

Overview of Australian industries

17 January 2008

Inside:

Agriculture
Mining
Manufacturing
Utilities
Construction
Wholesale trade
Retail trade
Hospitality
Transport and storage
Communication services
Finance and insurance
Property and business services
Education
Health and community services
Cultural and recreational services
Personal and other services
Industry summary table
Data sources
Industry glossary
Contacts

Authors:**Julie Toth**

Senior Economist, Industry
+61 3 9273 6252
Julie.Toth@anz.com

Wain Yuen

Economist, Industry
+61 3 9273 6295
Wain.Yuen@anz.com

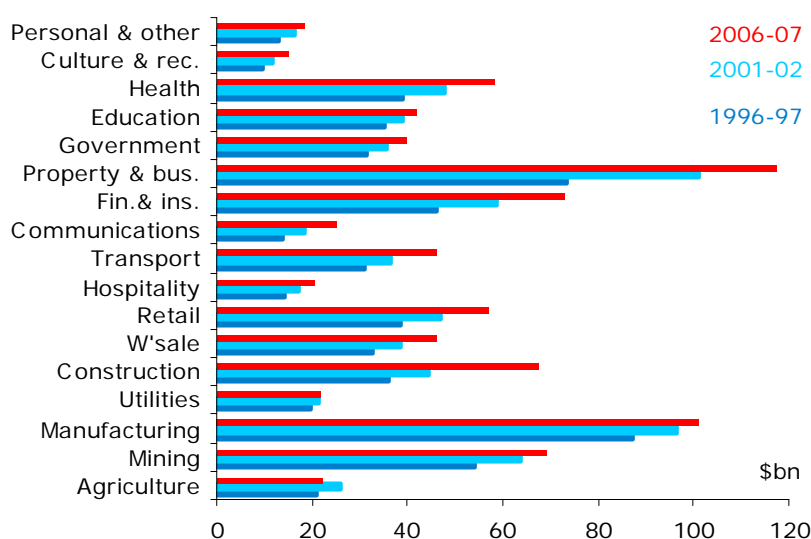
Our Vision:

For Economics@ANZ to be the most respected, sought-after and commercially valued source of economics research and information on Australia, New Zealand, the Pacific and Asia.

This report provides a brief overview of all Australian industries, focusing on recent growth trends in production, employment, wages and profits.

Key points

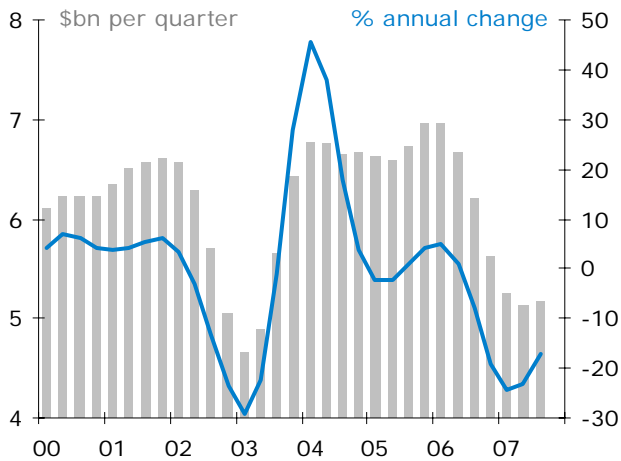
- 2.011 million businesses were operating in Australia in June 2007, up from 1.963 million a year earlier and 1.868 million four years earlier.
- Together, these businesses produced an estimated \$1,019 billion worth of goods and services (our GDP) in 2007, up 3.9% from 2006. This output was equivalent to \$48,468 per capita, up 2.4% from 2006.
- By output (value added), property and business services is currently Australia's single largest industry, followed by manufacturing.
- By employment (number of people employed), retail is currently the largest industry, followed by property and business services.
- The industries with the strongest growth in annual output in 2006-07 were generally mining-related. They included services to mining (up 10.1%), road transport (up 10.6%), construction (8.8%), metal product manufacturing (up 10.3%) and gas utilities (up 6.8%).
- At the other end of the scale, annual output from several industries was clearly drought-affected in 2006-07. They included agriculture (down 20.9%), wood and paper manufacturing (down 2.7%), water and sewerage services (down 5.5%) and pipeline transport (down 2%).
- Labour market issues are most evident in mining, which had the strongest employment and wages growth, plus record vacancies, in 2007. Other industries with high jobs growth in 2007 were transport, education, retail, property and business and culture and recreation.
- Business profits and profitability remain healthy, but have clearly passed their peak in the current growth cycle across many industries.

Real annual output,* all industries

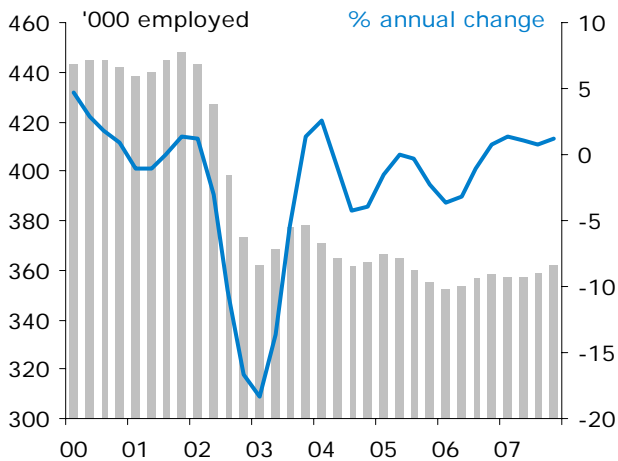
* Gross value added, chain volume measures, trend.
Source: ABS 5206.0, *National accounts*.

Agriculture

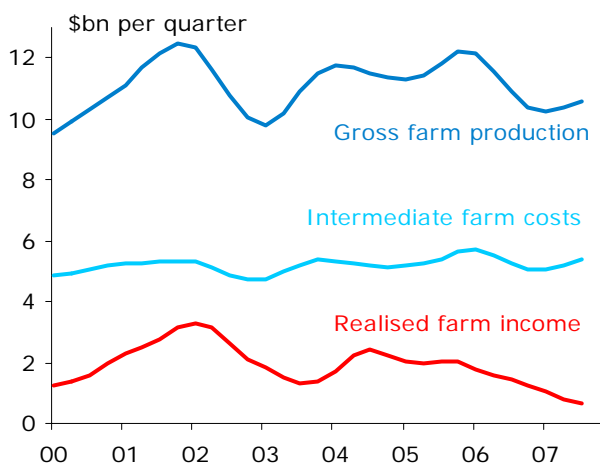
Real value added (trend)



Employment (trend)



Farm production, costs and income (trend)



There were 214,795 agriculture (including forestry and fishing) businesses operating in Australia in June 2007, up from 212,005 in June 2003. 65% of businesses operating in 2003 were still operating in 2007.

Production

Farm production declined by 22.9% in 2006-07 as drought continued to grip the country. At present, large swathes of the country remain declared for exceptional circumstances or interim assistance due to drought, including virtually all farming areas in New South Wales, Victoria, South Australia, Tasmania, South Queensland and Western Australia's wheat belt.

Agricultural value added fell to just 2% of GDP in 2006-07, down from around 3% a decade earlier. But even in this drought year, 11.6% of Australian export revenue came from rural goods, down from 13% the year before and 19% five years earlier.

By commodity, wheat has been one of the most affected by the drought, with production slashed from 25.4mt in 2005-06 to 9.8mt in 2006-07. For 2007-08, ABARE expects wheat production to be 12.7mt. Irrigated crops have also been hit hard with cotton lint production falling from 597kt in 2005-06 to 274kt in 2006-07. ABARE expects cotton production to fall even further, to 103kt in 2008.

Employment

Employment in agriculture dropped quickly during the drought of 2002-03, to be down by 18.3% by February 2003 relative to a year earlier. As drought conditions have persisted across the country in the past five years, agricultural employment has not really recovered. At the same time, job opportunities in other regional industries such as mining have lured people away from agriculture. In November 2007, 362,200 people worked in agriculture, 1.2% more than a year earlier but still 17.3% fewer than a decade earlier.

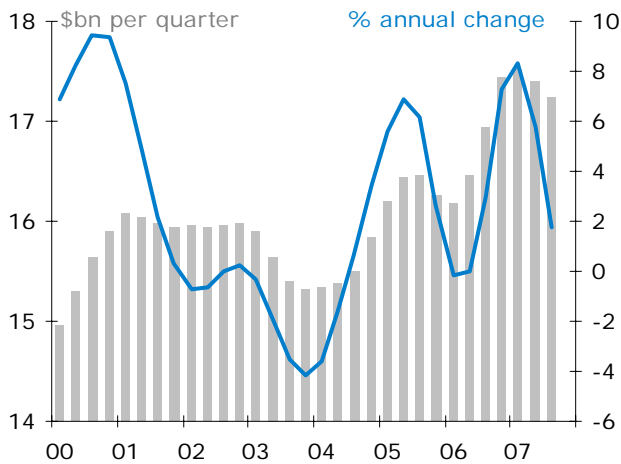
Profits

No matter how it is measured, farm income in 2007 fell to its lowest level in at least a decade. Quarterly aggregate agricultural income (total and realised) in June 2007 was the lowest since June 1998. Realised farm income fell even further in September 2007. It was down 56.7% from the year before and down 80.7% from its peak in March 2002 (trend). This massive drop is because even though farm production (and hence gross income) fell dramatically, farm input costs remained relatively fixed.

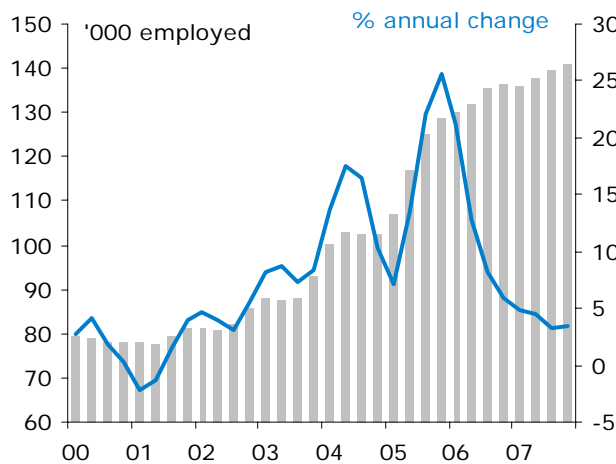
Agricultural production and incomes appear to have reached the trough of the current drought cycle. History indicates that farm incomes will take some time to recover through 2008 and beyond.

Mining

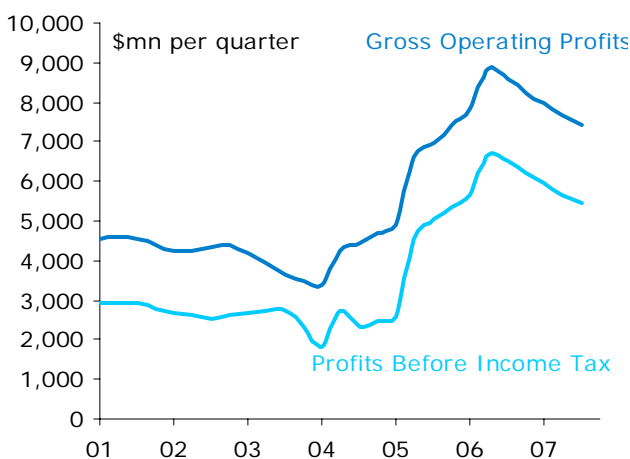
Real value added (trend)



Employment (trend)



Real company profits (1989-90 dollars, trend)



There were 7,205 mining businesses operating in Australia in June 2007, up from 6,134 in June 2003. 59% of mining businesses operating in 2003 were still operating in 2007.

Production

High global commodity prices have led miners around the world to increase output as fast as capacity allows. Australian mining output increased by 6.1% in 2006-07, plus another 1.7% in the September quarter of 2007 (trend annual growth). Much of this growth was in services to mining (mining transport, storage and infrastructure) rather than in mining *per se*, with 10.1% versus 5.7% annual growth in 2006-07. In trend terms, real mining output peaked in March 2007, before easing back in subsequent quarters. Mining volumes can be difficult to increase quickly, due to the limits of natural supply as well as labour and infrastructure constraints in what are often remote and/or challenging locations.

