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# TRAVEL AGENCY 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 Gabrielle Robbie on Canberra (02) 6252 6133.

## INTRODUCTION

This publication presents results, in respect of the 2003–04 financial year, from an Australian Bureau of Statistics (ABS) collection of businesses whose main activity was the provision of travel agency services. This is the third ABS collection on travel agency services. Previous collections were conducted in respect of the 1986–87 and 1996–97 financial years.

## COMPARISONS WITH PREVIOUS SURVEY RESULTS

Historical comparisons with previous surveys are not made due to a number of changes in scope and collection methods since the conduct of the last collection:

- Travel agencies operating solely in the Northern Territory were in scope of the 1996–97 survey but are outside the scope of the current collection.
- Tourist bureaux were in scope of the 1996–97 survey but are outside the scope of the current collection.
- In 1996–97 data obtained from the Travel Compensation Fund (TCF) were supplemented by a sample survey of travel agencies, but the current collection uses data only from the TCF.

## MORE INFORMATION ON ABS SERVICE INDUSTRIES STATISTICS

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

## COMMENTS

The ABS welcomes comments and suggestions from users regarding future surveys of Service Industries. These comments should be addressed to the Director, Service Industries 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.



## ABBREVIATIONS

- \$m million dollars
- ABN Australian Business Number
- ABS Australian Bureau of Statistics
- ANZSIC Australian and New Zealand Standard Industrial Classification
- GST goods and services tax
- TCF Travel Compensation Fund

Dennis Trewin  
Australian Statistician

## MAIN FEATURES

### INTRODUCTION

This publication presents results, in respect of the 2003–04 financial year, from an Australian Bureau of Statistics (ABS) collection of businesses whose main activity was the provision of travel agency services. This is the third ABS collection on travel agency services. Previous collections were conducted in respect of the 1986–87 and 1996–97 financial years. Businesses such as domestic and international airlines which carry out travel agency activities, but are mainly engaged in other activities (e.g. providing airline transport services) were excluded from this collection.

The collection included travel agency businesses, licensed with the Travel Compensation Fund (TCF) and classified to Class 6641 – TRAVEL AGENCY SERVICES (part), of the Australian and New Zealand Standard Industrial Classification (ANZSIC).

Travel agencies operating solely in the Northern Territory are not required to be licensed with the TCF and were therefore outside the scope of the current collection. Agencies classified to Standard Institutional Sector Classification of Australia 3000 – GENERAL GOVERNMENT were also outside the scope of the current collection. However, government-owned or majority-owned public trading enterprises whose main activity was the provision of travel agency services were within the scope of this collection.

### TYPE OF BUSINESS

At the end of June 2004 there were 2,640 businesses whose main activity was the provision of travel agency services. These businesses are categorised into three broad types: retailers, wholesalers/ticket consolidators, and inbound tour operators. Businesses mainly engaged in the retailing of travel products (2,396) accounted for 90.8% of these businesses, of which 1,987 (82.9%) were mainly retailing travel products for leisure purposes. There were 119 wholesale businesses of travel products and 109 inbound tour operators. The remaining 16 businesses were ticket consolidators. For a description of these activities refer to the Glossary.

### INCOME

Total income generated by travel agencies in 2003–04 was \$2,108.9m, 91.8% (\$1,935.1m) of which was earned directly from the sale of travel products. The major contributor to income from travel products was ticket sales of \$1,822.7m. Commissions from the sale of travel insurance amounted to \$52.7m, while commission income from the sale of travellers cheques was \$3.4m in 2003–04. The major source of non-travel income was interest, dividends and profit on sale of assets of \$87.7m.

Retail travel agency businesses accounted for almost three-quarters (72.8% or \$1,534.9m) of income generated by all travel agencies, followed by wholesalers/ticket consolidators (21.4% or \$450.6m) and inbound tour operators (5.9% or \$123.4m).

The major source of income for retail travel agencies was ticket sales of \$1,334.4m, which represents 93.5% of their travel income of \$1,427.6m and 86.9% of their total income of \$1,534.9m. Wholesalers, who received their income from selling travel products to retailers, earned 87.8% (\$395.8m) of their income from the sale of travel products.

### EXPENDITURE

Total expenses incurred by businesses providing travel agency services in 2003–04 were \$1,775.9m. Labour costs of \$945.1m (53.2% of total expenses) was the largest single expenditure item for businesses, averaging \$43,400 for each employee. Other major expenses were advertising and brochure expenses of \$132m, rent, leasing and hiring expenses of \$129.6m, telecommunications services of \$63.6m, other management

## MAIN FEATURES *continued*

### EXPENDITURE *continued*

services of \$59.1m, depreciation and amortisation of \$49.3m, computer reservation system costs of \$25.3m, and paper, printing and stationery expenses of \$25.1m.

