B.7. Other issues relevant to all forms of tourism

Expenditures by others for the visitor’s benefit

4.81. Tourism expenditure includes more than expenditure paid for by visitors out of their own resources: it also includes the purchase of goods and services on their behalf, by others (IRTS 2008, para. 4.5). This information is required not only by tourism statistics but also by the Balance of Payments, which should include (in theory) all gifts or payments made by a resident for the benefit of a nonresident, or vice versa.

4.82. It must therefore be known whether visitors pay for their expenditures directly from their own resources or whether they are provided with certain items free of charge by an employer, say, or a host — particularly as regards, inter alia, international transportation from home, accommodation, meals and recreation.

4.83. Either of two situations may arise in tourism statistics, in connection with the place of residence of the party paying for the expenses, and they will need to be treated differently:

- If the residence of the visitor and the residence of the party paying for those expenses are the same, then no conceptual conflict exists, and the expenditure is treated as if the visitor him or herself had paid for it.
- If the expenses are paid for by someone with a residence in the country visited, then a conflict does arise. In the context of the visitor, the expenditure would be assigned to the inbound tourism expenditure of that country; in the context of the person who pays, it is outside the scope of tourism transactions entirely inasmuch as that person is not a visitor.

4.84. Such situations can arise frequently, particularly in the case of business trips, where enterprises invite clients or the press, for instance, to familiarize themselves with new products. Another example involves persons residing abroad, who are invited to spend time with the members of their family residing in the country of reference, and who usually do not themselves pay for most of their local expenses.

4.85. Globally, from the perspective of tourism statistics, these expenditures should be assigned to the visitor, even though that visitor has not paid for them him or herself. For National Accounts and Balance of Payments purposes, a current transfer equal to the amount of the expenditure should be imputed from the actual payer to the visitor if they reside in different economies. In most cases, in particular the case of individuals making the expenditure on behalf of the visitor, such expenditures are not estimated. In the case of businesses making the expenditure, the adjustment could be made if accounting information was available.

4.86. In some cases, it might be possible for visitors to provide estimates of those expenditures. For example, a visitor on a business trip whose employer has paid for transportation and the hotel, might know the amount paid, as he or she may have signed the corresponding bill. If so, these estimates should be reviewed for validation. If not, estimates will need to be made, if possible and as relevant, as part of the compilation process (because, even if unreported, these expenditures do have monetary value).

4.87. Such estimations might be necessary, in particular in the case of persons who stay at market accommodation, dine in restaurants or use air transportation but are not able to report values, with the result that those values are then considered unknown[1]. In all such cases, recordkeeping principles of the National Accounts should be followed, which means generally that estimating accommodation services when a guest shares the host’s dwelling are not estimated. In the case of food prepared in the host’s home, in theory estimates should be obtained, where possible, of the additional consumption generated by the visit (although few, if any, countries obtain such estimates).

Tourism expenditure classified in the National Accounts as intermediate consumption

4.88. Some concerns may arise regarding the portion of tourism expenditure that is classified in National Accounts as intermediate consumption. Specifically, the 2008 SNA states that all purchases of goods and services by employees on business trips, should be classified as intermediate consumption (see also TSA: RMF 2008, paras. 2.32–2.33).

Box IV.9

How the System of National Accounts considers goods and services provided to employees

6.220 Certain goods and services used by enterprises do not enter directly into the process of production but are consumed by employees working on that process. In such cases, it is necessary to decide whether the goods and services are intermediate consumption or, alternatively, remuneration in kind of employees. In general, when the goods or services are used by employees in their own time and at their own discretion for the direct satisfaction of their needs or wants, they constitute remuneration in kind. However, when employees are obliged to use the goods or services in order to enable them to carry out their work, they constitute intermediate consumption.

6.222 The following types of goods and services provided to employees must be treated as part of intermediate consumption: e.g., transportation and hotel services including allowances for meals provided while the employee is travelling on business

Source: 2008 SNA.

4.89. However, in tourism statistics this is handled differently. As regards tourism expenditure, IRTS 2008 (para. 4.5) is very clear about making no distinction between the macroeconomic concepts of intermediate consumption and final consumption, as long as the direct beneficiary of the expenditure is the visitor. The same holds true in the case of clients or suppliers directly invited on a trip by a business at the expense of the business.

4.90. Nor is such a distinction made when it comes to setting up a TSA, since the production process by which goods and services are produced entails value added, irrespective of the economic use made of the output[2].

