

**ACCOMMODATION SERVICES**

AUSTRALIA

EMBARGO: 11.30AM (CANBERRA TIME) WED 25 JUN 2008

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**I N Q U I R I E S**

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 businesses mainly involved in the provision of accommodation services. Previous collections were conducted in respect of the 2003–04, 2000–01, 1997–98, 1995–96, 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 2–7 and 21–25 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

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### INTRODUCTION

This publication presents results from a survey conducted by the Australian Bureau of Statistics (ABS) for the 2006–07 reference year, of businesses mainly involved in the provision of accommodation services. The survey provides detailed measures of the performance, structure and activities of accommodation businesses 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 predominantly involved in the operation of holiday parks, caravan parks and camping grounds are referred to collectively as private caravan parks.

### SUMMARY OF OPERATIONS

At the end of June 2007, there were 5,891 businesses in Australia mainly involved in the provision of accommodation services. Collectively, these businesses employed 95,931 people.

During 2006–07, these businesses generated a total income of \$9,876.2m, which represented an average of \$1.7m per business. Total expenses incurred during the same period were \$8,843.9m.

Total industry value added by these businesses was \$4,774.9m 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 \$1,060.5m and their operating profit margin was 11%.

### BUSINESS CHARACTERISTICS

The 5,891 accommodation businesses at the end of June 2007 operated 6,668 accommodation establishments around Australia.

Motels accounted for more than one-third (35.2% or 2,345 establishments) of all establishments and caravan parks one-fifth (20.6% or 1,374 establishments). Serviced apartments and visitor hostels accounted for 8.7% (583 establishments) and 8.3% (550 establishments), respectively.

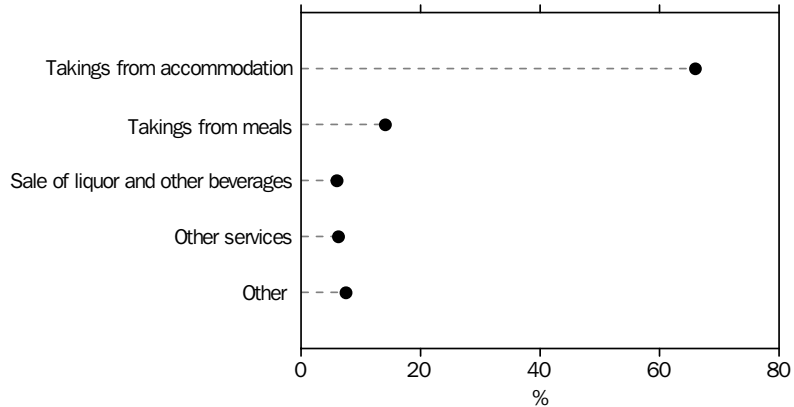
### SOURCES OF INCOME

During 2006–07, businesses predominantly involved in the provision of accommodation services generated a total income of \$9,876.2m. The graph overleaf shows that the main source of income for these businesses was takings from accommodation which accounted for two-thirds (66% or \$6,519.6m) of total income, followed by takings from meals (14.1% or \$1,388.1m).

## MAIN FEATURES *continued*

### SOURCES OF INCOME *continued*

### SOURCES OF INCOME (a)



(a) As a percentage of total income.

### EXPENSES

During 2006–07, businesses predominantly involved in the provision of accommodation services incurred \$8,843.9m in total expenses. Labour costs accounted for just over a third (35.7% or \$3,160.7m) of total expenses, followed by purchases (12.1% or \$1,071.8m) and rent, leasing and hiring (9.4% or \$831.2m). The average labour costs per employee for all accommodation services was \$34,000.

### EMPLOYMENT

At the end of June 2007, there were 95,931 people employed by accommodation businesses in Australia.

Casual employees accounted for 44.1% (42,285 people) and permanent full-time employees for 37% (35,515 people) of total employment. Permanent part-time employees accounted for 12.2% (11,741 people) of total employment.

Females accounted for 60% (57,516 people) of all employment and of these, half (49.8% of female employment) worked as casuals. Males accounted for 40% (38,415 people) of all employment and of these, almost half (46.5% of male employment) occupied permanent full-time positions.

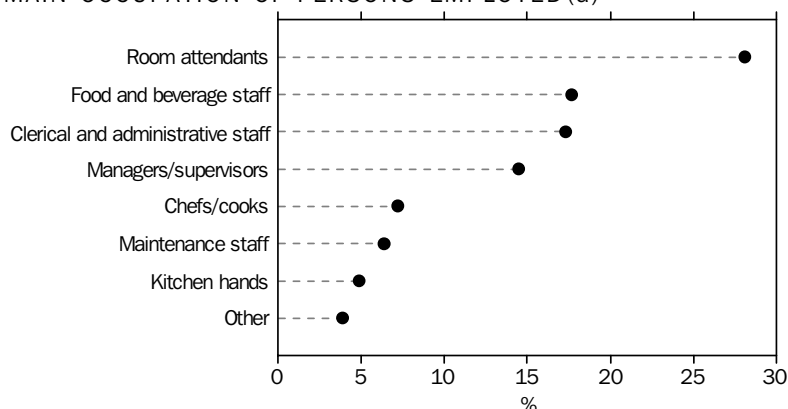
### OCCUPATION

The graph overleaf shows that at the end of June 2007, 26,979 people (28.1%) were employed as room attendants. Food and beverage staff accounted for 17.7% (17,019 people), clerical and administrative staff for 17.3% (16,590 people) and managers and supervisors for 14.5% (13,918 people). Collectively, chefs, cooks and kitchen hands accounted for 12% (11,537 people) of all people employed.

