



TRAVEL AGENCY SERVICES INDUSTRY

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) WED 26 AUG 1998

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- For more information about these and related statistics, contact Wayne Duncan on Brisbane 07 3222 6201, or refer to the back cover of this publication.

NOTES

INTRODUCTION

This publication presents results from an Australian Bureau of Statistics (ABS) survey of the travel agency services industry conducted in respect of the 1996–97 financial year. This is the second survey of this industry conducted by the ABS. The previous survey was conducted in respect of the 1986–87 financial year and the results were published in *1986–87 Travel Agency Services Industry, Australia* (Cat. no. 8653.0).

Information in this publication relates to businesses classified to Class 6641 of the Australian and New Zealand Standard Industrial Classification (ANZSIC). This class includes businesses predominantly engaged in the provision of travel agency services such as transport and/or accommodation bookings and tour wholesaling or retailing.

The survey was conducted with the assistance of the Travel Compensation Fund (TCF) which provided statistical data to the ABS from information collected from travel agency businesses included in the TCF 1996–97 Annual Financial Review. In addition, information was collected directly by the ABS from other travel agency businesses not covered by the TCF.

The ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future service industry surveys. These comments should be addressed to:

The Director, Service Industry Surveys, PO Box 10 Belconnen, ACT 2616.

SYMBOLS AND OTHER USAGES

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
TCF	Travel Compensation Fund
RSE	relative standard error
n.p.	not available for publication but included in totals where applicable
—	nil or rounded to zero
*	subject to sampling variability too high for most practical purposes
**	subject to sampling variability too high for practical purposes

Where figures have been rounded, discrepancies may occur between the sum of the component items and the total.

W McLennan
Australian Statistician

MAIN FEATURES

INTRODUCTION

This publication presents results from a survey undertaken in respect of the 1996–97 financial year of businesses whose main activity was the provision of travel agency services. Businesses such as domestic and international airlines which carry out travel agency activities, but are mainly engaged in other activities (e.g. providing airline transport services) were excluded from this survey. For more details on the survey methodology refer to the Explanatory Notes on page 16.

TYPE OF BUSINESS

There were 3,266 businesses in the travel agency services industry at 30 June 1997. These businesses are categorised into four broad types; retailers, wholesalers/ticket consolidators, inbound tour operators and tourist bureaux. Businesses mainly engaged in the retailing of travel products (2,842) accounted for 87% of these businesses, of which 2,393 (84%) were mainly retailing travel products for leisure purposes. Of the remaining 424 businesses, 158 businesses were wholesalers of travel products and 170 were inbound tour operators. For a description of these activities refer to the Glossary on pages 19–22.

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NUMBER OF BUSINESSES

<i>Type of business</i>	<i>no.</i>
Retailers—corporate	325
Retailers—conference	50
Retailers—leisure	2 393
General Sales Agents	74
<i>Total</i>	<i>2 842</i>
Wholesalers	158
Ticket Consolidators	16
Inbound Tour Operators	170
Tourist Bureaux	*80
Total	3 266

SIZE OF BUSINESSES WITHIN THE INDUSTRY

Businesses employing fewer than 20 persons comprised 97% of all businesses in the industry at the end of June 1997. These small businesses accounted for 54% of industry employment and 45% of the total income of all businesses in the industry. In contrast, there were 19 businesses employing 100 persons or more which accounted for 32% of industry employment and 37% of industry income.

INCOME

In 1996–97, the 3,266 businesses in the travel agency services industry generated total income of \$1,980 million, which was mainly (65%) in the form of commissions on ticket sales. Retail travel agency businesses accounted for \$787 million of these commission sales, while most of the remainder was earned by wholesalers/ticket consolidators (\$341 million) and inbound tour operators (\$149 million).

Retail travel agency businesses during 1996–97 generated gross ticket sales of \$8,503 million, the majority (62%) of which was sales of international travel.

EXPENSES Total expenses incurred by businesses in the travel agency services industry in 1996–97 were \$1,936 million. The largest single item of expense was labour costs of \$648 million which represented 33% of total expenses. The labour costs of retail travel agency businesses (\$407 million), being more labour intensive, accounted for 39% of their total expenses.

PROFITABILITY The industry recorded an operating profit before tax of \$37 million for the 1996–97 financial year, which represented an operating profit margin of 2%. This profit margin varied by type of travel agent. Retail travel agents had an operating profit margin of 8.1%, whereas inbound tour operators had an operating profit margin of 6.5% and wholesalers/ticket consolidators recorded a negative operating profit margin of –16.8%.

EMPLOYMENT At the end of June 1997, total employment in the travel agency services industry was 24,451, of which females comprised 17,737 (73% of total employment). Persons working on a full-time basis accounted for 80% of employment in the industry, 72% of whom were females. Working proprietors and partners accounted for 7% of all persons employed.

STATE AND TERRITORY DIMENSION The travel agency services industry in 1996–97 was concentrated in the eastern mainland States, with 78% of the locations operating in New South Wales, Victoria and Queensland, which was comparable to the population distribution. However, retail travel agents in these three States had gross sales of \$6,928 million which represented 81% of all sales by retailers.

