

ACCOMMODATION SERVICES

AUSTRALIA

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For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or William Milne on Melbourne (03) 9615 7862.

NOTES

INTRODUCTION

This publication presents results from an Australian Bureau of Statistics (ABS) survey of accommodation businesses. The survey was conducted in respect of the 2003–04 financial year.

The 2003–04 Accommodation Survey is the seventh ABS survey of accommodation businesses. Previous collections were conducted in respect of the 2000–01, 1997–98, 1995–96, 1991–92, 1986–87 and 1979–80 financial years.

MORE INFORMATION ON ABS SERVICE INDUSTRIES STATISTICS

Information about ABS activities in the field of service industries statistics is available from the Service Industries Statistics theme page on the ABS web site <<http://www.abs.gov.au>>. To access the theme page, select 'Themes' from the menu on the home page.

COMMENTS

The ABS welcomes comments and suggestions from users regarding future surveys of Service Industries. These comments should be addressed to the Director, Service Industries Business Statistics Centre, Australian Bureau of Statistics, GPO Box 2796Y, Melbourne, Vic. 3001.

ROUNDING

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



ABBREVIATIONS

\$m	million dollars
ABN	Australian Business Number
ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
ATO	Australian Taxation Office
GDP	gross domestic product
RSE	relative standard error
SE	standard error
TAU	type of activity unit

Dennis Trewin
Australian Statistician

MAIN FEATURES

INTRODUCTION

This publication presents results of the 2003–04 Accommodation Survey. This survey is conducted periodically by the ABS to provide detailed measures of the performance, structure and activity of accommodation businesses operating in Australia. It includes aspects such as: the composition of income earned, details of expenses incurred and the characteristics of the workforce. A state dimension is also presented.

The survey scope included employing and significant non-employing businesses in Australia that generated income predominantly from the provision of accommodation services. This included businesses providing short-term accommodation services such as licensed hotels, motels, serviced apartments, visitor hostels, bed and breakfast locations, guest houses and holiday homes/flats. The scope also included businesses providing both short-term and long-term accommodation in privately operated holiday parks/caravan parks/camping grounds and student residences (excluding boarding schools).

For ease of reading, references to holiday parks/caravan parks/camping grounds are referred to collectively as caravan parks.

SUMMARY OF FINDINGS

At the end of June 2004 there were 5,682 accommodation businesses operating in Australia. These businesses had employment of 91,399 persons.

In 2003–04, income generated by accommodation businesses was \$8,095.9m, which represented an average of \$1,424,800 per business. Total expenses incurred for this same period were \$7,322.3m.

The total industry value added of these businesses was \$4,165.9m, which equates to 0.5% of Australia's gross domestic product (GDP) for 2003–04.

In 2003–04, the operating profit before tax for these businesses was \$776.7m, resulting in an operating profit margin of 9.7%.

During 2003–04 accommodation businesses incurred \$1,120.6m in capital expenditure, with renovations and refurbishments accounting for 16.1% (\$180m).

BUSINESS CHARACTERISTICS

The 5,682 accommodation businesses at the end of June 2004 operated 6,372 accommodation locations around Australia.

The largest contributor to accommodation types was motels with 2,396 locations which represented 37.6% of all locations. The second largest contributor was caravan parks with 19.7% (1,253 locations) of all locations. Serviced apartments and licensed hotels accounted for 9.1% (578 locations) and 8.4% (535 locations) of all locations respectively.

SOURCES OF INCOME

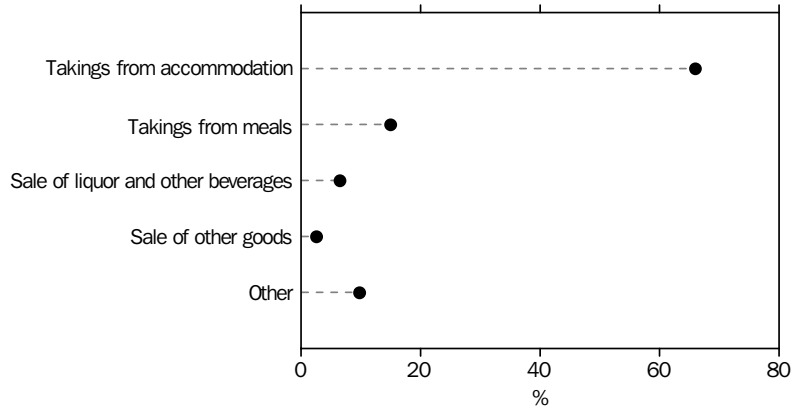
During 2003–04 accommodation businesses generated a total of \$8,095.9m in income.

The graph overleaf shows that the main source of income was takings from accommodation, comprising just under two thirds (66% or \$5,346.4m) of total income. Other major income items were takings from meals which accounted for 15.1% (\$1,223.8m) of all income, and sale of liquor and other beverages which accounted for 6.5% (\$524m).

MAIN FEATURES *continued*

SOURCES OF INCOME *continued*

SELECTED SOURCES OF INCOME (a)



(a) As a percentage of total income.

EXPENDITURE

Accommodation businesses incurred \$7,322.3m in expenses during 2003–04. Labour costs were the highest single expense item accounting for 35% (\$2,565.9m) of the total, followed by purchases (12.8% or \$934m) and rent, leasing and hiring (9.5% or \$697.2m).

The average labour costs per employee were \$28,800.

EMPLOYMENT

At the end of June 2004, accommodation businesses had employment of 91,399 persons.

Persons employed on a casual (or temporary) basis represented 45.3% (41,433 persons) of total employment. Permanent full-time employees accounted for 41% (37,439 persons) while permanent part-time employees accounted for 11.2% (10,239 persons) of total employment.

