

CAFES AND RESTAURANTS AUSTRALIA

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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 William Milne on Melbourne (03) 9615 7862.

NOTES

INTRODUCTION	This publication presents results from an Australian Bureau of Statistics (ABS) survey of businesses engaged in cafe and restaurant services. The survey was conducted in respect of the 2003–04 financial year. This is the fifth ABS survey of cafe and restaurant services. Previous collections were conducted in respect of the 1998–99, 1991–92, 1986–87 and 1979–80 financial years.
COMPARISONS WITH PREVIOUS SURVEY RESULTS	While comparisons are made between 2003–04 survey results and 1998–99 survey results, the Cafes and Restaurants Survey has not been designed to provide highly accurate estimates of change, so any comparisons made to the previous survey should be used with caution. For further information, see paragraph 21 of the Explanatory Notes.
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 >. To access the theme page, select 'Themes' from the menu on the home page.
COMMENTS	The ABS welcomes comments and suggestions from users regarding future surveys of Service Industries. These comments should be addressed to the Director, Service Industries Business Statistics Centre, Australian Bureau of Statistics, GPO Box 2796Y, Melbourne, Vic. 3001.
ROUNDING	Where figures have been rounded, discrepancies may occur between the sum of component items and the total.
ABBREVIATIONS	'000 thousand \$m million dollars ABN Australian Business Number ABS Australian Bureau of Statistics ANZSIC Australian and New Zealand Standard Industrial Classification ATO Australian Taxation Office BYO bring your own (alcohol) GDP gross domestic product GST goods and services tax OPBT operating profit before tax RSE relative standard error SE standard error TAU type of activity unit

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MAIN FEATURES

INTRODUCTION

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

The survey scope included employing and significant non-employed businesses in Australia that generated income predominantly from the provision of meals for consumption on premises. This included the operation of cafe, restaurant and catering services businesses and contracted chefs/cooks. Businesses mainly engaged in takeaway food retailing were excluded from this survey.

For ease of reading, reference to all businesses within scope of the survey are referred to collectively as cafe and restaurant services. Businesses involved in the operation of cafes and restaurants are referred to as cafe and restaurant businesses, and businesses involved in catering or contract chefs/cooks are referred to as catering businesses.

SUMMARY OF FINDINGS

At the end of June 2004 there were a total of 15,083 businesses operating in cafe and restaurant services in Australia. This comprised 13,286 cafe and restaurant businesses and 1,796 catering businesses. Combined, these businesses had employment of 188,102 persons.

During 2003–04, income generated by businesses in cafe and restaurant services was \$10,129.6m, which represented an average of \$671,600 per business. Total expenses incurred for this same period were \$9,733.2m.

The total industry value added by these businesses was \$4,158.2m, which is the equivalent of 0.5% of Australia's gross domestic product (GDP) for 2003–04.

During 2003–04, the operating profit before tax for these businesses was \$404.4m, resulting in an operating profit margin of 4%.

BUSINESS CHARACTERISTICS

At the end of June 2004, there were 15,083 businesses in cafe and restaurant services. These businesses had 15,567 locations around Australia. Three quarters (75.1%) of these locations were based in metropolitan areas.

At the end of June 2004 there were 1.1 million seats available for dining in cafe and restaurant businesses.

More than a third (34.1% or 5,151) of all cafe and restaurant services businesses were licensed cafes and restaurants. Unlicensed cafe and restaurant services businesses accounted for 21% (3,167) of the total. There were similar proportions of businesses operating combined licensed and BYO cafes and restaurants, and BYO only cafes and restaurants (16.5% or 2,493 and 16.4% or 2,476 respectively). Catering businesses accounted for 11.9% (1,796) of all businesses.

At the end of June 2004, 51.8% (7,820) of businesses in cafe and restaurant services had access to the Internet, while 20.7% (3,126) had a web presence.

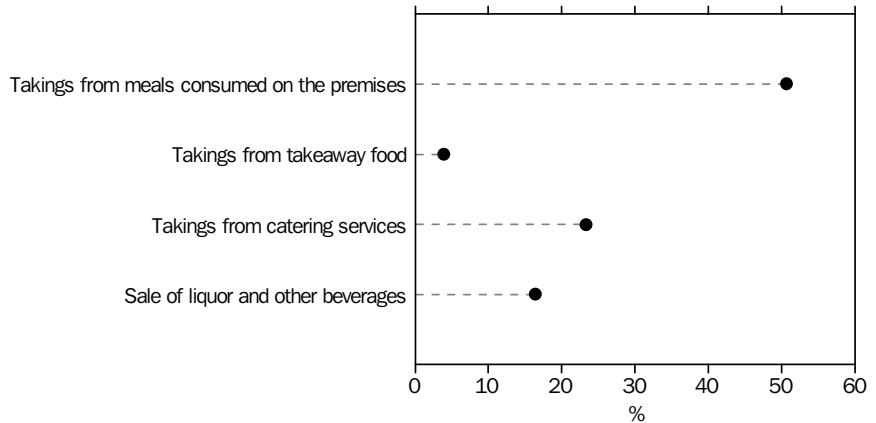
MAIN FEATURES *continued*

SOURCES OF INCOME

During 2003–04 businesses predominantly involved in the provision of cafe and restaurant services generated a total of \$10,129.6m in income. Cafe and restaurant businesses accounted for 69.9% (\$7,085.1m) of this income and catering businesses 30.1% (\$3,044.6m).

