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CAFES, RESTAURANTS AND CATERING SERVICES

AUSTRALIA

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INQUIRIES

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Sophie Vassiliou on Melbourne (03) 9615 7442.

NOTES

INTRODUCTION	This publication presents results for the 2006–07 reference year from a survey conducted by the Australian Bureau of Statistics (ABS) of cafe, restaurant and catering businesses. Previous collections were conducted in respect of the 2003–04, 1998–99, 1991–92, 1986–87 and 1979–80 financial years.
CHANGES IN THIS ISSUE	The estimates in this publication are based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 edition (ANZSIC06). Data in previous issues were based on the 1993 edition of the ANZSIC (ANZSIC93).
COMPARISON WITH PREVIOUS SURVEY RESULTS	The survey was not designed to provide highly accurate estimates of change. Users are advised to exercise caution if making any comparison between the 2006–07 data and previous published estimates. For further information, see paragraphs 2–8 and 20–26 of the Explanatory Notes and the Technical Note on collection design and estimation.
INFORMATION AVAILABLE ONLINE	This publication is available free online. Also available online are the data in this publication in spreadsheet format. To access this information, go to the ABS web site < http://www.abs.gov.au >.
MORE INFORMATION ON ABS SERVICE INDUSTRIES STATISTICS	Information about ABS activities in the field of service industries 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, Goods and Services National Statistics Centre, Australian Bureau of Statistics, Locked Bag 10, Belconnen, ACT 2616.
ROUNDING	Where figures have been rounded, discrepancies may occur between the sum of component items and the total.

Brian Pink
Australian Statistician

MAIN FEATURES

INTRODUCTION

This publication presents results from an Australian Bureau of Statistics (ABS) survey of cafe, restaurant and catering businesses. The survey was conducted in respect of the 2006–07 financial year and provides detailed measures of the performance, structure and activity of cafe, restaurant and catering 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/territory dimension is also presented.

For ease of reading, businesses within the scope of the survey are referred to collectively as cafe, restaurant and catering services. Businesses predominantly involved in the operation of cafes and restaurants are referred to as cafe and restaurant businesses, and businesses predominantly involved in catering services are referred to as catering businesses.

SUMMARY OF OPERATIONS

At the end of June 2007, there were 15,423 businesses in Australia involved in the provision of cafe, restaurant and catering services. This comprised 13,987 cafe and restaurant businesses and 1,437 catering businesses. Collectively, these businesses employed 195,814 people.

During 2006–07, businesses involved in the provision of cafe, restaurant and catering services generated a total income of \$13,673.2m, which represented an average of \$886,500 per business. Total expenses incurred during the same period were \$13,108.3m.

Total industry value added by these businesses was \$5,695.5m which represented 0.5% of Australia's gross domestic product for 2006-07.

During 2006–07, the operating profit before tax for these businesses was \$576.4m and their operating profit margin was 4.2%.

SOURCES OF INCOME

During 2006–07, businesses predominantly involved in the provision of cafe, restaurant and catering services generated a total income of \$13,673.2m. Cafe and restaurant businesses accounted for 71% (\$9,702.6m) of this income and catering businesses 29% (\$3,970.7m).

The main source of income for cafe, restaurant and catering services was takings from meals consumed on the premises, constituting under half (47% or \$6,428.6m) of total income. Takings from catering services accounted for just under a quarter (24.1% or \$3,291.3m) of all income, while sales of liquor and other beverages accounted for 19.9% (\$2,724.6m).

The graph overleaf shows that the majority (90.6%) of income for cafe and restaurant businesses was earned from takings from meals consumed on the premises (65.2% or \$6,329.8m) and from sales of liquor and other beverages (25.4% or \$2,460.7m).

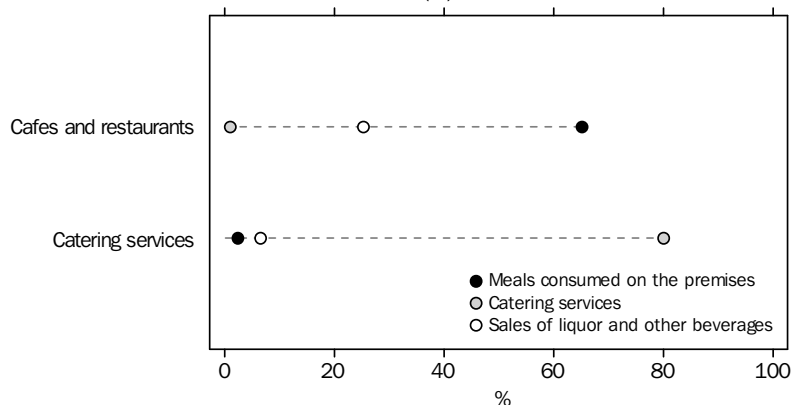
Takings from catering services (80.1% or \$3,182.4m) accounted for the majority of income earned by catering businesses. Sales of liquor and other beverages accounted for 6.6% (or \$263.9m) of total income earned by these businesses.

MAIN FEATURES *continued*

SOURCES OF INCOME

continued

SELECTED SOURCES OF INCOME (a)



(a) As a percentage of total income.

EXPENSES

Cafe, restaurant and catering services incurred \$13,108.3m in expenses during 2006–07. Labour costs were the most significant expense (43.1% of expenses or \$1,617.7m) incurred by catering businesses and purchases were the most significant expense (38.7% of expenses or \$3,618m) incurred by cafe and restaurant businesses.

The average labour costs per employee for all cafe, restaurant and catering services was \$25,900. Catering businesses recorded higher labour costs per employee (\$32,900) than cafe and restaurant businesses (\$23,300).

PROFITABILITY

In 2006–07, cafe, restaurant and catering services generated \$576.4m in operating profit before tax, almost two-thirds of which (63.9% or \$368.3m) was attributable to cafe and restaurant businesses.

Collectively, cafe, restaurant and catering services had an operating profit margin of 4.2%. This margin was higher for catering businesses (5.3%) than for cafes and restaurants (3.8%).

EMPLOYMENT

At the end of June 2007, there were 195,814 people working in cafe, restaurant and catering services. Almost three-quarters (74.3% or 145,546 people) worked in cafe and restaurant businesses.

Cafe, restaurant and catering services were characterised by a large casual work force which accounted for just over half (50.2% or 98,324 people) of all employment. Permanent full-time employees accounted for under a quarter (22.9% or 44,851 people) of all employment, while permanent part-time employees accounted for 15.5% (30,384 people).

Females accounted for just over half (53.2% or 104,164 people) of all employment and most (57% of female employment or 59,332 people) worked as casuals. Permanent full-time positions were occupied by more males (26,077) than females (18,774).

There were 11,165 working proprietors and partners of unincorporated businesses at the end of June 2007, accounting for 5.7% of total employment.

