Working Party on International Trade in Goods and Trade in Services Statistics

CHARACTERISTICS OF AUSTRALIAN EXPORTERS

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Introduction

1. There is increasing interest from statistical users wishing to link information from different statistical datasets. A particular area of interest is linking Business registers with other business-based data like export and import transactions. This paper describes the experience of the Australian Bureau of Statistics (ABS) in this area.

Characteristics of Australian Exporters

2. Characteristics of Australian Exporters (ABS cat. no. 5368.0.55.006) is an annual publication which provides an analysis of the characteristics and international trading activities of Australian exporters. The information is compiled as a by-product of producing regular monthly and quarterly statistics on Australia's merchandise trade and international trade in services. The latest release presents data in respect of 2008-09 with future releases scheduled for about nine months after the end of the financial year.

3. The full list of tables presented in the publication is shown in Attachment 1. The information presented includes:
   - Number of goods and services exporters by the value range of their exports.
   - Number of goods exporters by the value range of their exports and the number of their export transactions.
   - Number of goods exporters by the industry of exporter, by industry of origin of the exported commodity and business size.
   - Number of locations of goods exporters by state.
   - Number and value of goods exporters by country of destination.
   - Number and value of services exporters by type of service.

4. The first table in the publication provides an overview covering exporters of both goods and services including a count of those businesses that export both goods and services. Tables 2 to 9 present more detailed information on goods exporters and Table 10 presents additional information on services exporters. Four additional tables are available as data cubes through the ABS website.
5. The information presented in the publication is compiled from the following sources:
   - Customs documentation
   - The ABS Survey of International Trade in Services
   - The ABS Business Register.

6. Details on the information provided by these sources is shown in the Information sources section. The information in each of these sources can be linked due to a unique business identifier, the Australian Business Number.

The Australian Business Number

7. The Australian Business Number, is provided to businesses when they register with the Australian Business Register. This identifier is used for all business dealings with the Australian Taxation Office and other government departments and agencies. To be entitled to an Australian Business Number, the business has to satisfy at least one of the following conditions:
   - A company registered under corporations law in Australia;
   - An entity carrying on an enterprise in Australia (including government agencies, non-profit bodies and superannuation funds); or
   - An entity which makes supplies that are connected with Australia in carrying on an enterprise.

8. The Australian Business Register is the main source of information for the ABS Business Register which is used as the frame for the majority of the ABS business surveys (although the ABS includes additional characteristics on the frames and excludes dormant units from survey selection if they have an extended history of reporting zero or missing information to the Australian Taxation Office). The business unit which registered for an Australian Business Number is the statistical unit used to represent the vast majority of businesses on the ABS Business Register. This unit is suitable for ABS statistical needs when the business is simple in structure. For more significant and diverse businesses where the Australian Business Number unit is not suitable for ABS statistical needs, an ABS maintained statistical unit is used, called the Type of Activity Unit.

9. The Australian Business Number is recorded for businesses selected in the ABS’ Survey of International Trade in Services. The ABS receives details of export and import transactions lodged with the Australian Customs and Border Protection Service (Customs and Border Protection). The ABS compiles these transactions into merchandise trade statistics which feed into the balance of payments and national accounts. Customs and Border Protection introduced a new computer system in October 2004 which required Australian-based businesses to record their Australian Business Number with their export and import shipments.

10. The availability of the Australian Business Number on the ABS Business Register, survey units and export and import documentation facilitates the data linking required for producing the Characteristics of Australian Exporters publication.

11. Exporters who do not have or do not report an Australian Business Number are allocated an identifier by Customs and Border Protection. This identifier is called the Customs Client Identifier. The Customs Client Identifier can be used to identify exporting businesses for the purposes of total counts of exporters but characteristics information from the ABS Business Register can not be obtained for these exporters.
12. The ABS has released annual data on the characteristics of Australian exporters since the 2000-01 reference year. Estimates covering the 2000-01, 2002-03, and 2003-04 reference years were not compiled using the current methodology and are not comparable with estimates from 2005-06 onwards. Prior to the introduction of Customs and Border Protection's new computer system in October 2004, export and import lodgements were not designed to collect the Australian Business Number. While it could be entered into a field, it had to have specific text in front of it to be recognised by the system. This method was not as reliable as that introduced in October 2004 and previous counts of exporters included an estimate for a significant proportion of businesses whose Australian Business Number was not quoted or recognised. More detail on the current methodology is available from the article 'New Methodology for Deriving Counts of Australian Exporters' in the February 2006 issue of International Trade in Goods and Services (ABS cat. no. 5368.0).

