



Accommodation industry 2004

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Key findings for the year 2004

Income, expenditure and net profit

The total income for the accommodation industry in 2004 was R14 304 million. The largest contributor to the total income was 'Hotels' (R11 303 million or 79,0%), followed by 'Other accommodation' (R2 101 million or 14,7%), 'Guest-houses and guest-farms' (R727 million or 5,1%) and 'Caravan parks and camping sites' (R173 million or 1,2%) (see table 1).

The largest contribution to total income was by 'large' enterprises (R10 275 million or 71,8%), followed by 'micro' enterprises (R2 627 million or 18,4%), 'medium' enterprises (R1 180 million or 8,2%) and 'small' enterprises (R222 million or 1,6%) (see table 3).

The total expenditure for the accommodation industry in 2004 was R12 833 million. The largest contributor to the total expenditure was 'Hotels' (R9 935 million or 77,4%), followed by 'Other accommodation' (R2 010 million or 15,7%), 'Guest-houses and guest-farms' (R724 million or 5,6%) and 'Caravan parks and camping sites' (R164 million or 1,3%) (see table 1).

The largest contribution to total expenditure was by 'large' enterprises (R8 956 million or 69,8%), followed by 'micro' enterprises (R2 594 million or 20,2%), 'medium' enterprises (R1 071 million or 8,3%) and 'small' enterprises (R212 million or 1,7%) (see table 5).

The net profit before tax was R1 490 million. The largest contributor to net profit before tax was 'Hotels' (R1 370 million or 91,9%), followed by 'Other accommodation' (R102 million or 6,9%), 'Caravan parks and camping sites' (R10 million or 0,7%) and 'Guest-houses and guest-farms' (R8 million or 0,5%) (see table 1).

Employment, salaries and wages

The total number of people employed in the accommodation industry in 2004 was 68 834. 'Hotels' employed the largest number of people (41 074 or 59,7%), followed by 'Other accommodation' (19 005 or 27,6%), 'Guest-houses and guest-farms' (6 853 or 10,0%) and 'Caravan parks and camping sites' (1 902 or 2,8%) (see table 10).

The largest contribution to employment was by 'large' enterprises (31 712 or 46,1%), followed by 'micro' enterprises (26 399 or 38,3%), 'medium' enterprises (9 302 or 13,5%) and 'small' enterprises (1 421 or 2,1%) (see table 11).

Total salaries and wages paid to employees in 2004 amounted to R3 142 million. Most of the earnings were paid to people employed in 'Hotels' (R2 296 million or 73,1%), followed by 'Other accommodation' (R630 million or 20,1%), 'Guest-houses and guest-farms' (R173 million or 5,5%) and 'Caravan parks and camping sites' (R43 million or 1,4%) (see table 12).

The largest contribution to total salaries and wages was by 'large' enterprises (R2 295 million or 73,0%), followed by 'micro' enterprises (R564 million or 18,0%), 'medium' enterprises (R248 million or 7,9%) and 'small' enterprises (R35 million or 1,1%) (see table 12).

Book value of assets

Book value at the end of the year amounted to R13 248 million. The major contributor to the book value at the end of the year was 'Hotels' (R9 131 million or 69,0%), followed by 'Other accommodation' (R3 026 million or 22,8%), 'Guest-houses and guest-farms' (R821 million or 6,2%) and 'Caravan parks and camping sites' (R270 million or 2,0%) (see table 1).

The largest capital expenditure on new assets was 'Hotels' (R881 million or 77,1%), followed by 'Other accommodation' (R201 million or 17,6%), 'Guest-houses and guest-farms' (R50 million or 4,4%) and 'Caravan parks and camping sites' (R10 million or 0,9%) (see table 1).

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Table 1 – Principal statistics in the accommodation industry: 2004

Item	Hotels	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million	R million	R million	R million	R million
Total income	11 303	173	727	2 101	14 304
Opening inventory	179	2	41	80	302
Closing inventory	181	3	46	91	321
Total expenditure	9 935	164	724	2 010	12 833
Net profit / loss	1 370	10	8	102	1 490
Book value of fixed assets at the beginning of the year	8 553	266	780	2 917	12 516
Capital expenditure on new assets	881	10	50	201	1 142
Book value of fixed assets at the end of the year	9 131	270	821	3 026	13 248

