IBISWorld

WHERE KNOWLEDGE IS POWER

A helping hand: Increasing demand for industry services has assisted revenue growth

IBISWorld Industry Report OD5439

Employee Assistance Program Services in Australia

June 2018 Alen Allday

About this Industry

Industry Definition

Firms involved in the industry provide wellbeing services to employees. These services are generally aimed at the early identification and resolution of work and personal problems that affect professional performance.

Main Activities

The primary activities of this industry are

- Workplace issues counselling and assistance services
- Personal issues counselling and assistance services
- Family issues counselling and assistance services
- Group training and corporate assistance services

The major products and services in this industry are

- Corporate training services and courses
- Family issues services
- Personal issues services
- Workplace issues services

Similar Industries

N7211 Employment Placement and Recruitment Services in Australia
Companies in this industry provide employment recruitment and placement services to client firms, including screening and interviewing processes.

Q8512 Specialist Medical Services in Australia
This industry comprises registered medical practitioners, including psychologists and psychiatrists, which provide specialist medical services to patients.

Q8790 Personal Welfare Services in Australia
Organisations in this industry provide social support services to clients, including adoption services, aged-care assistance, disabilities assistance, youth welfare and welfare counselling services.

M6962b Public Relations Services in Australia
Public relations agencies manage the communications between an organisation and its publics to promote favourable relationships and portray a desired image.

Additional Resources

For additional information on this industry

www.ahri.com.au
Australian HR Institute

www.eapaa.org.au
Employee Assistance Professional Association of Australasia

www.eapassn.org
International Employee Assistance Professionals Association

Industry at a Glance

Employee Assistance Program Services in 2017-18

Key Statistics Snapshot

Revenue
$237.7m

Annual Growth 13–18
4.6%

Annual Growth 18–23
4.0%

Profit
$56.8m

Wages
$97.5m

Businesses
143

Market Share

Benestar Group Pty Ltd 25.1%

Optum Health & Technology (Australia) Pty Ltd 13.1%

Ingeus Australia Holdings Pty Ltd 5.2%

p. 21

Key External Drivers

Total employees in the labour force

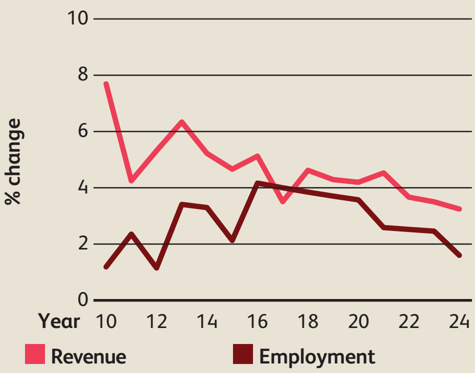
Work accident rate per 1,000 employees

National unemployment rate

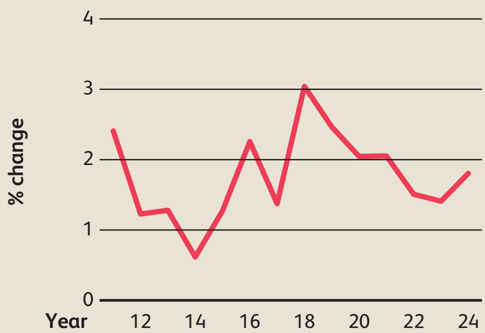
Expenditure on recreation and culture

p. 4

Revenue vs. employment growth

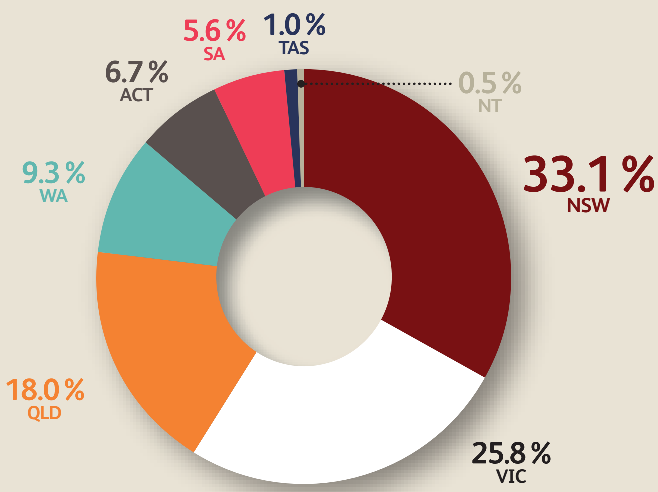


Total employees in the labour force



SOURCE: WWW.IBISWORLD.COM.AU

Enterprises



SOURCE: WWW.IBISWORLD.COM.AU

Industry Structure

Life Cycle Stage	Growth	Regulation Level	Light
Revenue Volatility	Low	Technology Change	Low
Capital Intensity	Low	Barriers to Entry	Medium
Industry Assistance	Low	Industry Globalisation	Low
Concentration Level	Medium	Competition Level	Medium

FOR ADDITIONAL STATISTICS AND TIME SERIES SEE THE APPENDIX ON PAGE 28

Industry Performance

Executive Summary

Firms in the Employee Assistance Program Services industry supply important services to many workers. With relatively low unemployment rates and a tight labour market over most of the past five years, many companies have implemented employee assistance programs (EAPs) for a range of reasons. Firstly, EAP services assist employees in resolving or working through a variety of personal, family and workplace issues, which can result in happier workers. Secondly, when employees have resolved stressful issues, they are more likely to have an improved sense of wellbeing and be more focused on the tasks they carry out. Finally, EAP services can increase productivity and reduce absenteeism, increasing profit and lowering costs. These factors provide client companies with an incentive to implement EAPs, benefiting the industry.

Companies in the industry are increasingly offering a wider range of services to more clients in an attempt to gain an advantage in the market. These services include telephone support for workers and their immediate family 24 hours a day; online support for staff and immediate family, where appropriate; on-site and off-site counselling services; and other services such as financial and legal advice.

The industry has grown strongly over the past five years due to increased demand and high pricing. Industry revenue is expected to increase at annualised 4.6% over the five years through 2017-18, to reach $237.7 million. This growth is largely the result of steadily increasing service levels and demand. Industry revenue is expected to grow by 4.6% in the current year, with continued solid demand gains. Due to the large number of well-educated and experienced staff working in the industry, particularly psychologists and counsellors, industry wages are high. Further, industry profit is projected to account for 23.9% of revenue in the current year, having declined over the past five years on the back of increasing wages and other costs as proportions of revenue.

The industry is anticipated to continue to grow at a strong rate over the next five years. More companies will be looking to implement EAP services to improve staff retention and attract potential new employees. Industry revenue is forecast to increase at an annualised 4.0% over the five years through 2022-23, to reach $289.7 million. However, as more companies enter the industry over the next five years, competition is forecast to grow and reduce profit margins.

Key External Drivers

Total employees in the labour force

Increasing employment intensifies demand for employee assistance programs, as firms look for ways to assist employees. Therefore, an increase in the number of employees in the workforce provides an opportunity for the industry to expand. The total number of employees in the labour force is expected to increase in 2017-18.

Work accident rate per 1,000 employees

The industry provides trauma and stress counselling to employees that have experienced or witnessed a workplace accident. A declining workplace accident rate therefore presents a threat to industry demand for these services. The work accident rate per 1,000 employees is expected to decline in 2017-18.

National unemployment rate

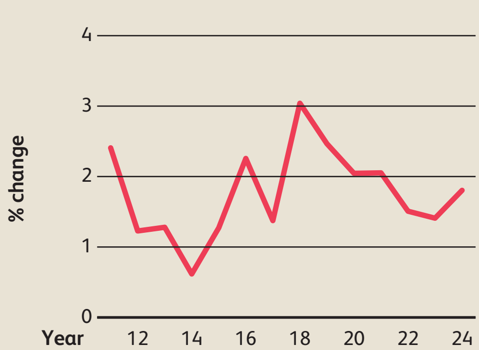
The unemployment rate indicates worker availability within the economy. A falling unemployment rate tends to have a positive effect on the industry as there is a greater incentive for employers to provide additional support services to employees (to retain staff) as the pool of potential candidates decreases. The unemployment rate is projected to decrease in 2017-18.

Industry Performance

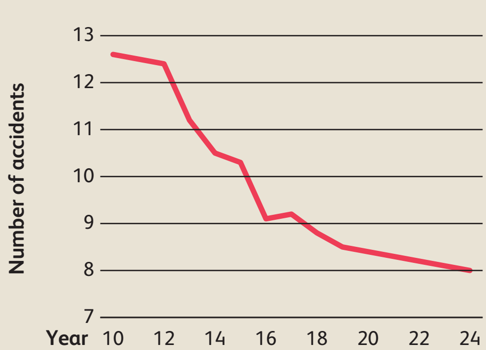
Key External Drivers continued

Expenditure on recreation and culture
For full-time workers, time spent undertaking leisure, cultural and recreational activities can help reduce stress and improve mental health, decreasing the need for employee assistance programs. Expenditure on recreation and culture is projected to increase in 2017-18.

