

# Statistical release

## P6411

### Accommodation industry, 2007

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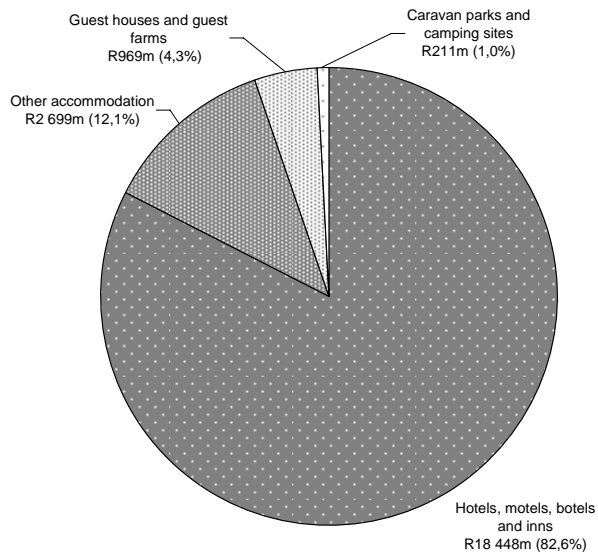
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## Summary of findings for the year 2007

### Income

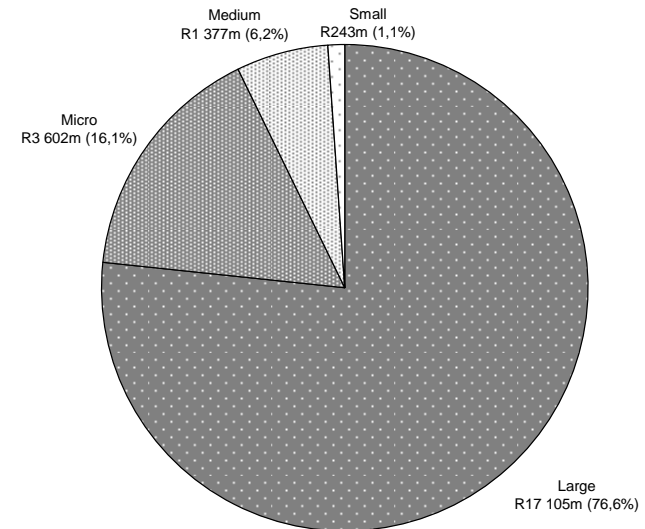
In 2007, the total income for the accommodation industry was R22 327 million (Table 1). The largest contributor to the total income was 'Hotels, motels, botels and inns' (R18 448 million or 82,6%), followed by 'Other accommodation' (R2 699 million or 12,1%) and 'Guest houses and guest farms' (R969 million or 4,3%) (Figure 1). The total income represents an increase of 16,0% per annum over the income of R14 304 million reported for the corresponding survey of 2004.

**Figure 1: Breakdown of income in the accommodation industry by industry group, 2007**



The analysis of income by enterprise size in the accommodation industry indicates that large enterprises (those with turnover equal to or greater than R13 million) generated 76,6% (or R17 105 million) of the total income (Figure 2 and Table 3). In 2004, large enterprises generated 71,8% of the total income.

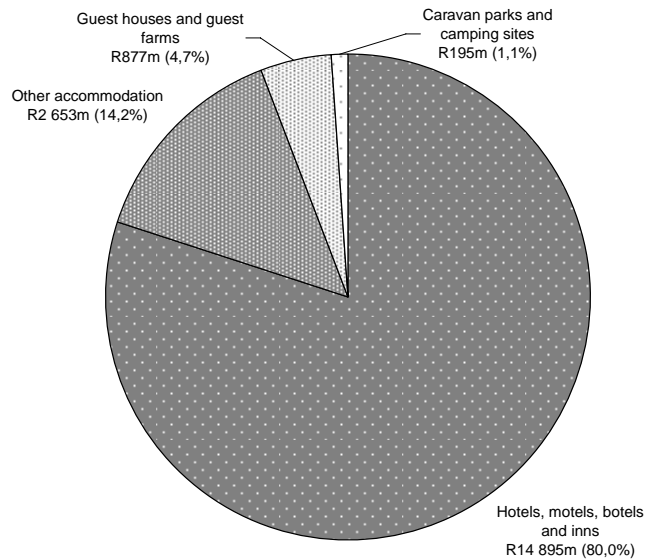
**Figure 2: Breakdown of income in the accommodation industry by enterprise size, 2007**



