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# Tourism Satellite Accounts : The Demand Perspective

## Concepts and Definitions

### Tourism Expenditure and Tourism Consumption

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Regional Workshop on Travel and International Tourism Consumption  
Roseau, Dominica, 16 May 2013



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# TSA Concepts, definitions and expenditure



- Concepts and definitions
  - What is Tourism?
  - Who is a visitor?
  - Usual environment
  - Tourism trips and types of trips
  - Duration of trip
  - Purpose of trip
  - Being employed in place visited
  
- Tourism Expenditure and Tourism Consumption



## Aim of the TSA

- The goal of the TSA is to measure the economic activity of tourism respecting both:
  - System of National Accounts (SNA)
    - internationally accepted macro-economic accounting framework
  - TSA: Recommended Methodological Framework
    - establishes common guidelines to use for measuring tourism activity in an economy
    - used by over 70 countries





# What is tourism?

- **Tourism is:**

the activities of persons travelling to and staying in places **outside their usual environment** for **less than a year** for leisure, business and other purposes -- **other than to be employed by a resident entity** in the country or place visited

# Who is a visitor?

- A **visitor** is a traveller taking a trip to a main destination
  - outside his/her usual environment,
  - for less than a year,
  - for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited.

# What does tourism include?

- Encompasses all that visitors do for a trip or while on a trip.
- It is not restricted to sightseeing, sunbathing, visiting sites, etc.
- Business, for education and training, etc. (if the criteria set up to define tourism are met)



## Basic concepts – “usual environment”

- a fundamental element for the definition of tourism
- defined as the geographical area (though not necessarily a contiguous one) within which an individual conducts his/her regular life routines.
- exclude those commuting regularly between their place of usual residence and place of work or study, or frequently visiting places within their current life routine
  - homes of friends or relatives
  - shopping centres, religious, health-care or any other facilities that might be at a substantial distance away or in a different administrative area but are regularly and frequently visited.

# Determination of usual environment

- the determination of the usual environment should be based on the following criteria:
  - Frequency of the trip (except for visits to vacation homes);
  - Duration of the trip;
  - The crossing of administrative or national borders;
  - Distance from the place of usual residence.

## Example in Canada– “usual environment”

- Old definition (operational)
  - Greater than 80 kilometres one way from home
  - Crossing an international border -- includes all international trips, no matter the distance (excludes commuters)
- New definition (2005/2011) – closer to UN-WTO
  - “same-day” trips that are “out of town” and forty kilometres or more one-way from home
  - all “out of town” overnight trips
  - Routine trips (those that are made at least once a month) are now excluded to better reflect the notion of usual environment
  - Trips for “some other business reason” are all in-scope (2011)
- Exceptions in both for crews, travel to work, for education, military purposes and migration

# Tourism Trips

- Trips taken by visitors
- Main destination - defined as the place visited that is central to the decision to take the trip.
  - the place where he/she spent most of his/her time during the trip.
  - the place that is the farthest from the place of usual residence
- tourism visit refers to a stay in a place visited during a tourism trip.

# Type of trips

- Domestic
- Inbound
- Outbound

## Duration of trip

- A visitor (domestic, inbound or outbound) is classified as:
- **tourist (or overnight visitor)**, if his/her trip includes an overnight stay
- **same-day visitor (or excursionist)**

## Main Purpose of trip

- the purpose in the absence of which the trip would not have taken place
- one of the criteria used to determine whether the trip qualifies as a tourism trip (and the traveller qualifies as a visitor).
- main purpose is to be employed – not tourism
- employment to cover expenses (young people)

# Purpose of trip categories

- 1. Personal
  - 1.1. Holidays, leisure and recreation
  - 1.2. Visiting friends and relatives
  - 1.3. Education and training
  - 1.4. Health and medical care
  - 1.5. Religion/pilgrimages
  - 1.6. Shopping
  - 1.7. Transit
  - 1.8. Other
- 2. Business and professional

## Tourism and being employed by a resident entity in the country visited

- Is the purpose of visit – to be employed?
- Is person employed by a resident entity in place visited?
- Is place visited outside the person's usual environment? Frequency (routine?)
- Is there an employee-employer relationship?
  - based on the same criteria used in the BOP) and labour force statistics
  - payment for the labour input provided has to be considered as compensation of an employee.