Total employees in the labour force



Work accident rate per 1,000 employees



SOURCE: WWW.IBISWORLD.COM.AU

Current Performance

The Employee Assistance Program Services industry has performed well over the past five years. In a highly competitive economic environment, companies and other organisations require an edge to deliver profit growth or achieve other specified goals for shareholders, stakeholders and owners. Companies have been increasingly providing employee assistance program (EAP) services to help achieve these outcomes. Clients use industry services to improve employee satisfaction and reduce stress. In addition, EAP service providers assist with corporate training for workers and managers to help them deal with stress and other issues. Industry participants also provide advice regarding the strategic direction of a company and how it may affect worker wellbeing. However, with an estimated usage rate between 5% and 25% across client organisations, there is scope for EAP providers to promote their services to reach a greater number of clients.

Strong demand driving growth

EAP services are generally provided free of charge to employees, with payment for these services made by employers. Industry services include counselling for personal, family and workplace issues; assisting with financial and legal advice; providing help with major purchases; and providing information regarding substance abuse and domestic violence. Steady growth in total employee numbers across the economy over the past five years has increased the number of clients for the industry. In addition, Australia's relatively low unemployment rate over the period has contributed to higher demand for industry services, as companies have been looking for ways to keep employees satisfied with their working environment.

Industry revenue expanded at a solid rate over the past five years, as increases in total employment boosted demand for EAP services. The industry also benefited from the residual economic weakness in the aftermath of the global financial crisis, as client companies used EAP

Industry Performance

Strong demand driving growth continued

services to appease employees and reduce concerns over job security. Due to these factors, industry revenue is expected to increase at an annualised 4.6% over the five years through 2017-18, to reach $237.7 million. Demand for EAP services is projected to increase steadily in the current year as the number of total employees in the national labour force rises. Combined with the relatively low unemployment rate, revenue is anticipated to grow by 4.6% for the year.

Client companies have increasingly realised the value of having happy employees who are less stressed. A stressed workforce can increase incidences of time off work, lower productivity, reduce output and lower morale. There can also be a flow-on effect to other staff. Staff also require support and assistance to cope with traumatic events (such as workplace accidents or natural disasters), which the industry can also provide. EAP services can assist in improving worker wellbeing and contribute to increasing employee retention.

High but decreasing profit

Industry profit accounts for an estimated 23.9% of industry revenue in 2017-18. This high value is due to strong employment across the economy driving demand for EAP services. However, profit margins have been decreasing due to rising wages as a portion of revenue, and increased industry competition. A high proportion of industry employees are psychologists and counsellors with tertiary education and an ability to command high wages. General wages growth across the economy has also contributed to higher industry wages as a proportion of revenue, and profit falls. Furthermore, industry profit has been pushed lower by downward pressure on pricing as increased competition has forced firms to lower prices to attract and retain clients over the period.

Productivity and absenteeism

Studies have shown that EAP implementation can increase productivity and lower absenteeism, largely due to the beneficial effects on employee wellbeing measures such as emotional wellbeing, morale, motivation and work-life balance. A report produced in 2015 by the industry's largest player, Benestar Group (previously called Davidson Trahaire Corpsych), states that the average return on investment across client organisations due to improvements in employee productivity was over $9,900 per client employee.

Furthermore, the report stated that the number of days absent from work as a result of client employees discussing personal, family or workplace issues decreased by 31.6%, or almost one day off in the following eight weeks. This was estimated to equate to approximately $234.00 in salary cost savings per client employee. Across a large organisation with high staff numbers, a large decrease in absenteeism can be a major contributor to cost savings and increased work efficiency. Given Benestar Group's prominent place in the industry, these findings are perhaps not surprising. However, they do help to demonstrate the value of EAP services, particularly during tough economic periods when companies look to reduce costs.

Industry Performance

Other industry factors

Providing EAP services can be costly for client companies, particularly if there is employee resistance to using these services. While services provided to staff are generally free, with the company paying the service provider, some staff may feel uncomfortable disclosing sensitive personal information to counsellors, fearing that information will flow through to management. One way to counter this is for EAP providers to reiterate the confidential nature of all discussions with staff and for management to have limited contact with EAP service providers. Industry firms need to be able to show a return on investment for clients, which can help lead to continued or repeat business, contributing to industry growth.

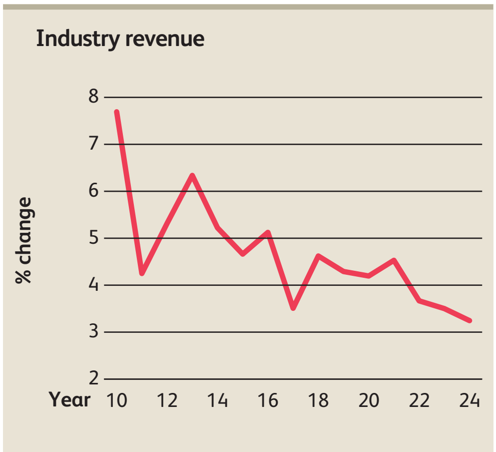
High profit margins and increasing demand have encouraged new firms to enter the industry over the past five years. Industry enterprise numbers are projected to increase at an annualised 1.9% over the five years through 2017-18. This has contributed to higher industry employment, with staff numbers expected to increase at an annualised 3.5% over the five-year period, to reach 1,080 employees in the current year.

Industry Outlook

The Employee Assistance Program Services industry is projected to continue to grow strongly over the next five years. A greater number of companies and organisations will look to the industry as EAP services become more common and accessible to employees. Since a high proportion of larger organisations have already implemented EAP services, demand will be driven by industry firms promoting their services to smaller potential client companies. Australia's unemployment rate is forecast to remain relatively low over the next five years, contributing to continued industry growth with steady increases in the total number of employees in the labour force. Further increases in employment across the economy will boost the client base for industry operators.

Steady revenue growth

With more companies using the industry's services, industry revenue is forecast to increase at an annualised 4.0% over the five years through 2022-23, to reach $289.7 million. This includes a forecast increase of 4.3% in 2018-19, with similar growth expected in the following years as demand grows steadily and as the total number of employees in the national labour force increases at a solid rate. However, with an estimated 80% of Australia's top 500 companies having already implemented EAPs, industry operators will need to explore other segments and geographic regions to drive further growth.



SOURCE: WWW.IBISWORLD.COM.AU

Revenue from the government sector is forecast to decline over the next five years, due to a general drive to shrink government departments to reduce public expenditure. This is in contrast to small- and medium-size enterprises in the private sector, which are anticipated to account for a higher proportion of industry revenue over the next five years due to more EAP companies offering industry services to this currently under-serviced segment. Low growth is forecast for large companies in the private sector and for institutions as these segments approach saturation.

Industry Performance

Profit and competition

Industry profit is forecast to decline over the next five years as pricing competition increases and operating costs rise. Demand for the industry's services is projected to grow at a steady rate over the next five years. This provides specialised and highly skilled EAP staff the opportunity to benefit from being able to command higher wages, with the average industry wage forecast to increase to over $92,000 in 2022-23. If more companies enter the industry as anticipated, competition will grow, forcing larger firms to compete for clients, thereby increasing pricing competition.

Establishments and employment

Despite forecast profit declines over the next five years, industry profit is forecast to remain relatively high due to high pricing and only small increases in other expenses. This is projected to encourage companies to enter the industry in an attempt to benefit from these high margins. New entrants are likely to be firms operating in similar or complementary industries, such as employment agencies, human resources providers, outplacement services, general psychology and other counselling services. Industry enterprise numbers are forecast to increase at an annualised 1.8% over the five years through 2022-23. Industry employment is also anticipated to rise. EAP providers will be under pressure to provide superior services to clients to retain existing contracts with large organisations and to develop a good reputation to attract new firms. As a result, industry employment is forecast to increase at an annualised 3.0% over the five years through 2022-23, to reach 1,250 people.

Future growth opportunities

Over the next five years, industry firms are projected to develop new ways to stay in contact with clients and provide assistance outside of business hours. This will include a greater focus on 24-hour telephone services, online services and the development of assistance apps for smartphones and tablets. Industry firms are also likely to offer a wider range of additional services for clients. While some larger companies already provide financial and legal advice and other integrated services, smaller companies are anticipated to increasingly follow suit to remain competitive.

As part of this trend, more EAP companies are forecast to open off-site offices so that clients can attend counselling sessions away from the workplace. While several of the major players currently have multiple offices in diverse locations, smaller and mid-sized companies are likely to expand their networks, while the larger companies are anticipated to open even more sites.

Further potential growth opportunities include providing EAP services in other countries. Some companies are already providing some EAP, human resource and welfare-to-work services in foreign locations, boosting their global presence and reinforcing their brands. This can contribute to stronger domestic demand for EAP services for clients looking to engage a larger, more experienced global firm.