Table 2 – Income in the accommodation industry: 2004

Income item	Hotels	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million	R million	R million	R million	R million
Accommodation	4 775	122	524	1 248	6 669
Restaurants and bar	2 192	28	97	238	2 555
Services rendered	3 543	1	33	137	3 714
Rental and leasing of land, buildings and other structures	36	11	4	12	63
Operating, leasing and hiring of plant, machinery and equipment	1	0	0	4	5
Operating leasing and hiring of motor vehicles and other transport equipment	2	0	0	9	11
Dividends received	3	0	0	0	3
Interest received	123	1	9	18	151
Royalties, franchise fees, copyright, trade names and trade and patents rights received	2	0	0	1	3
Subsidies and incentives received from government	7	0	2	237	246
Insurance claims received	7	0	1	2	10
Net profit on foreign loans as a result of variations in foreign exchange rates or transactions	7	0	11	1	19
Profit from redemption, liquidation or revaluation of liabilities, at a value lower than the book value	8	0	0	0	8
Profit from the sale or realisation for cash or revaluation of assets at a value higher than book value	257	0	4	10	271
Other income	340	10	42	184	576
Total	11 303	173	727	2 101	14 304

Table 3 – Income by enterprise size in the accommodation industry: 2004

Item	Hotels	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million	R million	R million	R million	R million
Large	9 307	0	65	903	10 275
Medium	775	27	130	248	1 180
Small	119	18	27	58	222
Micro	1 102	128	505	892	2 627
Total	11 303	173	727	2 101	14 304

Table 4 – Expenditure in the accommodation industry: 2004

Expenditure item	Hotels	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million	R million	R million	R million	R million
Purchases	1 746	43	221	450	2 460
Salaries and wages	2 296	43	173	630	3 142
Severance, termination and redundancy payments	3	0	0	0	3
Rental of land, buildings and other structures	589	8	36	96	729
Insurance premiums paid	64	4	12	30	110
Interest paid	428	8	36	92	564
Bank charges	42	2	10	21	75
Depreciation provided for during the financial year	651	9	35	104	799
Property taxes paid	32	3	4	10	49
Regional services council levies	14	0	4	5	23
Railage and transport-out	7	1	1	12	21
All repair and maintenance expenditure	236	13	49	106	404
Postal, courier and telecommunication services	63	5	18	37	123
Skill development levy	6	0	1	2	9
Paper, printing and stationery expenditure	40	1	5	12	58
Travelling expenditure	22	0	5	13	40
Accommodation expenditure	57	0	2	3	62
Entertainment expenditure	21	1	3	7	32
Advertising expenditure	136	3	19	58	216
Marketing levy	16	0	1	3	20
Security services	55	2	4	12	73
Staff amenities	26	0	2	7	35
Subscriptions to magazines and news papers	8	1	2	4	15
Royalties, franchise fees, copyright, trade names and trade and patents rights paid	46	0	1	1	48
Staff training	14	0	1	2	17
Operating, leasing and hiring of plant, machinery, equipment and vehicles	50	1	6	12	69
Losses on assets or investment sold or revalued	11	0	0	3	14
Other expenditure	3 256	16	73	278	3 623
Total	9 935	164	724	2 010	12 833

Table 5 – Expenditure by enterprise size in the accommodation industry: 2004

Item	Hotels	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million	R million	R million	R million	R million
Large	8 013	0	67	876	8 956
Medium	705	25	113	228	1 071
Small	118	17	30	47	212
Micro	1 099	122	514	859	2 594
Total	9 935	164	724	2 010	12 833

Table 6 – Details of purchases in the accommodation industry: 2004

Item	Hotels	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million	R million	R million	R million	R million
Materials, components and consumables	296	5	50	128	479
Food and beverages	985	19	105	180	1 289
Fuel, gas, electricity and water	195	14	47	81	337
Other goods	270	5	19	61	355
Total	1 746	43	221	450	2 460

Table 7 – Company tax, dividends, current assets, liabilities in the accommodation industry: 2004

Item	Hotels	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million	R million	R million	R million	R million
Company tax	377	0	6	21	404
Cash dividends	231	0	0	1	232
Other dividends	8	0	0	1	9
Liabilities	6 141	134	763	1 707	8 745
Owners equity	6 434	165	376	1 928	8 903

Table 8 - Book value of assets by asset type in the accommodation industry: 2004

Type of asset	Hotels R million	Caravan parks and camping sites R million	Guest houses and guest farms R million	Other accommodation R million	Total R million
Land	760	83	225	545	1 613
Residential buildings	1 492	110	319	1 353	3 274
Non-residential buildings	3 990	15	115	480	4 600
Computers and IT equipment	48	3	4	19	74
Motor vehicles and other transport equipment	95	13	34	112	254
Plant, machinery and other office equipment	1 926	45	97	365	2 433
Intangible fixed assets: Computer software	10	0	0	4	14
Intangible fixed assets: Other	67	1	4	86	158
Intangible non-produced assets	743	0	23	62	828
Total	9 131	270	821	3 026	13 248

