

Accommodation Services Industry, 2004

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Introduction

The accommodation services industry consists of hotels, lodging & boarding houses and chalets that provide short-term lodging and facilities for travelers, vacationers and others on a fee basis. Serviced apartments (usually for longer term lodging) are not included in the accommodation services industry, but as part of the real estate industry. Data presented in this article are based on the findings of the Accommodation Services Survey for reference year 2004.

Economic Performance

In 2004, there were 246 establishments

in the accommodation services industry, compared with 232 establishments in 2003 (Table 1). Its performance in 2004 was boosted by the large increase in tourist arrivals, which grew by 36 per cent to 8.3 million visitors¹ compared to 2003 when there was a SARS² outbreak.

Correspondingly, **total operating receipts** collected by the accommodation services industry increased from \$1.9 billion in 2003 to \$2.3 billion in 2004, a rise of 22 per cent.

Likewise, **total operating surplus** generated by the industry also registered a significant increase of 54 per cent to \$565 million in 2004.

TABLE 1 PRINCIPAL STATISTICS OF ACCOMMODATION SERVICES INDUSTRY, 2003 AND 2004

Key Indicators	2003	2004	Change (%)
Establishments (Number)	232	246	6.0
Employment (Number)	23,517	25,203	7.2
Operating Receipts (\$ Million)	1,882	2,297	22.0
Operating Surplus (\$ Million)	366	565	54.3
Value Added (\$ Million)	1,007	1,289	28.0

¹ Data from the Singapore Tourism Board

² Severe Acute Respiratory Syndrome

Total value added of the industry also increased significantly by 28 per cent to \$1.3 billion in 2004, up from \$1.0 billion in 2003.

Total employment generated by the industry amounted to about 25,200 in 2004, representing a growth of 7.2 per cent compared to 2003. The industry engaged about 20,800 full-time employees and 4,200 part-time employees in 2004. In addition, there were also some 200 working directors, working proprietors/partners and unpaid family members.

Main Types of Accommodation Services

In 2004, there were 83 hotels which were engaged in providing accommodation services as primary activity and food & beverage (F&B) services as secondary activity (Chart 1). These hotels were classified as hotels with restaurant. They employed an average of 278 workers

per establishment, considerably larger than other types of business in terms of employment size.

Besides these hotels with F&B services, there were another 128 hotels which were engaged in accommodation services only (i.e. without providing F&B services). They were classified as hotels without restaurant. Although they constituted the largest group within the accommodation services industry, these hotels had smaller employment size compared to those operating with restaurants, engaging an average of 12 workers per establishment.

In 2004, there were 35 chalets, lodging and boarding houses which provided short-term stay for vacationers, students and foreign workers. They employed a total of 641 workers, or an average of 18 employees per establishment.

Hotels with restaurant generated \$2.1 billion operating receipts, accounting for 91 per cent of the industry's total (Chart 2). On a per establishment basis,

CHART 1 ESTABLISHMENTS AND EMPLOYMENT, 2004

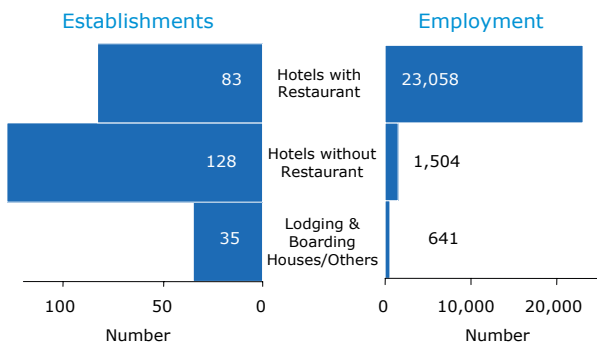
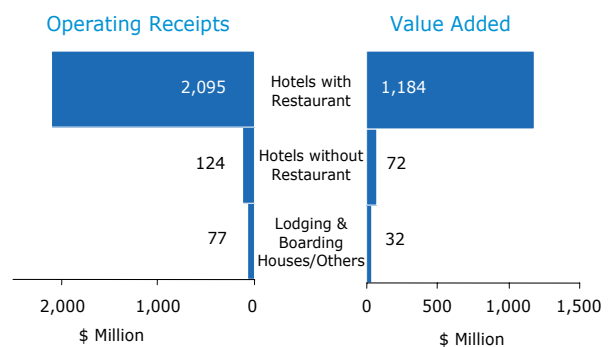