2 KEY FIGURES

	<i>Value</i>
Businesses at end June 1997 (no.)	3 266
Employment at end June 1997	
Full-time (no.)	19 502
Part-time (no.)	4 949
<i>Total (no.)</i>	24 451
Income from ticket sales (\$m)	1 570.8
Other travel income (\$m)	194.5
Other income (\$m)	214.2
<i>Total income (\$m)</i>	1 979.5
Labour costs (\$m)	647.9
Rent, leasing and hiring expenses (\$m)	126.6
Other expenses (\$m)	1 158.6
<i>Total expenses (\$m)</i>	1 935.6
Operating profit before tax (\$m)	37.3
Operating profit margin (%)	2.0
Industry gross product (\$m)	750.6

SOURCES OF INCOME

Income Total income for the travel agency services industry in 1996–97 was \$1,980 million, 89% (\$1,765 million) of which was earned directly from the sale of travel products. The major contributor to income from travel products was ticket sales of \$1,571 million, of which \$1,283 million related to commission on ticket sales with the remainder being own account ticket sales. Commissions from the sale of travel insurance generated \$44 million for businesses in the industry, while commission income from the sale of travellers cheques was \$5 million in 1996–97. The major single sources of non-travel income were government funding of \$56 million and interest income of \$36 million.

Retail travel agency businesses accounted for over half (57%) of the total income earned by the industry followed by wholesalers (24%) and inbound tour operators (17%).

The major source of income for retail travel agents was commission on ticket sales of \$787 million which represents 76% of their travel income of \$1,037 million and 70% of their total income of \$1,129 million. Wholesalers/ticket consolidators, who received their income from selling travel products to retailers, earned 86% (\$414 million) of their income from the sale of travel products.

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SOURCES OF INCOME

	Retailers	Wholesalers/ Ticket Consolidators	Inbound Tour Operators	Tourist Bureaux	Total
	\$m	\$m	\$m	\$m	\$m
Travel related income					
Income from ticket sales					
Commission from ticket sales	787.1	341.1	148.6	6.0	1 282.8
Own account ticket sales	116.3	32.8	138.9	—	288.0
Total	903.4	373.9	287.5	6.0	1 570.8
Travel insurance	38.9	4.6	0.3	0.1	43.9
Travellers cheques	n.p.	n.p.	n.p.	n.p.	5.0
Airport handling fees	n.p.	—	n.p.	—	*4.9
Other fees for travel arrangements	26.7	n.p.	3.2	n.p.	31.1
Other travel related income	61.5	31.5	14.8	1.8	109.7
Total	1 037.2	414.1	305.8	8.2	1 765.4
Other income					
Rent, leasing and hiring income	10.3	0.4	0.2	**0.8	11.8
Other operating income (includes income from other services)	53.5	n.p.	22.3	n.p.	101.3
Funding from State, Federal or Local Government	*6.2	n.p.	5.2	n.p.	55.7
Interest income	16.8	13.1	6.0	0.2	36.1
Other non-operating income	5.2	3.4	0.6	—	9.3
Total	92.1	68.7	34.3	*19.1	214.2
Total income	1 129.3	482.8	340.1	27.3	1 979.5
	%	%	%	%	%
Contribution to total income	57.0	24.4	17.2	1.4	100.0

Product sales During 1996–97, retail travel agents had gross sales of travel products of \$8,503 million. Income from commission on these sales totalled \$787 million, which represented a return of 9.4%.

Gross sales of international travel products were \$5,263 million (62% of all product sales) of which \$3,302 million was from the sale of international air tickets and the remainder from the sale of international packages (including the air ticket component where applicable). Gross sales of domestic travel products amounted to \$3,240 million, consisting of \$2,301 million from domestic air tickets and \$939 million from domestic packages (including the air ticket component where applicable).

The commission on the sale of international air tickets was \$310 million, which represented 9.4% of total sales of international air tickets. For domestic air ticket sales, commissions amounted to \$158 million or 6.9% commission of the total sales of that product. Commissions on the sale of international and domestic packages were 10.7% and 12.4% respectively.

In 1996–97, retail travel agency locations in New South Wales had gross sales of \$3,655 million, which represented 43% of gross sales by retailers. Travel agency locations in Victoria and Queensland recorded 24% and 15% of gross sales, respectively. Other States and Territories recorded proportionally smaller sales reflecting their smaller populations.

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RETAIL TRAVEL AGENTS, GROSS TICKET SALES(a), BY TRAVEL PRODUCT, BY STATE AND TERRITORY

	<i>International air</i>	<i>International packages</i>	<i>Domestic air</i>	<i>Domestic packages</i>	<i>Total travel products</i>
	\$m	\$m	\$m	\$m	\$m
New South Wales	1 369.6	887.1	970.8	427.9	3 655.4
Victoria	829.2	447.9	552	197.8	2 026.8
Queensland	457	279.2	366.3	143	1 245.6
South Australia	182.1	101.5	118	47.1	448.7
Western Australia	349.7	185.8	209.6	84.5	829.6
Tasmania	34.8	28.8	32.2	20.3	116
Northern Territory	17.8	8.9	14.2	9.4	50.3
Australian Capital Territory	61.6	21.6	38.1	9.3	130.6
Australia	3 301.8	1 960.9	2 301.2	939.2	8 503.1
Income received on commission sales	309.7	209.1	158.3	110	787.1
	%	%	%	%	%
Commission return	9.4	10.7	6.9	12.4	9.4

(a) Includes gross ticket sales on commission and own account sales.