### PROFITABILITY

Businesses providing travel agency services recorded an operating profit before tax of \$333.1m for the 2003–04 financial year, which represented an operating profit margin of 17%. This profit margin varied by type of travel agency. Retail travel agencies had an operating profit margin of 14.1%, whereas wholesalers/ticket consolidators recorded an operating profit margin of 28.7% and inbound tour operators had an operating profit margin of 13.1%.

### EMPLOYMENT

At the end of June 2004, total employment in travel agencies was 22,609 and was predominantly female (16,236). Full-time employment (17,969 persons) represented 79.5% of total employment. Part-time workers represented 16.7% (3,786 persons) of employment, and they worked primarily for retail travel agencies (3,141 persons) and wholesalers (425 persons). Working proprietors and partners comprised 3.8% (854 persons) of all persons employed, and they mainly worked in retail travel agency businesses.

Retail travel agencies had employment of 17,534 persons, representing 77.6% of total employment. Wholesale travel agencies and ticket consolidators had employment of 3,766 persons (16.7% of total employment) and inbound tour operators had employment of 1,309 persons (5.8%).

Wholesale travel agencies and ticket consolidators had the highest proportion of employees working full-time (88% of employment) and also the highest proportion of full-time female employees (86.9%).

### BUSINESS SIZE

At the end of June 2004, 95.4% (2,518) of travel agency businesses employed fewer than 20 persons. These businesses accounted for 45.1% of employment and 32.4% of income for all travel agency businesses. There were 1,776 businesses each employing fewer than five persons. These very small businesses represented 67.3% of all businesses and accounted for 18.9% of total employment and 12.4% of total income, and were mainly retail travel agencies (1,677 businesses). In contrast, large businesses employing 100 or more persons accounted for 0.6% of all businesses and contributed 37.5% to total employment and 48.2% to total income.

The operating profit margin for travel agencies, which was 17% overall, differed considerably by size and type of business. Travel agency businesses employing 100 or more persons recorded the highest operating profit margin of 21.1% for the 2003–04 financial year followed by businesses employing 20–49 persons with an operating profit margin of 20.5%.

The operating profit margin of retail travel agencies with employment of less than five persons (11.8%) was affected by the presence of a large number of working proprietors and partners in this business size grouping. The drawings of these working proprietors and partners were not included in business expenses and thus were not deducted in calculating profit, resulting in an operating profit margin higher than would have been the case if they were an incorporated entity and receiving a wage or salary from the business.

# 1

## LICENSED TRAVEL AGENCIES BY TYPE OF BUSINESS

|                        | <i>Businesses<br/>at end June</i> |
|------------------------|-----------------------------------|
|                        | no.                               |
| .....                  |                                   |
| Retailers              |                                   |
| Corporate              | 306                               |
| Conference             | 70                                |
| Leisure                | 1 987                             |
| General sales agents   | 33                                |
| <i>Total</i>           | 2 396                             |
| Wholesalers            | 119                               |
| Ticket consolidators   | 16                                |
| Inbound tour operators | 109                               |
| <b>Total</b>           | <b>2 640</b>                      |
| .....                  |                                   |

# 2

## SUMMARY OF OPERATIONS

|                             |     | <i>Retailers</i> | <i>Wholesalers/ticket<br/>consolidators</i> | <i>Inbound tour<br/>operators</i> | <i>Total</i> |
|-----------------------------|-----|------------------|---------------------------------------------|-----------------------------------|--------------|
| .....                       |     |                  |                                             |                                   |              |
| Businesses at end June      | no. | 2 396            | 135                                         | 109                               | 2 640        |
| Employment at end June      | no. | 17 534           | 3 766                                       | 1 309                             | 22 609       |
| Income                      |     |                  |                                             |                                   |              |
| Ticket sales                | \$m | 1 334.4          | 379.2                                       | 109.1                             | 1 822.7      |
| Other travel                | \$m | 93.2             | 16.6                                        | 2.6                               | 112.4        |
| Other                       | \$m | 107.3            | 54.8                                        | 11.7                              | 173.9        |
| <i>Total</i>                | \$m | 1 534.9          | 450.6                                       | 123.4                             | 2 108.9      |
| Expenses                    |     |                  |                                             |                                   |              |
| Labour costs                | \$m | 719.8            | 165.9                                       | 59.3                              | 945.1        |
| Rent, leasing and hiring    | \$m | 110.5            | 11.4                                        | 7.7                               | 129.6        |
| Other                       | \$m | 500.0            | 159.4                                       | 41.7                              | 701.2        |
| <i>Total</i>                | \$m | 1 330.3          | 336.8                                       | 108.7                             | 1 775.9      |
| Operating profit before tax | \$m | 204.6            | 113.8                                       | 14.7                              | 333.1        |
| Operating profit margin     | %   | 14.1             | 28.7                                        | 13.1                              | 17.0         |
| Industry value added        | \$m | 912.4            | 238.0                                       | 69.7                              | 1 220.0      |