Mining comprised about 7% of GDP (by value added) in 2006-07 (down from 7.7% a decade earlier), but earned Australia 46% of its export revenue. This is up from 44.2% the year before and well up on its share of 35% five years earlier, due to the combined effects of the mining boom (pushing mining export values up) and the drought (pushing agricultural exports down).

Employment

141,000 people were employed directly in mining in November 2007, the highest number in over 25 years.

Job vacancies in mining (relative to the number of employees) are now running at the record high level of 36.7 vacancies per 1,000 employees. This is double the all-industry rate of 17.3 vacancies per 1,000 employed people in November 2007 and 32.4% higher than mining vacancies per 1,000 employees a year earlier.

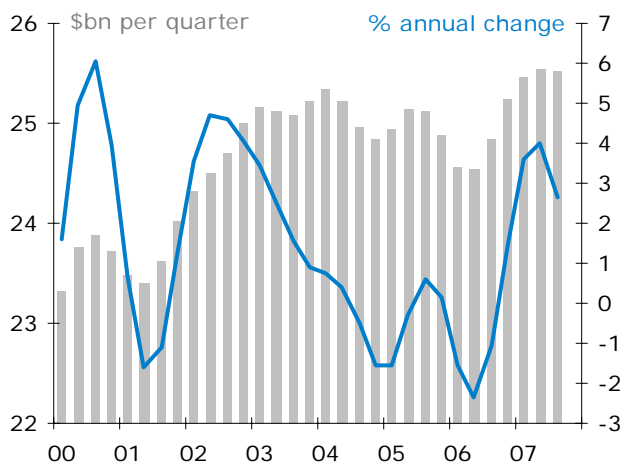
The strength of demand for labour in mining can also be seen in indicators of mining wage rates. Average weekly ordinary time earnings (AWOTE) are higher in mining than in any other industry (\$1,769.60 compared to \$1,105.10 average for all industries), and have been rising at a stronger rate since mid-2006. The Wage Price Index for mining has been rising at a faster rate than for all industries since March 2005. The Wage Price Index for mining was up 5.4% in the 12 months to September 2007, compared to 4.2% for all industries.

Profits

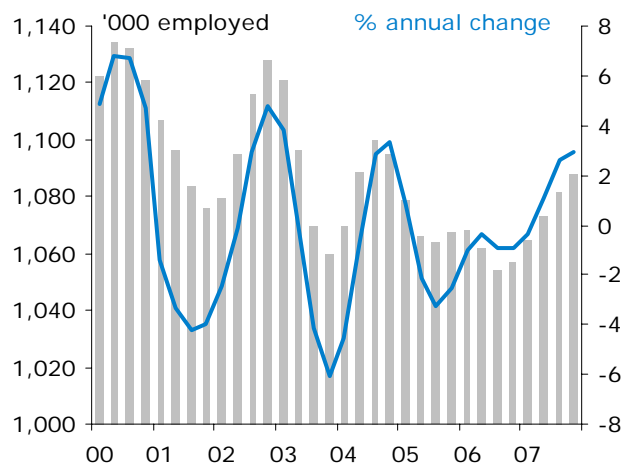
High commodity prices have made mining hugely profitable in recent years. The need to reinvest in new exploration and infrastructure, together with soaring costs (and especially labour costs) however, have helped push profits past their peak. Mining company aggregate operating profits peaked in June 2006 at \$13.675 bn per quarter and have since declined. Aggregate mining company profits were 11.9% lower in September 2007 than a year earlier (nominal, trend). Mining industry profit ratios also peaked in mid-2006 at 0.51, before declining to around 0.45 in mid-2007.

Manufacturing

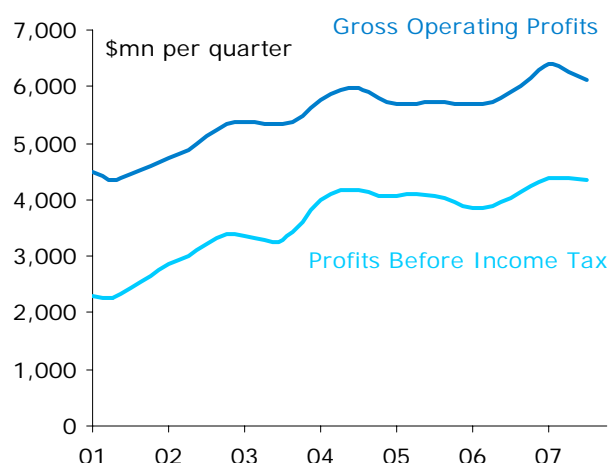
Real value added (trend)



Employment (trend)



Real company profits (1989-90 dollars, trend)



There were 106,565 manufacturing businesses operating in Australia in June 2007, down from 111,085 operating in June 2003. 61% of businesses operating in 2003 were still operating in 2007.

Manufacturing was Australia's single largest industry (by value added) until 2000, when it was overtaken by property and business services. It ceased being the single largest employer in 1992, when it was overtaken by retail trade. It remains the second-largest industry, by value added and the fourth largest by employment.

Production

Manufacturing produced 10% of Australia's GDP in 2006-07 (by value added), down from around 12% a decade earlier. This decline in output shares is mainly due to stronger growth in other industries, rather than to an actual decline in manufacturing output. Manufacturing value added grew 2% in 2006-07 to a record high, then stalled in September 2007 (-0.2%, trend). This was low growth, but growth all the same.

Manufactured goods earned 13.6% of export revenue in 2006-07, down from 14.4% a year earlier and 17.6% five years earlier. Again, this is due to the increased value of other exports, most notably mining resources.

Employment

Manufacturing employment increased through 2007, reaching 1.088 million in November 2007, 2.9% higher than a year earlier and its highest level since 2004. Manufacturing employment is however, in a long-term gentle decline, as the industry continues to rationalise. In November 2007, 10% of Australian employees were in manufacturing, down from 16% two decades ago.

There were 15.3 job vacancies per 1,000 employees in manufacturing in November 2007, lower than the all-industry rate of 17.3 vacancies per 1,000 employees, but 9.6% higher than manufacturing vacancies a year earlier. Manufacturing vacancies peaked at 16 per 1,000 employees in February 2007 and have since declined.

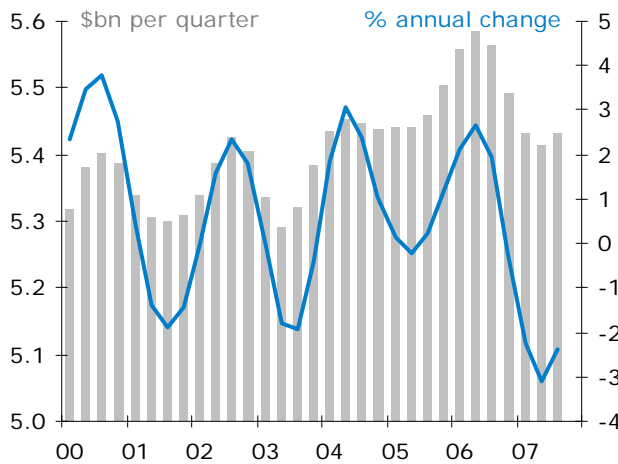
Average weekly earnings (AWOTE) in manufacturing remain slightly below the all-industry average, at \$1,024.30 (September 2007). Wage increases in manufacturing have generally been weaker than the all-industry average also, up 3.4% for the 12 months to September 2007, versus 4.9% for all industries. The Wage Price Index for manufacturing however, indicates that wages in manufacturing have been keeping up with movements in other industries in recent quarters.

Profits

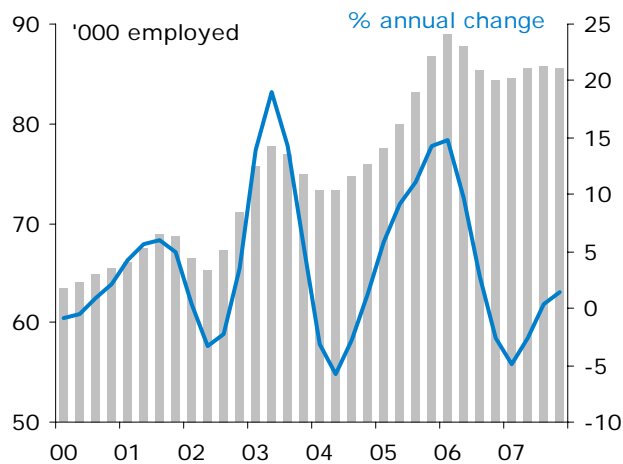
Aggregate manufacturing company gross operating profits peaked at \$9.9bn in the March quarter 2007, before declining in the June (-0.9%) and September quarters (-1.6%, nominal, trend). ABS surveys indicate manufacturing industry profit ratios have been fairly constant over the past 5 years, at 0.11, but estimated interest coverage declined from a high of 18 times in 2005 to 9.4 times in September 2007.

Utilities

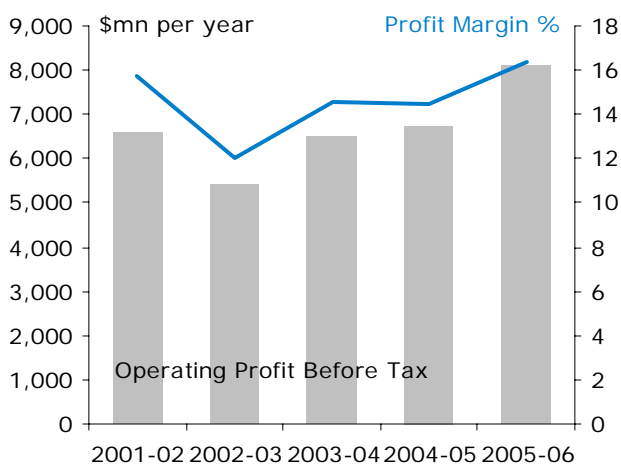
Real value added (trend)



Employment (trend)



Annual operating profits and profit margins



There were 1,968 utilities (electricity, gas and water supply) businesses operating in Australia in June 2007, up from 1,620 operating in June 2003. 55% of businesses operating in 2003 were still operating in 2007.

Production

The three industries that make up this sector, electricity, gas and water, are following very different growth trends at the moment. Gas is the standout growth area, with 6.8% growth in real output in 2006-07, plus another 5.4% growth in September 2007 (annual trend). In contrast, electricity grew just 0.6% in 2006-07, while the water industry contracted by 5.5%. By September 2007, electricity output was 0.7% lower than a year earlier, and water was 7.4% lower (real value added, trend), as widespread drought continued.

Employment

Employment in utilities has been slowly building since reaching a low of 64,000 in 1999. In November 2007, utilities employment was back to 85,600. This is below the recent peak of 89,000 in 2006 and a third less than the industry's employment levels of two decades ago. Employment in utilities now accounts for 0.8% of all employees, less than half its 2% share of 20 years ago. This reflects massive industry restructuring and greatly improved labour productivity over this period.

Job vacancies in utilities hit a recent peak of 13 per 1,000 employees in February 2007. They have since dropped to 11.7 per 1,000 employees (November 2007) — 40% higher than November 2006 but well below the all-industry average of 17.3 per 1,000 employed.

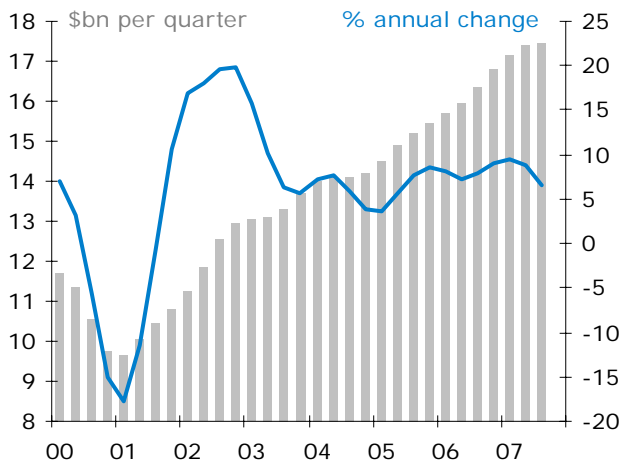
Average weekly earnings (AWOTE) in utilities rank third-highest, at \$1,313.80, behind the mining and finance industries. Wage rises have been weaker in utilities than the average rate for all industries in the last two quarters as measured by the AWOTE, but slightly stronger than average in the WPI. Taken together, this probably indicates an average wage increase at best.