Females dominated the work force accounting for 60.7% (55,441 persons) of all employment. Females were more likely to be employed in casual positions, accounting for 53% (29,405 persons) of all female employment.

There were 2,289 (2.5%) working proprietors and partners of unincorporated businesses at the end of June 2004.

SIZE OF BUSINESSES

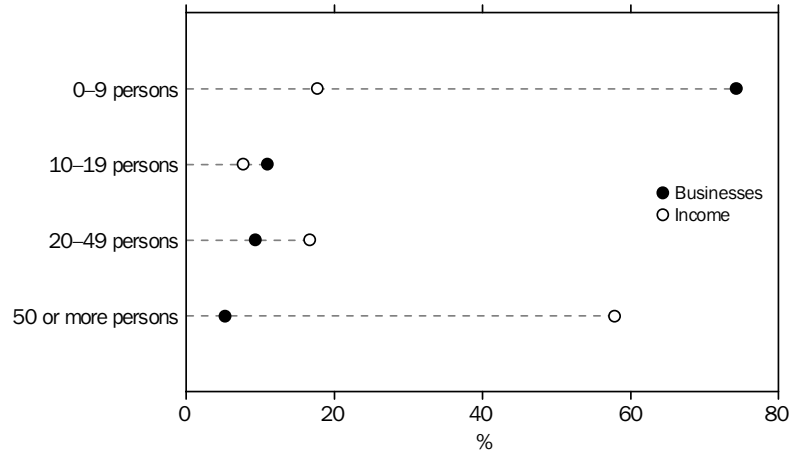
The graph overleaf shows that the majority (74.3% or 4,219) of accommodation businesses employed fewer than 10 persons. These businesses accounted for 17.8% (\$1,438.4m) of total income which represented \$340,900 per business. The total operating profit before tax of these businesses was \$228.7m (or \$54,200 per business).

Large businesses (those employing 50 persons or more), on the other hand, accounted for only 5.4% (304) of all businesses, but generated over half of all income (57.9% or \$4,685.6m). This represented \$15.4m per business. The total operating profit before tax of these businesses was \$314.5m (or \$1,034,500 per business).

MAIN FEATURES *continued*

SIZE OF BUSINESSES *continued*

KEY CHARACTERISTICS BY BUSINESS SIZE



STATES AND TERRITORIES

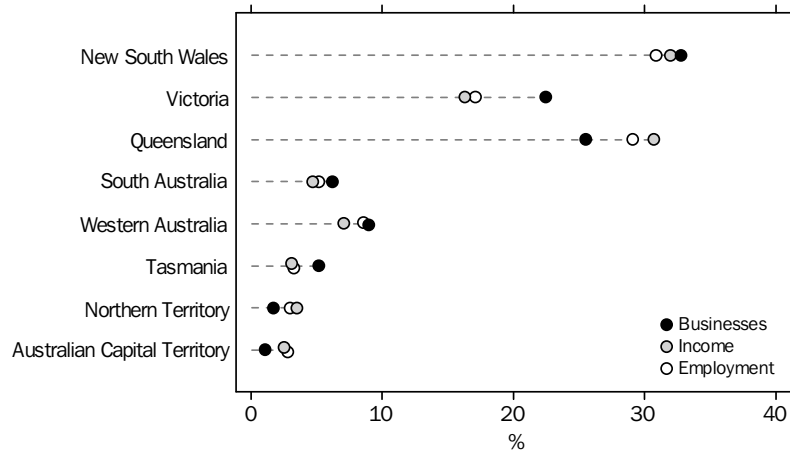
The following graph shows that New South Wales accounted for the highest share of business counts, income and employment, followed by Queensland and Victoria.

New South Wales accounted for 32.8% (1,861) of all accommodation businesses, followed by Queensland (25.5% or 1,450) and Victoria (22.5% or 1,279).

New South Wales and Queensland accounted for 32% (\$2,588.5m) and 30.7% (\$2,488.3m) of all income, with Victoria contributing 16.3% (\$1,323.4m) to total income.

Employment in New South Wales comprised just under a third of all employment (30.9% or 28,234 persons), Queensland had 29.1% (26,553 persons) while Victoria contributed 17.1% (15,654 persons).

KEY CHARACTERISTICS BY STATE AND TERRITORY



HISTORICAL COMPARISONS

Comparisons with results from earlier surveys are useful as an indication of the extent of change over time. However, the survey was not designed to provide highly accurate estimates of change, so any comparisons with results from previous surveys should be made with caution. Estimates of change can be subject to changes in scope and coverage or question wording, or high levels of sampling error. Further information can be found in paragraphs 21–29 of the Explanatory Notes.

MAIN FEATURES *continued*

HISTORICAL COMPARISONS *continued*

Taking into consideration these limitations, the 2003–04 survey results indicate that accommodation services experienced little or no growth between the two reference periods 2000–01 and 2003–04.

There are a number of external factors, in particular the 2000 Sydney Olympic Games, which need to be considered when comparing the two reference periods.

While total income for accommodation businesses increased by an average 0.7% per annum since 2000–01 (from \$7,934.8m to \$8,095.9m), takings from accommodation increased by 3.7% per annum (from \$4,791.6m to \$5,346.4m). However takings from meals, and sales of liquor and other beverages, decreased for the period by 2.1% and 3.9% per annum respectively. Other income also decreased by 7% per annum.

Over the period expenditure increased by 0.3% per annum (from \$7,258.1m to \$7,322.3m).

Employment also decreased from 100,401 persons at the end of June 2001 to 91,399 persons at the end of June 2004. This represents an average decline of 3.1% per annum.

Between 2000–01 and 2003–04, labour costs decreased by 0.2% per annum (from \$2,580.1m to \$2,565.9m).

Operating profit before tax grew at an average annual rate of 4.1% (from \$688.2m in 2000–01 to \$776.7m in 2003–04), and the operating profit margin increased from 8.3% to 9.7%.

