

# Accommodation industry, 2007

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## Accommodation industry, 2007

### 1. Introduction

This publication presents estimates in respect of the 2007 accommodation large sample survey (LSS). The 2007 accommodation LSS collected data from a sample of 3 004 enterprises drawn from a sampling frame of 5 195 which were operating between 1 July 2006 and 30 June 2007. The sample was stratified in such a way that all large, medium and small enterprises (those with turnover equal to or greater than R5,1 million) were included. The data for the number of employees were provided for the last pay period ended on or before 30 June 2007. Data were collected at the 5-digit SIC level of classification of enterprises.

The previous accommodation LSS was conducted in 2004 (Accommodation industry, 2004).

#### 1.1 Scope and coverage

The 2007 accommodation LSS covers enterprises registered in the taxation system that are mainly engaged in the following activities classified according to the January 1993 edition of the *Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, Report No. 09-09-02*:

- i. Hotels, motels, botels and inns (SIC 64101)
- ii. Caravan parks and camping sites (SIC 64102)
- iii. Guest houses and guest farms (SIC 64103)
- iv. Other accommodation (SIC 64109)

The following activities are **excluded**:

- i. The operation of sleeping cars as an integral part of railway companies (SIC 7111)
- ii. The rental of long-term furnished accommodation (SIC 84)
- iii. The management of time-share units (SIC 84)
- iv. Orphanages, homes for the aged and homes for the blind and other handicapped persons (SIC 9330)

#### 1.2 Data items

The following categories of data items were collected: industrial classification, details of employment, trading income, expenditure, profit or loss, inventories, book value of assets, details of sales of goods, services rendered, purchases and stay units available.

### 1.3 Reference period

The questionnaires were completed for the financial year of the enterprise which **ended on any date between 1 July 2006 and 30 June 2007**, according to the usual reporting schedule of the enterprise.

#### *Example*

- 1 October 2005 – 30 September 2006
- 1 January 2006 – 31 December 2006
- 1 February 2006 – 31 January 2007
- 1 March 2006 – 28 February 2007
- 1 April 2006 – 31 March 2007

### 1.4 Current prices

The rand values are at current prices.

### 1.5 Reliability of data

All estimates compiled for this industry are subject to both sampling and non-sampling errors.

The estimates presented in this publication are subject to sampling variability since they are based on information obtained from a sample. That is, they might 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. The larger the RSE, the less reliable the estimate.

The following are some of the likely sources of non-sampling errors: sampling frame not up-to-date, wrong definitions and classification, phrasing of questions, non-response, processing and estimation. 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.

### 1.6 Confidentiality

According to Section 17 of the Statistics Act, 1999 (Act No. 6 of 1999), completed questionnaires remain confidential to Statistics South Africa (Stats SA). Individual business information is never disclosed. Results are presented in aggregated form only.

## **2. Background to the large sample surveys**

The LSSs serve to document comprehensively the nature and structure of all industries within the economy.

Previously, Statistics South Africa (Stats SA) periodically conducted industry censuses, i.e. collections covering all entities known to be mainly engaged in particular sectors. The last industry 'census' was conducted for the manufacturing sector in 1996. Since then, Stats SA has replaced industry censuses with periodic LSSs of industry sectors. These surveys are based on larger samples than the subannual and annual surveys. They do not attempt to completely enumerate all entities within the industry scope of the surveys, but are based on stratified random samples which are representative of the survey population.

### **2.1 Purpose and uses of large sample surveys**

The LSS results are used in constructing and refreshing supply and use tables, and for benchmarking the Gross Domestic Product (GDP) and its components, as well as production and price indices, and annual and short-term statistical series.

Users of the LSSs include the following:

- i. Price statisticians, particularly in refreshing the commodity basket of producer price indices.
- ii. Policy advisers in government, for monitoring the performance of industries and their contribution to the South African economy and evaluating the effectiveness of industry policies.
- iii. Industry associations monitoring trends in their own and competing or complementary industries in order to inform their members of market changes.
- iv. Individual businesses using the data to analyse their performance relative to their industry.

## 2.2 Scope and coverage

The LSSs cover enterprises registered in the taxation system (VAT and income tax) that are mainly engaged in the following industries, as defined in the Standard Industrial Classification of all Economic activities (SIC):

- i. Mining and quarrying
- ii. Manufacturing
- iii. Electricity, gas and water supply
- iv. Construction
- v. Wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods, and hotels and restaurants
- vi. Transport, storage and communication
- vii. Financial intermediation, insurance, real estate and business services
- viii. Community, social and personal services (except national, provincial and local government activities)

**Note:** The agriculture, forestry, fishing, hunting and related services industry (SIC 1) is not included as it is covered by a separate programme within Stats SA. Similarly, the public administration and defence activities industry (SIC 91), the financial intermediation industry (SIC 81) and insurance and pension funding industry (SIC 82) are covered by other programmes within both Stats SA and elsewhere (e.g. the South African Reserve Bank (SARB)).