Profits

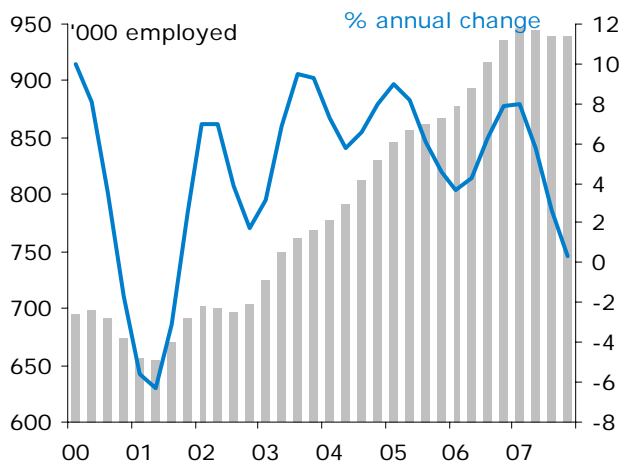
The most recent data on profits in the utilities industry date from 2005-06. 70.1% of utilities companies made a profit in 2005-06. They had an estimated profit margin of 16.4%, up from a recent low of 12% in 2002-03. The industry's estimated interest coverage has been relatively stable, at around 2.8 times. Industry profitability was adversely affected by drought in 2007, with water suppliers under serious pressure to maintain supply and enforce tighter restrictions. Higher water prices also drove up costs in the electricity sector, leading to tighter margins and higher retail prices for electricity in several states.

Construction

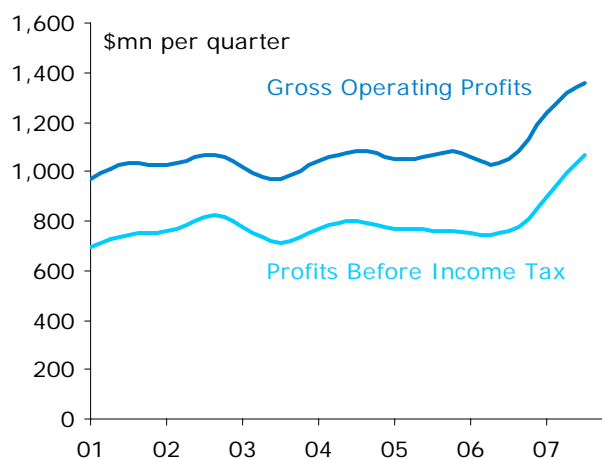
Real value added (trend)



Employment (trend)



Real company profits (1989-90 dollars, trend)



There were 322,404 construction businesses operating in Australia in June 2007, up from 289,509 operating in June 2003. 57% of businesses operating in 2003 were still operating in 2007.

Production

The real value of construction industry output grew by a very strong 8.8% in 2006-07. Most of this growth was concentrated in engineering construction and non-residential building, rather than residential activity. This reflects the relative strength of the business investment cycle, with business investment in non-residential buildings growing an estimated 17.8% in 2007. This cycle is now decelerating, but with ongoing strong demand from mining-related sectors, it clearly still has enough steam left to drive construction.

In contrast, residential construction is at a low point in its normal investment cycle. Nationally, a serious shortage of dwellings is now developing, as net supply continues to fall further behind underlying demand, pushing up rents and existing house prices.¹

Employment

Employment in the construction industry hit a record 947,300 in February 2007 and has since eased back under 940,000, to be just 0.3% higher than a year earlier (trend). Construction currently employs nearly 9% of all employees, up from 7% two decades ago.

Anecdotally, building-related labour and skill shortages are evident around the country, but since the industry relies heavily on self-employment and subcontracting, this is not wholly reflected in the vacancy rates. Job vacancies were running at 7.3 per 1,000 construction employees in November 2007, 4.2% higher than a year earlier, but well below the all-industry rate of 17.3.

Construction industry earnings (AWOTE) were slightly above the all-industry average, at \$1123.80 per week in September 2007. Construction industry AWOTE grew a whopping 12.5% in the 12 months to September 2007. The Wage Price Index for construction also indicated above-average growth, with a 4.8% increase.

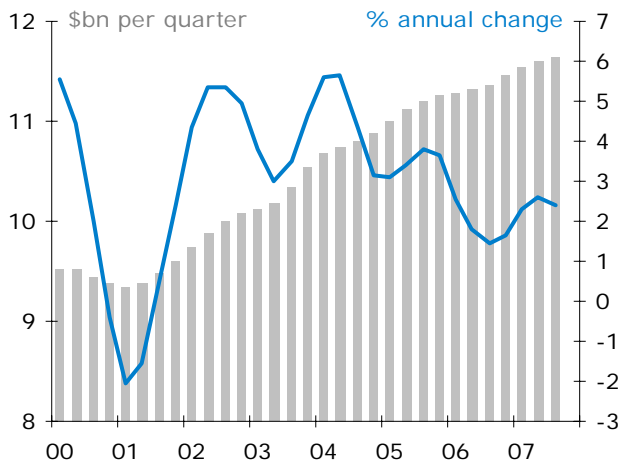
Profits

Growth in aggregate industry profits accelerated through 2006-07, reaching a record \$2.157 bn per quarter in September 2007, 32.3% higher than a year earlier. Even when adjusted for inflation, this means annual profits growth of a staggering 29.9% (trend). This appears to be primarily due to the big increase in construction activity. The industry's profit ratio has been relatively stable over the past 5 years, at 0.09. And despite recent interest rate rises, the industry's interest coverage rate is estimated to have improved through 2007, reaching 16.5 times in September 2007.

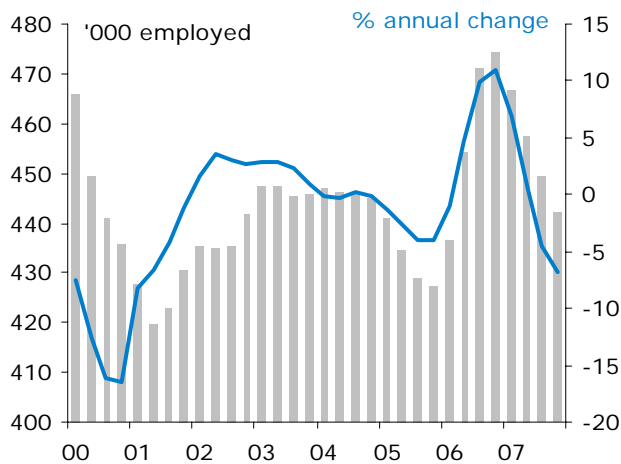
¹ See ANZ Australian Property Outlook, January 2008.

Wholesale trade

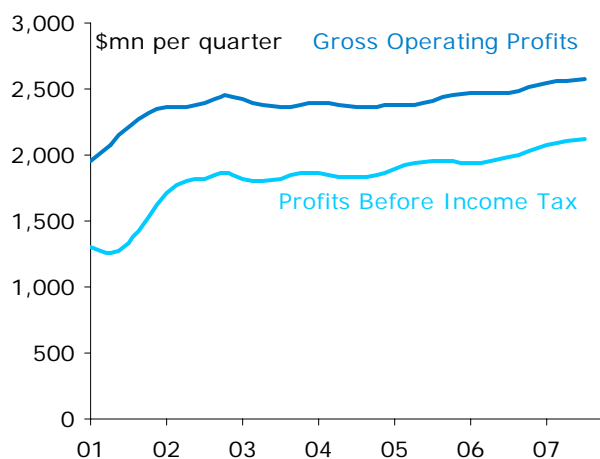
Real value added (trend)



Employment (trend)



Real company profits (1989-90 dollars, trend)



There were 85,398 wholesale trade businesses operating in Australia in June 2007, up from 79,742 operating in June 2003. 61% of businesses operating in 2003 were still operating in 2007.

Production

Wholesale production (gross value added) increased by 2% in 2006-07, the weakest result since 2000-01. Nevertheless, the industry still contributed \$47.8bn to the Australian economy, equivalent to 5% of Australian industry gross value added. By component, the industry is made up of basic material wholesaling (about 30%), machinery and equipment wholesaling (a quarter) and grocery, liquor and tobacco product wholesaling (15% in 2005-06).

As an intermediate industry, wholesale trade is reliant upon the performance of industries such as manufacturing and retail trade. As a result of supply-chain rationalisation in those industries, wholesale trade continues to post subdued outcomes.

Employment

In marked contrast to the retail trade industry (see below), employment in wholesale trade declined in every quarter of 2007, ending 6.8% lower than a year earlier by November 2007 (trend). This weakness in the industry's labour market follows a period of unusual growth in 2006.

Vacancies in wholesale trade have also been declining. They hit a recent peak of 25 per 1,000 employees in early 2006 before declining to 16.3 per 1,000 employees by November 2007, 19.5% fewer than a year earlier.

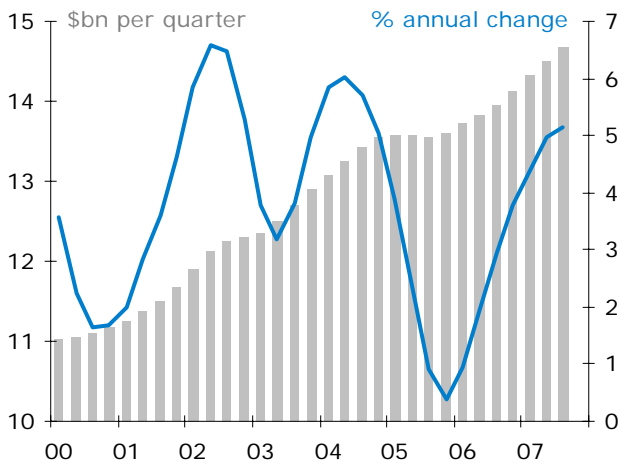
Wholesale trade employs fewer people but pays more, on average, than retail trade. Weekly earnings in wholesale trade averaged \$1,018.90 in September 2007, just below the average for all industries. Recent wage increases have been weaker in wholesale trade than in other industries, with only 2.2% growth in AWOTE in the year to September 2007. The Wage Price Index for wholesale trade showed a short growth spurt of 4.2% in Dec 2006 and March 2007 (in annual terms), before settling back to its normal pattern of below average growth. This wages growth spike coincided with a sudden increase in employment numbers (see above).

Profits

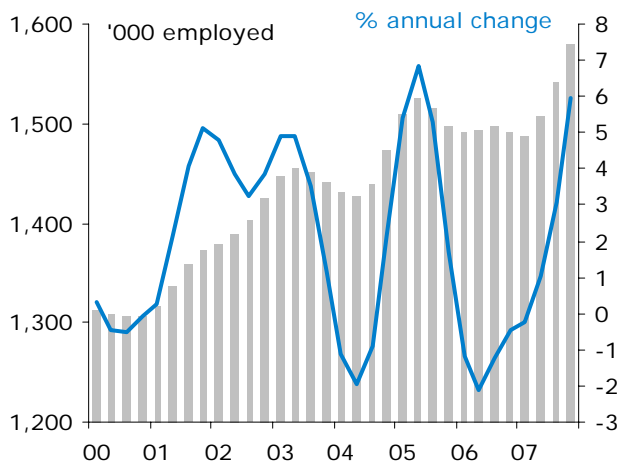
Aggregate industry operating profits in wholesale trade were estimated to have risen by 4.1% over the year to September 2007. Although an apparently modest result, this is in fact the strongest profits growth recorded in the industry since December 2002 (trend). Profit ratios for wholesale trade have stayed constant, at 0.06. Estimated interest coverage was around 17.5 times in September 2007, lower than 22.3 times a year earlier.

