
June	–4	–6	–9	0	–37	3	26	–9
1991-92								
September	2	2	–5	10	–42	21	87	7
December	5	6	–2	12	–2	9	577	13
March	2	3	1	8	56	5	16	8
June	0	1	2	6	43	17	–8	6
1992-93								
September	1	1	2	7	16	24	63	8
December	2	3	2	9	2	19	49	8
March	4	5	0	10	10	–2	44	7
June	3	4	0	9	9	–12	33	6
1993-94								
September p	3	2	3	8	2	–12	27	5

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

Period	Mining	Manufacturing: Food, Beverages and Tobacco	Manufacturing: Textiles, Clothing and Footwear	Manufacturing: Paper and Printing	Manufacturing: Chemicals, Petroleum and Coal Products	Manufacturing: Basic Metal Products	Manufacturing: Transport Equipment	Manufacturing: Fabricated Metal Products(b)	Manufacturing: Other Manufacturing(c)	Manufacturing: Total Manufacturing	Wholesale Trade	Retail Trade	Other Selected Industries	Total
1990-91	9,588	2,989	506	1,738	1,493	2,176	382	1,374	2,478	13,137	2,574	2,287	4,554	32,140
1991-92	8,823	3,102	522	1,820	1,429	1,619	678	1,788	2,327	13,286	2,968	2,129	5,028	32,233
1992-93	9,474	r 3,504	499	r 1,764	1,778	1,916	r 1,109	1,669	2,502	r 14,740	3,100	2,408	r 5,073	r 34,795
1990-91														
September	2,242	649	167	453	406	716	138	383	685	3,598	951	499	1,219	8,508
December	2,847	898	143	480	379	656	80	358	711	3,704	1,099	936	1,309	9,895
March	2,269	748	96	398	328	369	42	314	526	2,821	332	358	947	6,728
June	2,230	695	100	407	381	435	122	319	556	3,015	193	494	1,079	7,010
1991-92														
September	2,179	792	158	491	360	418	134	426	630	3,409	694	403	1,289	7,975
December	2,310	907	149	526	360	338	158	507	655	3,599	823	859	1,367	8,958
March	2,238	735	110	403	388	435	138	401	528	3,137	591	388	1,223	7,577
June	2,095	669	105	400	321	428	248	454	514	3,141	860	479	1,149	7,724
1992-93														
September	2,501	r 847	144	r 446	374	490	r 285	402	657	r 3,644	690	521	r 1,135	r 8,491
December	2,265	1,131	141	r 467	400	427	r 276	465	686	r 3,993	860	931	r 1,482	r 9,531
March r	2,314	732	103	406	450	474	232	381	494	3,271	703	449	1,296	8,034
June r	2,394	794	111	445	554	524	316	422	665	3,832	845	507	1,161	8,739
1993-94														
September p	2,409	874	175	566	446	615	331	540	759	4,306	814	449	1,616	9,595
APPROXIMATE STANDARD ERRORS														
Quarterly Total	29	15	8	14	17	3	3	22	23	42	40	17	24	95
Quarterly Movement (a)	23	7	5	9	13	2	2	15	18	30	44	15	21	84