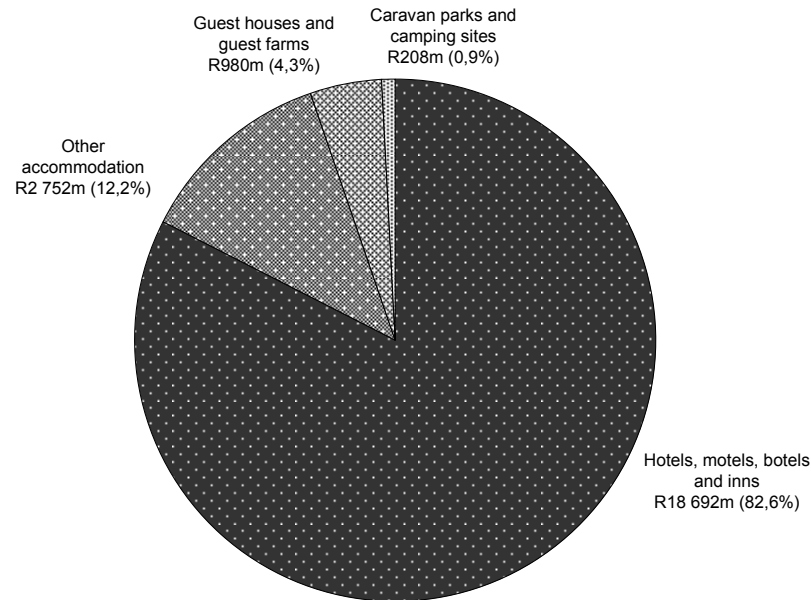
## 2.3 Reporting unit

The statistical unit for the collection of 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 activities. Each industry is classified to an industry that reflects its predominant activity.



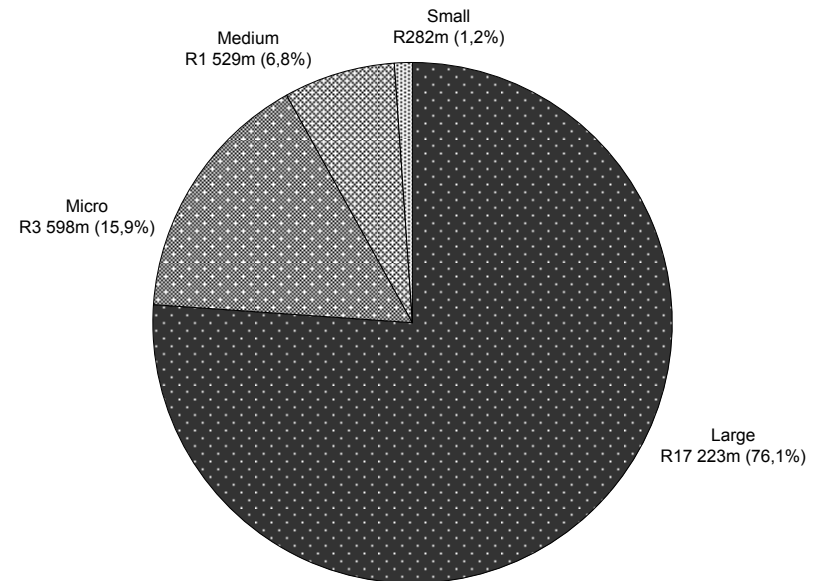
### 3. Summary of findings for the year 2007

**Figure 1 – Breakdown of income by type of service in the accommodation industry, 2007**



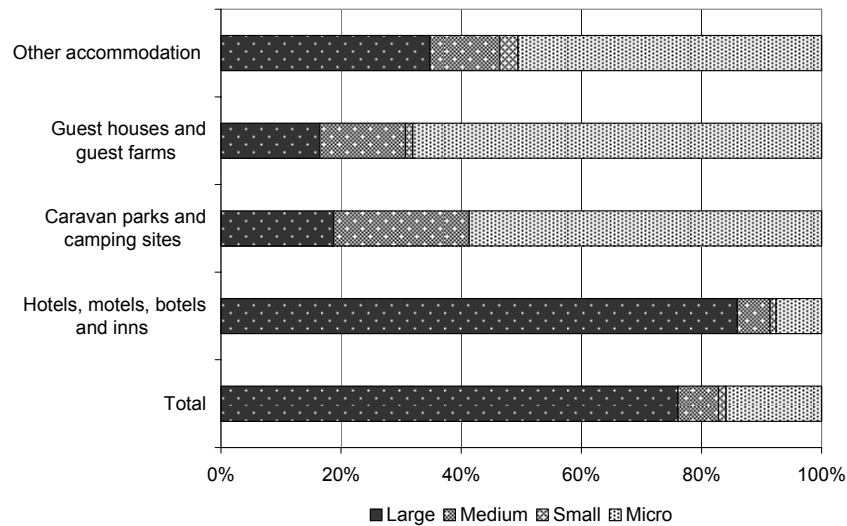
The total income in the accommodation industry in 2007 was R22 632 million. The largest contributor to the total income was ‘Hotels, motels, botels and inns’ (R18 692 million or 82,6%), followed by ‘Other accommodation’ (R2 752 million or 12,2%) and ‘Guest houses and guest farms’ (R980 million or 4,3%) (Figure 1 and Table 1, page 10).