CARAVAN PARKS

Data are also presented for privately owned caravan park businesses operating in Australia. The scope included employing and significant non-employing businesses that generated income predominantly from the provision of caravan park accommodation services. Caravan park businesses included holiday parks, caravan parks and camping grounds.

At the end of June 2004, there were 1,253 caravan park locations operating around Australia. These locations generated income of \$844.4m in 2003–04. The majority (89.9% or \$759.3m) of the income was received from takings from accommodation. Sales of other goods accounted for 4.4% (\$36.8m) of total caravan park income.

During 2003–04, caravan parks incurred expenses of \$681m. The single largest expense item was labour costs accounting for just under a third of all expenses (31.5% or \$214.8m). Depreciation and amortisation accounted for 9.8% (\$66.8m) of total expenses, repair and maintenance costs accounted for 8.3% (\$56.2m), and purchases 7.9% (\$53.5m).

At the end of June 2004, privately operated caravan parks had employment of 9,330 persons. Casual employment accounted for just under half of all employment (49.9% or 4,651 persons). Permanent full-time employees accounted for 40.9% (3,817 persons) of total employment.

Females comprised the majority (62.8% or 5,858 persons) of all employment and were more likely to be employed on a casual basis (3,551 persons).

There were 290 (3.1%) working proprietors and partners of unincorporated businesses working in caravan parks at the end of June 2004.

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SUMMARY OF OPERATIONS

		r2000-01(a)	2003-04	Average annual percentage change 2000-01 to 2003-04
Businesses at end June	no.	5 870	5 682	-1.1
Employment at end June	no.	100 401	91 399	-3.1
Income				
Takings from accommodation	\$m	4 791.6	5 346.4	3.7
Takings from meals	\$m	1 305.1	1 223.8	-2.1
Sale of liquor and other beverages	\$m	591.1	524.0	-3.9
Other	\$m	1 247.0	1 001.7	-7.0
<i>Total</i>	\$m	7 934.8	8 095.9	0.7
Expenses				
Labour costs	\$m	2 580.1	2 565.9	-0.2
Purchases of foodstuffs for use in preparing meals	\$m	459.8	423.8	-2.7
Purchases of liquor and other beverages	\$m	234.5	195.9	-5.8
Other	\$m	3 983.8	4 136.8	1.3
<i>Total</i>	\$m	7 258.1	7 322.3	0.3
Operating profit before tax	\$m	688.2	776.7	4.1
Operating profit margin	%	8.3	9.7	..
Industry value added	\$m	3 616.2	4 165.9	4.8
Capital expenditure				
Renovations and refurbishments	\$m	na	^ 180.0	..
Other	\$m	na	940.5	..
<i>Total</i>	\$m	na	1 120.6	..

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution
 .. not applicable
 na not available

(a) r revised. Excluded non-employed businesses. For further information, refer to Explanatory Notes paragraph 21.

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ACCOMMODATION LOCATIONS

	<i>Proportion of total locations</i>	
	<i>Locations</i>	
	no.	%
Licensed hotels	535	8.4
Motels	2 396	37.6
Serviced apartments	^ 578	9.1
Holiday parks/caravan parks/camping grounds	^ 1 253	19.7
Visitor hostels	^ 454	7.1
Bed and breakfast	^ 332	5.2
Other	^ 823	12.9
Total	6 372	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

3

SOURCES OF INCOME

	<i>Proportion of total income</i>	
	<i>Income</i>	
	\$m	%
Takings from accommodation	5 346.4	66.0
Takings from meals	1 223.8	15.1
Sale of liquor and other beverages	524.0	6.5
Sale of other goods	213.2	2.6
Gambling	29.8	0.4
Rent, leasing and hiring	153.1	1.9
Telecommunication services	63.6	0.8
Management fees	69.2	0.9
Other services	262.2	3.2
Interest	^ 31.7	0.4
Other	178.8	2.2
Total	8 095.9	100.0
Conventions and meetings(a)	847.4	10.5

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

(a) Income from conventions and meetings is derived as a percentage of total income.

ITEMS OF EXPENDITURE

	Expenditure	Proportion of total expenses
	\$m	%
.....		
Labour costs		
Wages and salaries	2 199.4	30.0
Employer contributions to superannuation funds(a)	193.9	2.6
Workers' compensation costs	65.2	0.9
Fringe benefits tax	12.7	0.2
Payroll tax	94.7	1.3
Total	2 565.9	35.0
Purchases		
Liquor and other beverages	195.9	2.7
Foodstuffs for use in preparing meals	423.8	5.8
Other goods for resale	97.1	1.3
Other non-capitalised purchases	217.3	3.0
Total	934.0	12.8
Rent, leasing and hiring		
Land, buildings and other structures	594.4	8.1
Motor vehicles	^ 12.9	0.2
Other	89.9	1.2
Total	697.2	9.5
Laundry and cleaning services	^ 219.4	3.0
Repair and maintenance	276.7	3.8
Management fees	^ 153.8	2.1
Advertising, marketing and promotion	218.6	3.0
Travel agent and frequent flyer commission	97.9	1.3
Other contract, subcontract and commission	^ 76.6	1.0
Payments to employment agencies	23.0	0.3
Bank charges other than interest	68.7	0.9
Interest	326.7	4.5
Bad and doubtful debts	^ 10.9	0.1
Insurance premiums	100.7	1.4
Depreciation and amortisation	^ 387.7	5.3
Telecommunication services	77.7	1.1
Electricity and gas	244.6	3.3
Water	55.8	0.8
Land taxes	146.3	2.0
Poker/gaming machine and other gambling taxes	11.6	0.2
Other	628.4	8.6
Total	7 322.3	100.0
.....		

