

DEFINITIONS AND EXPLANATIONS

A. Tourism

Visitors: tourists and cruise passengers.

Tourist: a foreign national entering Israel on a tourist visa, who is not an immigrant, an immigrant citizen, a potential immigrant, a temporary resident or a cruise passenger; diplomats are also included among tourists. Some of these tourists stay in Israel for over a year, and some do not stay in the country overnight.

The data do not include: foreign workers who enter Israel on a work visa; Israeli residents living abroad who enter Israel on an Israeli passport (who are included in movements of Israelis); and arrivals of flight crews. As of 1980, the data also include short trips to Sinai.

In May 1985, a concession was made for tourists travelling to Sinai via Taba for short visits of up to 7 days, and a record of the movements was kept at the border crossing. This arrangement lasted until February 1989. On 15 March 1989, Taba was returned to Egypt, and a new arrangement was made which enable a crossing of the border via Elat and a stay of up to 14 days in Sinai. Most tourist arrivals via Taba are re-entries.

Cruise passenger: a tourist who enters Israel on a cruise or a foreign navy vessel, who generally stays for a day or two, and in most cases spends nights on board (until 1984 referred to as “passengers on cruise ships”).

Israeli: an Israeli citizen or a permanent resident without Israeli citizenship, who goes abroad on an Israeli passport for any purpose. The data do not include movements of Arabs from Judea and Samaria and the Gaza Area.

Country of destination: the country in which Israelis plan to spend most of their stay abroad.

Purpose of travel: the main purpose of the Israeli resident's departure abroad – touring, business, emigration, studies, a visit, or any other purpose.

Length of stay: the amount of time spent by a tourist in Israel or by an Israeli resident who travels abroad. A stay of less than one night counts as half a day in Israel (for a tourist) or abroad (for an Israeli).

Israelis: Every entry of an Israeli into Israel is linked with that person's departure date – mainly on the basis of the person's identity card number.

Tourists: Until 1999 (inclusive) and as of 2002, a tourist's length of stay in Israel has been calculated by linking that person's entry and departure data, mainly on the basis of the serial number on the form which is filled out by the tourist and entered at the Ministry of the Interior (see Sources of the Data).

In 2000 and 2001, no tourist forms were entered. For most of that period, tourist movement files received by the Central Bureau of Statistics did not include passport numbers, which would have made it possible to establish the link. Therefore, in order to calculate the data on length of stay in Israel, the CBS developed an algorithm for linking records, which is mainly based on similarities in the tourist's name (first and family) and on the tourist's date of birth.

It should be mentioned that the file used to calculate the number of days that tourists stayed in Israel in 2002 referred to tourist arrivals from November 2001 to the end of December 2002. Therefore, data referring to tourists who stayed in the country for over a month are

biased downwards, because they do not include tourists who entered the country before November 2001 and departed during the course of 2002.

B. Aviation

Passengers: the data exclude movements of air crew and passengers in transit.

Regular flights: are defined as a series of flights fulfilling at least the following conditions: they are flown on a passenger aircraft and are available for sale to the general public; they are planned and adjusted to traffic needs, and they operate according to existing aviation agreements, as well as according to an operators' license and a fixed timetable which is available to the general public.

The distribution by countries is based on the nationality of the airline.

Charter flight: a flight for which an operator or organizer charters the flight capacity of a plane from an airline. The charter may be for a specific flight or a series of flights.

C. Tourism – Income and Expenditures in Foreign Currency

Income from tourists in Israel – the expenditure in Israel by tourists on goods and services. Not included: Income of Israeli shipping companies and airlines from fares on international routes, and expenditures of diplomats in Israel.

It should be mentioned that in the item income from tourism in the Balance of Payments, expenditures in Israel of foreign workers are presented together with expenditures of tourists. The data were presented in the same way in publications related to tourism, up to the publication for 2000. According to the World Tourism Organization (WTO), expenditures of foreign workers are not defined as income from tourism. Therefore, as of the publication for 2001, data on income from tourists are also presented separately.

Expenditure of Israelis travelling abroad – includes expenditure of Israeli residents travelling abroad as tourists, on business, as students, for medical reasons, etc., excludes the cost of travel fare. The data do not include travel allowances spent abroad by government employees travelling on business (these are regarded as government expenses).

An update on expenditure of Israeli residents travelling abroad:

Data on expenditure abroad of Israeli residents were updated in the 1998 publication, in light of the results of the "Expenditure of Israelis Travelling Abroad Survey", which was conducted in 1997 and for a few months in 1998. The survey covered the population of all Israelis who stayed abroad for at least one day (and up to a year). The survey questioned Israelis upon their return from abroad, about their expenditures abroad – whether the payments were made in advance (in Israel), or payments made during their trip. In addition, they were asked about the purpose and destination of their trip. The survey did not include Israelis whose length of stay abroad exceeded one year, nor did it include Israelis living abroad who arrived in Israel for a visit. This survey is the first of its kind to be conducted in Israel and its aim is to improve the quality of data on imported services.