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



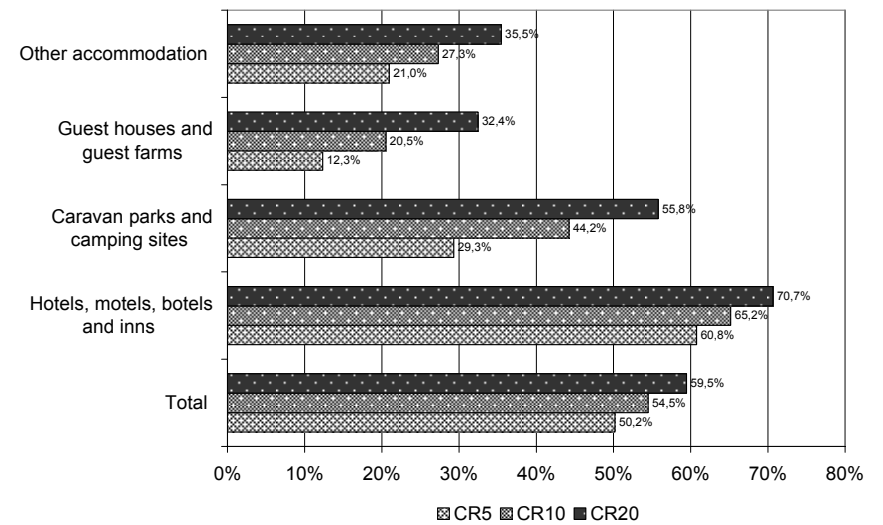
Large enterprises (those with a Business Register (BR) turnover equal to or greater than R13 million) generated 76,1% or R17 223 million of the total income of the accommodation industry (Figure 2 and Table 4, page 11).

**Figure 3 – Proportion of income by enterprise size and type of service in the accommodation industry, 2007**



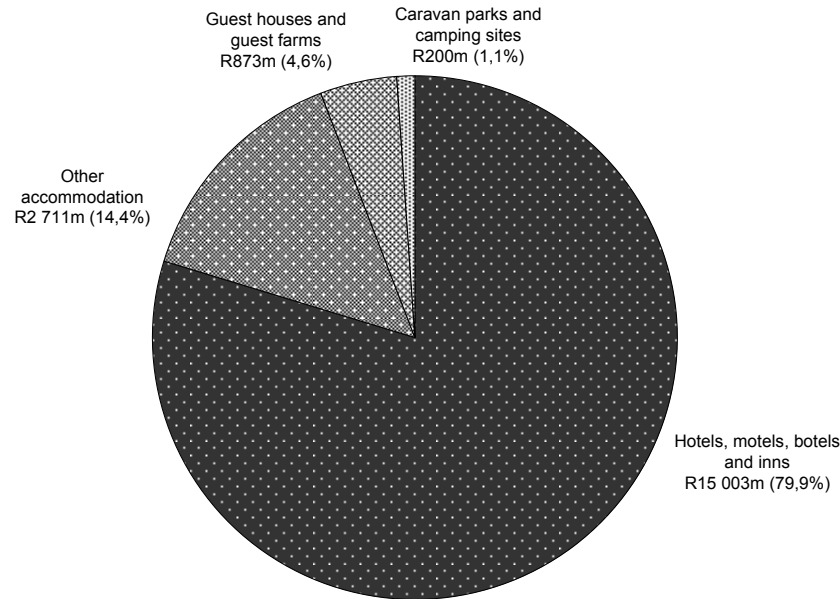
The total income earned for 'Hotels, motels, hotels and inns' was dominated by large enterprises (85,9%). However, the income earned by micro enterprises was the greatest in 'Guest houses and guest farms' (68,1%), followed by 'Caravan parks and camping sites' (58,7%) (Figure 3 and Table 4, page 11).

