



Standard Economic Sector Classifications of Australia (SESCA)

Australia

2008

**Brian Pink
Australian Statistician**

I N Q U I R I E S

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PREFACE

This publication describes the suite of economic sector classifications used by the Australian Bureau of Statistics (ABS) to produce Australia's official economic sector statistics.

The classifications are:

- Standard Institutional Sector Classification of Australia (SISCA);
- Public/Private Classification;
- Level of Government Classification;
- Jurisdiction Classification; and
- Type of Legal Organisation (TOLO).

They are used in the compilation and publication of the National Accounts, Government Finance and International Accounts statistics as well as other component economic indicators.

The classifications are shown in detail in Chapters 4 to 7, while Appendix 2 shows correspondences between the revised SISCA, the previous SISCA and the SNA08 classification. Appendix 2 also outlines the areas where SESCA diverges from the treatments outlined in SNA08.

Brian Pink
Australian Statistician

ABBREVIATIONS

ABN	Australian Business Number
ABR	Australian Business Register
ABS	Australian Bureau of Statistics
ANA	Australian National Accounts
APRA	Australian Prudential Regulation Authority
ATO	Australian Taxation Office
BOP	Balance of Payments
CBAs	Central Borrowing Authorities
GFS	Government Finance Statistics
IIP	International Investment Position
IMF	International Monetary Fund
LOG	level of government
NPIs	non-profit institutions
NPISH	non-profit institutions serving households
RBA	Reserve Bank of Australia
SESCA	Standard Economic Sector Classification of Australia
SISCA	Standard Institutional Sector Classification of Australia
TAU	type of activity unit

INTRODUCTION

CHAPTER 1 INTRODUCTION

- PURPOSE OF THE SESCA
- 1.1 The purpose of sector classification is to identify and group all economic units which share common organisational and operational characteristics. Units within the same sector may be expected to react in a sufficiently similar fashion to market, fiscal and monetary forces to make aggregation meaningful for the purpose of economic analysis. Sector classifications provide an integrated framework for the collection, analysis and dissemination of sector data for the economy.
- SECTOR CLASSIFICATIONS
- 1.2 This publication describes the following classifications:
- Standard Institutional Sector Classification of Australia (SISCA);
 - Public/Private Classification;
 - Level of Government Classification;
 - Jurisdiction Classification; and
 - Type of Legal Organisation (TOLO).
- 1.3 The economy can be divided into sectors, providing information about groups of units, such as financial corporations, that have similar economic functions or institutional characteristics. Sector classifications, for example, enable statistics on the different characteristics of public and private sector units or the characteristics of units which are market and non-market operators to be compiled. Many of the macro-economic statistics produced by the ABS are classified by sector, including the National Accounts, Balance of Payments (BOP) statistics, International Investment Position (IIP) statistics, Government Finance Statistics (GFS), and other financial statistics.
- UNITS OF CLASSIFICATION
- 1.4 Statistical units are the entities about which data are collected or tabulated.
- 1.5 Specific units are used for different statistical purposes, e.g. producing units are used in compiling industry statistics and institutional units are used in compiling financial statistics. This publication describes institutional units and their classification.
- INTERNATIONAL STANDARDS
- 1.6 Statistical standards enable meaningful comparisons to be made between units and between sectors of Australia's economy and internationally.
- 1.7 The classifications discussed in this publication are aligned to classifications and concepts in the System of National Accounts 2008 (SNA08). SNA08 provides the basis for the production of a transparent and integrated set of economic statistics which is internationally comparable. In addition to SNA08, the classifications in this publication include elements drawn from the classifications used in the International Monetary Fund's (IMF) sixth edition of the Balance of Payments Manual (BPM6) and the IMF's Government Finance Statistics Manual 2001.
- 1.8 The ABS adheres to internationally accepted standards. This ensures that Australian statistics are comparable with other countries that apply the standards. These statistical standards are developed in consultation with national statistical agencies, including the ABS, and other bodies with an interest in internationally comparable statistics.
- PREVIOUS NATIONAL CLASSIFICATIONS
- 1.9 This publication replaces SESCA 2002 which was based on the institutional unit classifications articulated in the System of National Accounts 1993 (SNA93).

THIS EDITION

- 1.10 The concepts described in this publication are consistent with those articulated in the 2002 version. There are, however, major changes in the style of this publication, particularly in the format of the classifications and in the articulation of concepts.
- 1.11 Chapter 2 provides an outline of the statistical units applied to the classifications in this publication. Statistical units are the entities about which information is compiled. They are defined in a consistent way to enable users of statistics to make valid comparisons of information compiled from different statistical sources and to enable composite pictures of the Australian economy to be drawn.
- 1.12 Chapter 3 provides definitions of key concepts such as control, market and non-market operators, Australia's economic territory and residence. These concepts underpin the classification of units to institutional sector, Public/Private and Level of Government classifications and the definition of the national economy. They facilitate analysis of sectoral data through the formation of homogeneous categories in these classifications.
- 1.13 Chapter 4 presents the Standard Institutional Sector Classification of Australia (SISCA). This is a classification of institutional units which provides a framework for dividing the Australian economy into institutional sectors. These sectors group units which have similar economic functions and structural characteristics. This framework allows for the consistent collection, analysis and dissemination of institutional sector information. The SISCA is the most widely adopted classification among the classifications covered in this publication.
- 1.14 Chapter 5 details the Public/Private classification. This classification divides the Australian economy into the public sector (resident units that are controlled by governments) and the private sector (all other resident units).
- 1.15 Chapter 6 contains the Level of Government classification. This classification divides the public sector into levels on the basis of control and underpins the production of GFS.
- 1.16 Chapter 7 covers the Jurisdiction classification which divides the Public sector into classes based on the government which exercises control over a particular institutional unit. The classes refer to the Governments of the Commonwealth and the individual states and territories.
- 1.17 Chapter 8 presents the Type of Legal Organisation (TOLO) classification which is applied to business entities and subdivides them into classes on the basis of their legal organisation. This classification provides structures for presenting information on the characteristics of businesses in Australia and in analysis of employing units.
- 1.18 The Appendices provide additional information which adds context to these classifications. Appendix 1 details the ABS statistical units model and identifies the differences between this and the units concepts articulated in Chapter 2. Appendix 2 includes a series of correspondences. These provide links between this and previous versions of SISCA, as well as the relationship between SISCA and the SNA08 institutional sector classification, highlighting areas of difference. A glossary of the main terms used in the SESCA is also provided.

IMPLEMENTATION OF
CLASSIFICATIONS IN
AUSTRALIAN BUREAU OF
STATISTICS
PUBLICATIONS

1.19 Of the classifications included in this publication, the SISCAs are the only classification that has changed substantially and will have an impact on published statistics. The implementation strategy for the revised SISCAs classification has been timed to coincide with the implementation of the Australian and New Zealand Standard Industrial Classification 2006 (ANZSIC 2006) in the sub-annual collections and in the Australian National Accounts (ANA). The program for implementing ANZSIC 2006 was developed to facilitate the release of the ANA on the new basis from late 2009. All key indicator series will be released on a consistent classification basis to the ANA from late 2009. SISCAs 2008 will be implemented in the annual industry collections in early 2009 and will be reflected in published estimates in 2010.

1.20 The changes to the TOLO classification have resulted in some new classes in the classification and a different hierarchy. There will be little change to published aggregates.

CHAPTER 2 UNIT OF CLASSIFICATION

INTRODUCTION

2.1 Statistical units are businesses, government entities, households or other entities about which statistics are compiled. They are defined in a consistent way to enable users of ABS statistics to make valid comparisons of information compiled from different statistical sources and to enable composite pictures of the economy to be drawn.

2.2 The basic statistical unit that is classifiable by sector is the institutional unit. An institutional unit is one that is able to:

- own or exchange goods and assets in its own right;
- make economic decisions and engage in economic activities for which it is held directly responsible and accountable at law;
- enter into contracts and incur liabilities on its own behalf; and
- compile a complete set of accounts, including a statement of financial position.

2.3 In some instances it is statistically advantageous to recognise as separate institutional units some entities which do not meet the above criteria. Although these units do not exist as separate institutional units from their owners, and therefore are not institutional units in their own right, where they operate autonomously and keep a full set of accounts, notional institutional units are created to enable their separate collection.

2.4 Institutional units can be originated either formally or informally. They can be created by formally, either individually, as in the case of some government authorities through an Act of Parliament; or as a specific type of unit, as in the case of corporations through the Corporations Act 2001. The law establishes the existence of such entities as separate from their owners or members. Institutional units can also be created informally, such as a household formed by individual members sharing a dwelling.

2.5 The ABS statistical unit is considered to closely approximate the institutional unit as defined here. There are, however, some differences between the institutional unit and the practices adopted for the ABS Business Register and these are outlined in Appendix 1.

TYPES OF INSTITUTIONAL UNITS

2.6 There are four main types of institutional units:

1. Corporations;
2. Government units;
3. Not-for-profit institutions; and
4. Households.

Corporations

2.7 A corporation is 'a legal entity, created for the purpose of producing goods and services for the market, that may be a source of profit or other financial gain to its owner(s); it is collectively owned by shareholders who have the authority to appoint directors responsible for its general management'. (SNA08, paragraph 4.39)

Corporations continued

2.8 Corporations are typically:

- created by processes of law that establish their existence as independent from their shareholders, including other institutional units (i.e. other corporations, household unincorporated enterprises, government units and NPIs) that may own shares or other equity in the corporations;
- created for the purpose of market production;
- owned by shareholders who receive a distribution of profits in proportion to their shareholdings; and
- fully accountable at law for their actions, obligations and contracts and are liable to pay taxes (i.e. they are a legal entity).

2.9 The company structure of corporations enables profits to be distributed to their shareholders. Examples of corporations are proprietary companies, limited liability companies and no liability companies.

2.10 Some incorporated entities are prohibited from distributing profits to their shareholders or members. Most companies limited by guarantee and all incorporated associations fall into this category. These types of institutional units are 'not-for-profit institutions' (NPIs) and are discussed later in this chapter.