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

(a) Includes salary sacrifice that is paid as employer contributions to superannuation funds. Other salary sacrifice is included with the relevant expense item.

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CHARACTERISTICS OF EMPLOYMENT

	<i>Males</i>		<i>Females</i>		<i>Persons</i>	
	no.	%	no.	%	no.	%
Working proprietors and partners of unincorporated businesses	^ 1 178	3.3	^ 1 111	2.0	^ 2 289	2.5
Employees						
Permanent full-time	19 029	52.9	18 410	33.2	37 439	41.0
Permanent part-time	3 724	10.4	6 515	11.8	10 239	11.2
Casual/temporary	12 028	33.4	29 405	53.0	41 433	45.3
<i>Total</i>	34 781	96.7	54 330	98.0	89 111	97.5
Employment at end June	35 959	100.0	55 441	100.0	91 399	100.0
June 2004(a)	35 959	100.0	55 441	100.0	91 399	100.0
March 2004(a)	na	na	na	na	89 495	..
December 2003(a)	na	na	na	na	93 158	..
September 2003(a)	na	na	na	na	90 767	..

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution na not available
 .. not applicable (a) During the last pay period ending month indicated.

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SUMMARY OF OPERATIONS BY EMPLOYMENT SIZE

		0-4	5-9	10-19	20-49	50-99	100	<i>Total</i>
		<i>persons</i>	<i>persons</i>	<i>persons</i>	<i>persons</i>	<i>persons</i>	<i>persons or more</i>	
Businesses at end June	no.	2 466	1 753	^ 627	^ 533	^ 165	139	5 682
	%	43.4	30.9	11.0	9.4	2.9	2.4	100.0
Employment at end June	no.	6 410	10 950	^ 8 075	^ 14 817	^ 11 028	40 119	91 399
	%	7.0	12.0	8.8	16.2	12.1	43.9	100.0
Wages and salaries	\$m	89.0	^ 178.1	^ 164.6	^ 329.8	^ 287.1	1 150.8	2 199.4
	%	4.0	8.1	7.5	15.0	13.1	52.3	100.0
Total income	\$m	592.6	^ 845.8	^ 622.9	^ 1 349.0	^ 934.0	3 751.6	8 095.9
	%	7.3	10.4	7.7	16.7	11.5	46.3	100.0
Total expenses	\$m	509.3	^ 700.6	^ 544.8	^ 1 193.1	^ 860.8	3 513.6	7 322.3
	%	7.0	9.6	7.4	16.3	11.8	48.0	100.0
Operating profit before tax	\$m	*83.4	^ 145.3	*77.9	*155.7	^ 72.7	241.8	776.7
	%	10.7	18.7	10.0	20.1	9.4	31.1	100.0
Operating profit margin	%	^ 14.2	^ 17.3	*12.6	^ 11.6	^ 7.8	6.5	9.7

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution * estimate has a relative standard error of 25% to 50% and should be used with caution

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STATES AND TERRITORIES

		<i>New South Wales</i>	<i>Victoria</i>	<i>Queensland</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Northern Territory</i>	<i>Australian Capital Territory</i>	<i>Australia</i>
Businesses at end June(a)	no.	1 861	1 279	1 450	^ 353	512	297	^ 98	^ 65	5 682
	%	32.8	22.5	25.5	6.2	9.0	5.2	1.7	1.1	100.0
Employment at end June	no.	28 234	15 654	26 553	^ 4 778	7 899	3 002	^ 2 728	2 550	91 399
	%	30.9	17.1	29.1	5.2	8.6	3.3	3.0	2.8	100.0
Total income	\$m	2 588.5	1 323.4	2 488.3	^ 382.6	576.0	247.8	284.6	204.7	8 095.9
	%	32.0	16.3	30.7	4.7	7.1	3.1	3.5	2.5	100.0
Wages and salaries	\$m	695.5	363.4	664.3	^ 107.5	167.1	65.0	75.9	60.7	2 199.4
	%	31.6	16.5	30.2	4.9	7.6	3.0	3.5	2.8	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

(a) As businesses may have operated in more than one state, the counts of businesses for each state and territory do not sum to the total for Australia.

2003-04

\$m

.....

Income

Takings from accommodation	^ 759.3
Takings from meals	* 7.9
Sale of liquor and other beverages	** 7.6
Sale of other goods	^ 36.8
Other	* 32.9
<i>Total income</i>	^ 844.4

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Expenses

Labour costs	
Wages and salaries	^ 187.5
Employer contributions to superannuation funds(a)	^ 19.7
Workers' compensation costs	^ 5.2
Fringe benefits tax	** 0.8
Payroll tax	** 1.6
<i>Total</i>	^ 214.8
Purchases	
Liquor and other beverages	** 3.4
Foodstuffs for use in preparing meals	* 5.1
Other goods for resale	^ 25.3
Other	* 19.8
<i>Total</i>	^ 53.5
Repair and maintenance	^ 56.2
Advertising, marketing and promotion	* 16.6
Travel agent and frequent flyer commission	* 2.1
Other contract, subcontract and commission	* 7.9
Depreciation and amortisation	* 66.8
Electricity and gas	^ 40.1
Water	^ 12.2
Land taxes	^ 26.6
Other	^ 184.0
<i>Total expenses</i>	^ 681.0

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^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 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) Includes salary sacrifice that is paid as employer contributions to superannuation funds. Other salary sacrifice is included with the relevant expense item.