**Figure 4 – Concentration ratios (CR) in the accommodation industry, 2007**



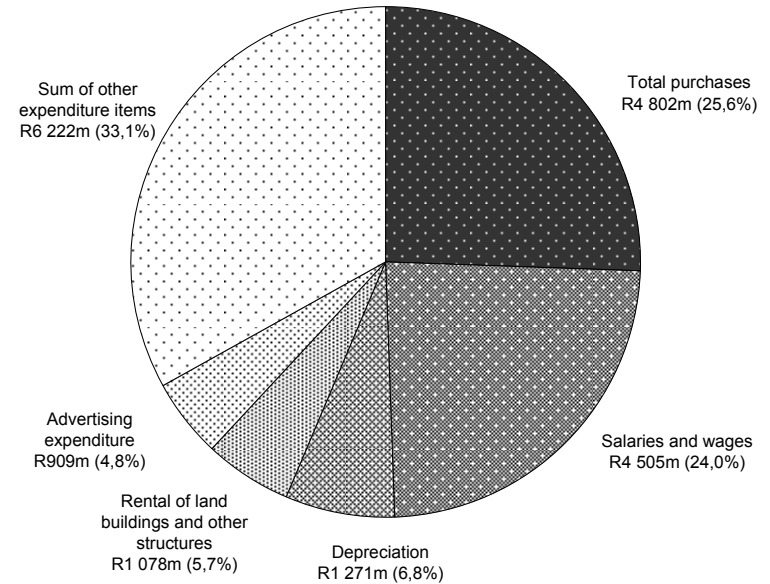
The 20 largest enterprises contributed 59,5% to the total income of the accommodation industry. 'Guest houses and guest farms' had the lowest of the three concentration ratios (12,3% for CR5, 20,5% for CR10 and 32,4% for CR20), while 'Hotels, motels, hotels and inns' had the highest concentration ratios in all three categories (60,8% for CR5, 65,2% for CR10 and 70,7% for CR20) (Figure 4 and Table 5, page 12).

**Figure 5 – Breakdown of expenditure by type of service in the accommodation industry, 2007**



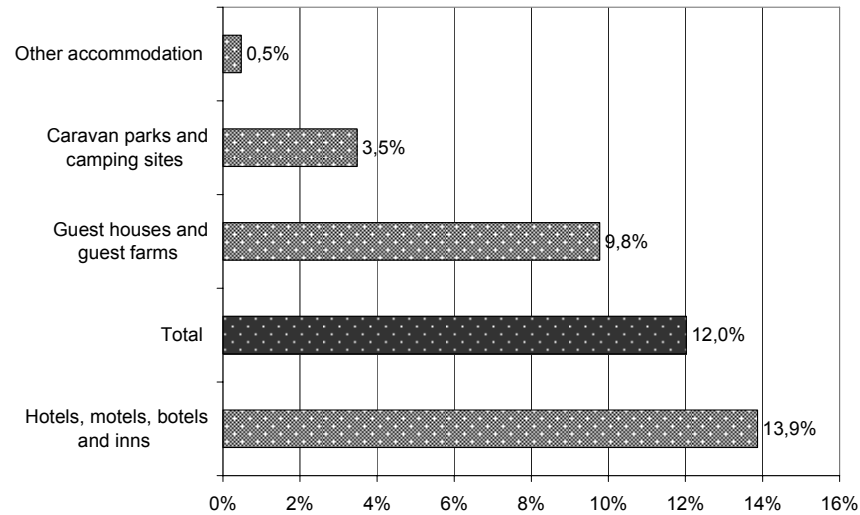
The total expenditure in the accommodation industry in 2007 was R18 787 million. The largest contributor was 'Hotels, motels, hotels and inns' (R15 003 million or 79,9%), followed by 'Other accommodation' (R2 711 million or 14,4%) and 'Guest houses and guest farms' (R873 million or 4,6%) (Figure 5 and Table 1, page 10).

**Figure 6 – Composition of expenditure in the accommodation industry, 2007**



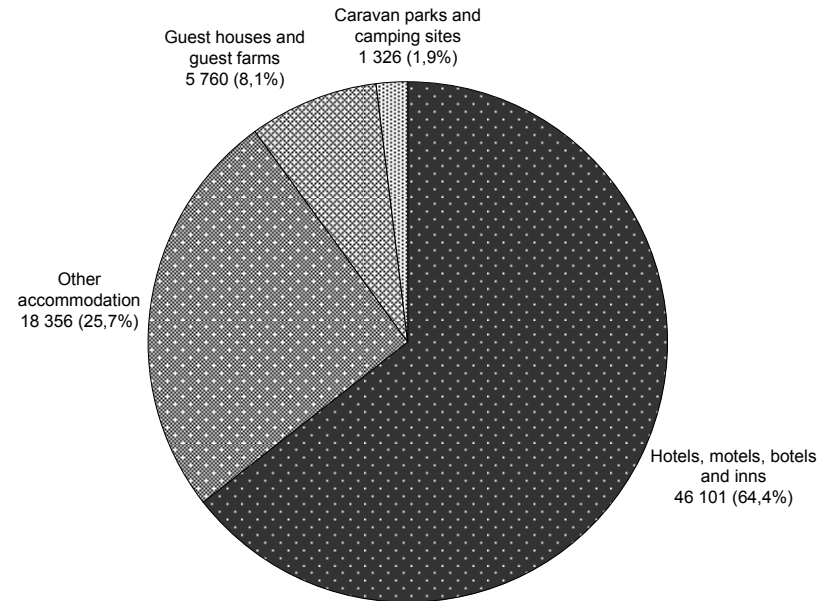
The expenditure for the accommodation industry in 2007 was composed primarily of 'Purchases' (R4 802 million or 25,6%), followed by 'Salaries and wages' (R4 505 million or 24,0%) and 'Depreciation' (R1 271 million or 6,8%) (Figure 6 and Table 6, page 13).

