

# CAFES AND RESTAURANTS INDUSTRY

## AUSTRALIA

EMBARGO: 11.30AM (CANBERRA TIME) FRI 15 SEPT 2000

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- For further information about these and related statistics, contact the National Information Service on 1300 135 070 or Paul Hoffmann on Brisbane 07 3222 6201.

## NOTES

### INTRODUCTION

This publication presents results, in respect of the 1998–99 financial year, from an Australian Bureau of Statistics (ABS) survey of employing businesses in the cafes and restaurants industry. This is the fourth ABS survey of the industry, with previous surveys being conducted in respect of 1991–92, 1986–87 and 1979–80.

### COMMENTS ON THIS PUBLICATION

The ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future industry surveys. These comments should be addressed to The Director, Service Industry Surveys, ABS, PO Box 10, Belconnen ACT 2616.

### ROUNDING

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

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### ABBREVIATIONS

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
BYO	Bring your own (alcohol)
RSE	Relative standard error
SE	Standard error

Dennis Trewin  
Australian Statistician

## MAIN FEATURES

### INTRODUCTION

This publication presents results in respect of the 1998–99 financial year, from an Australian Bureau of Statistics (ABS) survey of employing businesses in the cafes and restaurants industry. Businesses in this industry are classified to Class 5730 (Cafes and Restaurants) of the *Australian and New Zealand Standard Industrial Classification* (ANZSIC) which includes businesses mainly engaged in operating cafes and restaurants for consumption of meals on the premises and businesses mainly engaged in catering services. Businesses mainly engaged in selling take-away food were excluded from the survey but details for take-away food businesses will be released later this year as part of *Retail Industry, Australia, 1998–99* (Cat. no. 8622.0).

### SIZE OF INDUSTRY

At the end of June 1999, there were 12,845 employing businesses in the cafes and restaurants industry. These businesses operated at 14,199 locations, comprising 4,553 licensed cafes and restaurants, 1,891 licensed and BYO cafes and restaurants, 2,748 BYO cafes and restaurants and 3,291 unlicensed cafes and restaurants. In addition, there were 1,716 locations operated by catering businesses, which represented 12% of locations in the industry. Excluding caterers, 52% of cafes and restaurants were licensed to sell alcohol.

At the end of June 1999, the cafes and restaurants in the industry had 1,057,083 seats available for consuming food on the premises. This represented 85 seats per cafe and restaurant location which varied from an average of 110 available seats for licensed cafes and restaurants to 62 available seats for BYO cafes and restaurants.

### 1 NUMBER OF BUSINESSES AND AVAILABLE SEATING

	Businesses	Locations	Available seating
	no.	no.	no.
Type of business			
Licensed cafes and restaurants	4 197	4 552	499 414
Licensed and BYO cafes and restaurants	1 801	1 891	171 996
BYO cafes and restaurants	2 668	2 748	169 052
Unlicensed cafes and restaurants	2 861	3 291	216 621
<i>Total</i>	<i>11 527</i>	<i>12 483</i>	<i>1 057 083</i>
Catering	1 318	1 716	..
<b>Total cafes and restaurants</b>	<b>12 845</b>	<b>14 199</b>	<b>..</b>

.. not applicable

### SOURCES OF INCOME

During 1998–99, businesses in the cafes and restaurants industry generated \$7,174 million in income. Over half of this income (55%) was generated from sales of meals consumed on the premises. Sales of beverages accounted for a further \$1,117 million (16%) while catering services generated \$1,265 million (18%) of total income.

### EXPENDITURE

Total expenses of businesses in the industry during 1998–99 were \$6,805 million. The two largest expense items were purchases (\$2,917 million) and labour costs (\$2,109 million) which represented 43% and 31% respectively of total expenses.

## MAIN FEATURES *continued*

### PROFITABILITY

During 1998–99, the industry recorded an operating profit before tax of \$334 million, which represented an operating profit margin of 4.8%. The operating profit margin varied by type of cafe and restaurant with the highest operating profit margin being recorded by BYO cafes and restaurants (6.6%), followed by licensed and BYO cafes and restaurants (5.7%) and unlicensed cafes and restaurants (5.6%). The operating profit margin for catering businesses and licensed cafes and restaurants was 4.6% and 3.9% respectively.

For 1998–99, the operating profit before tax (excluding caterers) represented an annual return per available seat of \$251.

### EMPLOYMENT

At the end of June 1999, the total employment in the cafes and restaurants industry was 152,107 persons, of whom 63,093 (41%) were waiters and waitresses.

Just over half (51%) of persons working in the industry were casuals, which was reflected in the average labour cost per employee of \$15,000.

### STATE DIMENSION

Cafes and restaurant industry businesses in 1998–99 were concentrated in the eastern mainland States, with 79% operating in New South Wales, Victoria and Queensland.

Businesses operating in New South Wales accounted for 33% of industry employment and 37% of industry income which was slightly above the New South Wales share of the Australian population of 34%. Businesses operating in Victoria accounted for 25% of industry employment and 23% of industry income compared to its share of the Australian population of 25%.