Retail trade

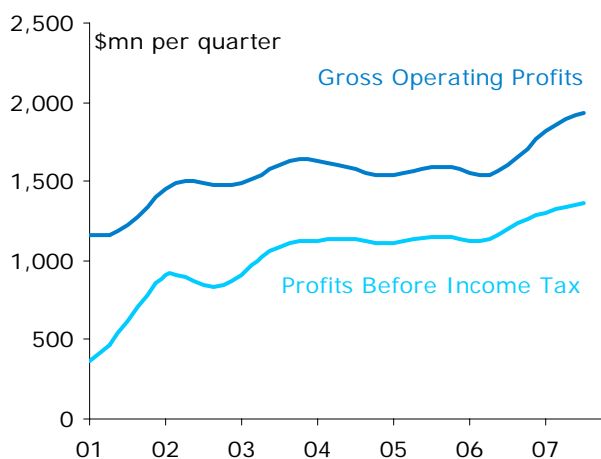
Real value added (trend)



Employment (trend)



Real company profits (1989-90 dollars, trend)



There were 219,308 retail trade businesses operating in Australia in June 2007, up from 211,284 operating in June 2003. 55% of businesses operating in 2003 were still operating in 2007.

Production

The retail industry has been booming recently with the nominal value of sales up by 8.1% over the year to November 2007, the strongest result since June 2004. Large retailers enjoyed a particularly buoyant lead up to Christmas with nominal sales up by 9.5% over the year (trend) the highest since April 1995. Sales by smaller retailers were 6% higher over the year.

Real value-added activity in retail trade grew 4% in 2006-07, plus another 1.2% in the September quarter of 2007. Growth in retail trade value added accelerated rapidly through 2006 and 2007, reaching 5.1% by September 2007 (annual growth, trend).

Employment

Consistent with the strength of retail sales and value added, employment in the industry surged by 6% in the year to November 2007, taking total employment to the record level of 1,579,900 people.

Vacancies in retail trade have reflected this employment growth. Vacancies per 1,000 employees building steadily through 2007, to reach 22.5 vacancies per 1,000 employees by November 2007, 21.4% higher than a year earlier and the highest rate in at least 10 years.

Average weekly earnings (AWOTE) in retail remain at the lower end of the all-industry range, at \$853.80 in September 2007. After a year of below-average growth however, AWOTE in retail shot up 8.2% in September 2007 (in annual growth terms). The Wage Price Index also indicates an acceleration in wages growth in retail through 2007. This coincides with a significant increase in retail employment (see above).

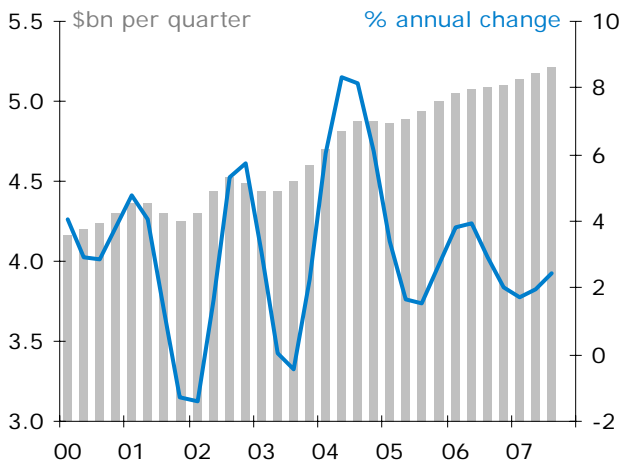
Profits

Growth in company gross operating profits for retailers accelerated through 2006-07. Aggregate profits were estimated to have risen by a massive 23.1% over the year to September 2007, making 2007 the strongest period of profits growth in over five years. This took aggregate company profits in the industry to a record \$3 bn per quarter (nominal, trend).

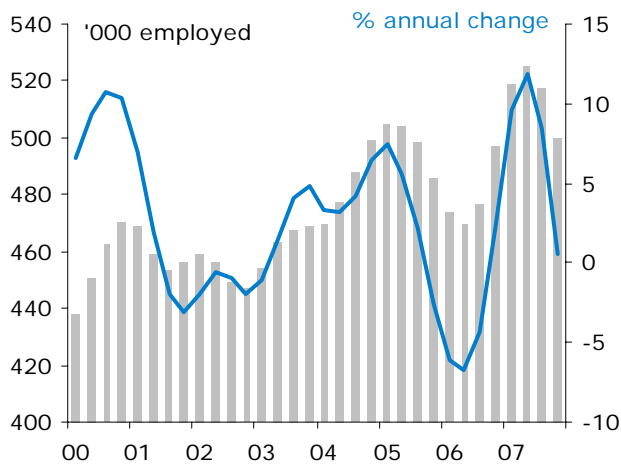
Profit margins appear to have fluctuated through 2006 and 2007, at between 0.04 and 0.07. Interest coverage remained relatively constant, at around 12.2 times.

Hospitality

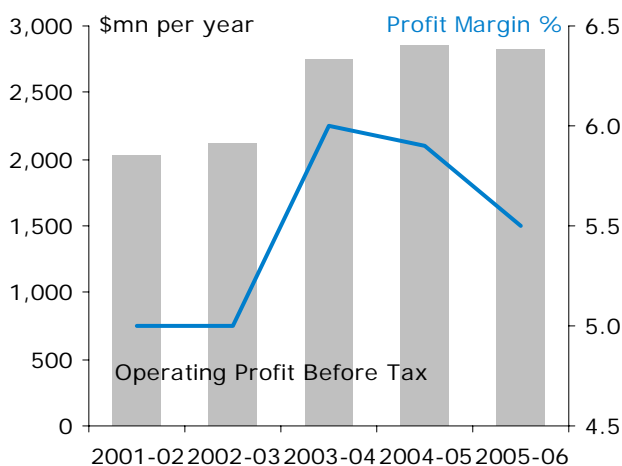
Real value added (trend)



Employment (trend)



Annual operating profits and profit margins



There were 56,678 hospitality businesses (accommodation, cafes and restaurants) registered in Australia in June 2007, up from 50,941 operating in June 2003. 51% of businesses operating in 2003 were still operating in 2007.

Production

Unlike many other industries, the hospitality sector (including all accommodation providers, cafes and restaurants) had a relatively flat year in 2006-07, with only 2% growth in real output, and only a small pick-up in September 2007 (up 2.5%, annual trend growth). Hospitality's share of GDP has remained fixed at 2% for at least the past two decades. Its activity levels are driven by tourist arrivals, local discretionary spending and business spending on accommodation and meals. For reasons that are not entirely clear, the great spending boom that is currently driving the retail sector has apparently not extended to cafes and restaurants.

Employment

Employment in hospitality fluctuates greatly, with high proportions of part time and casual workers. Just under 500,000 people were employed in November 2007, about the same as a year earlier, but 4.7% down on the record set in May 2007 of 525,000 (trend).

High casual employment means vacancies per 1,000 employees tend to be higher in hospitality than in other industries. Vacancies per 1,000 hospitality workers dropped off through the middle of 2007 as trend employment wound back, but then grew to a new peak of 25.4 per 1,000 employees in November 2007, 4.4% higher than a year earlier and the highest rate since November 2000.

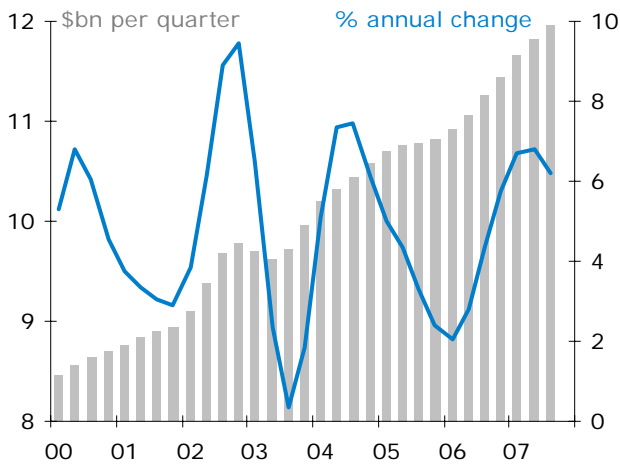
Hospitality is traditionally a low-wage industry. It had the lowest AWOTE of any industry in September 2007, at \$825.00 per week (although in past quarters, retail has often had a marginally lower AWOTE than hospitality). Although it is low, hospitality AWOTE has risen strongly over the past two years, with double-digit growth in three of the last four quarters and above-average growth in every quarter since March 2006 (in annual growth terms). The Wage Price Index for hospitality is however, growing at a weaker rate than the all-industry average, indicating that increases may be concentrated in full-time positions rather than across the full gamut of full-time, part-time and casual jobs.

Profits

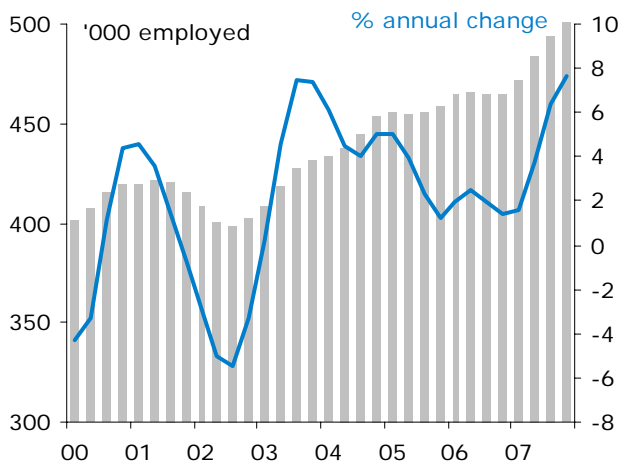
The latest available data for hospitality profitability date from 2005-06. 61% of hospitality businesses made a profit in 2005-06, with an estimated profit margin of 5.5% and interest coverage of 3.8 times. Aggregate industry profits showed no growth between 2003-04 and 2005-06. With low growth in activity in 2007, it is likely industry profits were stable through 2007 also. For cafes and restaurants, rising food prices (and in many locations, labour shortages) are likely to have increased operating costs and cut into margins.

Transport and storage

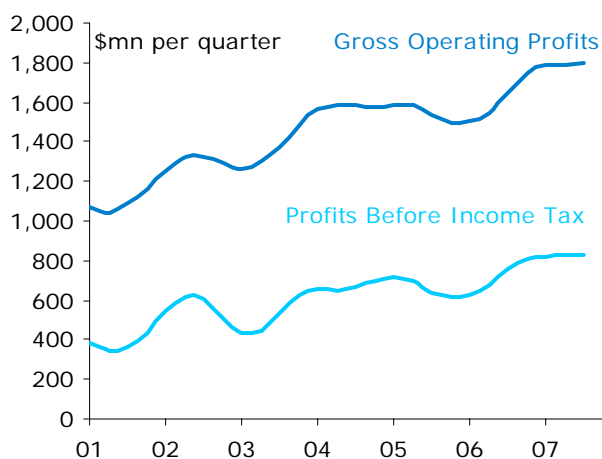
Real value added (trend)



Employment (trend)



Real company profits (1989-90 dollars, trend)



There were 117,323 transport and storage businesses operating in Australia in June 2007, up from 110,813 operating in June 2003. 57% of businesses operating in 2003 were still operating in 2007.

Production

Rising fuel prices appear to be affecting transport prices (including freight rates and passenger fuel surcharges) but not actual activity levels. The real value of transport and storage activity (including freight and passenger transport) grew 5.9% in 2006-07, plus another 6.2% in September 2007 (annual growth, trend). Growth was strong in road (up 10.6% in 2006-07) and air transport (up 8.3%) but activity contracted in rail transport (down 2%). Storage services grew a respectable 3.7% in 2006-07. As an intermediate service provider, transport tends to do well when the whole economy is doing well. Its current growth is driven by the ongoing strength of sectors that rely heavily on the transport of physical goods, particularly mining, retail and construction.

Employment

Employment in transport and storage hit a record 500,000 in November 2007, up 7.7% from a year earlier (trend). Transport employment has been slowly growing since the early 1990s. With bigger employment gains elsewhere however, transport's share of total employment has fallen in the long-term, from 5.2% of all employment two decades ago, to 4.7% today.

Vacancies in the transport industry increased through 2007 to 9.8 per 1,000 employees in November 2007, 16.7% higher than a year earlier but still low relative to the all-industry average (17.3 per 1,000 employees).