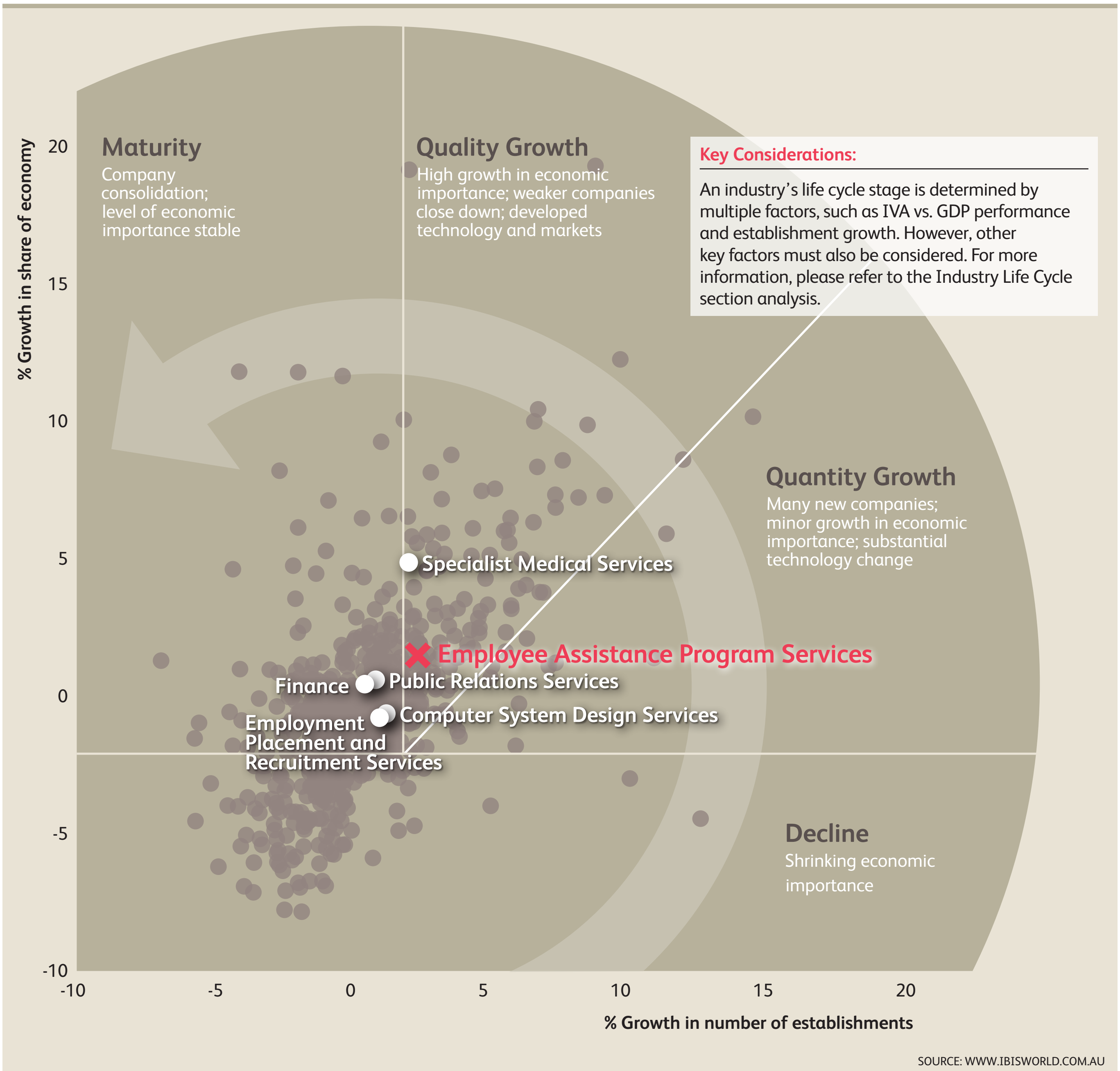
Industry Performance

Life Cycle Stage

Value added-growth is projected to be strong over the 10 years through 2022-23

Profit margins are high, which has encouraged new firms to enter the industry

Client numbers are increasing as companies look for ways to attract and retain staff



Industry Performance

Industry Life Cycle

This industry is **Growing**

The Employee Assistance Program Services industry is in the growth phase of its life cycle. This is shown by industry revenue and value-added increasing at a strong and steady rate due to increased demand and high pricing. IBISWorld estimates that industry value added, which is the industry's contribution to national GDP, will increase at an annualised 4.1% over the 10 years through 2022-23. This is higher than the estimated national GDP growth rate of 2.6% per annum over the same period, indicating that the industry will make up a larger proportion of the national economy in 2022-23 than it did in 2012-13.

High profit margins across the industry have contributed to industry growth in the past five years, with increases in establishment numbers and employment as more companies look to benefit from strong demand. As an increasing number of large private business and government departments have used industry services to increase productivity and reduce absenteeism, small and large EAP service providers have benefited from higher revenue. The industry has also grown as client companies have promoted their EAP services to new potential employees and encouraged existing staff to use the free services.

Products & Markets

Supply Chain | Products & Services | Demand Determinants
Major Markets | International Trade | Business Locations

Supply Chain

KEY BUYING INDUSTRIES

K6200	**Finance in Australia** Large private companies are major clients for industry participants. These companies use EAP services to increase worker satisfaction and productivity.
O7510	**Central Government Administration in Australia** Federal government departments and agencies are major users of industry EAP services.
O7520	**State Government Administration in Australia** State government departments and agencies use EAP services to improve workplace harmony and increase productivity.
P	**Education and Training in Australia** Staff working for schools, universities and other institutions experience high stress levels and therefore use industry services.
Q8400	**Health Services in Australia** Hospitals and other institutions use EAP services due to the high stress levels that staff face.
Z9901	**Consumers in Australia** Although most EAP services provided by the industry are offered to staff via client companies and other organisations, individuals are able to access industry services independently.

KEY SELLING INDUSTRIES

M7000	**Computer System Design Services in Australia** EAP service companies use online assistance packages to supply to clients that require additional support.
Q8512	**Specialist Medical Services in Australia** Industry firms often hire contract professionals to carry out counselling and psychological processes for clients.

Products & Services

Firms in the industry offer a range of EAP and related services. These are provided to businesses, governments, and other organisations. Although industry providers offer services to employees within client companies, a high proportion of industry activity is directed towards personal and family issues (50%), with a lower proportion focused on workplace issues and other related EAP and training services.

Workplace issues services

The largest individual industry segment is workplace issues services, which is projected to account for 41.7% of industry revenue in 2017-18. Firms in the industry provide a range of workplace counselling and assistance services to clients. These include workplace performance, redundancy concerns, worker relationships, change management, conflict resolution, stress management, trauma counselling and career change counselling. This segment has declined as a proportion of industry revenue over the past five years, due to fewer concerns among employees regarding job security and workplace stress. This is largely the result of Australia's strengthening economy and low unemployment rate, which have stabilised many firms.

Personal issues services

EAP services include counselling and advice regarding employees' personal issues. Counsellors and psychologists provide workers with strategies to cope with and adjust to a range of issues. These can include methods to deal with anxiety, depression, stress, low self-esteem, physical abuse, grief and loss. This segment has declined as a proportion of industry revenue over the past five years, to account for an anticipated 36.2% in the current year. This segment has faced increasing competition from alternative sources of assistance and advice, such as the beyondblue initiative.

Products & Markets

Products & Services continued

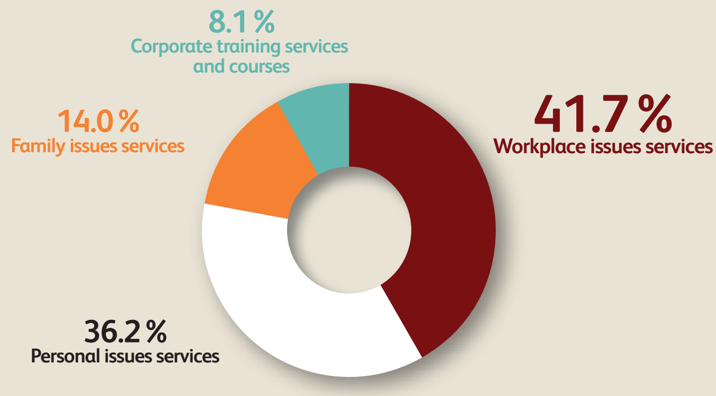
Family issues services

In addition to helping employees deal with personal issues, industry services include family issues services such as providing workers with ways to deal with work-life balance, financial concerns, substance abuse, domestic violence, children's issues and relationship problems. As these issues create stress for workers and result in reduced productivity, employers use EAP services to provide confidential assistance to employees to minimise the negative effects of and time lost dealing with these issues. This segment has increased as a share of industry revenue over the past five years, to account for 14.0% in 2017-18. This increase is largely due to the increasing awareness of these types of issues.

Corporate training services and courses

Industry firms provide corporate training services and courses for employees and managers to help them deal with workplace, personal and family issues. While other industry services tend to be offered on an individual-basis, corporate training services and courses are provided in a group setting. These courses are designed to prevent issues from developing in the workplace and are generally provided at a lower cost than individual services. This segment is likely to account for 8.1% of industry revenue in the current year, having increased as a proportion of industry revenue over the past five years. This growth is due to more companies using these services to reach staff and educate a wider range of workers.

Products and services segmentation (2017-18)



Total $237.7m

SOURCE: WWW.IBISWORLD.COM.AU

Demand Determinants

Demand for industry services is driven by a variety of factors, such as organisational culture, company structures, a choice by management to assist employees and desire for a method to increase productivity and reduce absenteeism. Demand is also driven by one-off or random events, such as a workplace accident or natural disaster. On the supply side, EAP service providers often prefer to offer services to larger companies and organisations, rather than small firms with few staff. This is due to the high wage costs for the industry and the superior revenue and profit margins able to be achieved by servicing a large number of staff.

