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# Business Monitor

A publication of the Government Statistical Service

## Report on the Census of Production

### Petroleum and natural gas



HMSO

Department of Industry  
Business Statistics Office

# PA104

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A publication of the Government Statistical Service

## Report on the Census of Production 1973

### Petroleum and natural gas

Presented by the Secretary of State for Industry  
to Parliament in pursuance of the Statistics of Trade Act 1947  
(10 & 11 Geo.6 Cha.39 sec 7)

Department of Industry  
Business Statistics Office

London: Her Majesty's Stationery Office

#### Special Note for Purchasers

Commencing with the 1971 Census, the Census of Production reports are being numbered in a uniform series embracing all industrial inquiries in the Business Monitor series. These Business Monitors have a code P (for production) followed first by A (indicating that it is an annual series) or Q (quarterly) or M (monthly); and then by a number indicating the minimum list heading, or sub-division of a minimum list heading, of the Standard Industrial Classification (revised 1968).

The Census of Production (PA) reports are available on standing order (details on application to Her Majesty's Stationery Office, P.O. Box 569, London SE1 9NH. Telephone 01-928 6977), although they are not included in the global subscription arrangements for the Business Monitor series.

#### Government Statistical Service

A service of statistical information and advice is provided to the Government by specialist staffs employed in the statistics division of individual Departments. Statistics are made generally available through their publications and further information and advice on them can be obtained from the Departments concerned.

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PA104 PETROLEUM AND NATURAL GAS

The information in this report relates to the Petroleum and natural gas industry, minimum list heading 104 in the Standard Industrial Classification (revised 1968). The activities of the industry include:-

*Exploration (including boring) for and extracting petroleum on land and off-shore, mining oil shale (including oil shale retorting). Petroleum includes natural gas and natural gas condensates. Producer's off-shore pipe lines are included but not pipe line terminals owned by associated companies or the Gas Council.*

This report relates to Great Britain and the United Kingdom Continental Shelf.

The tables have been compiled from returns, all relating to the calendar year 1973, made to the Business Statistics Office and information provided by the Department of Energy.

**In interpreting the data in the tables it is essential to bear in mind the notes and definitions which commence on page (iii).**

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TABLE 1

PA104 2

Output and costs, 1970, 1971, 1972 and 1973

|   | Unit      | 1970          | 1971          | 1972           | 1973           |
|---|-----------|---------------|---------------|----------------|----------------|
| <b>Gross output (a)</b>   | £'000     | <b>55,947</b> | <b>88,066</b> | <b>124,422</b> | <b>153,459</b> |
| Purchases of materials, goods and services for exploration and operating activities | "         | 12,342        | 9,059         | 9,009          | 29,149         |
| Royalties, etc., due or payable   | "         | 3,944         | 7,484         | 10,754         | 11,753         |
| <b>Gross value added (b)</b>  | "         | <b>39,661</b> | <b>71,523</b> | <b>104,659</b> | <b>112,557</b> |
| Total employment (c)  | thousands | 1.1           | 1.3           | 1.6            | 2.2            |
| Wages and salaries (d)  | £'000     | 2,804         | 3,925         | 5,537          | 6,428          |

- (a) Includes sales of petroleum and goods produced, exploration and other work done, services rendered, and goods merchanted or factored.
- (b) The figures for 1970-1972 are before the deduction of the cost of certain non-industrial services. These were collected for the first time for 1973 when they represented 5 per cent of the total cost of the purchases of materials, etc.
- (c) Average number employed (full and part-time: see table 7).
- (d) Another important component of labour costs, employers' national insurance contributions, graduated pensions, contributions to other pensions and welfare schemes and the running costs of canteens, is estimated for the industry at £1,266 thousand for 1973. These costs were not collected for 1970-1972.

TABLE 2

PA104 3

Capital expenditure (a)

£'000

|  | 1970          | 1971          | 1972           | 1973           |
|--|---------------|---------------|----------------|----------------|
| Land and existing buildings  |               |               |                |                |
| Acquisitions   | 56            | 43            | 262            | 26             |
| Disposals  | 8             | 5             | 31             | 3              |
| New building work (b)  |               |               |                | 161,000        |
| Plant and machinery (c)  | 38,928        | 67,300        | 113,310        | 49,034         |
| Acquisitions   |               |               |                |                |
| Disposals  | 679           | 30            | 66             | 34             |
| Vehicles, ships, mobile drilling rigs and specialised floating equipment |               |               |                |                |
| Acquisitions   | 21            | 21            | 34             | 26             |
| Disposals  | 1             | 2             | 2              | 2              |
| <b>Total net capital expenditure (d)</b>                                 | <b>38,316</b> | <b>67,327</b> | <b>113,507</b> | <b>210,047</b> |