Average weekly earnings in transport generally sit below the all-industry average. Transport industry AWOTE was \$1,045.20 in September 2007. It has been growing weakly for some time — managing only 0.3% in the 12 months to September 2007 and no significant increase since March 2005 (in annual growth terms). The Wage Price Index shows transport wages growing at around the same rate as the all-industry average through 2007.

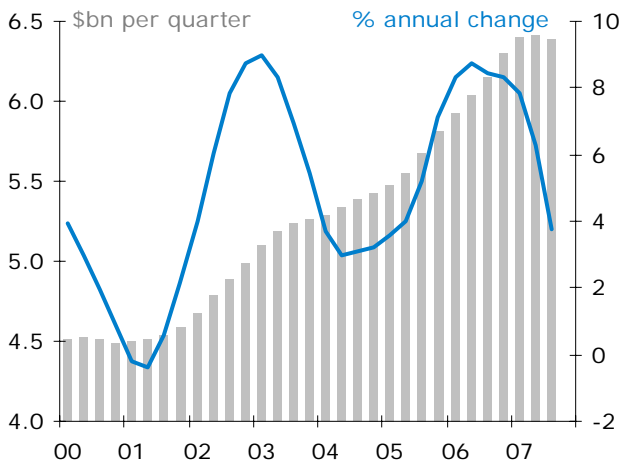
Profits

Despite rising fuel prices pushing up transport industry costs significantly, company profits in the transport industry held up well in 2007, albeit without the stellar growth seen in some other industries (most notably, construction). Real company profits rose a hefty 16.5% in 2006, with a further 9% in the year to September 2007 (annual trend growth). Industry profit margins are estimated to have remained relatively stable, at around 0.16, and estimated interest coverage has risen, from around 3.6 times in 2006 to 4.1 times in late 2007.

79% of transport and storage businesses made a profit in 2005-06.

Communication services

Real value added (trend)

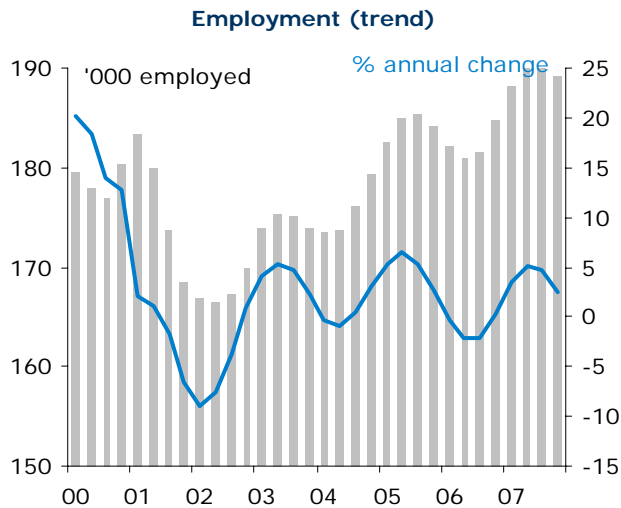


There were 23,998 communications services businesses operating in Australia in June 2007, up from 23,580 operating in June 2003. 45% of businesses operating in 2003 were still operating in 2007.

Production

Communication services grew a very healthy 7.7% in 2006-07, but contracted by 0.3% in September 2007. This was the first quarter of negative growth in this industry since 2000 (trend). This industry has tended to grow in spurts, following the introduction of popular new technologies or services. The September contraction follows quite a strong growth spurt in 2006. Communication services has more than doubled its share of economic activity in the past two decades, growing from 1.1% of GDP in 1987 to 2.5% in 2007.

Employment



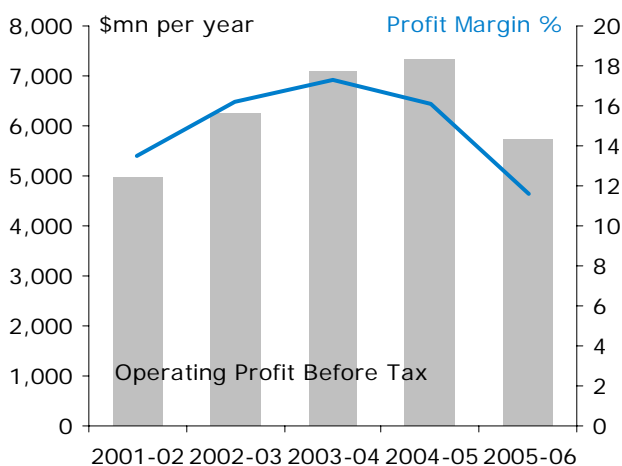
Employment in communication services tends to wax and wane with new technologies and consumer trends. The long-term pattern however, is towards a steady increase. Employment in communication services tracked output almost exactly through 2007, with growth to the record level of 190,000 by mid-2007, followed by some easing in August and November (flat then down 0.4%, trend).

Although communication services increased its share of GDP over the last two decades, it decreased its share of total employment, from 2.5% in 1987 to 1.8% in 2007. This reflects improvements in labour productivity and industry restructuring, as a result of rapid innovation and widespread uptake of new technologies.

Reflecting this recent growth spurt, vacancies in communication services grew steadily through 2007, reaching a recent peak of 15.8 per 1,000 employees in November 2007. This was more than double the level of a year earlier and well above the trough of just 2.2 vacancies per 1,000 employees in November 2005.

Average weekly earnings (AWOTE) grew to \$1,164.20 in September 2007. AWOTE growth in this industry decelerated through 2007, recording only a weak 2.3% growth in the 12 months to September 2007. The Wage Price Index also indicates below-average wages growth in this industry in 2007.

Annual operating profits and profit margins

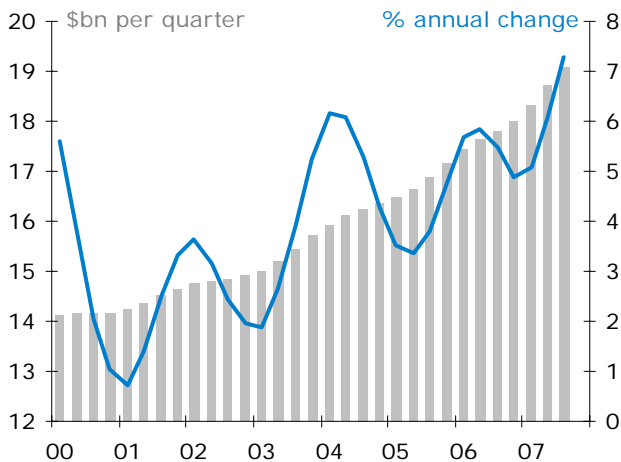


Profits

The latest available data for communications industry profitability date from 2005-06. 75.5% of communication services businesses made a profit in 2005-06, with an average profit margin of 11.6% and interest coverage of 8.5 times. Aggregate operating profits for this industry declined in 2005-06. Given the growth spurt in activity, employment and wages, it is likely that profits (and profitability) picked up again in 2006-07, but have since decelerated or declined, in line with industry activity levels.

Finance and insurance

Real value added (trend)



There were 136,587 finance and insurance businesses operating in Australia in June 2007, up from 123,058 operating in June 2003. 56% of businesses operating in 2003 were still operating in 2007.

Production

Finance and insurance activity has grown steadily through the current 'long boom'. The industry grew 5.4% in 2006-07, plus another 2.1% in the September quarter of 2007. Industry growth accelerated through 2007, reaching 7.3% in September (annual growth, trend). As a share of GDP, the industry has grown from 6.5% in 1987 to 7.5% in 2007, overtaking mining as our third largest industry sector, behind property and business services and manufacturing.

Employment

Employment in finance and insurance grew strongly in 2006-07 to a record 402,000 in May 2007 (6.9% higher than a year earlier). Employment numbers have since stabilised at around this high level (contracting 0.3% in each of August and November, trend).

Despite steady long-term growth in employment numbers, the share of total employment devoted to finance and insurance has fallen over the past two decades, from 4.5% in 1987 to 3.8% in 2007, as employment in other industries has grown more rapidly.

Vacancies in finance and insurance ran at very high levels throughout 2007, at 8,300 to 9,400 vacancies in each quarter, equal to 20.7 to 23.5 vacancies per 1,000 employees. Finance vacancies per 1,000 employees in November 2007 were 20.7% higher than a year earlier.

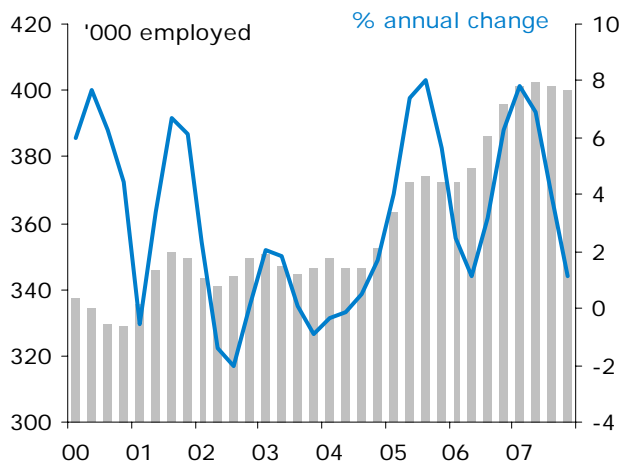
Average weekly earnings (AWOTE) in this large industry is second only to the mining sector, at \$1,389.50 in September 2007. Annual average increases in finance sector AWOTE sat almost exactly on the all-industry average through 2007. The Wage Price Index however, tracked at a marginally higher growth rate than the all-industry average, after falling below it in 2006.

Profits

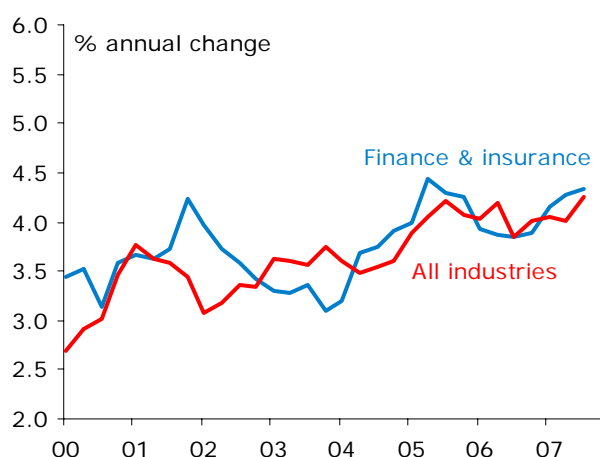
Unlike other industries, little industry-level data are available that indicate aggregate profits or profitability in the finance and insurance industry. The 2006-07 reporting year saw record profits being announced by many major Australian financial institutions. Towards the end of 2007 however, increasing financial market volatility, emanating from the US housing mortgage market, began to increase financial risk and therefore increase the cost of credit globally. This has increased costs significantly and is likely to have reduced average rates of profitability in the finance industry worldwide.

In the insurance industry, anecdotal evidence points to increased claims arising from 'natural disasters' in recent years, which has affected the bottom line for insurers worldwide. In Australia, health insurance firms are seeking to increase premiums again in 2008 (by up to 4.5%) due to a significant increase in their costs.