Comparison of the data from the 1997 survey and data published up to 1997 reveals that according to both methods, the amounts of average daily expenditure are similar, but differences were found in the number of tourist days that were taken into account. The method used until the 1997 survey included tourist days of Israelis living abroad who came

to visit (which should not be included in the balance of payments). Although the number of Israelis living abroad who arrive in Israel to visit is relatively small, their contribution to the number of tourist days abroad is relatively high, and constitutes about 2% of the total length of stay abroad of Israelis. Therefore, in estimating the expenditures of Israelis travelling abroad, the number of days abroad spent by Israelis was reduced by 2%.

Data have been corrected since 1990.

Income of Israeli companies from travel fares on international lines: income of Israeli shipping and aviation companies from transporting foreign passengers (travelling to Israel or travelling between foreign ports).

D. Hotels, Youth Hostels, Rural Tourism at Kibbutzim and Collective Moshavim, and Field Schools

Note: as of the 1994 publication, most of the tables that present data on guests, person-nights and occupancy in hotels were redone.

Until the 1993 publication, hotels were divided into two categories (see definitions below):

1. Tourist hotels (recommended)
2. Other hotels (including not yet listed hotels).

As of the 1994 publication, the hotels defined as “not yet listed hotels” were transferred from the second category (“Others”) to the first category, along with tourist hotels.¹

It should be mentioned that the total number of hotels and other accommodations includes those that were temporarily closed due to renovations or due to temporary lack of operational profitability (as has been the case since the onset of the security incidents at the end of September 2000). Hotels and other accommodations that changed their designation (i.e., that were converted into hostels for immigrants, office buildings, etc.) and those that were closed permanently have been deducted from that total.

1. Tourist hotels

Tourist Hotels (recommended)

This definition includes hotels, guest houses, holiday villages, apartment hotels, and mini-suite hotels that are recommended for tourists by the Ministry of Tourism.

Tourist hotels in kibbutzim and moshavim: includes only tourist hotels that are listed as such. This category does not include other accommodations in kibbutzim and moshavim that are defined as “Rural Tourism” (see definition below). Data on these hotels are included in all tables that present data on tourist hotels

2. Other hotels

This population includes hotels and other types of accommodations not included in Section 1 above, and which are not defined as “youth hostels affiliated with the Youth Hostels Association”, “Christian hostels”, “rural tourism in kibbutzim and collective moshavim”, and “field schools with hostels” (see definitions for these categories below, at the end of Section D).

¹ The reason for this change, explanations, and data for selected localities before and after the change are presented in the *Tourism* publications for 1994 and 1995.

In addition, the data do not include other rural tourism populations (outside of kibbutzim and collective moshavim), which have not been surveyed as yet by the Central Bureau of Statistics.

The data for this population are obtained by means of a sample. In 1997 a new sample was drawn (see chapter on "Sources of the Data").

Grading and Classification of Hotels

An extensive explanation on grading of hotels by stars and the transition from the old grading to the new grading system appears in the 1989-1990 publication.¹

Discontinuation of grading: following a regulation issued by the Minister of Tourism, hotel grading was discontinued in the middle of May 1992. As of that date, it is prohibited to publish statistical data according to the previous grading. Consequently, data beginning with June 1992 are published only by locality.

Classification of hotels by level: following the above-mentioned regulation, it was necessary to establish an alternative classification of hotels that would allow for improved analysis of the data. A number of possibilities were examined (such as by the number of rooms in the hotel or by the number of employed persons per room). It was decided to divide the hotels that had been graded from 1 star to 5DL into four levels, based on two characteristics: character of the hotel (recreational/urban); and average size of a double room (excluding suites and public areas).

The definition remained in effect for hotels that had been defined as holiday villages, apartment hotels, and mini-suite hotels (other).

The character of the hotel (recreational/urban) and sizes of the rooms in the hotels were obtained from the file of data that had been collected previously by the Ministry of Tourism for the purpose of re-grading the hotels in 1989. For hotels that were not examined at that time, and hotels that opened at a later date, the hotel's character and size were determined on the basis of the hotel's building permit, as it appears in the Ministry of Tourism's database. For definitions of the four levels that were established, see the table below.

A table presenting the change in classification of hotels and rooms by grade to classification by level in December 1991 appears in previous publications.²

¹ In the 1987-1988 publication, data for 1988 were presented only according to the old grading. In the 1989-1990 publication, in some tables, data for 1988 were presented according to both gradings old and new.