### BUSINESS SIZE

The cafes and restaurants industry was dominated by small businesses during 1998–99 with 11,730 businesses (91% of all businesses) having employment of less than 20 persons. These small businesses accounted for 55% of industry employment and 52% of industry income. In contrast, there were 61 businesses in the industry which employed 100 persons or more. While large businesses represented less than 1% of the businesses by number, they accounted for 22% of industry employment and 27% of industry income.

## MAIN FEATURES *continued*

### BUSINESS SIZE *continued*

**2**

### KEY FIGURES

		<i>Total</i>
Businesses at end June 1999	no.	12 845
Employment at end June 1999	no.	152 107
Income		
Takings from meals consumed on the premises	\$m	3 947.7
Takings from take-away food	\$m	444.6
Takings from catering services	\$m	1 264.7
Takings from beverages	\$m	1 117.2
Other income	\$m	400.0
<i>Total income</i>	<i>\$m</i>	<i>7 174.3</i>
Expenses		
Labour costs	\$m	2 109.4
Purchases	\$m	2 917.2
Other expenses	\$m	1 778.6
<i>Total Expenses</i>	<i>\$m</i>	<i>6 805.2</i>
Operating profit before tax	\$m	334.2
Operating profit margin	%	4.8
Operating profit before tax per seat (excluding caterers)	\$	251.4

## SOURCES OF INCOME

### SOURCES OF INCOME

During 1998–99, businesses in the cafes and restaurants industry generated \$7,174 million in income. The major contributors to this income were licensed cafes and restaurants (\$3,050 million) and catering businesses (\$1,497 million) which accounted for 43% and 21% of industry income respectively. The contributions of the remaining businesses were \$1,010 million from unlicensed cafes and restaurants, \$930 million from licensed and BYO cafes and restaurants, and \$687 million from BYO cafes and restaurants.

Licensed cafes and restaurants received 68% (\$2,060 million) of their income from takings from meals consumed on the premises. This income was 52% of the total takings for the industry for meals consumed on the premises. In addition, licensed cafes and restaurants received 24% (\$724 million) of their income from the sale of beverages, which represented 65% of the sales of beverages for the industry. The average income per licensed cafe and restaurant business was \$726,800 compared to the average income for all businesses in the industry of \$558,500.

Catering businesses received 78% (\$1,170 million) of their income from catering services. This income represented 92% of the total catering services income for the industry. The other main income of catering businesses were the sales of beverages (\$68 million) and other services (\$102 million), such as commission income. The average income of catering businesses was \$1,136,000.

The income profile of licensed and BYO cafes and restaurants was similar to licensed cafes and restaurants in that they received 69% and 68% respectively of their income from meals consumed on the premises and 24% each respectively of their income from the sale of beverages. The other two types of cafes and restaurants were more reliant on takings from take-away food with BYO cafes and restaurants receiving 12% of their income from take-away food and 79% from meals consumed on the premises.

Unlicensed cafes and restaurants received 15% of their income from takeaway food and 68% of their income from meals consumed on the premises. It should be noted that any businesses generating the majority of their income from takeaway food were excluded from the survey.

## SOURCES OF INCOME *continued*

### 3 SOURCES OF INCOME

		Licensed cafes and restaurants	Licensed and BYO cafes and restaurants	BYO cafes and restaurants	Unlicensed cafes and restaurants	Catering	Total
Sales of goods and services							
Takings from meals consumed on the premises	\$m	2 059.9	637.1	539.4	689.6	21.7	3 947.7
	%	67.5	68.5	78.6	68.3	1.4	55.0
Takings from take-away food	\$m	132.2	61.3	81.1	151.3	18.8	444.6
	%	4.3	6.6	11.8	15.0	1.3	6.2
Takings from catering services	\$m	33.2	*1.9	*14.1	46.0	1 169.5	1 264.7
	%	1.1	0.2	2.1	4.6	78.1	17.6
Sale of beverages	\$m	723.5	218.3	42.9	64.8	67.8	1 117.2
	%	23.7	23.5	6.3	6.4	4.5	15.6
Income from other services	\$m	*22.8	*2.6	**4.9	28.8	102.2	161.4
	%	0.7	0.3	0.7	2.9	6.8	2.2
Other sales of goods	\$m	*51.7	3.0	1.3	23.7	25.7	105.3
	%	1.7	0.3	0.2	2.3	1.7	1.5
Total	\$m	3 023.4	924.1	683.7	1 004.1	1 405.6	7 040.9
	%	99.1	99.3	99.6	99.4	93.9	98.1
Rent, leasing & hiring income	\$m	13.7	*3.7	**2.2	*2.2	5.0	26.7
	%	0.4	0.4	0.3	0.2	0.3	0.4
Government funding	\$m	1.2	np	*0.2	*0.6	np	3.1
	%	—	np	—	0.1	np	—
Interest income	\$m	2.8	*0.6	*0.3	*1.2	0.3	5.2
	%	0.1	0.1	—	0.1	—	0.1
Other income	\$m	*9.1	np	**0.1	*1.9	np	98.3
	%	0.3	np	5.0	0.2	np	1.4
<b>Total income</b>	<b>\$m</b>	<b>3 050.2</b>	<b>930.3</b>	<b>686.5</b>	<b>1 010.0</b>	<b>1 497.3</b>	<b>7 174.3</b>
	<b>%</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\* estimate has a relative standard error of between 25% and 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

np not available for publication but included in totals where applicable, unless otherwise indicated

— nil or rounded to zero (including null cells)

## ITEMS OF EXPENDITURE

### EXPENDITURE

The total expenditure of businesses in the cafes and restaurant industry during 1998–99 was \$6,805 million.