Companies and organisations that have an employee-focused or family culture are generally more likely to use EAP services and encourage staff to take advantage of the provided assistance as required. These types of companies can also promote these additional services to potential employees as a reason to join the company. Further, as women tend to use

Products & Markets

Demand Determinants continued

industry services more than men, industry sectors that have a higher proportion of female workers can be more profitable for EAP service firms, due to relatively higher demand per worker.

Managers that deal with high numbers of employees may require additional assistance in a range of personal, family and workplace issues. By using the industry's services, managers can focus on operational tasks. Client companies look to supply an EAP for staff to improve morale and assist in addressing or resolving personal, family and workplace issues. A report by Benestar Group's previous entity, Davidson Trahaire Corpsych (EAP Return on Investment Summary – 2015), shows that the average return on investment due to improvements in employee productivity is over $9,900 per client employee, with cost savings from reduced absenteeism at approximately $234 per client employee.

Major Markets

The main markets for the industry are major organisations in the private and public sectors. Large private companies and government bodies are projected to account for almost 60% of industry revenue in the current year. Small and medium firms, institutions and other sectors are anticipated to make up the balance.

Large private companies

Large companies operating in the private sector are the largest markets for EAP services providers, accounting for a projected 36.1% of revenue in 2017-18. An estimated 80% of Australia's top 500 companies offer EAPs to their employees, making this a sizeable and lucrative market for the industry. Large private companies are more likely to offer EAPs to their workers as part of the benefits of working for such organisations, compared with small companies that may not have sufficient funds or staff numbers to justify the investment. Further, program providers can earn higher revenue and profit per client from larger companies, which provides a further incentive to target major firms as clients. This market is expected to have increased as a proportion of industry revenue over the past five years, due to expansion of large private companies in Australia over this time and strongly growing demand from these types of firms.

Government sector

The government sector is comprised of government departments, agencies and service providers at the federal, state and local level. Governments represent a major market for the industry, accounting for an estimated 23.5% of revenue in the current year, with projected declines as a proportion of industry revenue over the past five years due to low government sector growth. The Federal Government is estimated to account for half of the government sector EAP services revenue across the industry, with local government only making up approximately 10% of the market. This is due to the highly concentrated nature of the government sector at the federal level and the diverse and spread-out nature of local government.

Small and medium private companies

Small and medium enterprises within the private sector are estimated to account for 18.9% of industry revenue in 2017-18, despite high employment within the market compared with the government sector. EAP providers are less likely to provide services to companies with few employees, due to the relatively low revenue and profit margins per employee received by the industry. Further, a high proportion of these companies do not usually have the resources to offer specialised EAP services to employees. Often, a company's human resources

Products & Markets

Major Markets continued

department will provide similar functions or services, or an individual will initiate and undertake their own counselling or treatment independently of their employer. However, a growing number of mid-size firms are offering EAP services to workers, with this market increasing for the industry over the past five years.

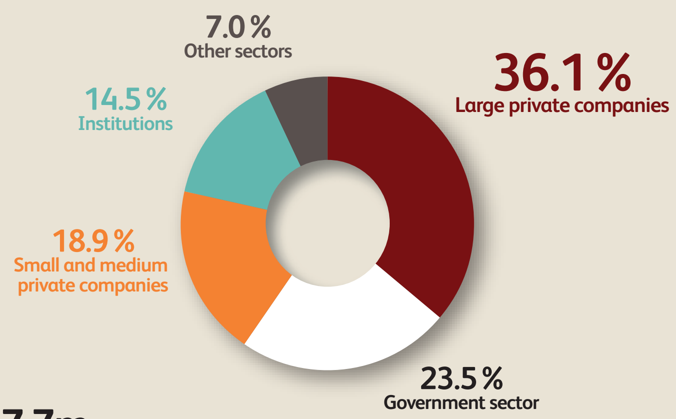
Institutions

The industry provides services to institutions such as private and public universities, schools and hospitals. IBISWorld estimates that institutions will account for 14.5% of industry revenue in the current year, up as a portion of the industry over the past five years. This is due to an increase in the number of institutions offering these services and a greater awareness of stress associated with work in these institutions. Institutions are a key market for industry operators, due to high employee numbers per institution, resulting in high revenue and profit margins per employee received by the industry.

Other sectors

Other users of industry services include not-for-profit organisations and other organisations and individuals. Not-for-profit organisations require EAPs due to the stressful situations their workers may experience while assisting clients, particularly for charities and personal welfare service providers. Individuals represent a smaller market for the industry and may choose to use industry services independent of their employer for confidentiality and other reasons. Overall, this market is projected to account for 7.0% of industry revenue in 2017-18, with likely declines as a proportion of industry revenue over the past five years due to growth in the private sector and institutions.

Major market segmentation (2017-18)



Total $237.7m

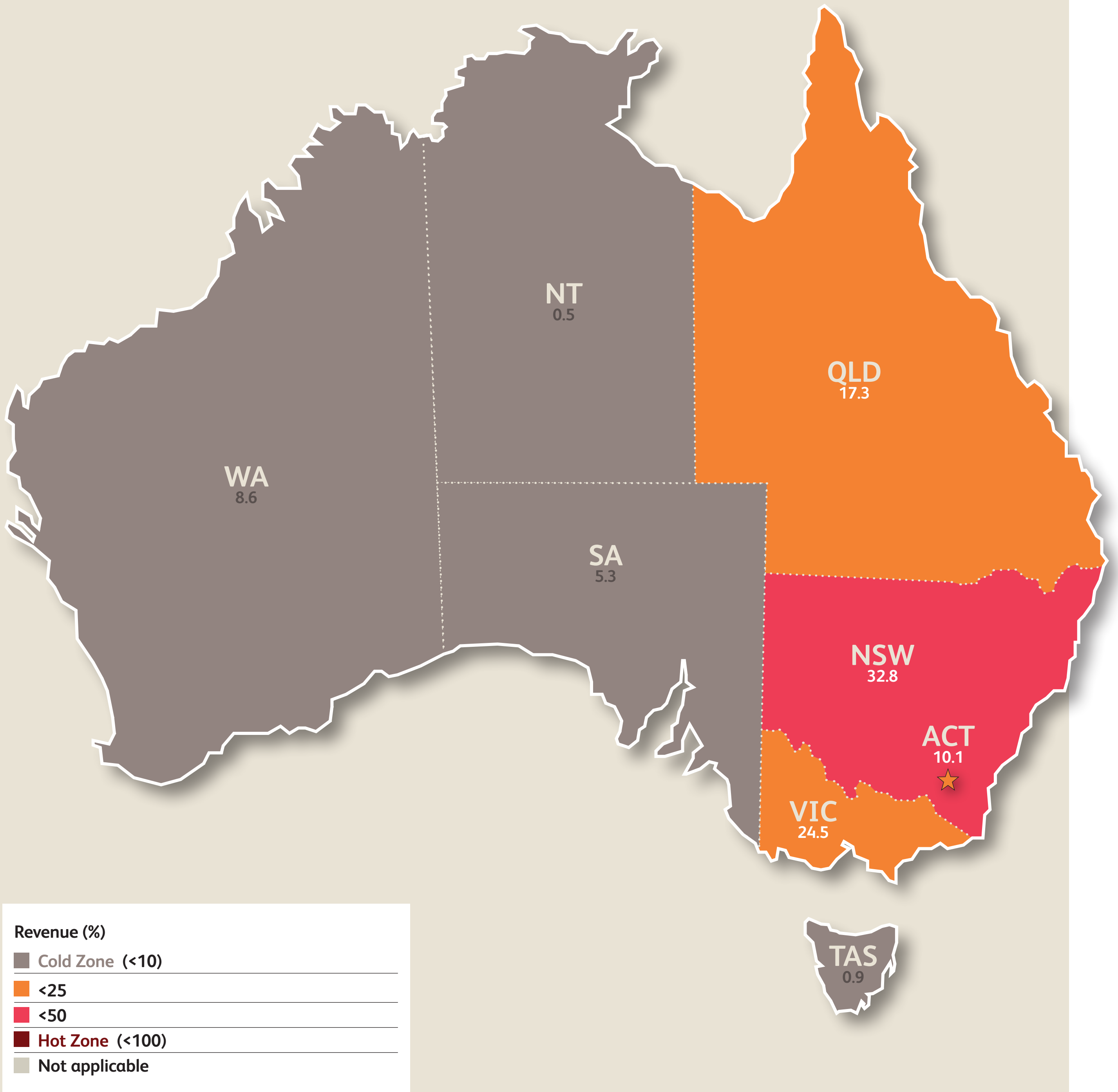
SOURCE: WWW.IBISWORLD.COM.AU

International Trade

As EAP services are provided to domestic clients, international trade is not applicable. Although some companies do provide EAP program services in other countries, particularly New Zealand, these are included within the industry for the particular country and are not counted as industry exports. Similarly, when foreign firms provide EAP services to local clients, these are included as industry revenue.

