

# Annual Enterprise Survey: 2014 financial year (provisional)

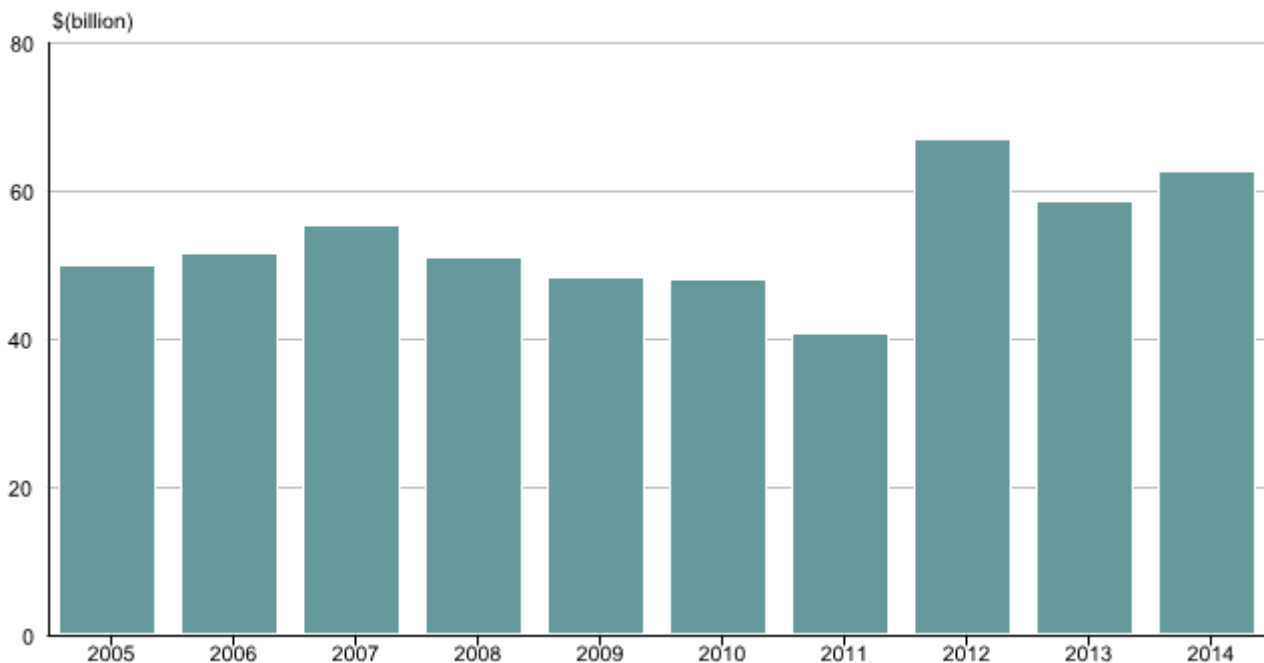
Embargoed until 10:45am – 28 August 2015

## Key facts

In the 2014 financial year compared with the 2013 financial year:

- Operating profit before income tax for all industries increased \$4.1 billion (7.0 percent) to \$62.6 billion.
- Total income for all industries increased \$32.7 billion (5.4 percent) to \$642.6 billion.
- Total expenditure for all industries increased \$18.7 billion (3.4 percent) to \$567.6 billion.
- Total salaries and wages paid for all industries increased \$4.3 billion (4.2 percent) to \$104.6 billion.
- Total assets for all industries increased \$47.9 billion (2.5 percent) to \$1,946.9 billion.
- Fixed tangible assets for all industries increased \$12.9 billion (2.4 percent) to \$551.3 billion.
- Shareholders' funds or owners' equity increased \$21.1 billion (3.0 percent) to \$717.3 billion.

All industries – operating profit before income tax  
2005–14 financial years



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## Commentary

The Annual Enterprise Survey (AES) is New Zealand's most comprehensive source of financial statistics. It provides information on the annual financial performance and position of businesses in New Zealand. AES provides a wide range of detailed variables. For a list of these variables, see [Annual Enterprise Survey – information releases](#).

This release focuses on profitability, which is a key measure of the success and sustainability of a business. We used information about operating profit before tax to help us understand the core operating activities of a business.

Operating profit is the excess of income less expenditure (excluding non-operating items).