## SOURCES OF INCOME

|                                                     | RETAILERS      | WHOLESALEERS/<br>TICKET<br>CONSOLIDATORS | INBOUND<br>TOUR<br>OPERATORS | TOTAL          | Proportion<br>of total<br>income |
|-----------------------------------------------------|----------------|------------------------------------------|------------------------------|----------------|----------------------------------|
|                                                     | <i>Income</i>  | <i>Income</i>                            | <i>Income</i>                | <i>Income</i>  |                                  |
|                                                     | \$m            | \$m                                      | \$m                          | \$m            | %                                |
| Travel related income                               |                |                                          |                              |                |                                  |
| Ticket sales                                        | 1 334.4        | 379.2                                    | 109.1                        | 1 822.7        | 86.4                             |
| Travel insurance                                    | 51.6           | np                                       | np                           | 52.7           | 2.5                              |
| Travellers cheques                                  | np             | np                                       | np                           | 3.4            | 0.2                              |
| Airport handling fees                               | np             | np                                       | np                           | 5.6            | 0.3                              |
| Other travel related fees                           | 35.4           | 12.8                                     | 2.5                          | 50.7           | 2.4                              |
| <i>Total</i>                                        | <i>1 427.6</i> | <i>395.8</i>                             | <i>111.7</i>                 | <i>1 935.1</i> | <i>91.8</i>                      |
| Rent, leasing and hiring                            | 8.6            | 0.2                                      | 0.1                          | 8.9            | 0.4                              |
| Gross profit from non-travel income                 | np             | np                                       | np                           | 14.3           | 0.7                              |
| Government funding                                  | np             | np                                       | np                           | 3.1            | 0.1                              |
| Interest, dividends and profit on sale of<br>assets | 42.5           | 40.0                                     | 5.3                          | 87.7           | 4.2                              |
| Other                                               | 40.3           | 14.4                                     | 5.2                          | 59.9           | 2.8                              |
| <b>Total</b>                                        | <b>1 534.9</b> | <b>450.6</b>                             | <b>123.4</b>                 | <b>2 108.9</b> | <b>100.0</b>                     |

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

## 4

## ITEMS OF EXPENDITURE

|                                       | RETAILERS      | WHOLESALEERS/<br>TICKET<br>CONSOLIDATORS | INBOUND<br>TOUR<br>OPERATORS | TOTAL          | Proportion<br>of total<br>expenses |
|---------------------------------------|----------------|------------------------------------------|------------------------------|----------------|------------------------------------|
|                                       | Expense        | Expense                                  | Expense                      | Expense        |                                    |
|                                       | \$m            | \$m                                      | \$m                          | \$m            | %                                  |
| Labour costs                          |                |                                          |                              |                |                                    |
| Wages and superannuation              | 655.8          | 155.4                                    | 51.3                         | 862.5          | 48.6                               |
| Other                                 | 64.0           | 10.6                                     | 8.0                          | 82.5           | 4.6                                |
| Total                                 | 719.8          | 165.9                                    | 59.3                         | 945.1          | 53.2                               |
| Rent, leasing and hiring              | 110.5          | 11.4                                     | 7.7                          | 129.6          | 7.3                                |
| Computer reservations system          | 16.3           | 7.9                                      | 1.0                          | 25.3           | 1.4                                |
| Electricity, gas and water            | 6.6            | 0.8                                      | 0.8                          | 8.2            | 0.5                                |
| Credit card commission expenses       | 17.8           | 3.5                                      | 0.4                          | 21.7           | 1.2                                |
| Other commission expenses             | 23.6           | 7.1                                      | 1.5                          | 32.2           | 1.8                                |
| Advertising and brochure expenses     | 78.5           | 47.3                                     | 6.2                          | 132.0          | 7.4                                |
| Telecommunications services           | 47.9           | 12.6                                     | 3.1                          | 63.6           | 3.6                                |
| Accounting and audit expenses         | 14.3           | 2.4                                      | 1.4                          | 18.1           | 1.0                                |
| Franchise fees and licences           | 13.9           | 0.3                                      | 0.1                          | 14.4           | 0.8                                |
| Other management services             | 42.4           | 11.8                                     | 4.9                          | 59.1           | 3.3                                |
| Motor vehicle running expenses        | 8.2            | 1.8                                      | 1.0                          | 11.0           | 0.6                                |
| Paper, printing and stationery        | 19.8           | 4.1                                      | 1.2                          | 25.1           | 1.4                                |
| Postal, mailing and courier services  | 11.1           | 4.2                                      | 0.5                          | 15.8           | 0.9                                |
| Training provided by other businesses | 8.2            | 0.9                                      | 0.2                          | 9.3            | 0.5                                |
| Other business expenses               | 120.5          | 42.0                                     | 13.3                         | 175.8          | 9.9                                |
| Insurance premiums                    | 8.8            | 2.5                                      | 0.9                          | 12.3           | 0.7                                |
| Interest                              | 20.6           | 0.5                                      | 0.2                          | 21.2           | 1.2                                |
| Depreciation and amortisation         | 36.6           | 8.2                                      | 4.6                          | 49.3           | 2.8                                |
| Bad and doubtful debts                | 4.7            | 1.4                                      | 0.5                          | 6.7            | 0.4                                |
| <b>Total</b>                          | <b>1 330.3</b> | <b>336.8</b>                             | <b>108.7</b>                 | <b>1 775.9</b> | <b>100.0</b>                       |