The graph below shows that the main source of income for cafe and restaurant services was takings from meals consumed on the premises, comprising just over half (50.7% or \$5,131.4m) of total income. Takings from catering services accounted for just under a quarter (23.3% or \$2,356.4m) of all income, while sale of liquor and other beverages accounted for 16.4% (\$1,666.2m).

SELECTED SOURCES OF INCOME (a)



(a) As a percentage of total income.

The majority (71.7% or \$5,079.4m) of income for cafe and restaurant businesses came from takings from meals consumed on the premises and the sale of liquor and other beverages (20.7% or \$1,463.7m). Takings from catering services (75.3% or \$2,292m) and other services, such as contracting and subcontracting (13.8% or \$421.3m) accounted for the majority of income for catering businesses.

EMPLOYMENT

At the end of June 2004, there were 188,102 persons working in cafe and restaurant services. Cafe and restaurant businesses accounted for 76.1% (143,171 persons) of total employment and catering businesses 23.9% (44,932 persons).

Cafe and restaurant services were dominated by a large casual work force, accounting for just over half (53.4% or 100,460 persons) of all employment. Permanent full-time employees accounted for just over a quarter (25.4% or 47,740 persons) of all employment, while permanent part-time employees accounted for 13.7% (25,824 persons).

Females comprised just over half (53.7% or 100,926 persons) of all employment. Most females (61.6% of total female employment) worked as casuals. Males also occupied more casual positions (43.9% of total male employment), however, they also were more likely to occupy full-time positions (34.3%) than females (17.7%).

There were 14,079 (7.5%) working proprietors and partners of unincorporated businesses at the end of June 2004.

MAIN FEATURES *continued*

EMPLOYMENT *continued*

At the end of June 2004, staff were more likely to be employed as waiters/waitresses (76,030 persons or 40.4%). Combined, qualified and other chefs/cooks accounted for 21.8% (41,053) of all persons employed, while kitchen hands comprised 17.6% (33,144 persons) of total employment.

EXPENDITURE

Cafe and restaurant services incurred \$9,733.2m in expenses during 2003–04. Overall, purchases was the highest single expense item accounting for 39% (\$3,800.6m) of the total, followed by labour costs (35.7% or \$3,479.1m) and rent, leasing and hiring (8.8% or \$853.7m). However, the significance of different expenses varied by type of business. For catering businesses, labour costs (42.6%) were the most significant expense, whereas the most significant expense for cafe and restaurant businesses was purchases (40%). For cafe and restaurant businesses rent, leasing and hiring of land, buildings and other structures was a significant item (10.4%), whereas it was less significant (2.6%) for catering businesses.

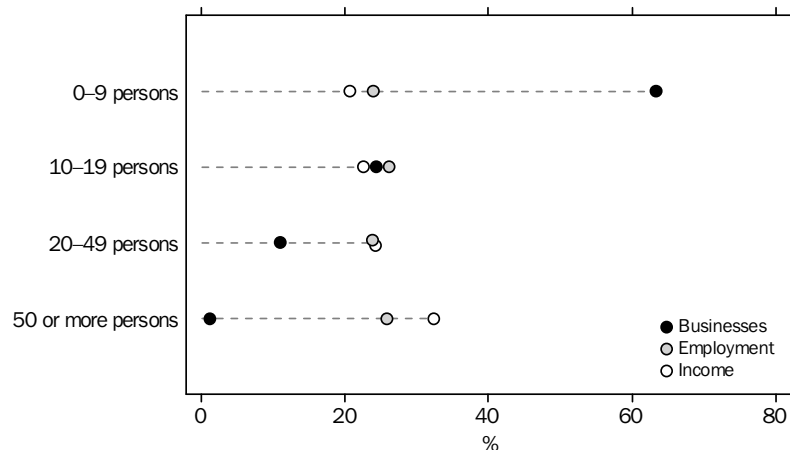
The average labour costs per employee for all cafe and restaurant services was \$20,000. Catering businesses had higher labour costs per employee (\$28,200) than cafe and restaurant businesses (\$17,300).

SIZE OF BUSINESSES

The graph below shows that the majority (63.4%) of businesses in cafe and restaurant services employed less than 10 persons. These businesses accounted for 20.6% (\$2,094.1m) of total income which represented \$219,200 per business. The total operating profit before tax of these businesses was \$42.7m.

Larger businesses (those employing 50 persons or more) on the other hand accounted for only 1.2% of all businesses, but generated just under a third of all income (32.4% or \$3,284.6m). This represented \$18.2m per business. The operating profit before tax of these businesses was \$174m.