Employment (trend)

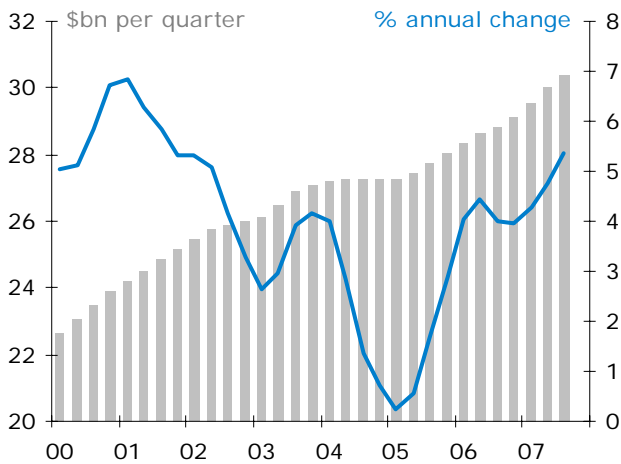


Wage Price Index (original)

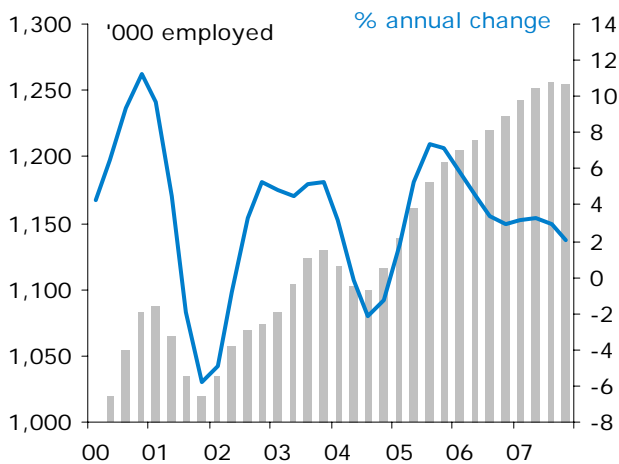


Property and business services

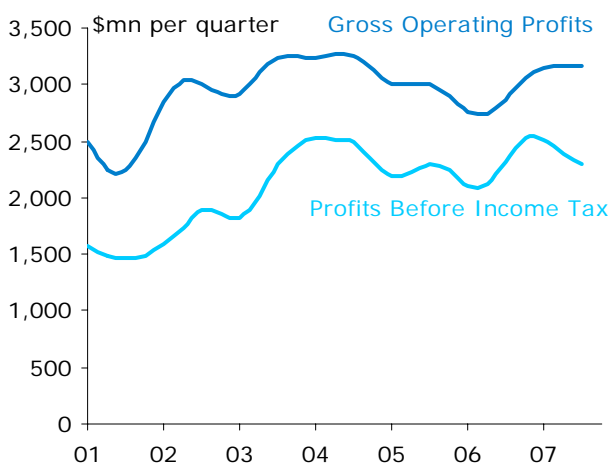
Real value added (trend)



Employment (trend)



Real company profits (1989-90 dollars, trend)



There were 507,508 property and business services businesses operating in Australia in June 2007, up from 451,927 operating in June 2003. 59% of businesses operating in 2003 were still operating in 2007.

Production

Australia's biggest industry got even bigger in 2007. Property and business services activity grew 4.3% in 2006-07, plus another 1.3% in September 2007 (real value added, trend). The industry's growth rate accelerated through 2007, in annual growth terms.

This industry is now worth 12% of GDP, up from 9.4% two decades ago. It overtook manufacturing as Australia's largest industry (by output) in late 2000. This is, to some extent, an accounting quirk, since so many diverse activities and occupations are included in this industry category. Its phenomenal growth does however, indicate the extent to which the services sector now dominate the Australian economy.

Employment

Employment in this giant industry category reached a new record of 1,257,000 people in August 2007, 3% higher than a year earlier. Industry employment then remained stable in November (trend).

Job vacancies in property and business services peaked at 45,200 in August 2007, equivalent to 35.9 vacancies per 1,000 employees. They fell only slightly in November 2007 (to 32.7 vacancies per 1,000 employees), to be up 12.8% over the year.

This industry includes a diverse range of occupations and skill levels — probably more so than most other industry sectors. Even so, it generally delivers above-average wages, with AWOTE sitting at \$1188.30 in September 2007. 2007 data indicate accelerating wages growth, building up to 6.3% in the year to September 2007. The wage price index indicates wages growth in this industry has been stronger than the all-industry average in most quarters of 2006 and 2007.

Profits

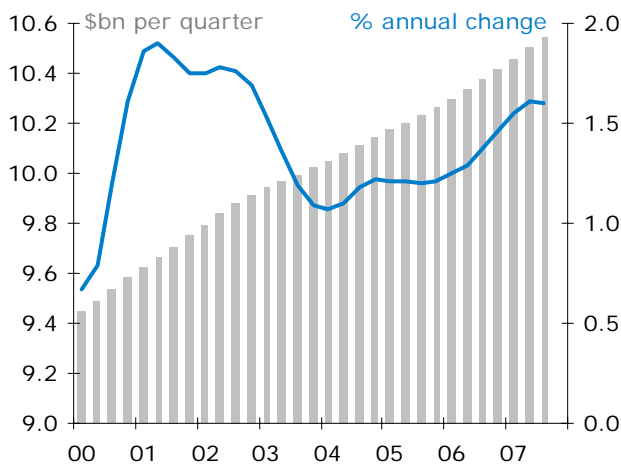
After a period of sporadic decline through 2004 and 2005, real aggregate industry profits grew strongly through 2006-07, rising to a new peak of \$5 bn per quarter in September 2007. This is a new profits record in nominal terms, but in real terms, it is just shy of the 2003-04 peak (CPI-discounted, trend). It seems that profit growth (and employment growth) has, for the time being, stalled, albeit at a relatively high level.

The industry's profit ratio is estimated to have averaged 0.17 in 2006-07, with interest coverage growing from 2.0 in September 2006 to 14.9 times one year later.

69.1% of property and business service businesses made a profit in 2005-06, with an average profit margin of 23.2% and interest coverage of only 2.8 times.

Education

Real value added (trend)



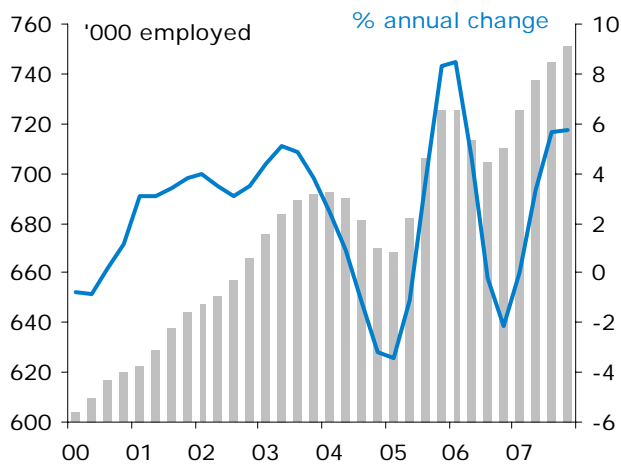
There were 16,265 education businesses operating in Australia in June 2007, up from 15,172 operating in June 2003. 49% of businesses operating in 2003 were still operating in 2007. The majority of schools, and almost all TAFE colleges and universities, are owned and operated directly by the public sector.

Production

Real output by the education industry (public and private) has increased very slowly and steadily over the past decade, at 1-2% per year. Growth in 2006-07 was unexceptional, at 1.5% (annual growth, trend). Growth in this industry is largely driven by demographics, government budgets and, at the tertiary (post-school) education level, the international student market.

Improvements in school retention rates, completion rates, higher education enrolment numbers and average qualification levels in Australia are all testimony to the rising 'output' of the education industry.

Employment (trend)

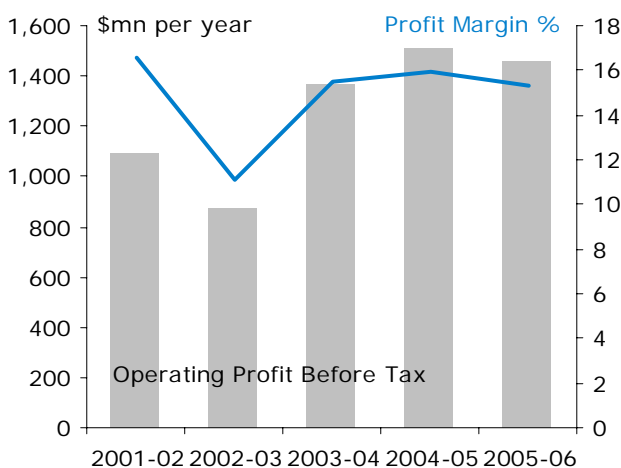


Employment

Employment in education declined in 2006 but quickly recovered through 2007, reaching a new record high of 750,800 in November 2007, 5.8% higher than a year earlier (trend). The share of total employment devoted to the education sector has increased over the last two decades, from 6.8% of all employees in 1987 to 7.1% in 2007.

Education vacancies grew steadily through 2007, reaching 5,200 by November 2007, equivalent to 6.9 vacancies per 1,000 employees. This was 26% higher than a year earlier but well below the all-industry rate of 17.3 vacancies per 1,000 employed people.

Annual operating profits and profit margins (private for-profit education businesses only)



Labour shortages are undoubtedly the most serious impediment to growth facing this industry (although this is not fully evident in the advertised vacancy statistics). Anecdotally, there are severe shortages of teachers and other skilled education staff across Australia. Western Australia for example, is reportedly starting the 2008 school year with 600 unfilled teacher vacancies in government schools.

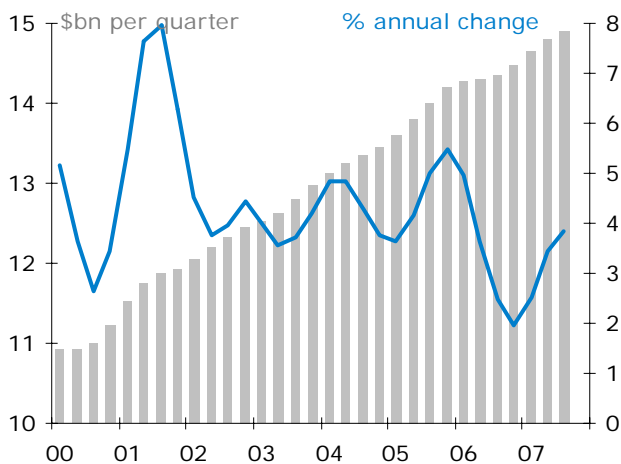
Average weekly earnings (AWOTE) in education are higher than in most other industries, at \$1,200.60 in September 2007. Growth in education-industry AWOTE decelerated through 2007 and is now running below the all-industry average growth rate. The Wage Price Index for education however, is tracking at or slightly above the all-industry growth rate (in annual average terms).

Profits

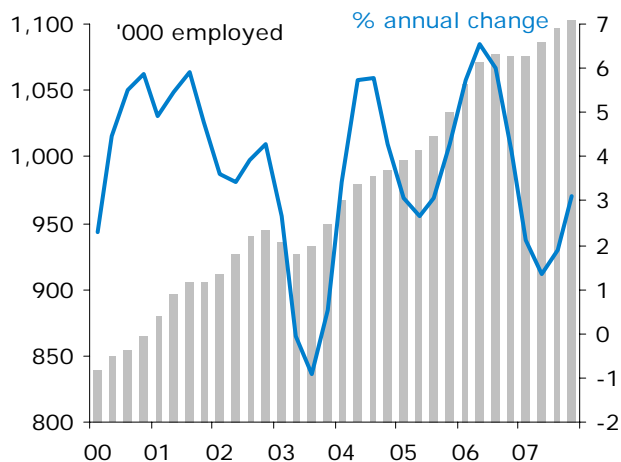
The latest available data for education industry profitability dates from 2005-06. 73.7% of private, for-profit education businesses made a profit in 2005-06, with an average profit margin of 15.3% and interest coverage of 3.9 times. With output and employment both growing slowly but steadily through 2006-07, it is likely that profits in private sector education businesses were at least stable, if not actually increasing.

Health and community services

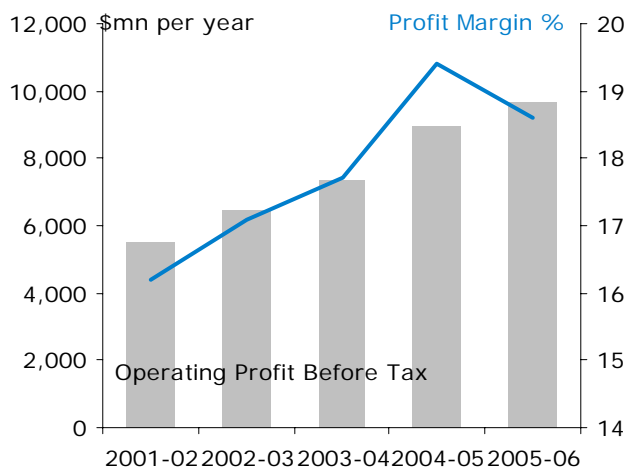
Real value added (trend)



Employment (trend)



Annual operating profits and profit margins (private for-profit health & community businesses only)



There were 92,318 health and community services businesses operating in Australia in June 2007, up from 82,763 operating in June 2003. 70% of businesses operating in 2003 were still operating in 2007. Health and community services are dominated by the public sector, with governments paying (directly or indirectly) for two-thirds of Australia's national health expenditure.