## MAIN FEATURES *continued*

### OCCUPATION *continued*

#### MAIN OCCUPATION OF PERSONS EMPLOYED (a)



(a) As a percentage of total employment.

At the end of June 2007, there were 2,515 employees (2.6% of total employment) in accommodation services holding a Working Holiday visa.

### BUSINESS SIZE

Almost half (46.2% or 2,722) of all accommodation businesses employed fewer than five people. These businesses accounted for 10.6% (\$1,044.1m) of total income, which represented \$383,600 per business, and 13.7% of operating profit before tax (\$145m).

Larger accommodation businesses (i.e. those employing at least 50 people) accounted for 5.9% (345 businesses) of all businesses and generated over half of total income (56.9% or \$5,614.7m). This represented \$16.3m per business. These larger businesses accounted for almost half (49%) of total operating profit before tax (\$520.5m).

### STATES AND TERRITORIES

The 1,976 businesses located in New South Wales accounted for almost a third of total income (32.8% or \$3,244.2m) and total employment (31.8% or 30,462 people). The 1,343 businesses in Victoria accounted for 19.2% (\$1,897.5m) of total income and 19.6% (18,810 people) of total employment. Queensland's 1,332 businesses accounted for almost a quarter (23.8% or \$2,348.4m) of total income and total employment (23.4% or 22,481 people).

### HISTORICAL COMPARISONS

The Accommodation 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 2–7 and 21–25 of the Explanatory Notes and in the Technical Note on collection design and estimation.

Taking such limitations into consideration, the 2006–07 survey results indicate that accommodation services recorded growth between the 2003–04 and 2006–07 financial years.

Income grew by an average 6.1% per year between 2003–04 and 2006–07 (from \$8,269.6m to \$9,876.2m), while employment increased by an average 3.1% per year from 87,606 people at the end of June 2004 to 95,931 people at the end of June 2007.

Operating profit before tax grew at an average annual rate of 9.5%, from \$808.5m in 2003–04 to \$1,060.5m in 2006–07.

## MAIN FEATURES *continued*

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### HISTORICAL COMPARISONS *continued*

Industry value added increased from \$4,243.3m in 2003–04 to \$4,774.9m in 2006–07, an average increase of 4% per year.

### PRIVATE CARAVAN PARKS

Data are also presented for privately owned caravan park businesses operating in Australia 2006–07. These businesses included holiday parks, caravan parks and camping grounds.

At the end of June 2007, there were 1,232 private caravan park businesses operating from 1,374 establishments around Australia. These businesses generated a total income of \$977.2m.

During 2006–07, private caravan parks incurred expenses of \$868.3m. Labour costs accounted for 29.1% (\$252.3m) of all expenses and purchases accounted for 7.8% (\$67.7m).

At the end of June 2007, 8,646 people were employed in private caravan parks around Australia. Casual employees accounted for over one-third of employment (38.1% or 3,298 people) while permanent full-time employees accounted for over a quarter (26.1% or 2,254 people).

Females accounted for two-thirds (66.9% or 5,783 people) of private caravan park employment and of these, more than two-fifths (43.9% of female employment) were employed on a casual basis. Males accounted for one-third (33.1% or 2,863 people) of employment and of these, two-fifths (40% of male employment) were employed on a permanent full-time basis.

# 1

## SUMMARY OF OPERATIONS

		2003-04	2006-07	Average annual percentage change 2003-04 to 2006-07
Businesses at end June	no.	r5 851	5 891	0.2
Employment at end June	no.	r87 606	95 931	3.1
<b>Income</b>				
Takings from the provision of accommodation	\$m	r5 453.4	6 519.6	6.1
Takings from meals	\$m	r1 258.7	1 388.1	3.3
Sales of liquor and other beverages	\$m	r543.4	599.7	3.3
Other	\$m	r1 014.2	1 368.8	10.5
<i>Total</i>	\$m	r8 269.6	9 876.2	6.1
<b>Expenses</b>				
Labour costs(a)	\$m	r2 604.4	3 160.7	6.7
Purchases of foodstuffs for use in preparing meals	\$m	r439.9	486.6	3.4
Purchases of liquor and other beverages	\$m	r204.2	217.4	2.1
Other	\$m	r4 216.0	4 979.1	5.7
<i>Total</i>	\$m	r7 464.5	8 843.9	5.8
Operating profit before tax	\$m	r808.5	1 060.5	9.5
Operating profit margin	%	r9.9	11.0	. .
Industry value added	\$m	r4 243.3	4 774.9	4.0
<b>Capital expenditure(b)</b>				
Renovations and refurbishments(c)	\$m	^ r183.2	*224.1	6.9
Other(c)	\$m	r964.2	^ 837.9	-4.6
<i>Total</i>	\$m	r1 147.4	^ 1 062.0	-2.5

^ 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

. . not applicable

r revised

(a) Includes two items for 2006-07 which were excluded from labour costs for 2003-03: salary sacrificed for employee benefits other than superannuation, and employee share based payments and stock options.

(b) Includes capitalised work done by own employees.

(c) Derived as a percentage of total capital expenditure (including work done by own employees).