- (a) The figures in this table differ from those published elsewhere for Gross Domestic Fixed Capital Formation of the industry. Imported items are included in capital formation when they arrive in this country. In most cases this happens during the same period as payment is made. However, for items with a lengthy construction period, e.g. off-shore platforms, expenditure may be spread over several years, causing the two series to diverge.
- (b) Including off-shore production platforms structures, etc., production and appraisal wells, tanked off-shore loading systems, pipelines and terminals. The cost of installing these items is also included.
- (c) Including platform modules and equipment and their installations.
- (d) New building work plus acquisitions less disposals of land and existing buildings, plant and machinery, and vehicles, etc.

TABLE 3

PA104 4

Stocks and work in progress, 1970, 1971, 1972 and 1973

This table is not applicable to the industry

TABLE 4

PA104 5

Analysis of establishments by size, 1973

This table is not applicable to the industry

TABLE 5

PA104 6

Regional distribution of employment, net capital expenditure and net output, 1973

This table is not applicable to the industry

TABLE 6

Percentage analysis of twelve-month periods covered by returns received, 1973

This table is not applicable to the industry

TABLE 7

PA104 7

Percentage analysis of employees, by full and part-time employment and sex, 1973 (a)

| Sex    | Full-time<br>per cent | Part-time<br>per cent | All employees<br>per cent |
|--------|-----------------------|-----------------------|---------------------------|
| Male   | 82                    | —                     | 82                        |
| Female | 18                    | —                     | 18                        |
|        | <b>100</b>            | <b>—</b>              | <b>100</b>                |

Source: Department of Employment

(a) The percentages relate to the numbers employed (excluding working proprietors) in Great Britain at mid-June, 1973.

TABLE 8

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Sales of principal products of the industry, 1973 (a)

|   | Quantity |           | Value  |         |
|---|----------|-----------|--------|---------|
|   | Th tons  |           | £'000  |         |
| Crude petroleum oil   | 87       |           | 434    |         |
| Natural gas liquids   | 287      |           | 1,730  |         |
| Natural gas   |          | Mn therms | 10,729 | 132,887 |
| Work done:  |          |           |        |         |
| In which is included:   |          |           |        |         |
| Exploration work (e.g. drilling) for which payment is received                                      |          |           |        |         |
| Other work done (including work on customers' materials) for which payment is received              |          |           | ..     | 11,318  |
| Services rendered   |          |           |        |         |
| Total sales of principal products of the Petroleum and natural gas industry (MLH 104) and work done |          |           |        | 146,369 |

Source: Business Monitor (PQ104). Quarterly Statistics

(a) Sales are deliveries on sale or appropriations for use in associated companies or otherwise disposed of.

## Notes

These notes give the main information needed for interpreting the figures in the industry Business Monitors: more detailed information about the census is given in a separate Business Monitor — PA1001 (Introductory Notes) of the Report on the Census of Production, 1973.

## GENERAL INFORMATION

*Changes made for 1973*

The Census for 1973 was the first to be modified to bring it into line with similar inquiries being conducted in other member countries of the European Economic Communities. One modification has made possible the publication for the first time in the Annual Censuses of data on a number of additional items. These include:

- Capital goods purchased for establishments' own use (previously included with sales of goods produced etc.)
- Purchases of goods for merchandising or factoring (previously included with purchases of materials etc.)
- Payments for non-industrial services
- Licensing of motor vehicles
- Rates, excluding water rates
- Gross value added
- Amounts paid to outworkers (where applicable)
- Employers' national insurance contributions etc.

*Suppression of information relating to individual undertakings.*

The Statistics of Trade Act 1947 provides that — "No individual estimates or returns, and no information relating to an individual undertaking, obtained under the foregoing provisions of this Act, shall, without the previous consent in writing of the person carrying on the undertaking which is the subject of the estimates, returns or information, be disclosed except—

(a) in accordance with directions given by the Minister in charge of the government department in possession of the estimates, returns or information to a government department or to the Import Duties Advisory Committee for the purposes of the exercise by that department or committee of any of their functions; or

(b) for the purposes of any proceedings for an offence under this Act or any report of these proceedings."

If a figure involved disclosure the contributor concerned was sometimes asked to give permission for its publication. In the majority of cases this permission was given but when it was refused and in cases where the contributors were not approached the figure has been suppressed, sometimes by combining it in some way with other figures, but sometimes — as in the regional tables by omitting the figure altogether.