The two highest expense items were purchases (\$2,917 million) and labour costs (\$2,109 million) which represented 43% and 31% respectively of total expenses. These proportions did not vary greatly for most types of cafes and restaurants, although for caterers, purchases accounted for 46% and labour costs accounted for 35% respectively of their total expenses.

The main components of purchases were foodstuffs used in preparing meals and take away food (\$2,138 million) and beverages (\$469 million). Licensed cafes and restaurants accounted for 40% of the purchases of foodstuffs and 65% of the purchases of beverages.

The high incidence of casual employees (51%) was reflected in the low labour costs per employee of \$15,000. The average labour costs per employee by type of business was \$17,500 for caterers, \$15,200 for licensed cafes and restaurants, \$14,700 for unlicensed cafes and restaurants, \$13,700 for licensed and BYO cafes and restaurants and \$11,900 for BYO cafes and restaurants.

Other major expense items were rent, leasing and hiring (\$578 million), depreciation and amortisation (\$156 million), electricity charges (\$96 million) and interest expenses (\$88 million). While rent, leasing and hiring expenses represented 8% of total expenses for the industry, its proportion varied by type of business. BYO cafes and restaurants and unlicensed cafes and restaurants had 13% and 11% respectively of their expenses accounted for by rent, leasing and hiring expenses. In contrast, for caterers rent, leasing and hiring expenses represented only 2% of their total expenses.

Other operating expenses, which were not separately itemised, were \$462 million and included such expenses as payroll tax, fringe benefits tax, travel and entertainment allowances and motor vehicle expenses.



## ITEMS OF EXPENDITURE *continued*

### 4 ITEMS OF EXPENDITURE

		Licensed cafes and restaurants	Licensed and BYO cafes and restaurants	BYO cafes and restaurants	Unlicensed cafes and restaurants	Catering	Total
<b>Labour costs</b>							
Wages and salaries	\$m	796.2	246.1	168.8	272.8	457.5	1 941.4
Employer contributions to superannuation funds	\$m	53.3	15.9	9.5	19.1	24.3	122.1
Workers compensation costs	\$m	18.0	5.7	4.1	7.0	10.9	45.8
<b>Total</b>	<b>\$m</b>	<b>867.5</b>	<b>267.7</b>	<b>182.4</b>	<b>299.0</b>	<b>492.8</b>	<b>2 109.4</b>
	%	29.7	30.6	28.5	31.4	34.7	31.0
<b>Purchases</b>							
Foodstuffs used in preparing meals and take-away food	\$m	860.9	260.9	239.8	364.4	411.9	2 137.9
Beverages	\$m	302.9	83.2	17.7	32.0	32.6	468.5
Other finished goods for resale	\$m	*23.9	3.3	np	14.0	np	83.5
Other	\$m	30.5	9.7	np	*11.4	np	227.4
<b>Total</b>	<b>\$m</b>	<b>1 218.3</b>	<b>357.1</b>	<b>266.3</b>	<b>421.8</b>	<b>653.8</b>	<b>2 917.2</b>
	%	41.7	40.8	41.6	44.3	46.1	42.9
<b>Selected expenses</b>							
Repair and maintenance expenses	\$m	32.2	10.3	7.4	8.5	11.9	70.3
Electricity charges	\$m	47.1	13.4	13.7	15.7	6.0	96.0
Gas charges	\$m	20.1	6.8	5.6	3.8	1.6	37.9
Telecommunication services	\$m	18.4	5.9	5.5	5.4	6.7	41.9
Credit card commission expenses	\$m	19.9	6.3	3.6	1.0	0.2	*31.0
Cleaning services provided by other business	\$m	17.4	4.8	2.6	2.9	3.1	30.8
Laundry services provided by other business	\$m	19.6	4.2	3.1	1.7	7.7	36.2
Franchise fees	\$m	14.7	2.7	**0.6	*4.5	*1.6	*24.2
Paid live entertainment	\$m	7.1	**1.9	**0.5	*0.2	**0.1	9.9
Rent of land, buildings and other structures	\$m	236.6	80.8	69.7	95.8	21.1	504.0
Other rent, leasing and hiring expenses	\$m	33.3	10.5	12.4	11.3	6.8	74.4
Waste management and environment protection services expenses	\$m	5.8	2.3	2.3	1.7	2.3	14.3
Other operating expenses	\$m	215.1	56.9	34.5	39.2	116.4	462.1
<b>Total</b>	<b>\$m</b>	<b>687.2</b>	<b>206.8</b>	<b>161.7</b>	<b>191.8</b>	<b>236.4</b>	<b>1 483.9</b>
	%	23.5	23.6	25.3	20.1	16.7	21.8
<b>Other costs</b>							
Insurance premiums	\$m	18.1	6.2	6.0	5.8	3.7	39.9
Interest expenses	\$m	49.9	11.6	8.0	12.0	6.6	88.0
Depreciation and amortisation	\$m	75.7	*24.6	14.0	20.3	21.3	155.9
Bad debts	\$m	*0.7	**0.4	**0.6	0.4	*3.6	*5.7
<b>Total</b>	<b>\$m</b>	<b>144.5</b>	<b>42.8</b>	<b>28.6</b>	<b>38.5</b>	<b>35.1</b>	<b>289.5</b>
	%	4.9	4.9	4.5	4.0	2.5	7.3
<b>Total expenses</b>	<b>\$m</b>	<b>2 919.5</b>	<b>875.1</b>	<b>639.3</b>	<b>952.2</b>	<b>1 419.1</b>	<b>6 805.2</b>
	%	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\* estimate has a relative standard error of between 25% and 50% and should be used with caution