2.11 As noted earlier, to qualify as a corporation a unit must be a recognised legal entity. The exception to this rule is where notional institutional units are created for 'foreign branches', or unincorporated enterprises owned by non-resident units (see Chapter 3 for further detail on the concept of residence). To qualify as a notional institutional unit, a foreign branch must:

1. have the same relationship to its owners as a corporation has to its shareholders;
2. have a full set of accounts, including a statement of financial position; and
3. be a market operator.

2.12 Artificial subsidiaries and holding corporations whose activities are confined to owning the controlling level of equity in the group are not recognised as separate institutional units. For statistical purposes these are merged with the parent unit.

Government Units

2.13 Government units are 'legal entities established by political processes that have legislative, judicial or executive authority over other institutional units within a given area'. (SNA08, paragraph 4.117)

2.14 The principal functions of government units are:

- to provide goods and services to individuals or the community at large;
- to redistribute income and wealth; and
- to engage in non-market production.

2.15 The majority of government units are readily identifiable as their operations are mainly financed from taxation and they redistribute income by means of transfers (e.g. subsidies, grants, welfare payments) or engage in other forms of non-market production, such as the provision of government services (e.g. defence, education, health services, economic advice) free of charge or at nominal prices.

Government Units continued

2.16 To qualify as a separate legal entity, a government unit must:

- have funds of its own, raised by taxing other institutional units or received as transfers from other government units;
- have authority to disburse some, or all, of such funds in the pursuit of its policy objectives; and
- have authority to borrow funds on its own account.

2.17 Units that do not meet all of these criteria are treated as part of a larger government unit, i.e. the collective legal entity comprising all government units included in the public accounts. Included in this collective legal entity are departments and agencies operating from the public accounts of the parent government.

2.18 The exception to this rule is where notional institutional units are created from entities which are part of the public accounts. These are usually government entities that do not exist as separate legal entities from the collective parent government unit, but that operate autonomously in the market. To be recognised as a notional institutional unit of government a unit must:

1. have the same relationship to its owners as a corporation has to its shareholders;
2. have a full set of accounts, including a statement of financial position; and
3. be a market operator.

2.19 In practice notional institutional units of government will only be created where they engage in significant market activity.

2.20 Statutory authorities and companies created by legislation or regulation which operate outside the public accounts, along with local government authorities, qualify individually as government units.

2.21 In the event of dissolution of units under government control, the assets are returned to the government. As a result, units under government control do not meet the non-distribution criteria set out for NPIs detailed below.

Not-for-profit Institutions (NPIs)

2.22 Not-for-profit institutions (NPIs) are defined as 'legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them'. (SNA08, paragraph 4.83)

2.23 NPIs must have an enabling instrument which includes a clause that prohibits the NPI from distributing income, profit or other financial gain to its establishing, controlling or financing unit. This includes benefiting from the sale of assets in the event of the dissolution of the unit.

2.24 The productive activities of NPIs may generate either surpluses or deficits but any surpluses they make cannot be appropriated by the establishing, controlling or financing institutional unit. For this reason, they are frequently exempted from various kinds of taxes.

*Not-for-profit Institutions
(NPIs) continued*

- 2.25 The main characteristics of NPIs are they:
- are created by processes of law that establish the NPIs' separate existence from the units that establish, finance, control or manage them;
 - have purpose statements set out in articles of association;
 - are associations with members who have equal voting rights and limited liability with respect to the NPIs' operations;
 - cannot distribute profits to members (the term 'not-for-profit institution' reflects the embargo on distribution of financial gains and is not intended to imply that NPIs cannot make a profit); and
 - are self-governing, with their direction usually vested in a group of officers, an executive committee or a similar body elected by a majority of members.

2.26 A unit that is 'self-governing' is in charge of its own destiny. It is able to "dissolve itself, set and change its by-laws and alter its mission or internal structure without having to secure permission from any other authority than the normal registration officials" (Handbook on Non-profit Institutions in the System of National Accounts 2003, paragraph 2.18)

Households

2.27 A household is 'a group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food'. (SNA08, paragraph 4.149)

2.28 Individual members of households are not treated as institutional units because many assets are owned (and liabilities incurred) jointly by two or more members of a household. Income can be pooled and expenditure decisions are often made for the household as a whole. As a result, the household as a whole, including all individual members, is considered to be an institutional unit.

2.29 Where an unincorporated enterprise is entirely owned by a household, it is treated as an integral part of that household.

2.30 Some members of households engage in market production through unincorporated enterprises such as sole proprietorships, partnerships and trusts.

2.31 Partnerships can be comprised of partners belonging to different households.

2.32 The liability of the owners of unincorporated businesses is unlimited. As a result, these businesses are treated as household units since all the assets of the household, including the dwelling itself, are at risk if the enterprise goes bankrupt. The institutional unit of each household involved in the partnership therefore represents the individual members of the household as well as the share of the unincorporated partnership owned by each household.

Households continued

2.33 The exception to this rule is where notional institutional units are created from unincorporated enterprises within household units. These are usually unincorporated enterprises that do not exist as separate legal entities from the household institutional unit, but:

1. have the same relationship to their owners as a corporation has to its shareholders;
2. have a full set of accounts, including a statement of financial position;
3. are market operators; and
4. are assessable for income tax purposes as companies.

2.34 Examples of the types of unincorporated enterprises recognised as notional institutional units include unincorporated financial enterprises (except for financial auxiliaries); unincorporated partnerships of companies and trading trusts; and all other unincorporated enterprises assessable for income tax purposes as companies.

CHAPTER 3 KEY CONCEPTS

INTRODUCTION

3.1 This chapter provides explanations of the key concepts that underpin the classification of units to institutional sector, Public/Private and Level of Government classifications and the definition of the national economy. They facilitate analysis of sectoral data through the formation of homogeneous categories in these classifications.

CONTROL

3.2 Control is used to delineate the public and private sectors and to identify artificial subsidiaries and holding corporations in groups of corporations.

3.3 Control is the ability of one entity (other than a household institutional unit) to determine another entity's financial and operating policies governing the entity's strategic or long-term directions. A controlled entity is known as a subsidiary. The entity that exercises control is known as the parent.

3.4 As outlined in the Corporations Act 2001, an entity may exercise control through:

- holding majority ownership of shares;
- holding majority of the voting interest where decisions are not made on a one share:one vote basis;
- determining the composition of the entity's board; or
- being in a position to cast, or control the casting of, the majority of votes that might be cast at a general meeting.

3.5 The control exercised by a parent need not necessarily extend to control over the day-to-day operations of the subsidiary. The officers of the subsidiary would normally be expected to manage these in a manner consistent with and in support of its overall objectives. Similarly, it also does not necessarily extend to the direct control over any professional, technical or scientific judgments, as these would normally be viewed as part of the core business of the subsidiary.

3.6 Control may be exercised by a government unit over a corporation, other government unit or NPI. Corporations can exercise control over other corporations. NPIs can control corporations. Although it is theoretically possible for NPIs to be controlled by government units, this does not occur in Australia and is not discussed in this publication.

Corporations

3.7 In general, control of a corporation is exercised by the shareholders collectively. A corporation has a board of directors, appointed by the shareholders, that is responsible for the corporation's policy and appoints the senior management of the corporation.

3.8 Government units may control a corporation through a variety of mechanisms. In addition to those listed in paragraph 3.4, governments may exercise control of corporations through:

- appointing the board or its key members through legislative, regulatory or contractual means;
- appointing key personnel such as the chief executive;
- controlling key committees;
- determining corporate policy or programmes through other means such as legislation, regulation, contractual arrangements, golden share arrangements, or loan conditions; or
- acting as guarantor or accepting the risk associated with the corporation's activities.

CHAPTER 3 KEY CONCEPTS *continued*

Corporations continued

3.9 Government regulation of an industry or a group of entities does not in itself indicate control of the regulated units' corporate policy. Similarly legal entities created by legislation are not necessarily controlled by government. The Australian Government, for example, oversees the Corporations Act 2001 but does not control every entity created under this Act.

Other entities

3.10 A trust is a legal arrangement whereby a trustee manages an asset on behalf of the beneficiaries of the trust. This can involve overseeing business activity on behalf of the beneficiaries. The terms of the arrangement are set out in the trust deed.

3.11 A trust is controlled in the same manner as a corporation. For example an entity may control the trust through majority ownership of the trust units. The trustee acts in accordance with the trust deed and is not considered to be in control of the trust.

ARTIFICIAL SUBSIDIARIES

3.12 An artificial subsidiary is defined as a subsidiary that is wholly owned by a parent entity and is strictly confined to providing services to the parent entity of the subsidiary, or other entities under common control.

3.13 Artificial subsidiaries are created to place the parent entity in an advantageous position. They may receive benefits from minimising taxes, minimising liabilities in the event of bankruptcy or to secure other advantages under tax or corporations legislation. Artificial subsidiaries can be the nominal employer of staff who are contracted to other subsidiaries. Typical services provided by artificial subsidiaries to their parents include transport, purchasing, sales, financial services, computing services, communications, security, maintenance and cleaning.

3.14 Artificial subsidiaries are not treated as separate institutional units because they are considered to be artificial in nature and an integral part of the parent corporation. They lack the autonomy to operate independently. Artificial subsidiaries are merged into the unit in the group from which they were artificially split.

HOLDING CORPORATIONS

3.15 A holding corporation owns controlling levels of equity in a group of subsidiary corporations. Broadly speaking there are three types of holding corporations defined by their activities:

- Holding corporations whose activities are confined to owning the controlling levels of equity;
- Holding corporations whose principal activity is owning and directing the group; and
- Holding corporations whose principal activity is not confined to owning and controlling the group.

3.16 Holding corporations whose principal activity is confined to owning the controlling level of equity in the group are not regarded as separate institutional units. They are merged with their largest subsidiary.

3.17 Holding corporations whose activity is owning and directing the group are regarded as separate institutional units.

3.18 Holding corporations whose activity is not confined to owning and controlling the group are also regarded as separate institutional units.

CHAPTER 3 KEY CONCEPTS *continued*

MARKET AND NON-MARKET OPERATORS

3.19 Market operators are units which respond to market forces. Market operators make decisions about what to produce and how much to produce in response to expected levels of demand and expected costs of supply and are exposed to the risks associated with this production. Market operators adjust supply either with the goal of making a profit in the long run or, at a minimum, covering capital and other costs.