CHARACTERISTICS OF EMPLOYMENT, Private Caravan Parks

	<i>Males</i>		<i>Females</i>		<i>Persons</i>	
	no.	%	no.	%	no.	%
Working proprietors and partners of unincorporated businesses	*145	4.2	*145	2.5	*290	3.1
Employees						
Permanent full-time	^ 2 012	57.9	^ 1 806	30.8	^ 3 817	40.9
Permanent part-time	*215	6.2	*357	6.1	*572	6.1
Casual/temporary	^ 1 100	31.7	^ 3 551	60.6	^ 4 651	49.9
<i>Total</i>	^ 3 327	95.8	^ 5 714	97.5	^ 9 041	96.9
Employment at end June	^ 3 472	100.0	^ 5 858	100.0	^ 9 330	100.0
June 2004(a)	^ 3 472	100.0	^ 5 858	100.0	^ 9 330	100.0
March 2004(a)	na	na	na	na	^ 9 067	..
December 2003(a)	na	na	na	na	^ 9 718	..
September 2003(a)	na	na	na	na	^ 8 950	..

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution .. not applicable
na not available
* estimate has a relative standard error of 25% to 50% and should be used with caution (a) During the last pay period ending month indicated.

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents results of a survey of accommodation businesses for the reference year 2003–04. This is the seventh ABS survey of accommodation services. Previous collections were conducted in respect of the 2000–01, 1997–98, 1995–96, 1991–92, 1986–87 and 1979–80 financial years.

SCOPE

2 The scope of the 2003–04 Accommodation Survey was all employing and significant non-employing businesses on the ABS Business Register, classified to the Australian and New Zealand Industrial Classification (ANZSIC) CLASS 5710 – ACCOMMODATION. For the purposes of this survey significant non-employing businesses were defined as those with turnover in 2003–04 of \$4.2m or more. Non-employing businesses were excluded from previous surveys.

3 The scope included Australian businesses that generated income predominantly from the provision of accommodation services. This included businesses providing short-term accommodation services such as licensed hotels, motels, serviced apartments, visitor hostels, bed and breakfast establishments, guest houses and holiday homes/flats. The scope also included businesses providing both short-term and long-term accommodation in holiday parks/caravan parks/camping grounds and student residences (excluding boarding schools).

STATISTICAL UNITS DEFINED ON THE ABS REGISTER

4 The ABS uses an economic statistics model on the ABS Business Register to describe the characteristics of businesses, and the structural relationships between related businesses. The units model is also used to break groups of related businesses into relatively homogeneous components that can provide data to the ABS.

5 In mid-2002, to better use the information available as a result of The New Tax System, the ABS changed its economic statistics units model. The new units model allocates businesses to one of two sub-populations. The vast majority of businesses are in what is called the Australian Taxation Office (ATO) Maintained Population, while the remaining businesses are in the ABS Maintained Population. Together, these two sub-populations make up the ABS Business Register population.

ATO Maintained Population

6 Most businesses and organisations in Australia need to obtain an Australian Business Number (ABN), and are then included on the ATO Australian Business Register. Most of these businesses have simple structures; therefore the unit registered for an ABN satisfies ABS statistical requirements. For these businesses, the ABS has aligned its statistical units structure with the ABN unit. The businesses with simple structures constitute the ATO Maintained Population, and the ABN unit is used as the economic statistics unit for all economic collections.

ABS Maintained Population

7 For the population of businesses where the ABN unit is not suitable for ABS statistical requirements, the ABS maintains its own units structure through direct contact with the business. These businesses constitute the ABS Maintained Population. This population consists mainly of large, complex and diverse businesses. The new statistical units model described below has been introduced to cover such businesses:

- *Enterprise Group*: This is a unit covering all the operations in Australia of one or more legal entities under common ownership and/or control. It covers all the operations in Australia of legal entities which are related in terms of the current Corporations Law (as amended by the *Corporations Legislation Amendment Act 1991*), including legal entities such as companies, trusts, and partnerships. Majority ownership is not required for control to be exercised.
- *Enterprise*: The enterprise is an institutional unit comprising (i) a single legal entity or business entity, or (ii) more than one legal entity or business entity within the same Enterprise Group and in the same institutional subsector (i.e. they are all classified to a single Standard Institutional Sector Classification of Australia subsector).

EXPLANATORY NOTES *continued*

ABS Maintained Population *continued*

■ *Type of Activity Unit (TAU)*: The TAU is comprised of one or more business entities, sub-entities or branches of a business entity within an Enterprise Group that can report production and employment data for similar activities. When a minimum set of data items are available, a TAU is created which covers all the operations within an industry subdivision (and the TAU is classified to the relevant subdivision of the ANZSIC). Where a business cannot supply adequate data for each industry, a TAU is formed which contains activity in more than one industry subdivision.

8 For more information on the impacts of the introduction of the new economic statistics units model, refer to *Information Paper: Improvements in ABS Economic Statistics [Arising from The New Tax System]* (cat. no. 1372.0).

Comparison Over Time

9 Prior to the 2003–04 cycle, the Accommodation Survey used the management unit as the statistical unit. For the 2003–04 Accommodation Survey the statistical unit was the ABN unit for businesses with simple structures, and the TAU for businesses with complex structures. In most cases, ABN/TAU units concord with the management units used in the previous cycles.

COVERAGE

10 The frame used for the Accommodation Survey, like most ABS economic surveys, was taken from the ABS Business Register. The ABS Business Register is updated monthly to take account of new businesses and businesses which have ceased employing.

IMPROVEMENTS TO COVERAGE

11 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 register. The majority of businesses affected, and to which the adjustments apply, are small in size.

12 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 ABS Business Register. Adjustments of this type will continue to be applied in future periods.

13 For more information on these adjustments, please refer to the ABS publication *Information Paper: Improvements to ABS Economic Statistics, 1997* (cat. no. 1357.0).

COMPARISON WITH OTHER ABS STATISTICS

14 Annual industry data for accommodation services is also published in *Australian Industry* (cat. no. 8155.0). There are important differences between the statistics published in the *Australian Industry* and *Accommodation Services* publications and users should exercise caution when making comparisons between the two sets of estimates.