Production

Growth in output from the health and community services sector was relatively modest in 2006-07, at 2.6%. Growth accelerated though 2007 however, reaching 3.9% in September (annual growth, trend). Growth rates through 2006 and 2007 were slower than in the previous five years. This was mainly due to federal government measures aimed at reigning in the rapidly accelerating growth in public sector health expenditure, particularly relating to pharmaceuticals (paid through the Pharmaceuticals Benefits Scheme) and medical consultations (paid through Medicare). Health sector output is currently equivalent to 5.8% of GDP, up slightly from 5.1% two decades ago.

Employment

Health and community services have had strong employment growth over the past decade, from around 800,000 people in 1997 to 1,100,000 people in 2007. This industry is now the third largest employer, and one of only four sectors with over one million employees. After a flat period in 2006, employment growth in the health sector accelerated in each quarter of 2007.

Reflecting this employment growth, job vacancies in the health sector reached a record high of 15,500 in February 2007 (14.4 per 1,000 employees) and have not dropped much since. November 2007 saw 15,200 vacancies, equivalent to 13.7 per 1,000 employees.

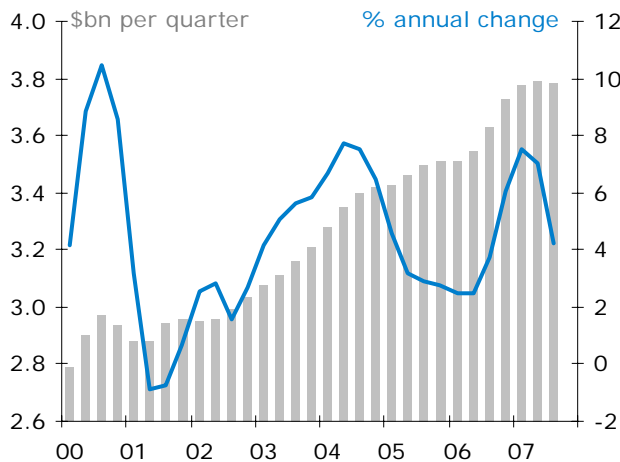
Average weekly earnings (AWOTE) for health and community services is slightly below the all-industry average, at \$1,073.70 in September 2007. After little growth in 2006, AWOTE for the health industry had a growth spurt in early 2007 (rising 5% in annual terms) and has now settled back under the all-industry AWOTE growth rate. Growth in the Wage Price Index for the health industry also peaked at 5% in early 2007, but is still tracking above the all-industry WPI growth rate, with 4.4% growth in September 2007 (in annual terms). This wages growth is increasing costs across the health system, with flow-on effects to the insurance industry.

Profits

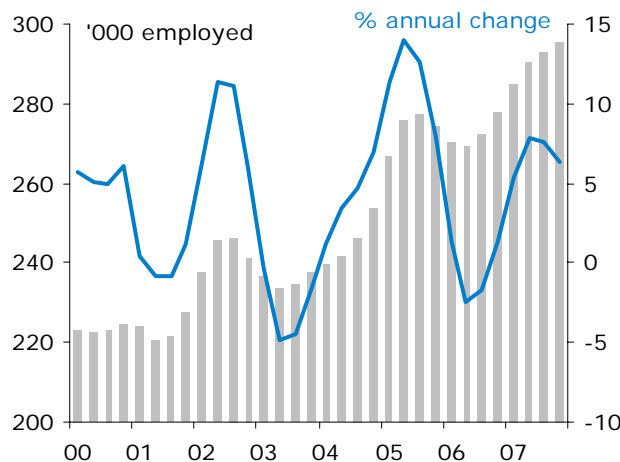
The latest available data for health industry profitability dates from 2005-06. 80.1% of private, for-profit health and community services businesses made a profit in 2005-06. They had an average profit margin of 18.6% and interest coverage of 10.4 times. Aggregate operating profits for these businesses increased in each year since 2001-02. With health industry output and employment increasing in 2007, it is likely that private sector health profits improved in 2006-07 also.

Cultural and recreational services

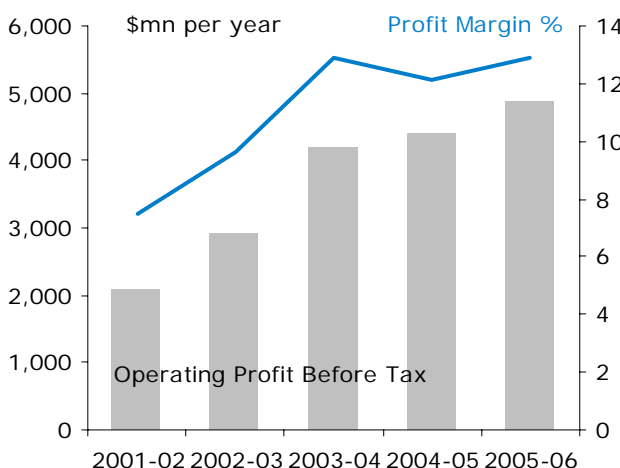
Real value added (trend)



Employment (trend)



Annual operating profits and profit margins



There were 46,808 cultural and recreational services businesses operating in Australia in June 2007, down from 47,809 operating in June 2003. 52% of businesses operating in 2003 were still operating in 2007.

Production

The real value of annual output by cultural and recreational services grew 6.1% in 2006-07. Growth decelerated through 2007 however, with a small contraction in output in September (-0.2%, trend), the first such contraction since 2002. Even so, the industry's value added output in September 2007 was still 4.2% higher than a year earlier. Indeed, the industry has not had a quarter of negative growth, in annual growth terms, since 2001.

Growing employment and wages in recent years have seen unprecedented growth in household discretionary spending, much of which has flowed to this industry. As a result, cultural and recreational output has almost exactly kept pace with national GDP growth, with a relatively constant share of around 1.5%.

Employment

Employment in cultural and recreational services waxes and wanes with the fortunes of the general economy and more particularly, with the fortunes of households. 2007 was a very good year, with employment growth of 6.3% in the year to November 2007 (trend). Cultural and recreational services employed just under 300,000 people in November 2007, more than double the number of two decades ago (138,000 in 1987). The industry now employs 2.8% of all employees, up from 1.9% two decades ago.

Cultural and recreational job vacancies reached a recent high of 5,100 in November 2007, equivalent to 17.3 per 1,000 employees, 4.3% higher than a year earlier.

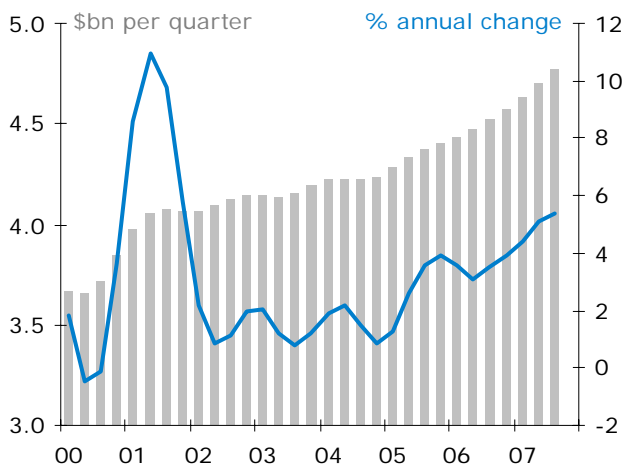
Average weekly earnings (AWOTE) in this industry tend to sit around the middle of the pack, at \$1,116.80 in September 2007. Growth in AWOTE for cultural and recreational services accelerated sharply through 2006 and 2007, with a patch of negative growth in mid 2006 (coinciding with a temporary fall in employment numbers) now more than compensated by a sharp rise in 2007, which took industry AWOTE 11.8% higher by September 2007 (in annual growth terms). Growth in the Wage Price Index for this industry also showed signs of accelerating through 2007 and is now running a touch stronger than the all-industry WPI.

Profits

The latest available data on this industry's profitability date from 2005-06. 69.7% of businesses in this industry made a profit in 2005-06. They had an average profit margin of 12.9% and interest coverage of 7.6 times. Healthy growth in industry output in late 2006 flattened out in 2007, even though employment continued to increase. With no growth in output and rising costs, aggregate profits are unlikely to have grown as much in 2006-07 as they had a year earlier.

Personal and other services

Real value added (trend)



There were 56,642 personal and other businesses operating in Australia in June 2007, up from 51,527 operating in June 2003. 50% of businesses operating in 2003 were still operating in 2007.

Production

Output from the 'personal and other services' industry category grew by 4.2% in 2006-07, plus another 1.4% in the September quarter of 2007. Growth in output by this industry has been accelerating since early 2006, and was running at 5.4% by September 2007 (in annual growth terms), the highest annual growth rate since 2001 (trend). The industry has maintained a fairly constant share of national output, at 1.9% of GDP.

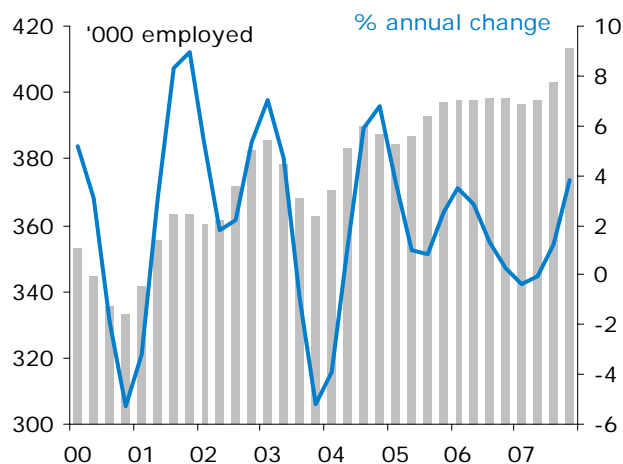
Employment

Employment in this small but diverse industry category increased in late 2007, after remaining flat for nearly two years. As of November 2007, 413,200 people were employed in this industry, 3.8% higher than a year earlier (trend).

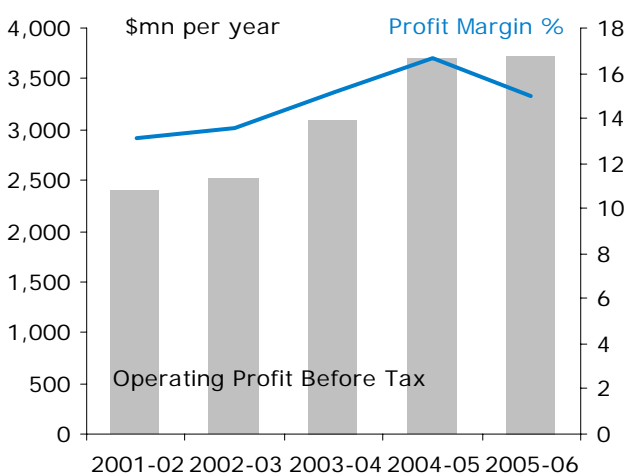
With such a diverse range of occupations and businesses in this industry category, job vacancies tend to be volatile. The number of vacancies peaked at 6,900 in February 2006 and have since bounced between 5,000 and 6,000. In November 2007 there were 5,500 vacancies in this industry sector, equivalent to 13.3 vacancies per 1,000 employees, 13.1% lower than a year earlier and lower than the all-industry average.

Average weekly earnings (AWOTE) in personal services are at the lower end of the range, at \$1,052.00 in September 2007. Growth in industry AWOTE was below the all-industry average throughout 2006 and 2007, to be up 3.5% in September 2007 from a year earlier. The Wage Price Index for this industry also indicates average or below-average wages growth in this industry over the past two years (annual average growth).

Employment (trend)



Annual operating profits and profit margins



Profits

The latest available data for this industry's profitability date from 2005-06. 72.4% of businesses in this industry category made a profit in 2005-06. They had an average profit margin of 15% and interest coverage of 4.4 times.

There was virtually no change in aggregate profits for this industry between 2004-05 and 2005-06, despite healthy growth in value added output over that year. A similar story may have eventuated in 2006-07, but the employment spike that commenced in late 2007 indicates that a different profit outlook is likely for 2008.

