

Profiling Multinationals in the Australian National Accounts

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and not necessarily of the ABS*



OUTLINE

- Economic units model
- Business register
- Profiling and the Supply-Use tables.
- The transfers model and industry examples

Economic units model

- Well defined for accurate profiling
- Determines the structure of businesses
- Consists of the Enterprise Group, Legal Entities and Type of Activity Units, and locations

Type of Activity Unit

- The ABS uses the Type of Activity Unit (TAU) as its producing unit to collect industry and some other economic statistics.
- The TAU is comprised of one or more legal entities, sub-entities or branches of a legal entity that can report productive and employment activities via a minimum set of data items.
- TAUs undertaking the same type of activity are grouped together to form industries

- Economic units are maintained on statistical business registers.
- The ABS Business Register includes comprehensive structural information about Australian businesses, including industry, sector and size benchmarks.
- The key outputs of the ABS Business Register are the quarterly Common Frame, a point in time snapshot of the ABS Business Register used to create survey frames for the business-based economic collections.

The Two Population Program

Profiled Population	13,000 active business units (TAUs)
Non profiled Population	5.0 million active businesses (ABNs)

Profiling Program

- The main activity in profiling is establishing and maintaining the business profile to keep up to date with changes in unit structures and industry activity.
- Ongoing profiling for timely and high quality business structure information.
- The frequency of the re-profiling of Enterprise Groups in ABS has changed over time.



- Current triggers for profiling include survey feedback, changes in Goods and Services Tax groups, Business Register Unit major projects, registers of mergers, acquisitions and transfers and significant changes in reported Business Activity Statement data.
- In addition to collecting structural information and contact details, the ABS has added a question to the profiling form to identify enterprise groups and TAUs that engage in international investment and trade in services to respond to the increasing globalisation of value chains.
- These questions are used to scope businesses in the profiled population to receive coverage forms to better understand the nature of their activity.



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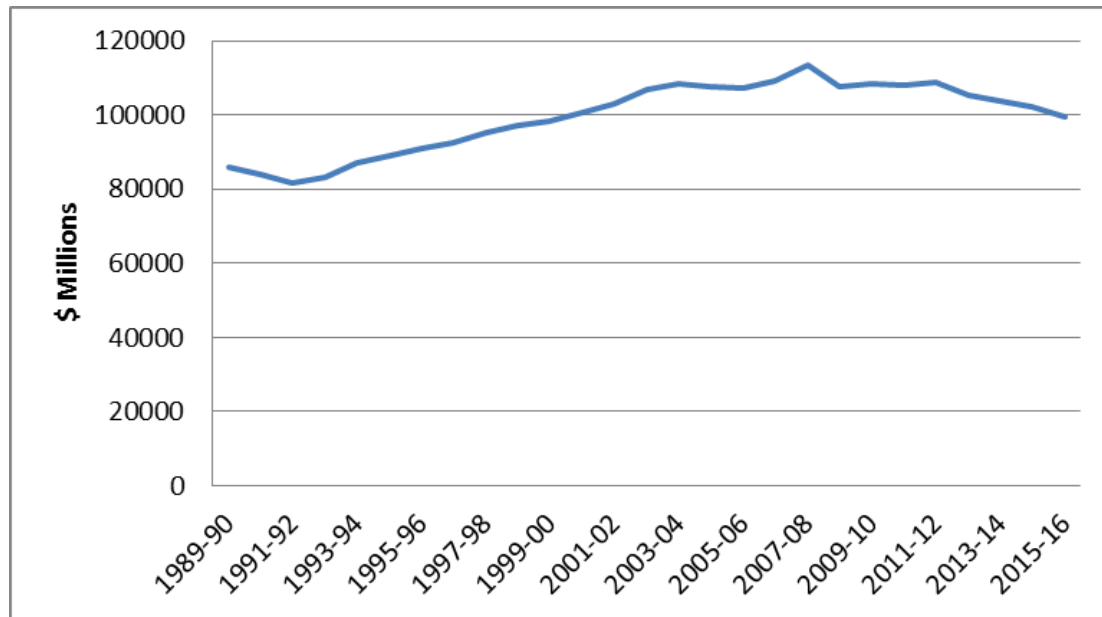
- The ABS Profiling Program is evolving in line with its transformation objectives. The long-term vision of the ABS is to profile the largest businesses concurrently with business survey editing while profiling smaller businesses on an ‘as needs’ basis, resulting in an overall reduction in the level of profiling.
- To that end, in 2016 the ABS conducted a joint editing/profiling trial to test the feasibility of combining these functions within a single team.
- The ABS is also redeveloping its Business Register to go beyond its traditional role of providing survey frames into providing a central ‘spine’ for linking data, including data collected from outside of ABS collections.