## Expenditure

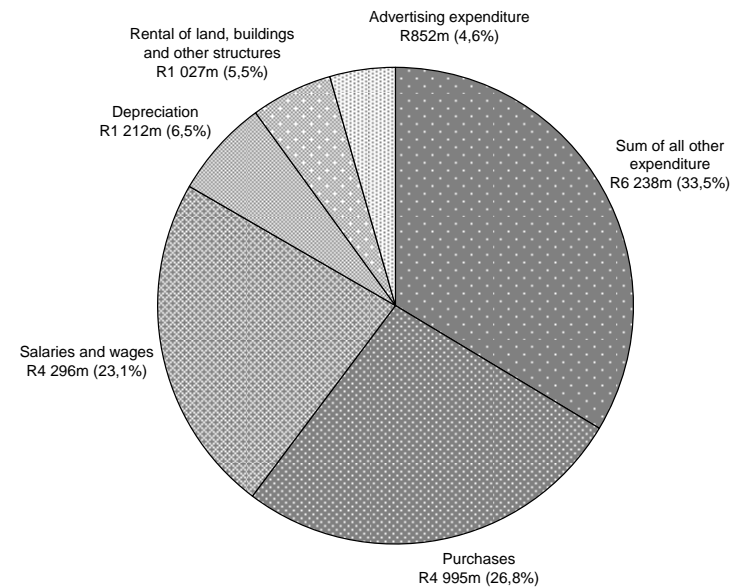
In 2007, the total expenditure for the accommodation industry was R18 620 million (Table 1). The largest contributor to the total expenditure in the accommodation industry was 'Hotels, motels, hotels and inns' (R14 895 million or 80,0%), followed by 'Other accommodation' (R2 653 million or 14,2%) and 'Guest houses and guest farms' (R877 million or 4,7%) (Figure 3).

**Figure 3: Breakdown of expenditure in the accommodation industry by industry group, 2007**



The total expenditure for the accommodation industry was primarily made up of purchases (R4 995 million or 26,8%) and salaries and wages (R4 296 million or 23,1%) (Figure 4 and Table 4).

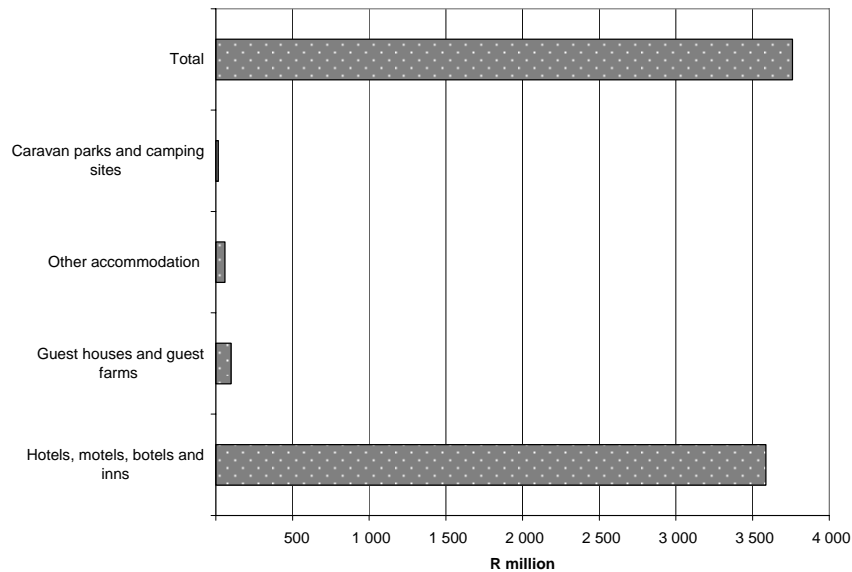
**Figure 4: Breakdown of expenditure in the accommodation industry by expenditure type, 2007**