Products & Markets

Business Locations 2017-18



SOURCE: WWW.IBISWORLD.COM.AU

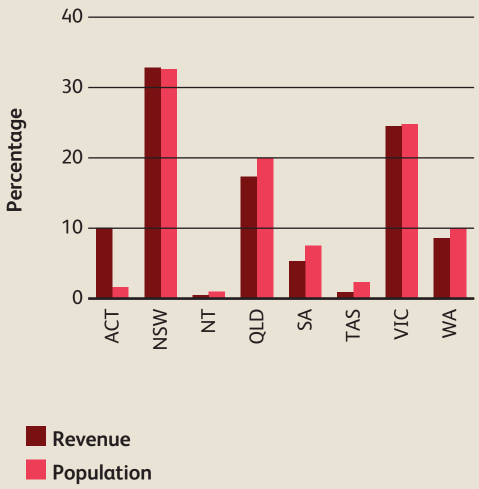
Products & Markets

Business Locations

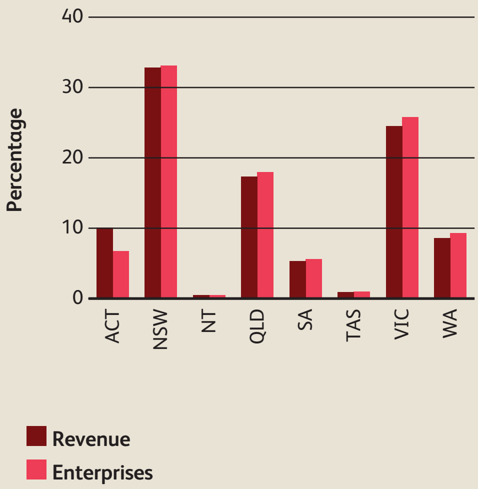
Companies in the industry provide services to businesses and other organisations, so there is a higher concentration of EAP services firms in states and territories with high business numbers and economic activity. This is driven by population distribution and industry concentration rates. Due to these factors, New South Wales and Victoria account for the highest proportions of industry operators and industry revenue due to the high business counts and populations in these states. Further, Queensland has a high proportion of EAP service firms, due to the large number of businesses in the state. Combined, these three states are estimated to account for 76.9% of industry establishment numbers in 2017-18, and 74.6% of industry revenue.

The Australian Capital Territory is an exception because it has a relatively low population and business count, but accounts for a relatively high proportion of the industry. This is due to a high number of federal government departments being located in the territory, which contributes to disproportionately high shares of establishments and industry revenue. These are estimated at 6.7% and 10.1%, respectively, in the current year.

Distribution of revenue vs. population



Distribution of revenue vs. enterprises



SOURCE: WWW.IBISWORLD.COM.AU

Competitive Landscape

Market Share Concentration | Key Success Factors | Cost Structure Benchmarks
Basis of Competition | Barriers to Entry | Industry Globalisation

Market Share Concentration

Level
Concentration in this industry is **Medium**

Industry concentration is at a medium level, with the four largest companies in the industry estimated to account for approximately 48% of industry revenue in 2017-18. This medium concentration level means that the largest companies are able to exert some pricing power and other market influence in the industry. The industry concentration level has increased slightly over the past five years, due to stronger organic growth by the major players compared with the industry average. Further, industry growth and higher concentration has been driven by greater demand from major private companies and governments. These main markets generally use larger EAP service providers due to their experience and wider geographic reach compared with smaller firms.

The industry concentration level is projected to increase over the next five years as the largest companies build their brand strength, expand into new geographic regions and offer a wider range of services to more clients. The major players in the industry are expected to provide a wider range of services to clients, benefiting from economies of scope and a large base of existing client companies.

Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

Ability to provide goods/ services in diverse locations
Industry providers generally supply assistance and counselling services on site. Therefore, providers that can provide staff to travel to diverse geographic regions are in a good position to increase client numbers and revenue.

Ability to vary services to suit different needs
Companies that can provide EAP services at short notice to meet client needs, such as for trauma counselling or following a major natural disaster, are more likely to develop a good reputation in the market.

Access to highly skilled workforce
Industry firms that employ skilled and experienced workplace counsellors, psychologists and consultants are more likely to provide sound advice and satisfy their clients' needs. This will allow firms to retain existing clients and gain new ones.

Having a diverse range of clients
To counter any slowdown in a particular sector and maintain smooth cash and business flows, EAP companies need to provide services to a range of clients across various industry sectors.

Having a high profile in the market
Companies in the industry that have a high profile in the market and a good reputation are more likely to be able to expand their business.

Cost Structure Benchmarks

The industry's cost structure is an estimated average of the cost structures for all operators in the industry. As the industry's concentration is moderate, the larger firms have had a greater effect on the industry's cost structure than the smaller firms over the past five years. This trend is likely to continue over the next five years.

Profit
Industry profit is expected to account for 23.9% of industry revenue in the current year. The industry's strong profitability is due to the relatively high prices that EAP services providers can charge clients for professional services and well-qualified staff. Industry profit is also high because the main market segments are large private companies and government departments, which are generally more willing to invest in staff wellness programs. EAP services are marketed as providing a significant return on

Competitive Landscape

Cost Structure Benchmarks continued

investment, which justifies the high prices that industry players charge. However, pricing has declined over the past five years, due to increasing industry competition. As a result, profit margins have declined over the period.

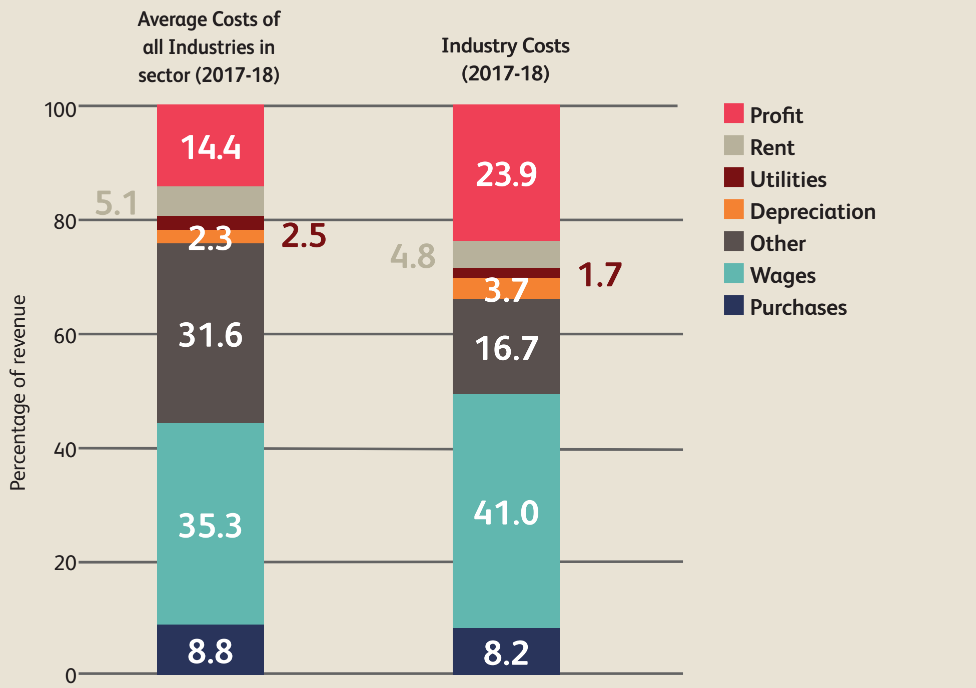
Wages
Industry wages are high because counsellors and other service providers are generally tertiary qualified and have extensive, specialised experience. The industry employs a large number of psychologists, counsellors, medical professionals, social workers and managers to provide EAP services to clients. Wages are expected to account for 41.0% of industry revenue in 2017-18, having increased as a share of revenue over the past five years due to strong wages growth across professional positions and the general economy. The increase in wage costs has also contributed to the industry's declining profit over the past five years.

Purchases
Industry purchases include expenses related to employee assistance programs, training programs, subscriptions and data. Purchases are expected to account for 8.2% of industry revenue in the current year, having grown as a proportion of industry revenue over the past five years. This has been due to increased expenditure on a larger number of EAPs and other training programs.

Rent and utilities
Rent is paid to lease office space, while utilities include electricity, gas and water. Rent and utilities have both increased as shares of industry revenue over the past five years due to higher property and electricity prices. Rent is expected to account for 4.8% of industry revenue in 2017-18, while utilities are expected to account for 1.7% of industry revenue.

Depreciation
Depreciation allowances are made for capital equipment, such as motor vehicles, computers and equipment. Depreciation costs are expected to account for 3.7% of industry revenue in

Sector vs. Industry Costs



SOURCE: WWW.IBISWORLD.COM.AU

Competitive Landscape

Cost Structure Benchmarks continued

the current year, having increased as a proportion of industry revenue over the past five years due to growing investment in computer systems.

Other

Other industry costs include payments for contract staff, fuel costs, advertising costs, communications expenses, insurance premiums, and printing and stationery expenses. Other costs are expected to account for 16.7% of industry revenue in 2017-18, having decreased as a portion of revenue over the past five years. This has been largely due to lower operating costs, reduced use of contract staff and relatively strong revenue growth.

Basis of Competition

Level & Trend
Competition in this industry is **Medium** and the trend is **Increasing**

Industry competition has been moderate over the past five years, with an increasing trend. Internal competition includes the ways that firms within the industry compete with other. External competition includes competition from substitute services.