15 The *Australian Industry* publication presents annual summary statistics at the ANZSIC class level. It shows the relative performance of each industry class, and allows patterns of change or growth to be analysed across particular segments of the Australian economy. The industry estimates presented in *Australian Industry* are used in the compilation of the National Accounts, and in the derivation of economy-wide indicators such as GDP.

16 The *Accommodation Services* publication supplements the annual industry summary statistics with a detailed examination of the structure and performance of businesses involved in accommodation operations for the 2003–04 reference year.

17 One reason the two sets of estimates vary relates to the use of different industry coding practices. For the *Australian Industry* publication, businesses are coded to ANZSIC industry classes on the basis of the activity reported to the ATO when they registered for an ABN, or for more complex businesses, on the basis of information reported directly to the ABS (see Explanatory Notes paragraphs 4–7). On the other hand,

EXPLANATORY NOTES *continued*

COMPARISON WITH OTHER ABS STATISTICS *continued*

Accommodation Services presents estimates for ANZSIC Class 5710 based on detailed financial data reported in the survey.

18 Other differences in results relate to scope and coverage variations between the two surveys. All non-employing businesses were included in the scope of *Australian Industry*, however only significant non-employers were in scope of *Accommodation Services* (see paragraphs 2–3 of the Explanatory Notes).

19 Quarterly industry data for accommodation services are also published in *Tourist Accommodation, Australia* (cat. no. 8635.0). The *Tourist Accommodation* publication presents quarterly estimates of takings from accommodation, employment, establishment counts, and various statistics about star grading, room capacity, occupancy rates, etc. The principal objective of the series is to show the quarterly movement in tourist accommodation.

20 Differences exist between the estimates published in *Tourist Accommodation* and *Accommodation Services*, and the reasons for these include differences in survey scope, survey frame and the statistical unit reporting data. In particular:

- *Tourist Accommodation* includes all accommodation establishments with 15 or more rooms, (or units, in the case of serviced apartments) irrespective of their predominant activity. *Accommodation Services*, on the other hand, reports data for the legal entity or management unit whose main activity is the provision of short-term accommodation services.
- *Tourist Accommodation* uses an external frame supplied by the Australian Automobile Association through AAA Tourism Pty Ltd. The frame used for *Accommodation Services* is the Australian Business Register and includes only businesses with in-scope activity and classified to ANZSIC CLASS 5710 – ACCOMMODATION.

HISTORICAL COMPARISONS

21 While comparisons are made between 2003–04 survey results and the 2000–01 iteration of the Accommodation Survey, the reader should bear in mind that the survey was not designed to support accurate estimates of change, and should exercise caution when comparing 2003–04 results to the 2000–01 results. The inclusion of significant non-employing businesses in the 2003–04 Accommodation Survey is estimated to have contributed an additional 0.2% to business counts and 0.5% to financial estimates.

RELIABILITY OF THE DATA

22 When interpreting the results of a survey it is important to take into account factors that may affect the reliability of estimates. Such factors can be classified as either sampling or non-sampling error.

23 The estimates are based on information obtained from a randomly selected stratified sample of accommodation services businesses in the Australian business population. Consequently, the estimates in this publication are subject to sampling variability, that is, they may differ from the figures that would have been obtained if all units had been included in the survey (that is if a census was conducted). 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.

24 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 was conducted and approximately 19 chances in 20 that the difference will be less than two SEs.

25 Sampling variability can also 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 sampling error in percentage terms, and this avoids the need to refer also to the size of the

EXPLANATORY NOTES *continued*

RELIABILITY OF THE DATA
continued

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

RELATIVE STANDARD ERRORS FOR TABLE 1 SUMMARY OF OPERATIONS

	%
Businesses at end June	3.1
Employment at end June	2.7
Income	
Takings from accommodation	4.3
Takings from meals	2.8
Sale of liquor and other beverages	4.7
Other	3.2
<i>Total</i>	3.3
Expenses	
Labour costs	2.6
Purchases of foodstuffs for use in preparing meals	2.9
Purchases of liquor and other beverages	4.6
Other	4.1
<i>Total</i>	3.2
Operating profit before tax	8.2
Operating profit margin	6.8
Industry value added	3.4
Capital expenditure	
Renovations and refurbishments	14.6
Other	5.6
<i>Total</i>	5.6

26 As an example of the above, an estimate of total income for accommodation services during 2003–04 was \$8,095.9m and the RSE was estimated to be 3.3%, giving a SE of approximately \$267.2m. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$7,828.7m to \$8,363.1m would have been obtained, and 19 chances in 20 (i.e. a confidence interval of 95%) that the figure would have been within the range of \$7,561.5m to \$8,630.3m.

27 The sampling variability for estimates at the state/territory level was higher than for Australian level aggregates. Within states/territories, the sampling variability, and therefore the RSEs of estimates for smaller states/territories are higher than for larger states. Survey estimates for the smaller states/territories should therefore be viewed with more caution than those for other states.

28 Estimates that have an estimated relative standard error between 10% and 25% are annotated with the symbol '^'. These estimates should be used with caution as they are subject to sampling variability too high for some purposes. Estimates with an RSE between 25% and 50% are annotated with the symbol '*', indicating that the estimate should be used with caution as it is subject to sampling variability too high for most practical purposes. Estimates with an RSE greater than 50% are annotated with the symbol '**' indicating that the sampling variability causes the estimates to be considered too unreliable for general use.