np not available for publication but included in totals where applicable, unless otherwise indicated

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## EMPLOYMENT

### EMPLOYMENT

At the end of June 1999, the total employment in the cafes and restaurants industry was 152,107 persons.

The majority (51%) of persons working in the industry were casuals. A further 25% of persons employed in the industry worked on a permanent full-time employee basis, 16% worked on a permanent part-time employee basis and 8% were working proprietors and partners. The highest proportion of working proprietors and partners to total employment was in BYO cafes and restaurants (16%) and unlicensed cafes and restaurants (12%).

The distribution of casual employees differed by type of cafe and restaurant with licensed cafes and restaurants employing 48% of staff as casual employees. In contrast, unlicensed cafes and restaurants employed 56% of staff as casuals while licensed and BYO cafes and restaurants and caterers each employed 54% of staff as casuals.

Female employment (85,223) accounted for 56% of total industry employment at the end of June 1999. The proportion of female staff was higher in unlicensed cafes and restaurants (70%), caterers (60%) and BYO cafes and restaurants (58%). The proportion of males and females was relatively equal in licensed cafes and restaurants (51% being females) and licensed and BYO cafes and restaurants (49% being females). Of the 78,302 casual employees in the industry, 64% were females.

Licensed cafes and restaurants accounted for 40% of the industry employment representing an average of 14.4 persons per business, compared to the industry average of 11.8 persons per business. The highest average employment per business was recorded by caterers with 22.2 persons, while BYO cafes and restaurants had 6.8 persons per business and unlicensed cafes and restaurants had 8.1 persons per business.

In terms of occupations based on main activity, at the end of June the industry comprised 63,093 waiters and waitresses (41% of total employment), 25,655 kitchen hands (17%), 18,025 managers and supervisors (12%), 16,689 non-qualified chefs and cooks (11%), 12,204 qualified chefs and cooks (8%) and 6,628 bar attendants (4%). While licensed cafes and restaurants accounted for 40% of industry employment, these businesses accounted for 47% of qualified chefs and cooks and 53% of bar attendants.

## EMPLOYMENT *continued*

### 5 CHARACTERISTICS OF EMPLOYMENT—At end June 1999

	TYPE OF BUSINESS					
	<i>Licensed cafes and restaurants</i>	<i>Licensed and BYO cafes and restaurants</i>	<i>BYO cafes and restaurants</i>	<i>Unlicensed cafes and restaurants</i>	<i>Caterering</i>	<i>Total</i>
MALE						
Working proprietors and partners	1 892	739	1 517	1 233	563	5 943
Employees						
Permanent full-time	10 400	3 726	2 087	2 251	3 803	22 267
Permanent part-time	5 816	1 594	1 064	740	1 611	10 825
Casual	11 737	4 627	2 919	2 737	5 829	27 848
<i>Total</i>	27 954	9 947	6 069	5 728	11 243	60 941
<b>Total employment</b>	<b>29 845</b>	<b>10 686</b>	<b>7 586</b>	<b>6 961</b>	<b>11 806</b>	<b>66 884</b>
FEMALE						
Working proprietors and partners	1 492	469	1 379	1 577	590	5 506
Employees						
Permanent full-time	5 254	1 740	1 666	2 143	4 402	15 205
Permanent part-time	6 458	1 304	1 622	2 236	2 438	14 058
Casual	17 545	6 598	5 997	10 241	10 073	50 454
<i>Total</i>	29 258	9 641	9 285	14 620	16 913	79 717
<b>Total employment</b>	<b>30 749</b>	<b>10 110</b>	<b>10 663</b>	<b>16 197</b>	<b>17 503</b>	<b>85 223</b>
PERSONS						
Working proprietors and partners	3 383	1 208	2 895	2 810	1 152	11 449
Employees						
Permanent full-time	15 655	5 465	3 753	4 394	8 205	37 473
Permanent part-time	12 275	2 898	2 685	2 976	4 049	24 883
Casual	29 282	11 225	8 915	12 978	15 902	78 302
<i>Total</i>	57 211	19 588	15 354	20 348	28 157	140 658
<b>Total employment</b>	<b>60 595</b>	<b>20 796</b>	<b>18 249</b>	<b>23 158</b>	<b>29 309</b>	<b>152 107</b>