Table 9 – Book value of assets at the end of the financial year by enterprise size in the accommodation industry: 2004

Item	Hotels R million	Caravan parks and camping sites R million	Guest houses and guest farms R million	Other accommodation R million	Total R million
Large	7 381	0	11	807	8 199
Medium	520	64	75	294	953
Small	72	51	7	34	164
Micro	1 158	155	728	1 891	3 932
Total	9 131	270	821	3 026	13 248

Table 10 – Employment by gender and employment status in the accommodation industry: 2004

Item	Hotels Number	Caravan parks and camping sites Number	Guest houses and guest farms Number	Other accommodation Number	Total Number
Female					
Full-time	20 604	809	3 932	8 748	34 093
Part-time	1 869	103	479	1 389	3 840
Total female	22 473	912	4 411	10 137	37 933
Male					
Full-time	17 130	915	2 172	7 870	28 087
Part-time	1 471	75	270	998	2 814
Total male	18 601	990	2 442	8 868	30 901
Total	41 074	1 902	6 853	19 005	68 834

Table 11 – Employment by enterprise size in the accommodation industry: 2004

Item	Hotels Number	Caravan parks and camping sites Number	Guest houses and guest farms Number	Other accommodation Number	Total Number
Large	25 261	0	430	6 021	31 712
Medium	4 717	266	833	3 486	9 302
Small	667	300	183	271	1 421
Micro	10 429	1 336	5 407	9 227	26 399
Total	41 074	1 902	6 853	19 005	68 834

Table 12 – Total salaries by enterprise size in the accommodation industry: 2004

Item	Hotels	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million	R million	R million	R million	R million
Large	1 894	0	15	386	2 295
Medium	156	8	31	53	248
Small	17	5	5	8	35
Micro	229	30	122	183	564
Total	2 296	43	173	630	3 142

Table 13 – Stay units and bed nights available in the accommodation industry: 2004

Item	Hotels	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	Number	Number	Number	Number	Number
Stay units	52 181	10 106	10 437	24 806	97 530
Beds	105 691	4 624	24 746	74 756	209 817

Explanatory notes

Background

The results presented in this publication have been derived from the 2004 accommodation large sample survey. This is a periodic survey, which measures economic activity in the accommodation industry of the South African economy. This survey is based on a sample of private and public enterprises operating in the accommodation industry.

The sample was drawn from the new business register. The new business register is based mainly on the income tax (IT) and value-added tax (VAT) databases. All enterprises in the business register are legally bound to register for either VAT or IT or both. That is, enterprises that are registered for tax are included on the new business register, and hence were given a chance of selection in the sample for the survey.

The last census of the accommodation industry, namely 'Census of accommodation services' was conducted for the year 1995.

Reference period

The information was collected from enterprises for their financial year, which ended on any date between 1 July 2003 and 30 June 2004.

Purpose of the survey

Results of the survey are used within Stats SA for compiling South Africa's National Accounts, e.g. the Gross Domestic Product (GDP) and gross fixed capital formation. These statistics are also used by the private sector in analyses of comparative business and industry performance.

Scope and coverage

This survey covers the following tax registered private and public enterprises that are mainly engaged in providing short-stay commercial accommodation:

- (i) Hotels
- (ii) Caravan parks and camping sites,
- (iii) Guest-houses and guest-farms, and
- (iv) Other accommodation

Classification by industry

The 1993 edition of the *Standard Industrial Classification of all Economic Activities* (SIC), Fifth Edition, Report No. 09-09-02, was used to classify the statistical units in the survey. The SIC is based on the 1990 *International Standard Industrial Classification of all Economic Activities* (ISIC) with suitable adaptations for local conditions. Statistics in this publication are presented at SIC division (5-digit) level. Each enterprise is classified to an industry, which reflects its predominant activity.

Statistical unit

The statistical unit for the collection of the information is an enterprise. An enterprise is a legal unit (or a combination of legal units) that includes and directly controls all functions necessary to carry out its production activities.

