

ECONOMIC SURVEYS SERIES

Reference Year 2009

Introduction

The Singapore Department of Statistics conducts an annual survey on the services industries to collect a wide range of data for studies and analyses. The first survey on the services industries was conducted in 1968 for the reference year 1967 and subsequently at regular intervals. Since 1984, the inquiry was carried out on an annual basis.

The latest survey was carried out in 2010 for reference year 2009. This year, the reports will focus on several services industries of importance to the Singapore economy. This report on *The Services Sector* is the Department's seventh and last issue in the series. This consolidated report aims to provide a comprehensive performance review of the services sector.

The seven reports which have been released are as follows:

Food and Beverage Services

Health Services

Information and Communications Services

Retail Trade

Transport and Storage Services

Wholesale Trade

The Services Sector

THE SERVICES SECTOR

Key Indicators			
		<u>2009</u>	<u>2008</u>
Establishments	↓5.8 %	131,329	139,361
Employment	↑1.0 %	1,283,405	1,270,924
Operating Receipts	↓14.6 %	\$1,409.5 bil	\$1,650.5 bil
Operating Expenditure	↓14.8 %	\$1,366.2 bil	\$1,603.5 bil
Operating Surplus	↓0.8 %	\$65.4 bil	\$65.9 bil
Value Added	↓0.2 %	\$128.1 bil	\$128.4 bil

In 2009, the services sector¹ comprised 131,300 establishments and employed a total of 1,283,400 workers, or an average of 10 workers per establishment.

I. ECONOMIC PERFORMANCE

Total operating receipts of the services sector was \$1,409.85 billion in 2009, lower than the \$1,650.5 billion registered in 2008. The decrease of 14.6 per cent was largely attributed by the wholesale & retail trade industry. Correspondingly, operating receipts per establishment decreased 9.4 per cent during the same period.

Total operating expenditure incurred was \$1,366.2 billion in 2009, 14.8 per cent lower than the previous year's total of \$1,603.5 billion.

Total operating surplus decreased 0.8 per cent, from \$65.9 billion in 2008 to \$65.4 billion in 2009. The decrease was mainly due to lower operating surplus recorded by transport & storage in 2009. On a per establishment basis, operating surplus increased 5.3 per cent to \$498,300 in 2009.

Total value added of the sector declined by 0.2 per cent to \$128.1 billion in 2009. Value added per establishment went up 5.9 per cent to \$975,800 in 2009.

II. MAIN ACTIVITIES IN SERVICES

The services sector comprises the following main industries:

Abbreviations used
in charts and tables

- Wholesale and Retail Trade WR
- Accommodation and Food & Beverage Services AF
- Transport and Storage TP
- Information and Communications IC
- Business Services BS
- Recreation, Community and Personal Services² RCP

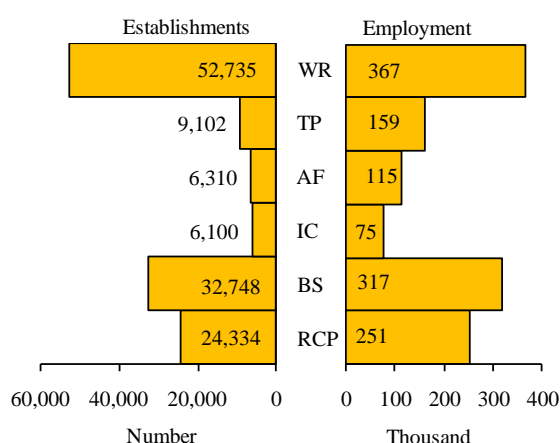
Majority (40.2 per cent) of the establishments in the services sector were engaged in wholesale & retail trade. As the largest employer, they engaged 28.6 per cent of the services sector's total workforce (Chart 1). However, their average employment size of 7 workers per establishment was lower than the sectoral average of 10 workers.

¹ Exclude all financial & insurance activities. Detailed list of services activities covered in the sector is provided in the Explanatory Note.

² Exclude public administration activities.

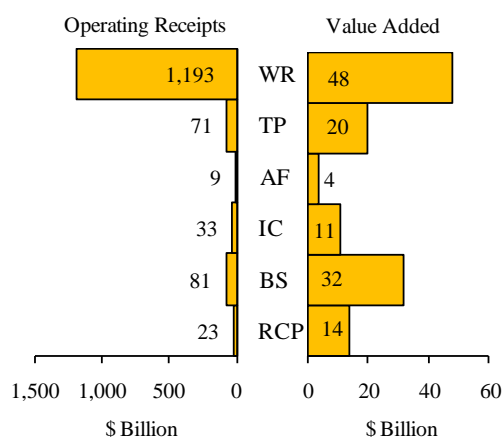
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Chart 1 – Establishments and Employment, 2009



On the other hand, accommodation and food & beverage services hired an average of 18 workers per establishment, the highest among the services industries. This was followed by transport & storage with an average of 17 workers per establishment.