3.20 A market operator is identified through a range of attributes. A primary indicator is the expectation of the recovery of a considerable proportion of its production costs through sales income. Other factors, such as consistency across jurisdictions, may also be taken into account when determining whether units are either market or non-market operators.

3.21 Non-market operators are not likely to respond to changes in economic conditions in the same way as market operators. Their economic behaviour is influenced by the receipt of material financial support in the form of transfers such as grants and donations.

AUSTRALIA'S ECONOMIC TERRITORY

3.22 Australia's economic territory is the area under the effective control of the Australian government. It includes the land area, airspace, territorial waters, including jurisdiction over fishing rights and rights to fuels and minerals. Australian economic territory also includes territorial enclaves in the rest of the world. These are clearly demarcated areas of land, located in other countries and which are owned or rented by the Australian government for diplomatic, military, scientific or other purposes.

3.23 Specifically, the economic territory of Australia consists of:

- Geographic Australia which includes Cocos (Keeling) Islands and Christmas Island;
- Norfolk Island;
- Australian Antarctic Territory;
- Heard Island and McDonald Islands;
- Territory of Ashmore Reef and Cartier Island;
- Coral Sea Islands; and
- Australia's territorial enclaves overseas.

3.24 The Joint Petroleum Development Area (JPDA) is considered joint territory between Australia and East Timor.

RESIDENCE

3.25 Residence is used to define resident institutional units and to ultimately distinguish between Australia's national economy and the rest of the world. This concept underpins Australia's National Accounts and Balance of Payments statistics.

3.26 A unit's economic activity should be attributed to only one country based on residence. The residence of each institutional unit is the economic territory with which it has the strongest connection: its centre of predominant economic interest. An institutional unit can only be a resident of one economic territory.

3.27 If a unit has operated (or intends to operate) in Australia for one year or more, it is regarded as having a centre of economic interest in Australia.

RESIDENCE *continued*

3.28 The ownership of land and structures within the economic territory of Australia is deemed sufficient justification to record a centre of economic interest in Australia on the grounds that the property can be used for production. Where production activities are undertaken, a resident institutional unit (an Australian subsidiary or an Australian branch) is recognised.

3.29 Where a non-resident owner does not have any economic interest other than ownership of the land and structures, ownership of this land and structures is treated as having been transferred to a notional resident institutional unit in Australia.

3.30 A special treatment concerns units using mobile equipment, such as ships, aircraft, drilling rigs and platforms, outside the economic territory in which the units are resident. Generally the operations are considered to be resident of the economic territory where they are undertaken and a resident institutional unit is recognised in that economic territory. There are two exceptions:

- Operations in international waters or airspace which are attributed to the economy of residence of the operator; and
- Tax and licensing authorities in the economic territory do not recognise the operator as resident.

3.31 Unincorporated enterprises (other than notional institutional units) are not separate institutional units from their owners and, therefore have the same residence as their owners.

3.32 A household is considered to have a centre of economic interest in Australia when it maintains a dwelling in Australia that household members use as their principal residence. Generally, when a household member leaves to live in another country for a period of a year or more, the member is no longer treated as part of that household except where the individuals:

- Maintain their principal residence in Australia;
- Return regularly to their main household in Australia;
- Study abroad; or
- Receive medical treatment abroad.

3.33 Technical assistance personnel on long-term assignments are treated as residents of the country in which they work.

3.34 A resident household member who leaves Australia for a limited period of time (i.e. less than one year) continues to be treated as a resident even if short journeys abroad are made frequently.

3.35 The following categories of persons are also treated as residents:

- non-diplomatic staff of international agencies located in Australia who intend to stay more than 12 months;
- the Australian recruited staff of foreign embassies, consulates, military bases, etc. in Australia; and
- Australian crews of ships, aircraft, or other mobile equipment operating partly, or wholly, outside the economic territory.

3.36 Refugees are considered residents of Australia if they have stayed or intend to stay in Australia for a year or more even if their future status is unclear.

RESIDENCE *continued*

3.37 International organisations such as the United Nations and its agencies and the International Monetary Fund (IMF), are not considered to be residents of any national economy, including those in which they are located or conduct their affairs. They are treated as non-residents by all economies. However, persons working for these organisations are treated as residents of the economies in which they live.

3.38 An elaboration of the concept of residence can be found in Balance of Payments and International Investment Position, Australia, Concepts, Sources and Methods, 1998 (cat. no. 5331.0).

CLASSIFICATION OF UNITS

Temporary changes in control or function

3.39 The structure and intent of businesses can sometimes change over time such that the classification of a unit can be affected. This can occur for many reasons, including changes to legislation, business restructuring, subsidisation levels and the privatisation of public entities. These changes could theoretically result in a change to the sector classifications applied to the unit.

3.40 Temporary fluctuations based on minor shifts in control or function should not be reflected in the unit's sector classification. Resistance factors are applied which reduce 'flipping' of units between classes from year to year. This ensures that any changes in classification reflect relatively permanent changes in the function of the business.

3.41 Any change to the control or function of a unit must be in place for a minimum of two years before sectoral classification changes can be applied. For example, any relatively minor changes to the level of subsidisation a unit receives which puts it above or below the chosen market cost recovery threshold must remain in place for a minimum of two years before sectoral classification changes can be applied.

Consistency across jurisdictions

3.42 Certain types of government units perform the same economic functions but receive different levels of government financial support and risk. Strict application of the rules to each unit might result in a minority of units falling into a different sector. Where uniform classification is regarded as an overriding consideration the same classification is applied to each government unit of the same type across different jurisdictions. The treatment of each type is explicitly stated within the relevant class within SESCA. These can be identified by references in the includes and excludes.

CHAPTER 4 SISCA

INTRODUCTION

4.1 The Standard Institutional Sector Classification of Australia (SISCA) provides a framework for dividing the Australian economy into institutional sectors. These sectors group units which have similar economic functions and share similar structural characteristics. This framework allows for the consistent collection, analysis and dissemination of sector information. The SISCA is the most widely adopted classification among the classifications covered in this publication.

SISCA NUMBERING SYSTEM

4.2 The numbering system adopted in the SISCA has a hierarchical structure, where a 1-digit numeric code denotes the sector, a 2-digit code denotes the subsector, a 3-digit code denotes the group, and a 4-digit code denotes the class. For example:

Level	Classification category
Sector	2 Financial Corporations
Subsector	21 Financial Intermediaries
Group	214 Financial Investment Funds
Class	2141 Money Market Funds

4.3 In the example above, the 'Financial Corporations' Sector is represented by the numeric code 2. The 'Financial Intermediaries' Subsector is represented by code 21. The 'Financial Investment Funds' Group is represented by code 214, and the 'Money Market Funds' Class is represented by code 2141.

4.4 If there is only one subsector within a sector, the 2-digit code is the 1-digit sector code followed by a zero. For example:

3 General Government
30 General Government

4.5 If there is more than one subsector within a sector, the subsector codes are created using the 1-digit sector code followed by numbers starting with one. For example:

2 Financial Corporations
21 Financial Intermediaries
22 Financial Auxiliaries
23 Captive Financial Institutions and Money Lenders

CHAPTER 4 SISCA *continued*

SISCA NUMBERING SYSTEM *continued*

4.6 The same convention applies to groups and classes. For example:

2 FINANCIAL CORPORATIONS

21 Financial Intermediaries

211 Reserve Bank of Australia

2110 Reserve Bank of Australia

213 Superannuation Funds and Insurance Corporations

2131 Superannuation Funds

2132 Life Insurance Corporations

2133 Non-Life Insurance Corporations

4.7 Where there is an 'other' group or class, the number nine is used. These categories include units belonging to the sector, but they may be diverse in nature or may not be sufficiently significant to justify separate groups or classes in their own right. For the purposes of the classification, they are grouped together and treated as separate categories to retain the homogeneity of the other categories within the classification. For example:

2 FINANCIAL CORPORATIONS

21 Financial Intermediaries

212 Depository Corporations

2121 Banks

2129 Other Depository Corporations

CHAPTER 4 SISCA *continued*

SISCA NUMBERING
SYSTEM *continued*

SISCA SECTOR, SUBSECTOR, GROUP AND CLASS CODES AND TITLES

- 1 NON-FINANCIAL CORPORATIONS**
- 10 Non-Financial corporations**
 - 100 Non-Financial Corporations
 - 1001 Non-Financial Investment Funds
 - 1009 Other Non-Financial Corporations
- 2 FINANCIAL CORPORATIONS**
- 21 Financial Intermediaries**
 - 211 Reserve Bank of Australia
 - 2110 Reserve Bank of Australia
 - 212 Depository Corporations
 - 2121 Banks
 - 2129 Other Depository Corporations
 - 213 Superannuation Funds and Insurance Corporations
 - 2131 Superannuation Funds
 - 2132 Life Insurance Corporations
 - 2133 Non-Life Insurance Corporations
 - 214 Financial Investment Funds
 - 2141 Money Market Funds
 - 2142 Non-Money Market Financial Investment Funds
 - 219 Securitiser and Other Financial Intermediaries
 - 2191 Securitiser
 - 2199 Other Financial Intermediaries
- 22 Financial Auxiliaries**
 - 220 Financial Auxiliaries
 - 2200 Financial Auxiliaries
- 23 Captive Financial Institutions and Money Lenders**
 - 230 Captive Financial Institutions and Money Lenders
 - 2301 Central Borrowing Authorities
 - 2309 Money Lenders and Other Captive Financial Institutions
- 3 GENERAL GOVERNMENT**
- 30 General Government**
 - 300 General Government
 - 3000 General Government
- 4 HOUSEHOLDS**
- 40 Households**
 - 400 Households
 - 4000 Households
- 5 NOT-FOR-PROFIT INSTITUTIONS SERVING HOUSEHOLDS**
- 50 Not-for-profit Institutions Serving Households**
 - 500 Not-for-profit Institutions Serving Households
 - 5000 Not-for-profit Institutions Serving Households
- 6 REST OF THE WORLD**
- 60 Rest of the World**
 - 600 Rest of the World
 - 6000 Rest of the World

4.8 A table showing correspondences between the SNA08 institutional sector classification and SISCA08 is included in Appendix 2. The remainder of this chapter discusses the composition of each of the SISCA sectors and subsectors.