29 Errors other than those due to sampling may occur in any type of collection and are referred to as non-sampling error. For this survey, non-sampling error may result from such things as deficiencies in the register of businesses from which the sample was drawn, non-response, imperfections in reporting and/or errors made in compiling results. The extent to which non-sampling error affects the results of the survey is not precisely quantifiable. Every effort was made to minimise non-sampling error by careful design and testing of the questionnaire, efficient operating procedures and systems and

EXPLANATORY NOTES *continued*

RELIABILITY OF THE DATA *continued*

the use of appropriate methodology. Survey estimates subject to a high level of non-sampling error have been suppressed or provided with relevant cautions.

ROUNDING

30 Where figures have been rounded, discrepancies may occur between the sum of the components and the total. Similar discrepancies may occur between a proportion or ratio, and the ratio of the separate components.

REFERENCE PERIOD

31 Data contained in the tables in this publication relate to accommodation businesses in Australia during the year ended June 2004. Financial estimates include the activity of any business that ceased or commenced operations during the year. Counts of businesses and locations include only those that were operating at 30 June 2004. Employment includes only those persons working for an accommodation business during the last pay period ending in June 2004.

ACKNOWLEDGMENT

32 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*.

DATA AVAILABLE ON REQUEST

33 Inquiries about these statistics and more detailed statistics than those presented in this publication should be made by telephoning the contact shown on the front page.

GLOSSARY

Advertising, marketing and promotion expenses	Advertising expenses include all costs incurred by the business for promotional and publicity campaigns aimed at bringing the activities and services of the business to the attention of consumers for the purpose of increasing sales. Marketing expenses are the costs incurred in the long-range promotion of the business and its goods or services. Promotion expenses are those costs associated with generating public awareness of the business and/or its products.
Average annual percentage change	<p>A percentage change, p, from 2000–01 to 2003–04 is converted into an average annual change, a, as follows:</p> $a = (1 + p)^{1/3} - 1$ <p>The average annual percentage change is not an arithmetic average of the actual percentage changes from year to year. It is labelled the 'average' change because if any value increases by $a\%$ every year for three years, then at the end of the three years it will have grown by a total $p\%$.</p>
Bad and doubtful debts	This item represents the amount of accounts receivable which is either written off or estimated to be uncollectable during the current accounting period, and which is charged to profit as an expense in that period. It is net of any previous bad or doubtful debt recovered during the period.
Bank charges other than interest	This item refers to the bank-imposed cost of banking services to the business. It includes bankcard and other credit card charges and excludes Government debit tax and other duties payable to Government.
Bed and breakfast	This item refers to locations which provide accommodation on a room/suite basis. They generally consist of a small number of rooms/suites and provide no meals other than breakfast.
Capital expenditure	This item refers to the cost of outlays for the purchase of assets, including legal fees, real estate transfer costs, assets acquired under finance leases. It also includes capitalised work done by own employees and progress payments made to contractors for capital work done by them.
Capital expenditure on renovations and refurbishments	This item refers to capital expenditure on renovations and refurbishments of existing accommodation premises.
Casual/temporary employees	Casual/temporary employees are those persons employed by the business who are not entitled to paid leave.
Conventions and meetings income	This item represents income from the provision of accommodation, food, beverages, room/equipment hire, etc. specifically for on-site and off-site conventions and meetings.
Depreciation and amortisation	This item refers to regularly recurring 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. Depreciation generally refers to physical (tangible) non-current assets, and amortisation generally refers to intangible non-current assets.
Electricity and gas charges	These charges relate to the consumption of electricity and/or gas during the normal operation of the business.
Employees	This item represents all employees on the payroll for the last pay period ending in June 2004. Employees absent on paid or prepaid leave are included. Subcontractors and persons solely paid by commission without a retainer are excluded.
Employer contributions to superannuation funds	This item represents the cost of the employer's contributions during the reference period, made on behalf of employees, including salary sacrificed amounts.

GLOSSARY *continued*

Employment at end June	This item represents all working proprietors and partners and employees on the payroll of the business during the last pay period ending in June 2004. Permanent, temporary and casual employees and employees absent on paid or prepaid leave are included. Non-salaried directors, self-employed persons such as consultants and contractors, persons paid by commission only and volunteers are excluded.
Fringe benefits tax	Fringe benefits tax is payable by employers when certain benefits in excess of normal wages or salaries (e.g. free or discounted goods or services) are received by their employees (or associates of employees) in connection with their employment.
Gambling income	This item refers to income from poker/gaming machines. For businesses operating in Victoria, Tasmania and the Northern Territory, it represents venue share or commission from poker/gaming machines. For businesses operating in other states or territories, it represents takings from poker/gaming machines net of payouts to players.
Holiday parks/caravan parks/camping grounds	This item refers to locations whose main activity is the provision of non-residential accommodation. Holiday parks generally provide a variety of accommodation options, such as caravan park, motel, villa or cabin accommodation. Caravan parks generally provide sites for caravans or mobile homes. Camping grounds generally offer campsites.
Industry value added	Industry value added is an estimate of the difference between the market value of the output of an industry, and the purchases of materials and expenses incurred in the production of that output. For market producers, it has been derived by determining the income associated with the production (in this case, sales of goods and services, changes in level of trading stock inventories, operational funding from government and capital work done by own employees for own use or for rental or lease), and subtracting the direct costs of producing these outputs (purchases of goods and services used in the production of goods for resale and selected expenses related to the sale of goods and to administrative expenses, exclusive of indirect taxes such as payroll tax, fringe benefits tax and land rates).
Insurance premiums	Insurance premiums are expenses incurred by a business in respect of different types of insurance policies but excluding workers' compensation and compulsory third party motor vehicle insurance.
Interest expenses	These are outflows of funds related to the cost of borrowing money.
Interest income	This item represents income earned through the lending out of funds owned by the business.
Labour costs	These include staff related costs such as wages and salaries (including moneys paid directly to freelancers via the payroll), fringe benefits tax and payroll tax, employer contributions to superannuation funds, workers' compensation premiums, and provision expenses for employee entitlements.
Land taxes	Land tax is an annual tax levied on the owner of the land. This item also includes land rates, which are annual charges levied by local government for the provision of local government services.
Laundry and cleaning services	This item refers to payments to other businesses for the provision of laundry and cleaning services, including the cost of such services recoverable from guests. Laundry services include dry cleaning. Cleaning services include the cleaning of buildings, offices, windows and furniture, but exclude carpet cleaning.
Licensed hotels	This item refers to locations which are licensed to operate a public bar, and which provide accommodation on a room/suite basis, with a bath/shower and toilet in most guest rooms, but which do not have full cooking facilities (i.e. hot plates and oven/microwave) in most guest rooms.
Management fees expenses	This item includes fees and charges paid to related and unrelated businesses for management services, but excludes interest and rent, leasing and hiring expenses.

