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.
Investment can be classified in three main categories as follows:

- Tourism specific fixed assets;
- Investment by the tourism industries in non-tourism-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 non-tourism 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-tourism-specific 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
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-tourism-specific 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)
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
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

<table>
<thead>
<tr>
<th></th>
<th>Tourism Industries</th>
<th>All other industries</th>
<th>Government</th>
<th>Total</th>
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<tbody>
<tr>
<td>Tourism specific assets - Construction</td>
<td>100</td>
<td>50</td>
<td>75</td>
<td>225</td>
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<tr>
<td>Tourism specific assets - M&amp;E</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td>80</td>
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<td>Non-tourism specific assets - Construction</td>
<td>200</td>
<td>500</td>
<td>1000</td>
<td>1700</td>
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<tr>
<td>Non-tourism specific assets - M&amp;E</td>
<td>100</td>
<td>200</td>
<td>300</td>
<td>600</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>430</strong></td>
<td><strong>770</strong></td>
<td><strong>1405</strong></td>
<td><strong>2605</strong></td>
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<tr>
<td>Tourism related Investment</td>
<td>430</td>
<td>70</td>
<td>75</td>
<td>575</td>
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</table>
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>
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<tr>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>85561</td>
<td>Tourism promotion services</td>
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<td>85562</td>
<td>Visitor information services</td>
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<td>91135</td>
<td>Administrative services related to the distributive and catering trade,</td>
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<tr>
<td></td>
<td>hotels and restaurants</td>
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<td>91136</td>
<td>Administrative services related to tourism affairs</td>
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</table>

Part of:

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<tr>
<td>83700</td>
<td>Market research and public opinion polling services</td>
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<td>91260</td>
<td>Police and fire protection services</td>
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<td>92219</td>
<td>Other education and training</td>
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<tr>
<td>92920</td>
<td>Educational support services</td>
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</table>
For more information visit:


1. International Recommendations for Tourism Statistics 2008