KEY CHARACTERISTICS BY BUSINESS SIZE



STATES AND TERRITORIES

The graph overleaf shows that New South Wales accounted for the highest share of key business activity – business counts, income and employment – followed by Victoria and Queensland. New South Wales accounted for 38.3% (5,770) of all cafe and restaurant services businesses which exceeded its population share (33.5%), whereas

MAIN FEATURES *continued*

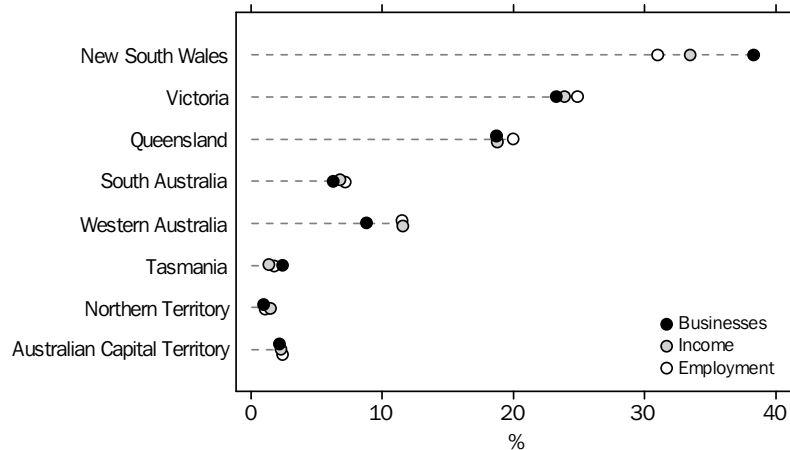
STATES AND TERRITORIES *continued*

Victoria (23.3%) and Queensland (18.7%) were more in line with their population shares (24.7% and 19.3% respectively).

New South Wales accounted for just over a third of all income (33.5%), while Victoria accounted for 23.9% and Queensland 18.8%. The Northern Territory and Tasmania accounted for similar proportions of income (1.5% and 1.4% respectively).

Employment in New South Wales comprised just under a third of all employment (31%), while Victoria had just under a quarter (24.9%). Queensland had 20% of all employment.

KEY CHARACTERISTICS BY STATE AND TERRITORY



HISTORICAL COMPARISONS

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

Taking into consideration these limitations, the 2003–04 survey results indicate that cafe and restaurant services businesses experienced growth between 1998–99 and 2003–04 financial years.

Income grew by 7.1% per annum since 1998–99 (from \$7,174.3m to \$10,129.6m), while expenditure grew at the slightly higher rate of 7.4% per annum (from \$6,805.2m to \$9,733.2m) for this same period.

Sale of liquor and other beverages grew at a higher rate (8.3% per annum) than takings from meals consumed on the premises (5.4% per annum). Takings from catering services increased by 13.3% per annum, however, part of this apparent growth was likely to be attributable to improved coverage of the 2003–04 survey.

Employment increased by 4.3% per annum, from 152,107 persons at the end of June 1999 to 188,102 persons at the end of June 2004.

Labour costs had the highest growth rate of all selected expenses, rising by 10.5% per annum.

MAIN FEATURES *continued*

HISTORICAL COMPARISONS *continued*

The operating profit before tax grew at an average annual rate of 3.9% per annum (from \$334.2m in 1998–99 to \$404.4m in 2003–04), however, the operating profit margin decreased from 4.8% to 4%.

The available seating in cafe and restaurant businesses increased by 0.4% per annum.

SUMMARY OF OPERATIONS BY BUSINESS TYPE

		<i>Cafes and restaurants</i>	<i>Catering and other</i>	<i>Total</i>
Businesses at end June	no.	13 286	^ 1 796	15 083
Employment at end June	no.	143 171	44 932	188 102
Income				
Takings from meals consumed on the premises	\$m	5 079.4	^ 52.1	5 131.4
Takings from takeaway food	\$m	^ 362.6	^ 31.0	393.6
Takings from catering services	\$m	^ 64.4	2 292.0	2 356.4
Sale of liquor and other beverages	\$m	1 463.7	202.5	1 666.2
Government funding	\$m	*8.0	**1.0	*9.0
Other	\$m	^ 107.0	466.0	573.0
<i>Total</i>	\$m	7 085.1	3 044.6	10 129.6
Expenses				
Labour costs	\$m	2 249.8	1 229.3	3 479.1
Purchases	\$m	2 740.6	1 060.1	3 800.6
Rent, leasing and hiring	\$m	751.1	^ 102.6	853.7
Other	\$m	1 103.7	496.2	1 599.8
<i>Total</i>	\$m	6 845.1	2 888.1	9 733.2
Operating profit before tax	\$m	^ 240.2	164.2	^ 404.4
Operating profit margin	%	^ 3.4	5.4	^ 4.0
Industry value added	\$m	2 737.0	1 421.2	4 158.2
Businesses with access to the Internet at end June	no.	6 585	^ 1 235	7 820
Businesses with a web presence at end June	no.	2 575	^ 551	3 126
Available seating	'000	1 080	..	1 080

