

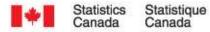
### Tourism Satellite Accounts : The Demand Perspective

Tourism Gross Fixed Capital Formation and Tourism Collective Consumption

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# Agenda

- What is tourism gross fixed capital formation?
- What is tourism collective consumption?

## What is tourism gross fixed capital formation

 Gross fixed capital formation is the total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain additions to the value of non-produced assets realized by the productive activity of institutional units.

### Why is Gross fixed Capital Formation Important for Tourism?

 TSA:RMF2008, the analysis of stocks and flows of physical investment is particularly important for tourism because, in most circumstances, tourism is not possible on a relevant scale if there is a lack of basic infrastructure for transportation, accommodation, recreation, health services and other facilities that determine, to a large extent the nature and extent of tourism flows.

### Categories of Tourism gross fixed capital formation

Investment can be classified in three main categories as follows:

- Tourism specific fixed assets;
- Investment by the tourism industries in nontourism-specific fixed assets;
- Tourism-related infrastructure that is possible to identify beyond any doubt as being almost exclusive benefit to tourism.

### **Tourism Specific Fixed Assets**

- are used exclusively or almost exclusively in the production of tourism characteristic goods and services.
- If tourism did not exist, such assets would be of little value as they could not easily be converted to non-tourism applications.
- railway passenger coaches, cruise ships, sightseeing buses, hotel facilities, convention centres, marinas, ski lifts, etc.

#### Investment by Tourism Industries on nontourism specific fixed assets

- are all assets that are not considered tourism specific fixed assets
- hotel or travel agency computer systems, hotel laundry facilities, etc.
- Investment by the tourism industries in non-tourismspecific fixed assets are considered as tourism related
  - not because of the nature of the assets
  - but because of the use which is made of them by a tourism industry.

#### **Tourism related infrastructure**

- put in place principally by the public authorities
- developed in a specific moment in time for tourism
- facilitates tourism although this was not necessarily the primary or the unique objective of the investment.
- development of beach or ski sites especially oriented towards visitors
- public investments for a special event
  - an international sports event such as Olympic games, soccer or cricket World Cup, or an important international meeting, etc.
- its absence, tourism would probably be of lesser intensity
  - an airport open to all types of traffic,
  - a non-toll road
  - a hospital in a region occasionally used by visitors

## **TSA:RMF 2008**

- Tourism related infrastructure is not included in TSA:RMF 2008 Table 8 (TSA:RMF2008 para. 2.54)
- TSA GFCF should focus on
  - tourism specific fixed assets;
  - investment by the tourism industries in non-tourismspecific fixed assets;
  - tourism-related infrastructure that is possible to identify beyond any doubt as being almost exclusive benefit to tourism. (TSA:RMF2008 para. 2.54)

## Assets in Table 8 of TSA:RMF2008

#### **Tourism specific fixed assets**

- 1. Accommodation for visitors
  - 1.1. Hotels and other accommodation facilities for visitors
  - 1.2. Vacation homes under full ownership
  - 1.3. Vacation homes under other types of ownership
- 2. Other non-residential buildings and structures proper to tourism industries
  - 2.1. Restaurants and similar buildings for food and beverage serving services
  - 2.2. Buildings and infrastructure for the long distance transport of passengers
  - 2.3. Buildings for cultural and similar services mainly for use by visitors
  - 2.4. Facilities for sport, recreation and entertainment
  - 2.5. Other facilities and structures

## **Assets in Table 8 of TSA:RMF2008**

- 3. Passenger transport equipment for tourism purposes
  - 3.1. Land (including road and rail)
  - 3.2. Sea
  - 3.3. Air
- 4. Other machinery and equipment specialized for the production of tourism characteristic products
- 5. Improvement of land used for tourism purposes

Challenges and limitations to the TSA:RMF2008 framework of tourism-specific and non-tourism specific assets

- Trying to operationalize very challenging.
- Accommodation, or buildings for culture or recreation it is relatively straightforward.
- Transportation infrastructure and machinery and equipment assets.
- the asset classification used in Canada does not permit separate identification of the passenger element. (freight and passenger)
- The framework does not reflect the reality of the classifications used in Canada.

#### TSA:RMF2008 Table 8 assets

 Buildings and infrastructure for the long distance transport of passengers

#### Canadian Assets available

- Railway Shops Engine Houses
- Aircraft Hangars
- Service Stations
- Docks, Wharves, Piers, Terminals
- Canals and Waterways
- Passenger Terminals
- Highways, Roads, Streets
- Runways Including Lighting
- Rail Track and Roadbeds Including Signals Bridges, Trestles, Overpasses
- Tunnels

#### **Measuring tourism related investment**

	Tourism Industries	All other industries	Government	Total
Tourism specific assets - Construction	100	50	75	225
Tourism specific assets - M&E	30	20	30	80
Non-tourism specific assets - Construction	200	500	1000	1700
Non-tourism specific assets - M&E	100	200	300	600
Total	430	770	1405	2605
Tourism related Investment	430	70	75	575

## What is tourism collective consumption

- Collective non-market services excluded from tourism consumption (public sector role in tourism)
- market promotion, information, planning, licenses
- establishes certain controls or guarantees (quality)
- sets the legal framework for private investment
- sets norms for the preservation of the environment and the cultural and historical heritage.
- develop or promote public initiatives to attract visitors.

## Table 9 Collective consumption by products and levels of government

- 85561 Tourism promotion services
- 85562 Visitor information services
- 91135 Administrative services related to the distributive and catering trade, hotels and restaurants
- 91136 Administrative services related to tourism affairs
- Part of:
- 83700 Market research and public opinion polling services
- 91260 Police and fire protection services
- 92219 Other education and training
- 92920 Educational support services



For more information visit:

www.unstats.un.org/unsd/tradeserv/tourism/manual.htm

- 1. International Recommendations for Tourism Statistics 2008
- 2. Tourism Satellite Account: Recommended Methodological Framework 2008