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

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

Period	Mining	Manufacturing: Food, Beverages and Tobacco	Textiles, Clothing and Footwear	Paper and Printing	Chemicals, Petroleum and Coal Products	Basic Metal Products	Transport Equipment	Fabricated Metal Products(b)	Other Manufacturing(c)	Total Manufacturing	Wholesale Trade	Retail Trade	Other Selected Industries	Total
1990-91	6,795	2,305	351	1,384	1,019	1,490	9	903	1,742	9,202	1,723	1,641	2,699	22,061
1991-92	5,883	2,268	397	1,383	934	840	242	1,241	1,602	8,907	1,994	1,436	3,104	21,324
1992-93	r 6,235	r 2,657	371	1,364	1,195	1,112	r 670	1,166	1,790	r 10,325	2,170	1,704	r 2,897	r 23,330
1990-91														
September	1,576	484	126	361	289	552	44	269	505	2,630	760	351	735	6,053
December	2,121	726	103	394	258	489	–13	231	524	2,713	880	768	834	7,316
March	1,546	572	59	316	214	196	–54	202	348	1,853	120	199	500	4,219
June	1,551	522	63	313	258	252	31	201	366	2,006	–37	323	630	4,474
1991-92														
September	1,444	594	123	381	244	224	14	286	455	2,321	471	244	812	5,292
December	1,588	706	115	410	239	160	51	374	466	2,522	561	681	892	6,243
March	1,483	517	79	294	260	228	34	263	349	2,025	348	207	744	4,807
June	1,367	450	79	298	191	229	143	317	332	2,039	614	305	656	4,982
1992-93														
September	r 1,734	r 639	111	350	240	297	r 180	273	484	r 2,574	467	345	r 605	r 5,725
December	r 1,402	r 901	106	368	262	229	r 170	339	504	r 2,880	618	751	r 962	r 6,612
March r	1,547	523	74	307	312	278	124	258	313	2,188	483	277	714	5,209
June r	1,551	593	80	340	381	308	196	296	489	2,683	602	331	617	5,784
1993-94														
September p	1,540	658	137	462	320	414	219	400	582	3,191	563	235	1,076	6,605
APPROXIMATE STANDARD ERRORS														
Quarterly Total	29	15	6	11	14	2	3	21	24	40	38	16	25	91
Quarterly Movement (a)	21	7	5	8	13	2	3	15	19	30	44	19	21	82

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

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

Period	Mining	Manufacturing												
		Food, Beverages and Tobacco	Textiles, Clothing and Footwear	Paper and Printing	Chemicals, Petroleum and Coal Products	Basic Metal Products	Transport Equipment	Fabricated Metal Products(b)	Other Manufacturing(c)	Total Manufacturing	Wholesale Trade	Retail Trade	Other Selected Industries	Total
1990-91	5,927	1,543	176	263	711	705	–209	603	1,164	4,956	946	904	–449	12,284
1991-92	5,048	1,712	269	752	686	140	58	1,016	1,157	5,790	887	917	201	12,843
1992-93	5,535	r 2,150	261	r 1,026	1,012	514	r 541	1,025	1,439	r 7,968	1,517	1,339	r 755	r 17,114
1990-91														
September	1,363	280	78	60	215	323	–10	194	341	1,481	546	173	–67	3,496
December	1,875	532	56	81	181	290	–67	155	369	1,597	645	534	39	4,690
March	1,356	399	15	27	146	20	–98	135	218	862	–68	34	–208	1,976
June	1,333	332	27	96	168	71	–33	120	235	1,016	–177	163	–214	2,122
1991-92														
September	1,253	446	87	172	183	49	–39	221	328	1,447	242	104	10	3,057
December	1,399	565	77	218	179	–22	–7	316	352	1,678	82	551	233	3,943
March	1,286	386	51	170	202	56	–5	217	239	1,316	148	75	59	2,883
June	1,110	315	53	193	122	56	110	262	238	1,350	415	186	–101	2,960
1992-93														
September	1,573	r 509	84	281	196	156	r 153	239	381	r 1,999	300	247	r 85	r 4,303
December	1,237	765	77	r 302	221	75	r 145	306	412	r 2,304	421	641	r 464	r 5,067
March r	1,386	411	46	249	279	120	99	228	236	1,667	347	187	136	3,723
June r	1,339	466	53	195	316	163	144	251	410	1,997	449	264	70	4,119
1993-94														
September p	1,348	544	97	398	292	385	196	356	512	2,780	414	154	587	5,283
APPROXIMATE STANDARD ERRORS														
Quarterly Total	25	10	5	10	12	2	3	18	23	36	36	15	24	83
Quarterly Movement (a)	17	6	5	8	13	1	3	16	19	30	44	19	20	80

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

EXPLANATORY NOTES

Introduction

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

Scope of the survey

2. The survey is designed to measure profits, depreciation and net interest paid of companies (i.e. incorporated business enterprises) in the private sector in Australia. Companies excluded are those primarily engaged in agriculture, forestry, fishing, hunting (ASIC categories 01-04), banking (614), non-bank finance (615), unit trusts, land trusts, mutual funds (6161), insurance (623), public administration (71) and community service activities (81-84).