*Symbols used*

The following symbols are used throughout the PA series of Business Monitors:

- .. not available
- nil or less than half the final digit shown
- \* figures cannot be shown owing to the risk of disclosing information about individual enterprises
- R revised

*Rounding of figures*

Figures in the tables have, where necessary, been rounded to the nearest final digit. There may, therefore, be an apparent slight discrepancy between a sum of constituent items and a total shown.

*Industrial Classification*

The United Kingdom Standard Industrial Classification (SIC) was first issued in 1948 and was subsequently revised in 1958 and 1968. It exists to promote uniformity and comparability in the official statistics of the United Kingdom. The general principles followed are those of the International Standard Industrial Classification of all Economic Activities of the United Nations Statistical Office but the United Kingdom SIC reflects the organisation and structure of industry and trade as it exists in the United Kingdom. The SIC is a classification by activity and is not a commodity classification. However, an

index of all commodity headings for which sales data are provided in the Quarterly Business Monitors is published as PO1000 in the Business Monitor Series.

The SIC is revised every 10 years or so and is to be revised to bring it more closely into line with the General Industrial Classification of Economic Activities within the European Communities (NACE).

*Statistical units*

The statistical unit for the purpose of the Census is the establishment which is defined in the SIC as the smallest unit which can provide the information normally required for an economic census, for example, employment, expenses, turnover, capital formation. Usually the principal activities carried on in an establishment fall within a single heading of the classification (e.g. steel making or sugar refining). Typically the establishment embraces all the activities carried on at a single address e.g. a farm, a mine, or a factory, including those which are ancillary to the principal activities. Frequently distinct activities characteristic of different industries are carried on at one address, but normally these are not classified separately and the whole establishment is classified according to the main activity. If, however, the required range of data can be provided for each activity, each is taken to constitute a separate establishment. Sometimes activities which are conducted as a single business are carried on at a number of addresses. Where this is so, businesses are asked to provide the full range of separate information in respect of each address, whether or not the activities are different. Their activities may, however, be integrated to such an extent that they constitute a single establishment. In that case the establishment is defined to cover the combined activities at these addresses (termed local units). Separate figures are obtained, however, of employment and net capital expenditure at each unit.

Efforts are made by the Business Statistics Office to ensure, by negotiating with respondents, that the return from an establishment does not cover local units on addresses in more than one of the countries of the United Kingdom.

Further information about the statistical unit appeared in an article "The statistical unit in business inquiries" in Statistical News No. 13 May 1971.

Establishments are asked to exclude from their returns particulars relating to any department not engaged in production e.g. merchandising, transport, warehousing, for which they keep a separate set of accounts. Transfers of goods produced to such departments are treated as sales and respondents are asked to value them as far as possible as if sold to an independent purchaser. Where separate accounts are not kept they are asked to include details of all these activities in their return.

Particulars relating to head offices, which were mainly engaged in the administration of the production units within the scope of the census were included. Where more than one return was made the information in respect of the head office was apportioned among them.

For certain purposes in the annual censuses of production (especially the enterprise analyses of Business Monitor PA 1002) related establishments are combined. For these purposes an enterprise group is defined as a business consisting of either a single establishment, or of two or more establishments under common ownership or control. The bringing together of establishments into enterprise groups is also necessary for the purpose of ensuring that there will be no disclosure of the activities of any one enterprise group. Information about the relationship of establishments, the changing structure of groups of companies and about common ownership links is obtained from many sources, including the Stock Exchange Year Book, company reports, press reports and information supplied by individual establishments.

## THE REGISTER

The register permits a questionnaire to be sent direct to the reporting establishment on which the latter can include information relating to all manufacturing (or local) units which it comprises.

The inquiries provide a major source of information for keeping the register continuously up-to-date and act as a check on its detail and structure. For the establishments on the register which make returns to the quarterly inquiries, the

(iii)

industrial classification is derived from an analysis of their sales of commodities and is reviewed annually. Employment data is entered on the register from returns to the annual census of production. In cases where an establishment does not make a return to these inquiries the employment data is based on information provided by the Department of Employment from the annual censuses of employment.

Establishments with 20 or more employees are included in the censuses each year and the information they supply to the census is supplemented by the returns that those of them with 25 or more employees provide to the quarterly enquiries. Information about establishments with less than 20 employees in most industries is less securely based, but increasing use has been made of data on these small establishments supplied by the Department of Employment. One benefit of using this information is an improvement in the estimates of the number of smaller establishments and enterprises, but there is little effect on other aggregates (e.g. employment, output, net capital expenditure).

#### Coverage

A return was required in the 1973 Census from each establishment with 20 or more employees. Each establishment is classified to an industry, as defined in the SIC, whose principal products form the major part of the establishment's sales.