In the 1991-1992 publication, data for 1988 were presented according to the new grading only.

² In the publications for 1991-1992, 1993 and 1994.

Data relating to the period from January 1991 to May 1992 were re-processed, according to the level of the hotel.¹

**Defining Hotel Levels, by the Average
Area of a Double Room, and by the Character of Hotel**

	Average Area of Double Room (sq.m.)			
	Level I	Level II	Level III	Level IV
Recreational (a)	Over 28	23.5 - 28.0	20.5 - 23.4	Up to 20.4
Urban (b)	Over 26	21.5 - 26.0	16.7 - 21.4	Up to 16.6

(a) Recreational hotel: hotel situated at a recreation site or in a city, where guests stay for the purpose of recreation, and where it is therefore assumed that they spend most of their time – day and evening – at the hotel and its facilities.

(b) Urban hotel: hotel situated in a city, or an urban centre of a recreation site, where guests stay mainly to sleep, and where it is therefore assumed that they spend most of their time – day and evening - outside the hotel.

Source of the data: "Minimum Requirements for Planning Hotels", Economics and Planning Division, Ministry of Tourism.

Rooms: rooms containing at least one bed intended for guests. The following are not included: offices (of the hotel or rented out), dining rooms, halls, store rooms, apartments not available for renting out, etc. A suite is counted as one room.

The number of rooms includes rooms in hotels that are temporarily closed (due to renovations or seasonal reasons), as well as rooms in hotels that are temporarily closed due to low profitability resulting from the security situation as of October 2000. Not included are rooms in hotels that were transformed into immigrant absorption centres.

Beds: the permanent beds in the above rooms in the hotels. Double beds are counted as two beds. Cribs and temporary beds for children are excluded.

Guest: a person, including a child, who checks into a hotel and spends at least one night there (including persons exempt from payment). A guest who left the hotel and checked into it again within the same period (even within the same month) is counted as two guests.

Tourist: a guest who registers at the hotel with a foreign passport, (including foreign workers and diplomats).

Israeli guest: a guest who registers at the hotel with an Israeli identity card; including new immigrants and potential immigrants (except temporary residents with foreign passports) as well as guests from the Judea and Samaria area.

Person-nights: all of the person-nights at hotels during the period of the report, with the exception of person-nights in owned apartments that are not rented out. Including person-nights spent by new immigrants in hotels rented by the Jewish Agency for a period of less than one year. One night spent by a single guest in a room with two beds or a double bed, or in a complete apartment is counted as one person-night.

¹ In the 1991-1992 publication, data were presented by grades until May 1992 and by levels – as of January 1991. As of the 1993 publication, all data from 1991 and onwards were presented by levels only.

Potential person-nights: the number of beds (as defined above) multiplied by the number of nights the hotel was open during the period of the report.

Percentage of bed occupancy: the total number of actual person-nights, expressed as a percentage of the total number of potential person-nights spent in the hotels during the reported period.

Potential rooms: the number of rooms (as defined above), multiplied by the number of nights the hotel was open during the period of the report.

Percentage of room occupancy: the total number of rooms occupied, expressed as a percentage of the total number of potential rooms available at hotels during the period of the report.

Jobs, Wages and Revenue

Tourist hotels

The data are based on a sample that was drawn in 1989. All hotels graded 5 star deluxe, 5 star and 4 star, and other hotels with 100 or more rooms were definitely included. The rest of the hotels were selected for the sample on a probability basis, based on each hotel's grade and number of rooms. Inflation of the sample for the overall population was based on the hotel's grade.

Due to the discontinuation of hotel grading and the transition to inflating the sample data for the entire population based on the hotel level,¹ there were slight changes (up to $\pm 1\%$), in the data obtained at the national level. At the level of localities, the differences were greater in some cases.

Other hotels

In 1997, revenue and employment data for other hotels were investigated for the first time. The data are based on the new sample of these hotels (see explanations in Section D2 above).

Jobs (*formerly: Employed persons*): employees and proprietors and members of their families working at the hotel without pay (in hotels in kibbutzim it includes also posts held by kibbutzim members and volunteers working without pay, classified as proprietors and family members); excluding workers employed by employment agencies.

Employee jobs (*formerly: Employees*): persons who worked in a hotel for at least one day in the month and received wages, including part-time employees and proprietors and shareholders drawing a wage or salary from the hotel.