CHARACTERISTICS OF EMPLOYMENT

|                                                                       | <u>Males</u> |       | <u>Females</u> |       | <u>Persons</u> |       |
|-----------------------------------------------------------------------|--------------|-------|----------------|-------|----------------|-------|
|                                                                       | no.          | %     | no.            | %     | no.            | %     |
| RETAILERS                                                             |              |       |                |       |                |       |
| Working proprietors and working partners of unincorporated businesses | 341          | 7.1   | 477            | 3.7   | 818            | 4.7   |
| Employees                                                             |              |       |                |       |                |       |
| Full-time                                                             | 3 857        | 80.4  | 9 718          | 76.3  | 13 575         | 77.4  |
| Part-time                                                             | 599          | 12.5  | 2 542          | 20.0  | 3 141          | 17.9  |
| Total                                                                 | 4 456        | 92.9  | 12 260         | 96.3  | 16 716         | 95.3  |
| <i>Employment at end June</i>                                         | 4 797        | 100.0 | 12 737         | 100.0 | 17 534         | 100.0 |
| WHOLESALE/TICKET CONSOLIDATORS                                        |              |       |                |       |                |       |
| Working proprietors and working partners of unincorporated businesses | 19           | 1.6   | 8              | 0.3   | 27             | 0.7   |
| Employees                                                             |              |       |                |       |                |       |
| Full-time                                                             | 1 059        | 90.5  | 2 255          | 86.9  | 3 314          | 88.0  |
| Part-time                                                             | 92           | 7.9   | 333            | 12.8  | 425            | 11.3  |
| Total                                                                 | 1 151        | 98.4  | 2 588          | 99.7  | 3 739          | 99.3  |
| <i>Employment at end June</i>                                         | 1 170        | 100.0 | 2 596          | 100.0 | 3 766          | 100.0 |
| INBOUND TOUR OPERATORS                                                |              |       |                |       |                |       |
| Working proprietors and working partners of unincorporated businesses | 3            | 0.7   | 6              | 0.7   | 9              | 0.7   |
| Employees                                                             |              |       |                |       |                |       |
| Full-time                                                             | 359          | 88.4  | 721            | 79.8  | 1 080          | 82.5  |
| Part-time                                                             | 44           | 10.8  | 176            | 19.5  | 220            | 16.8  |
| Total                                                                 | 403          | 99.3  | 897            | 99.3  | 1 300          | 99.3  |
| <i>Employment at end June</i>                                         | 406          | 100.0 | 903            | 100.0 | 1 309          | 100.0 |
| TOTAL                                                                 |              |       |                |       |                |       |
| Working proprietors and working partners of unincorporated businesses | 363          | 5.7   | 491            | 3.0   | 854            | 3.8   |
| Employees                                                             |              |       |                |       |                |       |
| Full-time                                                             | 5 275        | 82.8  | 12 694         | 78.2  | 17 969         | 79.5  |
| Part-time                                                             | 735          | 11.5  | 3 051          | 18.8  | 3 786          | 16.7  |
| Total                                                                 | 6 010        | 94.3  | 15 745         | 97.0  | 21 755         | 96.2  |
| <i>Employment at end June</i>                                         | 6 373        | 100.0 | 16 236         | 100.0 | 22 609         | 100.0 |