#### Regions

The regions defined in Table 5 do not take account of the boundary changes arising out of the Local Government Act 1972 and the Local Government Act (Scotland) 1973. As these boundary changes did not come into effect until April 1974 in England and Wales and in May 1975 in Scotland, the regions defined for this analyses are consistent with boundaries which existed in 1973.

#### TERMS USED IN THE CENSUS REPORT

##### Average number employed

Establishments were required to state the number of persons on the payroll (i.e. whose national insurance cards were held by them) on the average during the year of return, whether full-time or part-time employees. Separate figures were required for:

- (a) administrative, technical and clerical employees
- (b) all other employees (operatives)

Averages could be calculated from the figures relating to the last week of each calendar month. Establishments were also required to state the number of working proprietors where appropriate and these are included in total employment figures. The figures include persons engaged on merchanting or factoring and canteen workers where particulars in respect of these activities could not be excluded from the return.

##### Working proprietors

These include all persons regarded "as self-employed" for national insurance purposes and members of their families who worked in the business without receiving a wage or salary; but such persons who worked less than half the normal number of working hours are excluded. Directors working in the business but not in receipt of a definite wage, salary or commission are included under this heading: directors paid by fee only are not included.

##### Employees

Administrative, technical and clerical employees include directors in receipt of a definite wage, salary or commission, managers, superintendents and works foremen; research, design employees (other than operatives); draughtsmen, editorial staff, advertising staff, travellers and all office employees.

Operatives include all other classes of employees, that is, broadly speaking, all manual wage earners. They include operatives employed in power stations, transport (including roundsmen), warehouses, stores, shops and canteens, inspectors, maintenance workers and cleaners. Operatives engaged in outside work of erecting, fitting etc., are also included.

#### Capital expenditure

Capital expenditure during the year in respect of manufacturing units where production had not started before the end of the year is included in the figures for 1970 to 1973. Establishments were asked not to deduct from the value of capital expenditure amounts received or expected to be received in grants or allowances from the Government or any statutory body or local authority. Establishments with 100 or more employees were also asked to include a total net capital expenditure figure for the calendar year 1973.

##### (a) New building work

This represents the cost incurred during the year of new building and other constructional work to be used in connection with the business covered by the return. The value is that charged to capital account during the year of return; it includes expenditure on new buildings or on the extension or reconstruction of old buildings, the value of works of a capital nature carried out by the establishment's own staff and the cost of any newly constructed buildings purchased. Figures shown include any legal charges, stamp duties, agents commissions, etc.

##### (b) Land and existing buildings

The items shown are the capital cost of freeholds purchased and the capital cost of premium payable for leaseholds acquired (excluding the value of any assets acquired in taking over an existing business), and the amounts receivable for any freeholds or leaseholds disposed of. The value is that charged to capital account during the year of return.

##### (c) Plant, machinery and vehicles

The items shown are the value of plant and machinery and of vehicles acquired, both new and second-hand, and the amount received for items disposed of during the year. The value of plant and machinery acquired includes plant, etc., which firms produced for their own use in connection with the business covered by the return. The value of plant etc., acquired is the expenditure charged to capital account during the year of return less any discounts received, but including the cost of transport and installation. Deductible value added tax is excluded but non-deductible value added tax on motor cars acquired is included. No deduction is made for depreciation, amortization or obsolescence. The proceeds of items disposed of during the year exclude amounts written-off for items scrapped.

#### Gross output

In the calculation of gross output the value of total sales and work done is increased by the rise (or reduced by the fall) during the year in the value of work in progress and goods on hand for sale, and by the cost of all outward transport.

#### Net output

Net output, a customary census measure, is calculated by deducting from gross output the cost of purchases (reduced by the rise or increased by the fall, during the year of stocks of materials etc.) and the cost of industrial services received, and — where applicable — duties etc., the cost of work given out, all inwards transport costs on materials and fuel purchased and payments to other organisations for outward transport is also deducted.

#### Net output per head

The figures of net output per head are derived by dividing the net output by the average number of persons employed (full and part-time) on all activities covered by the returns, including operatives, administrative, technical and clerical employees and working proprietors.

#### Gross value added at factor cost

Gross value added at factor cost is calculated by deducting from net output the cost of non-industrial services (rent of buildings and capital equipment, commercial insurance premiums, bank charges and amounts paid for professional services, postal etc. services, transport, advertising etc.). This estimate of gross value added approaches more closely than census net output to the definition of net output or value added in national accounts statistics.