CHART 2 OPERATING RECEIPTS AND VALUE ADDED, 2004



this group registered an average turnover of \$25 million in 2004. Hotels without restaurant and lodging & boarding houses generated \$124 million and \$77 million operating receipts in 2004 respectively. This translated to an average turnover of \$971,200 and \$2.2 million respectively on a per establishment basis.

Similarly, hotels with restaurant contributed significantly to the industry's value added. They generated \$1.2 billion value added, accounting for 92 per cent of the industry total.

Main Business Incomes

The accommodation services industry generated \$1.3 billion and \$813 million

of income from accommodation services and F&B services respectively. These two sources of business incomes accounted for 91 per cent of overall turnover. The industry also received another \$206 million from rental of premises, laundry services etc.

Within the industry, the share of accommodation services accounted for only 52 per cent of turnover for hotels with restaurant (Table 2). Income from F&B services accounted for another 39 per cent share of total revenue for this group. In contrast, accommodation services accounted for 96 per cent of turnover for hotels without restaurant.

TABLE 2 MAIN BUSINESS INCOMES, 2004

	Income Type and % Share		
	1st	2nd	3rd
Hotels with Restaurant	Accom 52.0	F&B 38.6	Rental 4.5
Hotels without Restaurant	Accom 96.0	Rental 2.4	-
Lodging & Boarding Houses/Others	Accom 88.1	F&B 5.4	Rental 2.7

Notations : Accom Accommodation Services
F&B Food & Beverage Services
Rental Rental of Premises

Main Business Costs

Remuneration expense was the largest business expense incurred by the accommodation services industry, due to the large employment size (Table 3). It accounted for 36 per cent of total operating expenditure for hotels and 23 percent for lodging & boarding houses.

Purchase of F&B for sale was the second largest business cost for hotels with restaurant, accounting for 12 per cent of total operating expenditure. Rental of premises was the second largest cost for hotels without restaurant, accounting for 21 per cent of total business costs.

Key Performance Ratios

Profitability ratio of the accommodation services industry, as measured by the ratio of operating surplus to operating receipts, stood at 25 per cent in 2004. Within the industry, hotels without restaurant registered the highest profit margin at 31 per cent in 2004 (Chart 3).

CHART 3 PROFITABILITY RATIO, 2003 AND 2004

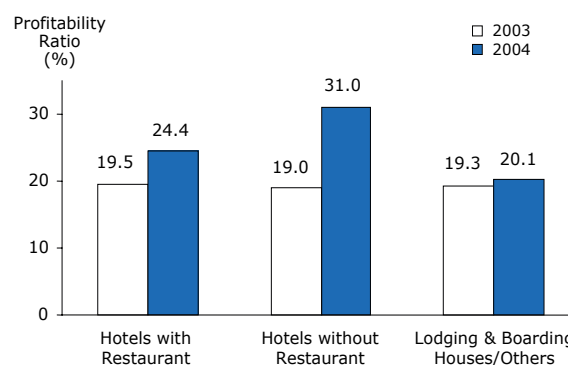


TABLE 3 MAIN BUSINESS COSTS, 2004

	Cost Type and % Share				
	1st	2nd	3rd	4th	5th
Hotels with Restaurant	Rem 35.8	Purchase 12.5	Dep 11.6	Utilities 6.1	Rental 3.9
Hotels without Restaurant	Rem 35.8	Rental 20.6	Utilities 10.5	Dep 5.1	Maint 5.0
Lodging & Boarding Houses/Others	Rem 22.6	Utilities 12.7	Rental 12.0	Dep 12.0	Maint 8.6

Notations : Dep Depreciation
 Maint Maintenance of Premises
 Purchase Purchases of Food & Beverages for Sale
 Rem Remuneration
 Rental Rental of Premises

Average annual remuneration per employee of the accommodation services industry was \$27,400 in 2004, 3.8 per cent higher compared to 2003. Employees engaged by hotels with restaurant received an average annual remuneration of \$27,800, the highest within the industry (Table 4).