Chart 2 – Operating Receipts and Value Added, 2009



In terms of operating receipts, wholesale & retail trade was the largest contributor, accounting for 84.6 per cent of the total operating receipts generated by the services sector (Chart 2). Its share of the total value added, however, was smaller at 37.2 per cent. This was due to the industry's high operating expenditure.

Despite contributing only 5-6 per cent to total operating receipts, business services and transport & storage accounted for significant value added shares of 25.0 per cent and 15.5 per cent respectively to total value added.

Due to the diverse nature of services activities, the major business costs of the various services industries were different.

Table 1 : Main Business Costs of Services Sector by Activity, 2009

Industry	Cost Type and % Share			
	1 st	2 nd	3 rd	4 th
WR	Pur_sale 94.5	Rem 1.6	Freight 0.9	Rental 0.5
TP	Charter 20.4	Cargo 17.2	Fuels 14.8	Rem 12.1
AF	Rem 30.0	Pur_f&b 26.2	Rental 13.5	Dep 5.6
IC	Pur 19.9	Rem 19.3	Royalties 16.3	Agency 9.3
BS	Subcontract 25.4	Rem 23.3	Pur 14.1	Profess 5.6
RCP	Rem 42.2	Pur 12.9	Dep 7.2	Rental 5.0

Notations

- Agency : Commission and agency fees
- Cargo : Cargo handling, airport & port charges
- Charter : Charter fees
- Dep : Depreciation
- Freight : Freight charges
- Fuels : Fuel diesel & lubricating oil
- Loss Inv : Loss on investment
- Profess : Professional & business services
- Pur : Purchases of goods & materials
- Pur_f&b : Purchases of food & beverages for sale
- Pur_sale : Purchases of goods & materials for sale
- Rem : Remuneration
- Rental : Renting of offices, shops & other premises
- Royalties : Royalties and franchise fees
- Subcontract : Subcontract charges / work given out

For wholesale & retail trade, a significant amount (94.5 per cent) of their operating expenditure was spent on purchases of goods for resale in 2009 (Table 1). Remuneration was the top expense item for accommodation and food & beverage

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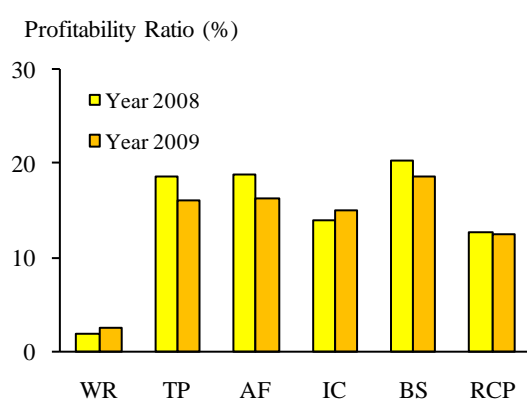
services, making up 30.0 per cent of their total operating expenditure. The main expense item (20.4 per cent) for transport & storage firms was the charter fees.

Remuneration ranked as one of the top four business costs for all the services industries in 2009. Recreation, community & personal services had the highest remuneration share of 42.2 per cent among the services industries.

III. KEY PERFORMANCE RATIOS

Profitability Ratio* of the services sector was 4.6 per cent in 2009, higher than the 3.9 per cent registered in 2008. All the services industries attained double-digit profitability ratios, except for wholesale & retail trade which recorded a ratio of 2.5 per cent. The subsector had a relatively larger base in operating receipts (Chart 3).

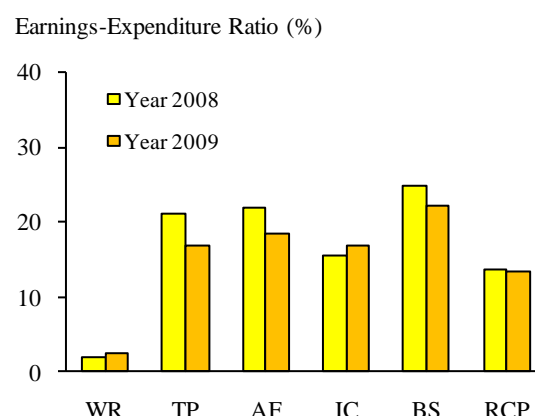
Chart 3 – Profitability Ratio, 2008 & 2009*



**Exclude non-profit organizations*

Earnings-Expenditure Ratio* of the services sector was 4.7 per cent in 2009. Business services recorded the highest earnings-expenditure ratios, while wholesale & retail trade registered the lowest ratio (Chart 4).

