

National Tourism Indicators (NTI) - Concepts and Variables Measured

Tourism: The definition of tourism in the NTI follows that adopted by the World Tourism Organization and the United Nations Statistical Commission: “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.

Visitors are persons who undertake tourism as defined above. They are referred to as either tourists (those who stay overnight or longer in the place visited), or same-day visitors.

Tourism Industries would cease to exist or would continue to exist only at significantly reduced levels of activity in the absence of tourism. Examples of tourism industries include air transportation and accommodation.

Tourism Commodities are ones for which a significant part of their total demand comes from visitors. Examples include travel agency services and rail transportation services.

Tourism Demand is defined as the spending of Canadian and non-resident visitors on domestically produced commodities. It is the sum of tourism domestic demand and tourism exports.

Tourism Domestic Demand is the spending in Canada by Canadian visitors on domestically produced commodities.

Tourism Exports is spending by foreign visitors on Canadian-produced tourism goods and services. It includes spending that may take place outside of Canada, for instance, the purchase of an airline ticket from a Canadian international carrier, to travel to Canada.

Tourism Gross Domestic Product is the unduplicated value of production, within the boundaries of a region, of goods and services purchased by tourists. In the NTI, GDP is calculated at basic prices in both current and constant dollars. Only direct GDP is calculated in the NTI. GDP is also generated indirectly in the upstream production chain of a good or service. Although these indirect effects can be linked to tourism, they are not included in GDP.

Domestic supply of tourism commodities is defined as the total production in Canada of the tourism commodities which are mainly produced by tourism industries. Not all of domestic supply is purchased by visitors, so that supply exceeds tourism demand for the NTI. For example, visitors purchase only a small proportion of food and beverage services, with most going to local consumption. Also, supply does not include imports. For example the sale of a ticket on a non-Canadian airline is excluded from supply.

Tourism Employment is a measure of employment in tourism and non-tourism industries. Tourism employment measures the number of jobs in an industry generated by, or attributable to, tourism spending on the goods and/or services produced by that industry. It is based on an estimate of jobs rather than “hours of work”. Thus, someone who works 10 hours a week counts for as much, by this measure, as someone who works 50 hours a week.

Current and constant price estimates

Values expressed in the prices of the period being referred to are commonly called current price estimates. This is the most natural method of valuation, because it uses the prices observed in the economy in the year for which they are being measured. The NTI also provide some estimates that are valued at the prices of another period, the year 1997. The purpose of such a

valuation is to facilitate the analysis of period-to-period movements of the NTI, by eliminating the effect of price change (or inflation).

An increase or decrease in value from one period to another results from the joint effect of a change in the quantities of goods and services produced and of a change in the prices at which they are sold. The decomposition of the value-change into separate price and quantity components is accomplished by recalculating a series at the prices of some base period. The resulting period-to-period changes in these constant price estimates are interpreted as showing the "real" or "inflation-adjusted" growth in the series. The NTI constant price estimates are expressed at the prices of the year 1997. Thus, for example, the estimate of tourism demand at 1997 prices for 1999 is less than the one at current prices. The difference reflects the fact that the market prices of most goods and services increased between 1997 and 1999.

Price indexes

The previous section addressed the topic of measuring tourism at the constant prices of some base period. The resulting estimates of "real tourism" gauge the volume of tourism. Dividing the current price series for tourism by the corresponding series at constant prices yields an Implicit Price Index (IPI). The variable-weighted nature of IPIs should always be kept in mind. Movements in these indexes reflect not just price-change, but also variation in the volumes of different goods and services. The impact of weight-shifts on observed period-to-period changes in the tourism implicit price index can be quite significant.