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

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

Coverage in this publication

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

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

Publication Industry	*ASIC*
MINING	DIVISION B
MANUFACTURING	DIVISION C
Food, Beverages & Tobacco	Sub-division 21
Textiles,Clothing and Footwear	Sub-division 23,24
Paper and Printing	Sub-division 26
Chemicals, Petroleum and Coal Products	Sub-division 27
Basic Metal Products	Sub-division 29
Transport Equipment	Sub-division 32
Fabricated Metal Products	Sub-division 31
Other Machinery and Equipment	Sub-division 33
Other Manufacturing	
Wood, Wood Products and Furniture	Sub-division 25
Non-metallic Mineral Products	Sub-division 28
Miscellaneous Manufacturing	Sub-division 34
WHOLESALE TRADE	SUB-DIVISION 47
RETAIL TRADE	SUB-DIVISION 48
OTHER SELECTED INDUSTRIES	
Include -	
Electricity, gas and water	Division D
Construction	Division E
Transport and storage	Division G
Communication	Division H
Holding companies n.e.c. and holder investors n.e.c.	Classes 6162-3
Services to finance and investment	Group 617
Services to insurance	Group 624
Property and business services	Sub-division 63
Entertainment and recreational services	Sub-division 91
Restaurants, hotels and clubs	Sub-division 92
Personal services	Sub-division 93

Definitions

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

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

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

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

Statistical unit

10. From the beginning of 1989, the ABS has introduced a new statistical unit known as the *management unit*. The management unit is the highest-level unit within a business, having regard for industry homogeneity, for which accounts are maintained; in nearly all cases it coincides with the legal entity owning the business (i.e. incorporated company). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it. The management unit is being implemented on the ABS central register of businesses and included in the Survey of Company Profits as reporting arrangements with the larger groups of companies are finalised.

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

Compatability of series

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

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

Seasonal adjustment

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

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

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

17. At least once each year the seasonally adjusted series are revised to take into account the latest available data. The most recent reanalysis of the company profits series takes into account data collected up to and including the June quarter 1992 survey. The nature of the seasonal adjustment process is such that the magnitude of some revisions resulting from reanalysis may be quite significant, especially for data for more recent quarters. For this reason, additional care should be exercised when interpreting movements in seasonally adjusted data for more recent quarters.

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

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

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

Survey sample redesign

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

Reliability of the estimates

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

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

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

> *Estimate of movement.* The estimate of quarterly movement to June quarter 1993 for company profits before income tax was $130m from the March estimate of $4,358m. The standard error on movement is $71m (Table 2). There are two chances in three that a complete collection would have given an estimate of movement within one standard error of the sample estimate (i.e. in the range $59m to $201m). There are nineteen chances in twenty that a complete collection would give an estimate within two standard errors of the sample estimate (i.e. in the range -$12m to $272m).

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

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

Survey methodology

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

27. Respondents are asked to provide data on the same basis as their own management accounts. Where a particular business unit does not respond in a given survey, an estimate is substituted. Aggregates are calculated from reported data using the *number raised* estimation technique. Data are edited both at individual business unit level and at aggregate level.

Revisions to estimates

Revisions to estimate

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

Comparison with other ABS statistics

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

(a) the national accounts estimates of gross operating surplus include the profits of all companies whereas results from the survey relate only to those companies with employment of more than 30 persons

(b) the national accounts estimates of gross operating surplus include estimates for companies classified to the agriculture, forestry, fishing and hunting, and community services industries

(c) the national accounts estimates of gross operating surplus are after deduction of the stock valuation adjustment which measures the portion of income attributable to holding gains or losses resulting from stock valuation practices

(d) the national accounts estimates of gross operating surplus include details relating to net third party insurance transfers, royalty and land rent payments

(e) the national accounts estimates incorporate data from other sources such as taxation data as well as information from the Survey of Company Profits.

Unpublished statistics

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

Related publications

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

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

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

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

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

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

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

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

Symbols and other usages

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

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