Chart 4 – Earnings-Expenditure Ratio, 2008 & 2009*



**Exclude non-profit organisations*

Average Annual Remuneration per Employee was \$50,100 for employees in the services sector in 2009. The highest paid employees were those working in information & communications, with average remuneration of \$75,900 (Table 2). Employees working in accommodation and food & beverage services received the lowest average remuneration of \$20,900 due to a relatively larger base of part-time workers.

Table 2 : Average Annual Remuneration per Employee, 2008 & 2009

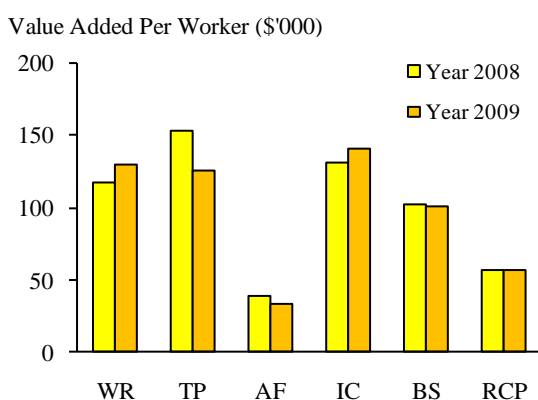
Industry	2008 (\$'000)	2009 (\$'000)	Change (%)
WR	52.4	53.6	2.3
TP	52.4	52.7	0.6
AF	21.8	20.9	-4.1
IC	71.2	75.9	6.6
BS	52.1	53.1	1.9
RCP	45.4	45.4	0.0

Value Added per Worker of the services sector decreased from \$101,000 in 2008 to \$99,900 in 2009. The highest value added

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per worker of \$140,600 was recorded by information & communications (Chart 5). On the other hand, accommodation and food & beverage services continued to record the lowest value added per worker in 2009.

Chart 5 – Value Added per Worker, 2008 & 2009



the biggest employer, employing 46.4 per cent of all workers. They also accounted for a significant share (40.7 per cent) of the total operating receipts.

The publication on “The Services Sector” containing more detailed statistical tables will be released in 2nd Quarter 2011.

IV. PERFORMANCE BY FIRM SIZE

Firms with less than 10 workers accounted for the majority (85.2 per cent) of firms in the services sector. However, their contribution to the sector’s total operating receipts and employment was only 16.8 per cent and 21.5 per cent respectively (Table 3).

Table 3 : Establishments, Operating Receipts & Employment by Firm Size, 2009

Employment Size	Establishments (Number)	Operating Receipts (\$ Million)	Employment ('000)
Less than 10	111,946	237,371	275.3
10 – 99	17,751	598,210	412.8
100 & above	1,632	573,967	595.3

Firms with 100 workers & more made up only 1.2 per cent of the total number of firms in the sector. Nevertheless, they were

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Summary Tables

Key Indicators of The Services Sector, 2007-2009

Industry	Establishments (Number)			Employment (Number)			Operating Receipts (\$ Million)		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Total Services	130,465	139,361	131,329	1,197,275	1,270,924	1,283,405	1,467,869	1,650,480	1,409,548
WR	54,392	55,762	52,735	353,849	374,546	367,291	1,268,587	1,426,965	1,193,045
TP	9,027	9,718	9,102	151,359	159,037	158,537	72,034	84,812	71,433
AF	5,575	6,160	6,310	106,610	113,460	115,056	8,709	9,581	8,917
IC	5,940	6,731	6,100	66,863	73,486	74,795	29,053	30,926	32,522
BS	31,698	34,974	32,748	296,120	317,820	316,666	69,801	76,761	80,593
RCP	23,833	26,016	24,334	222,474	232,575	251,059	19,686	21,435	23,038