**Figure 7 – Profit margin by type of service in the accommodation industry, 2007**



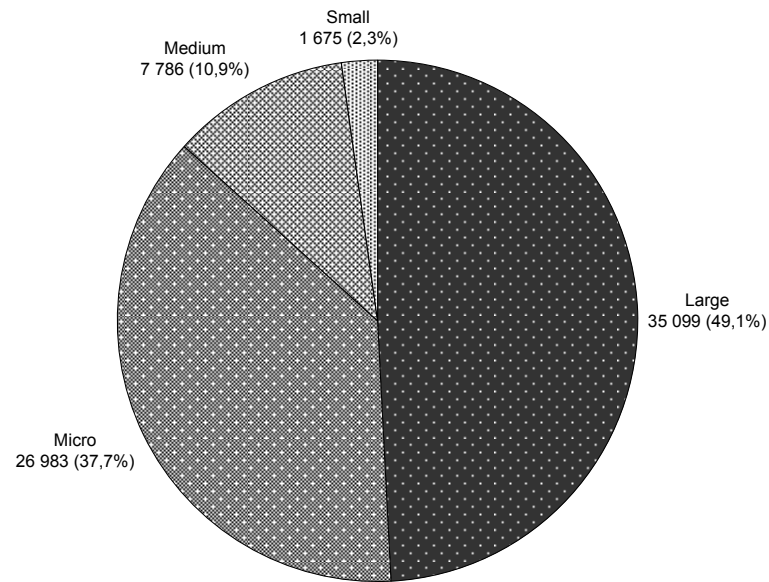
The profit margin for the accommodation industry was 12,0% in 2007. ‘Hotels, motels, hotels and inns’ had the highest profit margin at 13,9%, followed by ‘Guest houses and guest farms’ at 9,8% and ‘Caravan parks and camping sites’ at 3,5% (Figure 7 and Table 2, page 10).

**Figure 8 – Employment by type of service in the accommodation industry at the end of June 2007**



The total number of persons employed in the accommodation industry at the end of June 2007 was 71 543. ‘Hotels, motels, hotels and inns’ employed the largest number of persons (46 101 or 64,4%), followed by ‘Other accommodation’ (18 356 or 25,7%) and ‘Guest houses and guest farms’ (5 760 or 8,1%) (Figure 8 and Table 7, page 14).

**Figure 9 – Employment by enterprise size in the accommodation industry at the end of June 2007**



Employment by enterprise size indicates that the large enterprises (those with a Business Register (BR) turnover equal to or greater than R13 million) employed 49,1% or 35 099 of the total persons employed in the accommodation industry in 2007, followed by micro enterprises at 37,7% or 26 983, medium enterprises at 10,9% or 7 786 and small enterprises at 2,3% or 1 675 (Figure 9 and Table 8, page 14).

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#### 4. Tables

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

Item	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
Total income	18 692	208	980	2 752	22 632
Total expenditure	15 003	200	873	2 711	18 787
Net profit/loss before tax	3 725	8	106	53	3 892
Inventories at the beginning of the year	228	2	42	51	323
Inventories at the end of the year	264	3	41	63	371
Capital expenditure on new assets	1 609	23	50	203	1 885
Book value of assets at the beginning of the financial year	13 178	229	981	3 114	17 502
Book value of assets at the end of the financial year	13 863	242	1 096	3 252	18 453

**Table 2 – Profit margin in the accommodation industry, 2007**

Item	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
Net profit after tax (R million)	2 478	7	87	12	2 584
Turnover (R million)	17 863	201	890	2 540	21 494
Profit margin (%)	13,9	3,5	9,8	0,5	12,0

**Table 3 – 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	15 404	165	766	2 214	18 549
Sales of goods	2 425	29	122	311	2 887
Income from rental, leasing and hiring	34	7	2	15	58
Interest received	191	1	7	23	222
Dividends received	65	0	0	17	82
Profit on assets, investments and liabilities sold or revalued	46	1	25	13	85
Other income	527	5	58	159	749
<b>Total income</b>	<b>18 692</b>	<b>208</b>	<b>980</b>	<b>2 752</b>	<b>22 632</b>

**Table 4 – 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 enterprises	16 065	39	161	958	17 223
Medium enterprises	1 023	47	140	319	1 529
Small enterprises	186	0	12	84	282
Micro enterprises	1 418	122	667	1 391	3 598
<b>Total income</b>	<b>18 692</b>	<b>208</b>	<b>980</b>	<b>2 752</b>	<b>22 632</b>