### 6 MAIN OCCUPATION OF PERSONS EMPLOYED—At end June 1999

	TYPE OF BUSINESS					
	<i>Licensed cafes and restaurants</i>	<i>Licensed and BYO cafes and restaurants</i>	<i>BYO cafes and restaurants</i>	<i>Unlicensed cafes and restaurants</i>	<i>Catering</i>	<i>Total</i>
Managers/supervisors	6 563	2 374	2 378	3 488	3 222	18 025
Qualified chefs/cooks	5 746	1 885	1 505	961	2 107	12 204
Other chefs/cooks	6 431	2 381	2 070	2 311	3 497	16 689
Kitchen hands	8 851	3 201	2 974	4 237	6 391	25 655
Bar attendants	3 538	1 039	—	—	2 050	6 628
Waiters/waitresses	26 615	9 229	8 426	8 930	9 894	63 093
Other	2 851	687	897	3 231	2 148	9 813
<b>Total occupation</b>	<b>60 595</b>	<b>20 796</b>	<b>18 249</b>	<b>23 158</b>	<b>29 309</b>	<b>152 107</b>

— nil or rounded to zero (including null cells)

## STATE AND TERRITORY COMPARISONS

### STATE AND TERRITORY COMPARISONS

Cafes and restaurant industry businesses in 1998–99 were concentrated in the eastern mainland States, with 79% operating in either New South Wales, Victoria or Queensland.

Businesses operating in New South Wales accounted for 33% of industry employment and 37% of industry income, compared to New South Wales' share of the Australian population of 34%. Businesses operating in Victoria accounted for 25% of industry employment and 23% of industry income, compared to its share of the Australian population of 25%. The proportion of industry income for other States and Territories was below their respective shares of the Australian population, with the exception of Western Australia and the Australian Capital Territory whose proportion of the industry income was 11% and 2.5% respectively (compared with their shares of the Australian population of 10% and 1.6% respectively).

The cafe and restaurant industry income per head of Australian population was \$387, which varied by State and Territory. The highest average was for cafes and restaurants operating in the Australian Capital Territory (\$579 per head of population), Northern Territory (\$449 per head of population) and New South Wales (\$420 per head of population). The lowest industry income per head of population was recorded in Tasmania at \$230.

The industry average income per business was \$558,500. Businesses in the Northern Territory (\$785,000 per business) and Western Australia (\$658,500 per business) had the highest average income per business. The lowest average income per business was recorded by businesses operating in Tasmania (\$374,900) and Queensland (\$505,400).

The average employment per business differed by State and Territory with businesses operating in Western Australia and South Australia employing 15.9 and 14.2 persons per business respectively. Businesses operating in Tasmania (8.9 persons per business) and New South Wales (10.2 persons per business) recorded the lowest number of persons per business.

### 7 STATE AND TERRITORY COMPARISONS

	<i>Businesses (a)</i>	<i>Total employment at end June</i>		<i>Wages and salaries</i>		<i>Total income</i>	
	no.	no.	%	\$m	%	\$m	%
New South Wales	4 846	49 515	32.6	638.3	32.9	2 634.5	36.7
Victoria	2 948	37 544	24.7	460.0	23.7	1 674.5	23.3
Queensland	2 308	25 357	16.7	324.7	16.7	1 166.4	16.3
South Australia	936	13 259	8.7	163.0	8.4	549.2	7.7
Western Australia	1 182	18 850	12.4	251.1	12.9	778.3	10.8
Tasmania	291	2 597	1.7	30.3	1.6	109.1	1.5
Northern Territory	107	1 223	0.8	25.3	1.3	84.0	1.2
Australian Capital Territory	292	3 762	2.5	49.8	2.6	178.4	2.5
<b>Australia</b>	<b>12 845</b>	<b>152 107</b>	<b>100.0</b>	<b>1 941.0</b>	<b>100.0</b>	<b>7 174.3</b>	<b>100.0</b>

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

## BUSINESS SIZE

### BUSINESS SIZE

The cafes and restaurants industry was dominated by small businesses during 1998–99 with 91% of businesses having employment of less than 20 persons. These small businesses accounted for 55% of industry employment and 52% of industry income. There were 4,083 businesses with employment of less than five persons (32% of all businesses). However, businesses with less than five persons accounted for only 7% of industry employment and 8% of industry income. An important component of the small businesses was the 3,021 businesses with employment between 10–19 persons. These businesses accounted for 24% of all businesses, and 27% of industry employment and industry income.

There were 61 businesses which employed 100 persons or more in the industry, 51 of which were licensed cafes and restaurants. These large businesses accounted for 22% of industry employment and 27% of industry income.

The operating profit margin for the industry as a whole was 4.8%. However, the operating profit margin varied by size of business. Businesses with employment of less than five persons recorded an operating profit margin of 10.9%, while businesses which employed 100 or more persons recorded an operating profit margin of only 1.0%. A contributing factor to the operating profit margin of smaller businesses was the fact that some of these businesses are operated by sole proprietors, and the drawings of these persons are not included in business expenses, and thus profit calculations.