At the end of June 2007, more people were employed as waiting staff (74,328 people or 38% of total employment) than any other occupation. Collectively, qualified and other

MAIN FEATURES *continued*

EMPLOYMENT *continued*

chefs/cooks accounted for 20.5% (40,053) of all people employed, while kitchen hands accounted for 18.2% (35,586 people) of total employment.

At the end of June 2007, there were 4,100 employees in cafe, restaurant and catering services holding a Working Holiday visa, accounting for 2.1% of total employment.

STATES AND TERRITORIES

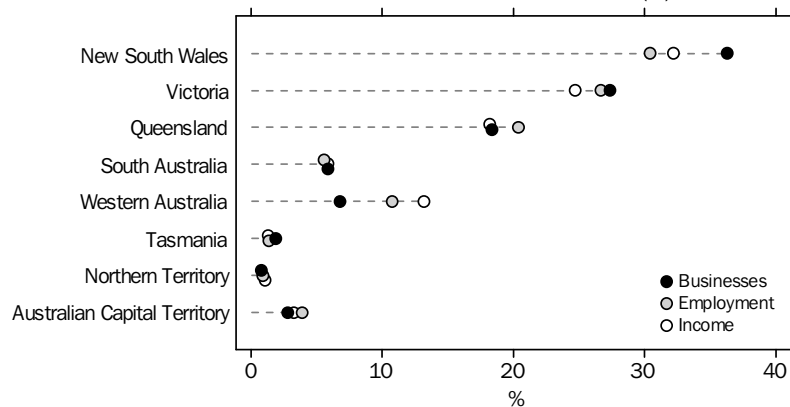
The graph below shows that New South Wales accounted for the highest share of key business activity – business counts, income and employment – followed by Victoria and Queensland.

New South Wales accounted for 36.3% (5,603) of all cafe, restaurant and catering services businesses. More than a quarter (27.4% or 4,222) of businesses were located in Victoria and less than one-fifth (18.4% or 2,845) in Queensland.

New South Wales accounted for just under a third of all income (32.2% or \$4,407.7m), while Victoria accounted for 24.7% (\$3,379.2m) and Queensland 18.2% (2,490.7m) of total income. The Australian Capital Territory accounted for 3.3% (\$448.9m) of total income while Tasmania and the Northern Territory accounted for 1.3% and 1.1%, respectively.

New South Wales accounted for just under a third of all employment (30.4% or 59,435 people), while Victoria had over a quarter (26.7% or 52,223 people) and Queensland one-fifth (20.4% or 39,903 people).

KEY CHARACTERISTICS BY STATE AND TERRITORY (a)



(a) As a percentage of the total for Australia.

BUSINESS CHARACTERISTICS

At the end of June 2007, there were 15,423 businesses operating in cafe, restaurant and catering services. These businesses had 17,006 locations around Australia. More than three-quarters (76.2%) of these locations were in metropolitan areas.

At the end of June 2007 there were 1.1 million seats available for dining in cafe and restaurant businesses.

More than a third (33.8% or 5,213) of all cafe, restaurant and catering businesses were licensed cafes and restaurants. Businesses operating combined licensed and BYO cafes and restaurants accounted for 17.7% (or 2,736) of the total. Businesses offering only BYO facilities accounted for 13% (or 2,005) of all businesses. Unlicensed cafe and restaurant businesses accounted for over a quarter (25.8% or 3,983) of the total.

MAIN FEATURES *continued*

BUSINESS SIZE

Smaller cafes and restaurants (i.e. those employing fewer than 10 people) accounted for around two-thirds (67.5%) of cafe and restaurant businesses and over a quarter (27.7% or \$2,685.7m) of income. This represented \$284,300 per business. The total operating profit before tax of these businesses was \$105.5m.

Larger cafe and restaurant businesses (i.e. those which employed 50 people or more) accounted for 1.5% of all cafe and restaurant businesses and generated over one-fifth of total cafe and restaurant income (21.8% or \$2,115.5m). This represented \$10.3m per business. The total operating profit before tax of these businesses was \$85m.

Smaller catering businesses (i.e. those employing fewer than 10 people) accounted for more than half (57.8%) of catering businesses and less than one-tenth (9.2% or \$362.9m) of total income. This represented \$437,200 per business. The total operating profit before tax of these businesses was \$21.7m.

Larger catering businesses (i.e. those which employed 50 people or more) accounted for 5.2% of all catering businesses and generated over three-quarters of total income (77.9% or \$3,096.3m). This represented \$41.8m per business. The total operating profit before tax of these businesses was \$160.5m.

HISTORICAL COMPARISONS

The Cafes, Restaurants and Catering Services Survey was not designed to provide highly accurate estimates of change, so any comparisons to results from previous surveys should be made with caution. Estimates of change can be subject to changes in estimation methodology, scope, coverage, question wording, or levels of sampling error. Further information can be found in paragraphs 2–8 and 20–26 of the Explanatory Notes and in the Technical Note on collection design and estimation.

Taking into consideration these limitations, the 2006–07 survey results indicate that cafes, restaurants and catering services recorded growth between the 2003–04 and 2006–07 financial years.

Income grew by an average 9.2% per year since 2003–04 (from \$10,487.3m to \$13,673.2m), while expenses grew at the same rate (from \$10,073.5m to \$13,108.3m) for this same period.

Takings from takeaway food and sale of liquor and other beverages both grew at higher rates (18.3% and 16.3% per year, on average, respectively) than takings from meals consumed on the premises (6.1% per year, on average). Takings from catering services increased by an average 11.5% per year.

Employment increased by an average 3.3% per year, from 177,390 people at the end of June 2004 to 195,814 people at the end of June 2007.

Labour costs had the highest growth rate of the selected expenses, rising by an average 10% per year since 2003–04.

Operating profit before tax grew at an average annual rate of 10.9%, from \$422.9m in 2003–04 to \$576.4m in 2006–07.

Available seating in cafes and restaurants increased by an average 1% per year, from 1,030,300 in 2003–04 to 1,061,200 in 2006–07.