**Table 5 – Concentration ratios (Relative contribution of large enterprises) in the accommodation industry, 2007**

Items		Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total <sup>1</sup>
<b>Total income</b>	<b>R million</b>	18 692	208	980	2 752	<b>22 632</b>
<b>Income of 5 largest enterprises</b>	<b>R million</b>	11 360	61	121	577	<b>11 360</b>
<b>Relative contribution of 5 largest enterprises</b>	<b>%</b>	60,8	29,3	12,3	21,0	<b>50,2</b>
<b>Income of 10 largest enterprises</b>	<b>R million</b>	12 182	92	201	751	<b>12 327</b>
<b>Relative contribution of 10 largest enterprises</b>	<b>%</b>	65,2	44,2	20,5	27,3	<b>54,5</b>
<b>Income of 20 largest enterprises</b>	<b>R million</b>	13 208	116	318	976	<b>13 457</b>
<b>Relative contribution of 20 largest enterprises</b>	<b>%</b>	70,7	55,8	32,4	35,5	<b>59,5</b>

<sup>1</sup> These figures reflect the income of the 5 (respectively 10 and 20) largest enterprises, and not the row totals.



**Table 6 – 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				
<b>Total purchases</b>	4 012	25	229	536	<b>4 802</b>
<b>Salaries and wages</b>	3 542	59	219	685	<b>4 505</b>
<b>Accommodation expenditure</b>	196	2	9	25	<b>232</b>
<b>Advertising expenditure</b>	785	5	20	99	<b>909</b>
<b>Bank charges</b>	46	2	12	29	<b>89</b>
<b>Depreciation</b>	1 072	9	38	152	<b>1 271</b>
<b>Entertainment expenditure</b>	64	1	5	14	<b>84</b>
<b>Insurance premiums paid</b>	81	3	13	47	<b>144</b>
<b>Interest paid</b>	641	4	25	123	<b>793</b>
<b>Losses on assets, investments and liabilities sold or revalued</b>	135	0	2	5	<b>142</b>
<b>Motor vehicle running expenditure</b>	38	4	10	47	<b>99</b>
<b>Operational leasing and hiring of plant, machinery, equipment</b>	259	2	4	49	<b>314</b>
<b>Paper, printing and stationery</b>	50	0	6	17	<b>73</b>
<b>Postal, courier and telecommunication</b>	80	2	16	53	<b>151</b>
<b>Property tax</b>	79	2	4	44	<b>129</b>
<b>Rental of land buildings and other structures</b>	896	9	43	130	<b>1 078</b>
<b>Repair and maintenance</b>	331	16	52	184	<b>583</b>
<b>Royalties, franchise fees, trade names and patent rights</b>	51	0	4	0	<b>55</b>
<b>Security services</b>	107	3	6	30	<b>146</b>
<b>Staff training</b>	18	0	1	3	<b>22</b>
<b>Subcontractors paid</b>	52	2	3	5	<b>62</b>
<b>Travelling expenditure</b>	33	1	4	19	<b>57</b>
<b>Water and electricity services</b>	236	16	33	90	<b>375</b>
<b>Other expenditure</b>	2 199	33	115	325	<b>2 672</b>
<b>Total expenditure</b>	<b>15 003</b>	<b>200</b>	<b>873</b>	<b>2 711</b>	<b>18 787</b>

**Table 7 – Employment in the accommodation industry at the end of June 2007**

Item	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	Number				
<b>Total male employees</b>	21 775	671	2 125	7 592	<b>32 163</b>
<b>Total female employees</b>	24 326	655	3 635	10 764	<b>39 380</b>
<b>Total employees</b>	<b>46 101</b>	<b>1 326</b>	<b>5 760</b>	<b>18 356</b>	<b>71 543</b>

**Table 8 – Employment by enterprise size in the accommodation industry at the end of June 2007**

Size group	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	Number				
<b>Large enterprises</b>	28 947	225	446	5 481	<b>35 099</b>
<b>Medium enterprises</b>	4 955	183	586	2 062	<b>7 786</b>
<b>Small enterprises</b>	1 171	0	50	454	<b>1 675</b>
<b>Micro enterprises</b>	11 028	918	4 678	10 359	<b>26 983</b>
<b>Total employees</b>	<b>46 101</b>	<b>1 326</b>	<b>5 760</b>	<b>18 356</b>	<b>71 543</b>

**Table 9 – Book value of assets at the end of the financial year in the accommodation industry, 2007**

Item	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
Land	1 461	161	417	1 131	3 170
Residential buildings	1 065	27	412	965	2 469
Non residential buildings	7 403	16	47	450	7 916
Construction	15	0	0	14	29
Computer and IT equipment	62	0	8	19	89
Motor vehicles and other transport	132	21	32	150	335
Plant, machinery and other office equipment	2 795	9	145	319	3 268
Intangible fixed assets: Computer software	9	0	3	2	14
Intangible fixed assets: Other	23	0	6	8	37
Intangible non-produced assets	627	4	19	114	764
Other	271	4	7	80	362
<b>Book value of assets at the end of the financial year</b>	<b>13 863</b>	<b>242</b>	<b>1 096</b>	<b>3 252</b>	<b>18 453</b>