## SUMMARY OF OPERATIONS BY EMPLOYMENT SIZE

|                                   |     | 0-4<br>persons | 5-9<br>persons | 10-19<br>persons | 20-49<br>persons | 50-99<br>persons | 100 or<br>more<br>persons | Total   |
|-----------------------------------|-----|----------------|----------------|------------------|------------------|------------------|---------------------------|---------|
| RETAILERS                         |     |                |                |                  |                  |                  |                           |         |
| Businesses at end June            | no. | 1 677          | 498            | 153              | 48               | 11               | 9                         | 2 396   |
|                                   | %   | 70.0           | 20.8           | 6.4              | 2.0              | 0.5              | 0.4                       | 100.0   |
| Employment at end June            | no. | 4 056          | 3 114          | 1 956            | 1 362            | 728              | 6 318                     | 17 534  |
|                                   | %   | 23.1           | 17.8           | 11.2             | 7.8              | 4.2              | 36.0                      | 100.0   |
| Total income                      | \$m | 241.4          | 205.8          | 145.2            | 136.9            | 60.3             | 745.4                     | 1 534.9 |
|                                   | %   | 15.7           | 13.4           | 9.5              | 8.9              | 3.9              | 48.6                      | 100.0   |
| Labour costs                      | \$m | 90.1           | 93.4           | 68.9             | 59.1             | 26.2             | 382.1                     | 719.8   |
|                                   | %   | 12.5           | 13.0           | 9.6              | 8.2              | 3.6              | 53.1                      | 100.0   |
| Operating profit before tax       | \$m | 27.7           | 20.9           | 10.7             | 27.5             | 7.3              | 110.5                     | 204.6   |
|                                   | %   | 13.5           | 10.2           | 5.2              | 13.4             | 3.6              | 54.0                      | 100.0   |
| Operating profit margin           | %   | 11.8           | 10.5           | 7.6              | 21.1             | 13.2             | 16.0                      | 14.1    |
| WHOLESALEERS/TICKET CONSOLIDATORS |     |                |                |                  |                  |                  |                           |         |
| Businesses at end June            | no. | 41             | 23             | 30               | 26               | np               | np                        | 135     |
|                                   | %   | 30.4           | 17.0           | 22.2             | 19.3             | np               | np                        | 100.0   |
| Employment at end June            | no. | 110            | 143            | 388              | 826              | np               | np                        | 3 766   |
|                                   | %   | 2.9            | 3.8            | 10.3             | 21.9             | np               | np                        | 100.0   |
| Total income                      | \$m | 11.9           | 12.6           | 33.0             | 107.6            | np               | np                        | 450.6   |
|                                   | %   | 2.6            | 2.8            | 7.3              | 23.9             | np               | np                        | 100.0   |
| Labour costs                      | \$m | 3.0            | 5.5            | 14.2             | 38.0             | np               | np                        | 165.9   |
|                                   | %   | 1.8            | 3.3            | 8.6              | 22.9             | np               | np                        | 100.0   |
| Operating profit before tax       | \$m | 1.5            | 0.7            | 3.2              | 21.0             | np               | np                        | 113.8   |
|                                   | %   | 1.3            | 0.6            | 2.8              | 18.5             | np               | np                        | 100.0   |
| Operating profit margin           | %   | 13.6           | 5.6            | 10.3             | 21.6             | np               | np                        | 28.7    |
| INBOUND TOUR OPERATORS            |     |                |                |                  |                  |                  |                           |         |
| Businesses at end June            | no. | 58             | 28             | 10               | 8                | np               | np                        | 109     |
|                                   | %   | 53.2           | 25.7           | 9.2              | 7.3              | np               | np                        | 100.0   |
| Employment at end June            | no. | 116            | 189            | 134              | 248              | np               | np                        | 1 309   |
|                                   | %   | 8.9            | 14.4           | 10.2             | 18.9             | np               | np                        | 100.0   |
| Total income                      | \$m | 8.7            | 12.9           | 11.2             | 24.6             | np               | np                        | 123.4   |
|                                   | %   | 7.1            | 10.4           | 9.1              | 19.9             | np               | np                        | 100.0   |
| Labour costs                      | \$m | 2.2            | 5.6            | 4.4              | 12.3             | np               | np                        | 59.3    |
|                                   | %   | 3.7            | 9.4            | 7.4              | 20.8             | np               | np                        | 100.0   |
| Operating profit before tax       | \$m | 0.4            | 0.8            | 2.3              | 2.7              | np               | np                        | 14.7    |
|                                   | %   | 2.7            | 5.4            | 15.6             | 18.6             | np               | np                        | 100.0   |
| Operating profit margin           | %   | 5.6            | 6.3            | 21.7             | 12.1             | np               | np                        | 13.1    |
| TOTAL                             |     |                |                |                  |                  |                  |                           |         |
| Businesses at end June            | no. | 1 776          | 549            | 193              | 82               | 23               | 17                        | 2 640   |
|                                   | %   | 67.3           | 20.8           | 7.3              | 3.1              | 0.9              | 0.6                       | 100.0   |
| Employment at end June            | no. | 4 282          | 3 446          | 2 478            | 2 436            | 1 481            | 8 486                     | 22 609  |
|                                   | %   | 18.9           | 15.2           | 11.0             | 10.8             | 6.6              | 37.5                      | 100.0   |
| Total income                      | \$m | 262.0          | 231.2          | 189.4            | 269.1            | 140.3            | 1 016.9                   | 2 108.9 |
|                                   | %   | 12.4           | 11.0           | 9.0              | 12.8             | 6.7              | 48.2                      | 100.0   |
| Labour costs                      | \$m | 95.3           | 104.5          | 87.6             | 109.4            | 61.4             | 486.9                     | 945.1   |
|                                   | %   | 10.1           | 11.1           | 9.3              | 11.6             | 6.5              | 51.5                      | 100.0   |
| Operating profit before tax       | \$m | 29.7           | 22.3           | 16.1             | 51.2             | 18.4             | 195.4                     | 333.1   |
|                                   | %   | 8.9            | 6.7            | 4.8              | 15.4             | 5.5              | 58.7                      | 100.0   |
| Operating profit margin           | %   | 11.7           | 10.0           | 8.9              | 20.5             | 14.4             | 21.1                      | 17.0    |