## Net profit before tax

In 2007, net profit before tax in the accommodation industry was R3 761 million (Table 1). The largest contributor to the net profit before tax was 'Hotels, motels, botels and inns' (R3 587 million or 95,4%), followed by 'Guest houses and guest farms' (R99 million or 2,6%) (Figure 5).

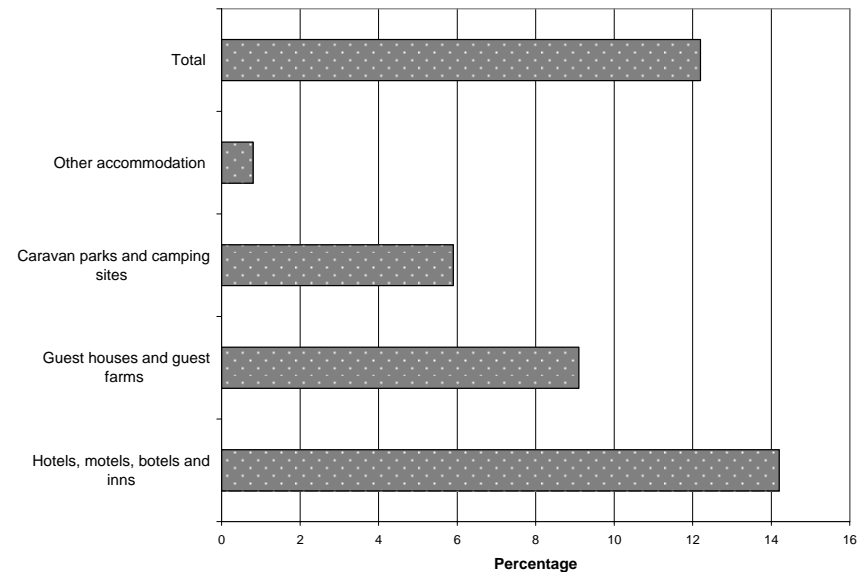
**Figure 5: Net profit before tax in the accommodation industry by industry group, 2007**



## Profit margin

In 2007, the profit margin (net profit after tax as a percentage of turnover) for the accommodation industry was 12,2%. 'Hotels, motels, botels and inns' had the highest profit margin at 14,2%, followed by 'Guest houses and guest farms' at 9,1% (Figure 6 and Table 1).

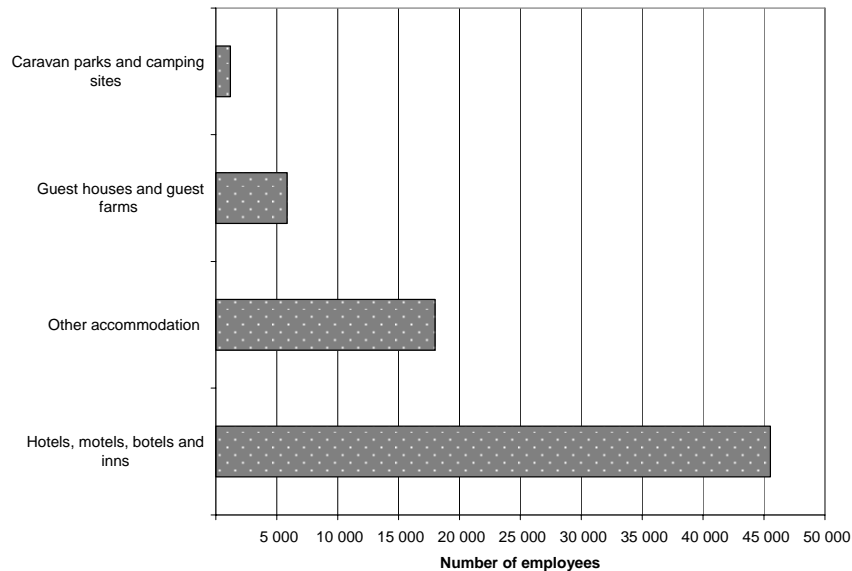
**Figure 6: Profit margin in the accommodation industry by industry group, 2007**