EXPENDITURE

Total expenses incurred by businesses in the travel agency services industry in 1996–97 were \$1,936 million.

Labour costs of \$648 million was the largest single expenditure item for the industry, averaging \$26,498 for each person employed. Other major expenses were commission expenses of \$153 million, rent, leasing and hiring expenses of \$127 million, advertising expenses of \$107 million, telecommunications services of \$75 million, depreciation and amortisation of \$69 million and computer reservation system costs of \$41 million. Other business expenses were \$341 million and included expenses such as travelling, accommodation and conference expenses for own employees, payroll tax, repair and maintenance expenses, consultant fees and direct operating tour costs incurred by inbound tour operators.

Purchases of \$199 million accounted for 10% of total industry expenses, the major component of which was the purchase of travel products for resale.

The expense profiles of the types of businesses in the industry were different. Businesses mainly involved in the retailing of travel products incurred 39% of their expenses in labour costs, 8% on rent, leasing and hiring expenses and 5% on advertising. In contrast, businesses mainly involved in wholesaling travel products incurred 28% in labour costs, 22% in commission expenses (mainly consisting of payments to retail travel agents) and 8% in advertising expenses. Inbound tour operators had a greater tendency to buy their tours and therefore their largest expense was the purchase of travel products (37% of total expenses), with labour costs accounting for a further 22% of their expenses.

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ITEMS OF EXPENDITURE

	Retailers	Wholesalers/Ticket consolidators	Inbound tour operators	Tourist Bureaux	Total
	\$m	\$m	\$m	\$m	\$m
Labour costs					
Wages and Salaries	377.1	143.8	65.8	12.8	599.4
Employer contributions to superannuation funds	27.7	12.3	4.0	0.9	44.9
Workers compensation costs	2.3	0.7	0.5	0.1	3.5
<i>Total</i>	<i>407.1</i>	<i>156.8</i>	<i>70.3</i>	<i>13.7</i>	<i>647.9</i>
Purchases	57.0	22.4	118.2	**1.2	198.8
Selected expenses					
Rent, leasing and hiring expenses	84.6	29.3	11.3	1.4	126.6
Computer reservation system costs	30.7	8.8	1.8	0.1	41.4
Electricity, Gas and Water	5.9	1.9	1.3	*0.3	9.4
Commission—credit card charges	10.7	1.8	0.4	0.2	13.2
Other commission expenses	16.1	121.7	2.2	—	140.0
Advertising—brochure expenses	7.2	12.7	2.2	**2.3	24.4
Advertising—other expenses	40.2	30.1	11.0	*1.3	82.7
Telecommunications services	40.5	26.4	7.0	*1.1	75.0
Accounting and audit expenses	11.6	3.9	1.7	*0.4	17.5
Franchise fees and licenses	7.6	0.6	0.2	—	8.5
Other management services	24.1	5.4	2.9	0.5	32.8
Motor vehicle running expenses	9.3	2.2	1.7	*0.2	13.4
Paper, printing & stationery expenses	17.5	6.0	3.0	*0.8	27.2
Postal, mailing & courier services	13.2	7.4	1.2	0.6	22.4
Training services provided by other businesses	7.4	1.6	0.6	0.1	9.7
Other business expenses	177.9	88.6	71.5	2.7	340.7
<i>Total</i>	<i>504.5</i>	<i>348.2</i>	<i>120.1</i>	<i>*12.2</i>	<i>984.9</i>
Other costs					
Insurance premiums	6.2	2.6	1.1	0.2	10.0
Interest expenses	11.0	3.1	0.6	**0.2	14.8
Depreciation and amortisation	45.6	17.5	5.4	*0.9	69.4
Bad debts	3.6	1.3	2.2	**0.1	7.3
<i>Total</i>	<i>66.4</i>	<i>24.5</i>	<i>9.3</i>	<i>*1.3</i>	<i>101.5</i>
Total expenses	1 035.8	552.2	319.2	28.4	1 935.6
	%	%	%	%	%
Contribution to total expenditure	53.5	28.5	16.5	1.5	100.0

EMPLOYMENT

At the end of June 1997, total employment in the travel agency services industry was 24,451, of which females comprised 73% (17,737) . Full-time female employment of 14,002 represented 57% of total industry employment. Working proprietors and partners comprised 7% (1,786 persons) of all persons employed and mainly worked in retail travel agency businesses.

Retail travel agents employed 16,505 persons representing 68% of industry employment, while businesses engaged in wholesaling travel products employed 4,562 persons or 19% of total employment. Wholesale travel agents and ticket consolidators had the highest proportion of persons working full-time (87%) and the highest proportion of full-time female employees (64%). Part-time workers represented 20% (4,949 persons) of industry employment, working primarily for retail travel agents (2,997 persons) and inbound tour operators (1,078).