## 2

## ACCOMMODATION ESTABLISHMENTS (a)

	ESTABLISHMENTS		ROOMS	
	no.	%	no.	%
Licensed hotels	^ 481	7.2	^ 75 653	33.6
Motels	^ 2 345	35.2	^ 66 497	29.5
Serviced apartments	^ 583	8.7	^ 12 080	5.4
Holiday parks, caravan parks and camping grounds	^ 1 374	20.6	..	..
Visitor hostels (including backpacker hostels)	^ 550	8.3	*14 990	6.7
Bed and breakfast establishments	*248	3.7	*2 427	1.1
Resorts	^ 313	4.7	^ 22 987	10.2
Other	^ 775	11.6	*30 707	13.6
<b>Total</b>	<b>6 668</b>	<b>100.0</b>	<b>225 340</b>	<b>100.0</b>

^ 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

.. not applicable

(a) At end June.

## 3

## SOURCES OF INCOME

	Proportion of total income	
	Income \$m	%
Takings from the provision of accommodation(a)	6 519.6	66.0
Takings from meals	1 388.1	14.1
Sales of liquor and other beverages	599.7	6.1
Sales of other goods	222.3	2.3
Rent, leasing and hiring	^ 171.8	1.7
Management fees/charges received	^ 93.6	0.9
Other services	^ 618.6	6.3
Interest	38.8	0.4
Other	223.7	2.3
<b>Total</b>	<b>9 876.2</b>	<b>100.0</b>
Conventions and meetings(b)	^ 895.8	9.1
Takings from the provision of permanent residential accommodation(c)	*90.4	0.9

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

(a) Includes takings from the provision of permanent residential accommodation.

(b) Derived as a percentage of total income.

(c) Derived as a percentage of takings from the provision of accommodation.



## 4

## ITEMS OF EXPENDITURE

	Proportion of total	
	Expenditure	expenditure
	\$m	%
Labour costs		
Wages and salaries	2 699.2	30.5
Employer contributions to superannuation	242.9	2.7
Salary sacrificed earnings, share based payments and stock options	*17.8	0.2
Workers' compensation premiums/costs	82.9	0.9
Fringe benefits tax	15.5	0.2
Payroll tax	102.5	1.2
<i>Total</i>	<i>3 160.7</i>	<i>35.7</i>
Purchases		
Foodstuffs for use in preparing meals	486.6	5.5
Liquor and other beverages	217.4	2.5
Other finished goods for resale	^ 127.2	1.4
Other non-capitalised purchases	240.6	2.7
<i>Total</i>	<i>1 071.8</i>	<i>12.1</i>
Rent, leasing and hiring		
Land, buildings and other structures	733.0	8.3
Motor vehicles	^ 10.1	0.1
Other	^ 88.1	1.0
<i>Total</i>	<i>831.2</i>	<i>9.4</i>
Electricity, gas and water charges	331.4	3.7
Repair and maintenance	326.9	3.7
Advertising, marketing and promotional expenses	252.2	2.9
Management fees/charges paid	^ 244.0	2.8
Laundry and cleaning services	220.8	2.5
Travel agent, frequent flyer and Internet booking commission	123.0	1.4
Payments to other businesses (e.g. employment agencies) for staff	^ 88.3	1.0
Other contract, subcontract and commission expenses	180.7	2.0
Insurance premiums	100.7	1.1
Land tax and land rates	151.9	1.7
Telecommunication services	86.9	1.0
Computer software expensed	24.4	0.3
Interest	^ 396.6	4.5
Bank charges other than interest	68.0	0.8
Depreciation and amortisation	381.8	4.3
Bad and doubtful debts	^ 8.5	0.1
Other	794.0	9.0
<b>Total</b>	<b>8 843.9</b>	<b>100.0</b>

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

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## 5

## CHARACTERISTICS OF EMPLOYMENT

	MALES		FEMALES		PERSONS	
	no.	%	no.	%	no.	%
Working proprietors and partners of unincorporated businesses	^ 1 497	3.9	^ 1 358	2.4	^ 2 855	3.0
Employees						
Salaried directors of incorporated businesses	^ 1 972	5.1	^ 1 564	2.7	^ 3 535	3.7
Other						
Permanent full-time	17 873	46.5	17 642	30.7	35 515	37.0
Permanent part-time	3 453	9.0	8 289	14.4	11 741	12.2
Casual	13 621	35.5	28 664	49.8	42 285	44.1
Total	34 947	91.0	54 594	94.9	89 541	93.3
Total	36 919	96.1	56 158	97.6	93 076	97.0
Employment at end June(a)	38 415	100.0	57 516	100.0	95 931	100.0
Employment at end(b)						
March 2007	na	..	na	..	94 672	..
December 2006	na	..	na	..	92 279	..
September 2006	na	..	na	..	92 286	..
Employed persons holding a Working Holiday visa at end June(a)	na	..	na	..	^ 2 515	2.6

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

na not available

(a) During the last pay period ending June.

.. not applicable

(b) During the last pay period ending the month indicated.

## 6

## MAIN OCCUPATION OF PERSONS EMPLOYED(a)

	Proportion of total persons	
	Persons no.	%
Managers/supervisors	13 918	14.5
Clerical and administrative staff	16 590	17.3
Chefs/cooks	6 861	7.2
Kitchen hands	4 676	4.9
Food and beverage staff	17 019	17.7
Room attendants	26 979	28.1
Maintenance staff	6 138	6.4
Other	3 749	3.9
<b>Total</b>	<b>95 931</b>	<b>100.0</b>

(a) During the last pay period ending June.