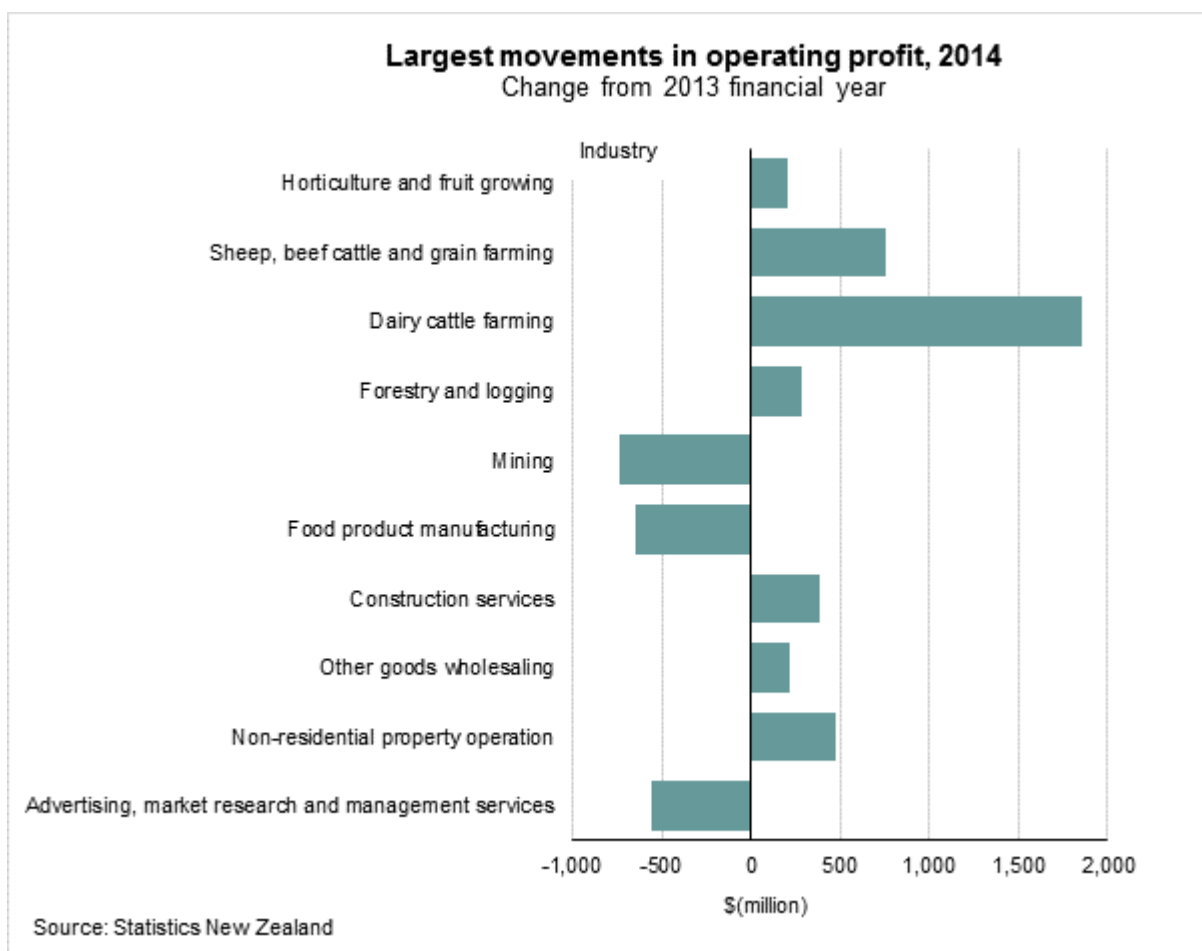
This release also includes information on industries' financial and non-financial assets in the form of equity-to-assets ratios.

This year we added new data, including information by sales. If you want information that is not provided in these tables, call our Information Centre at 0508 525 525 or email [info@stats.govt.nz](mailto:info@stats.govt.nz).

- [Agricultural industries lead profit growth in 2014](#)
- [Financial industries – operating profit and surplus before income tax](#)
- [Agriculture, forestry, and fishing, and construction show largest increases in return on total assets](#)
- [Equity-to-assets ratio unchanged in 2014](#)
- [Turnover bands by total sales](#)

## Agricultural industries lead profit growth in 2014

**Operating profit before tax** was up \$4.1 billion (7.0 percent) to \$62.6 billion for all industries in the 2014 financial year. This increase follows a fall of \$8.3 billion (12 percent) in 2013, which was mainly due to an \$11.3 billion decrease in interest, dividends, and donations received. The agricultural industries led the overall profit growth in 2014, with a \$3.3 billion increase after a profit decrease of \$1.1 billion in 2013.



**Dairy cattle farming** had the largest increase in operating profit, up \$1.9 billion in 2014 after a \$0.4 billion fall in 2013. About 85 percent of dairy cattle farmers made a profit in 2014, compared with about 70 percent in 2013. The 2014 result coincided with a record payout (\$8.40 per kilo of milk solids) and record dairy (particularly milk powder) export values as reported in Overseas Merchandise Trade. For the year ended June 2015, prices for dairy product exports fell and export values dropped 22 percent.

**Sheep, beef cattle, and grain farming**, and **forestry and logging** showed significant profit increases in 2014 after falls in 2013. Sheep, beef cattle, and grain farming profit increased \$0.8 billion (314 percent) to \$1.0 billion. About 55 percent of sheep, beef cattle, and grain farms made a profit in 2014, up from 50 percent in the previous year. Forestry and logging profit increased \$0.3 billion (68 percent) to \$0.7 billion in 2014. The proportion of businesses in forestry and logging that made a profit increased by 5 percent.

**Non-residential property operation** and **construction services** experienced strong growth in 2014. Non-residential property operation had the third-largest profit growth of all industries, up \$0.5 billion (10.9 percent) to \$4.9 billion in 2014. Construction services followed with a \$0.4 billion increase. About 80 percent of the businesses in both non-residential property operation and construction services made a profit in 2014, which was similar to 2013.

