



SPPI on Office administrative services

Voorburg 30th Group Meeting

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www.abs.gov.au

Introduction

- Industry overview
- Classification
- Services to be priced
- Evaluation of turnover data
- Pricing methodologies
- Challenges

Industry overview (cont'd)

- Office administrative services is a growing industry with a moderate level of competition.
- It consists of companies that provide a range of everyday office administrative services such as clerical, billing and record keeping.
- The high fragmentation of this industry means that there are few major players, and the industry is populated by smaller businesses which service narrow regional or product markets.
- The increase in compliance with government regulations and legislation is a growing factor in the drive towards outsourcing payroll activities.
- The total output (\$9.1bn), based on ABS's latest 2009-10 Input-Output data



Industry overview (cont'd)



Summary of Australian businesses classified as office administrative services

Employment Band	No. of enterprises	Percentage of enterprises
Non Employing	4,147	39%
1-19 Employees	5,840	55%
20-199 Employees	612	5.7%
200+ Employees	34	0.3%
Total	10,633	100%

Classification



Classification structure: ISIC Revision 4 versus ANZSIC 2006

<p>ISIC Rev 4 Div N Administrative and support activities</p>	<p>ANZSIC 2006 Div N Administrative and support services</p>
<p>Subdiv 82 - Office administrative, office support and other business support activities</p>	<p>Subdiv 72 - Administrative services</p>
<p>Group 821 - Office administrative and support activities</p> <ul style="list-style-type: none"> • Class 8211 - Combined office administrative service activities • Class 8219 Photocopying, document preparation and other specialized office support activities 	<p>Group 729 - Other administrative services</p> <ul style="list-style-type: none"> • Class 7291 Office administrative services • Class 7292p* – Document preparation services • Class 5101p* - Postal services

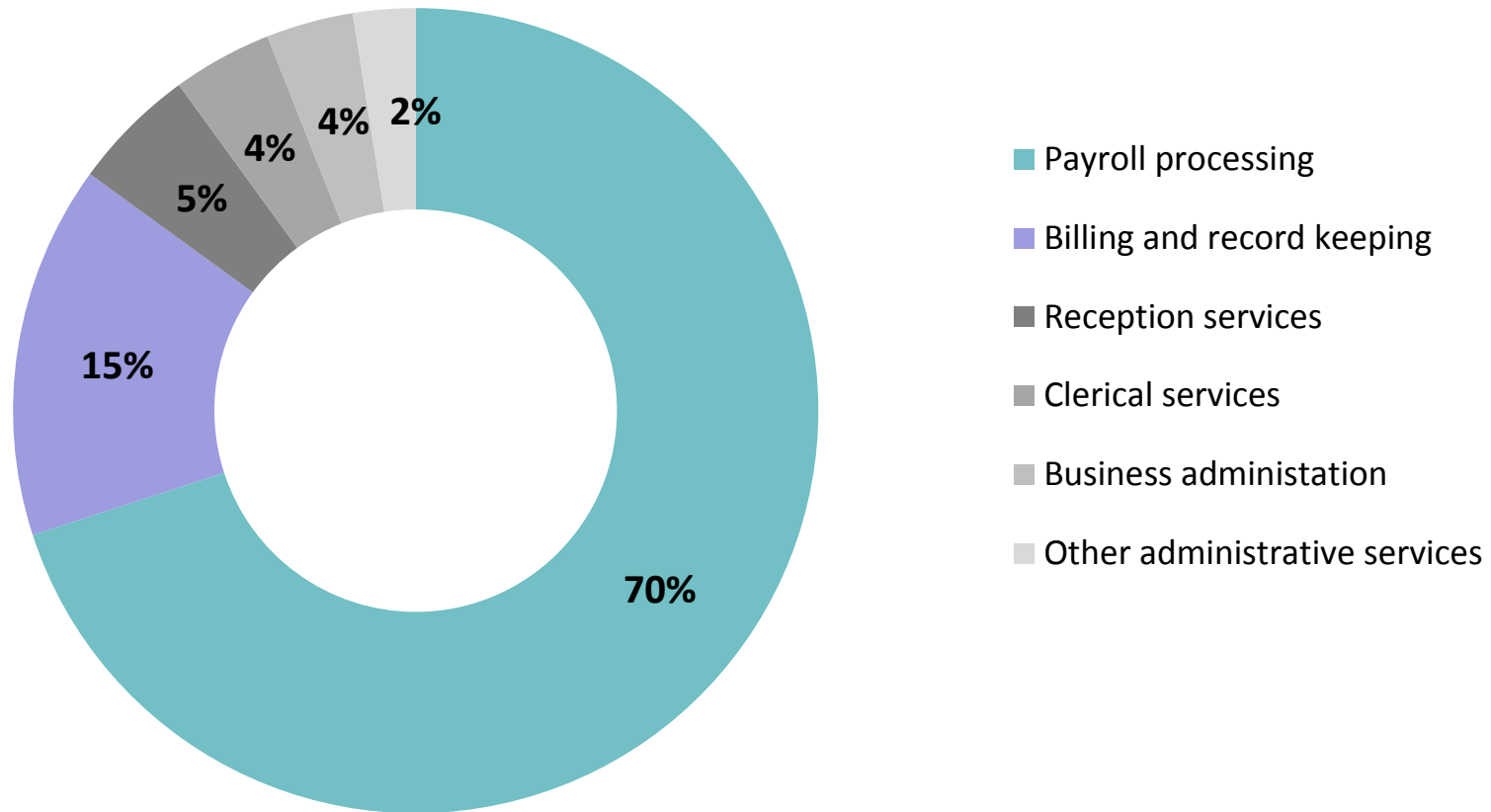
partial correspondence (denoted by 'p') is an indication that only part of that particular ANZSIC class corresponds to the other ANZSIC class