Internal competition

Competition within the industry is generally not heavily focused on pricing, particularly for firms that provide services to larger private companies and government departments. Although pricing is a factor for clients when deciding on an EAP provider, other factors are more important. One of the main sources of competition is the expertise, experience and qualifications of counsellors and psychologists providing EAP services. The more experienced an EAP company's staff are, the more likely it is they will be able to achieve the results a client is looking for.

Program content is also an important source of competition. An EAP provider that has the staff available to provide specific counselling and other services to a potential client company is more likely to be awarded an EAP job or contract. This includes being able to provide trauma counselling at short notice following a workplace accident or natural disaster that has affected staff. Firms also compete on service quality and the ability to provide a high return on investment for a client by increasing worker productivity and reducing absenteeism due to a happier and more motivated workforce.

External competition

Substitute competition is relatively high for the industry. A high proportion of major organisations and firms with a large number of departments and management levels provide EAP services to employees. This is due to these clients also having extensive human resource departments, with EAPs being a natural extension of benefits offered to employees. However, some staff may not feel comfortable using EAP services provided by an employer due to confidentiality and other concerns. Workers may prefer to discuss personal, family and workplace issues with an independent counsellor or psychologist, or work through problems alone, with family or with close friends. External industry competition is also generated by large companies and organisations that operate their own EAP service internally, such as police departments that require specialised psychologists and counsellors.

Barriers to Entry

Level & Trend
Barriers to Entry in this industry are **Medium** and **Steady**

Entry barriers to the industry for new firms are at a medium level because it is relatively easy to set up a new business, and the costs to do this are also low. However, it can be more difficult to find and recruit experienced and qualified staff, which adds to entry barriers. Most EAP service companies are started by degree-qualified people within the psychology and counselling fields, which reduces initial start-up costs and problems finding suitable staff. As a company grows, though, high industry wages can make it difficult to increase staffing to expand the client base.

Competitive Landscape

Barriers to Entry continued

It can be difficult for a new EAP company to compete with the established major players. New firms can face barriers to winning contracts or supplying services to the large private companies and government agencies that make up a large proportion of industry clients. The major companies in the industry have the advantage of a strong brand presence and experience working with and assisting client staff members. Further, EAP firms with a good reputation are more likely to win new contracts and retain existing ones, increasing entry barriers to the industry for new companies.

Barriers to Entry checklist

Competition	Medium
Concentration	Medium
Life Cycle Stage	Growth
Capital Intensity	Low
Technology Change	Low
Regulation & Policy	Light
Industry Assistance	Low

SOURCE: WWW.IBISWORLD.COM.AU

Industry Globalisation

Level & Trend
Globalisation in this industry is **Low** and the trend is **Increasing**

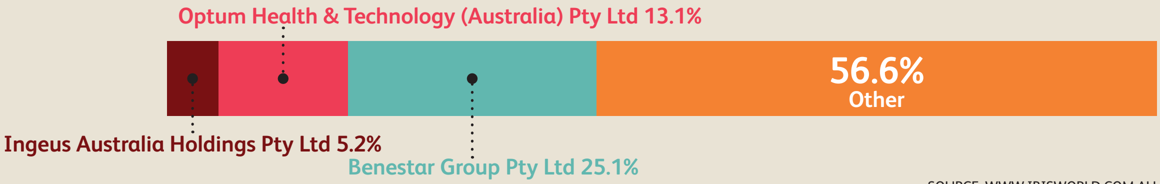
Industry globalisation is relatively low due to a high proportion of EAP service providers being Australian firms, with international trade also not being applicable to the industry. Some companies are foreign owned, such as MAX Solutions being owned by US-based MAXIMUS Inc. and Optum Health & Technology (Australia) Pty Ltd being owned by UnitedHealth Group in the United States. In 2014, Brisbane company Ingeus Pty Limited was acquired by US firm Providence Service Corporation, which contributed to increased globalisation. However, the majority of companies are locally owned and operated.

In addition to foreign firms operating in Australia, there are some Australian companies that operate in foreign markets, such as Benestar Group (formerly Davidson Trahaire Corpsych Pty Limited), which has an office in New Zealand. Converge International Ltd is also an Australian company that provides EAP services domestically, as well as in other countries via global alliance partnerships. These Australian EAP operations in other countries increase the industry's globalisation level.

Major Companies

Benestar Group Pty Ltd | Optum Health & Technology (Australia) Pty Ltd
Ingeus Australia Holdings Pty Ltd | Other Companies

Major players
(Market share)



SOURCE: WWW.IBISWORLD.COM.AU

Player Performance

Benestar Group Pty Ltd
Market share: 25.1 %

Benestar Group Pty Ltd provides workplace wellbeing, psychology, trauma counselling and EAP services to over 2,000 small and large private, public and non-profit organisations in Australia and New Zealand. The company was launched in early 2018 with the rebrand of Davidson Trahaire Corpsych Pty Limited (DTC), which was established in 1988. Benestar offers clients extensive online and phone support related to workplace and personal issues. It is part of travel insurance company Cover-More Group, which was acquired by Zurich Insurance Group in April 2017.

In December 2011, DTC (now Benestar) was appointed the sole licensee for beyondblue's National Workplace Program (NWP), which was started in 2002 to raise awareness of depression and anxiety in the workplace, and to reduce the stigma and discrimination associated with these illnesses. In September 2016, DTC acquired New Zealand-based EAP firm Stratos Ltd. With the rebranding as Benestar, the company is looking to consolidate its various brands and business units.

Benestar Group Pty Ltd - industry segment performance*

Year	Revenue ($ million)	(% change)
2012-13	43.7	N/C
2013-14	47.1	7.8
2014-15	50.2	6.6
2015-16	53.2	6.0
2016-17	56.1	5.5
2017-18	59.6	6.2

*Estimate; includes Davidson Trahaire Corpsych revenue prior to the rebrand

SOURCE: IBISWORLD

Financial performance

Financial information for Benestar or DTC is unavailable. However, Benestar is projected to be Australia's leading provider of EAP and corporate psychology services. This is largely because the company supplies its services to many large corporations and government departments, and is associated with beyondblue's NWP. Benestar and DTC's industry-related revenue is expected to increase by an annualised 6.4% over the five years through 2017-18, to reach $59.6 million. This is an outperformance of the overall industry in nominal terms, due to strong revenue growth from the beyondblue contract and other major contracts. Industry-related profit is expected to be higher than the industry average due to the company's prominence in the industry.

Major Companies

Player Performance

Optum Health & Technology (Australia) Pty Ltd
Market share: 13.1 %

Optum Health & Technology (Australia) Pty Ltd is part of US-based Optum Inc, a subsidiary of UnitedHealth Group. Optum Inc acquired PPC Worldwide, a global EAP provider, in late 2009. Optum Inc continued to operate the PPC Worldwide business in its existing structure until late 2013, when it changed the branding to Optum. In April 2014, the Australian PPC Worldwide business changed its name to Optum Health & Technology (Australia) Pty Ltd. The company now provides employee assistance programs to over 1,500 organisations across Australia.

PPC Worldwide was established in the United States in 1975 and grew to become the largest EAP services provider in the country. The company expanded internationally in 1986 and entered the Australian market in 1993. Since then, the EAP business in Australia has grown steadily, and now offers other workplace services such as corporate training, workplace fitness programs, surveys, return-to-work programs and psychological testing services.

Financial performance

Optum Health & Technology's industry-related revenue is expected to decrease at an annualised 0.3% over the five years through December 2018, to reach $31.2 million. This represents an underperformance of the overall industry in nominal terms over the same period, due to a likely decline in client numbers in 2015. As a result, the company's industry-related profit is expected to be lower than the industry average over the period.

Optum Health & Technology (Australia) Pty Ltd - industry segment performance*

Year**	Revenue ($ million)	(% change)
2013	31.6	N/C
2014	32.9	4.1
2015	34.0	3.3
2016	28.1	-17.4
2017	29.7	5.7
2018	31.2	5.1

*Estimate **Year end December

SOURCE: IBISWORLD

Player Performance

Ingeus Australia Holdings Pty Ltd
Market share: 5.2 %

Industry Brand Names
Ingeus Pty Limited
Assure Programs
Assure

Established in 1991, Ingeus Australia Holdings Pty Ltd is part of UK-based Ingeus Group, which was acquired by US-based Providence Service Corporation in April 2014. In Australia, Ingeus is based in Brisbane and provides employment assistance and training services nationally to injured workers and long-term unemployed people, and EAP services to individuals and companies. Ingeus Group provides these services in New Zealand, the United Kingdom, France, Germany, Sweden, Switzerland, Poland, South Korea and Saudi Arabia.

Ingeus's EAP and related services are provided to 300 companies in Australia and New Zealand via its Assure Programs subsidiary, reaching 300,000 employees and family members. Ingeus acquired Assure Programs in August 2011 for $2.9 million. The company made additional acquisitions in 2012 to increase its national reach across the industry.

Ingeus Australia Holdings Pty Ltd - industry segment performance*

Year**	Revenue ($ million)	(% change)
2013	8.1	N/C
2014	8.7	7.4
2015	9.4	8.0
2016	10.4	10.6
2017	11.4	9.6
2018	12.3	7.9

*Estimate **Year end December

SOURCE: IBISWORLD

Major Companies

Player Performance continued

Financial performance

Ingeus Australia Holdings Pty Ltd's industry-related revenue is expected to increase at an annualised 8.7% over the five years through December 2018, to reach $12.3 million. This represents an outperformance of the overall industry in nominal terms over the past five years, which is likely due to increases in client numbers and organic growth. With strong revenue growth, industry-related profit has been higher than the industry average over the past five years.