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

## INTRODUCTION

**1** This publication presents a range of statistics, in respect of the 2003–04 financial year, from an Australian Bureau of Statistics (ABS) collection of businesses whose main activity was the provision of travel agency services. This is the third ABS collection on travel agency services. Previous collections were conducted in respect of the 1986–87 and 1996–97 financial years.

## SCOPE

**2** Data in this publication are based on a census of travel agency businesses licensed with the Travel Compensation Fund (TCF) and classified to Class 6641 – TRAVEL AGENCY SERVICES (part), of the Australian and New Zealand Standard Industrial Classification (ANZSIC). This class comprises businesses mainly engaged in the provision of travel agency services such as transport, accommodation booking and tour wholesaling or retailing. Although tourist bureau services are included in ANZSIC Class 6641, tourist bureaux were excluded from the scope of the current collection. While the major activities of tourist bureaux are the provision of travel information and accommodation bookings, their main income source is non-travel activities such as the sale of souvenir products.

**3** Several other types of business or agency were also excluded from the scope of this collection and these are listed below:

- businesses such as domestic and international airlines, which carry out travel agency activities but are mainly engaged in other activities (e.g. providing airline transport services)
- travel agencies operating solely in the Northern Territory, which are not required to be licensed with the TCF
- agencies classified to Standard Institutional Sector Classification of Australia 3000 – GENERAL GOVERNMENT. However, government-owned or majority-owned public trading enterprises were within the scope of this collection.

**4** A very small number of businesses ceased operations during the 2003–04 reference period. While it is normal ABS procedure to include the contributions of these businesses in the collection output, because of the particular nature of this data collection it was not possible to include these units.

## COVERAGE

**5** The frame used for the Travel Agency Services Collection was taken from the TCF list of licensed travel agencies. The TCF is a regulatory body requiring all travel agencies (except those operated by government or located in the Northern Territory) to furnish a range of data and certified information about their operations. The list is updated annually to include new licensees.

## METHODOLOGY

**6** The collection was conducted by fully enumerating all licensed travel agencies, classified to ANZSIC Class 6641 and covered by the regulations of the TCF.

**7** Data were collected by the TCF as part of the annual financial review of licensed travel agencies to ensure their continued eligibility to provide travel agency services. The ABS and the TCF undertook a collaborative effort in the collection of these data in recognition of the degree of overlap in their respective data requirements. This resulted in a significant reduction in the potential provider load on travel agencies, a reduction in data collection costs for both ABS and the TCF, and the production of consistent, high quality data about businesses providing travel agency services.

## STATISTICAL UNIT

**8** As a result of the The New Tax System introduced in July 2000, most businesses and organisations in Australia need to have an Australian Business Number (ABN) and are then included on the Australian Business Register. The TCF list of licensed travel agencies included ABNs, so the statistical unit used to represent travel agency businesses was the ABN unit.

## EXPLANATORY NOTES *continued*

- HISTORICAL COMPARISONS **9** Historical comparisons with previous surveys are not made due to a number of changes in scope and collection methods since the conduct of the last collection:
- Travel agencies operating solely in the Northern Territory were in scope of the 1996–97 survey but are outside the scope of the current collection.
  - Tourist bureaux were in scope of the 1996–97 survey but are outside the scope of the current collection.
  - In 1996–97 data obtained from the TCF were supplemented by a sample survey of travel agencies, but the current collection uses data only from the TCF.
- STATE AND TERRITORY DATA **10** No state or territory specific data were collected.
- RELIABILITY OF ESTIMATES **11** The estimates presented in this publication are subject to non-sampling error. Since the estimates in this publication include information obtained from all units in the collection population, the estimates are not subject to sampling variability.
- Non-sampling error* **12** Errors other than those due to sampling may occur in any type of collection and are referred to as non-sampling error. For this collection, non-sampling error may have resulted from such things as deficiencies in the register of businesses, non-response, imperfections in reporting and/or errors made in compiling results. The extent to which non-sampling error affects the results of the collection is not precisely quantifiable. Every effort was made to minimise non-sampling error by careful design and testing of questionnaires, efficient operating procedures and systems and the use of appropriate methodology.
- ROUNDING **13** 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 **14** Data contained in this publication relate to businesses which operated in Australia at 30 June 2004. Financial estimates relate to the financial year 2003–04 but are reported only for those businesses operating at 30 June 2004. Counts of businesses include only those that were operating at 30 June 2004. Employment counts include only those persons working for licensed travel agency businesses during the last pay period ending in June 2004.
- ACKNOWLEDGEMENT **15** 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 **16** Inquiries about these statistics and more detailed statistics than those presented in this publication should be made by telephoning the contact shown on the front page.