Of the 61 large businesses employing 100 or more persons, 21 businesses reported an operating loss before tax for 1998–99. Large catering businesses had a positive operating margin of 3.0% while other types of large cafes and restaurants had a negative operating profit margin of -2.3%. Operating profit before tax per seat (excluding caterers) was \$251 for the cafes and restaurants industry as a whole. The ratio was similar for small businesses with employment of less than 20 persons. The ratio for larger businesses varied greatly. The ratios for businesses with employment between 20 to 49 persons was \$412 and for businesses with employment between 50 to 99 persons was \$769, which was much larger than the industry average. The negative operating profit margin of large cafe and restaurant businesses with employment of 100 or more persons (excluding caterers) was reflected in their negative ratio of operating profit per seat of -\$167. This included the amortising of costs associated with establishing new cafe and restaurant locations.

Takings from meals consumed on the premises represented 55% of total industry income. This ratio was between 63% and 69% for 8,699 businesses with employment between 5 and 99 persons. Micro businesses with employment less than five persons generated a lower percentage of their income from meals consumed on the premises (58%) because of their higher concentration on takings from take-away food (16%). Large businesses with employment of 100 or more persons generated only 25% of their income from meals consumed on the premises because of their concentration on catering services which generated 50% of their income. Income from catering services also contributed significantly to micro businesses (15%). While 16% of industry income was generated from beverage sales, this ratio gradually increased by business size from 8% for businesses with employment of less than five persons to 25% for businesses with employment between 50–99 persons.

## BUSINESS SIZE *continued*

### BUSINESS SIZE *continued*

Labour cost per employee were \$15,000 reflecting the high incidence of casual employees (51% of total employment). While the labour cost per employee was relatively constant across most business sizes, businesses with employment between 5–9 persons recorded average labour costs of \$10,900 per employee and businesses with employment of 100 persons or more had an average labour cost of \$18,800. The ratio of labour costs to total expenses generally increased with business size. This ratio was 21% for businesses with employment of less than five persons and 34% for businesses with employment of 100 persons or more. A contributing factor for these differences is that labour costs do not include payments made to working proprietors and partners, and the proportion of working proprietors and partners is higher in smaller businesses.

### 8 BUSINESS SIZE

		EMPLOYMENT SIZE . . . . .						
		0–4	5–9	10–19	20–49	50–99	100 or more	Total
Businesses at end June 1999	no.	4 083	4 626	3 021	918	134	61	12 845
	%	31.8	36.0	23.5	7.1	1.0	0.5	100.0
Working proprietors and partners at end of June 1999	no.	4 109	4 887	2 037	392	**23	—	11 449
	%	35.1	42.7	17.8	3.4	0.2	—	100.0
Employees at end of June 1999	no.	7 213	26 690	38 228	25 420	9 024	34 083	140 658
	%	5.1	19.0	27.2	18.1	6.4	24.2	100.0
Total employment at end of June 1999	no.	11 322	31 577	40 266	25 812	9 047	34 083	152 107
	%	7.4	20.8	26.5	17.0	5.9	22.4	100.0
Wages and salaries	\$m	99.1	269.6	518.1	329.0	131.0	594.7	1 941.4
	%	5.1	13.9	26.7	16.9	6.7	30.6	100.0
Total income	\$m	565.4	1 250.4	1 901.6	1 120.5	432.0	1 904.4	7 174.3
	%	7.9	17.4	26.5	15.6	6.0	26.5	100.0

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use  
 — nil or rounded to zero (including null cells)

## BUSINESS SIZE *continued*

### 9 PERFORMANCE RATIOS

#### EMPLOYMENT SIZE . . . . .

		0-4	5-9	10-19	20-49	50-99	100 or more	All busi- nesses
Total income per person employed	\$'000	49.9	39.6	47.2	43.4	47.7	55.9	47.2
Takings from meals per person employed	\$'000	28.8	27.3	31.1	29.2	29.9	14.2	26.0
Takings from meals to total income	%	57.7	68.8	65.9	67.2	62.6	25.4	55.0
Takings from take-away food to total income	%	16.0	10.5	6.7	4.0	*1.8	2.2	6.2
Takings from catering services to total income	%	14.5	4.3	*5.4	*5.1	*3.7	50.1	17.6
Sale of beverages to total income	%	8.0	14.3	19.0	21.8	25.1	9.4	15.6
Labour costs per employee	\$'000	14.8	10.9	14.8	14.1	15.8	18.8	15.0
Labour costs to total expenses	%	21.3	25.3	31.3	34.0	35.7	34.2	31.0
Total expenses per person employed	\$'000	44.5	36.6	45.1	41.0	44.1	55.0	44.7
Operating profit margin	%	10.9	7.1	4.1	5.4	7.1	**1.0	4.8
Operating profit before tax per person employed	\$'000	5.4	2.8	1.9	2.3	3.3	0.5	2.2
Operating profit before tax per seat(a)	\$	274.6	251.7	243.0	412.2	*769.3	-166.9	251.4

\* estimate has a relative standard error of between 25% and 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

(a) Excludes catering businesses.