## 7

## SUMMARY OF OPERATIONS BY EMPLOYMENT SIZE

		0-4 persons	5-9 persons	10-19 persons	20-49 persons	50-99 persons	100 persons or more	Total
Businesses at end June	no.	2 722	^ 1 586	^ 737	^ 501	*223	122	5 891
	%	46.2	26.9	12.5	8.5	3.8	2.1	100.0
Employment at end June	no.	7 655	^ 10 608	^ 9 539	^ 15 462	^ 14 422	38 245	95 931
	%	8.0	11.1	9.9	16.1	15.0	39.9	100.0
Wages and salaries	\$m	^ 162.0	^ 200.7	^ 221.2	^ 394.0	*460.4	1 261.0	2 699.2
	%	6.0	7.4	8.2	14.6	17.1	46.7	100.0
Total income	\$m	^ 1 044.1	^ 906.4	^ 938.2	^ 1 372.8	^ 1 407.9	4 206.8	9 876.2
	%	10.6	9.2	9.5	13.9	14.3	42.6	100.0
Total expenses	\$m	^ 898.8	^ 762.3	^ 819.9	^ 1 241.7	^ 1 241.6	3 879.6	8 843.9
	%	10.2	8.6	9.3	14.0	14.0	43.9	100.0
Operating profit before tax	\$m	^ 145.0	^ 142.8	*119.3	*133.0	*190.3	330.2	1 060.5
	%	13.7	13.5	11.2	12.5	17.9	31.1	100.0
Operating profit margin	%	^ 14.2	^ 16.0	*12.9	^ 9.8	^ 13.7	8.2	11.0

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## 8

## 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	1 976		30 462	31.8	886.4	32.8	3 244.2	32.8
Victoria	1 343		^ 18 810	19.6	^ 472.6	17.5	^ 1 897.5	19.2
Queensland	^ 1 332		22 481	23.4	684.3	25.4	2 348.4	23.8
South Australia	^ 388		^ 5 500	5.7	^ 122.5	4.5	^ 426.7	4.3
Western Australia	^ 547		^ 10 255	10.7	^ 279.6	10.4	^ 1 023.5	10.4
Tasmania	^ 237		*3 522	3.7	*94.9	3.5	*336.6	3.4
Northern Territory	^ 112		^ 2 951	3.1	101.3	3.8	386.2	3.9
Australian Capital Territory	^ 48		1 950	2.0	57.5	2.1	213.1	2.2
<b>Australia</b>	<b>5 891</b>		<b>95 931</b>	<b>100.0</b>	<b>2 699.2</b>	<b>100.0</b>	<b>9 876.2</b>	<b>100.0</b>

^ 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 for Australia.

## INCOME AND EXPENSES, Private caravan parks

	Proportion of total value	
	Value	
	\$m	%
Income		
Takings from the provision of accommodation(a)	^ 843.3	86.3
Takings from meals(b)	** 35.0	3.6
Sales of liquor and other beverages	** 13.4	1.4
Sales of other goods	* 44.7	4.6
Other	* 40.7	4.2
<i>Total</i>	^ 977.2	100.0
Takings from the provision of permanent residential accommodation(b)	* 73.0	7.5
Expenses		
Labour costs		
Wages and salaries	^ 216.2	24.9
Employer contributions to superannuation	* 26.1	3.0
Salary sacrificed earnings, share based payments and stock options	** 1.0	0.1
Workers' compensation premiums/costs	^ 6.2	0.7
Fringe benefits tax	^ 0.1	—
Payroll tax	* 2.7	0.3
<i>Total</i>	^ 252.3	29.1
Purchases		
Foodstuffs for use in preparing meals	* 17.1	2.0
Liquor and other beverages	** 5.2	0.6
Other finished goods for resale	* 27.2	3.1
Other non-capitalised purchases	^ 18.2	2.1
<i>Total</i>	^ 67.7	7.8
Electricity, gas and water charges	^ 59.1	6.8
Repair and maintenance	* 48.8	5.6
Advertising, marketing and promotional expenses	* 21.4	2.5
Travel agent, frequent flyer and Internet booking commission expenses	** 1.9	0.2
Other contract, subcontract and commission expenses	* 24.3	2.8
Land tax and land rates	* 24.5	2.8
Depreciation and amortisation	* 48.4	5.6
Other	* 319.9	36.8
<i>Total</i>	^ 868.3	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)

(a) Includes takings from the provision of permanent residential accommodation.

(b) Derived as a percentage of takings from the provision of accommodation.

	MALES		FEMALES		PERSONS	
	no.	%	no.	%	no.	%
Working proprietors and partners of unincorporated businesses	*233	8.1	*168	2.9	*401	4.6
Employees						
Salaried directors of incorporated businesses	^ 479	16.7	*686	11.9	^ 1 165	13.5
Other						
Permanent full-time	^ 1 144	40.0	^ 1 110	19.2	^ 2 254	26.1
Permanent part-time	**248	8.7	*1 279	22.1	*1 528	17.7
Casual	*758	26.5	^ 2 540	43.9	^ 3 298	38.1
Total	^ 2 151	75.1	^ 4 929	85.2	^ 7 080	81.9
Total	^ 2 630	91.9	^ 5 615	97.1	^ 8 245	95.4
Employment at end June 2007(a)	^ 2 863	100.0	^ 5 783	100.0	^ 8 646	100.0
Employment at end(b)						
March 2007	na	..	na	..	^ 9 149	..
December 2006	na	..	na	..	^ 8 723	..
September 2006	na	..	na	..	^ 8 235	..
Employed persons holding a Working Holiday visa at end June(a)	na	..	na	..	**110	1.3

^ 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.