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CHARACTERISTICS OF EMPLOYMENT

	<i>Full time</i>			<i>Part time</i>			<i>Total</i>		
	<i>Males</i>	<i>Females</i>	<i>Persons</i>	<i>Males</i>	<i>Females</i>	<i>Persons</i>	<i>Males</i>	<i>Females</i>	<i>Persons</i>
RETAILERS									
Working proprietors and partners (no.)	602	667	1 269	154	240	393	756	906	1 662
Employees (no.)	3 179	9 060	12 239	630	1 974	2 604	3 809	11 034	14 843
Total employment at end June 1997 (no.)	3 781	9 727	13 508	784	2 213	2 997	4 564	11 940	16 505
Proportion of total (%)	22.9	58.9	81.8	4.7	13.4	18.2	27.7	72.3	100.0
WHOLESALE/TICKET CONSOLIDATORS									
Working proprietors and partners (no.)	27	31	58	7	7	14	34	38	72
Employees (no.)	1 045	2 882	3 927	128	436	563	1 172	3 317	4 490
Total employment at end June 1997 (no.)	1 072	2 913	3 985	135	443	577	1 207	3 356	4 562
Proportion of total (%)	23.5	63.9	87.3	3.0	9.7	12.7	26.4	73.6	100.0
INBOUND TOUR OPERATORS									
Working proprietors and partners (no.)	13	*30	43	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Employees (no.)	570	1 086	1 656	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Total employment at end June 1997 (no.)	583	1 116	1 699	259	819	1 078	842	1 935	2 777
Proportion of total (%)	21.0	40.2	61.2	9.3	29.5	38.8	30.3	69.7	100.0
TOURIST BUREAUX									
Working proprietors and partners (no.)	—	—	—	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Employees (no.)	*64	246	310	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Total employment at end June 1997 (no.)	*64	246	310	*37	*261	*298	101	*506	*608
Proportion of total (%)	10.6	40.4	51.0	*6.1	42.9	49.0	16.7	83.3	100.0
TOTAL									
Working proprietors and partners (no.)	642	728	1 370	162	254	416	804	982	1 786
Employees (no.)	4 857	13 274	18 132	1 052	3 481	4 534	5 910	16 755	22 665
Total employment at end June 1997 (no.)	5 500	14 002	19 502	1 214	3 735	4 949	6 714	17 737	24 451
Proportion of total (%)	22.5	57.3	79.8	5.0	15.3	20.2	27.5	72.5	100.0

BUSINESS SIZE

At the end of June 1997, 97% (3,156 businesses) of businesses in the travel agency services industry employed less than 20 persons. These businesses accounted for 54% of industry employment and 45% of the total income of all businesses in the industry. There were 2,152 businesses employing less than 5 persons. These very small businesses were mainly retail travel agents (1,981 businesses) which represented 61% of all businesses and accounted for 20% of total employment and 14% of total income. In contrast, businesses employing 100 or more persons accounted for less than 1% of all businesses in the industry but contributed 32% to industry employment and 37% to industry income.

The operating profit margin for the industry, which was 2% overall, differed considerably by size of business. The most profitable businesses were the 10 retail travel agents with employment of 100 or more persons, which had an average operating profit margin of 14.5%. However, for the travel agency services industry overall, businesses employing 100 or more persons recorded a negative operating profit margin of -2.6% for the year.

The operating profit margin of retail businesses with employment of less than 10 persons was affected by the presence of 1,498 working proprietors and partners in this business size grouping. The drawings of these working proprietors and partners are not included in business expenses and thus are not deducted in calculating profit, resulting in an operating profit margin higher than would be the case if they were an incorporated entity (as are most of the larger businesses) and receiving a wage or salary from the business.

