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Tourism Satellite Accounts : Reconciling supply and demand and integration with the National Accounts

23. Concepts and Definitions

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Agenda

- What is tourism supply
- Why is tourism supply important
- Classification of products and productive activities for tourism
 - Products
 - Activities
 - Tourism industries

What is Tourism Supply

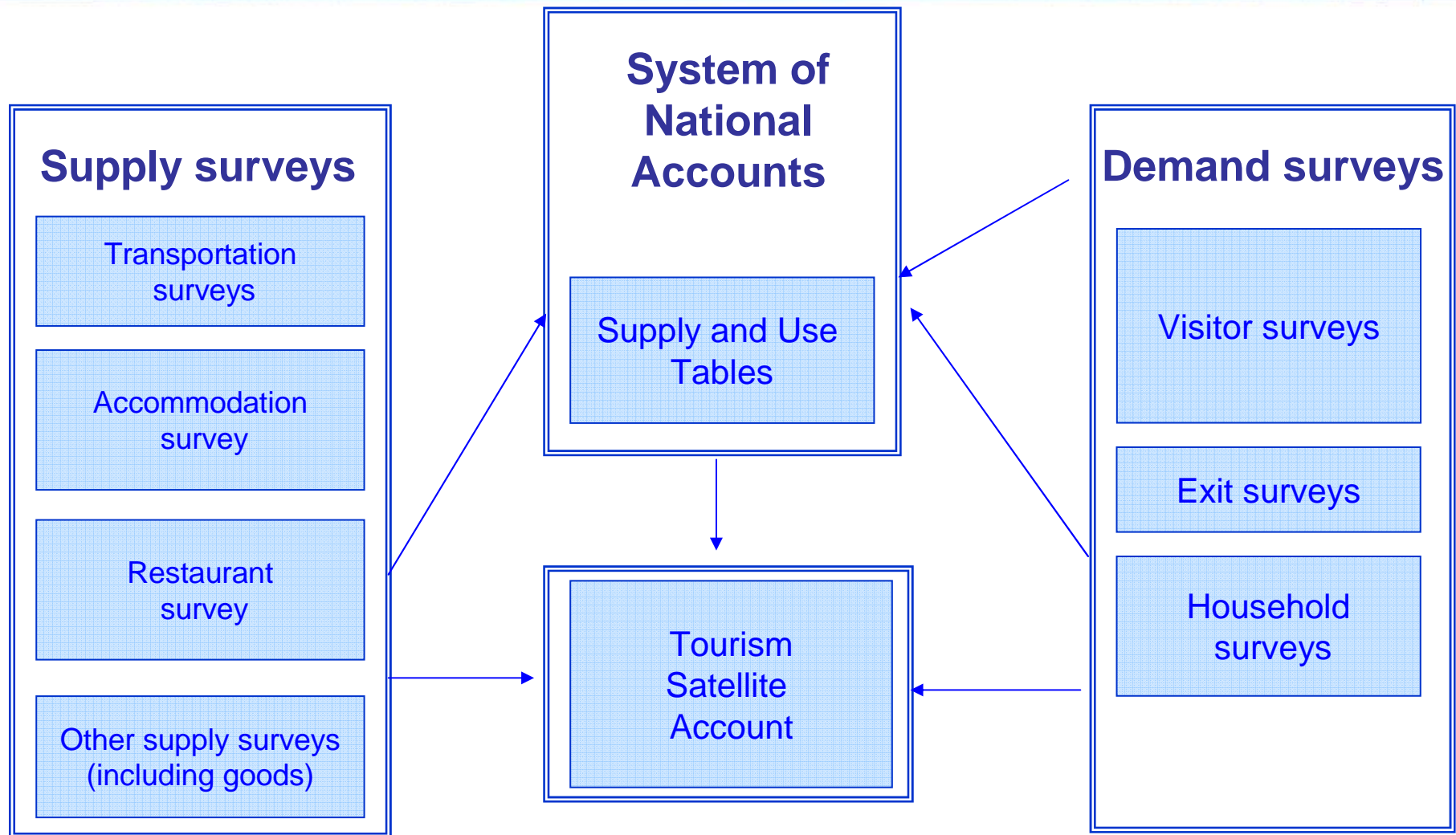
- Tourism domestic supply defined as the total production in a country of tourism goods and services
- Total tourism supply exceeds tourism demand
- $\text{Supply} = \text{Tourism Demand} + \text{Non-tourism Demand}$

Why is supply important



- The supply calculation is essential.
 - Demand is analyzed against it
 - Used in the calculation of GDP and employment
- Input - Output Accounts
- Tourism is not a classified industry within the standard industry classifications --any measurement of it requires detailed and lengthy calculations of sub-industries
- Constructing the TSA, therefore, requires splitting industries into their tourism and non-tourism components

The measurement framework



Tourism industries



- A **tourism industry** represents the grouping of those establishments whose main activity is the same tourism characteristic activity
- **Establishments** are classified according to their main activity, which is determined by the activity that generates the most value added
- An establishment is an enterprise, or part of an enterprise
 - a single location
 - a single productive activity (principal productive activity accounts for most of the value added)

Basic concepts – tourism characteristic product

- A product (passenger air transportation, hotel accommodation, restaurant meals, etc.) is a **tourism characteristic product** if a significant part of its demand comes directly from visitors
- UN-WTO:
 - Tourism expenditure on product should represent significant share of total tourism expenditure (share-of-expenditure/demand condition)
 - Tourism expenditure on product should represent significant share of supply of product in the economy (share-of-supply condition)