Of 88 industries, 30 showed decreases in operating profit in 2014. Mining had the largest profit decline, down \$0.7 billion (29 percent) to \$1.8 billion. The decrease was mainly due to a decrease in dividends received and an increase in expenditure.

## Financial industries – operating profit and surplus before income tax

The **financial and insurance services industry's operating profit** was up \$0.3 billion (1.7 percent) to \$19.6 billion in 2014. This followed a \$10.7 billion fall in 2013, which was mainly due to a drop in interest, dividends, and donations received from financial assets investing.

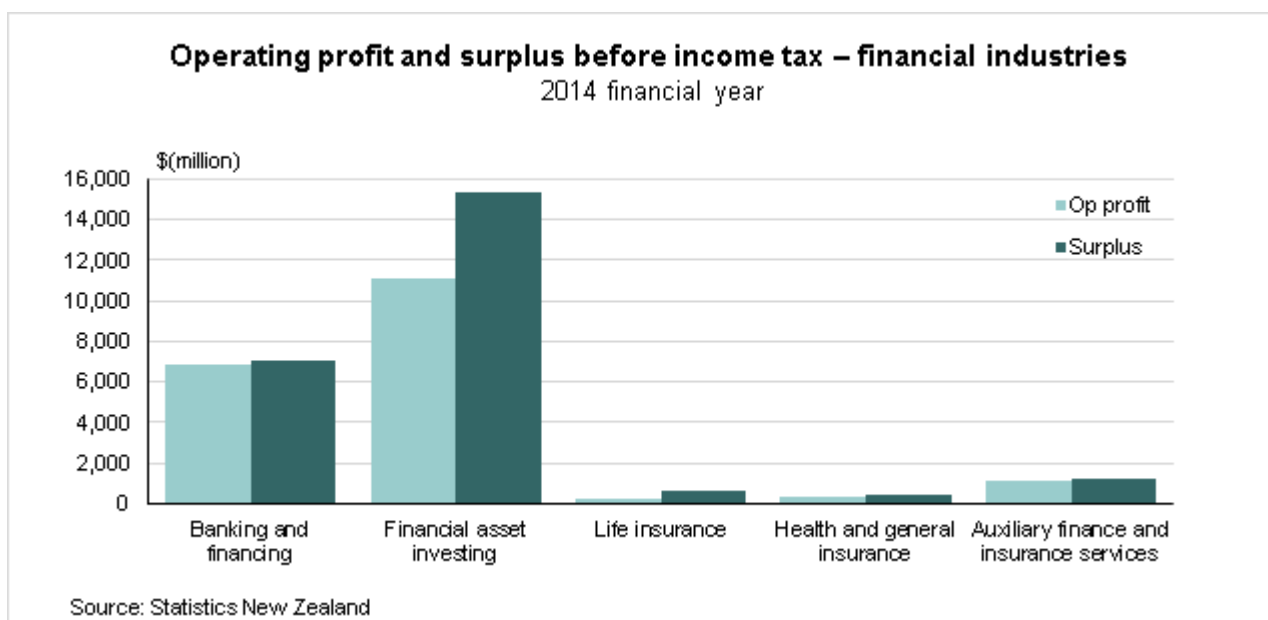
Other significant movements in operating profit for the financial and insurance services industry, for 2014:

- Financial assets investing operating profit increased, up \$0.2 billion (2.0 percent) after a significant decrease of \$13.1 billion in 2013.
- Auxiliary finance and insurance services showed a \$0.2 billion (22.6 percent) increase after a small profit decline in 2013.
- Banking and financing showed continued growth in profit, up \$32 million (0.5 percent) to \$6.8 billion.
- Life insurance, and health and general insurance both had profit declines in 2014. This was the third consecutive year of profit decline for the life insurance industry. Health and general insurance had a \$0.1 billion decrease in profit after a strong increase of \$1.9 billion in 2013. There was a large loss in the health and general insurance industry in 2012 due to the Canterbury earthquakes.

**Surplus before income tax** (surplus BIT) is the total income less total expenditure (including non-operating items) plus the change in stocks.

In the financial and insurance services industry, regular business activity includes income and expenditure, which may be considered 'extraordinary' in other industries. For example, the profit from foreign exchange trading is part of a bank's operating income, but for the goods and services industries, this profit is regarded as an extraordinary item. To better understand the profit of the financial and insurance services industry, we looked at their surplus before income tax (surplus BIT) information, which includes extraordinary items.

The **financial and insurance industry's surplus BIT** rose \$7.6 billion to \$24.6 billion in 2014. The increase was mainly due to a \$2.1 billion increase in non-operating income and a \$5.2 billion decrease in non-operating expenses. These changes in non-operating items occurred in the financial assets investing industry.



## Agriculture, forestry, and fishing, and construction show largest increases in return on total assets

**Return on total assets (ROA)** measures how efficiently and effectively a company uses their total assets to generate earnings. ROA is measured by the ratio of surplus BIT on a company's total assets.