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SUMMARY OF OPERATIONS BY BUSINESS TYPE

		Cafes and restaurants	Catering services	Total
Businesses at end June	no.	13 987	^ 1 437	15 423
Employment at end June	no.	145 546	50 268	195 814
Income				
Takings from meals consumed on the premises	\$m	6 329.8	*98.8	6 428.6
Takings from takeaway food	\$m	^ 646.1	**23.7	^ 669.8
Takings from catering services	\$m	*108.9	3 182.4	3 291.3
Sale of liquor and other beverages	\$m	2 460.7	^ 263.9	2 724.6
Other	\$m	^ 157.1	401.8	558.9
<i>Total</i>	\$m	9 702.6	3 970.7	13 673.2
Expenses				
Labour costs	\$m	3 160.0	1 617.7	4 777.7
Purchases	\$m	3 618.0	1 221.2	4 839.1
Rent, leasing and hiring	\$m	1 031.3	^ 138.0	1 169.3
Other	\$m	1 546.0	776.3	2 322.3
<i>Total</i>	\$m	9 355.2	3 753.1	13 108.3
Operating profit before tax	\$m	^ 368.3	208.1	^ 576.4
Operating profit margin	%	^ 3.8	5.3	^ 4.2
Industry value added	\$m	3 862.4	1 833.1	5 695.5
Available seating at end June	'000	1 061.2	..	1 061.2

^ 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

.. not applicable

		2003-04	2006-07	Average annual percentage change 2003-04 to 2006-07
.....				
Businesses at end June				
Cafes and restaurants(a)	no.	r13 159	13 987	2.1
Catering services(b)	no.	^ r1 722	^ 1 437	-5.9
Total	no.	r14 881	15 423	1.2
Employment at end June	no.	r177 390	195 814	3.3
Income				
Takings from meals consumed on the premises	\$m	r5 387.6	6 428.6	6.1
Takings from takeaway food	\$m	r404.7	^ 669.8	18.3
Takings from catering services	\$m	r2 376.0	3 291.3	11.5
Sale of liquor and other beverages	\$m	r1 729.9	2 724.6	16.3
Other	\$m	r589.2	558.9	-1.7
Total	\$m	r10 487.3	13 673.2	9.2
Expenses				
Labour costs(c)	\$m	r3 590.7	4 777.7	10.0
Purchases	\$m	r3 942.8	4 839.1	7.1
Rent, leasing and hiring	\$m	r885.5	1 169.3	9.7
Other	\$m	r1 654.5	2 322.3	12.0
Total	\$m	r10 073.5	13 108.3	9.2
Operating profit before tax	\$m	^ r422.9	^ 576.4	10.9
Operating profit margin	%	r4.0	^ 4.2	. .
Industry value added	\$m	r4 293.7	5 695.5	9.9
Operating profit before tax per seat(d)	\$	^ r410.5	^ 543.1	9.8
Available seating at end June(d)	'000	r1 030.3	1 061.2	1.0

.....

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

. . not applicable

r revised

(a) Chefs are included in 2006-07 data.

(b) Chefs are included in 2003-04 data.

(c) Includes two items for 2006-07 which were excluded from labour costs for 2002-03: salary sacrificed for employee benefits other than superannuation, and employee share based payments and stock options.

(d) Excludes catering businesses.

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BUSINESSES AND LOCATIONS

LOCATIONS AT END JUNE

	<i>Businesses at end June</i>		<i>Capital city</i>	<i>Other</i>	<i>Total</i>
	no.	%	no.	no.	no.
Cafes and restaurants					
Licensed cafes and restaurants	^ 5 213	33.8	^ 4 126	^ 1 730	^ 5 856
Licensed and BYO cafes and restaurants	^ 2 736	17.7	^ 2 526	*485	^ 3 011
BYO cafes and restaurants	^ 2 005	13.0	*1 323	*728	^ 2 052
Unlicensed cafes and restaurants	^ 3 983	25.8	^ 3 685	*507	^ 4 191
Chefs	**50	0.3	na	na	na
<i>Total</i>	13 987	90.7	11 660	^ 3 450	15 111
Catering services	^ 1 437	9.3	^ 1 301	*594	^ 1 895
Total	15 423	100.0	12 961	^ 4 045	17 006

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- ** estimate has a relative standard error greater than 50% and is considered too unreliable for general use
- * estimate has a relative standard error of 25% to 50% and should be used with caution
- na not available

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SOURCES OF INCOME BY BUSINESS TYPE

	CAFES AND RESTAURANTS		CATERING SERVICES		TOTAL	
	<i>Income</i>	<i>Proportion of total income</i>	<i>Income</i>	<i>Proportion of total income</i>	<i>Income</i>	<i>Proportion of total income</i>
	\$m	%	\$m	%	\$m	%
Takings from meals consumed on the premises	6 329.8	65.2	*98.8	2.5	6 428.6	47.0
Takings from takeaway food	^ 646.1	6.7	**23.7	0.6	^ 669.8	4.9
Takings from catering services	*108.9	1.1	3 182.4	80.1	3 291.3	24.1
Sale of liquor and other beverages	2 460.7	25.4	^ 263.9	6.6	2 724.6	19.9
Other services	*47.9	0.5	171.2	4.3	219.1	1.6
Other sales of goods	^ 58.8	0.6	179.6	4.5	238.4	1.7
Rent, leasing and hiring	*24.0	0.2	*22.2	0.6	*46.2	0.3
Interest	^ 8.0	0.1	^ 5.2	0.1	^ 13.2	0.1
Other	*18.4	0.2	23.6	0.6	^ 42.0	0.3
Total	9 702.6	100.0	3 970.7	100.0	13 673.2	100.0

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ITEMS OF EXPENDITURE BY BUSINESS TYPE

	CAFES AND RESTAURANTS		CATERING SERVICES		TOTAL	
	Expenditure	Proportion of total	Expenditure	Proportion of total	Expenditure	Proportion of total
		%		%		%
	\$m	%	\$m	%	\$m	%
Labour costs						
Wages and salaries	2 777.5	29.7	1 376.7	36.7	4 154.2	31.7
Employer contributions to superannuation funds	256.3	2.7	111.1	3.0	367.5	2.8
Salary sacrificed earnings, share based payments and stock options	*15.1	0.2	*2.5	0.1	*17.6	0.1
Workers' compensation premiums/costs	65.2	0.7	62.6	1.7	127.8	1.0
Fringe benefits tax	*1.8	—	4.4	0.1	6.2	—
Payroll tax	^ 44.1	0.5	60.4	1.6	104.5	0.8
Total	3 160.0	33.8	1 617.7	43.1	4 777.7	36.4
Purchases						
Foodstuffs used in preparing meals and takeaway food	2 530.2	27.0	937.4	25.0	3 467.6	26.5
Beverages	889.4	9.5	^ 118.1	3.1	1 007.4	7.7
Other finished goods for resale	*68.3	0.7	^ 23.3	0.6	^ 91.6	0.7
Other	^ 130.1	1.4	142.4	3.8	272.5	2.1
Total	3 618.0	38.7	1 221.2	32.5	4 839.1	36.9
Rent, leasing and hiring						
Land, buildings and other structures	936.2	10.0	^ 116.0	3.1	1 052.2	8.0
Other	^ 95.1	1.0	^ 21.9	0.6	^ 117.0	0.9
Total	1 031.3	11.0	^ 138.0	3.7	1 169.3	8.9
Electricity, gas and water charges	223.9	2.4	^ 30.3	0.8	254.1	1.9
Repair and maintenance	^ 98.5	1.1	67.3	1.8	165.8	1.3
Franchise fees	*41.5	0.4	**12.8	0.3	*54.3	0.4
Payments to other businesses (e.g. employment agencies) for staff	*44.6	0.5	121.7	3.2	^ 166.4	1.3
Insurance premiums	^ 62.9	0.7	^ 15.7	0.4	^ 78.6	0.6
Computer software expensed	np	np	np	np	28.5	0.2
Other contract, subcontract and commission expenses	^ 219.0	2.3	^ 75.5	2.0	^ 294.5	2.2
Interest	np	np	np	np	^ 137.8	1.1
Depreciation and amortisation	^ 128.1	1.4	40.7	1.1	^ 168.8	1.3
Other	595.0	6.4	378.5	10.1	973.6	7.4
Total	9 355.2	100.0	3 753.1	100.0	13 108.3	100.0