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BUSINESS SIZE AND PERCENTAGE CONTRIBUTION

Employment size	Businesses		Working proprietors and partners	Employees	Total employment at end June 1997		Wages and salaries		Total income		Operating profit before tax	Operating profit margin
	no.	%	no.	no.	no.	%	\$m	%	\$m	%	\$m	%
RETAILERS												
0-4	1 981	69.7	1 121	3 816	4 937	29.9	74.9	19.9	286.5	25.4	17.2	6.2
5-9	616	21.7	377	3 429	3 806	23.1	75.8	20.1	219.8	19.5	14.1	6.5
10-19	189	6.6	*139	2 200	2 338	14.2	52.6	13.9	129.0	11.4	6.7	5.4
20-99	46	1.6	25	1 471	1 496	9.1	35.7	9.5	121.4	10.8	-1.9	-1.7
>99	10	0.4	—	3 927	3 927	23.8	138.0	36.6	372.5	33.0	53.5	14.5
Total	2 842	100.0	1 662	14 843	16 505	100.0	377.1	100.0	1 129.3	100.0	89.4	8.1
WHOLESALE/TICKET CONSOLIDATORS												
0-4	74	42.8	29	142	171	3.7	2.6	1.8	12.9	2.7	n.p.	n.p.
5-9	47	27.2	38	278	316	6.9	7.0	4.9	26.9	5.6	3.6	13.9
10-19	21	12.1	n.p.	n.p.	300	6.6	7.5	5.2	26.3	5.5	1.6	6.4
20-99	26	15.0	n.p.	n.p.	1 128	24.7	31.0	21.5	131.8	27.3	2.0	1.6
>99	5	2.9	—	2 647	2 647	58.0	95.7	66.6	284.9	59.0	n.p.	n.p.
Total	174	100.0	72	4 490	4 562	100.0	143.8	100.0	482.8	100.0	-72.5	-16.8
INBOUND TOUR OPERATORS												
0-4	77	45.4	n.p.	173	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	*3.5	9.3
5-9	40	23.5	n.p.	n.p.	*258	*9.3	4.4	6.7	29.6	8.7	**2.0	** 7.1
10-19	*35	20.5	n.p.	*506	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
20-99	14	8.3	n.p.	n.p.	629	22.6	15.3	23.3	96.9	28.5	5.8	6.3
>99	4	2.4	n.p.	n.p.	1 173	42.2	31.8	48.4	81.6	24.0	n.p.	n.p.
Total	170	100.0	n.p.	n.p.	2 777	100.0	65.8	100.0	340.1	100.0	21.3	6.5
TOURIST BUREAUX												
0-4	*19	*24.1	n.p.	*54	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
5-9	*53	65.8	n.p.	n.p.	*357	58.8	*6.6	51.9	*14.0	51.1	** -1.4	** -16.4
10-19	3	3.8	—	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
20-99	5	*6.3	—	143	143	*23.5	3.2	25.3	6.4	23.6	**0.0	** -0.6
>99	—	—	—	—	—	—	—	—	—	—	—	—
Total	*80	100.0	n.p.	n.p.	*608	100.0	12.8	100.0	27.3	100.0	** -0.9	** -5.3
TOTAL												
0-4	2 152	65.9	1 177	4 185	5 362	21.9	82.3	13.7	340.3	17.2	21.3	6.5
5-9	756	23.2	424	4 313	4 737	19.4	93.9	15.7	290.3	14.7	18.4	6.6
10-19	248	7.6	n.p.	n.p.	3 210	13.1	72.4	12.1	253.4	12.8	9.9	4.0
20-99	91	2.8	27	3 368	3 395	13.9	85.2	14.2	356.5	18.0	5.9	1.7
>99	19	0.6	n.p.	n.p.	7 747	31.7	265.5	44.3	739.1	37.3	-18.1	-2.6
Total	3 266	100.0	1 786	22 665	24 451	100.0	599.4	100.0	1 979.5	100.0	37.3	2.0

STATE DIMENSION

The travel agency services industry in 1996–97 was concentrated in the eastern mainland States, with 78% of the locations operating in New South Wales, Victoria and Queensland, which was comparable to the population distribution. However, retail travel agents in these three States had gross sales of \$6,928 million which represented 81% of all sales by retailers.

Travel agency activity in New South Wales was greater than that State's share of the Australian population of 34%. The 1,525 travel agency locations in New South Wales represented 37% of all locations and accounted for 43% of employment and 45% of total income for the industry. Western Australia accounted for 12% of locations, a little higher than that State's share of the Australian population (10%). However, these locations only accounted for 10% of industry employment and 7% of industry income.

Average employment of each business in the industry was 7.5 persons in 1996–97. Average employment for businesses in New South Wales and Queensland were highest among the States and Territories at 8.1 and 7.6 persons respectively. Businesses in the Northern Territory and Western Australia recorded the lowest average employment at 5.5 and 5.8 persons respectively.

Businesses in New South Wales and Victoria recorded the highest average income per business of \$692,000 and \$640,000 respectively compared to the Australian average of \$606,000. Lowest average total income per business were reported in South Australia and Tasmania at \$334,000 and \$275,000 respectively.

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STATE AND TERRITORY COMPARISONS

<i>State and Territory</i>	<i>Businesses(a)</i>		<i>Locations</i>		<i>Total employment at end June 1997</i>		<i>Wages and salaries</i>		<i>Total income</i>	
	<i>no.</i>	<i>no.</i>	<i>%</i>	<i>no.</i>	<i>%</i>	<i>\$m</i>	<i>%</i>	<i>\$m</i>	<i>%</i>	
New South Wales	1 289	1 525	37.3	10 478	42.9	265.2	44.2	892.5	45.1	
Victoria	772	942	23.0	5 317	21.7	138.3	23.1	494.4	25.0	
Queensland	558	714	17.4	4 221	17.3	100.5	16.8	331.2	16.7	
South Australia	217	261	6.4	1 239	5.1	24.2	4.0	72.5	3.7	
Western Australia	404	480	11.7	2 330	9.5	52.5	8.8	143.8	7.3	
Tasmania	64	71	1.7	414	1.7	7.9	1.3	17.6	0.9	
Northern Territory	36	36	0.9	197	0.8	4.6	0.8	12.3	0.6	
Australian Capital Territory	39	63	1.5	255	1.0	6.2	1.0	15.2	0.8	
Australia	3 266	4 091	100.0	24 451	100.0	599.4	100.0	1 979.5	100.0	

(a) Multi-State businesses are counted in each State and Territory in which they operated. Hence the counts of businesses for States and Territories do not sum to the total for Australia.

PERFORMANCE RATIOS

This section presents statistics for travel agency businesses operating during 1996–97 according to three size categories, each defined in terms of persons employed: fewer than 20, 20–99, and 100 or more persons. These are referred to as small, medium and large businesses.