(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

## EXPLANATORY NOTES

### INTRODUCTION

**1** This publication presents results from a survey of accommodation businesses for the reference year 2006–07. This is the eighth time the ABS has conducted a survey of accommodation businesses. Previous collections were conducted in respect of the 2003–04, 2000–01, 1997–98, 1995–96, 1991–92, 1986–87 and 1979–80 financial years.

### SCOPE

**2** The scope of the 2006–07 Accommodation Services Survey included all employing and significant non-employing businesses classified, on the ABS Business Register, to CLASS 4400 ACCOMMODATION of the Australian and New Zealand Standard Industrial Classification 2006 edition (ANZSIC06). The scope included Australian businesses that generated income predominantly from the provision of accommodation for visitors, such as hotels, motels, caravan parks, camping grounds, holiday houses and flats, serviced apartments, resorts, ski lodges, student residences (other than boarding schools) and youth hostels.

**3** 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 \$228,000. This turnover threshold was 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 CLASS 4400.

**4** Estimates for non-employing businesses below the turnover threshold are out of scope of the Accommodation Services Survey.

### ANZSIC93 AND ANZSIC06

**5** 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.

**6** The majority of businesses formerly coded to ANZSIC93 CLASS 5710 ACCOMMODATION are now classified to ANZSIC06 CLASS 4400 ACCOMMODATION. The exception is businesses which are mainly engaged in the operation of long term residential caravan parks. All of these units are now classified to ANZSIC06 CLASS 6711 RESIDENTIAL PROPERTY OPERATORS. These units were out of scope of the 2003–04 and 2006–07 surveys.

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

### STATISTICAL UNITS DEFINED ON THE ABS BUSINESS REGISTER

**8** In the Accommodation Services Survey, the statistical unit used to represent businesses, and for which statistics are reported, is the Australian Business Number (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 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.

**9** 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

## EXPLANATORY NOTES *continued*

### STATISTICAL UNITS DEFINED ON THE ABS BUSINESS REGISTER *continued*

Chapter 2 of the *Standard Economic Sector Classifications of Australia (SESCA) 2002* (cat. no.1218.0).

### COVERAGE

**10** The frame used for the Accommodation 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

**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 are also published in *Australian Industry* (cat. no. 8155.0). There are important differences between the ANZSIC93 statistics published in the 2005–06 issue of *Australian Industry* and the ANZSIC06 statistics published in the 2006–07 issue of *Accommodation Services* and users should exercise caution when making comparisons between the two sets of estimates. For more information about scope and changes between ANZSIC93 and ANZSIC06 refer to paragraphs 2–7 above.

**15** Commencing with the 2006–07 issue (to be published in late 2008), *Australian Industry* will present results on an ANZSIC06 basis. *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.

**16** *Accommodation Services* supplements *Australian Industry* statistics with a detailed examination of the structure, performance and activities of accommodation businesses for the reference year of the collection. As such, the Accommodation Services Survey is not designed to monitor change over time.

**17** 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 industry 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 paragraphs 7–8 above). For *Accommodation Services* however, businesses are coded to ANZSIC06 CLASS 4400 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 CLASS 4400.

**18** Other differences in the two sets of estimates relate to further scope variations between the two collections. Non-employing units below the threshold identified above in paragraph 3 are included in the scope of *Australian Industry*, but excluded from the scope of *Accommodation Services*.

**19** Quarterly industry data for accommodation services are also published in *Tourist Accommodation, Australia* (cat. no. 8635.0). *Tourist Accommodation* presents quarterly estimates of takings from accommodation, employment, establishment counts,

## EXPLANATORY NOTES *continued*

### COMPARISON WITH OTHER ABS STATISTICS *continued*

and various statistics about star grading, room capacity, occupancy rates, etc. The principal objective of the series is to show the quarterly movement in the estimates.

**20** Differences also 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 businesses in the following categories, irrespective of their predominant activity:

- licensed hotels and resorts with facilities and five or more rooms
- motels, private hotels and guest houses with facilities and five or more rooms
- serviced apartments with five or more units
- caravan parks with 40 or more powered sites
- holiday flats, units and houses of letting entities with 15 or more rooms or units
- visitor hostels with 25 or more bed spaces.

*Accommodation Services*, on the other hand, reports data for all employing and significant non-employing businesses whose predominant 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 in scope businesses classified to ANZSIC06 CLASS 4400 ACCOMMODATION.

■ *Tourist Accommodation* uses the establishment as the statistical unit reporting data whereas *Accommodation Services* uses the ABN unit and the TAU (for more detail on these, refer to paragraph 7 above).

### HISTORICAL COMPARISONS

**21** While comparisons are made in this publication between the 2006–07 and 2003–04 results of the Accommodation Services Survey, the reader should bear in mind that the survey was not designed to support accurate estimates of change, and should exercise caution when making comparisons, for several reasons, as described below in paragraphs 22–25.

#### *Change in scope*

**22** In the 2003–04 survey, significant non-employing businesses were defined as those with annual turnover of at least \$3.4 million. In the 2006–07 survey, significant non-employing businesses were defined as those with annual turnover of at least \$228,000.

#### *Change in estimation methodology*

**23** 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.

#### *Australian Equivalents to International Financial Reporting Standards*

**24** 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.

**25** 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

**26** 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.

#### *Sampling error*

**27** The estimates are based on information obtained from a randomly selected,



## EXPLANATORY NOTES *continued*

stratified sample of accommodation 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.