## GLOSSARY

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Advertising and brochure expenses</b>    | Advertising expenses include all costs incurred by the business for promotional and publicity campaigns aimed at bringing the activities of the business to the attention of consumers for the purpose of increasing sales.                                                                                                                                                                               |
| <b>Airport handling fees</b>                | This item refers to fees received for airport handling activities on behalf on an airline. This generally occurs only in very small airports.                                                                                                                                                                                                                                                             |
| <b>Bad and doubtful debts</b>               | Bad and doubtful debts are the amount of accounts receivable that are either written off, or estimated to be uncollectible during an accounting period, that are expensed in a period's profit calculations.                                                                                                                                                                                              |
| <b>Businesses at end June</b>               | This is a count of Australian Business Number (ABN) units included on the Travel Compensation Fund (TCF) list which were operating at the end of June 2004.                                                                                                                                                                                                                                               |
| <b>Credit card commission expenses</b>      | This item includes charges to the business for credit card transactions.                                                                                                                                                                                                                                                                                                                                  |
| <b>Computer reservation system expenses</b> | These are charges incurred by travel agencies for the use of computer systems and the lease of equipment used for booking and reserving travel.                                                                                                                                                                                                                                                           |
| <b>Conference retailers</b>                 | Conference retailers are retail travel agencies which sell travel services mainly to conference clients such as meeting planners and event managers.                                                                                                                                                                                                                                                      |
| <b>Corporate retailers</b>                  | This item refers to retail travel agencies which sell travel services on credit to corporate or business clients.                                                                                                                                                                                                                                                                                         |
| <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 an 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, gas and water charges</b>   | These charges relate to the consumption of electricity, gas and water during the normal operation of the business. They exclude costs of self-generation of electricity and any installation charges.                                                                                                                                                                                                     |
| <b>Employees</b>                            | This includes working directors, and other employees working for a business during the last pay period ending in June 2004. Employees absent on paid or prepaid leave are included. Working proprietors and working partners of unincorporated businesses are excluded.                                                                                                                                   |
| <b>Employment at end June</b>               | This item represents all working proprietors and partners and employees on the payroll of the business during the last pay period in June 2004. Permanent, temporary and casual employees and employees absent on paid or prepaid leave are included. Non-salaried directors, self-employed persons such as consultants and contractors, persons paid by commission only and unpaid workers are excluded. |
| <b>Franchise fees and licenses</b>          | These are fees paid to allow the business to operate under a particular franchise agreement.                                                                                                                                                                                                                                                                                                              |
| <b>Full-time employees</b>                  | This item refers to persons on the payroll of the business during the last pay period ending in June 2004 who normally work 35 or more hours per week.                                                                                                                                                                                                                                                    |
| <b>General sales agents</b>                 | General sales agents directly represent travel principals, such as airlines.                                                                                                                                                                                                                                                                                                                              |
| <b>Government funding</b>                   | This item consists of payments for operational and capital funding purposes, received from federal, state and local government.                                                                                                                                                                                                                                                                           |
| <b>Gross profit from non-travel income</b>  | This item refers to gross profit earned from any other business activity, such as news agency or real estate agency activity, carried out by the same business entity.                                                                                                                                                                                                                                    |
| <b>Inbound tour operators</b>               | Inbound tour operators are businesses which link offshore buyers with the supply of transport, accommodation and tourism packages in Australia.                                                                                                                                                                                                                                                           |