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

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

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

.. not applicable

HISTORICAL COMPARISON

		1998-99(a)	2003-04	Average annual percentage change 1998-99 to 2003-04
.....				
Businesses at end June				
Cafes and restaurants	no.	11 527	13 286	2.9
Catering and other	no.	1 318	^ 1 796	6.4
<i>Total</i>	no.	12 845	15 083	3.3
Employment at end June	no.	152 107	188 102	4.3
Income				
Takings from meals consumed on the premises	\$m	3 947.7	5 131.4	5.4
Takings from takeaway food	\$m	444.6	393.6	-2.4
Takings from catering services	\$m	1 264.7	2 356.4	13.3
Sale of liquor and other beverages	\$m	1 117.2	1 666.2	8.3
Government funding	\$m	3.1	*9.0	23.7
Other	\$m	397.0	573.0	7.6
<i>Total</i>	\$m	7 174.3	10 129.6	7.1
Expenses				
Labour costs	\$m	2 109.4	3 479.1	10.5
Purchases	\$m	2 917.2	3 800.6	5.4
Rent, leasing and hiring	\$m	578.4	853.7	8.1
Other	\$m	1 200.2	1 599.8	5.9
<i>Total</i>	\$m	6 805.2	9 733.2	7.4
Operating profit before tax	\$m	334.2	^ 404.4	3.9
Operating profit margin	%	4.8	^ 4.0	. .
Industry value added	\$m	na	4 158.2	na
Businesses with access to the Internet at end June	no.	na	7 820	na
Businesses with a web presence at end June	no.	na	3 126	na
Operating profit before tax per seat (b)	\$	251.4	^ 222.5	-2.4
Available seating(b)	'000	1 057	1 080	0.4

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

. . not applicable

na not available

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

(b) Excludes catering businesses.

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CAFE AND RESTAURANT BUSINESSES AND LOCATIONS

LOCATIONS AT END JUNE

	<i>Businesses at end June</i>		<i>Capital city</i>	<i>Other</i>	<i>Total</i>
	no.	%	no.	no.	no.
Licensed cafes and restaurants	5 151	34.1	3 835	^ 1 460	5 295
Licensed and BYO cafes and restaurants	2 493	16.5	^ 2 308	*400	^ 2 708
BYO cafes and restaurants	2 476	16.4	^ 1 652	^ 742	^ 2 393
Unlicensed cafes and restaurants	3 167	21.0	^ 2 430	^ 935	3 365
<i>Total cafes and restaurants</i>	<i>13 286</i>	<i>88.1</i>	<i>10 225</i>	<i>3 536</i>	<i>13 761</i>
Catering and other	^ 1 796	11.9	^ 1 466	*339	^ 1 805
Total	15 083	100.0	11 691	3 875	15 567

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SOURCES OF INCOME BY BUSINESS TYPE

	<i>CAFES AND RESTAURANTS</i>		<i>CATERING AND OTHER</i>		<i>TOTAL</i>	
	<i>Income</i>	<i>Proportion of total income</i>	<i>Income</i>	<i>Proportion of total income</i>	<i>Income</i>	<i>Proportion of total income</i>
	\$m	%	\$m	%	\$m	%
Takings from meals consumed on the premises	5 079.4	71.7	^ 52.1	1.7	5 131.4	50.7
Takings from takeaway food	^ 362.6	5.1	^ 31.0	1.0	393.6	3.9
Takings from catering services	^ 64.4	0.9	2 292.0	75.3	2 356.4	23.3
Sale of liquor and other beverages	1 463.7	20.7	202.5	6.7	1 666.2	16.4
Other services	^ 34.4	0.5	421.3	13.8	455.7	4.5
Other sales of goods	^ 21.8	0.3	^ 20.4	0.7	^ 42.2	0.4
Rent, leasing and hiring	*19.8	0.3	11.0	0.4	^ 30.9	0.3
Government funding	*8.0	0.1	**1.0	—	*9.0	0.1
Interest	*9.6	0.1	^ 1.3	—	*11.0	0.1
Other	*21.3	0.3	12.0	0.4	^ 33.3	0.3
Total	7 085.1	100.0	3 044.6	100.0	10 129.6	100.0

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* 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)

ITEMS OF EXPENDITURE BY BUSINESS TYPE

	CAFES AND RESTAURANTS		CATERING AND OTHER		TOTAL	
	Expenditure	Proportion of total	Expenditure	Proportion of total	Expenditure	Proportion of total
		%		%		%
	\$m	%	\$m	%	\$m	%
Labour costs						
Wages and salaries	2 002.9	29.3	1 039.7	36.0	3 042.6	31.3
Employer contributions to superannuation funds(a)	167.0	2.4	88.6	3.1	255.6	2.6
Workers' compensation costs	52.6	0.8	48.6	1.7	101.1	1.0
Fringe benefits tax	*2.2	—	3.7	0.1	^ 5.9	0.1
Payroll tax	^ 25.1	0.4	48.7	1.7	73.9	0.8
Total	2 249.8	32.9	1 229.3	42.6	3 479.1	35.7
Purchases						
Foodstuffs used in preparing meals and takeaway food	2 036.2	29.7	869.2	30.1	2 905.4	29.9
Beverages	578.9	8.5	102.8	3.6	681.7	7.0
Other finished goods for resale	*28.5	0.4	^ 17.4	0.6	^ 45.9	0.5
Other	96.9	1.4	70.7	2.4	167.6	1.7
Total	2 740.6	40.0	1 060.1	36.7	3 800.6	39.0
Rent, leasing and hiring						
Land, buildings and other structures	714.0	10.4	^ 74.0	2.6	788.1	8.1
Other	^ 37.1	0.5	28.6	1.0	65.6	0.7
Total	751.1	11.0	^ 102.6	3.6	853.7	8.8
Electricity and gas charges	161.8	2.4	18.5	0.6	180.4	1.9
Telecommunication services	48.5	0.7	^ 14.2	0.5	62.6	0.6
Repair and maintenance	75.8	1.1	23.7	0.8	99.6	1.0
Cleaning services provided by other businesses	^ 36.4	0.5	13.6	0.5	50.0	0.5
Laundry services provided by other businesses	^ 31.9	0.5	^ 17.3	0.6	^ 49.2	0.5
Franchise fees	*27.4	0.4	45.9	1.6	^ 73.3	0.8
Waste management and environment protection services	18.1	0.3	9.0	0.3	27.1	0.3
Payments to employment agencies for staff	^ 31.3	0.5	48.9	1.7	80.2	0.8
Insurance premiums	69.9	1.0	^ 12.0	0.4	81.9	0.8
Computer software expensed	^ 8.2	0.1	^ 2.9	0.1	11.1	0.1
Other contract, subcontract and commission expenses	^ 23.6	0.3	33.6	1.2	57.2	0.6
Interest	^ 90.3	1.3	17.2	0.6	^ 107.5	1.1
Depreciation and amortisation	127.0	1.9	48.8	1.7	175.7	1.8
Other	353.5	5.2	190.5	6.6	544.1	5.6
Total	6 845.1	100.0	2 888.1	100.0	9 733.2	100.0

