

**SENATE STANDING COMMITTEE ON
EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS**

**QUESTIONS ON NOTICE
BUDGET ESTIMATES 2009-10**

Outcome 5

DEEWR Question No. EW0139_10

Senator Fisher provided in writing.

Question

Award modernisation

In regard to the Deputy Prime Minister's letter of 29 May 2009 to the President of the Australian Industrial Relations Commission relating to the restaurant and catering industry, particularly the reference:

"For example, in 2006-07, labour costs comprised 36.4 per cent of expenses. The average profit margin was 3.8 per cent for cafes and restaurants and 5.3 per cent for catering services businesses. This compares with 12.7 per cent for all industries. Furthermore, the broader accommodation, cafes and restaurants industry has a higher proportion of award-reliant employees than any other industry at 52.3 per cent, compared with 17.4 per cent across all industries."

- a) Please provide the corresponding figures for financial years 2004-05, 2005-06 and 2007-08.
- b) Please detail the method of calculating both the above, and corresponding figures cited in the Minister's letter.

Answer

a) As noted in the Deputy Prime Minister's letter, the figures quoted are sourced from Australian Bureau of Statistics data. These include ABS *Cafes, restaurants and catering services, Australia* (Cat. No. 8655.0), 2006-07, tables 5 and 9, ABS *Australian Industry* (Cat. No. 8155.0), 2006-07, table 2.2 and ABS *Employee Earnings and Hours, Australia, Preliminary* (Cat. No. 6305.0.55.001), August 2008.

Data on labour costs as a proportion of expenses and profit margin for cafes and restaurants and catering services businesses are sourced from the irregularly released ABS *Cafes, restaurants and catering services, Australia* publication (Cat. No. 8655.0), 2006-07. The previous release was for 2003-04. Therefore, these data are not available for the additional years requested.

Data on industry-wide profit margins are sourced from the annual ABS *Australian Industry* publication (Cat. No. 8155.0). The time series data for these data are reproduced in Table 1 below.

Table 1: Industry-wide profit margin

Year	Industry-wide profit margin (%)
2004-05	9.8 (a), (b)
2005-06	10.8 (a)
2006-07	12.8 (c), (d)
2007-08	12.5 (c)

Source: ABS *Australian Industry* (Cat. No. 8155.0), 2005-06 and 2007-08, table 2.2.

Notes:

- (a) Excluding Finance and insurance and Government administration and defence.
- (b) This figure was reproduced in the 2005-06 publication.
- (c) Excluding Financial and insurance services and Public administration and safety.
- (d) This figure was revised in the 2007-08 publication.

Since the Deputy Prime Minister's letter was prepared, the ABS has released revised estimates of award-reliance by industry for August 2008. These are reproduced in Table 2 below, together with corresponding figures for May 2004 and May 2006.

Table 2: Proportion of employees award-reliant

	Proportion of employees award-reliant (%)	
	Accommodation and food services industry	All industries
May 2004	60.1 (a)	20.0
May 2006	57.2 (a)	19.0
August 2008	50.3	16.5

Source: ABS *Employee Earnings and Hours* (Cat. No. 6306.0), May 2004, May 2006 and August 2008, table 15.

Notes:

- (a) The May 2004 and May 2006 industry data were based on the ANZSIC 1993 classification. Therefore the figures quoted here are for the Accommodation, cafes and restaurants industry.
- b) As noted above, all of the figures quoted in the Deputy Prime Minister's letter and in this answer are sourced directly from the relevant ABS publications.