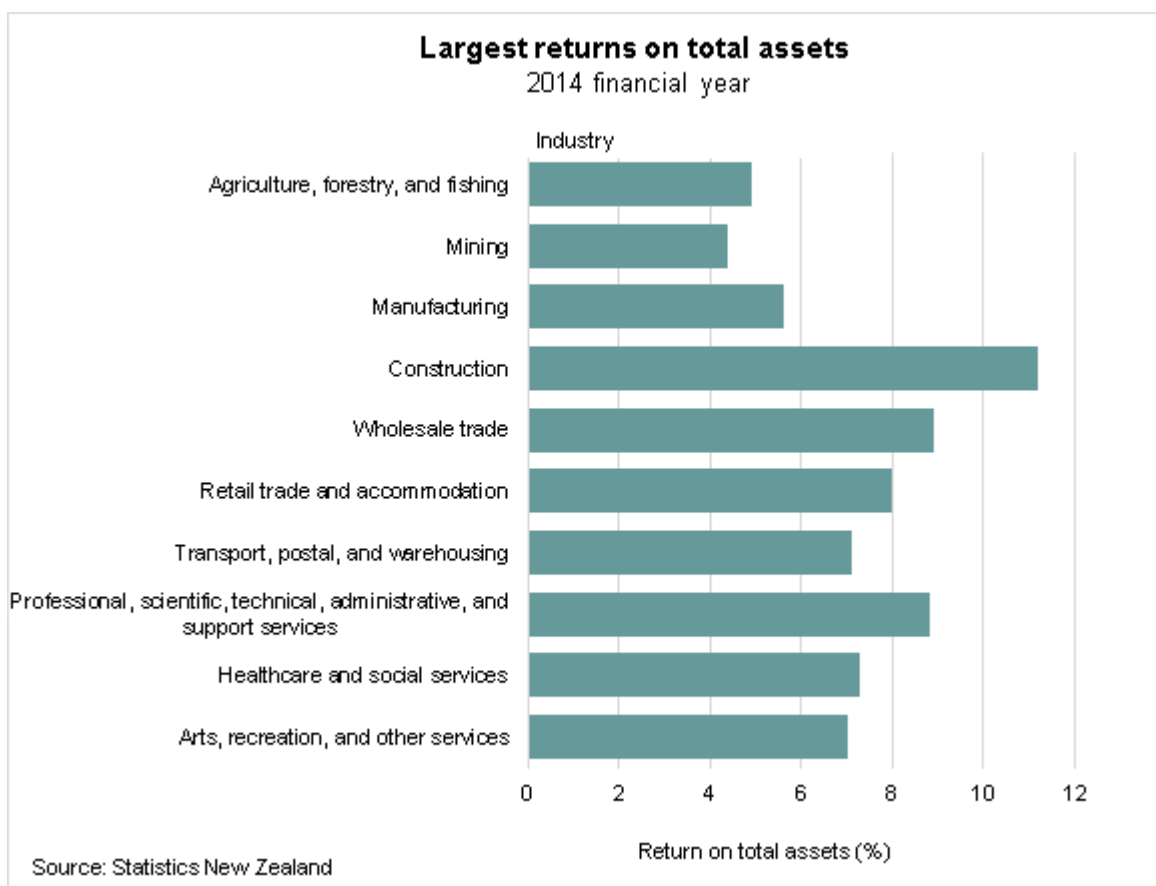
ROA improved for all industries, up from 3.2 percent to 4.0 percent in 2014. Surplus BIT increased significantly, up \$15.5 billion (25.2 percent) to \$77.0 billion. Total assets increased \$47.9 billion (2.5 percent) over the period.

**ROA for all industries excluding financial and insurance services** was 5.2 percent in 2014.

**Construction** returned the highest ROA, at 11.2 percent in 2014 compared with 9.3 percent in 2013. The increase in ROA for construction is consistent with the overall profit growth in this industry division.

The **agriculture, forestry, and fishing** industry division had the largest increase in ROA, from 2.5 percent in 2013 to 4.9 percent in 2014. The largest increase was mainly due to the strong profit increase in the agricultural industries.

ROA for **financial and insurance services** was less than 5 percent in 2014 ( up from 1.8 percent to 2.6 percent), due to the large amount of total assets.