Services to be priced



Product and services segmentation of office administrative services



Source: IBISWorld 2015

Types of Services



Edit Employee " N02 - TAYLOR LAUREN "

Personal Details
 Tax Details
 Pay Details
 Rate Details
 Bank Details
 Cost Accounts
 Additions & Deductions
 Superannuation Details
 RDO Details
 Annual Leave
 Long Service Leave
 Sick Leave
 Public Holiday
 Extra Leave
 Termination Details
 Significant Dates
 Additional Fields

Personal Information

Employee Code: N02

Surname: TAYLOR

Name: LAUREN

Title: Miss

Gender: Female

Marital Status: Single

Date of Birth: 18/01/1987 (22 Years, 8 Months)

Date Hired: 3/08/2005 (4 Years, 1 Months)

Aboriginal/Torres Strait: Unknown

Employee Photograph

Load Clear

Contact Details

Street: 23a BONNY DOON PDE Postal Address: PO BOX 88

Suburb: MAROUBRA Suburb: MAROUBRA

State: NSW (New South Wales) State: NSW (New South Wales)

Postal Code: 2035 Postal Code: 2035

Country: Select a Country Country: Select a Country

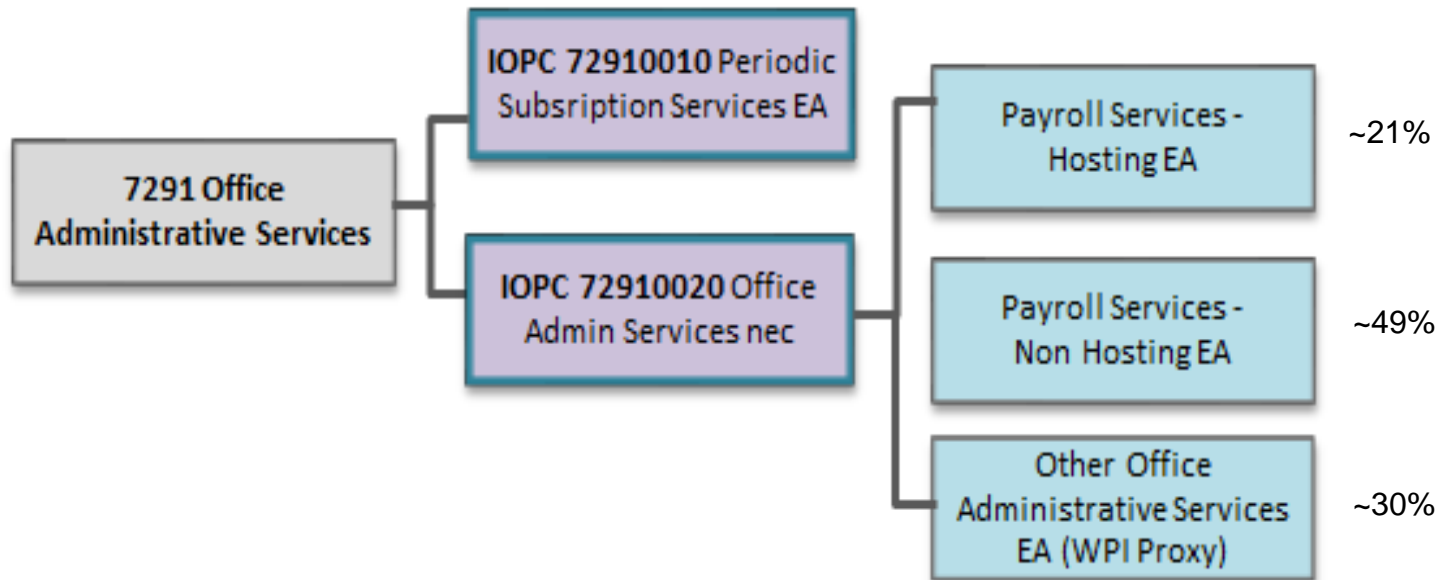
Telephone: 02 96655355 Mobile Phone: 0444 111 888

E-Mail Address: Lauren.Taylor@Micropay.com.au

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- After meeting with key businesses within the industry it was determined that Payroll services can be priced using model pricing.
- Specifications are established with the business when they are enrolled into the survey.
- In the approach adopted by the ABS, contract prices are based on models of packaged services (which are influenced by employee number/size of business) for hosting and non-hosting.

- The index structure used for compiling the experimental index for class 7291 is shown below.





- An example of a specification for payroll services of Hosting may include:
 - *E-payroll Hosting Basic package for 30 employees priced on a monthly basis (excluding GST).*
- An example of a specification for payroll services of Non-Hosting may include:
 - *Managed services package for 10 employees with payroll services, leave management and superannuation options included. Priced on a monthly basis (excluding GST).*

Weighting methods



- The main data source for ABS PPI weights at the class level is National Accounts supply use tables at the IOPC level.
- Below the class level the ABS derives PPI weights using a variety of data sources for revenues.

Challenges

- Market concentration
- Government regulations and legislation
- Technological changes
- Quality adjustments

Conclusion

- The office administrative services industry is a growing industry with a moderate level of competition.
- Payroll services (70%) account for the largest share of industry revenue within class 7291. This can be further split into Hosting(21%) and Non-hosting(49%) services.
- ABS adopted a model pricing method and is planning to use it in compiling it's experimental index.
- There are also many challenges in measuring this industry such as impact of market concentration, and technological changes.

Questions



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