Other Companies

There are a relatively small number of firms operating in the industry. Outside of the major players that operate nationally or across several states, most other companies only service a small geographic region. Furthermore, some companies specialise in providing EAP services to particular markets, such as the healthcare sector.

Player Performance

Converge International
Market share:
4.0 % - 5.0 %

Established in 1960, Converge International Ltd is an Australian-owned, not-for-profit organisation that provides EAP and other workplace and employee assistance services to hundreds of organisations across Australia each year. The company also offers international services through its global alliance partnerships. Converge International has 1,600 consultants, including psychologists, counsellors, social workers, corporate trainers and other professionals providing services to clients. The company merged with Victorian company ResolutionsRTK in 2013, increasing its services across the state.

Player Performance

MAX Solutions Pty Limited
Market share:
4.0 % - 5.0 %

MAX Solutions Pty Limited is the Australian subsidiary of US-based company MAXIMUS Inc., which provides health and human services programs in conjunction with various government bodies in the United States, Canada, the United Kingdom, Australia and Saudi Arabia. The Australian business offers EAP services via its Health Solutions division to more than 250 small and medium-size companies. Professional staff providing these EAP services include clinical psychologists, organisational psychologists, occupational therapists, physiotherapists, exercise physiologists and rehabilitation consultants. Other services provided by MAX Solutions Pty Limited include corporate training, community programs and other employment services.

Player Performance

Drake Australia Pty Ltd
Market share:
3.0 % - 4.0 %

Drake Australia Pty Limited is the domestic arm of Drake International, a global recruitment and HR firm. The Australian company operates in the industry through Drake WorkWise, which provides a range of EAP and trauma management services to client companies across Australia and New Zealand. These services include personal and family issues services and workplace and employee assistance services.

Major Companies

Player Performance

Recovre Group
Market share:
3.0 % - 4.0 %

Established in 1987 as a division of Allianz, Recovre Group has 28 offices in Australia and 300 staff that provide EAP, workplace health services, rehabilitation services, medical assessments, corporate training and consultancy services. The company was acquired from private equity firm Hawkesbridge Capital by JLT Australia, a subsidiary of Jardine Lloyd Thompson Group plc, in March 2015.

Operating Conditions

Capital Intensity | Technology & Systems | Revenue Volatility
Regulation & Policy | Industry Assistance

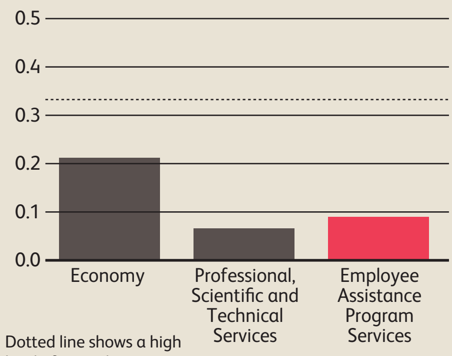
Capital Intensity

Level
The level of capital intensity is **Low**

The industry has a low capital intensity level due to high wage costs associated with employing well-qualified and experienced psychologists and counsellors, with investment in capital inputs being relatively low. As a service industry, capital inputs are required for staff computers, telephone systems, software and vehicles. However, these account for a low proportion of industry revenue due to high average wages required for most industry staff. Overall, for each $1.00 required for labour inputs, approximately $0.09 is expected to be required for investment in capital equipment, computers and vehicles during 2017-18.

There are few opportunities for companies in the industry to expand operations through greater investment in capital equipment. This has resulted in stable capital intensity over the past five years. However, companies can increase productivity and operational efficiencies by investing in the latest computer systems and industry-related software. With some increased capital investment over the next five years, and with wages projected to decline as a proportion of industry revenue, capital intensity is forecast to increase over the period.

Capital intensity
Capital units per labour unit



Dotted line shows a high level of capital intensity

SOURCE: WWW.IBISWORLD.COM.AU

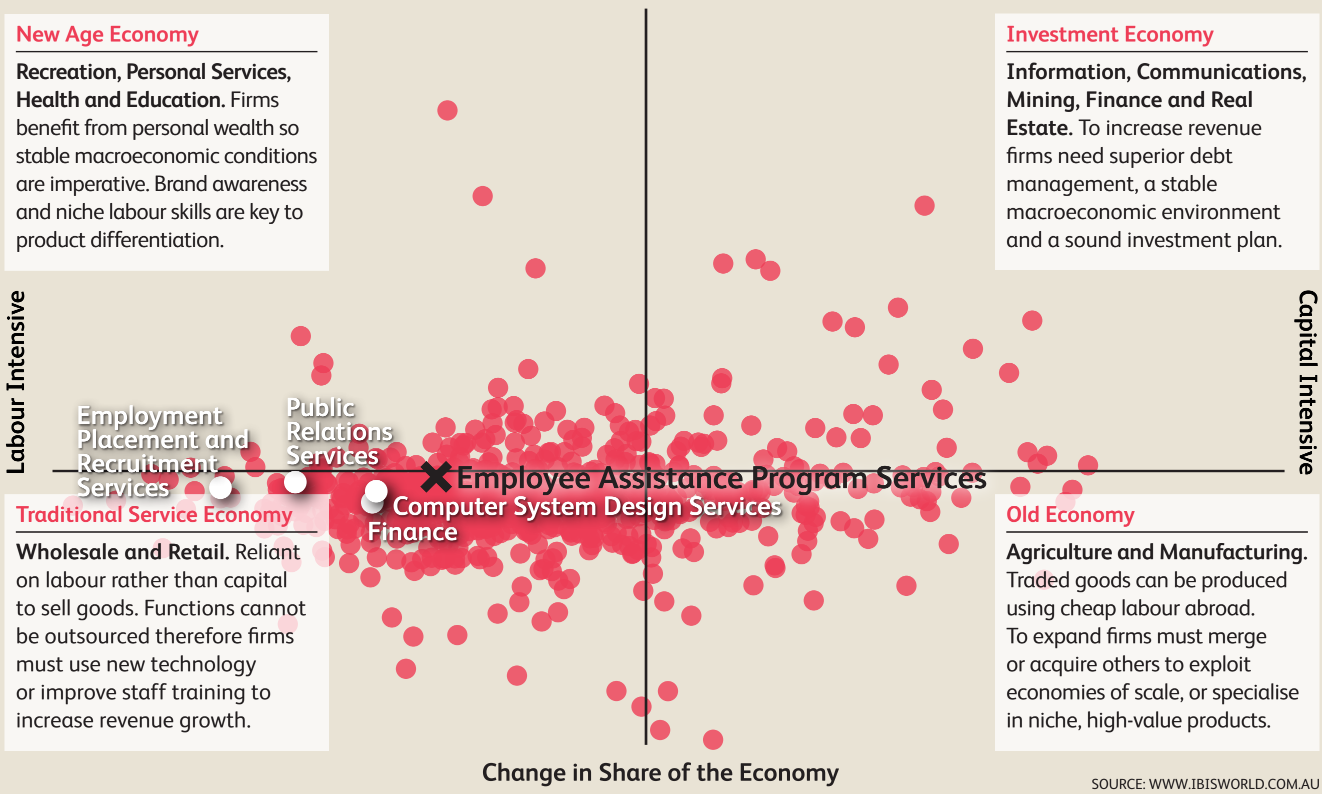
Tools of the Trade: Growth Strategies for Success

New Age Economy

Recreation, Personal Services, Health and Education. Firms benefit from personal wealth so stable macroeconomic conditions are imperative. Brand awareness and niche labour skills are key to product differentiation.

Investment Economy

Information, Communications, Mining, Finance and Real Estate. To increase revenue firms need superior debt management, a stable macroeconomic environment and a sound investment plan.



Traditional Service Economy

Wholesale and Retail. Reliant on labour rather than capital to sell goods. Functions cannot be outsourced therefore firms must use new technology or improve staff training to increase revenue growth.

Old Economy

Agriculture and Manufacturing. Traded goods can be produced using cheap labour abroad. To expand firms must merge or acquire others to exploit economies of scale, or specialise in niche, high-value products.

SOURCE: WWW.IBISWORLD.COM.AU

Operating Conditions

Technology & Systems

Level
The level of Technology Change is **Low**

As the main services provided by the industry relate to employee assistance and counselling, technology and system changes are relatively limited. Almost all operators have an online presence, with many having phone and online support for clients. Some companies are now also offering additional services outside of the industry's scope to assist employees in other areas of their lives and to reduce stress. These services include programs offering financial, tax, legal and insurance advice; travel planning; car buying assistance; and guidance or discounts for other major purchases. Therefore, EAP service providers invest additional capital to set up the technology, software and systems required to supply these services to clients.