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

— nil or rounded to zero (including null cells)

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

CHARACTERISTICS OF EMPLOYMENT BY BUSINESS TYPE

	<i>Cafes and restaurants</i>	<i>Catering and other</i>	<i>Total</i>	<i>Proportion of total employment</i>
	no.	no.	no.	%
MALES				
Working proprietors and partners of unincorporated businesses	6 673	^ 667	7 340	8.4
Employees				
Permanent full-time	22 276	7 588	29 864	34.3
Permanent part-time	9 517	2 159	11 676	13.4
Casuals	28 539	9 758	38 297	43.9
<i>Total</i>	60 332	19 505	79 837	91.6
<i>Total employment</i>	67 005	20 171	87 176	100.0
FEMALES				
Working proprietors and partners of unincorporated businesses	6 083	^ 657	6 740	6.7
Employees				
Permanent full-time	11 120	6 756	17 876	17.7
Permanent part-time	10 960	3 188	14 147	14.0
Casuals	48 002	14 161	62 163	61.6
<i>Total</i>	70 083	24 104	94 186	93.3
<i>Total employment</i>	76 166	24 760	100 926	100.0
PERSONS				
Working proprietors and partners of unincorporated businesses	12 756	^ 1 323	14 079	7.5
Employees				
Permanent full-time	33 396	14 343	47 740	25.4
Permanent part-time	20 477	5 347	25 824	13.7
Casuals	76 541	23 918	100 460	53.4
<i>Total</i>	130 414	43 609	174 023	92.5
<i>Total employment</i>	143 171	44 932	188 102	100.0

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

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MAIN OCCUPATION OF PERSONS EMPLOYED BY BUSINESS TYPE

	<i>Cafes and restaurants</i>	<i>Catering and other</i>	<i>Total</i>	<i>Proportion of total employment</i>
	no.	no.	no.	%
Managers/supervisors	17 064	4 940	22 004	11.7
Qualified chefs/cooks	17 250	4 215	21 466	11.4
Other chefs/cooks	14 738	4 849	19 587	10.4
Kitchen hands	23 176	9 968	33 144	17.6
Bar attendants	6 164	2 451	8 615	4.6
Waiters/waitresses	61 467	14 563	76 030	40.4
Other	^ 3 312	3 945	7 257	3.9
Total	143 171	44 932	188 102	100.0

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

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STATES AND TERRITORIES

	<i>Businesses at end June(a)</i>		<i>Total employment at end June(b)</i>		<i>Wages and salaries(b)</i>		<i>Total income(b)</i>	
	no.	%	no.	%	\$m	%	\$m	%
New South Wales	5 770	38.3	58 294	31.0	956.9	31.5	3 397.3	33.5
Victoria	3 515	23.3	46 767	24.9	730.7	24.0	2 425.9	23.9
Queensland	2 816	18.7	^ 37 644	20.0	580.3	19.1	1 908.7	18.8
South Australia	^ 944	6.3	^ 13 620	7.2	^ 221.8	7.3	^ 691.9	6.8
Western Australia	1 335	8.8	21 726	11.5	387.7	12.7	1 171.6	11.6
Tasmania	356	2.4	^ 3 420	1.8	^ 40.4	1.3	^ 145.1	1.4
Northern Territory	155	1.0	2 074	1.1	50.9	1.7	151.8	1.5
Australian Capital Territory	^ 328	2.2	^ 4 558	2.4	^ 73.9	2.4	^ 237.1	2.3
Australia	15 083	100.0	188 102	100.0	3 042.6	100.0	10 129.6	100.0