Accommodation

4.91. The key point here is whether visitors use market accommodation and for how many overnights. In the case of visitors using a combination of different forms of accommodation during their stay in a country, the number of nights spent and the total value paid in each accommodation establishment must be reported. This should include all items invoiced on the bill including taxes, as well as tips (at least in theory).
If nonmarket accommodation has been used, then the visitor should be asked whether he or she (or the party) has stayed: (a) with family and friends at their home, vacation home or timeshare, with or without contributing to expenses (indicating the amount of any such contribution) or (b) in the visitor’s own vacation home or timeshare. Any amounts reported as contributing to expenses should not include gifts or payments to hosts or others not directly related to the services actually provided (which countries sometimes mistakenly treat this as a “counterpart” payment when in fact the supposed counterpart services provided are unrelated). In the case of visitors staying in their own vacation home or timeshare, a specific set of question should be asked so that the associated expenditure can be estimated (see chapt. VI, sect. B.2.4).

“Frequent flyer” benefits and other premiums

Most airlines have loyalty rewards programmes, enabling their domestic and international customers to accumulate miles or points redeemable, e.g., for tickets or upgrades. Airlines may also permit miles accumulated to be redeemed, with other airlines or providers of other goods and services (such as hotels, car rental companies, credit card companies and retailers). How should the redemption of such rewards be recorded?

Frequent flyer miles or points are treated neither as income accruing to the traveller (or credits against services as they are purchased) nor as liabilities for the issuing airlines – even though points are traded among the entities involved (including entities that redeem but do not issue such points), usually at a face value of about two United States cents per mile.

There are two options for valuing transactions involving redeemed miles: (a) at book value, that is, the value that should have been paid for without the redeemed miles; or (b) at the actual monetary cost to the purchaser. More specifically:

- In the case of book value, the miles are considered a means of payment, the value of which exactly matches that of the discount obtained through redemption. This would seem to imply that the airline recognizes the miles as a liability and, in a sense, provides a means of payment; but in fact airlines do not view miles as a liability: many expire without ever being redeemed;
- In the case of monetary cost, the airline is considered to have recognized, at the time when the miles were earned, the frequent flyer’s right to an eventual rebate, a right that is realized when the miles are redeemed. This is analogous to the case of promotional coupons issued by supermarkets when customers buy their products, for use as payment towards their future purchases which are treated as rebates or discounts.

The option is recommended whereby transactions involving miles are valued according to, and at the time of, monetary (cash) payments only. Thus, they are considered discounts.

Tourism singlepurpose consumer durables

Durable goods are goods “that may be used repeatedly or continuously over a period of a year or more, assuming a normal or average rate of physical usage” (2008 SNA, para. 9.42).

For purposes of measuring tourism expenditure, two types of consumer durables are identified:

- Tourism singlepurpose consumer durables: those that are used exclusively, or almost exclusively, by individuals while on tourism trips. A reference list of such goods is provided in TSA: RMF 2008, annex 5.A (see Box IV.10)
- Multiplepurpose consumer durables: those that are used exclusively, or primarily, for nontourism purposes

According to IRTS 2008 (para. 4.36 (h)), all durable consumer goods purchased on trips (such as computers and cars) should be treated as part of tourism expenditure.
### Classifying tourism singlepurpose consumer durables

**TSA: RMF 2008** provides a reference list of tourism singlepurpose consumer durables.

<table>
<thead>
<tr>
<th>Products b)</th>
<th>CPC Ver. 2</th>
<th>All countries</th>
<th>Optional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airplanes and hang gliders</td>
<td>49611, 49622</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Motorhomes or recreation vehicles</td>
<td>49113, 49222</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Camper vans (for example, specially equipped for travel purposes)</td>
<td>49222</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Travel and tent trailers</td>
<td>49222</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Luggage</td>
<td>29220</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Camping equipment (tents, sleeping bags, camping stoves, etc.)</td>
<td>27160, 27180, 36990</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Other recreational and sporting equipment b)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor boats, outboard engines and trailers for boats</td>
<td>49450, 49229, 43110</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Seadogs</td>
<td>49450</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sailboats with or without auxiliary motor, yachts</td>
<td>49410, 38420</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Canoes, kayaks and sailboards, including accessories</td>
<td>49450, 38420, 38440</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Ski equipment (skis, ski boots, ski jackets and suits, etc.)</td>
<td>29420, 38440</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Hunting and sports fishing equipment</td>
<td>29420, 38440</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sea-diving equipment</td>
<td>38420</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Waterskis and other water-sport equipment</td>
<td>38420</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Climbing/tramping/hiking equipment</td>
<td>29420</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Tennis or golf equipment</td>
<td>38440</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

1. Most of these products are parts of CPC subclasses indicated.
2. To be established and completed by each country according to its own situation. Items included are for illustrative purposes.

