

Open Government Case Study: Industry Benchmarking Tool

“ ... A useful business tool, allowing businesses to focus on what to do differently to improve their performance.” Deloitte Dunedin tax partner Peter Truman (www.odt.co.nz)

Downloads of industry benchmarking data averaged 320 a month since April 2012

The data is anonymised and aggregated to ensure confidentiality for individuals and business

Industry benchmarks available for micro, small, medium, large enterprises across 45 industries

Industry Benchmarking Tool

The Industry Benchmarking Tool is a joint initiative between Statistics NZ and Inland Revenue to provide information on the financial performance of businesses in 45 industries.

Features of the Industry Benchmarking Tool

The tool:

- provides data on the financial performance of small and medium enterprises (SMEs) grouped by the Australia and NZ Industrial Standard Classification (ANZSIC) categories
- includes performance benchmarks represented by key financial ratios such as: gross profit ratio; stock turnover ratio; salaries and wages to turnover ratio; return on total assets; return on equity; current ratio; quick ratio; and liability structure
- is updated annually and data is currently available for the 2010, 2011 and 2012 financial years
- makes data available for re-use in Excel and HTML formats.

The joint release ensures a common understanding of the data and its potential uses between Statistics NZ and Inland Revenue.

Access the Industry Benchmarks at www.ird.govt.nz/industry-benchmarks/. For more information see www.stats.govt.nz/tools_and_services/business-toolbox/industry-benchmarks.aspx.

Sources of data

The data is sourced from Inland Revenue, using the IR10 return provided annually by businesses to Inland Revenue. Statistics NZ edits the data to ensure that it is fit for industry benchmarking.

Where necessary, Statistics NZ adjusts the data to make sure no individual or business can be identified using techniques such as random rounding, collapsing categories and suppressing cells.

Extract from the tool

C1214 - Wine and alcoholic beverage manufacturing

Find your performance benchmarks

- [Micro \(annual turnover of \\$60,000 - \\$181,629 \)](#)
- [Small \(annual turnover of \\$181,630 - \\$515,677\)](#)
- [Medium \(annual turnover of \\$515,678 - \\$1,456,870\)](#)
- [Large \(annual turnover of \\$1,456,871 - \\$9,833,187\)](#)

[Download this table to compare benchmarks for wine and alcoholi XLS document | 11kb](#)



Small (annual turnover \$181,630 - \$515,677)

Financial ratios	
Gross profit ratio	26% to 80% Median 52%
Stock turnover per annum	0 to 2 times Median 1 times
Salaries and wages/turnover ratio	0% to 22% Median 2%
Balance sheet ratios	
Return on total assets	-19% to 4% Median -2%

HTML or Excel formats available to download

Formulas available to enable businesses to work out a range of performance ratios

Inland Revenue uses the tool, with other indicators, to assist with compliance

Industry benchmark:	Formula:
Gross profit ratio =	gross profit <i>divided by</i> sales and/or services Box 6 <i>divided by</i> Box 2 [in your IR10 form]
Stock turnover per annum =	cost of goods sold <i>divided by</i> ((opening stock <i>plus</i> closing stock) <i>divided by</i> 2) (Box 3 <i>plus</i> Box 4 <i>minus</i> Box 5) <i>divided by</i> ((Box 3 <i>plus</i> Box 5) <i>divided by</i> 2) [in your IR10 form]
Salaries and wages/turnover ratio =	salaries and wages <i>divided by</i> (sales and/or services <i>plus</i> interest received <i>plus</i> dividends <i>plus</i> rental and lease payments <i>plus</i> other income) Box 23 <i>divided by</i> (Box 2 <i>plus</i> Boxes 7, 8, 9 and 10) [in your IR10 form]

Economic Outcomes

This tool enables businesses to:

- compare themselves with other like businesses and use the benchmarks to understand the competitive position of their business compared with similar sized businesses in their sector
- identify trouble spots or areas for improvement
- make operational, planning or budgeting decisions.

Businesses can get the information directly from the Inland Revenue website without having to contact Statistics NZ or Inland Revenue. Data downloads averaged 320 a month since the tool became available in April 2012.

Inland Revenue uses industry benchmarks, amongst other indicators, to identify where businesses may not be returning all their income or overstating their expenses.

Businesses use tools based on anonymised data to improve performance