## GLOSSARY *continued*

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|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Income from ticket sales</b>                         | This item is akin to commission income reported in the 1996–97 issue of <i>Travel Agency Services Industry</i> (cat. no. 8653.0). Since the introduction of the goods and service tax (GST) in July 2000 the method of operation of travel agency businesses has changed to facilitate the computation and payment of the GST component. Prior to July 2000 travel agency businesses, both wholesale and retail, acted as agents of service providers and sold travel packages and tickets on behalf of those service providers. Since July 2000, wholesale operators purchase travel services from providers and sell them to retailers with a mark-up on their purchase price. Retailers, in turn, add a mark-up on their purchase price and sell them to their customers. Income from ticket sales represents this mark-up component excluding GST. This also includes income received from the sale of businesses' own travel products. |
| <b>Industry value added</b>                             | Industry value added is an estimate of the difference between the market value of the output of an industry, and the purchases of materials and expenses incurred in the production of that output. For market producers, it has been derived by determining the income associated with the production (in this case, sales of goods and services and operational funding from government), and subtracting the direct costs of producing these outputs (administrative expenses and selected expenses related to the sale of goods and services, exclusive of indirect taxes such as payroll tax and fringe benefits tax).                                                                                                                                                                                                                                                                                                                 |
| <b>Insurance premiums</b>                               | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Interest expenses</b>                                | These are outflows of funds related to the cost of borrowing money.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Interest, dividends and profit on sale of assets</b> | This is income earned through the lending out of funds owned by the entity, including interest received from bank accounts, loans and finance leases and earnings on discounted bills.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Labour costs</b>                                     | Labour costs are staff related costs such as wages and salaries (including moneys paid directly to freelancers via the payroll), fringe benefits tax and payroll tax, employer contributions to superannuation funds, workers' compensation premiums, and provision expenses for employee entitlements. The cost of employee uniforms was also included.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Leisure retailers</b>                                | Leisure retailers are retail travel agencies whose primary customers are holiday/leisure travellers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Motor vehicle running expenses</b>                   | This item refers to the costs incurred using 'on-road' vehicles owned by the business for business purposes. It excludes optional third-party and comprehensive motor vehicle insurance premiums which are reported under insurance premiums.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Operating profit before tax</b>                      | 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, drawings). It is derived by subtracting total expenses from total income.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Operating profit margin</b>                          | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Other business expenses</b>                          | This item includes expenses not separately identified such as travel, accommodation and conference expenses for employees, repair and maintenance expenses, consultancy fees and payments to overseas offices.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Other commission expenses</b>                        | This includes payments to other businesses and self-employed persons for work done or sales made on a commission basis and payments to persons paid by commission without a retainer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## GLOSSARY *continued*

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|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Other labour costs</b>                | Other labour costs are staff related costs such as fringe benefits tax and payroll tax, workers compensation insurance premiums/levies, non-payroll costs (e.g. medical costs) not reimbursed, uniforms and reimbursements or allowances for travel and accommodation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Other management services</b>         | This item refers to payments made to other businesses for provision of management services such as human resource management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Other travel related fees</b>         | This item includes income derived from providing travel related services such as arranging the issue of passports and visas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Other travel income</b>               | This item includes income derived from the provision of travel insurance, travellers cheques, airport handling and other travel related services such as arranging the issue of passports and visas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Part-time employees</b>               | This item refers to persons on the payroll of the business during the last pay period ending in June 2004 who normally work less than 35 hours per week.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Rent, leasing and hiring expenses</b> | Rent, leasing and hiring expenses are the costs for the rent, leasing (excluding finance leases) and hiring of vehicles, land, buildings, 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 the renting, leasing or hiring of assets such as land, buildings, vehicles, machinery or equipment to other businesses or individuals.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Retailers</b>                         | Retailers are businesses which sell travel products directly to the end user such as leisure, corporate or business clients.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Telecommunication services</b>        | This item refers to all payments (of a non-capital nature) for telecommunication services which engage wire, radio or cable transmission. It includes the cost of leased lines for computer and Internet services, but excludes installation costs and the cost of leasing telecommunication equipment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Ticket consolidators</b>              | These are businesses which sell airline tickets to retail travel agencies at a mark-up.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Tourist bureaux</b>                   | These are businesses which provide tourist information services including the sale of travel products.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Travel Compensation Fund</b>          | The Travel Compensation Fund is a regulatory body requiring all travel agencies (except those operated by government or located in the Northern Territory) to furnish a range of data and certified information about their operations with the primary aim of ensuring the financial viability of licensed travel agencies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Wages and superannuation</b>          | This item refers to gross wages and salaries (including capitalised wages and salaries) of all employees of the business. It includes severance, termination and redundancy payments, salaries and fees of directors and executives, retainers and commissions of persons who received a retainer, bonuses and payments made under incentive or profit sharing schemes, amounts paid through payroll to employees on workers compensation, employer contribution to superannuation funds and annual and other types of leave. Provision expenses for employee entitlements are also included (e.g. provision for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments). Payments to self-employed persons such as consultants, contractors and persons paid solely by commission without a retainer, are excluded. Also excluded are reimbursements or allowances to employees for travel and entertainment, fringe benefits and payroll tax, and drawings and other payments to or on behalf of proprietors of unincorporated businesses. |
| <b>Wholesalers</b>                       | This item refers to wholesale travel agencies which sell to travel retailers. Such sales involve publishing and distributing tour brochures and arranging travel packages which include travel arrangements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

**GLOSSARY** *continued*

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**Working proprietors and  
working partners of  
unincorporated businesses**

A working proprietor operates his or her own business (a sole proprietorship), while a partner, along with one or more other partners, operates a partnership. Working proprietors and working partners are the owners of their business and as such, they are not considered to be employees of that business.

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