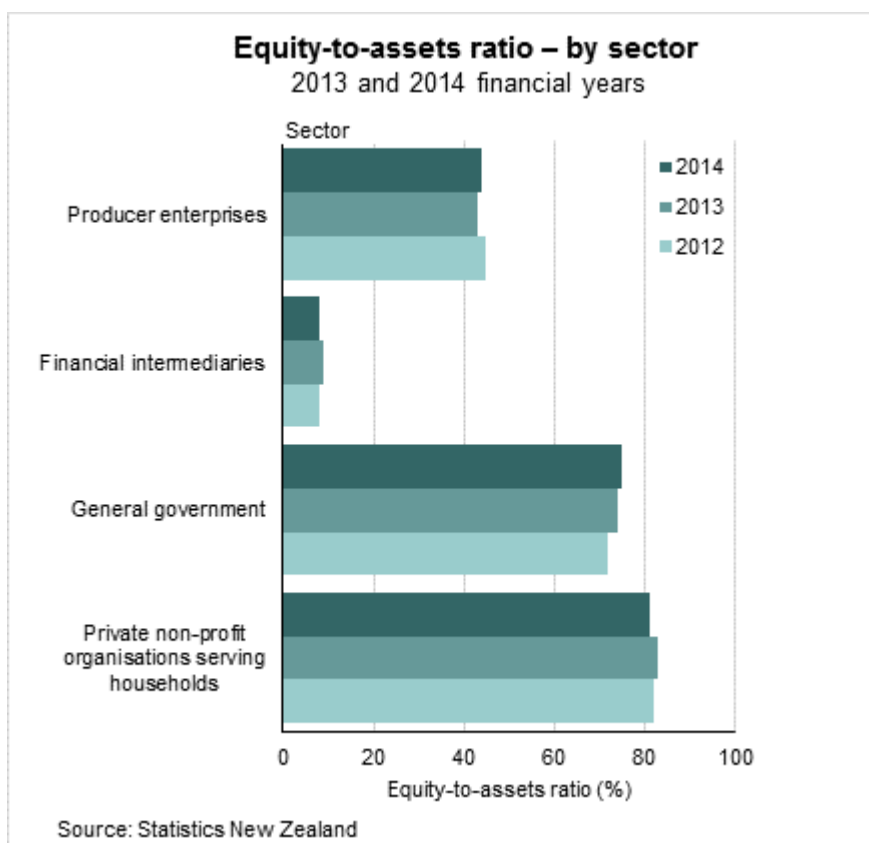
## Equity-to-assets ratio unchanged in 2014

Equity-to-assets ratio measures a company's liability structure. In 2014, the equity-to-assets ratio for **all industries** remained at 37 percent. Shareholders' equity increased to \$717.3 billion. Total assets were up \$47.9 billion (2.5 percent) to \$1,947 billion in 2014. Other assets was the main contributor to the rise, up \$21.5 billion (2.5 percent). (Other assets includes items such as goodwill, trademarks, shares in associated and subsidiary companies, and long-term bond and loans.) Fixed assets, which contributed more than one-quarter to total assets from 2012-14, was up \$12.9 billion (2.4 percent) in 2014.

For the **producer enterprisers sector**, the equity-to-assets ratio was about 45 percent over the 2012-14 period. (Most of New Zealand's privately owned and profit-oriented businesses are classified in this sector.) Rental and hiring services had about a \$1.3 billion (38 percent) increase in shareholders' equity, resulting in their equity-to-assets ratio rising from 27 percent to 36 percent in 2014. This increase means that business owners in rental and hiring services injected more funds into their operations in 2014.

**Central government** and **private non-profit organisations serving households** held high proportions of equities to finance their operating activities, compared with New Zealand businesses overall. Their equity-to-assets ratio was over 70 percent over the 2012-14 period.

**Financial intermediaries**, such as banks, tend to rely more on liabilities and less on equity. The equity-to-assets ratio for the financial intermediaries sector was less than 10 percent over the 2012-14 period.



## Turnover bands by total sales

In 2014:

- Businesses that had sales greater than zero and less than \$1 million (small businesses) made up 85 percent of all businesses operating in New Zealand. These businesses employed about 20 percent of the total workforce and contributed about 14 percent to the total income generated in the economy. This group tends to hold a higher proportion of fixed assets compared with the income they generate.
- Businesses that had sales of more than \$100 million (large businesses) employed almost 30 percent of the workforce and contributed about 40 percent to total income.
- Businesses that had sales of \$1 million to less than \$100 million (medium-sized businesses) employed more than half of the workforce and contributed nearly 50 percent to total income. Of these businesses, 80 percent made a profit. This proportion is a 4 percent increase from 2013.
- Over 70 percent of businesses made a profit in 2014, similar to the proportion in 2013. The proportion of large businesses that made a profit was greater than the proportion of small and medium-sized businesses that made a profit.

For more detailed data on industries and turnover bands by total sales, see the Excel tables in the 'Downloads' box.

## Definitions

### About the Annual Enterprise Survey

The Annual Enterprise Survey (AES) is New Zealand's most comprehensive source of financial statistics. It provides annual information on the financial performance and financial position for industry and sector groups operating in New Zealand.

AES is an important data source for gross domestic product (GDP) because we use AES data to calculate detailed annual national accounts. AES output variables include income, expenditure, profit, purchases of fixed assets, and equity. From this data, we can derive economic ratios, such as the return on assets and profit margin on sales. AES data is also the basis of national accounting variables, such as value-added, gross output, and gross fixed capital formation.

[See data quality](#) for our data sources.

We thank our respondents for their contribution to this survey. We also thank Inland Revenue, the Treasury, and the New Zealand Companies Office for providing administrative data that allowed us to lower the size of the postal sample, and so reduce compliance costs on the business community.

The information contained in the tables in this release is only a sample of the information available.

[Contact our information centre](#) for more information.

[See Annual Enterprise Survey concepts](#) on DataInfo+ for the definitions of terms used in this release.



## **Related links**

### **Upcoming releases**

*Annual Enterprise Survey: 2015 financial year (provisional)* will be released in August 2016.

Subscribe to information releases, including this one, by completing the online subscription form.