# What is Tourism Expenditure



- Tourism expenditure is the amount paid for the acquisition of consumption goods and services, as well as valuables,
- for own use or to give away,
- for and during tourism trips.
- includes expenditure by visitors themselves as well as expenses that are paid for or reimbursed by others.

# Tourism expenditure includes



- Goods and services paid for directly by the employer for employees on business travel
- Expenditure by the visitor refunded by a third party
- Payment made by visitors for the individual services provided and subsidized by Government and non-profit institutions
- Out-of-pocket payments for services provided to employees and their families on tourism trips financed principally by employers

# Tourism expenditure excludes

- all payments that do not correspond to the acquisition of goods and services
  - The payment of taxes and duties (not part of the purchasers' prices)
  - The payment of all classes of interest, (including those on expenditures made during and for trips)
  - The purchase of financial and non- financial assets, including land and real estate, but excluding valuables

## Tourism expenditure also excludes

- The purchase of goods for resale purposes, either on behalf of third parties (producers or others) or on own account
- All transfers in cash, such as donations to charities or to other individuals (in particular to family and relatives)

## Recommended to exclude

- The purchase of housing, real estate, and all expenditure related to major repairs and improvements – capital expenses excluded from the concept of consumption. (GFCF)
- Current expenses related to vacation homes such as those usually incurred by an owner as a producer of accommodation services

# Summary - Tourism Expenditure

- All goods and services, when purchased on a trip may, in principle, be part of tourism expenditure.
- Excluded are purchases of real estate, land, all expenditures related to major repairs and improvements and all items purchased for resale or business use.

# Tourism Consumption

- Same as tourism expenditure but goes beyond expenditure to include imputed consumption
- by including
  - Own account services
  - tourism social transfers in kind
  - other imputed consumption.

# Special issues

- Tourism consumption as an intermediate consumption of producers
- Services provided within the household for the benefit of its members
- Housing services provided by vacation homes on own account
- Tourism single-purpose consumer durables

## 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

**Figure 4.1**

## **Classification of products in tables 1-4**

### **A. Consumption products**

#### **A.1 Tourism characteristic products**

##### **1 – Accommodation services for visitors**

###### **1.a Accommodation services for visitors other than 1.b**

###### **1.b Accommodation services associated with all types of vacation home ownership**

##### **2 Food and beverage serving services**

##### **3 Railway passenger transport services**

##### **4 Road passenger transport services**

##### **5 Water passenger transport services**

##### **6 Air passenger transport services**

##### **7 Transport equipment rental services**

##### **8 Travel agencies and other reservation services**

##### **9 Cultural services**

##### **10 Sports and recreational services**

##### **11 Country-specific tourism characteristic goods**

##### **12 Country-specific tourism characteristic services**

#### **A.2 Tourism connected products**

#### **A.3 Non-tourism related consumption products**

### **B.1 Valuables**

# Tourism Demand and Supply

- Measuring tourism demand
  - Built up from travel surveys
- Measuring supply of tourism commodities
  - Taken from output matrix of IO Tables

# Preparing for Reconciliation

- Several calculations are made in Canadian TSA to make demand consistent with supply to fill data gaps and to adhere to SNA and international TSA standards
  - Domestic portion of international trips
  - Canadian carrier fares of international trips
  - Domestic tourism of the residents of the territories
  - Travel agents commission (for travel abroad)
  - Tourism single-purpose consumer durable goods
  - Demand to supply reconciliation



# Thank you

For more information visit:

[www.unstats.un.org/unsd/tradeserv/tourism/manual.htm](http://www.unstats.un.org/unsd/tradeserv/tourism/manual.htm)

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