CHAPTER 4 SISCA *continued*

SECTOR 1 - NON-FINANCIAL CORPORATIONS

This sector consists of all resident corporations and notional institutional units mainly engaged in the production of market goods and/or non-financial services and holding companies with mainly non-financial corporations as subsidiaries. Also included are NPIs that mainly engage in market production of goods and non-financial services, and investment funds investing in predominantly non-financial assets such as infrastructure and property.

Subsector 10 - Non-Financial Corporations

GROUP 100 - NON-FINANCIAL CORPORATIONS

CLASS 1001 - NON-FINANCIAL INVESTMENT FUNDS

This class consists of all non-financial investment funds. These are collective investment schemes, such as trusts or corporations. They raise funds by issuing shares or units to the public, either via a prospectus or a distribution channel such as a platform. Investors are able to dispose of their holdings through well developed secondary markets such as the stock exchange or through readily accessible redemption facilities. The investment funds pool and invest in predominantly long-term non-financial assets such as property or infrastructure. Usually the management of the funds is undertaken by licensed fund managers external to the fund.

Investment fund shares or units are generally not close substitutes for deposits.

Includes

- Infrastructure funds (e.g. airports, pipelines)
- Listed and unlisted property trusts
- Property common funds

Exclusions/References

- Film funds are included in Class 1009 Other Non-Financial Corporations;
- Non-financial investment syndicates which are not open to public subscription are included in Class 1009 Other Non-Financial Corporations;
- Agricultural investment funds are included in Class 1009 Other Non-Financial Corporations;
- Funds predominantly investing in financial assets are included in the relevant classes within Group 214 Financial Investment Funds; and
- Funds with overseas property investments are included in Class 2142 Non-Money Market Financial Investment Funds.

CHAPTER 4 SISCA *continued*

Subsector 10 -
Non-Financial
Corporations *continued*

CLASS 1009 - OTHER NON-FINANCIAL CORPORATIONS

This class consists of all non-financial corporations mainly engaged in the production of market goods and/or non-financial services, other than non-financial investment funds.

Includes

- Agricultural investment funds (including pine tree, olive, flower or fish farming investment funds)
- Branches of non-resident enterprises providing non-financial goods and services
- Film funds
- Government owned corporations (market operators)
- Holding companies with mainly non-financial corporations as subsidiaries
- Non-financial investment syndicates which are not open to public subscription
- Not-for-profit institutions which provide market non-financial goods and services

Exclusions/References

- Publicly listed property trusts are included in Class 1001 Non-Financial Investment Funds; and
- Government owned corporations and notional institutional units which are non-market operators are included in Class 3000 General Government.

CHAPTER 4 SISCA *continued*

SECTOR 2 - FINANCIAL CORPORATIONS

This sector consists of all resident corporations and notional institutional units mainly engaged in financial intermediation and provision of auxiliary financial services. Holding companies with mainly financial corporations as subsidiaries are also included, as are market NPIs that mainly engage in financial intermediation or production of auxiliary financial services.

Subsector 21 - Financial Intermediaries

Financial intermediaries are institutional units that engage in financial transactions in open markets by incurring liabilities for the purpose of acquiring financial assets.

GROUP 211 - RESERVE BANK OF AUSTRALIA

CLASS 2110 - RESERVE BANK OF AUSTRALIA (RBA)

This class includes only the RBA, which has responsibility for monetary policy, issuing banknote currency, holding Australia's international reserves, holding reserve deposits and providing banking services to the Commonwealth.

Includes

- Reserve Bank of Australia

Exclusions/References

- Finance industry regulators are included in Class 2200 Financial Auxiliaries.

GROUP 212 - DEPOSITORY CORPORATIONS

CLASS 2121 - BANKS

This class consists of all financial resident financial corporations and notional institutional units which are licensed to operate as banks. They have liabilities in the form of deposits or deposit substitutes such as short term certificates.

Includes

- Australian branches of overseas banks
- Australian owned banks

CLASS 2129 - OTHER DEPOSITORY CORPORATIONS

This class consists of all approved depository institutions other than those that are categorised as banks. Depository corporations have liabilities in the form of deposits or deposit substitutes such as short term certificates. This class includes depository corporations registered financial corporations (RFCs) and special service corporations but excludes intra-group financiers.

Includes

- Building societies
- Credit unions

Exclusions/References

- Cash management trusts are included in Class 2141 Money Market Funds; and
- Intra-group financiers are considered to be artificial corporations and are classified along with the parent unit.

CHAPTER 4 SISCA *continued*

*Subsector 21 - Financial
Intermediaries continued*

GROUP 213 - SUPERANNUATION FUNDS AND INSURANCE
CORPORATIONS

CLASS 2131 - SUPERANNUATION FUNDS

This class consists of all funds that provide retirement benefits for specific groups of people. They own assets and liabilities and undertake financial transactions in the market.

Includes

- Approved deposit funds (superannuation)
- Autonomous funds established for the benefit of public sector employees
- Superannuation funds that are regarded as complying funds for the purposes of the Superannuation Industry Supervision Act

CLASS 2132 - LIFE INSURANCE CORPORATIONS

This class consists of all corporations which provide life insurance.

Includes

- Friendly societies
- Life insurers

Exclusions/References

- Life insurance brokers are included in Class 2200 Financial Auxiliaries.

CLASS 2133 - NON-LIFE INSURANCE CORPORATIONS

This class consists of all corporations that provide insurance cover (other than life insurance), including reinsurance services provided to other insurance corporations.

Includes

- Accident insurers
- Consumer credit insurers
- Discretionary mutual funds providing professional indemnity cover
- Fire insurers
- General insurers
- Health insurers
- Motor vehicle insurers
- Owners' liability insurers
- Reinsurers
- Third party insurers
- Travel insurers
- Workers compensation insurers

Exclusions/References

- Life insurers are included in Class 2132 Life Insurance Corporations; and
- Insurance brokers are included in Class 2200 Financial Auxiliaries.

CHAPTER 4 SISCA *continued*

*Subsector 21 - Financial
Intermediaries continued*

GROUP 214- FINANCIAL INVESTMENT FUNDS

CLASS 2141 - MONEY MARKET FUNDS

This class consists of all money market funds. These are collective investment schemes, such as cash management trusts and cash common funds, that are constituted as legal entities. They raise funds by issuing shares or units to the public, either via a prospectus or a distribution channel such as a platform. The proceeds are invested primarily in money market instruments, money market shares/units, and transferable debt instruments with a residual maturity of less than one year, bank deposits, and instruments that pursue a rate of return that approaches the interest rates of money market instruments.

Money market fund shares or units may be regarded as a close substitute for deposits.

Includes

- Cash common funds
- Cash management trusts
- Money market funds

Exclusions/References

- Cash management accounts offered by depository corporations are included in Class 2129 Other Depository Corporations.

CLASS 2142 - NON-MONEY MARKET FINANCIAL INVESTMENT FUNDS

This class consists of all non-money market investment funds. These are collective investment schemes, such as trusts or corporations, which are constituted as legal entities. They raise funds by issuing shares or units to the public, either via a prospectus or a distribution channel such as a platform. The proceeds are used to purchase financial assets. The assets are owned by the investment fund, and usually managed by licensed fund managers external to the fund.

Non-money market investment fund shares or units are not close substitutes for deposits.

Investors are able to dispose of their units/shares on a well developed secondary market such as a stock exchange or through readily accessible redemption facilities.

Includes

- Funds with predominantly overseas property or infrastructure holdings
- Listed and unlisted equity trusts (domestic and international)
- Listed and unlisted mortgage trusts (unit trusts)
- Listed infrastructure trusts
- Listed investment companies
- Non-cash common funds

Exclusions/References

- Investment funds which predominantly invest in non-financial assets are included in Class 1001 Non-Financial Investment Funds; and
- Financial investment syndicates which are not open to public subscription are included in Class 2309 Money Lenders and Other Captive Financial Institutions.

CHAPTER 4 SISCA *continued*

*Subsector 21 - Financial
Intermediaries continued*

GROUP 219 - SECURITISERS AND OTHER FINANCIAL INTERMEDIARIES

CLASS 2191 - SECURITISERS

This class consists of units which pool various types of assets such as residential mortgages, commercial property loans and credit card debt, and package them as collateral backing for bonds or short-term debt securities, referred to as asset backed securities, which are then sold to investors.

Includes

- Securitiser

CLASS 2199 - OTHER FINANCIAL INTERMEDIARIES

This class consists of all financial intermediaries not elsewhere classified. Included in this class are various housing finance schemes established by state governments to assist first home buyers and development funds and depository funds operated by religious institutions.

Includes

- Commercial financiers
- Co-operative housing societies
- Economic development corporations owned by governments
- Religious institution depository funds
- Religious institution development funds
- State government housing schemes

CHAPTER 4 SISCA *continued*

SECTOR 2 - FINANCIAL CORPORATIONS

Subsector 22 - Financial Auxiliaries

GROUP 220 - FINANCIAL AUXILIARIES

CLASS 2200 - FINANCIAL AUXILIARIES

This class consists of all units providing auxiliary financial services that are closely related to, and designed to facilitate, financial intermediation. Units in this class are not financial intermediaries because they do not incur liabilities.

Includes

- Actuarial service providers
- Claim adjusters and assessors
- Commodity futures brokers or dealers
- Derivative dealers
- Finance brokers or consultants
- Financial regulators not funded through government revenue
- Flotation companies
- Fund managers
- Insurance agency
- Insurance brokers or consultants
- Loans brokers or consultants
- Money changers
- Securities brokers or consultants
- Security valuations
- Share registry
- Stock brokers or traders
- Stock exchange
- Trustees or nominees

Exclusions/References

- Financial industry regulators funded through parliamentary appropriations and taxation revenue are included in Class 3000 General Government.