Employees working in hotels without restaurant received a much lower remuneration of \$22,100. It represented a decrease of 6.8 per cent compared to a year ago. This was mainly due to the increase in the number of part-timers engaged. The average remuneration of employees working in lodging & boarding houses increased by 3.7 per cent to \$25,200 in 2004.

Value added per worker stood at \$51,100 for the accommodation services industry in 2004. Within the industry, hotels with restaurant recorded the highest value added per worker of \$51,400, registering a 20 per cent increase compared to 2003 (Chart 4). Hotels without restaurant and lodging & boarding houses generated value added per worker of \$48,100 and \$50,100 respectively.

CHART 4 VALUE ADDED PER WORKER, 2003 AND 2004

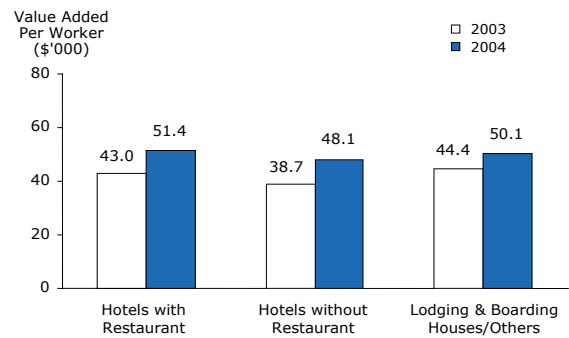


TABLE 4 ANNUAL REMUNERATION PER EMPLOYEE, 2003 AND 2004

	2003 (\$'000)	2004	Change (%)
Hotels with Restaurant	26.6	27.8	4.5
Hotels without Restaurant	23.7	22.1	-6.8
Lodging & Boarding Houses/Others	24.3	25.2	3.7

Performance by Firm Size

Medium firms (i.e. those with employment size of 10–99 workers) formed the majority (42 per cent) in the accommodation services industry. Their profitability ratio of 25 per

cent was also the highest as compared to that of small firms (less than 10 workers) and large firms (100 workers & above). However, large firms contributed the most to total operating receipts (\$2.0 billion or 87 per cent) in 2004 (Table 5).

TABLE 5 ESTABLISHMENTS, OPERATING RECEIPTS AND PROFITABILITY RATIO BY FIRM SIZE, 2004

Employment Size	Estab-lishments (Number)	Operating Receipts (\$ Million)	Profitability Ratio (%)
Less than 10	84	83	23.3
10 – 99	104	218	25.1
100 & Above	58	1,996	24.6

Visit of Minister of the Hashemite Kingdom of Jordan 20 September 2006

Her Excellency Mrs Suhair Al-Ali, Minister of Planning and International Cooperation of the Hashemite Kingdom of Jordan, visited the Singapore Department of Statistics (DOS) on 20 September 2006, as a side programme of the International Monetary Fund (IMF)/ World Bank Annual Meetings held in Singapore during the period 13-20 September 2006.

The Minister was accompanied by His Excellency Mr Jamal Al-Asal, Director of Policies and Studies Department and Singapore's Ambassador to Jordan, Mr K Kesavapany.

DOS provided the delegates with an overview of Singapore's Statistical System and briefed them on the methodology used in the collection and dissemination of economic statistics covering the following areas :

- Overview of the Singapore Economy
- Tracking Domestic and External Economy
- Integrating the Data
- Adjusting for Price Changes
- Dissemination Channels