**Table 10 – Company tax and dividends in the accommodation industry, 2007**

Item	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
Company tax	1 247	1	19	41	1 308
Dividends	1 094	0	1	6	1 101

**Table 11 – Details of assets in the accommodation industry, 2007**

Item	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
Fixed assets	13 242	238	1 079	3 142	17 701
Intangible assets including goodwill	621	4	17	110	752
Long-term investment	1 562	13	114	129	1 818
Other non-current assets	602	12	94	282	990
<b>Total non-current assets</b>	<b>16 027</b>	<b>267</b>	<b>1 304</b>	<b>3 663</b>	<b>21 261</b>
Debtors	1 238	6	78	149	1 471
Cash and bank	2 040	17	81	226	2 364
Inventory	264	3	41	63	371
Other current assets	755	12	112	183	1 062
<b>Total current assets</b>	<b>4 297</b>	<b>38</b>	<b>312</b>	<b>621</b>	<b>5 268</b>
<b>Total assets</b>	<b>20 324</b>	<b>305</b>	<b>1 616</b>	<b>4 284</b>	<b>26 529</b>

**Table 12 – Details of equity and liabilities in the accommodation industry, 2007**

Item	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
<b>Equity</b>	6 680	86	538	974	<b>8 278</b>
<b>Long-term loans</b>	5 702	82	556	1 876	<b>8 216</b>
<b>Other non-current liabilities</b>	1 780	99	229	623	<b>2 731</b>
<b>Total non-current liabilities</b>	<b>7 482</b>	<b>181</b>	<b>785</b>	<b>2 499</b>	<b>10 947</b>
<b>Creditors</b>	2 228	21	59	310	<b>2 618</b>
<b>Bank overdraft</b>	1 884	5	39	91	<b>2 019</b>
<b>Other current liabilities</b>	2 050	12	195	410	<b>2 667</b>
<b>Total current liabilities</b>	<b>6 162</b>	<b>38</b>	<b>293</b>	<b>811</b>	<b>7 304</b>
<b>Total equity and liabilities</b>	<b>20 324</b>	<b>305</b>	<b>1 616</b>	<b>4 284</b>	<b>26 529</b>

**Table 13 – Details of services rendered in the accommodation industry, 2007**

Item	Hotels, motels, hotels and inns	Caravan parks and camping sites	Guest houses and guest farms	Other accommodation	Total
	R million				
<b>Accommodation</b>	6 236	159	706	1 979	<b>9 080</b>
<b>Functions</b>	644	3	37	118	<b>802</b>
<b>Laundry</b>	24	0	2	8	<b>34</b>
<b>Telephone calls</b>	29	0	1	5	<b>35</b>
<b>Internet or email</b>	444	0	1	2	<b>447</b>
<b>Spa facilities</b>	38	0	10	9	<b>57</b>
<b>Tours</b>	33	2	4	45	<b>84</b>
<b>Sport facilities</b>	44	0	3	3	<b>50</b>
<b>Casino facilities</b>	7 724	0	0	24	<b>7 748</b>
<b>Other services</b>	188	1	2	21	<b>212</b>
<b>Total services</b>	<b>15 404</b>	<b>165</b>	<b>766</b>	<b>2 214</b>	<b>18 549</b>

**Table 14 – Details of sales of goods 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				
Food prepared for takeaway and consumption off the premises	107	0	5	12	124
Food prepared for consumption on the premises	1 057	15	96	165	1 333
Non-alcoholic beverages prepared for takeaway and consumption off the premises	14	0	1	12	27
Non-alcoholic beverages prepared for consumption on the premises	228	0	5	15	248
Alcoholic drinks served at the establishment	682	3	7	43	735
Packaged liquor, wine and beer for consumption off the premises	39	2	1	1	43
Groceries and other food items for human consumption off the premises	11	7	6	23	47
Cigars, cigarettes, tobacco and smokers' accessories	94	0	1	5	100
Souvenirs and novelty items	154	1	0	25	180
Other sales of goods	39	1	0	10	50
<b>Total sales of goods</b>	<b>2 425</b>	<b>29</b>	<b>122</b>	<b>311</b>	<b>2 887</b>