The release calendar lists all our upcoming information releases by date of release.

### **Past releases and media releases**

Annual Enterprise Survey has links to past releases.

### **Related information**

Local Authority Financial Statistics provide an annual measure of income, expenditure and financial position information for local authorities.

National Accounts provide an annual measure of economic aggregates in the New Zealand economy.

## Data quality

### Period-specific information

This section contains information about data that has changed since the last release.

- [Reference period](#)
- [Accuracy of the data](#)
- [AES 2014 population](#)
- [Administrative data use in 2013 and its effect on published variables](#)
- [Family trusts move to household sector in financial assets investing](#)

### General information

This section is for information that does not change between releases.

See [Data collection methodology](#) on DataInfo+ for information on data sources, population, survey design, and interpreting the data.

See [Annual Enterprise Survey](#) on DataInfo+ for information on using AES data.

- [Availability of results](#)
- [Confidentiality](#)
- [More information](#)

## Period-specific information

### Reference period

This is the first release of the Annual Enterprise Survey (AES) results for the 2014 financial year. We collected data from businesses with balance dates between 1 October 2013 and 30 September 2014. These results are provisional and we may revise them as further information becomes available over the next two years.

### Accuracy of the data

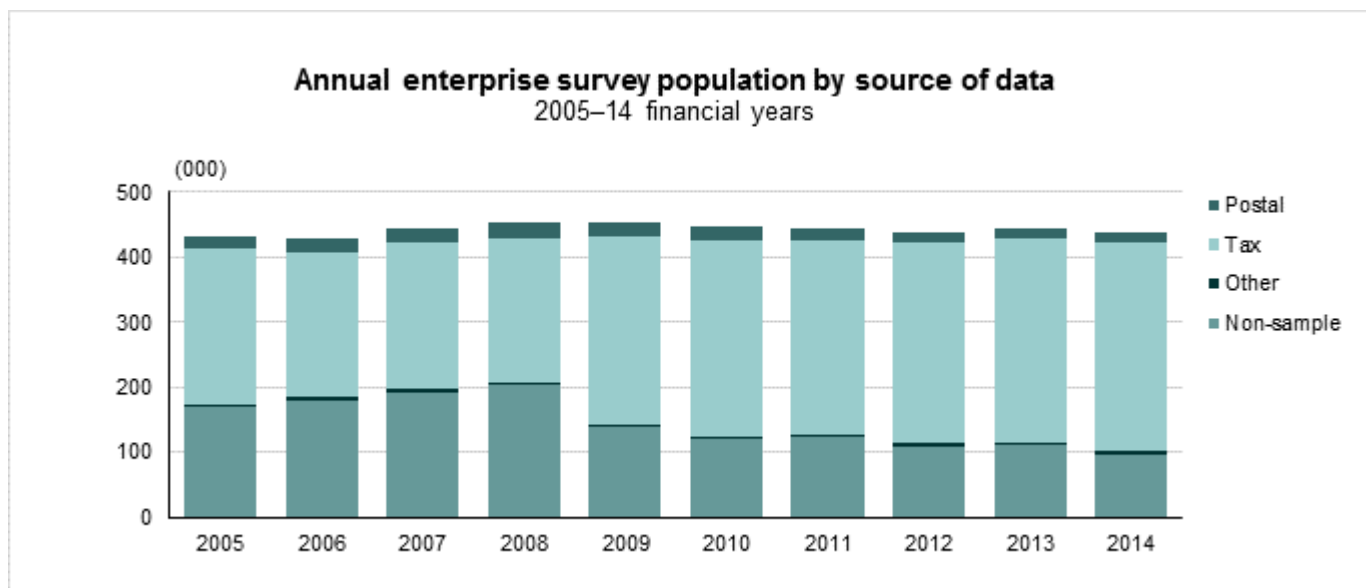
As part of ongoing development to AES, we improved the survey by further increasing our use of administrative data to replace sampled units.

### AES 2014 population

The population for the AES 2014 financial year was 437,958 units, consisting of:

- 319,937 (73.0 percent) sourced from IR 10 information
- 16,547 (3.8 percent) sourced from the postal survey
- 5,059 (1.2 percent) sourced from other government data
- 431 (0.1 percent) sourced from Ministry of Business, Innovation and Employment data
- 95,984 (21.9 percent) non-sample units.

In AES 2014, we weighted the postal survey unit responses to represent the non-sample units. The corporate response rate required for the postal collection is set at 85 percent of the industry's goods and services tax (GST) sales. The response rate in 2014 was 90 percent.



### Administrative data use in 2013 and its effect on published variables

For information on the use of administrative data in 2013 and its effect on published variables see [Annual Enterprise Survey 2013 – data collection methodology](#).

### Family trusts move to household sector in financial assets investing

In 2014, AES used the Statistical Classification for Institutional Sectors. Because of this change, family trusts are now classified under the household sector. Before 2014 they were classified under the non-financial business sector.

The AES does not measure household sector activities. As a result, over 10,000 family trusts included in the scope of AES in 2013 are excluded in 2014. The impacts of the change can be seen in the financial position of the financial asset investors industry (NZSIOC KK112) for the 2014 financial year, particularly in the decrease in fixed asset holdings measured by the AES.