Size groups

The enterprises are divided into four size groups according to the value of their 'business register' turnover. Large enterprises are enterprises with an annual 'business register' turnover of R13 million and more. Table A presents the size groups defined using the Department of Trade and Industry (DTI) cut-off points,

Table A – Size groups for the mining industry

Size Group	Turnover
Large	Turnover > R 13 000 000
Medium	R 6 000 000 < Turnover < R 13 000 000
Small	R 5 100 000 < Turnover < R 6 000 000
Micro	Turnover < R 5 100 000

Survey methodology and design The survey was conducted by mail, fax, telephone and personal visits.

A sample of approximately 2 531 enterprises was drawn using stratified simple random sampling. The enterprises were first stratified at 5-digit level according to the SIC and then by size of enterprises. All large enterprises are completely enumerated. ‘Business register’ turnover was used as the measure of size for stratification.

Weighting methodology For those strata not completely enumerated, the weights to produce estimates are the inverse ratio of the sampling fraction, modified to take account of non-response in the survey. Stratum estimates are calculated and then aggregated with the completely enumerated stratum to form division estimates. These procedures, which are in line with international best practice, are described in more detail on the Stats SA website at www.statssa.gov.za/publications/publicationsearch.asp.

Relative standard error Data presented in this publication are based on information obtained from a sample and are, therefore, subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all enterprises in the accommodation industry in South Africa.

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 enterprises was used. The relative standard error (RSE) provides an immediate indication of the percentage errors likely to have occurred due to sampling, and thus avoids the need to refer to the size of the estimate.

Table B – Estimates of total income by type of accommodation within 95% confidence limits: 2004

Type of accommodation	Lower limit R million	Total income R million	Upper limit R million	Relative standard error (RSE) R million
Hotels	11059	11303	11545	1,10
Caravan parks and camping sites	122	173	222	14,70
Guest-houses and guest-farms	661	727	791	4,60
Other accommodation	1984	2101	2218	2,80
Total	14 020	14 304	14 584	1.00

Non-sampling errors Inaccuracies may occur because of imperfections in reporting by enterprises and errors made in the collection and processing of the data. Inaccuracies of this kind are referred to as non-sampling errors. Every effort is made to minimise non-sampling errors by careful design of questionnaires, testing them in pilot studies, editing reported data and implementing efficient operating procedures. Non-sampling errors occur in both sample surveys and censuses.

Comparability with previously published information The information in this statistical release and previous accommodation surveys is not strictly comparable. This large sample survey was conducted from a sample drawn from a new business register of **all** enterprises registered for either VAT or IT or both.. The new register has better coverage of the small and micro enterprises.

Rounding-off of figures

The figures in the tables have, where necessary, been rounded off to the nearest final digit shown. There may therefore be slight discrepancies between the sums of the constituent items of the totals shown.

Symbols and abbreviations

DTI	Department of Trade and Industry
GDP	Gross Domestic Product
ISIC	International Standard Industrial Classification of all Economic Activities
IT	Income tax
RSE	Relative standard error
SARS	South African Revenue Service
SE	Standard error
SIC	Standard Industrial Classification of all Economic Activities
SNA	System of National Accounts
Stats SA	Statistics South Africa
VAT	Value-added tax
0	Nil or less than half the final digit shown

Glossary

Employees	Employees are those people employed by the business or organisation who received payment (in salaries, wages, commission, piece rates or payments in kind) for the last pay period ended on or before 30 June 2004.
Enterprise	The enterprise is a legal entity or a combination of legal units that includes and directly controls all functions necessary to carry out its production activities.
Full-time employees	Full-time employees are those employees (permanent, temporary or casual) who usually work for the agreed-upon hours for a full-time employee in a specific occupation. If agreed hours do not apply, employees are regarded as full-time employees if they work 35 hours or more per week.
Industry	An industry is made up of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the <i>System of National Accounts (SNA)</i> in the same way as in the <i>Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No. 09-90-02 of January 1993 (SIC)</i> .
Net profit or loss before tax	Net profit or loss before tax is derived as: Total income <i>plus</i> Closing stocks <i>minus</i> Total expenditure <i>minus</i> Opening stocks
Other accommodation	Includes lodges, bed and breakfast, self-catering enterprises and other
Part-time employees	Part-time employees are those employees (permanent, temporary or casual) who are not full-time employees as defined above or who normally work less than 35 hours per week.
Statistical unit	A statistical unit is a unit about which statistics are tabulated, compiled or published. The statistical units are derived from and linked to the South African Revenue Service (SARS) administrative data.
Stay unit	The unit of accommodation available to be charged out to guests, for example, a power site in a caravan park or a room in a hotel.
Stratum	A stratum is constructed by concatenating the SIC classification and size group variables.

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