Information sources

13. The information obtained from the three sources of information used in compiling Characteristics of Australian Exporters is described below.

Customs documentation

14. The following information is obtained or derived from Customs documentation submitted to Customs and Border Protection by exporters or their agents. This information can be obtained for all goods exporters including those who do not report an Australian Business Number. The information obtained includes:

- Commodity exported (based on the Australian Harmonised Export Commodity Classification (AHECC)).
- Value of exports.
- Number of transactions.
- State of origin of the commodity.
- Industry of origin of the commodity.
- Destination of the exports.

15. The State of origin of the commodity recorded on export documentation can be used to identify the Australian state from which the exported goods were sourced. State of origin is the state in which the final stage of production or manufacture occurs.

16. The industry of origin of the commodity is derived by linking each statistical code in the AHECC to an Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 code based on the primary activities of the industries with which each commodity is most commonly associated. These are the industries most likely to have produced the exported goods. Industry of origin of the commodity is a different concept from the industry of business recorded on the ABS Business Register. While each AHECC statistical code is allocated to one primary industry of origin, commodities can be produced and/or exported by businesses classified to a number of industries.

ABS Survey of International Trade in Services

17. In publications prior to 2008-09 the value of services exports was published in accordance with the Balance of Payments Manual, 5th edition. The 2008-09 publication introduced estimates for the value
of services exports on a balance of payments basis compiled according to the revised international standards, the Balance of Payments and International Investment Position Manual, 6th edition.

**ABS Business Register**

18. The Australian Business Number is used to obtain selected information on business characteristics from the ABS Business Register. For most businesses this information is initially sourced from the Australian Business Register with some fields updated from information from the Australian Taxation Office. The information obtained from the ABS Business Register includes:

- Industry of the business based on ANZSIC 2006.
- Main State of business location, based on main business address.
- States in which the business is located.
- Number of payees.
- Goods and Services Tax turnover range.

19. The last two pieces of information are used in determining the size of the business. Information from the ABS Business Register can not be obtained for exporting businesses without an Australian Business Number.

20. Information obtained from the ABS Business Register is relevant to the point in time approximately a month after the finish of each financial year. This means that the location, industry and size information for some businesses may differ between the financial years. For example the size category allocated to exporting businesses may be impacted by an increase or decrease in Goods and Services Tax turnover from one year to the next.

21. Although the linking of register, survey and export data can provide a rich dataset, a number of issues should be considered when interpreting the results of the linking. The most important issue is understanding what constitutes an ‘exporter’ for the purpose of the publication. This issue is discussed below with several of the output variables described in the following part.

**What is an exporter?**

22. In analysing the information in Characteristics of Australian Exporters, an important consideration is what is an exporter? An exporter is defined as the owner of the exported good or the provider of the exported service. In accordance with balance of payments principles, if an export takes place, it must involve an Australian resident selling a good or a service to a non-resident (i.e. it involves a change of ownership). International trade in services statistics are compiled on balance of payments principles and only cover transactions between Australian residents and non-residents.

23. Information on exporters of goods is compiled from merchandise trade statistics and is usually consistent with balance of payments principles. In a small number of cases a non-resident may own the goods at the time of departure. Generally there would have been a transaction occurring between an Australian resident and a non-resident prior to the goods physically leaving Australia. Therefore, it is assumed for the purpose of these statistics that all owners of goods at the time of export of the goods are Australian residents and are included in the counts of exporters.