CHAPTER 4 SISCA *continued*

SECTOR 2 - FINANCIAL CORPORATIONS

Subsector 23 - Captive Financial Institutions and Money Lenders

Captive financial institutions are characterised by having a balance sheet holding financial assets, usually on behalf of other companies. These institutions are usually legal entities such as corporations, trusts, or partnerships established by their parent unit for a specific and limited purpose. Captives typically have little or no employment or operations and usually do not undertake significant production.

Money lenders are units providing financial services where most of either their assets or liabilities are not transacted on open financial markets. Also included are units which provide financial services exclusively from their own funds, or funds provided by a sponsor, to a range of clients and incur the financial risk of the debtor defaulting.

GROUP 230 - CAPTIVE FINANCIAL INSTITUTIONS AND MONEY LENDERS CLASS 2301 - CENTRAL BORROWING AUTHORITIES (CBAs)

This class consists of all Central Borrowing Authorities (CBAs) established by each state and territory government. CBAs primarily provide finance for public corporations and notional institutional units and other units owned or controlled by the government. They also arrange the investment of these unit's surplus funds. CBAs raise funds predominantly by issuing securities. They also engage in other financial intermediation activity for investment purposes, and may participate in the financial management activities of the parent government.

Includes

- Central borrowing authorities

CLASS 2309 - MONEY LENDERS AND OTHER CAPTIVE FINANCIAL INSTITUTIONS

This class consists of units providing financial services, except CBAs, where most of either their assets or liabilities are not transacted on open financial markets. Also included here are units which provide financial services exclusively from their own funds, or funds provided by a sponsor, to a range of clients and incur the financial risk of the debtor defaulting.

Includes

- Brass-plate companies
- Conduits
- Corporations engaged in lending (e.g. student loans, import/export loans) from funds received from a sponsor such as a government unit or not-for-profit institution
- Financial investment syndicates which are not open to public subscription (e.g. mortgage syndicates)
- Holding companies with predominantly international assets and liabilities
- Money lenders
- Pawnshops that predominantly engage in lending
- Shelf companies
- Shell companies
- Venture capital funds which do not meet the investment fund criteria

CHAPTER 4 SISCA *continued*

SECTOR 3 - GENERAL GOVERNMENT

Subsector 30 - General Government

GROUP 300 - GENERAL GOVERNMENT

CLASS 3000 - GENERAL GOVERNMENT

This class consists of government units (as defined in Chapter 2) of the Australian Government, each state and territory government, and all local government authorities.

Includes

- Courts
- Government departments
- Governor General's Office
- Public universities

Exclusions/References

- Government owned corporations and notional institutional units engaged in market production are included in the relevant classes in Sector 1 Non-Financial Corporations or Sector 2 Financial Corporations.

CHAPTER 4 SISCA *continued*

SECTOR 4 - HOUSEHOLDS

Subsector 40 -

Households

GROUP 400 - HOUSEHOLDS

CLASS 4000 - HOUSEHOLDS

This class consists of all resident households (as defined in Chapter 2). Included are all unincorporated enterprises that are owned and controlled by households, other than those which are recognised as notional institutional units.

Includes

- Households
- Partnerships
- Sole proprietors
- Trusts

Exclusions/References

- Unincorporated enterprises which qualify as notional institutional units are included in the relevant classes in Sector 1 Non-Financial Corporations and Sector 2 Financial Corporations.

CHAPTER 4 SISCA *continued*

SECTOR 5 -
NOT-FOR-PROFIT
INSTITUTIONS SERVING
HOUSEHOLDS

*Subsector 50 -
Not-for-profit Institutions
Serving Households*

GROUP 500 - NOT-FOR-PROFIT INSTITUTIONS SERVING HOUSEHOLDS
CLASS 5000 - NOT-FOR-PROFIT INSTITUTIONS SERVING HOUSEHOLDS

This class consists of all resident non-market operators providing goods and services to households free or at prices that are not economically significant. Included here are NPIs that are mainly financed from household member subscriptions and produce benefits primarily for the household members and NPIs created for philanthropic purposes which are financed mainly from donations or government grants.

Includes

- Aid agencies
- Charities
- Consumers' associations
- Cultural clubs
- Learned societies
- Political parties
- Recreational clubs
- Relief agencies
- Religious institutions
- Social clubs
- Sports clubs
- Trade unions

Exclusions/References

- Not-for-profit Institutions engaged in market production are included in the relevant classes in Sector 1 Non-Financial Corporations or Sector 2 Financial Corporations.

CHAPTER 4 SISCA *continued*

SECTOR 6 - REST OF THE
WORLD

*Subsector 60 - Rest of the
World*

GROUP 600 - REST OF THE WORLD

CLASS 6000 - REST OF THE WORLD

This class consists of all non-resident units that enter into transactions, or have other economic links, with Australian resident units.

Includes

- Australian tourists overseas staying greater than 12 months
- Foreign exporters
- Foreign importers of Australian products
- Non-resident units
- Tourists in Australia staying less than 12 months

CHAPTER 5 PUBLIC/PRIVATE

INTRODUCTION

5.1 The Public/Private classification provides a standard for the compilation of statistics that involve dividing the resident economy into broad economic sectors depending on whether or not they are controlled by government.

5.2 The Public/Private classification divides the economy into two sectors:

1. Public (government units and units controlled by government); and
2. Private (all other units).

5.3 For the purposes of the Public/Private classification, government control of corporations is assessed against the criteria outlined in Chapter 3. This does not include government regulation of an industry or group of entities. Similarly entities created by legislation are not necessarily controlled by government. Government authority to determine the general policy of a corporation usually comes from legislation that is specific to the individual corporation over which control is exercised.

5.4 Instances can arise in which the public and private sectors share ownership of a corporation. In such cases, the corporation is allocated to the sector that has effective control over the activities and policy of the corporation.

CHAPTER 5 PUBLIC/PRIVATE *continued*

SECTOR 1 - PUBLIC SECTOR

The public sector comprises:

- all government units as defined in Chapter 2; and
- all institutional units and notional institutional units controlled by government as per the definition of control outlined in Chapter 3.

Includes

- Financial corporations controlled by government
- Government agencies
- Government departments
- Non-financial corporations controlled by government
- Notional institutional units controlled by government
- Public financial corporations
- Public non-financial corporations

Exclusions/References

- Superannuation funds for public sector employees are included in the Private Sector.

SECTOR 2 - PRIVATE SECTOR

The private sector comprises all resident units operated by private enterprise, except those controlled by government.

Includes

- Household institutional units
- Not-for-profit institutions
- Private corporations
- Private notional institutional units
- Superannuation funds for public sector employees
- Unincorporated enterprises

Exclusions/References

- Notional institutional units controlled by government are included in the Public Sector.

CHAPTER 6 LEVEL OF GOVERNMENT

INTRODUCTION

6.1 The Level of Government classification is a standard for the compilation of statistics that involve dividing the Public sector (as defined in Chapter 5) into the three tiers of government. These levels are disaggregated in the Australian system to reflect the administrative and legal arrangements of government in Australia.

6.2 The Level of Government classification divides the Public sector between:

1. National;
2. State/Territory; and
3. Local.

6.3 The Level of Government classifies public sector units based on the controlling government. For further information on control refer to Chapter 3.

CHAPTER 6 LEVEL OF GOVERNMENT *continued*

LEVEL 1 - NATIONAL

All nationally controlled public sector units are classified to the National LOG. National units are responsible for setting policies and programs that are primarily of concern at a national level, such as for education, health and social assistance.

Includes

- Government units controlled by the Australian Government
- Public financial corporations controlled by the Australian Government
- Public non-financial corporations controlled by the Australian Government

LEVEL 2 - STATE/TERRITORY

All state/territory government controlled public sector units are classified to the State/Territory LOG. State or territory units are responsible for setting policies and programs that are primarily of concern at a state or territory level.

For the purposes of the LOG classification, the state and territory governments referenced below include:

- New South Wales Government;
- Victorian Government;
- Queensland Government;
- Western Australian Government;
- South Australian Government;
- Tasmanian Government;
- Northern Territory Government;
- Australian Capital Territory Government; and
- Norfolk Island Government.

Includes

- Government units controlled by a state or territory government
- Public financial corporations controlled by a state or territory government
- Public non-financial corporations controlled by a state or territory government
- State governments
- Territory governments

LEVEL 3 - LOCAL

All local government controlled public sector units are classified to the Local LOG. Local government units are usually known as councils and are constituted through Local Government legislation in each state or territory. They are established to govern articulated regions within the state or territory known variously as districts, municipalities, shires, or simply areas, and the power to create or vary these regions lies with the Governor or Minister.

Local government units are generally involved in the provision of services such as energy, waste collection and disposal, cemeteries and arts and recreation facilities such as museums, libraries and parks.

For the purposes of the LOG classification, the local government authorities referenced below also includes the Christmas Island Shire Council and Cocos (Keeling) Islands Shire Council.

Includes

- Local government authorities
- Public financial corporations controlled by a local government authority
- Public non-financial corporations controlled by a local government authority

CHAPTER 7 JURISDICTION

INTRODUCTION

7.1 The Jurisdiction classification is a standard for the compilation of statistics that involve dividing the Public sector (as defined in Chapter 5) into classes representing the government which exercises control over a particular institutional unit. The classes refer to the Governments of the Commonwealth and the individual states and territories.

7.2 The Jurisdiction classification divides the Public sector between those units controlled by the governments of:

1. Commonwealth
2. New South Wales
3. Victoria
4. Queensland
5. Western Australia
6. South Australia
7. Tasmania
8. Northern Territory
9. Australian Capital Territory
10. Multi-jurisdiction

7.3 In most cases, classification of units to Jurisdiction is straight forward. Thus, each unit that is controlled by the Australian Government is classified to the Commonwealth jurisdiction and each unit that is controlled by a state or territory government is classified to the jurisdiction of the controlling government. Each local government and the units which they control, are classified to the jurisdiction that administers the local government legislation under which the local government was created.

7.4 There are units, however, for which jurisdiction is shared between two or more governments, or classification of a unit to a jurisdiction is otherwise unclear. Such units are included in a 'multi-jurisdictional' class, and are excluded from statistics for each of the other jurisdictions.

7.5 The institutional units which participate in unincorporated joint ventures are classified to their respective jurisdiction.