Wages: the sums appearing on the payrolls for the reported month, and on which income tax is due, including basic wage, overtime, various taxable allowances such as: cost of living allowance, seniority, education allowance, fares, convalescence allowance, car allowance (excluding insurance and license), telephone allowance, clothing, 13th month salary, premiums, bonuses etc., as well as taxable payments in kind (such as housing) and service charges (whether paid directly by the employer, or directly among the employees in a common pool). Excluded are: sums paid to the employee, on which the employee does not have to pay income tax, such as: per diem expenses, meals allowance on which the employee does not pay tax, compensation payments, pension, and services charges not

¹ See "Classification of Hotels by Level," above.

paid by the employer or not distributed from a common pool. Other labour expenses paid by the employer (social security) are also excluded.

Kibbutz members and volunteers working at kibbutz hotels are defined as mentioned above, as proprietors and family members. Thus, wages are not imputed for them.

Revenue: includes gross revenue (including Value Added Tax)¹ from person-nights and from renting rooms for a long period. It also includes revenue from other services which are not person-nights, such as: organizing parties and renting halls, stay during the day without spending the night, deposits for canceled rooms, meals, drinks, bars, night clubs, swimming pools, laundry, rental of shops, etc. It also includes payments received from the workers (for meals, housing, etc.). Incentives are not included.²

Revenue does not include hotel receipts for compensations from insurance on the various currency rates since 1981. This compensation was discontinued in July 1993.³

The monthly revenue in NIS and in other currencies is converted into US dollars at the average representative exchange rate for the month based on the daily rates published by the Bank of Israel.

Revenue from tourists: revenue from accommodation and other services for “tourists” who do not pay VAT (excluding revenue from a “tourist” not staying at the hotel, who pay VAT for other services at the hotel).

Revenue from Israelis: the difference between total revenue and revenue from tourists, as defined above. Revenue from Israelis includes revenue from accommodations and services for Israeli guests, revenue from events and rental of areas as well as revenue from tourists for which VAT is payable.

Average revenue per person-night, per room and per job: is obtained by dividing all hotel revenue, as defined above, by the total number of actual person-nights spent in hotels during that year, or by the average number of rooms (not including rooms in hotels that were temporarily closed due to the security situation that began in late September 2000) or by the average number of jobs available per month for that year.

It should be clarified that the data derived for person-nights and rooms are based on the sample population. These amounts may differ slightly from the data obtained by dividing the total revenue by person-nights/rooms as presented in the publication (census data).

Youth hostels

Youth hostels affiliated with the Youth Hostel Association.

¹ Since November 1985, VAT on revenue from hotels in Elat, which became a Free Trade Zone, has been rescinded. The distinction between revenue from tourists and from Israelis is based on the definition “revenue from tourists is exempt from VAT and revenue from Israelis is due VAT at a zero rate”.

² The hotels received compensation from insuring the various currency rates since 1981. In 25.7.93 this compensation was stopped. A table showing the range of annual receipts appears in the publication *Tourism and Hotel Services Statistics Quarterly 1, 1995 to Tourism and Hotel Services Statistics Quarterly 2, 1998*.

³ A table presenting hotel receipts from insurance of currency rates was published in the introduction to the *Tourism* publications from 1993 to 1996.

Rural tourism

Rural Tourism includes both sectors – Private Rural Tourism and Rural Tourism in Kibbutzim and Collective moshavim.

Private rural tourism

From the beginning of 2005, this market segment was investigated for the first time.

Population: All accommodations in rural villages except those in kibbutzim and collective moshavim.

Rural tourism in kibbutzim and collective moshavim

In April 1996, this market segment was investigated for the first time.

Population: all other accommodations located on kibbutzim and collective moshavim that were not investigated within the framework of the other series. The population includes single accommodation units (rooms, apartments), hostels, camping grounds, “seminar centers,” etc. and does not include hotels listed as tourist hotels, youth hostels affiliated with the Youth Hostel Association, and field schools located at kibbutzim (see above).

Field schools

Field schools affiliated with to the "Society for the Protection of Nature" in Israel run a number of programs: guided tours for hikers, activities with the nearby population, research on the region, and activities for preserving nature and the environment. Field schools also operate hostels.

E. The "Hotels - Income, Expenditure and Product" Survey

The full results of the survey appear in this publication, as of the publication “Tourism 2006”.

The survey population: The population includes hotels (in kibbutzim and moshavim, as well) as defined above - excluding hotels in East Jerusalem.

Survey sample: The sample of hotels used for conducting this survey is the new sample that was presented in 1989 for collecting data for the monthly series on revenue, employee jobs and wages (and as mentioned above - excluding hotels in East Jerusalem). The survey is updated currently.

Financial data:

These data are presented in NIS at factor cost (excl. VAT, including receipts from exchange rate insurance).¹

Every few years the base period of prices is changed, according to the **Consumer Price Index:**

Until the 1989 survey (inclusive) – data were presented at June, 1987 prices;

The 1990-1995 surveys – were presented at average 1990 prices;

The 1996-1999 surveys – were presented at average 1995 prices;

¹ In August 1993, exchange rate insurance for hotels was discontinued. Data on amounts paid to hotels in this framework appear in Tourism publications from 1993 to 1996.

