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Tourism Satellite Accounts : The Demand Perspective

Tourism Gross Fixed Capital Formation and Tourism Collective Consumption

Demi Kotsovos
Satellite Accounts and Special Studies
National Economic Accounts Division
Statistics Canada

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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 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

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-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)

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

Canadian Assets available



- Buildings and infrastructure for the long distance transport of passengers

- 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



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