Basic concepts – tourism industry

- An industry (air transportation, accommodation, food and beverage services) is a **tourism industry** if it would cease to exist or would continue to exist only at significantly reduced levels of activity in the absence of tourism
- UNWTO: A **tourism industry** is a grouping of establishments whose main activity is the same tourism characteristic activity (i.e., production of tourism characteristic products)

TSA:RMF 2008

Figure 5.1

List of categories of tourism characteristic consumption products and tourism characteristic activities (tourism industries)

Products	Activities
1. Accommodation services for visitors	1. Accommodation for visitors
2. Food and beverage serving services	2. Food and beverage serving activities
3. Railway passenger transport services	3. Railway passenger transport
4. Road passenger transport services	4. Road passenger transport
5. Water passenger transport services	5. Water passenger transport
6. Air passenger transport services	6. Air passenger transport
7. Transport equipment rental services	7. Transport equipment rental
8. Travel agencies and other reservation services	8. Travel agencies and other reservation services activities
9. Cultural services	9. Cultural activities
10. Sports and recreational services	10. Sports and recreational activities
11. Country-specific tourism characteristic goods	11. Retail trade of country-specific tourism characteristic goods
12. Country-specific tourism characteristic services	12. Other country-specific tourism characteristic activities

Measuring tourism supply – Canadian TSA

- Tourism domestic supply defined as the total production in Canada of tourism goods and services
- Note that tourism domestic supply excludes:
 - Services in Canada from non-resident producers
 - example, passenger air from NR carriers in Canada not included
 - Tourism services from NT industries are also excluded
 - example: accommodation services from rooming houses
 - assumption here is that rooming houses serve only non-visitors
- Aim of these exclusions:
 - to reconcile better with estimates of internal tourism consumption

Structural details on commodity outputs by industry - example

Table 1 Tourism domestic supply of the food services and drinking places industry - hypothetical example

Commodity	Food services and drinking places industry (and sub-industries)				
	Industry total	Full-service restaurants	Limited-service eating places	Special food services	Drinking places (alcoholic beverages)
	i	ii	iii	iv	v
	millions of dollars				
Distilled alcoholic beverages, licensed premises	1,200	800	0	0	400
Beer, including coolers, licensed premises	1,600	1,000	0	0	600
Wine, including coolers, licensed premises	900	500	0	0	400
Retailing margins	440	50	40	300	50
Royalties and license fees	380	50	30	300	0
Non-residential rents	40	10	10	10	10
Other amusement and recreation services	40	10	12	10	8
Other accommodation services	30	10	10	0	10
Meals (outside home)	13,200	6,000	4,000	3,000	200
Other personal services	40	10	10	10	10
Rental, other machinery and equipment	80	20	20	20	20
Domestic supply (gross output) at basic price:	17,950	8,460	4,132	3,650	1,708
Of which:					
Tourism domestic supply	13,990	8,330	4,032		1,628

Note: Tourism commodities and elements of tourism domestic supply in shaded areas.

Tourism single-purpose consumer durables

- Spending made by a traveller before a trip but for the sole purpose of traveling
- In Canada:
 - Tourism single-purpose durable goods: Motor homes, travel and tent trailers, luggage and travel sets, tents and camping equipment and sleeping bags
 - Pleasure boats
 - Supply and disposition method at national level

TSA:RMF 2008

List of tourism single-purpose consumer durables

Commodities	CPC Ver. 2 ^{a/}	All countries	Optional
Airplanes and hang gliders	49611, 49622	Yes	
Motorhomes or recreation vehicles	49113, 49222	Yes	
Camper vans (for example, specially equipped for travel purposes)	49222	Yes	
Travel and tent trailers	49222	Yes	
Luggage	29220	Yes	
Camping equipment (tents, sleeping bags, camping stoves, etc).	27160, 27180, 36990	Yes	
Other recreational and sporting equipment^{b/}			
Motor boats, outboard engines and trailers for boats	49490, 49229, 43110	Yes	
Seadoos	49490		Yes
Sailboats with or without auxiliary motor, yachts	49410, 38420		Yes
Canoes, kayaks, and sailboards, including accessories	49490, 38420, 38440		Yes
Ski equipment (skis, skiboats, ski jackets and suits, etc.)	29420, 38440		Yes
Hunting and sports fishing equipment	29420, 38440		Yes
Sea-diving equipment	38420		Yes
Waterskis and other water-sport equipment	38420		Yes
Climbing/tramping/hiking equipment	29420		Yes
Tennis or golf equipment	38440		Yes

^{a/} Most of these categories are parts of CPC classes indicated

^{b/} To be established and completed by each country according to its own situation. Items included are for illustrative purposes.

Travel agent commissions



- Commissions earned by travel agents and tour operators for arranging travel abroad
- For example:
 - Flights on non-resident carriers
 - Hotels abroad

TSA commodities reflect merging of demand and supply side classifications



- Limited details on demand side
 - Some differences in commodity categories
- Considerable detail on supply side
- Need to convert to a common commodity classification for the TSA
- This requires:
 - Splitting out more detail on the demand side
 - Aggregating details on the supply side

Demand and supply reconciliation

- The Demand-Supply reconciliation is an important step in the final derivation of demand estimates in the TSA.
- The process performs a check on the various data sources.



Thank you

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