As of the survey for 2000 – data are presented at average 2000 prices.

Data for previous years appearing in the introduction were converted to average 2000 prices by multiplying the ratio between the two bases:

$$\frac{\text{Average 2000 Index}}{\text{Average 1995 Index}} = 1.36099$$

Each figure from previous years presented at average 1995 prices may be multiplied by this coefficient, in order to convert it to average 2000 prices.

Adjustment of fiscal data to uniform prices of average 2000:

Despite the decrease in the inflation rate, adjustment of the data to uniform prices continues, as has been done since the survey began in 1981.

Subjects of investigation:

The data provided in the Profit and Loss Statements submitted by the hotels to the income tax authorities are presented at factor cost (including subsidies and grants, excluding VAT).

Profit and loss statement - is an accounting report that includes data on ongoing activities of the hotel during the survey year. The report includes income and expenditure data for the survey year which stem from sales of guest services and other hotel services, as well as from activities not directly related to the hotel's operation.

Operating income: Includes income related directly to hotel operations in the year surveyed, such as: from room rentals, food and beverage services (including dining rooms, restaurants, night clubs, bars, parties, events, etc.) and from other services provided to guests (e.g., communications, laundry, use of swimming pools, saunas, health clubs, organized tours, etc.), as well as income not directly related to guest accommodation, such as: rental of shops, halls and parking; operation of shops, catering services or the operation of a restaurant outside the hotel, etc. Income from exchange rate insurance paid to hotels until July 1993 is also included.

Non-operating income: Income in the surveyed year, not directly related to hotel operations for that year, such as: profit from the sale of property, receipts on account of previous years, profit from sale of negotiable securities, etc.

Purchased expenditure – hotel operation: All expenditures on purchase of goods and services used for operating the hotel, such as: food, linen, kitchenware, staff uniforms, fuel, electricity, water, maintenance and repairs, communications services, advertisement, transport, laundry services, etc.

Purchased expenditure - management and general: All expenditures on goods and services used for managing the hotel, such as: auditing and other professional services (computers, legal services, etc.), municipal taxes, fees and insurance, office supplies, doubtful and bad debts, travel expenses, donations, work-related studies, etc. Since in most balance sheet there is no distinction between the costs of communication services to guests and those for hotel management, all communication costs were listed under 'hotel operation

expenditure'. For hotels that pay management fees to another company, the management fees were recorded under this heading.

Labour cost: Wages and other labour expenses of all hotel employees (services, management and clerks, including kibbutz members), including accommodation for employees, meals, service charges, etc.

Labour costs presented in hotel profit and loss statements are net costs to hotels, after the deduction of two components:

- a) Benefits given to employers in Elat by the tax authorities, under the "Free Trade Region Law - 1985".
- b) Reductions in payments to the National Insurance Institute for hiring employees, given to hotels in Israel from time to time, according to government resolutions.

I.e., the presentation of labour costs in profit and loss statements due to the above reasons is accomplished by reducing the value of labour costs rather than by crediting income.

In addition, some of the reports include labour costs in the sales and marketing expenditure paragraph, without a possibility of separation between them.

Profit and return on capital (before tax payment): Appears on the profit and loss statements of the hotels, as the difference between the hotels' total income and total expenditure, except for depreciation and financing costs (net). I.e., it is the profit before deduction of depreciation and financing costs (net).

Gross domestic product: Results from the difference between total income and purchased inputs. According to this definition, the gross national product includes labour costs, cost of renting buildings and equipment, profit of the hotels, depreciation and financing costs (net).

Data at factor costs: Excluding VAT, including subsidies.

Imputations for hotels that did not provide data: Balance sheets could not be found for a number of hotels included in the sample, and therefore imputations were conducted for them. The income of these hotels amounted to approximately 8% of total income in 2005. Data analysis by localities showed that a high imputation rate was found in Tel Aviv-Yafo (22%).

The imputation was based on income and wages reported by the hotels themselves in the monthly series. On the basis of those hotels for which profit and loss statements were received, the proportion between total income in the profit and loss statement and the income reported in the monthly series was calculated, as was the proportion between wages and wages from the two sources. With the help of these ratios, total income and labour costs were imputed in this survey. The rest of the items of income and expenditure were imputed on the basis of the ratios between the various items, which were received in the detailed reports. The imputation was done according to level cells within localities.