24. There are a number of situations that impact on the interpretation of the count and characteristics of exporters:
• Exports of goods statistics exclude export consignments with a value of less than $2,000.
• Australian businesses, which sell goods or services to other Australian businesses that undertake the exporting function, are excluded. For instance:
  − Many agricultural products are exported from Australia by wholesalers, such as commodity marketing boards, rather than by the producer;
  − A principal consultant may export a consultancy service that comprises the work of a number of Australian sub-consultants; or
  − A business may export a product that is assembled from components made by a number of Australian businesses.
• A business may have more than one Australian Business Number and the Australian Business Number quoted on export documentation may be the Australian Business Number of a part of the business not actually producing the exports. As a result, characteristics obtained from the Australian Business Register (e.g. the main State or the industry of the business) could relate to a corporate head office.
• Some analysts include the individual businesses providing commodities, components, or other goods or services for export, in their definition of 'exporters', or at least consider them to be involved in export-related activity. However, unless the businesses actually own the goods or provide the service at the time of export, they are not included in the ABS count of exporters.
• Service exporters include businesses which provide services from their Australian base to consumers offshore, i.e. supply modes 1 and 4 as defined in the General Agreement of Trade in Services (GATS). However, smaller and/or occasional exporters are unlikely to come to ABS notice and are therefore not included in the estimates. The number of excluded businesses may be significant, but the value of their exports is not thought to be significant in the totality of service exports. The ABS continues to try to identify these businesses and incorporate them into its estimates.
• The number of service exporters exclude businesses that only supply goods or services to foreign tourists or students in Australia (GATS mode of supply mode 2), such as hotels, restaurants, retail businesses, tourist facilities, transport businesses, theatres, educational institutions, etc. In concept, these businesses should be included in counts of exporters. However, estimates of these services are compiled from information obtained from the consumers of these services rather than the businesses providing the services.
• Goods and services exporters exclude Australian-owned businesses located overseas supplying goods or services in or from the country in which they are located (GATS mode of supply 3 - usually called foreign affiliates trade), because their trade does not directly contribute to Australia's exports of goods and services.

25. Apart from the exclusions mentioned above, businesses which export goods or services in a particular year are counted as exporters regardless of the value or frequency of their exports.

Defining Selected Output variables

State data

26. Two different concepts are used to measure the State distribution of goods exporters. The first measure is a count of the number of businesses which export goods produced in a given State, based on information supplied to Customs and Border Protection with export documentation. The second measure is
a count of the number of businesses engaged in exporting activities within a given State, based on State of business location as supplied to the ATO at the time the business initially registered with the ABR, or subsequently went through a change in business structure.

27. Determining a single State of origin is difficult when there may be several stages in the manufacturing process, each of which may take place in a different State. For example, fruit may be grown in one State, canned in another, and exported from another. A business located in a State may export goods produced in different States.

**Industry data**

28. For goods exporters both industry of origin of the commodity and the industry of the exporter are shown. Industry of the exporting business is as recorded on the ABS Business Register. The exporting business is defined as the owner of the good at the time of export and not necessarily the producer of the exported commodity.

29. Industry data in the 2008-09 issue are based on ANZSIC 2006. ANZSIC 2006 provides a more contemporary and internationally comparable industrial classification system than its predecessor (ANZSIC 1993). One of the impacts of the redevelopment of ANZSIC is an increase in the number of industries at each level of the classification. ANZSIC 2006 separately identifies 19 divisions compared with 17 in ANZSIC 1993. ANZSIC 2006 was introduced to International Trade in Goods data with the release of July 2009 data.

**Business size**

30. Exporter counts are presented by business size. The size of the business has been determined in terms of three variables - its employment, estimated annual turnover (both from the ABS Business Register) and the value of exports (reported to Customs and Border Protection). The criteria are:

- Small exporters - having fewer than 20 payees and estimated annual Goods and Services Tax turnover range less than $1m and exports of less than $1m during the reference period.
- Large exporters - having 200 or more payees or estimated annual Goods and Services Tax turnover range of $20m or more or exports of $20m or more during the reference period.
- Medium exporters - all businesses other than those defined as small or large.

**Country data**

31. Data cube 11 shows country data by the number of goods exporters, number of transactions, and the value of exports. All countries with total exports under $1 million have 'less than $1m' recorded in the value of exports cell. This diverges from the usual ABS practice of 'rounding' values of $500,000 or more up to $1 million and 'rounding' values of $499,999 or less down to zero. Total exports for all countries include the actual value of exports for Australia's less significant export partners.