## EXPLANATORY NOTES

- INTRODUCTION**
- 1** This publication presents results, in respect of 1998–99, from an Australian Bureau of Statistics (ABS) survey of 2,300 employing businesses in the cafes and restaurants industry.
- SCOPE**
- 2** The scope of the survey was all employing businesses recorded on the ABS business register and classified to Class 5730, Cafes and Restaurants, of the AUSTRALIAN AND NEW ZEALAND STANDARD INDUSTRIAL CLASSIFICATION (ANZSIC). This class comprises businesses mainly engaged in operating cafes and restaurants for consumption of meals on the premises and businesses mainly engaged in catering services. Businesses mainly engaged in retailing ready to eat food for consumption off the premises are classified to takeaway food retailing (ANZSIC Class 51) and were excluded from the survey.
- IMPROVEMENTS TO COVERAGE**
- 3** Data in this publication have been adjusted to allow for lags in processing new businesses to the ABS business register, and the omission of some businesses from the business register. The majority of businesses affected and to which the adjustments apply are small in size.
- 4** Adjustments have been made to include new businesses in the estimates in the periods in which they commenced operations, rather than when they were processed to the business register. Adjustments of this type will continue to be applied in future periods.
- 5** Further adjustments have been made for businesses which had been in existence for several years, but, for various reasons, were not previously added to the ABS register. The ABS is remedying these omissions.
- 6** For more information on these adjustments, please refer to the ABS publication Information Paper: *Improvements to ABS Economic Statistics, 1997* (Cat.no.1357.0).
- STATISTICAL UNIT**
- 7** 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.
- REFERENCE PERIOD**
- 8** Data contained in the tables of this publication relate to all cafe and restaurant businesses which operated in Australia at any time during the year ended 30 June 1999. Counts of businesses include only those businesses that were operating at 30 June 1999.
- RELIABILITY OF ESTIMATES**
- 9** The estimates presented in this publication are subject to sampling and non-sampling error.
- 10** The estimates in this publication are based on information obtained from a sample of businesses in the surveyed population. Consequently, the estimates in this publication 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.



## EXPLANATORY NOTES *continued*

### RELIABILITY OF ESTIMATES

*continued*

**11** 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.

**12** 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.

**13** The following table contains estimates of RSEs for a selection of the statistics presented in this publication.

### RELATIVE STANDARD ERRORS FOR KEY DATA ITEMS

	<i>RSE</i>
	%
Businesses at end June 1998	2.1
Employment at end June 1999	2.6
Income	
Takings from meals consumed on the premises	3.2
Takings from takeaway food	5.5
Takings from catering services	4.2
Takings from beverages	4.6
<i>Total</i>	2.4
Expenses	
Labour costs	2.5
Purchases	2.6
<i>Total</i>	2.5
Operating profit before tax	8.5
Operating profit margin	9.1
Operating profit before tax per seat (excluding caterers)	10.3

**14** As an example of the above, an estimate of total income for the cafe and restaurant industry is \$7,174.3 million and the RSE is 2.4%, giving a SE of \$172.2 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 \$7,002.1 million to \$7,346.5 million would have been obtained, and 19 chances in 20 that the figure would have been within the range of \$6,829.9 million to \$7,518.7 million (i.e. a confidence interval of 95%).

**15** 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.

### BUSINESSES CEASED DURING THE YEAR

**16** A number of businesses ceased operations during the 1998–99 reference period. It is normal ABS procedure to include the contributions of these businesses in the survey output.

EXPLANATORY NOTES *continued*

ACKNOWLEDGMENT

**17** ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is very much appreciated; without it, the wide range of statistics published by the ABS would not be available. Information received by the ABS is treated in strict confidence as required by the *Census and Statistics Act 1905*.

## GLOSSARY

<b>Available seating</b>	Number of seats available for use by patrons in the normal operation of the business.
<b>Bad and doubtful debts</b>	Bad and doubtful debts is the amount of accounts receivable that are either written off, or estimated to be uncollectable during an accounting period, that are expensed in a period's profit calculations.
<b>BYO cafe and restaurant</b>	Cafe and restaurant where the licensee holds a current BYO licence allowing consumption of alcohol on the premises but not its sale for consumption on premises.
<b>Casual employees</b>	This item refers to employees not entitled to take paid holidays.
<b>Catering businesses</b>	Catering businesses focus on the delivery of tailored food services to venues provided by the client. The food may be prepared either at their own business-house or at a client's nominated location. Catering operations within hotels and clubs are included in licenced cafes and restaurants.
<b>Depreciation and amortisation</b>	Depreciation and amortisation are financial charges made in the accounts to reflect that part of the value of the asset which may be regarded as having been used up in producing revenue in a particular accounting period.
<b>Electricity charges</b>	These are electricity expenses incurred during the normal operation of the business. They exclude costs of self-generation of electricity and any installation charges.
<b>Employees</b>	This item includes working directors, and other employees working for a business during the last pay period in June. Employees absent on paid or prepaid leave are included. This item excludes working proprietors and partners of unincorporated businesses.
<b>Employer contributions to superannuation funds</b>	This item includes all employer contributions to superannuation schemes (including the employer productivity contribution).
<b>Employment at end June</b>	This item includes working proprietors and partners, working directors, and other employees working for a business during the last pay period ending in June 1999. Employees absent on paid or prepaid leave are included.
<b>Franchise fees</b>	This item includes payments under licensing arrangements and advertising levies paid to franchisor.
<b>Gas charges</b>	These are gas expenses incurred during the normal operation of the business. They exclude costs of any installation charges.
<b>Income from other services</b>	This item includes services income not associated with the sale of prepared food and beverages.
<b>Insurance premiums</b>	This item refers to expenses incurred 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.
<b>Interest expenses</b>	This item includes interest on bank loans, loans made from related as well as unrelated businesses/organisations, and interest in respect of finance leases, interest paid to loans from partners, interest equivalents, such as hedging costs, and expenses associated with discounted bills. It excludes bank charges and capital repayments.
<b>Interest income</b>	This item includes interest from deposits in banks and non-bank financial institutions, loans and advances made to other businesses, interest on finance leases, and earnings on discounted bills. It excludes capital repayments received.