Limitations of the data: As mentioned, the data in this publication were based on the audited reports submitted by the hotels to the income tax authorities, completed according to accepted accounting procedures. The income and expenditure items, however, are not necessarily presented in a uniform manner. Thus, for instance, the considerations for dividing income between income from rooms and income from food are not consistent. As for income, in some cases it is reported in the profit and loss statement as net, after deduction of commissions; but in other cases, the income was reported as gross income (incl. service charges and/or before deduction of commissions). In those cases,

commissions were also included in expenditures, and service charges were included in expenditure of labour cost. Therefore this limitation does not affect the profit data.

In addition, management fees paid by the hotels were treated in the survey as expenditure, and are therefore not included in the profit.

The survey was based, as mentioned, on a sample of hotels and, as in any sample-based survey, the results may differ from real numbers due to sampling errors.

Several hotels included in the sample did not provide balance sheets, and imputations were performed for them. The imputed data may differ to some extent from the actual data. Similarly, in some of the reports, there was insufficient detail of the sub-headings of income and expenditure. Imputation for the sub-headings was based on the detailed reports received, according to the hotel level.

From a comparison of the balance sheet data on income with the monthly data submitted to the Bureau for the same report period (after the monthly data were adjusted to factor prices – VAT deducted and receipts for exchange rate insurance added - and to uniform prices of average 2000) revealed that during all of the surveyed years, the balance sheet data were higher than the data obtained from the monthly series, by 1%-5% at the national total level (see Table A in this paragraph). In a classification by levels or localities (as well as kibbutzim and moshavim), the difference is likely to be higher.

There are several limitations that must be taken into account when comparing the data of this survey with the ongoing monthly data:

Income is defined in market prices in the monthly series (including taxes, excluding subsidies), whereas income in this survey is defined at factor cost (including subsidies, excluding taxes).

In the monthly series, kibbutz members and volunteers employed at kibbutz hotels are defined as owners. Hence, their wages are not included under labour costs; whereas in the Profit and loss statements of the balance sheets, labour costs include imputation of kibbutz members' work.

**TABLE A. - INCOME OF HOTELS COMPARISON
OF BALANCE SHEET DATA WITH MONTHLY SERIES DATA**

At factor cost – average 2000

	Balance Sheet Data		Data of Monthly Series		Balance Sheet Data Data of Monthly Series
	NIS million	% change compared to previous year	NIS million	% change compared to previous year	
1981	2,557.0	..	2,424.2	..	1.055
1982	2,317.9	-9.4	2,302.0	-5.0	1.007
1983	2,675.0	15.4	2,646.7	15.0	1.011
1984	2,929.4	9.5	2,780.2	5.0	1.054
1985	3,444.8	17.6	3,321.6	19.5	1.037
1986	3,116.9	-9.5	3,074.4	-7.4	1.014
1987	3,836.9	23.1	3,736.5	21.5	1.027
1988 old sample	3,520.3	-8.3	3,407.7	-8.8	1.033
1988 new sample	3,722.6		..		
1989	3,543.2	-4.8	3,522.9	..	1.006
1990	3,187.3	-10.0	3,153.2	-10.5	1.011
* 1991	2,922.5	8.3	2,827.7	-10.3	1.033
** 1991	2,928.3		2,818.5		1.039
1992	3,476.4	18.7	3,396.3	20.5	1.024
1993/1	3,866.2	11.2	3,732.4	9.9	1.036
1993/2	4,104.7		3,879.7		
1994	4,135.9	0.8	3,990.6	2.8	1.036
1995	4,466.0	8.0	4,354.0	9.1	1.026
1996	4,433.9	-0.7	4,313.4	-0.9	1.028
1997	4,388.4	-1.0	4,229.5	-1.9	1.038
1998	4,589.8	4.6	4,464.5	5.6	1.028
1999	5,164.8	12.5	5,059.3	13.3	1.021
2000	5,482.5	6.2	5,487.9	8.5	0.999
2001	4,126.8	-24.7	4,086.2	-25.5	1.010
2002	3,671.5	-11.0	3,546.3	-13.2	1.035
2003	3,838.1	4.5	3,676.0	3.6	1.044
2004	4,559.5	18.8	4,343.4	18.2	1.050
2005	5,383.4	18.1	5,190.1	19.5	1.037

Preliminary estimates of income, expenditure, and product: Preliminary estimates of the main variables – income, expenditure and profit - are based on the current series on accommodation and also on the "Hotels - Income, Expenditure and Product" survey for the two years following the year of the survey. A 26-year database (1981-2006) was constructed, which includes data from the current series.

Data adjustments: The data of the current series which were used in the estimate were adjusted - data on East Jerusalem were deducted; data on revenue were adjusted to factor cost of average 2000. Furthermore, in the data on rooms in December during 2000 to 2007, rooms that were closed due to the tourism crisis were deducted.