Average labour costs per employee for all businesses were \$28,600, ranging from \$23,500 for small businesses to \$36,600 for large businesses. Labour costs represented 33% of the total expenses of small businesses compared to 38% for large businesses. Average labour costs per employee were \$27,400 for retail travel agents and \$34,900 for wholesalers/ticket consolidators. These costs were higher for large wholesalers/ticket consolidators at \$39,200 and large retail travel agents at \$37,300.

The overall operating profit margin of 2.0% for this industry varied between small businesses (5.8%), medium businesses (1.7%) and large businesses (–2.6%). These operating profit margins are reflected in the operating profit before tax per person employed of \$3,700 for small businesses, \$1,700 for medium businesses and a loss of \$2,300 for large businesses.

Businesses mainly involved in retailing travel products received 70% of their income from commission on ticket sales, with small retail travel agents receiving almost 75% of their income from this source. Wholesalers/ticket consolidators had similar percentages of commissions to total income, whereas the proportion for inbound tour operators and tourist bureaux was 44% and 22% respectively.

Commissions to gross ticket sales varied by size and type of travel agent. The industry average was 9.9%, with inbound tour operators recording the highest commission return of 16.6%. Whereas wholesalers/ticket consolidators recorded a commission return of 9.3% for each business employment size, retailers' commission return varied from 9.9% for small businesses to 8.6 for large businesses.

Total income per person employed varied between type and size of business. Inbound tour operators generated an average of \$122,500 per person employed, with small inbound tour operators earning \$165,700 per person employed compared to large operators earning \$69,600 per person employed. Wholesalers and ticket consolidators averaged \$105,800 per person employed (\$83,900 for small businesses and \$107,600 for large businesses). On the other hand, retailers earned \$68,400 for each person employed and varied from \$57,300 for small retailers to \$94,900 for large retailers.

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PERFORMANCE RATIOS

	<i>Small businesses</i>	<i>Medium businesses</i>	<i>Large businesses</i>	<i>All businesses</i>
	0-19	20-99	>99	
RETAILERS				
Total income per person employed (\$000)	57.3	81.2	94.9	68.4
Total expenses per person employed (\$000)	53.6	81.6	81.3	62.8
Operating profit before tax per person employed (\$000)	3.4	-1.3	13.6	5.4
Labour costs per employee (\$000)	23.5	26.4	37.3	27.4
Labour costs to total expenses (%)	37.3	31.8	45.8	39.3
Operating profit margin (%)	6.2	-1.7	14.5	8.1
Commission on ticket sales to total income (%)	74.8	47.2	68.3	69.7
Other travel income to total income (%)	17.7	31.3	26.7	22.1
Commissions to gross ticket sales (%)	9.9	9.1	8.6	9.4
WHOLESALERS/TICKET CONSOLIDATORS				
Total income per person employed (\$000)	83.9	116.9	107.6	105.8
Total expenses per person employed (\$000)	76.1	112.9	137.9	121.1
Operating profit before tax per person employed (\$000)	7.2	1.8	n. p.	-15.9
Labour costs per employee (\$000)	26.5	30.2	39.2	34.9
Labour costs to total expenses (%)	31.7	26.7	28.4	28.4
Operating profit margin (%)	8.9	1.6	n.p.	-16.8
Commission on ticket sales to total income (%)	74.4	68.9	70.6	70.6
Other travel income to total income (%)	18.6	22.8	10.8	15.1
Commissions to gross ticket sales (%)	9.3	9.3	9.3	9.3
INBOUND TOUR OPERATORS				
Total income per person employed (\$000)	165.7	154.1	69.6	122.5
Total expenses per person employed (\$000)	159.7	145.4	61.4	114.9
Operating profit before tax per person employed (\$000)	*6.9	9.3	7.5	7.7
Labour costs per employee (\$000)	21.8	26.3	28.6	25.8
Labour costs to total expenses (%)	13.0	18.1	46.5	22.0
Operating profit margin (%)	4.3	6.3	11.3	6.5
Commission on ticket sales to total income (%)	31.4	46.1	65.2	43.7
Other travel income to total income (%)	64.8	46.4	n.p.	46.2
Commissions to gross ticket sales (%)	19.4	21.5	12.5	16.6
TOURIST BUREAUX				
Total income per person employed (\$000)	44.9	45.2	—	44.9
Total expenses per person employed (\$000)	47.2	45.4	—	46.8
Operating profit before tax per person employed (\$000)	** -1.9	** -0.2	—	** -1.5
Labour costs per employee (\$000)	22.0	25.0	—	22.7
Labour costs to total expenses (%)	46.3	55.1	—	48.3
Operating profit margin (%)	** -7.1	** -0.6	—	** -5.3
Commission on ticket sales to total income (%)	*18.9	32.3	—	22.1
Other travel income to total income (%)	*4.8	18.1	—	7.9
Commissions to gross ticket sales (%)	11.7	12.6	—	12.0
TOTAL				
Total income per person employed (\$000)	66.4	105.0	95.4	81.0
Total expenses per person employed (\$000)	62.5	102.3	97.6	79.2
Operating profit before tax per person employed (\$000)	3.7	1.7	-2.3	1.5
Labour costs per employee (\$000)	23.5	27.6	36.6	28.6
Labour costs to total expenses (%)	32.6	26.8	37.5	33.5
Operating profit margin (%)	5.8	1.7	-2.6	2.0
Commission on ticket sales to total income (%)	65.5	54.6	68.8	64.8
Other travel income to total income (%)	26.1	32.0	18.6	24.4
Commissions to gross ticket sales (%)	10.3	10.7	9.2	9.9