## Employment

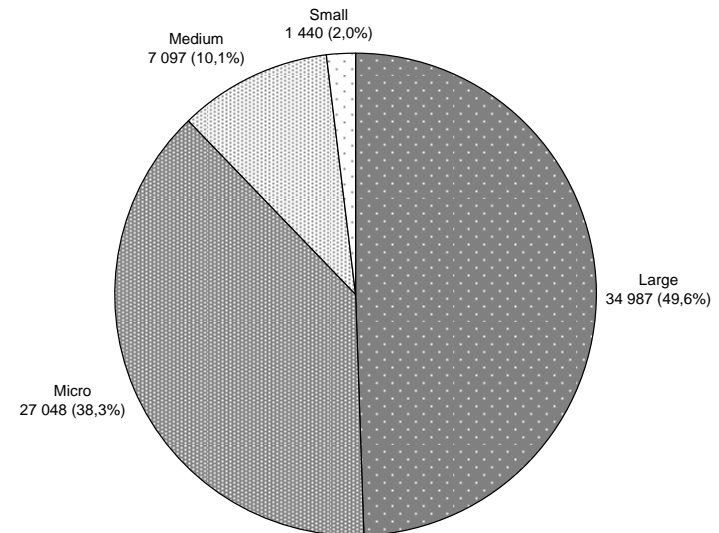
At the end of June 2007, the total number of employees in the accommodation industry was 70 572 (Table 5). 'Hotels, motels, botels and inns' employed the largest number of employees (45 523 or 64,5%), followed by 'Other accommodation' (18 000 or 25,5%) (Figure 7). The total represents an increase of 0,8% per annum compared with the number of employees reported for the corresponding survey of 2004 (68 834).

**Figure 7: Employment in the accommodation industry by industry group at the end of June 2007**



Large enterprises (those with turnover equal to or exceeding R13 million) employed 34 987 (49,6%) employees in the accommodation industry, followed by micro-enterprises (those with turnover below R5,1 million) employing 27 048 (38,3%) employees (Figure 8 and Table 6).

**Figure 8: Employment in the accommodation industry by enterprise size at the end of June 2007**



PJ Lehohla  
Statistician-General

**Table 1 – Principal statistics in the accommodation industry, 2007**

Item	Hotels, motels, botels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
<b>Total income</b>	18 448	211	969	2 699	<b>22 327</b>
<b>Total expenditure</b>	14 895	195	877	2 653	<b>18 620</b>
<b>Net profit/loss before tax</b>	3 587	16	99	59	<b>3 761</b>
<b>Inventory at the beginning of the year</b>	219	2	43	51	<b>315</b>
<b>Inventory at the end of the year</b>	251	2	51	63	<b>367</b>
<b>Capital expenditure on new assets</b>	1 649	22	57	200	<b>1 928</b>
<b>Book value of assets at the beginning of the year</b>	12 574	218	1 019	3 042	<b>16 853</b>
<b>Book value of assets at the end of the year</b>	13 352	228	1 135	3 177	<b>17 892</b>
<b>Profit margin (%)</b>	14,2	5,9	9,1	0,8	<b>12,2</b>