**Table 15 – Details of purchases 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				
Bed and linen	636	2	57	85	780
Processed food	720	2	74	129	925
Fresh food	716	7	41	144	908
Alcoholic beverages	607	2	23	51	683
Non-alcoholic beverages	428	1	17	29	475
Gas	32	3	1	52	88
Bathing products	422	1	6	17	446
Cleaning detergents	409	2	7	19	437
Other purchases	42	5	3	10	60
<b>Total purchases</b>	<b>4 012</b>	<b>25</b>	<b>229</b>	<b>536</b>	<b>4 802</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 industry of the South African economy. This survey is based on a sample of private and public enterprises operating in the accommodation industry.</p> <p>The sample was drawn from Stats SA's Business Register. Stats SA continuously upgrades its Business Register, based on units registered for value added tax (VAT) and income tax (IT) at the South African Revenue Service (SARS).</p>
<b>Value added tax (VAT)</b>	All figures exclude value added tax (VAT).
<b>Reference period</b>	The information was collected from enterprises for their financial year, which ended on any date between 1 July 2006 and 30 June 2007.
<b>Purpose of the survey</b>	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.
<b>Scope and coverage</b>	<p>This survey covers the following income tax-registered private and public enterprises that are mainly engaged in accommodation services:</p> <ol style="list-style-type: none"><li>Hotels, motels, botels and inns (SIC 64101)</li><li>Caravan parks and camping sites (SIC 64102)</li><li>Guest houses and guest farms (SIC 64103)</li><li>Other accommodation (SIC 64109)</li></ol> <p>The following activities are <b>excluded</b>:</p> <ol 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 furnished 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></ol>
<b>Classification by industry</b>	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. Each enterprise is classified to an industry, which reflects its predominant activity. Statistics in this publication are presented at SIC subgroup (five-digit) level.
<b>Statistical unit</b>	The statistical unit for the collection of the information is known as 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 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 turnover of R13 million and more. Table 16 presents the size groups defined using the Department of Trade and Industry (DTI) cut-off points.

**Table 16 – Size groups for the accommodation industry**

Size group	Turnover
Large	Turnover ≥ R13 000 000
Medium	R6 000 000 ≤ Turnover < R13 000 000
Small	R5 100 000 ≤ 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, medium and small enterprises are completely enumerated. Business Register turnover was used as the measure of size for stratification.

**Weighting methodology**

For those strata not completely enumerated (micro enterprises according to subgroup), 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 industry 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](http://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 might 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 as 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 17 – Income in the accommodation industry within 95% confidence limits: 2007**

Type of accommodation (SIC)	Lower limit	Total income	Upper limit	Relative standard error
	R million			%
Hotels, motels, botels and inns	18 545	18 692	18 839	0,4
Caravan parks and camping sites	157	208	259	12,5
Guest houses and guest farms	884	980	1 076	5,0
Other accommodation	2 509	2 752	2 995	4,5
<b>Total</b>	<b>22 321</b>	<b>22 632</b>	<b>22 943</b>	<b>0,7</b>

**Non-sampling errors**

Inaccuracies might 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.

**Rounding-off of figures**

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

**Abbreviations**

BR	Business Register
CR	Concentration ratio
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

<b>Concentration ratio</b>	The concentration ratio is the ratio of the income of the <i>n</i> largest enterprises to the total income.
<b>Current assets</b>	Current assets are assets that are not expected to be turned into cash within one year during the normal course of business. They include: <ul style="list-style-type: none"><li>• trade and other receivables;</li><li>• cash and bank;</li><li>• inventories; and</li><li>• other current assets.</li></ul>
<b>Current liabilities</b>	Current liabilities are debts or obligations that are due within one year. They include: <ul style="list-style-type: none"><li>• trade and other payables;</li><li>• bank overdraft; and</li><li>• other current liabilities.</li></ul>
<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 activities.
<b>Equity</b>	Equity is the residual interest in the entity's assets after deducting its liabilities.
<b>Income from rental, leasing and hiring</b>	Income from rental, leasing and hiring 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>	<p>Net profit or loss before tax is derived as:</p> <p>Total income  <b>plus</b> Closing inventories  <b>minus</b> Total expenditure  <b>minus</b> Opening inventories</p>
<b>Non-current assets</b>	<p>Non-current assets are assets which are not easily convertible to cash or not expected to become cash within the next year. They include:</p> <ul style="list-style-type: none"> <li>• property, plant and equipment and intangible assets;</li> <li>• long-term investments; and</li> <li>• other non-current assets.</li> </ul>
<b>Non-current liabilities</b>	<p>Non-current liabilities are liabilities not due to be paid within one year during the normal course of business. They include:</p> <ul style="list-style-type: none"> <li>• long-term loans; and</li> <li>• other non-current liabilities.</li> </ul>
<b>Other accommodation</b>	Includes lodges, bed-and-breakfast establishments, self-catering establishments and other establishments not elsewhere classified.
<b>Other expenditure</b>	<p>Other expenditure includes:</p> <p>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.</p>
<b>Other Income</b>	<p>Other income includes:</p> <p>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.</p>
<b>Profit margin</b>	<p>Profit margin is derived as:</p> <p>Net profit or loss after tax  <b>divided by</b> turnover  <b>multiplied by</b> 100</p>
<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>Subcontractors</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