## General information

### Availability of results

The supplementary tables available from the 'Downloads' box contain a selection of the tables available from AES. In most cases, tables are published to New Zealand Standard Industrial Output Classification (NZSIOC) level 4. In some cases, tables at an even less-aggregated level may also be available. This year, we added new information by sales bands.

Please contact our [Information Centre](#) to request information.

## **Confidentiality**

Data collected and information contained in this publication must conform to the provisions of the Statistics Act 1975. This requires that published information maintains the confidentiality of individual respondents.

## **More information**

See [DataInfo+](#) for more information about the Annual Enterprise Survey.

Statistics in this release have been produced in accordance with the [Official Statistics System principles and protocols for producers of Tier 1 statistics](#) for quality. They conform to the Statistics NZ Methodological Standard for Reporting of Data Quality

## **Liability**

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## **Timing**

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## Tables

See the following Excel tables in the 'Downloads' box on this page. If you have problems viewing the files, see [opening files and PDFs](#).

### Broad industry group tables

These tables are at New Zealand Standard Industrial Output Classification (NZSIOC) level 1 (16 industry groups).

- 1.01 All industries
- 1.02 Agriculture, forestry, and fishing
- 1.03 Mining
- 1.04 Manufacturing
- 1.05 Electricity, gas, water, and waste services
- 1.06 Construction
- 1.07 Wholesale trade
- 1.08 Retail trade and accommodation
- 1.09 Transport, postal, and warehousing
- 1.10 Information media and telecommunications
- 1.11 Financial and insurance services
- 1.12 Rental, hiring, and real estate services
- 1.13 Professional, scientific, technical, administrative, and support services
- 1.14 Public administration and safety
- 1.15 Education and training
- 1.16 Health care and social assistance
- 1.17 Arts, recreation, and other services

### Supplementary tables

#### Supplementary industry tables – NZSIOC level 3

These tables provide more detailed industry information (51 industries) than is included in the broad industry group tables.

- 3.01 All industries
- 3.02 Horticulture and fruit growing
- 3.03 Sheep, beef cattle, and grain farming
- 3.04 Dairy cattle farming
- 3.05 Poultry, deer, and other livestock farming
- 3.06 Forestry and logging
- 3.07 Fishing and aquaculture
- 3.08 Agriculture, forestry, and fishing support services, and hunting
- 3.09 Mining
- 3.10 Food product manufacturing
- 3.11 Beverage and tobacco product manufacturing
- 3.12 Textile, leather, clothing, and footwear manufacturing
- 3.13 Wood product manufacturing
- 3.14 Pulp, paper, and converted paper product manufacturing
- 3.15 Printing
- 3.16 Petroleum and coal product manufacturing
- 3.17 Basic chemical and chemical product manufacturing

- 3.18 Polymer product and rubber product manufacturing
- 3.19 Non-metallic mineral product manufacturing
- 3.20 Primary metal and metal product manufacturing
- 3.21 Fabricated metal product manufacturing
- 3.22 Transport equipment manufacturing
- 3.23 Machinery and other equipment manufacturing
- 3.24 Furniture and other manufacturing
- 3.25 Electricity and gas supply
- 3.26 Water, sewerage, drainage, and waste services
- 3.27 Building construction
- 3.28 Heavy and civil engineering construction
- 3.29 Construction services
- 3.30 Wholesale trade
- 3.31 Motor vehicle and motor vehicle parts, and fuel retailing
- 3.32 Supermarkets, grocery stores, and specialised food retailing
- 3.33 Other store-based retailing and non-store retailing
- 3.34 Accommodation and food services
- 3.35 Road transport
- 3.36 Rail, water, air, and other transport
- 3.37 Postal, courier, transport support, and warehousing services
- 3.38 Information media services
- 3.39 Telecommunications, Internet, and library services
- 3.40 Finance
- 3.41 Insurance
- 3.42 Auxiliary finance and insurance services
- 3.43 Rental and hiring services (except real estate)
- 3.44 Property operators and real estate services
- 3.45 Professional, scientific, and technical services
- 3.46 Administrative and support services
- 3.47 Local government administration
- 3.48 Central government administration, defence, and public safety
- 3.49 Education and training
- 3.50 Health care and social assistance
- 3.51 Arts and recreation services
- 3.52 Other services

#### **Supplementary industry tables – NZSIOC level 4**

These tables provide an even finer level of detail.