**28** 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.

**29** 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

	2006-07
	%
Businesses at end June	4.2
Employment at end June	4.1
Income	
Takings from the provision of accommodation	4.8
Takings from meals	6.3
Sales of liquor and other beverages	6.2
Other	7.9
Total	4.2
Expenses	
Labour costs	4.8
Purchases of foodstuffs for use in preparing meals	5.8
Purchases of liquor and other beverages	6.4
Other	4.1
Total	4.0
Operating profit before tax	9.2
Operating profit margin	6.8
Industry value added	5.4
Capital expenditure	
Renovations and refurbishments	26.6
Other	15.0
Total	12.4

**30** As an example of the above, an estimate of total income for accommodation services during 2006-07 was \$9,876.2m and the RSE was estimated to be 4.2%, giving a SE of approximately \$414.8m. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$9,461.4m to \$10,291m 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 \$9,046.6m to \$10,705.8m.

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

## EXPLANATORY NOTES *continued*

### *Sampling error continued*

smaller states/territories should therefore be viewed with more caution than those for larger states.

**32** 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*

**33** 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

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

### REFERENCE PERIOD

**35** Data contained in the tables in this publication relate to accommodation businesses in Australia during the year ended June 2007. Financial estimates include the activity of any business that ceased or commenced operations during the year. Counts of businesses and establishments include only those that were operating at 30 June 2007. Employment estimates include only those persons working for businesses during the last pay period ending in June 2007, or the last pay period of the month specified.

### ACKNOWLEDGMENT

**36** 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

**37** 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

\$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>
ANZSIC93	<i>Australian and New Zealand Standard Industrial Classification, 1993 Edition</i>
ATO	Australian Taxation Office
IVA	industry value added

**EXPLANATORY NOTES** *continued*

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RSE relative standard error  
SE standard error  
TAU type of activity unit

# TECHNICAL NOTE COLLECTION DESIGN AND ESTIMATION

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## 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 accommodation 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. The threshold was set for the 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 \$228,000 in turnover for ANZSIC Class 4400 ACCOMMODATION.

**4** Estimates in this publication are presented only for the population of businesses above the turnover threshold, using data directly collected by the ABS from businesses mainly engaged in providing accommodation services. During processing of the survey, businesses no longer in operation or found to be incorrectly coded to ANZSIC Class 4400 ACCOMMODATION were detected and the estimates adjusted accordingly. Estimates for the population of businesses below the turnover threshold are not included in this publication.

## ESTIMATION METHODOLOGY

**5** 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.

**6** 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

<b>Advertising, marketing and promotional expenses</b>	Advertising expenses are the costs incurred by a business for advertising a specific good or service offered by the business. Marketing expenses, in general, result from the 'selling' (promotion) of the business (and its goods and services). Promotional expenses are those costs associated with generating good relations of a business and/or its products to the general public, e.g. promotional brochures. Sponsorship expenses are excluded.
<b>Average annual percentage change</b>	<p>A percentage change, <math>p</math>, from 2003–04 to 2006–07 is converted into an average annual change, <math>a</math>, 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 <math>a\%</math> every year for three years, then at the end of the three years it will have grown by a total <math>p\%</math>.</p> <p>Using the formula above, if the percentage change, <math>p</math>, equates to 20% from 2003–04 to 2006–07, <math>p</math> is converted to a value between zero and less than one, i.e. 0.20.</p> $a = (1 + 0.20)^{1/3} - 1 = 0.063 = 6.3\%$
<b>Bad and doubtful debts</b>	This item represents the amount of accounts receivable which is either written off or estimated to be uncollectible during an 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.
<b>Bank charges other than interest</b>	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.
<b>Bed and breakfast establishments</b>	This item refers to establishments which provide accommodation on a room or suite basis. They generally consist of a small number of rooms or suites that are usually located within one or more residential buildings or ancillary or adjunct buildings and provide no meals other than breakfast. The owner or operator generally lives on the premises (though generally in quarters separate or distinct from that of their guests).
<b>Businesses</b>	Counts of businesses reflect the number of statistical units that were operating at the end of June. They exclude businesses which ceased operating during the financial year. For more information on statistical units, refer to paragraphs 7–8 of the Explanatory Notes.
<b>Capital expenditure</b>	This item refers to the total expenditure on acquiring fixed tangible and intangible assets, before deduction of trade-in allowances, and includes expenses (except capitalised interest) incurred during the year in acquiring such assets. Fixed tangible assets include land, dwellings, other buildings and structures, plant, machinery and equipment (including motor vehicles). Intangible assets include patents, licences and goodwill.
<b>Capital expenditure on renovations and refurbishments</b>	This item represents total gross expenditure on renovations and refurbishments of existing accommodation establishments. The total amount reported is before the deduction of trade-in allowances, and including expenses.
<b>Casual employees</b>	This item refers to employees who are not entitled to take paid leave.
<b>Chefs/cooks</b>	This item includes people mainly engaged in planning, organising, preparation and cooking of food in dining and catering establishments. Cooks usually work under instructions from a chef and prepare and cook food.
<b>Clerical and administrative staff</b>	This item includes people mainly engaged in providing support to managers and supervisors. Duties include performing clerical, secretarial, organisational and other administrative functions and greeting clients and guests.
<b>Computer software expensed</b>	Computer software expensed is the cost of computer software that has been fully charged to profit as an expense in the current accounting period.