^ 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

— nil or rounded to zero (including null cells)

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

	Males		Females		Persons	
	no.	%	no.	%	no.	%
CAFES AND RESTAURANTS						
Working proprietors and partners of unincorporated businesses	^ 5 356	7.5	^ 4 729	6.3	^ 10 085	6.9
Employees						
Salaried directors of incorporated businesses	^ 6 878	9.7	^ 3 613	4.8	^ 10 491	7.2
Other						
Permanent full-time	19 011	26.8	^ 11 712	15.7	30 724	21.1
Permanent part-time	^ 12 027	16.9	^ 13 279	17.8	^ 25 306	17.4
Casuals	^ 27 706	39.0	^ 41 235	55.3	^ 68 941	47.4
Total	58 745	82.8	66 226	88.8	124 971	85.9
Total	65 623	92.5	69 839	93.7	135 462	93.1
Employment at end June(a)	70 979	100.0	74 567	100.0	145 546	100.0
Employment at end(b)						
March 2007	na	..	na	..	130 453	..
December 2006	na	..	na	..	130 521	..
September 2006	na	..	na	..	125 505	..
Employees holding a Working Holiday visa at end June(a)	na	..	na	..	*3 703	2.5
CATERING SERVICES						
Working proprietors and partners of unincorporated businesses	*608	2.9	*472	1.6	*1 080	2.1
Employees						
Salaried directors of incorporated businesses	^ 308	1.5	*292	1.0	^ 599	1.2
Other						
Permanent full-time	7 066	34.2	7 062	23.9	14 128	28.1
Permanent part-time	1 404	6.8	3 674	12.4	5 078	10.1
Casuals	^ 11 285	54.6	^ 18 098	61.1	^ 29 383	58.5
Total	19 756	95.6	^ 28 833	97.4	48 589	96.7
Total	20 063	97.1	^ 29 124	98.4	49 188	97.9
Employment at end June(a)	20 671	100.0	^ 29 596	100.0	50 268	100.0
Employment at end(b)						
March 2007	na	..	na	..	46 586	..
December 2006	na	..	na	..	45 733	..
September 2006	na	..	na	..	43 723	..
Employees holding a Working Holiday visa at end June(a)	na	..	na	..	**397	0.8
TOTAL						
Working proprietors and partners of unincorporated businesses	^ 5 964	6.5	^ 5 201	5.0	^ 11 165	5.7
Employees						
Salaried directors of incorporated businesses	^ 7 186	7.8	^ 3 904	3.7	^ 11 090	5.7
Other						
Permanent full-time	26 077	28.5	18 774	18.0	44 851	22.9
Permanent part-time	^ 13 431	14.7	^ 16 953	16.3	^ 30 384	15.5
Casuals	38 992	42.5	59 332	57.0	98 324	50.2
Total	78 501	85.7	95 059	91.3	173 560	88.6
Total	85 686	93.5	98 963	95.0	184 649	94.3
Employment at end June(a)	91 650	100.0	104 164	100.0	195 814	100.0
Employment at end(b)						
March 2007	na	..	na	..	177 039	..
December 2006	na	..	na	..	176 254	..
September 2006	na	..	na	..	169 228	..
Employees holding a Working Holiday visa at end June(a)	na	..	na	..	^ 4 100	2.1
^	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 June 2007.	
			(b)		During the last pay period ending the month indicated.	
**	estimate has a relative standard error greater than 50% and is considered too unreliable for general use					

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MAIN OCCUPATION OF PERSONS EMPLOYED BY BUSINESS TYPE

	<i>Cafes and restaurants</i>	<i>Catering services</i>	<i>Total</i>	
	no.	no.	no.	%
Managers/supervisors	18 237	5 726	23 963	12.2
Qualified chefs/cooks	17 500	4 512	22 012	11.2
Other chefs/cooks	^ 13 209	4 832	18 041	9.2
Kitchen hands	^ 23 860	11 727	35 586	18.2
Bar attendants and baristas	^ 8 370	^ 4 299	^ 12 669	6.5
Waiting staff	60 639	^ 13 689	74 328	38.0
Other	^ 3 732	5 483	9 215	4.7
Total	145 546	50 268	195 814	100.0

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

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STATES AND TERRITORIES (a)

	<i>BUSINESSES AT END JUNE (b)</i>		<i>EMPLOYMENT AT END JUNE</i>		<i>WAGES AND SALARIES</i>		<i>TOTAL INCOME</i>	
	no.	%	no.	%	\$m	%	\$m	%
New South Wales	5 603	36.3	59 435	30.4	^ 1 247.5	30.0	^ 4 407.7	32.2
Victoria	4 222	27.4	52 223	26.7	985.3	23.7	3 379.2	24.7
Queensland	2 845	18.4	^ 39 903	20.4	^ 790.9	19.0	^ 2 490.7	18.2
South Australia	^ 913	5.9	^ 11 022	5.6	^ 245.9	5.9	^ 813.0	5.9
Western Australia	^ 1 053	6.8	^ 21 096	10.8	^ 654.7	15.8	^ 1 805.4	13.2
Tasmania	^ 298	1.9	^ 2 818	1.4	^ 48.0	1.2	^ 174.7	1.3
Northern Territory	^ 126	0.8	^ 1 738	0.9	51.5	1.2	153.6	1.1
Australian Capital Territory	^ 427	2.8	* 7 579	3.9	* 130.4	3.1	* 448.9	3.3
<i>Australia</i>	<i>15 423</i>	<i>100.0</i>	<i>195 814</i>	<i>100.0</i>	<i>4 154.2</i>	<i>100.0</i>	<i>13 673.2</i>	<i>100.0</i>

^ 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

(a) Data for multi-state businesses have been assigned on the basis of actual operations, known as state of location, rather than state of head office.

(b) 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.