**Table 2 – Income in the accommodation industry, 2007**

Income items	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
Income from services rendered	15 042	172	759	2 181	18 154
Sales of goods	1 723	25	119	298	2 165
Income from rental, leasing and hiring	35	6	2	15	58
Interest received	151	1	7	23	182
Dividends received	65	0	0	17	82
Profit on assets, investments and liabilities sold or revalued	44	1	25	13	83
Other income	1 388	6	57	152	1 603
<b>Total income</b>	<b>18 448</b>	<b>211</b>	<b>969</b>	<b>2 699</b>	<b>22 327</b>

**Table 3 – Income by enterprise size in the accommodation industry, 2007**

Size group	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
Large	15 940	46	161	958	17 105
Medium	925	43	124	285	1 377
Small	163		12	68	243
Micro	1 420	122	672	1 388	3 602
<b>Total income</b>	<b>18 448</b>	<b>211</b>	<b>969</b>	<b>2 699</b>	<b>22 327</b>



**Table 4 – Expenditure in the accommodation industry, 2007**

Expenditure items	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
Total purchases	4 224	23	221	527	4 995
Salaries and wages	3 358	55	213	670	4 296
Accommodation expenditure	195	2	9	25	231
Advertising expenditure	729	4	21	98	852
Bank charges	45	2	12	28	87
Depreciation	1 014	9	40	149	1 212
Entertainment expenditure	63	1	5	14	83
Insurance premiums paid	80	3	13	46	142
Interest paid	637	4	24	121	786
Losses on assets, investments and liabilities sold or revalued	135	0	2	5	142
Motor vehicle running expenditure	37	3	12	46	98
Operational leasing and hiring of plant, machinery and equipment	240	1	5	48	294
Paper, printing and stationery	48	0	5	17	70
Postal, courier and telecommunication	84	3	17	55	159
Property tax	78	2	4	44	128
Rental of land, buildings and other structures	848	12	40	127	1 027
Repair and maintenance	328	15	51	179	573
Royalties, franchise fees, trade names and patent rights	51	0	4	0	55
Security services	106	2	5	29	142
Staff training	18	0	1	3	22
Sub-contractors paid	51	2	2	5	60
Travelling expenditure	32	1	5	19	57
Water and electricity services	234	15	32	88	369
Other expenditure	2 260	36	134	310	2 740
<b>Total expenditure</b>	<b>14 895</b>	<b>195</b>	<b>877</b>	<b>2 653</b>	<b>18 620</b>

**Table 5 – Employment in the accommodation industry at the end of June 2007**

Item	Hotels, motels, botels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	Number				
Total male employees	21 512	625	2 177	7 422	31 736
Total female employees	24 011	574	3 673	10 578	38 836
Total employees	45 523	1 199	5 850	18 000	70 572

**Table 6 – Employment by enterprise size in the accommodation industry at the end of June 2007**

Size groups	Hotels, motels, botels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	Number				
Large	28 946	114	446	5 481	34 987
Medium	4 483	166	634	1 814	7 097
Small	1 025	0	50	365	1 440
Micro	11 069	919	4 720	10 340	27 048
Total employees	45 523	1 199	5 850	18 000	70 572

**Table 7 – Book value of assets at the end of the financial year in the accommodation industry, 2007**

Item	Hotels, motels, botels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
Land	1 606	152	404	1 099	3 261
Residential buildings	1 058	18	450	937	2 463
Non-residential buildings	6 381	23	52	447	6 903
Construction	718	0	0	13	731
Computer and IT equipment	61	0	8	19	88
Motor vehicles and other transport	131	19	34	146	330
Plant, machinery and other office equipment	2 642	11	151	313	3 117
Intangible fixed assets: Computer software	9	0	3	2	14
Intangible fixed assets: Other	23	0	6	8	37
Intangible non-produced assets	627	2	19	113	761
Other	96	3	8	80	187
<b>Book value of assets at the end of the year</b>	<b>13 352</b>	<b>228</b>	<b>1 135</b>	<b>3 177</b>	<b>17 892</b>