However, given the variety of country characteristics, in terms of types of activities that might be undertaken by individuals within their usual environment, and activities offered to visitors, it is recommended that countries establish their own lists of singlepurpose consumer durables.

Countries that offer winter or aquatic activities that residents can enjoy regularly within their usual environment, for example, may list different singlepurpose consumer durables than those not offering such activities. For this reason, the proposed list contains two different categories of tourism singlepurpose consumer durables: those that seem to be common to all countries and those that a country may wish to include owing to its particular characteristics.

To facilitate this process, a category common to all countries is proposed, namely, “Other recreational and sporting equipment”, which would allow each country to indicate the products that reflect its own typical activities, whether they be skis, water skis, tennis racquets or golf clubs.

**Source:** TSA: RMF 2008, annex 5 A.

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4.99. Expenditure on tourism singlepurpose consumer durables should always be included, irrespective of when this expenditure is made (TSA: RMF 2008, paras. 2.39–2.43). This represents an exception to the general rule that tourism expenditure should include expenditure occurring only for (i.e., before) or during a trip. This exception is made because, by definition these goods are used primarily, or entirely, for tourism purposes, and thus all purchases of such goods should be included in tourism expenditure. Because information on tourism expenditure is usually collected through sampling of visitors at the end of, or after they have completed their trip, it may be necessary to use a different methodology to collect the information on such expenditure, as expenditure on those goods after a trip is completed would not be included in such a survey. A possible methodology would entail sampling suppliers of such goods. Such surveys may already be conducted for National Accounts purposes. However, such surveys are used as sources, suppliers will likely provide only the value of their output, whereas what is required here is the retail value (i.e., how much those goods cost the visitors). In such cases, estimation of the retail value from the suppliers’ output value would require that adjustments be made.

4.100. As regards, to multiplepurpose consumer durables, only expenditure on such goods purchased during a trip should be included while this also represents an exception to the rule that expenditure incurred for (i.e., before) a trip should be included, the exception is recommended, as such goods are likely be used more for nontourism purposes after the trip is completed. These data, along with those on their other expenditure, can be collected by the recommended sample surveys of visitors at the end of, or after, their trip is completed.

4.101. Some singlepurpose consumer durables may have a very high value. For tourism expenditure purposes, all such goods should be included irrespective of their cost. No cutoff value should be set, however, National Accounts and Balance of Payments include those goods whose value is above the country’s customs threshold under merchandise trade and thus exclude them from travel spending. Consequently, for purposes of comparing tourism expenditure measurements with measurements in these frameworks, it is recommended that when collecting tourism expenditure, expenditure on those highvalue goods be identified separately (IRTS 2008, para. 4.36.(h)).

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*Purchase of domestically produced or imported goods*
4.102. The amounts paid by visitors to purchase goods during a trip should be included under tourism expenditure if, those have been acquired for the visitor’s own use or to give away. Expenditure on all such goods, whether produced in the country visited or imported, whether intended (like souvenirs and handicrafts) for the tourism market or a more general market, should be included as tourism expenditure[3].

_Purchase of high unit value consumer durables_

4.103. Estimating the purchase of high unit value consumer durables on trips (e.g., a car or a high-tech product) poses a few statistical difficulties. Such purchases are relatively rare but involve large expenditures when they do occur (see para. 4.101 above). In a sample survey context, when weighing individual records as representative of the population, such outliers could introduce significant swings in the estimated totals and would thus call for special treatment. It is therefore recommended that they be excluded in general from the estimation of averages, with the decision to include them to be made on a case-by-case basis.

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[1] This points to the importance, in the questionnaire on expenditure, of making a clear distinction between a zero value (estimation = 0) and an unknown value that will subsequently need to be estimated using statistical methods.


[3] It should be noted that this reasoning with respect to goods does not apply to services. Hence, an imported service (most often related to transportation) is determined not to be part of tourism expenditure.