SUMMARY OF OPERATIONS BY EMPLOYMENT SIZE AND BUSINESS TYPE

		0-4 persons	5-9 persons	10-19 persons	20-49 persons	50-99 persons	100 persons or more	Total
CAFES AND RESTAURANTS								
Businesses at end June	no.	^ 4 027	^ 5 420	^ 3 307	^ 1 026	*169	*37	13 987
	%	28.8	38.8	23.6	7.3	1.2	0.3	100.0
Employment at end June	no.	^ 11 878	^ 36 975	^ 43 991	^ 31 993	*11 639	*9 070	145 546
	%	8.2	25.4	30.2	22.0	8.0	6.2	100.0
Wages and salaries	\$m	^ 123.8	^ 469.1	^ 877.2	^ 622.3	*449.8	*235.3	2 777.5
	%	4.5	16.9	31.6	22.4	16.2	8.5	100.0
Total income	\$m	^ 765.8	^ 1 919.9	^ 3 000.9	^ 1 900.5	*1 386.2	*729.3	9 702.6
	%	7.9	19.8	30.9	19.6	14.3	7.5	100.0
Total expenses	\$m	^ 769.1	^ 1 807.6	^ 2 907.4	^ 1 832.3	*1 321.6	*717.2	9 355.2
	%	8.2	19.3	31.1	19.6	14.1	7.7	100.0
Operating profit before tax	\$m	** -2.6	^ 108.1	** 101.1	*76.7	*65.9	^ 19.1	^ 368.3
Operating profit margin	%	** -0.3	^ 5.6	** 3.4	*4.1	*4.8	^ 2.6	^ 3.8
Available seating at end June	'000	^ 156.0	^ 371.8	^ 310.8	^ 125.7	*58.2	*38.6	1 061.2
	%	14.7	35.0	29.3	11.8	5.5	3.6	100.0
CATERING SERVICES								
Businesses at end June	no.	*399	*431	*407	*126	14	**60	^ 1 437
	%	27.8	30.0	28.3	8.8	1.0	4.2	100.0
Employment at end June	no.	*715	*2 982	*5 124	*4 003	1 028	36 415	50 268
	%	1.4	5.9	10.2	8.0	2.0	72.4	100.0
Wages and salaries	\$m	*10.9	**100.9	*95.5	*57.1	31.3	1 081.1	1 376.7
	%	0.8	7.3	6.9	4.1	2.3	78.5	100.0
Total income	\$m	^ 82.7	**280.2	*284.4	*227.0	101.2	2 995.1	3 970.7
	%	2.1	7.1	7.2	5.7	2.5	75.4	100.0
Total expenses	\$m	^ 73.4	**265.3	*273.3	*214.0	95.4	2 831.7	3 753.1
	%	2.0	7.1	7.3	5.7	2.5	75.4	100.0
Operating profit before tax	\$m	*6.6	*15.1	**13.0	*12.9	*-3.3	163.8	208.1
Operating profit margin	%	*8.1	**5.4	**4.6	*5.7	*-3.3	5.5	5.3
TOTAL								
Businesses at end June	no.	^ 4 426	5 851	^ 3 714	^ 1 153	*183	*97	15 423
	%	28.7	37.9	24.1	7.5	1.2	0.6	100.0
Employment at end June	no.	^ 12 593	^ 39 958	^ 49 115	^ 35 997	*12 667	45 485	195 814
	%	6.4	20.4	25.1	18.4	6.5	23.2	100.0
Wages and salaries	\$m	^ 134.7	^ 570.0	^ 972.7	^ 679.3	*481.1	1 316.4	4 154.2
	%	3.2	13.7	23.4	16.4	11.6	31.7	100.0
Total income	\$m	^ 848.6	^ 2 200.0	^ 3 285.3	^ 2 127.5	*1 487.4	3 724.4	13 673.2
	%	6.2	16.1	24.0	15.6	10.9	27.2	100.0
Total expenses	\$m	^ 842.5	^ 2 073.0	^ 3 180.7	^ 2 046.3	*1 417.0	3 548.9	13 108.3
	%	6.4	15.8	24.3	15.6	10.8	27.1	100.0
Operating profit before tax	\$m	**4.0	^ 123.2	**114.2	*89.6	*62.5	182.8	^ 576.4
	%	0.7	21.4	19.8	15.5	10.9	31.7	100.0
Operating profit margin	%	**0.5	^ 5.6	**3.5	*4.2	*4.2	4.9	^ 4.2
Available seating at end June	'000	^ 156.0	^ 371.8	^ 310.8	^ 125.7	*58.2	*38.6	1 061.2
	%	14.7	35.0	29.3	11.8	5.5	3.6	100.0

^ 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

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents results from a survey of cafe, restaurant and catering businesses for the reference year 2006–07. This is the sixth time the ABS has conducted this survey. Previous statistics were released for the 2003–04, 1998–99, 1991–92, 1986–87 and 1979–80 reference years.

SCOPE

2 The scope of the 2006–07 Cafes, Restaurants and Catering Services Survey included all employing and significant non-employing businesses classified, on the ABS Business Register, to the following classes of the Australian and New Zealand Standard Industrial Classification 2006 edition (ANZSIC06):

- Class 4511 CAFES AND RESTAURANTS
- Class 4513 CATERING SERVICES

3 For CLASS 4511 CAFES AND RESTAURANTS, the scope included Australian businesses that generated income predominantly from the provision of food and beverage serving services for consumption on the premises. For CLASS 4513 CATERING SERVICES, the scope included Australian businesses that generated income mainly from the provision of catering services at specific locations or events, including airline catering.

4 CLASSES 4511 and 4513, together with CLASS 4512 TAKEAWAY FOOD SERVICES, make up Group 451 CAFES, RESTAURANTS AND TAKEAWAY FOOD SERVICES. Businesses mainly engaged in CLASS 4512 TAKEAWAY FOOD SERVICES, however, were excluded from this survey.

5 For the purposes of this survey, significant non-employing businesses were defined as all non-employing businesses with an estimated annual turnover of at least \$224,000 for CAFES AND RESTAURANTS, and at least \$274,000 for CATERING SERVICES. These turnover thresholds were selected so that the contribution of significant non-employing units, combined with all employing businesses, made up at least 97.5% of the total estimated annual turnover for all businesses classified to CLASSES 4511 and 4513 respectively. In the 2003–04 survey, significant non-employing businesses were defined as those with turnover at least \$3.4m.

6 The estimates presented in this publication relate to significant non-employing and all employing businesses as defined in paragraph 5 above. For an indication of the contribution of non-employing businesses falling below the turnover threshold, refer to the Technical Note on collection design and estimation.

ANZSIC93 AND ANZSIC06

7 The estimates in this publication are based on ANZSIC06. Data in previous issues were based on the 1993 version of the ANZSIC (ANZSIC93). ANZSIC06 was adopted to provide a more contemporary industrial classification system, taking into account issues such as changes in the structure and composition of the economy, changing user demands and compatibility with international classification standards.