Industry	Operating Expenditure (\$ Million)			Operating Surplus (\$ Million)			Value Added (\$ Million)		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Total Services	1,416,957	1,603,525	1,366,177	68,656	65,932	65,435	127,023	128,368	128,149
WR	1,239,185	1,403,495	1,165,883	31,175	25,253	29,235	48,832	44,076	47,719
TP	61,360	74,561	67,710	15,435	15,807	11,452	23,826	24,401	19,897
AF	7,480	8,213	7,910	1,620	1,807	1,448	3,941	4,359	3,860
IC	26,146	27,798	28,952	4,110	4,335	4,877	8,856	9,618	10,513
BS	60,092	64,954	69,709	13,465	15,629	15,121	29,199	32,638	31,975
RCP	22,693	24,504	26,012	2,851	3,100	3,301	12,368	13,277	14,185

Key Indicators of The Services Sector by Employment Size of Firm, 2009

Employment Size	Establishments (Number)	Employment (Number)	Operating Receipts (\$ Million)
All Categories	131,329	1,283,405	1,409,548
Less than 10 persons	111,946	275,337	237,371
10 to 99 persons	17,751	412,756	598,210
100 to 199 persons	908	125,770	139,631
200 persons & above	723	469,543	434,336

Employment Size	Operating Expenditure (\$ Million)	Operating Surplus (\$ Million)	Value Added (\$ Million)
All Categories	1,366,177	65,435	128,149
Less than 10 persons	226,666	15,195	24,680
10 to 99 persons	583,100	18,895	36,677
100 to 199 persons	137,027	4,712	11,852
200 persons & above	419,384	26,632	54,939

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Key Indicators of The Services Sector by Size of Operating Receipts of Firm, 2009

Size of Operating Receipts	Establishments (Number)	Employment (Number)	Operating Receipts (\$ Million)
All Categories	131,329	1,283,405	1,409,548
Less than \$50,000	23,400	34,398	495
\$50,000 to \$199,999	33,249	59,896	3,727
\$200,000 to \$999,999	45,135	227,334	21,950
\$1,000,000 to \$4,999,999	19,952	237,437	44,833
\$5,000,000 & above	9,593	724,341	1,338,543

Size of Operating Receipts	Operating Expenditure (\$ Million)	Operating Surplus (\$ Million)	Value Added (\$ Million)
All Categories	1,366,177	65,435	128,149
Less than \$50,000	1,474	-376	132
\$50,000 to \$199,999	3,522	539	1,534
\$200,000 to \$999,999	21,465	1,728	7,487
\$1,000,000 to \$4,999,999	43,214	4,178	12,871
\$5,000,000 & above	1,296,502	59,366	106,125

Number of Establishments by Firm Size and Activity, 2009

Industry	Less than 10 persons	10 to 99 persons	100 to 199 persons	200 persons & above
Total Services	111,946	17,751	908	723
WR	45,087	7,267	255	126
TP	7,789	1,107	101	105
AF	3,435	2,750	65	60
IC	5,368	621	53	59
BS	29,608	2,609	263	269
RCP	20,660	3,398	172	104

Note :

- 1 Data for 2009 are preliminary.
- 2 Figures may not add up to the total due to rounding.
- 3 Industries are classified according to the Singapore Standard Industrial Classification (SSIC) 2010.

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Explanatory Note

Objective

The data presented in this report were compiled from the results of the Annual Survey of Services 2009. The objective of the survey is to gather information on the services sector for studying the structure and performance of the various activities in the sector. The data are also used for the compilation of national accounts, input-output tables and other related studies. In addition, the results are used by policy makers, economic planners and academicians, the business community and other interested users in their work.

Scope & Coverage

The services sector includes all establishments and statutory boards engaged in services activities excluding financial and insurance services. Government ministries and departments, foreign missions, taxi drivers, independent artistes and other individual self-employed persons are excluded. The detailed services activities are presented below:

Wholesale and Retail Trade

Wholesale Trade

- Wholesale on a fee or contract basis
- Wholesale of agricultural raw materials and live animals
- Wholesale of food, beverages and tobacco
- Wholesale of household goods
- Wholesale of machinery, equipment and supplies
- Other specialized wholesale
- General wholesale trade

Retail Trade

- Retail sale in non-specialised stores
- Retail sale of food, beverages and tobacco in specialised stores
- Retail sale of motor vehicles, parts, accessories and automotive fuel in specialised stores
- Retail sale of information and communications equipment in specialised stores
- Retail sale of other household equipment in specialized stores
- Retail sale of cultural and recreation goods in specialized stores
- Retail sale of other goods in specialized stores
- Retail trade not in stores, stalls or markets