Revenue Volatility

Level
The level of Volatility is **Low**

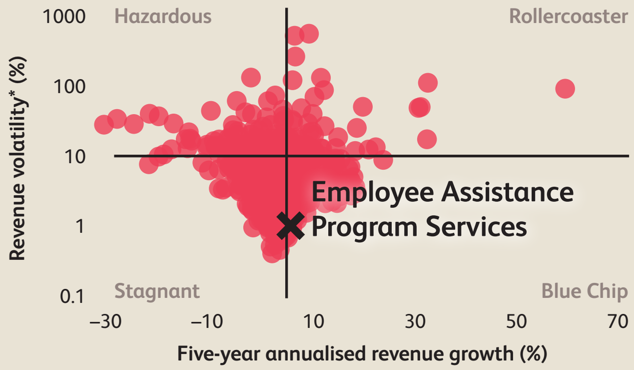
Industry revenue volatility is low due to steady projected growth over the five years through 2017-18, with only small fluctuations from year to year. For over a decade, more companies have chosen to implement EAP services for staff, which has created strong and steady growth for the industry. Further, industry growth tends to increase when the economy is weak because companies look to assist staff with problems. The industry also grows when the economy is strong because companies have additional funds to invest in a range of employee programs.

A large number of companies and businesses, particularly large private companies and government departments, continue to look for ways to assist staff during difficult personal times and economic periods. Not only does this help retain staff, but EAP services have been shown to increase worker productivity and reduce absenteeism. Therefore, the return on investment of implementing an EAP service for staff is beneficial for most firms, which contributes to high industry demand and stable revenue growth for the industry.

A higher level of revenue volatility implies greater industry risk. Volatility can negatively affect long-term strategic decisions, such as the time frame for capital investment.

When a firm makes poor investment decisions it may face underutilised capacity if demand suddenly falls, or capacity constraints if it rises quickly.

Volatility vs. growth



* Axis is in logarithmic scale

SOURCE: WWW.IBISWORLD.COM.AU

Operating Conditions

Regulation & Policy

Level & Trend
The level of Regulation is **Light** and the trend is **Steady**

While there are no specific regulations applicable to operators in the industry, the psychologists and counsellors that provide advice to employees need to have appropriate qualifications and accreditations. Also, client confidentiality is an important factor for EAP service providers, with sensitive information and discussions among employees and counsellors required to remain private from employers.

The Employee Assistance Professionals Association of Australasia (EAPAA) published its Professional Guidelines as an information source about EAPs for clients and industry firms. The guidelines make suggestions for the criteria that potential clients can use to choose and EAP provider and to assess the quality of industry services provided. It also covers details such as costings, ethics and staffing evaluation.

Industry Assistance

Level & Trend
The level of Industry Assistance is **Low** and the trend is **Steady**

There is no specific government assistance provided to the industry. However, companies in the industry benefit from high government demand for EAP services. Approximately one-quarter of industry revenue is projected to be derived from government departments and agencies in the current year, which provide assistance to some larger industry firms through revenue flows for services provided. Further, the Employee Assistance Professional Association of Australasia (EAPAA) provides information and assistance for people working in the industry. The EAPAA has developed a code of ethics for its members, and provides conference, workshop, research and other services to industry operators.

Key Statistics

Industry Data

	Revenue ($m)	Industry Value Added ($m)	Establishments	Enterprises	Employment	Exports	Imports	Wages ($m)	Domestic Demand
2008-09	150.8	106.7	270	125	840	--	--	60.5	N/A
2009-10	162.4	113.9	274	126	850	--	--	62.8	N/A
2010-11	169.3	118.9	277	128	870	--	--	66.2	N/A
2011-12	178.3	124.0	278	129	880	--	--	70.1	N/A
2012-13	189.6	130.3	281	130	910	--	--	75.9	N/A
2013-14	199.5	137.0	284	132	940	--	--	81.1	N/A
2014-15	208.8	143.6	287	134	960	--	--	85.5	N/A
2015-16	219.5	150.7	292	137	1,000	--	--	89.7	N/A
2016-17	227.2	156.5	296	139	1,040	--	--	93.7	N/A
2017-18	237.7	163.2	302	143	1,080	--	--	97.5	N/A
2018-19	247.9	169.8	308	147	1,120	--	--	101.5	N/A
2019-20	258.3	176.8	313	150	1,160	--	--	105.6	N/A
2020-21	270.0	183.1	317	153	1,190	--	--	108.8	N/A
2021-22	279.9	189.0	320	155	1,220	--	--	112.0	N/A
2022-23	289.7	194.7	322	156	1,250	--	--	115.1	N/A

Annual Change

	Revenue (%)	Industry Value Added (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)
2009-10	7.7	6.7	1.5	0.8	1.2	N/A	N/A	3.8	N/A
2010-11	4.2	4.4	1.1	1.6	2.4	N/A	N/A	5.4	N/A
2011-12	5.3	4.3	0.4	0.8	1.1	N/A	N/A	5.9	N/A
2012-13	6.3	5.1	1.1	0.8	3.4	N/A	N/A	8.3	N/A
2013-14	5.2	5.1	1.1	1.5	3.3	N/A	N/A	6.9	N/A
2014-15	4.7	4.8	1.1	1.5	2.1	N/A	N/A	5.4	N/A
2015-16	5.1	4.9	1.7	2.2	4.2	N/A	N/A	4.9	N/A
2016-17	3.5	3.8	1.4	1.5	4.0	N/A	N/A	4.5	N/A
2017-18	4.6	4.3	2.0	2.9	3.8	N/A	N/A	4.1	N/A
2018-19	4.3	4.0	2.0	2.8	3.7	N/A	N/A	4.1	N/A
2019-20	4.2	4.1	1.6	2.0	3.6	N/A	N/A	4.0	N/A
2020-21	4.5	3.6	1.3	2.0	2.6	N/A	N/A	3.0	N/A
2021-22	3.7	3.2	0.9	1.3	2.5	N/A	N/A	2.9	N/A
2022-23	3.5	3.0	0.6	0.6	2.5	N/A	N/A	2.8	N/A

Key Ratios

	IVA/Revenue (%)	Imports/Demand (%)	Exports/Revenue (%)	Revenue per Employee ($'000)	Wages/Revenue (%)	Employees per Est.	Average Wage ($)	Share of the Economy (%)
2008-09	70.76	N/A	N/A	179.52	40.12	3.11	72,023.81	0.01
2009-10	70.14	N/A	N/A	191.06	38.67	3.10	73,882.35	0.01
2010-11	70.23	N/A	N/A	194.60	39.10	3.14	76,091.95	0.01
2011-12	69.55	N/A	N/A	202.61	39.32	3.17	79,659.09	0.01
2012-13	68.72	N/A	N/A	208.35	40.03	3.24	83,406.59	0.01
2013-14	68.67	N/A	N/A	212.23	40.65	3.31	86,276.60	0.01
2014-15	68.77	N/A	N/A	217.50	40.95	3.34	89,062.50	0.01
2015-16	68.66	N/A	N/A	219.50	40.87	3.42	89,700.00	0.01
2016-17	68.88	N/A	N/A	218.46	41.24	3.51	90,096.15	0.01
2017-18	68.66	N/A	N/A	220.09	41.02	3.58	90,277.78	0.01
2018-19	68.50	N/A	N/A	221.34	40.94	3.64	90,625.00	0.01
2019-20	68.45	N/A	N/A	222.67	40.88	3.71	91,034.48	0.01
2020-21	67.81	N/A	N/A	226.89	40.30	3.75	91,428.57	0.01
2021-22	67.52	N/A	N/A	229.43	40.01	3.81	91,803.28	0.01
2022-23	67.21	N/A	N/A	231.76	39.73	3.88	92,080.00	0.01

Figures are in inflation-adjusted 2018 dollars.

SOURCE: WWW.IBISWORLD.COM.AU

Jargon & Glossary

Industry Jargon

BEYONDBLUE A national campaign funded by government and donations to assist people with depression and to educate the wider community about depression.

COUNSELLORS Professionally trained health professionals that provide information and advice to employees and clients to assist in working through issues and problems.

EAP Employee Assistance Program, which includes personal, family and workplace assistance services provided to employees.

WELLBEING The general feelings or attitude of a person, and how satisfied they feel with life and their environment.

IBISWorld Glossary

BARRIERS TO ENTRY High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labour. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than $0.333 of capital to $1 of labour; medium is $0.125 to $0.333 of capital to $1 of labour; low is less than $0.125 of capital for every $1 of labour.

CONSTANT PRICES The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the 'real' growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the Australian Bureau of Statistics' implicit GDP price deflator.

DOMESTIC DEMAND Spending on industry goods and services within Australia, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

EMPLOYMENT The number of permanent, part-time, temporary and casual employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS Total value of industry goods and services sold by Australian companies to customers abroad.

IMPORTS Total value of industry goods and services brought in from foreign countries to be sold in Australia.

INDUSTRY CONCENTRATION An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70% of industry revenue. Medium is 40% to 70% of industry revenue. Low is less than 40%.

INDUSTRY REVENUE The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA) The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

INTERNATIONAL TRADE The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%; medium is 5% to 20%; and high is more than 20%. Imports/domestic demand: low is less than 5%; medium is 5% to 35%; and high is more than 35%.

LIFE CYCLE All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

VOLATILITY The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than ±20%; high volatility is ±10% to ±20%; moderate volatility is ±3% to ±10%; and low volatility is less than ±3%.

WAGES The gross total wages and salaries of all employees in the industry. Benefits and on-costs are included in this figure.

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