8 Most businesses formerly coded to ANZSIC93 CLASS 5730 CAFES AND RESTAURANTS are now classified to either ANZSIC06 CLASS 4511 CAFES AND RESTAURANTS or ANZSIC06 CLASS 4513 CATERING SERVICES. The exception is theatre restaurants, which were in scope of the 2003–04 survey as they were coded to ANZSIC93 CLASS 5730 CAFES AND RESTAURANTS. They are out of scope of the 2006–07 survey, however, as they are now coded to ANZSIC06 CLASS 9001 PERFORMING ARTS OPERATION. The contribution of theatre restaurants to 2003–04 estimates was found to be negligible and their removal from the scope of the 2006–07 survey has had a negligible impact on the estimates also.

STATISTICAL UNITS DEFINED ON THE ABS REGISTER

9 In the Cafes, Restaurants and Catering Services Survey, the statistical unit used to represent businesses, and for which statistics are reported, is the ABN unit, in most cases. The ABN unit is the business unit which has registered for an ABN, and thus appears on the Australian Taxation Office (ATO) administered Australian Business Register. This unit is suitable for ABS statistical needs when the business is simple in structure. For more significant and diverse businesses where the ABN unit is not suitable for ABS statistical needs, the statistical unit used is the Type of Activity Unit (TAU). A TAU

EXPLANATORY NOTES *continued*

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 economic activities. When a minimum set of data items is 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 Australian and New Zealand Standard Industrial Classification (ANZSIC)). Where a business cannot supply adequate data for each industry, a TAU is formed which contains activity in more than one industry subdivision and the TAU is classified to the predominant ANZSIC subdivision.

10 Further details about the ABS economic statistical units used in this survey, and in other ABS economic surveys (both sample surveys and censuses), can be found in Chapter 2 of the *Standard Economic Sector Classifications of Australia* (SESCA) 2002 (cat. no.1218.0).

COVERAGE

11 The frame used for the Cafes, Restaurants and Catering Services 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

12 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.

13 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.

14 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

15 Annual industry data for cafes, restaurants and catering services are also published in *Australian Industry* (cat. no. 8155.0). There are important differences between the statistics published in the *Australian Industry* and *Cafes, Restaurants and Catering Services* publications and users should exercise caution when making comparisons between the two sets of estimates.

16 *Australian Industry* presents annual summary statistics at the ANZSIC division and subdivision level and experimental statistics at the ANZSIC class level. It shows the relative performance of each industry division and subdivision, and allows patterns of change or growth to be analysed across particular segments of the Australian economy.

17 *Cafes, Restaurants and Catering Services* supplements *Australian Industry* statistics with a detailed examination of the structure and performance of cafes, restaurants and catering businesses for the reference year of the survey. As such, the survey is not designed to monitor change over time.

18 The main reason the two sets of estimates vary relates to the use of different industry coding practices. For *Australian Industry*, businesses are coded to ANZSIC classes on the basis of the activity reported to the ATO when registering for an ABN, or for more complex businesses, on the basis of information reported directly to the ABS (see Explanatory Notes paragraphs 9–10). For *Cafes, Restaurants and Catering Services*, however, businesses are coded to ANZSIC06 Classes 4511 and 4513 on the basis of detailed financial data reported in the survey. Adjustments were made to the data to remove the contribution of businesses that were found to be incorrectly coded to ANZSIC06 Classes 4511 and 4513.

EXPLANATORY NOTES *continued*

COMPARISON WITH OTHER ABS STATISTICS *continued*

19 Monthly industry data for cafes and restaurants are also published in *Retail Trade, Australia* (cat. no. 8501.0). *Retail Trade* presents monthly estimates of the value of turnover of businesses classified by industry. The principal objective of the series is to show the month to month movement of turnover. Differences also exist between the estimates published in *Retail Trade* and *Cafes, Restaurants and Catering Services*, and the reasons for these differences include:

- varied industry coding practices. *Retail Trade* includes data from businesses with significant retail activity outside of ANZSIC Classes 4511 and 4513, whereas *Cafes, Restaurants and Catering Services* does not
- treatment of non-employing businesses. Significant non-employing businesses are included in *Cafes, Restaurants and Catering Services*, but excluded from *Retail Trade*
- treatment of GST. *Retail Trade* estimates are inclusive of GST, but *Cafes, Restaurants and Catering Services* estimates are exclusive of GST.

HISTORICAL COMPARISONS

20 While comparisons are made in this publication between 2006–07 and 2003–04 results of the 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 2006–07 results to the 2003–04 results for several reasons, as described below in paragraphs 21–26.

Changes in scope

21 In the 2003–04 Cafes and Restaurants Survey, significant non-employing businesses were defined as those with turnover of at least \$3.4m. This applied both to cafes and restaurants and to catering and other businesses. In the 2006–07 Cafes, Restaurants and Catering Services Survey, significant non-employing businesses were defined as those with annual turnover of at least \$224,000 for cafes and restaurants and \$274,000 for catering businesses.

Change in estimation methodology

22 The 2003–04 survey used number raised estimation whereas the 2006–07 survey used generalised regression estimation. For details on the change in estimation methodology, refer to the Technical Note on collection design and estimation.

Change in industry classification

23 The estimates in this publication are based on ANZSIC06 whereas estimates in the 2003–04 issue were based on ANZSIC93. Theatre restaurants were in scope of the 2003–04 survey but are out of scope of the 2006–07 survey because under ANZSIC06 they are now included in CLASS 9001 PERFORMING ARTS OPERATION. Additionally, the 2003–04 issue of this publication provided separate data for 'catering and other' businesses as distinct from cafes and restaurants. Chef businesses were included in 'catering and other' in 2003–04 but under ANZSIC06 they are included in CLASS 4511 CAFES AND RESTAURANTS.

24 For more information on the 2006 industry classification and concordances between ANZSIC06 and ANZSIC93, please refer to *Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006* (cat. no. 1292.0).

Australian Equivalents to International Financial Reporting Standards

25 The new Australian Equivalents to International Financial Reporting Standards (AEIFRS) were progressively implemented in Australia from 1 January 2005. As a result, changes in definitions have impacted upon both income statements and balance sheet items.

26 Since the implementation of AEIFRS, analysis of published time series data has indicated structural breaks in series. The magnitude of such breaks, however, cannot be determined without imposing a disproportionate load upon data providers. The ABS will continue to monitor developments and report any significant identified impacts as a result of AEIFRS.

RELIABILITY OF THE DATA

27 When interpreting the results of a survey it is important to take into account factors

EXPLANATORY NOTES *continued*

that may affect the reliability of estimates. Such factors can be classified as either sampling or non-sampling error.

Sampling error

28 The estimates are based on information obtained from a randomly selected, stratified sample of cafe, restaurant and catering businesses in Australia. 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.

29 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.