GLOSSARY *continued*

Management fees income	This item includes income from the provision of management services to related or unrelated businesses.
Motels	This item refers to locations which are not licensed to operate a public bar, and which provide accommodation on a room/suite basis, with a bath/shower and toilet in most guest rooms, but which do not have full cooking facilities (i.e. hot plates and oven/microwave) in most guest rooms.
Operating profit before tax	This item is a measure of profit (or loss) during the reference period, taken before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (i.e. dividends paid, drawings). It is derived by subtracting total expenses from total income, and adding the difference between closing inventory and opening inventory for the period.
Operating profit margin	This represents the percentage of businesses' sales of goods and services which becomes profit after all operating expenses have been deducted. It is derived by expressing total operating profit before tax as a percentage of total sales of goods and services.
Other accommodation	This item includes holiday flats, guest houses and student residences.
Other contract, subcontract and commission expenses	This item refers to payments to other businesses and to self-employed persons for work done on a contract or commission basis and not elsewhere covered.
Other services income	This item includes income from catering and other commissions/concessions, contract or subcontract services, consulting services, leisure services, (such as gymnasium and solarium fees) and takings from (non-gaming) coin-operated amusement machines.
Payments to employment agencies for staff	These are payments made to employment agencies for the supply or recruitment of staff.
Payroll tax	Payroll tax is a tax levied by state and territory governments upon the amount of wages and salaries paid by a business.
Permanent full-time employees	This item refers to permanent employees who work 35 hours per week or more and are entitled to paid leave.
Permanent part-time employees	This item refers to permanent employees who work less than 35 hours per week and are entitled to paid leave.
Poker/gaming machine and other gambling taxes	This item includes all taxes/levies paid to the government and funds transferred to government bodies in accordance with gambling regulations. These taxes include goods and services tax.
Private caravan parks	See Holiday parks/caravan parks/camping grounds.
Purchases expenses	Purchases expenses represent the cost of non-capitalised goods and related services used in the production of the final output of a business. It includes purchases of liquor and other beverages, foodstuffs for use in preparing meals, other goods for resale, (such as merchandise), and other non-capitalised purchases, (such as guest supplies and replacement items). Contract, subcontract and commission expenses, capitalised purchases, and parts and fuel for motor vehicles are excluded.
Rent, leasing and hiring expenses	These expenses represent the costs of the rent, leasing (excluding finance leases) and hiring of vehicles, land, buildings, machinery, equipment and any other property from other businesses or individuals.
Rent, leasing and hiring income	Rent, leasing and hiring income is revenue derived from the rent, leasing or hiring of assets such as land, buildings, vehicles, machinery or equipment to other businesses or individuals.
Repair and maintenance expenses	This item represents costs associated with work undertaken on plant and machinery, etc., to maintain normal business operations. It includes computer software and hardware repair and maintenance but excludes costs associated with the repair and maintenance of motor vehicles and wages and salaries paid to own employees.

GLOSSARY *continued*

Sale of liquor and other beverages	This item includes income from the sale of beer, wine, spirits, soft drinks (including water), tea, coffee and other beverages. It excludes income from catering commissions/concessions.
Sale of other goods	This item includes income from the sale of such items as confectionery, souvenirs, cigarettes, groceries and food sold in takeaway packs or containers.
Serviced apartments	This item refers to self-contained units with on-site servicing (e.g. cleaning services) available for short-term hire.
Takings from accommodation	This item refers to income received from the provision of short-term accommodation. All takings from meals are excluded, including the meals component where meals and accommodation are a combined charge.
Takings from meals	This item refers to income received from the provision of meals sold for consumption on the premises and from off-premises catering. It excludes income from catering commissions/concessions and from the sale of takeaway food or liquor and other beverages.
Telecommunication services expenses	This item refers to all payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission. It includes the cost of leased lines for computer and Internet services, but excludes installation costs and the cost of leasing telecommunication equipment.
Telecommunication services income	This item refers to income received from the provision of telecommunication services to guests.
Travel agent and frequent flyer commission expenses	This item includes payments made to agents for accommodation bookings and for membership and maintenance of frequent flyer programs.
Visitor hostels	This item refers to locations which provide accommodation to visitors on a bed basis (rather than by room).
Wages and salaries	This item refers to the gross wages and salaries (including capitalised wages and salaries) of all employees of the business. It includes severance, termination and redundancy payments, salaries and fees of directors and executives, retainers and commissions of persons who received a retainer, bonuses, and annual and other types of leave. Provision expenses for employee entitlements (e.g. provisions for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments) are also included. Payments related to salary sacrifice and payments to self-employed persons such as consultants, contractors and persons paid solely by commission without a retainer, are excluded.
Workers' compensation costs	Workers' compensation is a 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.
Working proprietors and partners of unincorporated businesses	A working proprietor operates his or her own business (a sole proprietorship), while a partner, along with one or more other partners, operates a partnership. Working proprietors and partners are the owners of their business and as such, they are not considered to be employees of that business.

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