## GLOSSARY *continued*

<b>Conventions and meetings income</b>	This item represents income from the provision of accommodation and other goods and services to people or groups attending conventions or meetings either on-site or at establishments operated by other businesses.
<b>Depreciation and amortisation</b>	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.
<b>Electricity and gas and water charges</b>	These charges relate to the consumption of electricity, gas and water during the normal operations of the business.
<b>Employees</b>	This item represents all employees on the payroll for the last pay period ending in June. It excludes non-salaried directors of incorporated businesses, subcontractors, persons paid solely by commission without an retainer and working proprietors and partners of unincorporated businesses.
<b>Employer contributions to superannuation</b>	This item includes all employer contributions to superannuation schemes excluding contributions paid in lieu of wages and salaries (as part of a salary package).
<b>Employment at end June</b>	This item represents all working proprietors and partners on the payroll of the business for 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 people such as consultants and contractors, people paid by commission only and volunteers are excluded.
<b>Establishment</b>	An establishment is the smallest type of accounting unit within a Type of Activity Unit, which controls its productive activity. In the accommodation industry it often equates to the actual physical location, although there can be more than one location for a given establishment.
<b>Food and beverage staff</b>	This item includes people mainly engaged as bar attendants, waiting staff, baristas and bar managers.
<b>Fringe benefits tax</b>	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.
<b>Holiday parks, caravan parks and camping grounds</b>	This item refers to establishments 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.
<b>Industry value added (IVA)</b>	<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.</p> <p>The derivation of IVA for market producers is as follows:</p> <ul style="list-style-type: none"><li>sales and service income</li><li><i>plus</i> funding from federal, state and/or local government for operational costs</li><li><i>plus</i> capital work done for own use</li><li><i>plus</i> closing inventories</li><li><i>less</i> opening inventories</li><li><i>less</i> intermediate input expenses</li><li><i>less</i> capitalised purchases</li></ul> <p><i>equals</i> IVA.</p> <p>Wage and salary expenses and most other labour costs are not taken into account in its calculation for market producers nor are most insurance premiums, interest expenses,</p>

## GLOSSARY *continued*

<b>Industry value added (IVA)</b> <i>continued</i>	<p>depreciation or a number of lesser expenses including bad debts, computer software expensed and state gambling taxes.</p> <p>The derivation of IVA for non-market producers is as follows:</p> <p>labour costs</p> <p><i>plus</i> depreciation</p> <p><i>plus</i> land tax</p> <p><i>plus</i> capital work done for own use</p> <p><i>less</i> capitalised purchases</p> <p><i>equals</i> IVA.</p> <p>However, it should be noted that IVA is not a measure of operating profit before tax.</p>
<b>Insurance premiums</b>	<p>This item refers to expenses incurred by a business in respect of different types of insurance policies but excluding workers' compensation and compulsory third party motor vehicle insurance.</p>
<b>Interest expenses</b>	<p>This item refers to outflows of funds related to the cost of borrowing money.</p>
<b>Interest income</b>	<p>Interest income is the income earned through the lending out of funds owned by the business or interest earned on bank deposits.</p>
<b>Kitchen hands</b>	<p>This item includes people mainly engaged in working under direction from chefs and cooks in food preparation or cooking and dish washing. This item also includes kitchen porters who transfer prepared food between the kitchen and accommodation rooms.</p>
<b>Labour costs</b>	<p>This item refers to staff-related costs such as wages and salaries (including monies 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.</p>
<b>Land tax and land rates</b>	<p>Land tax is an annual tax levied on the owner of the land. Land rates are annual charges levied by local government for the provision of local government services.</p>
<b>Laundry and cleaning services</b>	<p>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.</p>
<b>Licensed hotels</b>	<p>This item refers to establishments 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.</p>
<b>Main occupation</b>	<p>Main occupation refers to the activity on which a person working for the business spent the majority of their time during the last pay period ending in June.</p>
<b>Maintenance staff</b>	<p>This item includes people mainly engaged in carrying out repairs on the accommodation building and surrounds. This includes employed painters, handypersons, electricians, carpenters and groundskeepers.</p>
<b>Management fees/charges paid</b>	<p>This item includes fees and charges paid to related and unrelated businesses for management services, but excludes interest expenses, rent, leasing and hiring expenses and franchise fees.</p>
<b>Management fees/charges received</b>	<p>This item includes income from the provision of management services to related or unrelated businesses. It excludes, interest income and rent, leasing and hiring income.</p>