7.6 Although Norfolk Island is conceptually part of Australia's economic territory, it is excluded from this classification as it is not included in the scope of Government Finance Statistics.

CHAPTER 7 JURISDICTION *continued*

CLASS 1 – COMMONWEALTH

This class consists of all public sector units controlled by the government of the Commonwealth.

Includes

- Government units controlled by the Australian Government
- Public financial corporations controlled by the Australian Government
- Public non-financial corporations controlled by the Australian Government
- Local governments (and controlled entities) of the Christmas and Cocos Keeling islands

CLASS 2 – NEW SOUTH WALES

This class consists of all public sector units controlled by the government of New South Wales.

Includes

- Government units controlled by the New South Wales government
- Public financial corporations controlled by the New South Wales government
- Public non-financial corporations controlled by the New South Wales government
- Local governments (and controlled entities) administered under New South Wales Government legislation

CLASS 3 – VICTORIA

This class consists of all public sector units controlled by the government of Victoria.

Includes

- Government units controlled by the Victorian government
- Public financial corporations controlled by the Victorian government
- Public non-financial corporations controlled by the Victorian government
- Local governments (and controlled entities) administered under Victorian government legislation

CLASS 4 – QUEENSLAND

This class consists of all public sector units controlled by the government of Queensland.

Includes

- Government units controlled by the Queensland government
- Public financial corporations controlled by the Queensland government
- Public non-financial corporations controlled by the Queensland government
- Local governments (and controlled entities) administered under Queensland government legislation

CLASS 5 – WESTERN AUSTRALIA

This class consists of all public sector units controlled by the government of Western Australia.

Includes

- Government units controlled by the Western Australian government
- Public financial corporations controlled by the Western Australian government
- Public non-financial corporations controlled by the Western Australian government
- Local governments (and controlled entities) administered under Western Australian government legislation

CHAPTER 7 JURISDICTION *continued*

CLASS 6 – SOUTH AUSTRALIA

This class consists of all public sector units controlled by the government of South Australia.

Includes

- Government units controlled by the South Australian government
- Public financial corporations controlled by the South Australian government
- Public non-financial corporations controlled by the South Australian government
- Local governments (and controlled entities) administered under South Australian government legislation

CLASS 7 – TASMANIA

This class consists of all public sector units controlled by the government of Tasmania.

Includes

- Government units controlled by the Tasmanian government
- Public financial corporations controlled by the Tasmanian government
- Public non-financial corporations controlled by the Tasmanian government
- Local governments (and controlled entities) administered under Tasmanian government legislation

CLASS 8 – NORTHERN TERRITORY

This class consists of all public sector units controlled by the government of the Northern Territory.

Includes

- Government units controlled by the Northern Territory government
- Public financial corporations controlled by the Northern Territory government
- Public non-financial corporations controlled by the Northern Territory government
- Local governments (and controlled entities) administered under Northern Territory government legislation

CLASS 9 – AUSTRALIAN CAPITAL TERRITORY

This class consists of all public sector units controlled by the government of the Australian Capital Territory.

Includes

- Government units controlled by the Australian Capital Territory government
- Public financial corporations controlled by the Australian Capital Territory government
- Public non-financial corporations controlled by the Australian Capital Territory government

CLASS 10 – MULTI-JURISDICTION

This class consists of all institutional units for whom control is shared between governments.

Includes

- Public universities

CHAPTER 8 TOLO

INTRODUCTION

8.1 The Type of Legal Organisation (TOLO) classification is used to classify institutional units according to the type of legal organisation that best describes their structure. For the purposes of TOLO, notional institutional units are classified to the same category as their parent institutional unit.

8.2 There are three types of legal organisations:

1. Incorporated private sector entities;
2. Unincorporated private sector entities; and
3. Public sector entities.

8.3 TOLO is a two level hierarchical classification. The 1-digit numeric code relates to the group level, which provides a broad level breakdown of legal organisations, and the 2-digit code denotes the class, which provides a more detailed breakdown of legal organisations.

- 1 Incorporated Private Sector Entities
 - 11 Proprietary Companies
 - 12 Public Companies
 - 13 Other Incorporated Entities
- 2 Unincorporated Private Sector Entities
 - 21 Sole Proprietorship
 - 22 Family Partnerships
 - 23 Other Partnerships
 - 24 Trusts Regarded as Corporations
 - 25 Other Trusts
 - 26 Other Unincorporated Entities
- 3 Public Sector Entities
 - 31 Government Companies
 - 32 Other Government Entities
 - 33 Foreign Government Entities

CHAPTER 8 TOLO *continued*

GROUP 1 - INCORPORATED PRIVATE SECTOR ENTITIES

This group comprises all private sector entities which have a separate legal identity from their members (i.e. shareholders). They may be incorporated through the Corporations Act or other government legislation.

CLASS 11 - PROPRIETARY COMPANIES

This class consists of entities, incorporated through the Corporations Act, as proprietary companies (defined under section 45A(1) of the Corporations Act 2001). These companies have restrictions on how they may operate, for example they are not permitted to have more than 50 shareholders or offer its shares to the public.

Under the Corporations Act there are two types of proprietary companies: those limited by shares and those with unlimited liability.

Proprietary Limited companies must have at least one non-employee shareholder and must not have more than 50 non-employee shareholders. The liability of shareholders is limited to amounts unpaid on shares held by them. These companies must use Limited at the end of their name and are known as Proprietary Limited companies.

Alternatively the shareholders' liability may be unlimited. These companies are known as Proprietary companies and must use Proprietary or Pty at the end of their name.

Includes

- Proprietary companies
- Proprietary Limited companies

Exclusions/References

- Public sector companies are included in Class 31 Government Companies.

CLASS 12 - PUBLIC COMPANIES

This class consists of entities incorporated through the Corporations Act which are:

- Limited by shares;
- Limited by guarantee; and
- No liability.

The liability of shareholders of companies limited by shares is limited to amounts unpaid on their shares. The liability of members of companies limited by guarantee is limited to the amounts that they undertake to contribute in the event of the company being wound up. Many NPIs are incorporated as public companies limited by guarantee.

The activities of 'No liability' companies are restricted to those directly involved in mining and are not entitled to calls on the unpaid price of its shares.

Also included are companies which are incorporated through state or territory legislation that are listed in prescribed financial markets such as the Australian Stock Exchange.

Includes

- Companies limited by guarantee
- Companies limited by shares
- No liability companies

Exclusions/References

- Government controlled companies are included in Class 31 Government Companies.

CHAPTER 8 TOLO *continued*

CLASS 13 - OTHER INCORPORATED ENTITIES

This class consists of entities which are incorporated through means other than the Corporations Act such as state or territory associations' acts or the Commonwealth's Corporations (Aboriginal and Torres Strait Islander) Act 2006. These entities have a legal identity separate from their members or shareholders.

Also included here are Australian branches of corporations registered overseas.

Includes

- Associations incorporated through state or territory legislation
- Australian branches of corporations registered overseas
- Cooperatives incorporated through state or territory legislation
- Incorporated Limited partnerships
- Indigenous corporations
- Strata title bodies corporate incorporated through state or territory legislation

Exclusions/References

- Companies created through state or territory legislation that are listed in prescribed financial markets such as the Australian Stock Exchange are included in Class 12 Public Companies.

CHAPTER 8 TOLO *continued*

GROUP 2 - UNINCORPORATED PRIVATE SECTOR ENTITIES

CLASS 21 - SOLE PROPRIETORSHIP

This class consists of single owner entities which do not operate through an incorporated entity. The owner of the business is personally responsible for all business decisions and liabilities.

Includes

- Sole proprietorships

CLASS 22 - FAMILY PARTNERSHIPS

This class consists of partnerships formed by members of the same family who enter into a formal agreement to conduct business. As with sole proprietorships the partners are personally responsible for business decisions and liabilities.

Includes

- Family partnerships

CLASS 23 - OTHER PARTNERSHIPS

This class consists of partnerships comprised of individuals who enter into a formal agreement to conduct business. Membership is not confined to members of the same family. The partners may be companies, government departments or individuals. Partners operate under their own names and are responsible for business decisions and liabilities.

Includes

- Public private partnerships
- Partnerships not involving family members
- Partnerships of companies

Exclusions/References

- Unincorporated joint ventures are not recognised as separate institutional units.

CLASS 24 - TRUSTS REGARDED AS CORPORATIONS

This class consists of all trusts which behave as corporations. A trust is a legal arrangement whereby a trustee manages an asset on behalf of the beneficiaries of the trust. This may include overseeing business activity on behalf of the beneficiaries. The terms of the arrangements are set out in the trust deed. Units in this class are all regarded as notional institutional units and are classified to the Corporations sectors in SISCA.

Includes

- Corporate unit trusts
- Superannuation funds
- Trading trusts

Exclusions/References

- Superannuation accounts not constituted as separate institutional units are not recognised in TOLO.

CHAPTER 8 TOLO *continued*

CLASS 25 - OTHER TRUSTS

This class consists of all trusts, other than those regarded as corporations. A trust is a legal arrangement whereby a trustee manages an asset on behalf of the beneficiaries of the trust. The terms of the arrangements are set out in the trust deed.

Includes

- Family trusts
- Service trusts
- Management trusts

Exclusions/References

- Unit trusts and corporate unit trusts are included in Class 24 Trusts Regarded as Corporations; and
- Superannuation funds are included in Class 24 Trusts Regarded as Corporations.

CLASS 26 - OTHER UNINCORPORATED ENTITIES

This class consists of unincorporated entities other than sole proprietors, partnerships and trusts. Examples of other unincorporated entities are sporting or social clubs. Legally these do not have a separate identity from their owners.

Includes

- Unincorporated associations
- Unincorporated clubs

Exclusions/References

- Incorporated associations and clubs are included in Class 13 Other Incorporated Entities; and
- Incorporated cooperatives are included in Class 13 Other Incorporated Entities.

CHAPTER 8 TOLO *continued*

GROUP 3 - PUBLIC

SECTOR ENTITIES

CLASS 31 - GOVERNMENT COMPANIES

This class consists of government units (as defined in Chapter 2) which are created as bodies corporate through the Corporations Act in Australia or through other legislation.