EXPLANATORY NOTES

SCOPE

1 This publication contains data for the travel agency services industry for 1996–97.

2 The survey included employing businesses classified to Class 6641, Travel Agency Services, of the Australian and New Zealand Standard Industrial Classification (ANZSIC). This class comprises businesses mainly engaged in the provision of travel agency services such as transport, and/or accommodation booking, tour wholesaling or retailing and tourist bureau services.

3 Some businesses, such as domestic and international airlines, carry out travel agency activities, but are mainly engaged in providing other services and are thus excluded from this survey.

METHODOLOGY

4 The survey consisted of a fully enumerated component and a sample survey component. All licensed travel agents covered by the regulations of the Travel Compensation Fund (TCF) and the Northern Territory Government (which is not included in the TCF jurisdiction) were included. The sample sector consisted of additional management units on the ABS Business Register classified to ANZSIC Class 6641.

5 Data for the census component was collected by the TCF as part of the annual financial review of licensed travel agents to ensure their continued eligibility for participation in the TCF. The ABS and the TCF undertook a collaborative effort in the collection of this data in recognition of the degree of overlap in their respective data requirements. This resulted in significant reduction in the potential provider load of travel agents, a reduction in the data collection costs for both agencies and the production of consistent, high quality data about the industry.

STATISTICAL UNIT

6 The unit for which statistics were reported in the survey was the management unit. The management unit is the highest level accounting unit within a business or organisation, having regard for industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, sole operator, etc.). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it.

STATE DATA

7 Data were collected from businesses located in Australia and related to Australian based operations of each business (i.e. the sale of travel products was carried out by travel agency locations in Australia). Businesses which operated in more than one State or Territory were asked to provide a dissection of employment, wages and salaries and total income to enable State and Territory statistics to be compiled and comparisons undertaken.

- REFERENCE PERIOD** **8** Data contained in the tables of this publication relate to all businesses which operated in Australia at any time during the year ended 30 June 1997. Counts of businesses include only those businesses that were operating at 30 June 1997.
- BUSINESSES CEASED DURING THE YEAR** **9** A very small number of businesses ceased operations during the 1996–97 reference period. It is normal ABS procedure to include the contributions of these businesses in the survey output.
- RELIABILITY OF ESTIMATES** **10** The estimates presented in this publication are subject to sampling and non-sampling error.
- SAMPLING ERRORS** **11** Since the estimates in this publication include information obtained from a sample drawn from units in the surveyed population, the estimates are subject to sampling variability, that is, they may differ from figures that would have been obtained if all units had been included in the survey. One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.
- 12** There are about two chances in three that a sample estimate will differ by less than one SE from the figure that would have been obtained if a census had been conducted, and approximately 19 chances in 20 that the difference will be less than two SEs.
- 13** Sampling variability can be measured by the relative standard error (RSE) which is obtained by expressing the SE as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to sampling, and this avoids the need to refer also to the size of the estimate.
- 14** The following table contains estimates of RSEs for a selection of the statistics presented in this publication.

<i>Data item</i>	<i>RSE (%)</i>
Businesses at end June 1997	3.5
Employment at end June 1997	
Full-time	1.4
Part-time	3.4
Total	1.5
Total income	1.1
Labour costs	1.0
Total expenses	1.1
Operating profit before tax	12.0
Operating profit margin	11.8
<u>Industry gross product</u>	<u>1.1</u>

SAMPLING ERRORS *continued*

15 As an example of the above, an estimate of total income for the travel agency services industry is \$1,979.5 million and the RSE is 1.1%, giving a SE of \$21.8 million. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$1,957.7 million to \$2,001.3 million would have been obtained, and 19 chances in 20 that the figure would have been within the range of \$1,935.9 million to \$2,023.1 million (i.e. a confidence interval of 95%).

NON-SAMPLING ERROR

16 Errors other than those due to sampling may occur because of deficiencies in the register of units from which the sample was selected, non-response, and imperfections in reporting by respondents. Inaccuracies of this kind are referred to as non-sampling errors and they may occur in any collection, whether it be a census or a sample. Every effort has been made to reduce non-sampling error to a minimum by careful design and testing of questionnaires and efficient operating procedures and systems used to compile the statistics.