## GLOSSARY *continued*

<b>Managers/supervisors</b>	This item includes people mainly engaged in managing, planning, organising, directing, controlling, coordinating and reviewing the operations of the business. For supervisors it includes supervising and coordinating the workforce.
<b>Motels</b>	This item refers to establishments which provide accommodation on a room/suite basis, where most guest rooms have a bath/shower and toilet and do not have full cooking facilities (i.e. hot plates and oven/microwave). In contrast to licensed hotels, motels cater more for the car traveller and generally offer parking close to the room or suite.
<b>Operating profit before tax</b>	<p>This item is a measure of profit during the reference period, taken before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners.</p> <p>It is derived as:</p> <p>total income</p> <p><i>less</i> total expenses</p> <p><i>plus</i> closing inventories</p> <p><i>less</i> opening inventories</p> <p><i>equals</i> operating profit before tax.</p>
<b>Operating profit margin</b>	This item 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.
<b>Other accommodation</b>	This item includes holiday flats, guest houses and student residences.
<b>Other contract, subcontract and commission expenses</b>	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 a retainer. It excludes contract payments specified elsewhere, such as payments to employment agencies for staff.
<b>Other expenses</b>	This item includes all other operating expenses not listed as a separate expense item (e.g. security, purchases of parts and fuels for motor vehicles, poker/gaming machine taxes and other gambling taxes/levies).
<b>Other income</b>	This item includes dividend income, 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 and net profit(loss) on the sale of other assets.
<b>Other non-capitalised purchases</b>	This item refers to purchases not listed separately such as guest supplies and replacement items.
<b>Other services income</b>	This item includes income from guests for telecommunications, laundry services, catering commissions/concessions, consulting services, leisure services (such as gymnasium and solarium fees), net takings from gaming and coin operated amusement machines and other contract, subcontract and commission income.
<b>Payments to other businesses (e.g. employment agencies) for staff</b>	This item represents payments made to other businesses such as employment agencies for the supply or recruitment of staff.
<b>Payroll tax</b>	Payroll tax is a tax levied by state and territory governments upon the amount of wages and salaries paid by a business. It excludes Pay as You Go withholding tax.
<b>Permanent full-time employees</b>	This item refers to employees who work 35 hours or more per week and are entitled to paid leave and other entitlements.
<b>Permanent part-time employees</b>	This item refers to employees who work less than 35 hours per week and are entitled to paid leave and other entitlements.



## GLOSSARY *continued*

<b>Purchases</b>	Purchases are the costs of non-capitalised goods and services used in the production of the final output of a business. This item includes purchases of liquor and other beverages, foodstuffs for use in preparing meals, other finished goods for resale (such as merchandise) and other non-capitalised purchases (such as guest supplies and replacement items). It excludes contract, subcontract and commission expenses, parts and fuels for motor vehicles and capitalised purchases.
<b>Rent, leasing and hiring expenses</b>	This item represents 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.
<b>Rent, leasing and hiring income</b>	Rent, leasing and hiring income is revenue derived from renting, leasing or hiring assets such as land, buildings, vehicles, machinery or equipment to other businesses or individuals.
<b>Repair and maintenance</b>	This item represents 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 costs associated with the repair and maintenance of on-road motor vehicles and wages and salaries paid to own employees.
<b>Resorts</b>	This item refers to establishments which provide accommodation on a room/suite basis with a bath/shower attached. The facilities are generally better appointed than in a hotel or motel. A hotel is the central feature of a resort. Often resorts are located in relatively remote areas away from local population centres, so that the resort experience is focused on the facilities provided at the resort and the various activities that can be undertaken from the resort like golfing, diving, fishing, day touring, etc.
<b>Room attendants</b>	This item includes people mainly engaged in housekeeping, including the preparation of rooms.
<b>Salaried directors of incorporated businesses</b>	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.
<b>Salary sacrificed earnings, share based payments and stock options</b>	This item 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 accrued during the reference period.
<b>Sales of liquor and other beverages</b>	This item includes income from the provision of beer, wine, spirits, soft drinks, tea, coffee and other beverages served with meals or sold on a takeaway basis.
<b>Sales of other goods</b>	This item refers to income earned from the sales of goods not included elsewhere. Such items may include souvenirs, cigarettes, confectionery, groceries, takeaway meals and food sold in takeaway packs or containers. It also includes sales or transfers to related businesses or to overseas branches of the business, delivery charges not separately invoiced to customers and export sales (free on board).
<b>Serviced apartments</b>	This item refers to establishments which mostly comprise self-contained units at the same location, and which are available on a unit/apartment basis to the general public for a minimum of one night. The units have full cooking facilities (i.e. hot plates and oven/microwave), refrigerator and bath/shower and toilet facilities; all bed linen and towels are provided, and daily servicing (i.e. cleaning and bed making) is available through the on-site management.

## GLOSSARY *continued*

<b>Takings from meals</b>	This item refers to income received from the provision of meals and other foods served for consumption on the premises and income from off-premises catering. It excludes income from catering commissions/concessions, income from the sales of liquor and other beverages served with meals and takings from takeaway meals and food sold in takeaway packs or containers.
<b>Takings from the provision of accommodation</b>	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.
<b>Takings from the provision of permanent residential accommodation</b>	This item refers to income received from the provision of accommodation on a permanent residential basis. It excludes accommodation income which is derived from short term stays.
<b>Telecommunication services expenses</b>	Telecommunication services expenses are all payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission. They include the costs of fixed and mobile phones, facsimiles and leased lines for computers and Internet services.
<b>Travel agent, frequent flyer and Internet booking commission expenses</b>	This item refers to commissions paid to other agents for accommodation bookings, for membership and maintenance of frequent flyer programs, and for Internet bookings.
<b>Visitor hostels (including backpacker hostels)</b>	This item refers to establishments which provide accommodation to visitors on a bed basis (rather than by room). Hostel or backpacker accommodation is typically low cost accommodation normally with communal self-catering facilities and social areas.
<b>Wages and salaries</b>	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.
<b>Workers' compensation premiums/costs</b>	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.
<b>Working Holiday visa</b>	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.
<b>Working proprietors and partners of unincorporated businesses</b>	<p>A working proprietor of an unincorporated business operates his or her own business (a sole proprietorship), and a partner, along with one or more other partners, operates a partnership. Working proprietors and partners are:</p> <ul style="list-style-type: none"><li>■ the owners of their business</li><li>■ legally inseparable from the business entity</li><li>■ liable for any business debts that are incurred.</li></ul> <p>As such, working proprietors and partners are not considered to be employees of their business.</p>



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