#### Gross value added at factor cost per head

The figures of gross value added at factor cost per head are derived by dividing the gross value added by the average number of persons employed (full and part-time) on all activities covered by the returns, including operatives, administrative, technical and clerical employees and working proprietors.

#### Purchases

Purchases include the cost of materials and components bought for use in production; of fuel and electricity for all purposes; of packaging materials including the cost of returnable cases and containers when first purchased; of workshop materials; office materials and materials for repairs to establishments' own buildings, plants and vehicles when carried out by their own work people included in the returns; of consumable tools; and of parts for machinery purchased during the year as replacements. Water charges are also included. Purchases of goods for merchanting or factoring were collected separately for 1973. Materials supplied by customers for processing are excluded, as are all purchases charged to capital account. The values shown exclude value added tax but include any duty paid (less rebate etc.), values exclude trade discounts allowed. The cost of transport is included only if included in the cost of materials as invoiced; amounts paid to transport organisations, including an establishment's own separate transport organisations for delivery of materials and fuel are, therefore, excluded. Materials purchased overseas are included at the c.i.f. cost plus any duty payable if the cost of transport from the docks are not included in the invoiced price, but at their full delivery cost if invoiced "carriage paid home". Materials and fuel transferred from another department of the establishment not covered by the same return are included at the estimated selling value recorded by the other department.

#### Sales of goods produced, work done and industrial services rendered

Sales for the purposes of the annual censuses means deliveries on sale of minerals raised and/or goods produced by establishments in Great Britain covered by the return. Sales of goods made for these establishments by other establishments from materials given out to them are included, as also are sales of waste products. Any new building work and machinery or other capital items produced by establishments for hiring out or leasing are regarded as sales, the value included in the return being that adopted in the establishments capital asset accounts. Forward sales and canteen takings are excluded. All sales in the period of the inquiry are included irrespective of when the goods were manufactured. Goods produced in one establishment and transferred either to ancillary departments not engaged in production and for which there are separate accounts, or to another establishment of the same firm not covered by the return, are treated as sales by the producing establishment and valued as far as possible as if they had been sold to an independent purchaser. Goods transferred to wholesale or retail selling organisations, for which separate accounts are kept are valued on the same basis.

The value shown for sales is the "net selling value" defined as the amount (excluding value added tax) charged to customers whether on an ex-works or delivered basis, after any trade discounts and agents commissions have been deducted. The cost of packing materials less allowance for returnable cases is included.

Figures for work done represent the amount charged for work carried out on materials supplied by a customer and

include the value of any materials bought and used in such work. Activities within this heading include repair and jobbing work, erection and installation of plant and machinery, exploration work, and research and development. Industrial services rendered include repairs and maintenance, installation work, and technical research and studies rendered to other organisations.

#### Capital goods produced for establishments' own use

This includes all work carried out during the year by the establishments' own staff for their own use, which was of a capital nature.

#### Non-industrial services rendered

Includes rents received for commercial and industrial buildings, amounts charged for hiring out plant, machinery and other goods and amounts charged to other organisations for the provision of transport. Also includes amounts received for the right to use patents, trademarks, copyrights etc., manufacturing, mining and quarrying rights, and technical "know-how"; revenue from such staff facilities as canteens is also included.

#### Goods merchanted or factored

Merchant goods are those (excluding canteen sales) sold without having been subjected to any manufacturing process by the seller.

#### Stocks and work in progress

Values are given of stocks of goods on hand for sale and of materials, stores and fuel, at the end of the year of return and of the change during the year including any stocks of goods held for merchanting or factoring. Work in progress is defined as materials which have been partially processed by the establishment but which are not usually sold or transferred to another establishment without further processing. The values include the cost of materials consumed and labour used, together with a margin of overhead costs, and profits. Progress payments made to sub-contractors are excluded and progress payments received from other organisations are not deducted.

#### Wages and salaries

These are amounts paid during the year to operatives and to administrative, technical and clerical employees. Payments to working proprietors, whether called salaries or not, are excluded. The values shown include all overtime payments, bonuses and commissions, whether paid regularly or not and no deduction is made for income tax, insurances, contributory pensions, etc. The value of any payments in kind, travelling expenses, lodging allowances, etc., and employers' contributions to national insurances and pension schemes are excluded.

#### Employers' insurance and welfare contributions

This item includes employers' contributions to national insurance and graduated pensions as well as commercial insurance premiums to provide pensions, superannuation or other retirement benefits, sickness benefits, personal accident benefits, disability or death benefits for employees or former employees or their dependants. Contributions to the running costs of canteens, social centres, children's holiday homes, etc., for employees, former employees, and their dependants are also included.



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