GLOSSARY

Bad and doubtful debts	These are accounts receivable by a business which are expected to be unrecoverable from debtors.
Businesses at end June	This is a count of management units operating at the end of June 1997. A management unit is the highest-level accounting unit within a business, having regard for industry homogeneity, for which accounts are maintained.
Commission income	This is income directly received by the business for the sale of tickets and packages on behalf of travel wholesalers and airlines etc.
Commission expenses	This includes charges to the business for credit card transactions, payments to other businesses and self employed persons for work done or sales made on a commission basis and payments to persons paid by commission without a retainer.
Computer Reservation System expenses	These are charges incurred by travel agents for the use of computer systems and the lease of equipment used for booking and reserving travel.
Depreciation and amortisation	This item includes depreciation/amortisation expenses in respect of assets acquired under finance leases, and depreciation allowed on buildings and other fixed tangible assets.
Electricity, gas and water charges	These are electricity, gas and water expenses incurred during the normal operation of the business. They exclude costs of self-generation of electricity and any installation charges.
Employees	This includes working directors, and other employees working for a business during the last pay period ending in June 1997. Employees absent on paid or prepaid leave are included. Excludes working proprietors and partners of unincorporated businesses.
Employer contributions to superannuation funds	This item includes the costs of the employer's superannuation contributions during the reference period (including contributions made by the employer on behalf of employees).
Employment at end June	This includes full-time and part-time employees, employees absent on paid or pre-paid leave, managerial and executive employees, permanent, temporary and casual employees and working proprietors and partners at the end of June 1997. It excludes non-salaried directors and self-employed persons such as contractors and consultants.
Franchise fees and licenses	These are fees paid to allow the business to operate under a particular franchise agreement.
General Sales Agent (GSA)	These are businesses that have an exclusive licence to sell another travel provider's product. For example a GSA might have the licence to sell tickets on behalf of an international airline. These businesses are considered to carry out retail activities.

Government funding	This item consists of government payments for operational and capital funding purposes.
Gross ticket sales	These are the gross sales of tickets for international and domestic travel and includes air, land and package components. It does not necessarily equate with the income received by the business which in this industry is primarily derived from commission.
Inbound tour operator	These are businesses that link overseas outbound travel agents and wholesalers with the supply of transport, accommodation and tourism packages into Australia.
Income from other services	This item includes management fees or charges received from related and unrelated businesses, subscriptions and membership fees.
Income from ticket sales	This includes commissions earned from the sale of travel tickets sold on behalf of airlines etc. and income received from the sale of business' own transportation product.
Industry Gross Product	This is a measure of the unduplicated gross product of businesses. It is defined as sales of goods and services plus government subsidies plus closing stocks minus opening stocks minus purchases and selected expenses.
Insurance premiums	These are payments made by a business in respect of different types of insurance policies, including optional third-party and comprehensive motor vehicle insurance premiums, fire, general, accident and public liability premiums and professional indemnity insurance premiums. Workers' compensation and compulsory third party motor vehicle insurance are excluded.
Interest expenses	These are expenses related to the cost of the use of borrowed funds from financial institutions and related companies. It includes interest on bank loans, loans from partners, interest in respect of finance leases, interest equivalents such as hedging costs and expenses associated with discounted bills.
Interest income	This is income earned through lending out funds owned by the entity, including interest received from bank accounts, loans and finance leases and earnings on discounted bills.
Labour costs	These include wages and salaries, employer contributions to superannuation funds and workers' compensation costs.
Labour costs per employee	Labour costs divided by the total number of employees.
Labour costs to total expenses	Labour costs divided by total expenses

Management unit	A management unit is the highest-level accounting unit within a business, having regard for industry homogeneity, for which accounts are maintained.
Operating profit before tax	This is a measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).
Operating profit margin	This is the percentage of sales of goods and services available as operating profit, (i.e. operating profit before tax times 100 divided by sales of goods and services).
Other business expenses	This item includes expenses not separately identified such as travel, accommodation and conference expenses for employees, payroll tax, repair and maintenance expenses, consultancy fees and payments to overseas offices.
Other commission expenses	This includes payments made for work done or sales made on a commission basis by other businesses or persons.
Other travel related income	This item includes travel related income not separately identified, such as fees for providing travel related services (e.g. catering).
Other fees for travel arrangements	This includes fees received for arranging the issue of passports and visas.
Purchases	These include purchases of goods for resale and other non-capitalised purchases of goods and materials used in operating the business. It excludes the value of products sold on commission.
Rent, leasing and hiring income	This item includes income received from the rental of premises and shops.
Rent, leasing and hiring expenses	These include those expenses incurred for the rent, leasing and hiring of land, buildings and other structures, motor vehicles and equipment used by the business.
Retail travel agent	These are businesses which sell travel products (usually on commission) to the general public, corporate or business clients.
Ticket consolidator	These are businesses which sell airline tickets to retail agents at a mark-up.
Tourist bureau	These are businesses which provide tourist information services including the sale of travel products.
Travel Compensation Fund	The TCF is a regulatory body requiring all travel agencies (except those operated by government or located in the Northern Territory) to furnish a range of data and certified information about their operations with the primary aim of ensuring the financial viability of licensed travel agents.

Wages and salaries	This refers to the gross earnings, before taxation and other deductions. It excludes the drawings of working proprietors and working partners of unincorporated businesses.
Wholesale travel agents	These businesses sell to travel retailers who are paid commission. Such sales involve publishing and distributing tour brochures and arranging travel packages which include travel arrangements.
Workers' compensation costs	These costs include insurance premiums/levies and non-payroll costs incurred by businesses and not reimbursed by an insurance company.

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2865300007962
 ISBN 0 642 25653 5

RRP \$16.50