Includes

- Government controlled companies created by legislation
- Government controlled Corporations Act companies

Exclusions/References

- Government departments are included in Class 32 Other Government Entities;
- Legislature units are included in Class 32 Other Government Entities;
- Courts are included in Class 32 Other Government Entities;
- Local governments are included in Class 32 Other Government Entities;
- Statutory authorities are included in Class 32 Other Government Entities; and
- Marketing boards are included in Class 32 Other Government Entities.

CLASS 32 - OTHER GOVERNMENT ENTITIES

This class consists of all government units (as defined in Chapter 2) except those that are created as bodies corporate.

Includes

- Courts
- Government departments
- Legislature
- Local governments
- Marketing boards
- Statutory authorities

Exclusions/References

- Government controlled Corporations Act companies are included in Class 31 Government Companies; and
- Government controlled companies created by legislation are included in Class 31 Government Companies.

CLASS 33 - FOREIGN GOVERNMENT ENTITIES

This class consists of foreign government entities which operate in Australia.

Includes

- Embassies of foreign governments in Australia

Exclusions/References

- Australian embassies operating overseas are included in Class 32 Other Government Entities.

APPENDIX 1 ABS BUSINESS REGISTER & ABS UNITS MODEL

ABS BUSINESS REGISTER

The unit of classification used in SESCO 2008 is outlined in Chapter 2. This appendix details how that conceptual unit is operationalised to apply to the ABS context.

The ABS Business Register is used primarily as a register or frame for the various business surveys run by the ABS. The ABS uses an economic statistics units model on the ABS Business Register to describe the characteristics of businesses, and the structural relationships between related businesses.

The Australian Business Register (ABR) is the primary source used to identify new businesses and this information flows through to the ABS Business Register. Businesses are included on the ABR when they register with the Australian Taxation Office (ATO) for an Australian Business Number (ABN). The ABN is used as the reference for all dealings between government and business.

The ABS Business Register has two populations. The vast majority of businesses are sourced from and maintained by the ATO. The remaining businesses with more complex structures are profiled by the ABS to reflect their organisational structure.

ABS UNITS MODEL

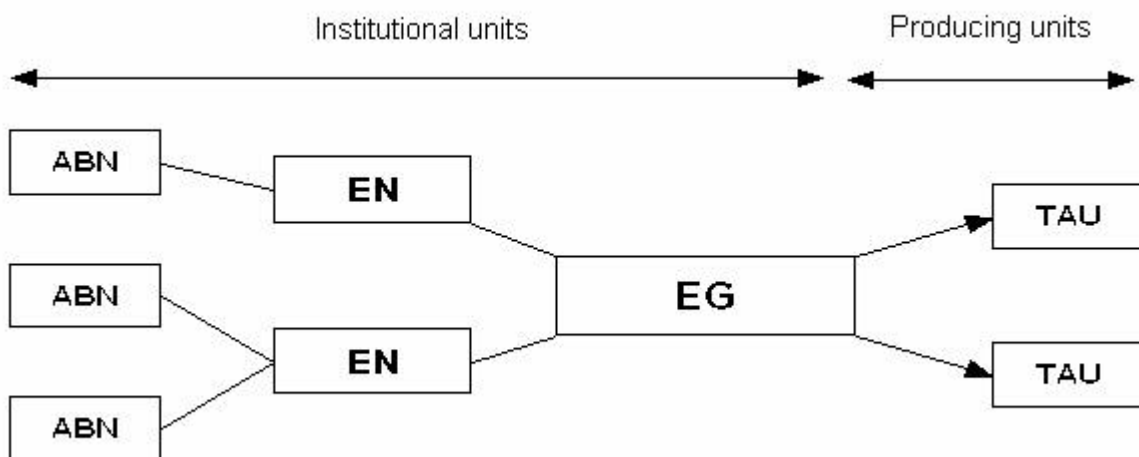
Unit models provide definitions of the units used, describe the relationships of the different unit types to each other, and identify the information held about each unit type on the business register. They form the basis for establishing and maintaining business structures on the business register for use in statistical collections.

The units model used by the ABS in determining the structure of businesses is consistent with Australia's Corporations Law and with the definition of institutional units articulated in Chapter 2. The model consists of the Enterprise Group (EG), one or more Enterprises (ENs) and one or more Type of Activity Units (TAUs). The EN is comprised of one or more Legal Entities (LEs). The EG, EN and LE are institutional units and the TAU is a producing unit.

A range of statistical units are used for different purposes e.g. producing units are used for industry statistics and institutional units are used for financial statistics. The ABS uses TAUs as the main producing unit, while ENs are used as the institutional unit. They do not have a universal relationship with each other, e.g. one-to-one, one-to-many, many-to-one. A variety of relationships exist in some of the larger and more complex Australian Enterprise Groups. The ABS units model does not impose a particular type of relationship on these units for statistical purposes.

Diagram 1 illustrates the nature of the relationships between the main unit types in the model. The LE is represented by the ABN in the diagram, as they are usually the same.

Diagram 1: ABS Units Model



UNIT DEFINITIONS

The legal entity statistical unit is defined as a unit covering all the Australian operations of an entity which possesses some or all of the rights and obligations of individual persons or corporations, or which behaves as such in respect of those matters of concern for economic statistics. Examples of legal entities include companies, partnerships, trusts, sole (business) proprietorships, government departments and statutory authorities.

The Enterprise Group is a statistical unit covering all the operations within Australia's economic territory of legal entities under common control. It covers all Legal Entity statistical units which are related in terms of the Corporations Act.

The Enterprise is a statistical unit comprising a single legal entity, or a grouping of legal entities, within an enterprise group, classified to the same SISCA class.

The Type of Activity Unit (TAU) is a producing unit comprising one or more business entities, sub-entities or branches of a business entity that can report production and employment activities via a minimum set of data items. The activity of the unit should be as homogeneous as possible. In its simplest form, the TAU relates to a business' ABN. However, in the case of complex and varied business structures, it may be inappropriate for the TAU to be created to refer to the ABN.

*Relationship between the
Legal Entity statistical unit
and the Institutional Unit*

The legal entity statistical unit is considered to closely approximate the institutional unit as defined in Chapter 2. There are, however some differences between the institutional unit and the practices adopted for the ABS Business Register.

The ABS Business Register includes, as legal entity units, individual government departments and authorities and some not for profit institutions (e.g. church parishes) that have registered for an ABN that do not meet the definition for recognition as separate institutional units. These units are actually notional institutional units recognised to accommodate the reporting arrangements of the ATO.

The ABS Business Register also recognises unincorporated businesses (e.g. sole proprietorships, partnerships, family trusts) that are owned/operated by one or more households and have registered for an ABN as legal entities. These are also notional institutional units recognised to accommodate the reporting arrangements of the ATO.

APPENDIX 2 CORRESPONDENCES

SISCA 1998 - SISCA 2008 CORRESPONDENCE (a)

SISCA 1998	SISCA 2008
1 <i>Non-Financial Corporations</i>	
1 Non-financial corporations	1001 Non-Financial Investment funds
	1009 Other Non-Financial Corporations
2 <i>Financial Corporations</i>	
2.1.1 Reserve Bank of Australia	2110 Reserve Bank of Australia
2.1.2 Other central bank institutions	2200p Financial Auxiliaries
2.2.1 Banks	2121 Banks
2.2.2 Other depository corporations	2129 Other Depository Corporations
	2141p Money Market Funds
	2142p Non-Money Market Financial Investment Funds
2.3.1 Life insurance	2132 Life Insurance Corporations
2.3.2 Pension funds	2131 Superannuation Funds
2.3.3 Other insurance corporations	2133 Non-Life Insurance Corporations
2.4.1 Central borrowing authorities	2301 Central Borrowing Authorities
2.4.2 Financial intermediaries n.e.c.	2309 Money Lenders and Other Captive Financial Institutions
	2191 Securitisers
	2199 Other Financial Intermediaries
	2141p Money Market Funds
	2142p Non-Money Market Financial Investment Funds
2.4.3 Financial auxiliary	2200p Financial Auxiliaries
3 <i>General Government</i>	
3 General Government	3000 General Government
4 <i>Households</i>	
4 Households	4000 Households
5 <i>Non-Profit Institutions Serving Households (NPISH)</i>	
5 Non-profit institutions serving households	5000 Not-for-profit Institutions Serving Households
6 <i>Rest of the World (ROW)</i>	
6 Rest of the World	6000 Rest of the World

(a) p = partial correspondence

APPENDIX 2 CORRESPONDENCES *continued*

SISCA 2008 - SISCA 1998 CORRESPONDENCE (a)

SISCA 2008		SISCA 1998
1	<i>Non-Financial Corporations</i>	
1001	Non-Financial Investment Funds	1p Non-Financial Corporations
1009	Other Non-Financial Corporations	1p Non-Financial Corporations
2	<i>Financial Corporations</i>	
2110	Reserve Bank of Australia	2.1.1 Reserve Bank of Australia
2121	Banks	2.2.1 Banks
2129	Other Depository Corporations	2.2.2p Other Depository corporations
2131	Superannuation Funds	2.3.2 Pension funds
2132	Life Insurance Corporations	2.3.1 Life insurance
2133	Non-Life Insurance Corporations	2.3.3 Non-life insurance corporations
2141	Money Market Funds	2.2.2p Other Depository corporations
		2.4.2p Financial intermediaries n.e.c.
2142	Non-Money Market Financial Investment Funds	2.4.2p Financial intermediaries n.e.c.
2191	Securitisers	2.4.2p Financial intermediaries n.e.c.
2199	Other Financial Intermediaries	2.4.2p Financial intermediaries n.e.c.
2200	Financial Auxiliaries	2.4.3 Financial auxiliary
		2.1.2 Other central bank institutions
2301	Central Borrowing Authorities	2.4.1 Central borrowing authorities
2309	Money Lenders and Other Captive Financial Institutions	2.4.2p Financial intermediaries n.e.c.
3	<i>General Government</i>	
3000	General Government	3 General Government
4	<i>Households</i>	
4000	Households	4 Households
5	<i>Not-for-profit Institutions Serving Households</i>	
5000	Not-for-profit Institutions Serving Households	5 Non-profit institutions serving households
6	<i>Rest of the World</i>	
6000	Rest of the World	6 Rest of the World