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

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

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

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.	4 465	5 090	3 675	^ 1 672	*103	*78	15 083
	%	29.6	33.8	24.4	11.1	0.7	0.5	100.0
Employment at end June								
Working proprietors and partners of unincorporated businesses	no.	3 965	5 721	^ 3 130	^ 1 247	*16	—	14 079
	%	28.2	40.6	22.2	8.9	0.1	—	100.0
Employees	no.	7 979	27 518	46 185	^ 43 698	^ 6 446	42 197	174 023
	%	4.6	15.8	26.5	25.1	3.7	24.2	100.0
<i>Total</i>	no.	11 944	33 240	49 315	^ 44 945	^ 6 462	42 197	188 102
	%	6.3	17.7	26.2	23.9	3.4	22.4	100.0
Wages and salaries	\$m	^ 137.1	340.5	673.5	^ 760.4	^ 110.5	1 020.5	3 042.6
	%	4.5	11.2	22.1	25.0	3.6	33.5	100.0
Total income	\$m	724.0	1 370.1	2 294.1	^ 2 456.8	^ 406.7	2 877.9	10 129.6
	%	7.1	13.5	22.6	24.3	4.0	28.4	100.0
Total expenses	\$m	714.5	1 337.0	2 194.2	^ 2 369.5	^ 384.1	2 733.9	9 733.2
	%	7.3	13.7	22.5	24.3	3.9	28.1	100.0
Operating profit before tax	\$m	**9.7	**33.0	^ 99.8	*87.9	^ 22.6	151.4	^ 404.4
	%	2.4	8.2	24.7	21.7	5.6	37.4	100.0
Operating profit margin	%	**1.3	**2.4	^ 4.4	*3.6	^ 5.6	5.3	^ 4.0
Available seating(a)	'000	150	331	319	^ 219	^ 15	*46	1 080

^ 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) Excludes catering businesses.

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents results from a survey of cafes and restaurants for the reference year 2003–04. This is the fifth time the ABS has conducted this survey. Previous statistics were released for 1998–99, 1991–92, 1986–87 and 1979–80.

SCOPE

2 The scope of the 2003–04 Cafes and Restaurants Survey was all employing and significant non-employing businesses on the ABS Business Register, classified to Australian and New Zealand Industrial Classification (ANZSIC) class 5730 – CAFES AND RESTAURANTS. For the purposes of this survey significant non-employing businesses were defined as non-employing businesses with turnover in 2003–04 of \$3.4m or more. Non-employing businesses were excluded from previous surveys.

3 The scope included Australian businesses that generated income predominantly from the provision of meals for consumption on the premises. This included cafe, restaurant and catering service operation and contract chefs/cooks. Businesses mainly engaged in takeaway food retailing were excluded from this survey.

STATISTICAL UNITS DEFINED ON THE ABS REGISTER

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

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

ATO Maintained Population

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

ABS Maintained Population

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

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

EXPLANATORY NOTES *continued*

ABS Maintained Population *continued*

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

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

Comparison Over Time

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

COVERAGE

10 The frame used for the Cafes and Restaurants 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).

14 A list of catering businesses supplied by the Restaurant and Catering Association was used to improve the coverage of catering businesses for the 2003–04 survey.

COMPARISON WITH OTHER ABS STATISTICS

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

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

17 The *Cafes and Restaurants* publication supplements the annual industry summary statistics with a detailed examination of the structure and performance of businesses involved in cafe and restaurant operation for the reference year of the survey.

18 One reason the two sets of estimates vary relates to the use of different industry coding practices. For the *Australian Industry* publication, businesses are coded to ANZSIC industry classes on the basis of the activity reported to the ATO when they registered for an ABN, or for more complex businesses, on the basis of information

EXPLANATORY NOTES *continued*

COMPARISON WITH OTHER ABS STATISTICS *continued*

reported directly to the ABS (see Explanatory Notes paragraphs 5–7). On the other hand, *Cafes and Restaurants* presents estimates for ANZSIC class 5730 based on detailed financial data reported in the survey.

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

20 Monthly industry data for cafes and restaurants are also published in *Retail Trade, Australia* (cat. no. 8501.0). The *Retail Trade* publication presents monthly estimates of the value of turnover of businesses classified by industry. The principal objective of the series is to show the month to month movement of turnover. The industry estimates presented in *Retail Trade* are used in the compilation of the National Accounts, and in the derivation of economy-wide indicators such as GDP. Differences also exist between the estimates published in *Retail Trade* and *Cafes and Restaurants*, and the reasons for these include varied:

- industry coding practices. *Retail Trade* includes data from businesses with significant retail activity outside of ANZSIC class 5730, whereas this is not the case for *Cafes and Restaurants*
- treatment of non-employed businesses. Significant non-employed businesses are included in *Cafes and Restaurants*, but excluded from *Retail Trade*
- treatment of GST. *Retail Trade* estimates are inclusive of GST, but *Cafes and Restaurants* estimates are exclusive of GST.

HISTORICAL COMPARISONS

21 While comparisons are made between 2003–04 survey results and the 1998–99 iteration of the Cafes and Restaurants Survey, the reader should bear in mind that the survey was not designed to support accurate estimates of change, and should exercise caution when comparing 2003–04 results to the 1998–99 results. The inclusion of significant non-employed businesses is estimated to have contributed an additional 1% to business counts and 0.3% to financial estimates.

RELIABILITY OF THE DATA

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

23 The estimates are based on information obtained from a randomly selected stratified sample of cafe and restaurant services businesses in the Australian business population. Consequently, the estimates in this publication are subject to sampling variability, that is, they may differ from the figures that would have been obtained if all units had been included in the survey (that is if a census was conducted). One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.