**Table 8 – Company tax, dividends, assets, owners’ equity and liabilities in the accommodation industry, 2007**

Item	Hotels, motels, botels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
<b>Company tax</b>	1 209	4	19	40	1 272
<b>Dividends</b>	1 182	4	1	6	1 193
<b>Current assets</b>	3 157	36	314	611	4 118
<b>Non-current assets</b>	16 228	254	1 348	3 576	21 406
<b>Total assets</b>	<b>19 385</b>	<b>290</b>	<b>1 662</b>	<b>4 187</b>	<b>25 524</b>
<b>Current liabilities</b>	5 848	40	287	783	6 958
<b>Non-current liabilities</b>	9 345	164	782	2 448	12 739
<b>Owners' equity</b>	4 192	86	593	956	5 827
<b>Total equity and liabilities</b>	<b>19 385</b>	<b>290</b>	<b>1662</b>	<b>4187</b>	<b>25 524</b>

**Explanatory notes**

<b>Background</b>	<p>The results presented in this publication have been derived from the 2007 Accommodation Large Sample Survey. This is a periodic survey which measures economic activity in the accommodation sector of the South African economy. This survey is based on a sample of private and public enterprises operating in the accommodation industry.</p> <p>This publication summarises the financial data of the accommodation industry. Operational data will be published in a subsequent report.</p> <p>The sample was drawn from the Stats SA business register. The business register is based mainly on the income tax (IT) and value added tax (VAT) databases of the South African Revenue Service (SARS). All enterprises are legally bound to register for either VAT or IT or both. Enterprises registered in the taxation system are included on the business register, and hence were given a chance of selection in the sample for the survey.</p> <p>The last large sample survey of the accommodation industry was conducted for the year 2004 (Statistical release P6411 – Accommodation industry 2004).</p>
<b>Value Added Tax (VAT)</b>	<p>All figures exclude value added tax (VAT).</p>
<b>Reference period</b>	<p>The information was collected from enterprises for their financial year, which ended on any date between 1 July 2006 and 30 June 2007.</p>
<b>Purpose of the survey</b>	<p>Results of the survey are used within Stats SA for compiling the Gross Domestic Product (GDP) and its components. These statistics are also used by government policy advisors in monitoring the performance and contribution of an individual industry to the South African economy and the effectiveness of industry policies, and by private-sector users in analyses of comparative business and industry performance.</p>
<b>Scope and coverage</b>	<p>This 2007 Accommodation Large Sample Survey covers enterprises registered in the taxation system that are mainly engaged in:</p> <ul style="list-style-type: none"> <li>(i) Hotels, motels, botels and inns (SIC 64101)</li> <li>(ii) Caravan parks and camping sites (SIC 64102)</li> <li>(iii) Guest houses and guest farms (SIC 64103)</li> <li>(iv) Other accommodation (SIC 64109)</li> </ul> <p>The following activities are <b>excluded</b>:</p> <ul style="list-style-type: none"> <li>▪ The operation of sleeping cars as an integral part of railway companies (SIC 7111)</li> <li>▪ The rental of long-term furniture accommodation (SIC 84)</li> <li>▪ The management of time-share units (SIC 84)</li> <li>▪ Orphanages, homes for the aged and homes for the blind and other handicapped persons (SIC 9330)</li> </ul>
<b>Classification by industry</b>	<p>The 1993 edition of the <i>Standard Industrial Classification of all Economic Activities</i> (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 <i>International Standard Industrial Classification of all Economic Activities</i> (ISIC) with suitable adaptations for local conditions. Statistics in this publication are presented at SIC division (five-digit) level. Each enterprise is classified to an industry which reflects its predominant activity.</p>
<b>Statistical unit</b>	<p>The statistical unit for the collection of the information is an enterprise. An enterprise is a legal unit (or combination of legal units) that includes and directly controls all functions necessary to carry out its production activities.</p>