## GLOSSARY *continued*

<b>Labour costs</b>	These include wages and salaries, employer contributions to superannuation funds and workers' compensation costs. Fringe benefits tax and payroll tax are included in other operating expenses.
<b>Laundry and cleaning services</b>	These include payments to other businesses for provision of laundry and cleaning services and costs incurred under charge-back arrangements.
<b>Licensed and BYO cafe and restaurant</b>	Cafes and restaurants where the licensee holds both a current liquor licence allowing the sale of liquor for consumption on premises and a current BYO licence allowing consumption of alcohol brought onto but not bought on the premises.
<b>Licensed cafe and restaurant</b>	Cafes and restaurants where the licensee holds a current liquor licence allowing the sale of liquor for consumption on premises. It includes cafes and restaurants operating within a club or hotel where the liquor license may be held by a licensee of either the restaurant, club or hotel.
<b>Main occupation</b>	The main occupation/activity of persons working for the business during the last pay period ending in June 1999.
<b>Operating profit before tax</b>	This item refers to 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).
<b>Operating profit margin</b>	This item refers to the percentage of sales of goods and services available as operating profit (operating profit before tax times 100 divided by sales of goods and services)
<b>Other income</b>	This includes net profit (loss) on the sale of non-current assets, net profit (loss) on foreign loans as a result of variations in foreign exchange rates/transactions, net profit (loss) on share trading and dividend income. It excludes extraordinary profit (loss), i.e. not associated with the normal operations of this business and of a non-recurring nature.
<b>Other operating expenses</b>	This item includes council and government general and water rates; freight and cartage expenses; postal, mail and courier services; bank charges other than interest; motor vehicle running expenses (including compulsory third party insurance premiums); audit and other accounting expenses; legal expenses; paper, printing and stationary expenses; training; travel expenses; and security.
<b>Other purchases</b>	This item includes purchases of crockery, glassware, table clothes etc. It also includes cleaning materials.
<b>Other sales of goods</b>	This item includes the sales from cigarettes, confectionery, souvenirs and other finished goods for resale, excluding income from the sale of prepared food and beverages.
<b>Permanent employees</b>	These include all employees, full-time or part-time, who were entitled to paid holidays or leave pay.
<b>Purchases</b>	This item includes foodstuffs for use in preparing meals and take away food, beverages and other finished goods for resale. It excludes contract, sub-contract and commission expenses, capitalised purchases, and parts and fuel for motor vehicles.
<b>Rent, leasing and hiring expenses</b>	Rent, leasing and hiring expenses are the costs for the rent, leasing (excluding finance leases) and hiring of vehicles, land, buildings, structures, machinery, equipment and any other property from other businesses or individuals.
<b>Rent, leasing and hiring income</b>	This item refers to income received from the renting, leasing or hiring of assets such as land, buildings, vehicles, machinery or equipment to other businesses or individuals.

## GLOSSARY *continued*

<b>Repair and maintenance expenses</b>	These are expenses associated with work undertaken on plant and machinery to maintain normal business operations including computer software and hardware maintenance and goods and materials used for repair and maintenance. They exclude repair and maintenance expenses associated with wages and salaries paid to own employees and motor vehicles.
<b>Telecommunication services</b>	These include charges for telephone, facsimile and internet services, as well as the cost of leased lines for computers and internet services.
<b>Takings from beverages</b>	This item includes income from the provision of beer, wine, spirits, soft drinks and other beverages served with meals or sold as take away.
<b>Takings from meals consumed on the premises</b>	This item refers to income received from the provision of meals sold for consumption on the premises. It excludes income from catering services and takeaway food, as well as takings from beverages.
<b>Takings from take-away food</b>	This item refers to income received from the provision of food sold for consumption off the premises. For example, food sold in take away packs or containers. It excludes income from catering services and the provision of meals sold for consumption on the premises.
<b>Takings from catering services</b>	This item refers to income received from catering services. It excludes income from the provision of meals sold for consumption on the premises and takeaway food.
<b>Unlicensed cafe and restaurant</b>	Cafes and restaurants not licenced to sell or allow the consumption of alcohol on the premises.
<b>Wages and salaries</b>	This item refers to payments accruing to all employees during the financial year including provisions for employee entitlements, severance, termination and redundancy payments.
<b>Waste management and environmental protection services</b>	This item includes payments for transport, removal and/or disposal of solid and liquid wastes. It excludes general cleaning services and Council rates.
<b>Workers' compensation costs</b>	This item refers to compulsory insurance cover taken out by all employers, except for self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of or arising out of employment.





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2865500007984  
ISBN 0 642 54268 6

RRP \$18.50