Industry summary table

Industry	Businesses, June 2007 (no.)	Business survival rate, 2003 to 2007 (%) ^a	Gross value added, 2006-07 (trend) (\$mn)	Real GVA growth, 2006-07 (trend) (%)	Employees, Nov 2007 (‘000 people)	Company GOP, 2006-07 (trend) (\$mn)	Company GOP real growth Sept 2006-Sept 2007 (%)	Profit margin 2005- 06 (%)
Agriculture	214,795	64.8	22,215	-18.7	362.2	4,566 ^b	-56.7 ^b	5.4
Mining	7,205	59.0	69,309	6.1	141.0	50,697	-13.5	34.9
Manufacturing	106,565	60.9	101,074	2.0	1,088.0	38,564	3.2	7.8
Utilities	1,968	54.9	21,902	-0.9	85.6	na	na	16.4
Construction	322,404	56.7	67,750	8.8	939.2	7,377	29.9	9.9
Wholesale trade	85,398	60.8	45,972	2.0	442.1	15,767	4.1	4.3
Retail trade	219,308	55.3	56,911	4.0	1,579.9	10,957	20.9	4.1
Hospitality	56,678	51.2	20,511	2.2	499.9	na	na	5.5
Transport & storage	117,323	56.8	46,179	5.9	501.0	10,884	9.0	7.4
Communication services	23,998	44.7	25,262	7.7	189.3	na	na	11.6
Finance & insurance	136,587	56.3	72,821	5.4	400.1	na	na	na
Property & business services	507,508	59.1	117,547	4.3	1,255.4	19,098	10.5	23.2
Government admin. & defence	na	na	39,731	4.4	483.2	na	na	na
Education	16,265	49.2	41,755	1.5	750.8	na	na	15.3
Health & community services	92,318	70.5	58,266	2.6	1,108.8	na	na	18.6
Cultural & recreational services	46,808	52.3	14,923	6.1	295.5	na	na	12.9
Personal & other services	56,642	50.5	18,422	4.2	413.2	na	na	15.0
All industries	2,011,770	58.4	998,422^c	3.2	10,535.4	180,617^d	7.2^d	10.8

a. Percentage of businesses that were operating in June 2003 and were still operating in June 2007.

b. Realised agricultural income (trend). ABS 5206.0 *National accounts*.

c. Gross Domestic Product (trend). Includes ownership of dwellings, taxes less subsidies and statistical discrepancy.

d. All Selected Industries, as included in the ABS Business Indicators survey.

Data sources

ABARE, *Commodities Quarterly*, December 2007.

ABARE, *Australian Farm Survey*, 2006-07.

ABS 5206.0, *National Accounts* (gross value added, chain volume measures, trend), September quarter 2007.

ABS 5676.0, *Business Indicators* (company gross operating profits, trend), September quarter 2007.

ABS 6291.0.55.003, *Labour Force Australia, detailed quarterly* (trend), November quarter 2007.

ABS 635.0, *Job Vacancies Australia*, November 2007.

ABS 8155.0, *Australian Industry*, 2005-06.

ABS 8165.0, *Counts of Australian Businesses, Including Entries and Exits*, June 2003 to June 2007.

AiG-PwC, *Performance of Manufacturing Index*, December 2007.

AiG-CBA, *Performance of Services Index*, December 2007.

St-George-ACCI, *Business Expectations Survey*, November 2007.

Industry glossary

Agriculture

Agriculture, services to agriculture, hunting and trapping, forestry and logging, commercial fishing.

Mining

Coal mining, oil and gas extraction, metal ore mining, other mining, services to mining.

Manufacturing

Food, beverage and tobacco manufacturing, textile, clothing, footwear and leather manufacturing, wood and paper product manufacturing, printing, publishing and recorded media, petroleum, coal, chemical and associated product manufacturing, non-metallic mineral product manufacturing, metal product manufacturing, machinery and equipment manufacturing, furniture and other manufacturing.

Utilities

Electricity and gas supply, water supply, sewerage and drainage services.

Construction

General construction, construction trades and services.

Wholesale trade

Basic materials, machinery and motor vehicles, personal and household goods wholesaling.

Retail trade

Food, personal and household goods, motor vehicle retailing and services.

Hospitality

Accommodation, cafes, restaurants.

Transport and storage

Road, rail, water, air and space, pipelines and other transport, transport services, storage.

Communication services

Postal and courier services, telecommunications.

Finance & insurance

Deposit taking financiers, central banks, financial asset advisors, life insurance and superannuation funds, health and other insurance, services to finance and insurance.

Property & business services

Property operators, developers, real estate agents, non-financial asset advisors, machinery and equipment hiring and leasing, scientific research, technical services, computer services, legal and accounting services, marketing and business management services, secretarial and other business services.

Government administration and defence

Government administration, justice, defence, foreign government representation.

Education

Preschools, schools, post-school and other education.

Health & community services

Hospitals and nursing homes, medical and dental services, ancillary and other health services, veterinary services, childcare, community care.

Cultural and recreational services

Motion picture, radio and television, libraries, museums, arts, parks, gardens, sport, gambling, other recreation.

Personal & other services

Personal and household goods hiring, video hire, hairdressers, funeral services, laundries, gardening, other personal services, religious organisations, interest groups, police, corrective services, fire brigades, waste disposal, household staff.

Source: ABS 1292.0, ANZSIC 1993.

ANZ Research

Economics@ANZ				
Saul Eslake Chief Economist +61 3 9273 6251 Saul.Eslake@anz.com	Fiona Allen Business Manager +61 3 9273 6224 Fiona.Allen@anz.com			
Tony Pearson Head of Australian Economics +61 3 9273 5083 Tony.Pearson@anz.com	Mark Rodrigues Senior Economist, Australia +61 3 9273 6286 Mark.Rodrigues@anz.com	Riki Polygenis Economist, Australia +61 3 9273 4060 Riki.Polygenis@anz.com	Dr. Alex Joiner Economist, Australia +61 3 9273 6123 Alex.Joiner@anz.com	
	Julie Toth Senior Economist, Industry +61 3 9273 6252 Julie.Toth@anz.com	Wain Yuen Economist, Industry +61 3 9273 6295 Wain.Yuen@anz.com		
Amy Auster Head of International Economics +61 3 9273 5417 Amy.Auster@anz.com	Jasmine Robinson Senior Economist, International +61 3 9273 6289 Jasmine.Robinson@anz.com	Amber Rabinov Economist, International +61 3 9273 4853 Amber.Rabinov@anz.com		
Paul Braddick Head of Financial System Analysis +61 3 9273 5987 Paul.Braddick@anz.com	Ange Montalti Senior Economist, Financial System Analysis +61 3 9273 6288 Ange.Montalti@anz.com	Dr. Alex Joiner Economist, Financial System Analysis +61 3 9273 6123 Alex.Joiner@anz.com	Stephanie Wayne Research Analyst, Financial System Analysis +61 3 9273 4075 Stephanie.Wayne@anz.com	
Warren Hogan Head of Markets Research +61 2 9227 1562 Warren.Hogan@anz.com	Katie Dean Senior Economist, Markets +61 3 9273 1381 Katie.Dean@anz.com			
ANZ Markets				
Warren Hogan Head of Markets Research +61 2 9227 1562 Warren.Hogan@anz.com	Katie Dean Senior Economist, Markets +61 3 9273 1381 Katie.Dean@anz.com	Sally Auld Senior Interest Rate Strategist +61 2 9227 1809 Sally.Auld@anz.com	Tony Morriss Senior Currency Strategist +61 2 9226 6757 Anthony.Morriss@anz.com	Mark Pervan Senior Commodity Strategist +61 3 9273 3716 Mark.Pervan@anz.com
David Croy Strategist +44 20 7378 2070 croyd@anz.com	Patricia Gacis Market Strategist +61 2 9227 1272 Patricia.Gacis@anz.com			
Research & Information Services				
Mary Yaxley Head of Research & Information Services +61 3 9273 6265 Mary.Yaxley@anz.com	Marilla Rough Senior Information Officer +61 3 9273 6263 Marilla.Rough@anz.com	Manesha Jayasuriya Information Officer +61 3 9273 4121 Manesha.Jayasuriya@anz.com		
ANZ New Zealand				
Cameron Bagrie Chief Economist +64 4 802 2212 bagrie@anz.com	Khoon Goh Senior Economist +64 4 802 2357 gohk@anz.com	Philip Borkin Economist +64 4 802 2199 borkin@anz.com		
Sean Comber Economist +64 4 802 2286 combers@anz.com	Steve Edwards Economist +64 4 802 2217 edwards1@anz.com	Kevin Wilson Rural Economist +64 4 802 2361 Kevin.Wilson@bnz.co.nz		

Important Notice

Australia and New Zealand Banking Group Limited is represented in:

AUSTRALIA by:

Australia and New Zealand Banking Group Limited ABN 11 005 357 522

10th Floor 100 Queen Street, Melbourne 3000, Australia

Telephone +61 3 9273 6224 Fax +61 3 9273 5711

UNITED KINGDOM by:

Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

40 Bank Street, Canary Wharf, London, E14 5EJ, United Kingdom

Telephone +44 20 3229 2121 Fax +44 20 7378 2378

UNITED STATES OF AMERICA by:

ANZ Securities, Inc. (Member of NASD and SIPC)

6th Floor 1177 Avenue of the Americas

New York, NY 10036, United States of America

Tel: +1 212 801 9160 Fax: +1 212 801 9163

NEW ZEALAND by:

ANZ National Bank Limited

Level 7, 1-9 Victoria Street, Wellington, New Zealand

Telephone +64 4 802 2000

This document ("document") is distributed to you in Australia and the United Kingdom by Australia and New Zealand Banking Group Limited ABN 11 005 357 522 ("ANZ") and in New Zealand by ANZ National Bank Limited ("ANZ NZ"). ANZ holds an Australian Financial Services licence no. 234527 and is authorised in the UK by the Financial Services Authority ("FSA").

This document is being distributed in the United States by ANZ Securities, Inc. ("ANZ S") (an affiliated company of ANZ), which accepts responsibility for its content. Further information on any securities referred to herein may be obtained from ANZ S upon request. Any US person(s) receiving this document and wishing to effect transactions in any securities referred to herein should contact ANZ S, not its affiliates.

This document is being distributed in the United Kingdom by ANZ for the information of its market counterparties and intermediate customers only. It is not intended for and must not be distributed to private customers. In the UK, ANZ is regulated by the FSA. Nothing here excludes or restricts any duty or liability to a customer which ANZ may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the FSA.

This document is issued on the basis that it is only for the information of the particular person to whom it is provided. This document may not be reproduced, distributed or published by any recipient for any purpose. This document does not take into account your personal needs and financial circumstances. Under no circumstances is this document to be used or considered as an offer to sell, or a solicitation of an offer to buy.

In addition, from time to time ANZ, ANZ NZ, ANZ S, their affiliated companies, or their respective associates and employees may have an interest in any financial products (as defined by the Australian Corporations Act 2001), securities or other investments, directly or indirectly the subject of this document (and may receive commissions or other remuneration in relation to the sale of such financial products, securities or other investments), or may perform services for, or solicit business from, any company the subject of this document. If you have been referred to ANZ, ANZ NZ, ANZ S or their affiliated companies by any person, that person may receive a benefit in respect of any transactions effected on your behalf, details of which will be available upon request.

The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable. The views expressed in this document accurately reflect the author's personal views, including those about any and all of the securities and issuers referred to herein. The author however makes no representation as to its accuracy or completeness and the information should not be relied upon as such. All opinions and estimates herein reflect the author's judgement on the date of this document and are subject to change without notice. No part of the author's compensation was, is or will directly or indirectly relate to specific recommendations or views expressed about any securities or issuers in this document. ANZ, ANZ NZ, ANZ S, their affiliated companies, their respective directors, officers, and employees disclaim any responsibility, and shall not be liable, for any loss, damage, claim, liability, proceedings, cost or expense ("Liability") arising directly or indirectly (and whether in tort (including negligence), contract, equity or otherwise) out of or in connection with the contents of and/or any omissions from this communication except where a Liability is made non-excludable by legislation.

Where the recipient of this publication conducts a business, the provisions of the Consumer Guarantees Act 1993 (NZ) shall not apply.