Method of estimation: The estimates of total hotel income and expenditure were created by means of a linear regression model. The quality of the regression was examined on the basis of the R² index, which was close to 1 in both variables. The profit variable was calculated as the difference between estimated income and estimated expenditure. The model was based on four explanatory variables; the criterion for the preference of variables was the largest R² obtained.

Limitations of the data: All data were computed on the basis of countrywide figures (excluding East Jerusalem). It may well be that if different cross-sections (levels, localities) had been used, different results might have been obtained.

Estimates for years 2006, 2007:

Following is a table that presents the survey data, including estimates for the two years following the last survey.

TABLE B.- PROFIT, EXPENDITURE AND INCOME (1) OF HOTELS

At factor costs of 2000 average, NIS million

Year	Profit	Expenditure	Income
Actual data			
2000	656	4,827	5,483
2001	143	3,983	4,127
2002	147	3,525	3,672
2003	231	3,607	3,838
2004	454	4,105	4,560
2005	877	4,507	5,383
Estimates			
2006	800	4,800	5,599
2007	984	5,099	6,083

(1) Before deducting depreciation and net financing costs.
See also Diagram 14 in Para. "Hotels".

F. Miscellaneous

Governmental grants and investments in tourism: grants and investments in hotels and other tourist enterprises approved by the Tourism Development Corporation.

International Conferences and Exhibitions

Number of conferences: international conferences and the like, which take place in Israel and are reported on by the organizers to the Department of International Conventions of the Ministry of Tourism.

Overseas participants: does not include persons from abroad who accompany participants and Israelis.

Sites of the Nature and National Parks Protection Authority

Visits: All visits to sites that are open to the public for an entrance fee (payable by personal card, combined local card, senior citizens card, etc.) or that are open free of charge.

Income: All income from entrance fees, guided tours, cable car rides at Massada, and information stations (Bet She'an, Ovdot, Zippori), and from sale of souvenirs.

Recognized Museums

Museums that were recognized by the Ministry of Science, Culture and Sport (see Sources of the Data section).

Two recognized museums were not included: Yad VaShem (which operates under the Yad VaShem Law and not under the Museums Law), and the Dagon Museum (which did not request funding and did not receive a budget from the Division of Museums even though it is a recognized museum).

G. Seasonal Adjustment and Calculation of Trends¹

The seasonal adjustment method is based on the use of moving averages to estimate seasonal factors, for each month. The seasonally adjusted series is calculated by using the Statistics Canada X-12-ARIMA² Seasonal Adjustment Method and by a procedure developed in the Central Bureau of Statistics for simultaneous estimation of factors for prior adjustment of festivals (Passover, Easter, and the Jewish New Year) and Trading Day effects in Israel.³

Prior adjustment of the effects of festivals and trading days is implemented for most series on a monthly basis before seasonal adjustment.

The seasonally adjusted series is calculated by dividing the original series both by the seasonal factors and by the prior adjustment factors when applicable. The seasonally adjusted series is the first estimate of the trend and includes irregular fluctuations. As of April 1992, the method of Concurrent Seasonal Adjustment is applied, i.e., the seasonally adjusted series is calculated each month, on the basis of the most updated original data.

In the series "**tourist arrivals by air**", seasonal adjustment is applied to the aggregate series as well as to 12 main sub-series separately (**arrivals by country of residence**). In the series "**person-nights at tourist hotels**", the aggregate data (total and by localities) is calculated by summing up the seasonally adjusted data of the two sub-series (person-nights of tourists and person-nights of Israelis).

The trend is estimated by an improved method, which is based on Henderson's method and on an additional process.³

A trend break in the series: As of October 2000 (due to the security situation in Israel) and July 2006 (with the outbreak of the Second Lebanon War), irregular original data were obtained in incoming tourism (total and by country) and in tourist person-nights in tourist hotels (total and by locality). Mainly, sudden and ongoing changes were identified in the level of original data; i.e. breaks in the series trends. Therefore, estimation of trend and seasonally adjusted series, in the periods after October 2000 and July 2006, was conducted after adjusting series data up to September 2000 and also up to June 2006, to the low levels obtained in the first months of the above crisis.

¹ The seasonally adjusted series and trends were calculated and the trend breaks were dealt with under the supervision of the Statistical Analysis Sector of the Central Bureau of Statistics.

² U.S. Census Bureau - The X-12-ARIMA Seasonal Adjustment Method.