Accommodation and Food & Beverage Services

- Short term accommodation activities
- Other accommodation (except residential)
- Restaurants, cafes and bars
- Event catering and other food service activities

Transport and Storage

- Transport via railways
- Other land transport
- Water transport
- Air transport
- Warehousing and storage
- Support activities for transportation
- Postal activities
- Courier activities

Information and Communications

- Publishing of books, periodicals and other publishing activities
- Software publishing
- Motion picture, video and television programme activities
- Sound recording and music publishing activities
- Radio programme production and broadcasting
- Television programming and broadcasting
- Telecommunications
- Computer programming, consultancy and related activities
- Data processing, hosting and related activities; web portals
- Other information service activities

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Business Services

Real estate activities with own or leased property
Real estate activities on a fee or contract basis
Legal activities
Accounting, book-keeping and auditing activities; tax consultancy
Activities of head offices and business representative offices
Business and management consultancy activities
Architectural and engineering activities and related technical consultancy
Technical testing and analysis services
Research and experimental development on natural sciences and engineering
Research and experimental development on social sciences and humanities
Advertising
Market research and public opinion polling
Specialised design activities
Photographic activities
Professional, scientific and technical activities nec¹
Veterinary activities
Renting and leasing of motor vehicles
Renting and leasing of personal and household goods
Renting and leasing of other machinery, equipment and tangible goods
Leasing of non-financial intangible assets
Employment and recruitment agencies
Management of human resource functions
Travel agencies and tour operators activities
Other reservation service activities
Security and investigation activities
Cleaning activities
Landscape care and maintenance service activities
Office administrative and support activities
Activities of call centres
Convention, trade show, concert and other event organisers

Recreation, Community and Personal Services

Pre-primary and primary education
Secondary education
Higher education
Other education
Educational support services
Hospital activities
Medical and dental practice activities
Other health services
Residential care services
Social services without accommodation for the elderly and disabled
Other social services without accommodation
Creative, arts and entertainment activities
Libraries, archives, museums and other cultural activities
Gambling and betting activities
Sports activities
Other amusement and recreation activities
Activities of business, employers and professional membership organisations
Activities of trade unions
Activities of other membership organisations
Repair of computers and communications equipment
Repair of personal and household goods
Repair and maintenance (including inspection) of vehicles
Other personal service activities

¹ Not elsewhere classified

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Definition of Terms

Establishment	Defined as a business or organisation unit engaged in one activity and operating in a single location.
Employment	Refers to paid employees, working directors, working proprietors/partners and unpaid family workers. It included those temporarily away on medical or casual leave. For water and air transport firms operating vessels and aircraft respectively, crew onboard vessels and aircraft are also included.
Employees	Employment excluding working proprietors and partners.
Operating Receipts	Includes those arising from services rendered, commission charges, sale of goods and rental of premises, machinery and equipment. For local branches of foreign airlines and foreign shipping lines, operating receipts refers to the reimbursement from their head offices for the operating expenditure they incurred.
Operating Expenditure	Refers to all current expenses (except capital expenditure) connected to the business operations such as purchases of goods and services and remuneration. It includes depreciation and adjustment for changes in stocks and work-in-progress. For local branches of foreign airlines and foreign shipping lines, operating expenditure refers only to expenses incurred by the branch offices in providing support services to their head offices (ie foreign airlines and foreign shipping lines) and expenses paid by them on behalf of their head offices.
Operating Surplus	Refers to the amount of operating receipts less operating expenditure plus depreciation of fixed assets. For non-profit organizations (i.e. entities which cannot distribute any surplus made to their shareholders) which mainly rely on funds (such as grants and donations) other than receipts from sales of goods and services rendered to cover their operating expenditure, operating surplus refers only to depreciation of fixed assets.
Value Added (At Basic Price)	Comprises the value of operating surplus, remuneration and taxes (and subsidies) on production. The impact of taxes including Goods & Services Tax (and subsidies) on products is removed.
Remuneration	Comprises wages and salaries, employers' contribution to Central Provident Fund/pension funds and other benefits of all employees as well as fees paid to non-working directors.
Depreciation	The value, at current replacement cost, of reproducible fixed assets such as buildings, plants and machinery used during a period of time as a result of normal wear and tear, foreseen obsolescence and the normal rate of accidental damage.
Profitability Ratio	Defined as the ratio of operating surplus to operating receipts. It shows the proportion of operating receipts that was converted to profits.
Earnings-Expenditure Ratio	Defined as the ratio of operating surplus to operating expenditure.