24 There are about two chances in three that a sample estimate will differ by less than one SE from the figure that would have been obtained if a census was conducted and approximately 19 chances in 20 that the difference will be less than two SEs.

25 Sampling variability can also be measured by the relative standard error (RSE), which is obtained by expressing the SE as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the sampling error in percentage terms, and this avoids the need to refer also to the size of the estimate. The following table contains estimates of RSEs for a selection of the statistics presented in this publication.

EXPLANATORY NOTES *continued*

RELIABILITY OF THE DATA
continued

RELATIVE STANDARD ERRORS FOR TABLE 1 SUMMARY OF OPERATIONS

	<i>Cafes and restaurants</i>	<i>Catering and other</i>	<i>Total</i>
	%	%	%
Businesses at end June	2.9	11.4	2.5
Employment at end June	4.3	5.2	3.3
Income			
Takings from meals consumed on the premises	4.8	14.5	4.8
Takings from takeaway food	10.3	10.1	9.5
Takings from catering services	19.7	4.7	4.6
Sale of liquor and other beverages	6.4	5.5	5.6
Government funding	28.5	64.6	26.2
Other	12.5	3.0	3.3
<i>Total</i>	4.7	4.0	3.3
Expenses			
Labour costs	5.2	3.1	3.4
Purchases	4.8	5.5	3.6
Rent, leasing and hiring	5.0	11.0	4.5
Other	5.8	4.0	4.1
<i>Total</i>	4.7	4.1	3.3
Operating profit before tax	18.0	5.6	11.0
Operating profit margin	17.2	6.0	10.4
Industry value added	5.1	3.1	3.4
Businesses with access to the Internet at end June	5.2	13.8	4.6
Businesses with a web presence at end June	9.0	20.8	8.0
Available seating	4.2	. .	4.2

. . not applicable

26 As an example of the above, an estimate of total income for cafe and restaurant services was \$10,129.6m and the RSE was estimated to be 3.3%, giving a SE of approximately \$334.3m. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$9,795.3m to \$10,463.9m 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 \$9,461m to \$10,798.2m.

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

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

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

EXPLANATORY NOTES *continued*

RELIABILITY OF THE DATA

continued

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

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

REFERENCE PERIOD

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

ACKNOWLEDGMENT

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

DATA AVAILABLE ON REQUEST

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

GLOSSARY

Available seating	This item refers to the number of seats available for use by patrons in the normal operation of a cafe or restaurant business.
BYO cafes and restaurants	This item refers to cafes and restaurants where the licensee holds a current BYO licence allowing consumption of alcohol on the premises, but not its sale for consumption on the premises.
Casual employees	Casual employees are those persons employed by the organisation who are not entitled to paid leave.
Catering businesses	Catering businesses focus on the delivery of tailored food services to venues provided by the client. The food may be prepared either at their own premises or at a client's nominated location. Catering operations within hotels and clubs are included in licensed cafes and restaurants.
Cleaning services provided by other businesses	This item refers to payments to other businesses for provision of cleaning services such as: building cleaning, office cleaning, window cleaning, and furniture cleaning. It excludes carpet cleaning expenses.
Computer software expensed	Computer software expensed is the cost of computer software that has been fully charged to profit as an expense in the current accounting period.
Contract chefs/cooks	This item refers to businesses that are mainly engaged in supplying their own labour and/or employees to provide chef/cook services to other cafes, restaurants or catering businesses on a fee or contract basis. These businesses are often operated as sole traders (e.g. one person businesses).
Depreciation and amortisation	This item refers to regularly recurring financial charges made in the accounts to reflect that part of the value of the asset which may be regarded as having been used up in producing revenue in a particular accounting period. Depreciation generally refers to physical (tangible) non-current assets, and amortisation generally refers to intangible non-current assets.
Electricity and gas charges	These charges relate to the consumption of electricity and/or gas during the normal operation of the business.
Employees at end June	This item represents all employees on the payroll for the last pay period ending in June. Employees absent on paid or prepaid leave are included. Subcontractors and persons solely paid by commission without a retainer are excluded.
Employer contributions to superannuation funds	This item represents the cost of the employer's contributions during the reference period, made on behalf of employees, including salary sacrificed amounts.
Franchise fees	This item includes payments under licensing arrangements and advertising levies paid to franchisors.
Fringe benefits tax	Fringe benefits tax is payable by employers when certain benefits in excess of normal wages or salaries (e.g. free or discounted goods or services) are received by their employees (or associates of employees) in connection with their employment.
Government funding	This item refers to project or program payments made by federal, state/territory and local government in the form of operational funds for ongoing operations.
Income from other services	This item includes services income not associated with the sale of prepared food and beverages.
Industry value added	Industry value added is an estimate of the difference between the market value of the output of an industry, and the purchases of materials and expenses incurred in the production of that output. For market producers, it has been derived by determining the income associated with the production (in this case the sales of goods and services, changes in levels of trading stock inventories, operational funding from government and capital work done by own employees for own use or for rental or lease), and subtracting the direct costs of producing these outputs (purchases of goods and services used in the production of goods for resale and selective expenses related to the sale of goods and