**Size groups**

The enterprises are divided into four size groups according to the value of turnover recorded for them on the Stats SA business register. Large enterprises are those with an annual recorded turnover of R13 million and above. Table A presents the size groups defined using the Department of Trade and Industry (DTI) cut-off points,

**Table A – Size groups for the accommodation industry**

Size group	Turnover
Large	Turnover $\geq$ R13 000 000
Medium	R6 000 000 $\leq$ Turnover $<$ R13 000 000
Small	R5 100 000 $\leq$ Turnover $<$ R6 000 000
Micro	Turnover $<$ R5 100 000

**Survey methodology and design**

The survey was conducted by post, email, fax, telephone and personal visits.

A sample of 3 004 enterprises was drawn from a frame of 5 195 using stratified simple random sampling. The enterprises were first stratified at five-digit level according to the SIC and then by size of enterprises. All large enterprises are completely enumerated. Turnover as recorded on the business register 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 [www.statssa.gov.za/publications/publicationsearch.asp](http://www.statssa.gov.za/publications/publicationsearch.asp).

**Relative standard error and confidence intervals**

Figures presented in this publication are estimated from a sample and are therefore subject to sampling variability; that is, figures may differ from those that would have been produced if all enterprises in the accommodation industry in South Africa had been included.

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 – Relative standard errors and income in the accommodation industry 2007 within 95% confidence limits**

Type of accommodation (SIC)	Lower limit	Total income	Upper limit	Relative standard error
	R million			%
Hotels, motels, botels and inns	18 267	18 448	18 629	0,5
Caravan parks and camping sites	163	211	259	11,6
Guest houses and guest farms	878	969	1 060	4,8
Other accommodation	2 466	2 699	2 932	4,4
<b>Total</b>	<b>22 021</b>	<b>22 327</b>	<b>22 633</b>	<b>0,7</b>

**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 publication is comparable with the information published from the 2004 Accommodation Large Sample Survey.

**Rounding of figures**

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

**Abbreviations**

BR	Business register
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

**Glossary**

<b>Employees</b>	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 2007.
<b>Enterprise</b>	A legal entity or a combination of legal units that includes and directly controls all functions necessary to carry out its production activities.
<b>Income from rental, leasing and hiring</b>	Includes income from rental and leasing of land, buildings and other structures and income from leasing and hiring of motor vehicles, other transport equipment, plant, machinery and equipment.
<b>Industry</b>	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> .
<b>Net profit or loss after tax</b>	Net profit or loss after tax is derived as:  Net profit or loss before tax <b>minus</b> Company tax
<b>Net profit or loss before tax</b>	Net profit or loss before tax is derived as:  Total income <b>plus</b> Closing stocks <b>minus</b> Total expenditure <b>minus</b> Opening stocks
<b>Other expenditure</b>	Includes staff bursaries, containers and packaging materials, excise and customs duty, railage and transport-out, research and development, severance, termination and redundancy payment, skills development levy and other expenditure.
<b>Other Income</b>	Includes royalties, franchise fees, trade names and patent rights, subsidies, net profit on foreign loans, profit for redemption, liquidation or revaluation of liabilities and other income.
<b>Profit margin</b>	Profit margin is derived as: Net profit or loss after tax <b>divided by</b> turnover <b>multiplied by</b> 100
<b>Statistical unit</b>	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.
<b>Stratum</b>	A stratum is constructed by concatenating the SIC classification and size group variables.
<b>Sub-contractors</b>	Includes labour brokers.



**Turnover**

Turnover includes:

- the value of sales
- amounts received for work done
- amounts received for services rendered
- rent and/or lease payments received for land and buildings
- rent, leasing and hiring received for machinery, vehicles and other equipment

Turnover excludes:

- value added tax (VAT)
- net profit or loss on sales or revaluation of fixed assets (including profit or loss on foreign exchange)
- export freight charges
- interest received and
- excise duty

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