- 4.01 All industries
- 4.02 Horticulture and fruit growing
- 4.03 Sheep, beef cattle and grain farming
- 4.04 Dairy cattle farming
- 4.05 Poultry, deer and other livestock farming
- 4.06 Forestry and logging
- 4.07 Fishing and aquaculture
- 4.08 Agriculture, forestry and fishing support services, and hunting
- 4.09 Mining
- 4.10 Food product manufacturing
- 4.11 Beverage and tobacco product manufacturing
- 4.12 Textile and leather manufacturing
- 4.13 Clothing, knitted products and footwear manufacturing
- 4.14 Wood product manufacturing



- 4.15 Pulp, paper and converted paper product manufacturing
- 4.16 Printing
- 4.17 Petroleum and coal product manufacturing
- 4.18 Basic chemical and basic polymer manufacturing
- 4.19 Fertiliser and pesticide manufacturing
- 4.20 Pharmaceutical, cleaning and other chemical manufacturing
- 4.21 Polymer product and rubber product manufacturing
- 4.22 Non-metallic mineral product manufacturing
- 4.23 Primary metal and metal product manufacturing
- 4.24 Fabricated metal product manufacturing
- 4.25 Transport equipment manufacturing
- 4.26 Electronic and electrical equipment manufacturing
- 4.27 Machinery manufacturing
- 4.28 Furniture manufacturing
- 4.29 Other manufacturing
- 4.30 Electricity and Gas Supply
- 4.31 Water, sewerage, drainage and waste services
- 4.32 Residential building construction
- 4.33 Non-residential building construction
- 4.34 Heavy and civil engineering construction
- 4.35 Construction services
- 4.36 Basic material wholesaling
- 4.37 Machinery and equipment wholesaling
- 4.38 Motor vehicle and motor vehicle parts wholesaling
- 4.39 Grocery, liquor and tobacco product wholesaling
- 4.40 Other goods wholesaling
- 4.41 Commission-based wholesaling
- 4.42 Motor vehicle and motor vehicle parts and fuel retailing
- 4.43 Supermarket, grocery stores and specialised food retailing
- 4.44 Furniture, electrical and hardware retailing
- 4.45 Recreational, clothing, footwear and personal accessory retailing
- 4.46 Department stores
- 4.47 Pharmaceutical & other store-based retailing
- 4.48 Non-store and commission-based retailing
- 4.49 Accommodation
- 4.50 Food and beverage services
- 4.51 Road transport
- 4.52 Rail, water, air and other transport
- 4.53 Postal and courier pick up and delivery services
- 4.54 Transport support services
- 4.55 Warehousing and storage services
- 4.56 Information media services
- 4.57 Telecommunications, Internet and library services
- 4.58 Banking and financing
- 4.59 Financial asset investing
- 4.60 Life insurance
- 4.61 Health and general insurance
- 4.62 Auxiliary finance and insurance services
- 4.63 Rental and hiring services (except real estate)
- 4.64 Non-financial asset leasing
- 4.65 Non-residential property operation
- 4.66 Real estate services
- 4.67 Scientific, architectural and engineering services
- 4.68 Legal and accounting services

- 4.69 Advertising, market research and management services
- 4.70 Veterinary and other professional services
- 4.71 Computer system design and related services
- 4.72 Travel agency and tour arrangement services
- 4.73 Employment and other administrative services
- 4.74 Building cleaning, pest control and other support services
- 4.75 Local government administration
- 4.76 Central government administration, defence and public safety
- 4.77 Preschool education
- 4.78 School education
- 4.79 Tertiary education
- 4.80 Adult, community and other education
- 4.81 Hospitals
- 4.82 Medical and other health care services
- 4.83 Residential care services and social assistance
- 4.84 Heritage and artistic activities
- 4.85 Sport and recreation activities
- 4.86 Gambling activities
- 4.87 Repair and maintenance
- 4.88 Personal care, funeral and other personal services
- 4.89 Civil, professional and other interest groups

### **Supplementary tables excluding general government**

These tables are selected supplementary industry tables that exclude general government activity.

- 5.01 Professional, scientific and technical services (excluding general government) ANZSIC06 division M (excluding general government)
- 5.02 Education and training (excluding general government) ANZSIC06 division P (excluding general government)
- 5.03 Health care and social assistance (excluding general government) ANZSIC06 division Q (excluding general government)
- 5.04 Arts and recreation services (excluding general government) ANZSIC06 division R (excluding general government)

### **Supplementary size band tables**

These tables provide information by sales band (excludes government).

1. 2014 Summary financial statistics by sales band – excludes government
2. 2014 Extended summary financial statistics by sales band – excludes government
3. 2014 AES population enterprise count by ANZSIC division and operating profit bands – excludes government
4. 2014 AES population enterprise count by ANZSIC division and total sales bands – excludes government
5. 2014 Sum of total sales by ANZSIC division and total sales bands – excludes government
6. 2014 AES population count of enterprises by rolling mean employee bands and total sales bands – excludes government
7. 2014 AES population count of enterprises by rolling mean employee bands and detailed total sales bands less than \$1 million – excludes government

8. 2013 AES population count of enterprises by rolling mean employee bands and total sales bands – excludes government
9. 2014 AES population count of enterprises by operating profit bands and total sales bands – excludes government
10. 2014 Sum of operating profit by ANZSIC division and total sales bands – excludes government
11. 2014 Sum of total assets by ANZSIC division and total sales bands – excludes government

## **Detailed industry data availability**

A finer level of detail is available on request, subject to confidentiality and quality constraints. Depending on the detail and type of analysis required, a number of options are available. We will advise on the most appropriate data to suit a user's needs. Contact our [Information Centre](#) to request more information.

## **Next release**

*Annual Enterprise Survey: 2015 financial year (provisional)* will be released in August 2016.