GLOSSARY *continued*

Industry value added <i>continued</i>	administrative expenses, exclusive of indirect taxes such as payroll tax, fringe benefits tax and land rates).
Insurance premiums	Insurance premiums are expenses incurred by a business in respect of different types of insurance policies but excluding workers' compensation and compulsory third party motor vehicle insurance.
Interest expenses	These are outflows of funds related to the cost of borrowing money.
Interest income	This item represents income earned through the lending out of funds owned by the business.
Labour costs	These include staff related costs such as wages and salaries (including monies 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.
Laundry services provided by other businesses	This item refers to payments to other businesses for provision of laundry services including dry cleaning.
Licensed and BYO cafes and restaurants	This item refers to cafes and restaurants where the licensee holds both a current liquor licence allowing the sale of liquor for consumption on the premises and a current BYO licence allowing consumption of alcohol brought onto the premises.
Licensed cafes and restaurants	These are cafes and restaurants where the licensee holds a current liquor licence allowing the sale of liquor for consumption on the premises. It includes cafes and restaurants operating within a club or hotel where the liquor license may be held by a licensee of either the restaurant, club or hotel.
Main occupation	This item refers to the main occupation/activity of persons working for the business during the last pay period ending in June 2004.
Operating profit before tax	This item is a measure of profit (or loss) during the reference period, taken before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (i.e. dividends paid, drawings). It is derived by subtracting total expenses from total income, and adding the difference between closing inventory and opening inventory for the period.
Operating profit margin	This represents the percentage of businesses' sales of goods and services which becomes profit after all operating expenses have been deducted. It is derived by expressing total operating profit before tax as a percentage of total sales of goods and services.
Operating profit before tax per seat	This item is the ratio of operating profit before tax to available seating. It excludes catering businesses.
Other contract, subcontract and commission expenses	This item refers to the amount of expenditure incurred for labour and services provided under contract, other than those in the nature of salaries and wages.
Other purchases	This item includes purchases of crockery, glassware, tablecloths, etc. It also includes cleaning materials.
Other sales of goods	This item includes the sales from cigarettes, confectionery and other finished goods for resale, excluding income from the sale of prepared food and beverages.
Payments to employment agencies for staff	These are payments made to an employment agency for the supply or recruitment of staff.
Payroll tax	Payroll tax is a tax levied by state and territory governments upon the amount of wages and salaries paid by a business.
Permanent full-time employees	This item refers to permanent employees who work 35 hours per week or more and are entitled to paid leave.
Permanent part-time employees	This item refers to permanent employees who work less than 35 hours per week and are entitled to paid leave.

GLOSSARY *continued*

Purchases	Purchases are the cost of non-capitalised goods and services used in the production of the final output of a business. This item includes foodstuffs for use in preparing meals and take away food, liquor and other beverages, other goods for resale (merchandise), and guest supplies and replacement items. It excludes contract, subcontract and commission expenses, capitalised purchases, and parts and fuel for motor vehicles.
Rent, leasing and hiring expenses	These expenses represent the costs of the rent, leasing (excluding finance leases) and hiring of vehicles, land, buildings, machinery, equipment and any other property from other businesses or individuals.
Rent, leasing and hiring income	This item includes revenue derived from the renting, leasing or hiring of assets such as land, buildings, vehicles, machinery or equipment to other businesses or individuals.
Repair and maintenance expenses	This item includes costs associated with work undertaken on plant and machinery etc., to maintain normal business operations.
Sale of liquor and other beverages	This item includes income from the provision of beer, wine, spirits, soft drinks and other beverages served with meals or sold on a takeaway basis.
Takings from catering services	This item refers to income received from catering services. It excludes income from the provision of meals sold for consumption on the premises and takeaway food.
Takings from meals consumed on the premises	This item refers to income received from the provision of meals sold for consumption on the premises. It excludes income from catering services and takeaway food, as well as takings from beverages.
Takings from takeaway food	This item refers to income received from the provision of food sold for consumption off the premises, for example, food sold in takeaway packs or containers. It excludes income from catering services and the provision of meals sold for consumption on the premises.
Telecommunication services	Telecommunication services 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, Internet services and leased lines for computers, etc.
Unlicensed cafes and restaurants	These are cafes and restaurants not licensed to sell or allow the consumption of alcohol on the premises.
Wages and salaries	This item refers to the gross wages and salaries (including capitalised wages and salaries) of all employees of the business. The item includes severance, termination and redundancy payments, salaries and fees of directors and executives, retainers and commissions of persons who received a retainer, bonuses, and annual and other types of leave. Provision expenses for employee entitlements (e.g. provisions for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments) are also included. Payments related to salary sacrifice and payments to self-employed persons such as consultants, contractors and persons paid solely by commission without a retainer, are excluded.
Waste management and environmental protection services	This item includes payments for transport, removal and/or disposal of solid and liquid wastes. It excludes general cleaning services and council rates.
Web presence	This refers to a business having a web site, home page or a presence on another entity's web site. A web site or home page is an electronic document that is accessed via a unique address on the World Wide Web. The document provides information in a textual, geographical or multimedia format.
Workers' compensation costs	Workers' compensation is a compulsory insurance cover taken out by all employers, except for self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of, or arising out of, employment.

GLOSSARY *continued*

Working proprietors and partners of unincorporated businesses

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

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