

Services of Travel Agencies and Tour Operators

TSA-RMF “net valuation” approach
Implications and data needs

“net valuation “ approach

- Value Travel Agency services in terms of commissions and fees
- Dis-assemble Tour packages into component services and value Tour Operator services as ‘margins’
- Value wholesalers services as margins

Valuation

- Value services of transportation , accommodation etc purchased through Travel Agents, net of the commissions received by them
- Value component services of Tour packages at actual purchase price net of Tour Operator margins

Direct purchase

- Treat margins as direct purchases of consumers and business
- Treat services purchased e.g. airline seats, accommodation, food etc also as direct purchases of consumers and businesses not as intermediate costs of the service providers

International Trade

There are three players-

Client, Travel Agent and Service purchased.

and two transactions-

Travel Agency service and Service purchased

Flow determined by residence of player

Exports and Imports

- Two possibilities for measuring flows
- Client pays service provider the full value, gross of commissions and service provider pays travel agent [1]
- Client separately pays service provider the value net of commissions and directly pays travel agent (recommended approach).[2]

CLIENT	AIRLINE	TRANSACTION	AGENT	TRANSACTION	TOTAL in
		(a) AIRLINE		(b) TA service	Can BOP
1.CDN	CDN	Domestic (500)*	CDN	Domestic (50) *	NIL
2.		Domestic (450)*		Domestic (50)*	NIL
1.CDN	CDN	Domestic (500)*	US	Import (50)	Import (50)
2		Domestic (450)*		Import (50)	Import (50)
1.CDN	US	Import (500)	CDN	Export (50)	Import (450)
2.		Import (450)		Domestic (50) *	Import (450)
1.CDN	US	Import (500)	US	Non-res (50) *	Import (500)
2		Import (450)		Import (50)	Import (500)

Guidelines

- When treated as a sum, makes no difference to end result but does make a difference to measured flows.
- Currently no specific guidelines in SNA93 , BPM 5 or Manual on statistics of International Trade in Services.
- Would help to adopt consistent approach in all frameworks including TSA

Practical Implications-data needs

- *Supply side:*
 - Travel Agency and Tour Operator Industry
 - Other Service providers
- *Demand Side*
 - Surveys of travellers
 - Surveys of Household Expenditure
 - Business Surveys-economic censuses

Additional data required

- From Travel Agencies
 - percentage of operating revenues (commissions and fees) from non-resident clients (persons and businesses)

- From Tour Operators
 - percentage of net revenues from foreign clients
 - percentage breakdown of actual costs or payments for airline seats, other forms of transportation, rail, bus etc,accommodation, food services, sightseeing and other, purchased from resident and non-resident service suppliers.

- From service suppliers
 - total amount of commissions paid to Travel Agencies and their country of residence
 - sales to Tour Operators
- From travellers
 - country of residence of the Travel Agencies through whom services were purchased.

- From households
 - components of personal travel expenditure
(purchased directly and through agencies)
- From businesses
 - components of business travel expenditure
(purchased directly and through agencies)

Classification

Classification of products has many uses.

- may be used for data collection and in analytical frameworks, production and use

To collect production data

- gross valuation may be used on the revenue side and values to be netted out may be collected on the cost side

CPC

- Will be useful to mention that certain products e.g tour operator services may be valued gross , in terms of tour packages sold or net, as margins, depending upon the use for which the data are being compiled.
- This statement will of course apply to certain other service products as well.