30 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 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

	<i>Cafes and restaurants</i>	<i>Catering services</i>	<i>Total</i>
	%	%	%
Businesses at end June	4.8	17.1	4.4
Employment at end June	6.3	9.5	5.0
Income			
Takings from meals consumed on the premises	6.0	41.6	5.9
Takings from takeaway food	11.6	53.1	11.2
Takings from catering services	37.5	3.9	3.6
Sale of liquor and other beverages	8.9	15.1	8.2
Other	17.8	5.2	6.1
<i>Total</i>	5.8	4.9	4.0
Expenses			
Labour costs	7.0	6.0	4.4
Purchases	5.7	5.0	4.3
Rent, leasing and hiring	8.1	10.4	7.3
Other	6.3	4.5	4.4
<i>Total</i>	5.8	5.0	4.1
Operating profit before tax	24.7	6.5	15.9
Operating profit margin	23.4	5.8	15.2
Industry value added	6.6	5.9	4.3
Available seating at end June	6.6	..	6.6

.. not applicable

31 As an example of the above, an estimate of total income for cafes, restaurants and catering services during 2006–07 was \$13,673.2m and the RSE was estimated to be 4%, giving a SE of approximately \$546.9m. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$13,126.3m to \$14,220.1m 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 \$12,579.4m to \$14,767m.

32 The sampling variability for estimates at the state/territory level was generally higher than for Australian level aggregates. Survey estimates for states/territories should

EXPLANATORY NOTES *continued*

Sampling error continued

therefore be viewed with more caution than national estimates. Additionally, within states/territories, the sampling variability and therefore the RSEs of estimates for smaller states/territories were higher than for larger states. Survey estimates for the smaller states/territories should therefore be viewed with more caution than those for larger states.

33 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.

Non-sampling error

34 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 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

35 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

36 Data contained in the tables in this publication related to cafes, restaurants and catering businesses in Australia during the year ended June 2007. Financial estimates included the activity of any business that ceased or commenced operations during the year. Counts of businesses and locations included only those that were operating at 30 June 2007. Employment estimates included only those persons working for businesses during the last pay period ending in June 2007, or the last pay period of the month specified. Estimates of available seating relate to seating available at 30 June 2007.

ACKNOWLEDGMENT

37 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

38 Inquiries about these statistics and more detailed statistics than those presented in this publication should be made by contacting the National Information and Referral Service on 1300 135 070 or Sophie Vassiliou on (03) 9615 7442.

ABBREVIATIONS

'000	thousand
\$m	million dollars
ABN	Australian Business Number
ABS	Australian Bureau of Statistics
AEIFRS	Australian Equivalents to International Financial Reporting Standards
ANZSIC	Australian and New Zealand Standard Industrial Classification
ANZSIC06	<i>Australian and New Zealand Standard Industrial Classification, 2006 Edition</i>

EXPLANATORY NOTES *continued*

ANZSIC93 *Australian and New Zealand Standard Industrial Classification, 1993 Edition*

ATO Australian Taxation Office

BYO bring your own (alcohol)

GST goods and services tax

RSE relative standard error

SE standard error

TAU type of activity unit

TECHNICAL NOTE COLLECTION DESIGN AND ESTIMATION

INTRODUCTION

1 The availability of Business Activity Statement data collected by the Australian Taxation Office (ATO) has provided the Australian Bureau of Statistics (ABS) with opportunities to improve the efficiency of collection designs and estimation for its business surveys, while at the same time reducing the reporting burden placed on businesses. Under taxation law, data may be passed by the Commissioner for Taxation to the ABS for specified statistical purposes. Accordingly, turnover and wages information sourced from ATO Business Activity Statement data was used to improve the accuracy of the 2006–07 cafes, restaurants and catering services estimates which were produced using data items collected directly by the ABS from businesses.

COLLECTION DESIGN

2 In order to decrease the statistical reporting load placed on providers while maintaining the range and quality of information available to users of statistical data, the strategy for this survey was to adopt the use of directly collected data from a smaller sample of businesses, in combination with information sourced from the ATO. The frame (from which the direct collect sample was selected) was stratified using information held on the ABS Business Register. Businesses eligible for selection in the direct collect sample were then selected from the frame using stratified random sampling techniques.

3 Non-employed businesses were selected to participate in the survey (i.e. the direct collect sample) only if they met a threshold level of activity. Thresholds were set for each ANZSIC class so that the contribution of non-employed businesses, combined with all employing businesses accounted for 97.5% of total turnover as determined by ATO Business Activity Statement data. For the 2006–07 survey, the threshold was \$224,000 in turnover for ANZSIC Class 4511 CAFES AND RESTAURANTS and \$274,000 for ANZSIC Class 4513 CATERING SERVICES.

4 Estimates in this publication are presented only for the population of businesses above the turnover thresholds, using data directly collected by the ABS from businesses operating in cafe, restaurant and catering services. During processing of the survey, businesses no longer in operation or found to be incorrectly coded to ANZSIC Class 4511 CAFES AND RESTAURANTS and Class 4513 CATERING SERVICES were detected and the estimates adjusted accordingly.

5 Very small non-employed businesses with annual turnover less than the threshold were not eligible for selection. The total estimated value of annual turnover of non-employed businesses below the turnover thresholds during the 2006–07 reference year, as determined by ATO Business Activity Statement data, was \$330.2m for ANZSIC Class 4511 CAFES AND RESTAURANTS and \$80.5m for ANZSIC Class 4513 CATERING SERVICES. No adjustments were made to these data to remove the contribution of businesses that were found to be incorrectly coded to ANZSIC Classes 4511 and 4513, therefore the reader should exercise caution when comparing these estimates of annual turnover with other data presented in this publication.

ESTIMATION METHODOLOGY

6 Estimates from previous iterations of this survey were produced using number raised estimation methodology. The 2006–07 survey used generalised regression estimation. Generalised regression estimation enables maximum use of observed linear relationships between data directly collected from businesses in the survey and auxiliary information. When the auxiliary information is strongly correlated with data items collected in a survey, the generalised regression estimation methodology will improve the accuracy of the estimates. The auxiliary variables used in this survey were turnover and wages sourced from ATO Business Activity Statement data.

7 To maximise consistency and coherence with the 2006–07 estimates, the 2003–04 estimates presented in Table 1 have been revised to account for the changes in collection design and estimation methodology described above.