Profiling and the SU program

- Two examples
- Petroleum manufacturing
- Online content

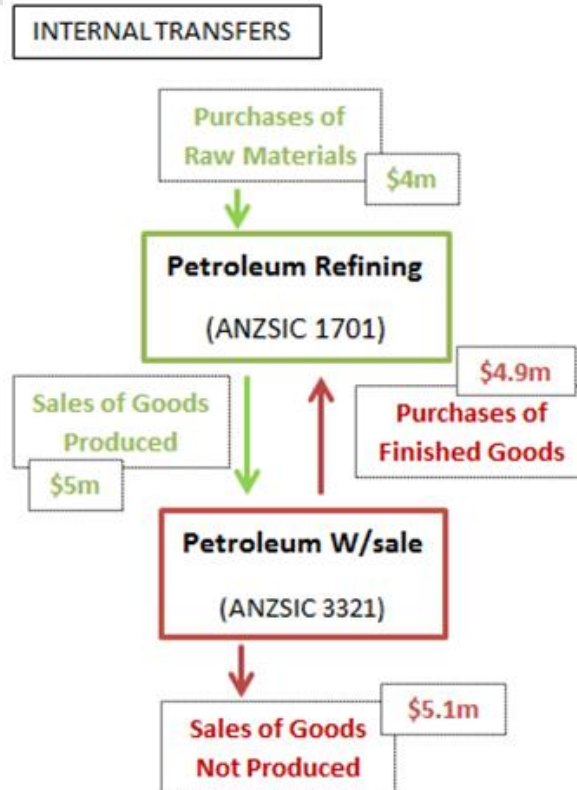
- Gross Value Added of the Australian manufacturing industry as a whole began to decline in 2004-05 in chain volume terms after 12 years of uninterrupted growth (ABS Cat no. 5204.0). There have since been some limited recoveries, although the manufacturing industry has resumed its decline since 2013-14 driven by, among other things, high domestic input costs and fierce competition from imports.

Manufacturing GVA



- The Australian downstream petroleum industry is dominated by four firms
- The vertically integrated nature of the petroleum industry complicates reporting to the ABS.
- Internal transfers model

Transfers model



- The challenges to the ABS in profiling emerging industries in information media are just as pertinent.
- Annual growth in data download volumes of over 50% in 2015-16.
- There are 2.7 million paid, free or trial subscriptions to video on demand services as at June 2016 and music streaming revenue now accounts for 38.5% of overall market by value in 2016.
- Business profilers are challenged with classifying online audio and visual media streaming companies based on an industry classification.
- Where the intellectual property rights to the streamed content are originally held overseas, additional complexity is introduced in determining whether such rights have been transferred to the domestic subsidiary as part of the streaming process.

- The ABS records an import of intellectual property and corresponding gross fixed capital formation of artistic originals in such instances is resolved by applying first principles to the individual circumstances of the case as determined from profiling and provider contact.
- The ABS considers such factors as whether there has been a sale of the artistic original, the nature and terms of the licensing agreement between the overseas and domestic branches of the streaming company and the degree to which the domestic subsidiary is able to assume responsibility for the distribution, support and maintenance of the artistic original when determining whether economic ownership of intellectual property has been transferred to the domestic subsidiary.

Final remarks.

- Regular and targeted profiling of complex organizations is only one dimension of the ABS's multi-pronged approach to assuring the quality of its outputs.
- Once survey data of businesses drawn from the ABS Businesses Register is obtained, it is combined with administrative and other data into the supply-use framework.
- Supply-use tables present a comprehensive picture of the supply and use of goods and services in the economy, as well as the incomes generated from production.