**Confidentiality**

32. The value of exports for some commodities is suppressed to preserve exporter confidentiality, but total exports by country can be released for the majority of countries. Exporter counts are suppressed for those countries with fewer than five exporters to preserve exporter confidentiality. In these instances the number of exporters cell is annotated 'fewer than 5' and the corresponding number of export transactions cell is not available and is annotated 'np' (not available for publication).
Importers characteristics and Business Longitudinal Database

33. The ABS produced information on the characteristics of importers for 2001-02 to 2003-04. The importers information was produced using similar methodology to that used for the Characteristics of Australian Exporters publication. The importers information was ceased following a review that failed to identify any significant client demand. The last importers release is in the Feature Article - Australia's Importers, 2003-04 in the November 2004 issue of International Trade in Goods and Services (ABS cat. no. 5368.0).

34. The ABS has developed a Business Longitudinal Database which, once fully implemented, will comprise several longitudinal datasets containing both characteristics and financial data. The Business Longitudinal Database will allow analysis of changes in the performance over time of a cohort of small and medium businesses or particular subsets like exporters and non-exporters (subject to there being a sufficient number of representative businesses). The Business Longitudinal Database is specifically designed for longitudinal purposes and not to produce accurate aggregated/population information. The Business Longitudinal Database aims to increase understanding of:

- The activities or factors that are relevant to business performance.
- The business characteristics that are associated with these activities or factors.

35. A Business Longitudinal Database Confidentialised Unit Record File (CURF) has been produced for 2004-05, 2005-06 and 2006-07 and is accessible through the ABS Remote Access Data Laboratory. More information is available from Technical Manual: Business Longitudinal Database, Expanded CURF, Australia, 2004-05, 2005-06 and 2006-07 (ABS cat. no. 8168.0.55.002) and an example of analysis undertaken from the Business Longitudinal Database is in the article Characteristics and performance of small and medium-sized businesses in Australia in the January 2010 issue of Australian Economic Indicators (ABS cat. no. 1350.0).

36. Information from the Business Longitudinal Database was used to investigate if there are fundamental differences between Australian small and medium-sized firms that export and those that do not. The article Business Characteristics of Small and Medium-sized Australian exporters in the January 2010 issue of Australian Economic Indicators (ABS cat. no. 1350.0) used a sample of 5,747 employing businesses from the 2006-07 Business Longitudinal Database to compare exporters and non-exporters. The study looked at businesses classified to 14 industries with some details separately available for the Manufacturing division. Averages for a range of indicators (sales, sales per employee, average wages, value-added, assets, age or length of current ownership and number of employees) were compared for exporting and non-exporting businesses. Businesses were also classified according to whether they had any degree of foreign ownership, a web presence, increased targeting of export markets and whether they were involved in innovation activity such as goods and services innovation, operational process innovation or organisational/management innovation.

Abbreviations

ABS  Australian Bureau of Statistics
AHECC  Australian Harmonised Export Commodity Classification
ANZSIC  Australian and New Zealand Standard Industrial Classification
CURF  Confidentialised Unit Record File
Customs and Border Protection  Australian Customs and Border Protection Service
GATS  General Agreement of Trade in Services
np  Not available for publication
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ATTACHMENT 1

Tables presented in Characteristics of Australian Exporters (cat. no. 5368.0.55.006)

The following tables are presented in the pdf version of the publication:

1 Goods and Services Exporters, by Value Range of Exports
2 Goods Exporters, by Value Range of Exports and Number of Export Transactions
3 Goods Exporters, by Industry of Exporter
4 Value of Goods Exports, by Industry of Exporter and Industry of Origin of Exported Commodity
5 Goods Exporters, by Industry of Exporter and Business Size
6 Number of Locations of Goods Exporters, by State of Origin of the Exported Commodity, by State of Locations of Exporter
7 Value of Goods Exports, by Industry of Exporter and State of Origin of the Exported Commodity
8 Number of Goods Exporters, by Industry of Exporter, by Main State of Location of Exporter
9 Number of Small Goods Exporters, by Industry of Exporter, by Main State of Location of Exporter
10 Services Exporters, by Type of Service.

Table 1 provides an overview covering exporters of both goods and services. Tables 2 to 9 present more detailed information on goods exporters and Table 10 presents additional information on services exporters. The following additional table providing further information are only available on data cubes through the ABS website:

11 Goods Exporters, by Country of Destination
12 Goods and Services Exporters, by Value Range of Exports
13 Goods Exporters, by Industry of Exporter
14 Services Exporters, by Type of Service.