(a) p = partial correspondence

APPENDIX 2 CORRESPONDENCES *continued*

SNA 2008 - SISCA 2008 CORRESPONDENCE (a)

SNA 2008(b)	SISCA 2008
1 <i>Non-financial corporations</i>	
1.1 Public non-financial corporations (c)	1009p Other Non-Financial Corporations
1.2 National private non-financial corporations (d)	1009p Other Non-Financial Corporations
1.3 Foreign-controlled non-financial corporations	1009p Other Non-Financial Corporations
2 <i>Financial corporations</i>	
2.1 Central Bank	2110 Reserve Bank of Australia
2.2 Deposit-taking corporations except the Central Bank	2121 Banks
	2129 Other Depository Corporations
2.3 Money market funds (MMF)	2141 Money Market Funds
2.4 Non-MMF investment funds	1001 Non-Financial Investment Funds
	2142 Non-Money Market Financial Investment Funds
2.5 Other financial intermediaries except insurance corporations and pension funds (ICPF)	2191 Securitisers
	2199 Other Financial Intermediaries
2.6 Financial auxiliaries	2200 Financial Auxiliaries
2.7 Captive financial institutions and money lenders (e)	2301 Central Borrowing Authorities
	2309 Money Lenders and Other Captive Financial Institutions
2.8 Insurance corporations (IC)	2132 Life Insurance Corporations
	2133 Non-Life Insurance Corporations
2.9 Pension funds (PF)	2131 Superannuation Funds
3 <i>General government</i> (f)	
3.1 Central government (g)	3000p General Government
3.2 State government	3000p General Government
3.3 Local government	3000p General Government
3.4 Social security funds (h)	3000p General Government
4 <i>Households</i>	
4.1 Employers	4000p Households
4.2 Own-account workers	4000p Households
4.3 Employees	4000p Households
4.4 Recipients of property and transfer incomes	4000p Households
4.4.1 · Recipients of property incomes	
4.4.2 · Recipients of pensions	
4.4.3 · Recipients of other transfer incomes	
5 <i>Non-profit institutions serving households</i>	5000 <i>Not-for-profit Institutions Serving Households</i>
6 <i>Rest of the world</i>	6000 <i>Rest of the World</i>

(a) p = partial correspondence

(b) SNA does not explicitly prescribe a numbering system for its sub-sectors, however numbering has been included to facilitate comparison of the correspondences

(c) In SESCA, the Public/Private classification provides the breakdown by public or private sector

(d) No distinction is made in SESCA between national and foreign-controlled corporations

(e) Under SESCA Holding Corporations which do not undertake any management activities (included in 2.7 in SNA08) are treated as artificial corporations and merged with their largest subsidiary

(f) Not-for-profit Institutions are not included in the General Government sector in SESCA 2008

(g) In SESCA, the Level of Government classification provides the breakdown by level of government

(h) There are no separately constituted social security funds in Australia

APPENDIX 2 CORRESPONDENCES *continued*

SISCA 2008 - SNA 2008 CORRESPONDENCE (a)

	SISCA 2008		SNA 2008
1	<i>Non-Financial Corporations</i>		
1001	Non-Financial Investment Funds	2.4p	Non-MMF investment funds
1009	Other Non-Financial Corporations	1.1	Public non-financial corporations
		1.2	National private non-financial corporations
		1.3	Foreign-controlled non-financial corporations
2	<i>Financial Corporations</i>		
2110	Reserve Bank of Australia	2.1	Central Bank
2121	Banks	2.2p	Deposit-taking corporations except the Central Bank
2129	Other Depository Corporations	2.2p	Deposit-taking corporations except the Central Bank
2131	Superannuation Funds	2.9	Pension funds (PF)
2132	Life Insurance Corporations	2.8p	Insurance corporations (IC)
2133	Non-Life Insurance Corporations	2.8p	Insurance corporations (IC)
2141	Money Market Funds	2.3	Money market funds (MMF)
2142	Non-Money Market Financial Investment Funds	2.4p	Non-MMF investment funds
2191	Securitisers	2.5p	Other financial intermediaries except insurance corporations and pension funds (ICPF)
2199	Other Financial Intermediaries	2.5p	Other financial intermediaries except insurance corporations and pension funds (ICPF)
2200	Financial Auxiliaries	2.6	Financial auxiliaries
2301	Central Borrowing Authorities	2.7p	Captive financial institutions and money lenders
2309	Money Lenders and Other Captive Financial Institutions	2.7p	Captive financial institutions and money lenders
3	<i>General Government</i>		
3000	General Government	3.1	Central government
		3.2	State government
		3.3	Local government
4	<i>Households</i>		

(a) p = partial correspondence

APPENDIX 2 CORRESPONDENCES *continued*

SISCA 2008 - SNA 2008 CORRESPONDENCE (a) *continued*

	SISCA 2008		SNA 2008
	4000 Households		4.1 Employers
			4.2 Own-account workers
			4.3 Employees
			4.4 Recipients of property and transfer incomes
			4.4.1 · Recipients of property incomes
			4.4.2 · Recipients of pensions
			4.4.3 · Recipients of other transfer incomes
	5 <i>Not-for-profit Institutions Serving Households</i>		
	5000 Not-for-profit Institutions Serving Households	5	Non-profit institutions serving households
	6 <i>Rest of the World</i>		
	6000 Rest of the World	6	Rest of the world

(a) p = partial correspondence

GLOSSARY

Australian Business Number (ABN)	A unique business entity identifier used by businesses in their dealings with the Australian government.
ABS business register	A list of all Australian businesses which contains identifying and classificatory data for each business.
Artificial subsidiary	A subsidiary corporation with productive activities strictly confined to providing services to its parent corporation or other corporations in the same enterprise group. They are not treated as separate institutional units for statistical purposes.
Australian Business Register (ABR)	The list of business entities registered for an ABN with the Australian Business Registrar, and is managed by the ATO. This list is maintained by the Registrar and is accessible to other government agencies and to businesses.
Business Entity	A unit that has registered for an ABN.
Centre of economic interest	An institutional unit has a centre of economic interest in Australia if it operates a place of production within Australia's economic territory (or intends to operate), for a year or more.
Control	The ability of one entity to determine another entity's financial and operating policies which relate particularly to the entity's strategic or long-term directions.
Corporation	A legal entity, created for the purpose of producing goods and services for the market, that may be a source of profit or other financial gain to its owner(s); it is collectively owned by shareholders who have the authority to appoint directors responsible for its general management.
Economic territory of Australia	<p>The geographic area under the effective control of the Australian Government. It includes the land area, airspace, territorial waters, and the continental shelf lying in international waters for which Australia has jurisdiction.</p> <p>Included is Norfolk Island, the Cocos (Keeling) Islands and Christmas Island, and Australian embassies, consulates, military bases and similar enclaves located in other countries.</p>
Enterprise	A single legal entity statistical unit, or a group of legal entity statistical units within an enterprise group, classified to the same SISCA class.
Enterprise group	A statistical unit covering all the operations in Australia of legal entities under common control.
Financial corporation	A corporation or notional institutional unit that is mainly engaged in financial intermediation or the provision of auxiliary financial services.
Government units	Legal entities established by political processes that have legislative, judicial or executive authority over other institutional units in a given area. They are financed mainly from taxation or government transfers and are principally involved in the provision of goods and services free of charge or at economically insignificant prices.
Household	A group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food.
Household unincorporated enterprise	An unincorporated enterprise that is owned by members of a household and is therefore included as part of the household.
Institutional unit	The basic statistical unit that is classifiable by sector. It is defined as an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and transactions with other entities.

GLOSSARY *continued*

Legal entity statistical unit	In the ABS business register, is the statistical unit which: (1) is the first unit classified to institutional sector; (2) is the ABS unit closest in concept to the SNA08 institutional unit; and (3) is defined as a unit covering all the operations in Australia of an entity that possesses some or all of the rights and obligations of individual persons or corporations; or that behaves as such, in respect of those matters of concern for economic statistics.
Market operator	Entities which produce goods or services for the market which are sold at economically significant prices aimed at making a profit.
Not-for-profit institution (NPI)	A legal entity which: (1) is created for the purpose of producing goods and services; and (2) whose articles of association prohibit it from being a source of income, profit or other financial gain to the units that establish, control or finance the legal entity.
Non-resident unit	A unit whose centre of economic interest is outside the economic territory of Australia.
Notional institutional units	Units which do not exist as separate legal entities from their owners, and therefore are not institutional units in their own right, but operate autonomously and keep a full set of accounts.
Private sector	The combination of the household sector, the NPISH sector and all resident corporations and quasi-corporations not controlled by the general government sector.
Producing units	In the hierarchy of the ABS units model, the lower group of statistical units which: (1) are owned and financed by financing units; (2) are so-named because they exercise a degree of control over production activities; and (3) comprise type of activity units and ABN based units.
Public sector	The combination of the general government sector, and all resident corporations and quasi-corporations controlled by the general government sector.
Quasi-corporation	A notional institutional unit which engages in market production.
Resident unit	An institutional unit that has a centre of economic interest within the economic territory of Australia as evidenced by the location of the unit's principal residence or place of production.
Statistical units	Units about which statistics are tabulated, compiled or published.
Subsidiary corporation	A legal entity whose financial and operational policies are controlled by its parent entity.
Type of activity unit (TAU)	A producing unit comprising one or more business entities, sub-entities or branches of a business entity that can report production and employment activities.
Unincorporated business	An entity that engages in market production but does not qualify as a notional institutional unit and is included in the statistics as part of the government, household or NPI that owns the enterprise.

FOR MORE INFORMATION . . .

INTERNET **www.abs.gov.au** the ABS website is the best place for data from our publications and information about the ABS.

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PHONE 1300 135 070

EMAIL client.services@abs.gov.au

FAX 1300 135 211

POST Client Services, ABS, GPO Box 796, Sydney NSW 2001

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Figure 2.3. Decision Tree for Sector Classification of Public Entities