GLOSSARY

Available seating	This item refers to the number of seats available for use by patrons in the normal operation of a cafe or restaurant.
BYO cafes and restaurants	BYO cafes and restaurants are those where the proprietor holds a current BYO licence allowing consumption of alcohol brought onto the premises but not bought on the premises.
Casual employees	This item refers to employees who are not entitled to take paid leave.
Computer software expensed	Computer software expensed is the cost of computer software that has been fully charged to profit as an expense in the current accounting period.
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, gas and water charges	These charges relate to the consumption of electricity, gas and/or water during the normal operation of the business.
Employees	This item represents all employees on the payroll for the last pay period ending in June. Employees absent on paid or prepaid leave are included. Subcontractors and persons paid solely by commission without a retainer are excluded.
Employer contributions to superannuation funds	This item includes all employer contributions to superannuation schemes excluding contributions paid in lieu of wages and salaries (as part of a salary package).
Employment at end June	This item represents all working proprietors and partners, salaried directors and other employees on the payroll of the business during the last pay period ending in June. 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.
Franchise fees	This item includes payments made under licensing arrangements, withholding tax and advertising levies paid to the franchisor.
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.
Income from other services	This item includes services income not associated with the sale of prepared food and beverages.
Industry value added (IVA)	<p>IVA represents the value added by an industry to the intermediate inputs used by the industry. IVA is the measure of the contribution by businesses, in the selected industry, to gross domestic product. The derivation of IVA for market producers is as follows:</p> <p>sales and service income</p> <p><i>plus</i> funding from federal, state and/or local government for operational costs</p> <p><i>plus</i> capital work done for own use</p> <p><i>plus</i> closing inventories</p> <p><i>less</i> opening inventories</p> <p><i>less</i> intermediate input expenses</p> <p><i>less</i> capitalised purchases</p> <p><i>equals</i> IVA.</p> <p>Wage and salary expenses and most other labour costs are not taken into account in its calculation nor are most insurance premiums, interest expenses, depreciation or a</p>

GLOSSARY *continued*

number of lesser expenses including bad debts, computer software expensed and state gambling taxes.

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 through the payroll to freelancers without an ABN), fringe benefits tax and payroll tax, employer contributions to superannuation funds, workers' compensation premiums, provision expenses for employee entitlements, salary sacrifice paid on behalf of employees and employee share based payments and stock options expensed to the business. Capitalised wages and salaries are excluded.
Licensed and BYO cafes and restaurants	This item refers to cafes and restaurants where the proprietor holds both: <ul style="list-style-type: none">■ a current liquor licence allowing the sale of liquor for consumption on the premises and■ a current BYO licence allowing consumption of alcohol brought onto but not bought on the premises.
Licensed cafes and restaurants	This item refers to cafes and restaurants where the proprietor holds a current liquor licence allowing the sale of liquor for consumption on the premises. It includes cafes and restaurants operating within a club or hotel where the liquor licence may be held by a licensee of either the restaurant, club or hotel.
Main occupation	Main occupation refers to the activity on which a person working for the business spent the majority of his or her time during the last pay period ending in June.
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 as: total income <i>plus</i> closing stocks <i>less</i> total expenses <i>less</i> opening stocks <i>equals</i> operating profit before tax.
Operating profit before tax per seat	This item is the ratio of operating profit before tax to available seating. This item excludes catering businesses.
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 contract, subcontract and commission expenses	This item refers to payments to other businesses and self-employed persons for work done or sales made on a contract or commission basis and payments to persons paid by commission without retainer. It excludes contract payments specified elsewhere, such as payments to employment agencies for staff.
Other expenses	Includes all other operating expenses not listed as a separate expense item (e.g. security, cost of materials used in training, laundry/dry cleaning).
Other income	This includes net profit (loss) resulting from revaluation of assets in accordance with AEIFRS, net profit (loss) resulting from variations in foreign exchange rates, net profit (loss) on share trading, net profit (loss) on the sale of other assets and dividend income.

GLOSSARY *continued*

Other purchases	This item refers to purchases not listed separately. It may include purchases of crockery, glassware, tablecloths and cleaning materials.
Other sales of goods	This item refers to income earned from the sale of goods not included elsewhere. Such items may include cigarettes, confectionery and other finished goods for resale, excluding prepared food and beverages.
Other service income	This item refers to income such as contract or subcontract commissions, consultancy fees, corkage, management and administration service fees, subscriptions and membership fees and other service fees.
Payments to other businesses (e.g. employment agencies) for staff	This item represents payments made to other businesses for the supply or recruitment of staff, such as employment agencies.
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 employees who work 35 hours per week or more and are entitled to paid leave.
Permanent part-time employees	This item refers to employees who work less than 35 hours per week and are entitled to paid leave.
Purchases	Purchases are the cost of non-capitalised goods and services used in the production of the final output of a business. This item includes foodstuffs for use in preparing meals and takeaway food, liquor and other beverages, other goods for resale (merchandise), guest supplies and replacement items. It excludes contract, subcontract and commission expenses, capitalised purchases, and parts and fuel for motor vehicles.
Rent, leasing and hiring expenses	Rent, leasing and hiring expenses are the costs for 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 renting, leasing or hiring of assets such as land, buildings, vehicles, machinery or equipment to other businesses or individuals.
Repair and maintenance expenses	Repair and maintenance expenses are costs associated with work undertaken on plant and machinery etc. to maintain normal business operations. It includes repair and maintenance of computer and communication software and hardware and off-road motor vehicles. It excludes repair and maintenance of on-road motor vehicles and wages and salaries of own employees.
Salaried directors of incorporated businesses	Salaried directors of incorporated businesses are directors who received a wage or salary during the reference period. As such, salaried directors are considered to be employees of the business.
Salary sacrificed earnings, share based payments and stock options	Salary sacrificed earnings refers to an arrangement where employees agree to forego part of their pre-tax salary in return for benefits. It includes earnings sacrificed by employees in order to make superannuation contributions or for other employee benefits (e.g. motor vehicles, laptop computers). Share based payments and stock options are payments expensed to the business for the purpose of remunerating employees and are accrued during the 2006–07 reference period.
Sale of liquor and other beverages	This item includes income from provision of beer, wine, spirits, soft drinks and other beverages served with meals or sold on a takeaway basis.
Takings from catering services	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.
Takings from meals consumed on the premises	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.

GLOSSARY *continued*

Takings from takeaway food	This item refers to income received from the provision of food sold for consumption off the premises, for example, food sold in takeaway packs or containers. It excludes income from catering services and the provision of meals sold for consumption on the premises.
Unlicensed cafes and restaurants	This item refers to cafes and restaurants not licensed to sell or allow the consumption of alcohol on the premises.
Wages and salaries	This item represents the gross wages and salaries (excluding 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 are also included (e.g. provisions for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments). 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. The drawings of working proprietors and partners are also excluded.
Workers' compensation premiums/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 Holiday visa	A Working Holiday visa is available for people aged 18 to 30 years of age, entitling the holder to a working holiday of up to 12 months in Australia. This visa allows visitors to supplement the cost of a holiday through incidental employment.
Working proprietors and partners of unincorporated businesses	<p>A working proprietor or partner of an unincorporated business 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:</p> <ul style="list-style-type: none">■ the owners of their business■ legally inseparable from the business entity■ liable for any business debts that are incurred. <p>As such, working proprietors and working partners are not considered to be employees of their business.</p>

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