³ A detailed explanation of the method of seasonal adjustment and calculation of trends was published in the *Seasonal and Prior Adjustment Factors for 2007, Trends for 2003-2007* – on the CBS website: <http://www.cbs.gov.il/publications/tseries/seasonal07/presentatione07.pdf>

SOURCES OF THE DATA

Arriving/Departing Tourists (Tables 1-10)

Until the end of 1999, every tourist filled in an entry registration form (AL/17) at the border checkpoint upon entering the country. A copy of this form was collected upon the tourist's departure from Israel. Data appearing on these forms included: country of residence, date of birth, border checkpoint, etc., were entered at the Ministry of the Interior and a copy of the tape was sent to the Central Bureau of Statistics, where it was processed.

As of January 2000, no files have been received from the Ministry of the Interior on movement of tourists at the borders. Therefore, the data for 2000 and subsequent years are derived from the files of the border police. These files do not contain information on the tourists' country of residence, but list their country of citizenship. However, it is important to note that in most cases the tourists' citizenship coincides with country of residence. In addition, these files do not contain information on the type of visa held by foreign nationals. Therefore, immigrants and foreign workers were deducted from the number of foreign nationals arriving in the country.

Departing/Arriving Israelis (Tables 12-20)

Data on the total number of Israeli departures/arrivals and data on age were obtained until March 1993 through a form filled out by every departing/entering Israeli at the state's borders. This procedure had been in existence since the establishment of the state.

In April 1993, this form was discontinued. Since then, Israeli movements at the borders (departures/entries) are recorded by computer and the tapes are sent daily to the Border Check System of the Ministry of the Interior. Problems in this system led to loss of data, which was especially great in 1994. Therefore, data for 1994 are estimates, based on external sources of the Border Police at the Airports Authority.

Data on main country of destination and purpose of trip of departing Israelis were obtained until March 2000 through a sample survey that began in 1994. The survey population included Israelis aged 15 and over who depart Israel via Ben Gurion Airport. The sample size covered about 2% of the Israelis who departed in July and August, and about 3% of the Israelis who departed in other months. Sample data for 2000-2002 are unavailable, since the sample surveys were stopped.

It should be noted that as of July 1998 a new "biometric system" was instituted. Israelis who went through the biometric passage were not included in the survey sample. Consequently, there was a considerable increase in the "unknown" category in relation to destination and purpose of trip. In order to overcome this problem, destinations were imputed according to the monthly distribution of the various destinations.

In 1999, there was a substantial increase in the number of departures via biometric transportation. Therefore, the percentage of "unknown" cases reached about 10%. Hence, there was an apparent decline in the number of departures to certain destinations as well as in departures abroad for business purposes. No imputations were carried out in 1999.

Aviation (Tables 21-22)

The data on international air traffic are based on monthly reports obtained from the Israel Airports Authority.¹

Income from Tourism and Expenditure of Israelis Travelling Abroad (Table 23)

The data are estimated by the Central Bureau of Statistics.

Hotels (Tables 24-43)

A. Tourist Hotels

The data on the number of rooms, beds, guests, person-nights (by continent of guest) and occupancy are obtained from all of the hotels; some through the "Israel Hotel Association" based on monthly hotel reports.

Data on revenue, employment, and wages were received directly from a representative sample which consisted of 262 hotels at the end of 2002. By the end of 1994, the sample included only tourist hotels.

B. Other Hotels

The data published until the "Tourism 1996" publication were based on a sample of accommodations that was drawn in 1975 and was partially updated over the years. At the end of 1996, the sample consisted of 25 hotels.

This hotel population is difficult to locate and enumerate. In 1996, the Ministry of Tourism constructed a file of all guest accommodations in Israel within the framework of National Ordinance Plan no. 12. In addition, a census of institutions was conducted by the Central Bureau of Statistics within the framework of the 1995 Population Census. These two files, in addition to the employers file of the National Insurance Institute, enabled us to construct an up-to-date file of all of the guest accommodations defined in this population.

In 1997, a new sample was drawn consisting of 50 hotels. Data obtained on the basis of the old sample referred to the number of rooms, beds, person-nights and occupancy. The investigation was expanded in the new sample, and includes data on the revenue of hotels, number jobs, and wages paid. Data on other hotels are presented in Tables 24, 28, 31 and 39.

Youth Hostels (Tables 44-46)

Consolidated data supplied by the "Youth Hostels Association" are based on reports received from the hostels.

Rural Tourism (Table 48-50)

The data are obtained from all of the kibbutzim and collective moshavim that operate rural tourism units.

¹ For further information, see The Central Bureau of Statistics, *Transport Statistics Quarterly*.

Field Schools (Table 51)

Consolidated data are obtained on a monthly basis from the Society for the Protection of Nature in Israel.

The Survey “Hotels – Income, Expenditure and Product” (Tables 52-76)

The financial data were based on the profit and loss statements (balance sheet) for the survey year, as submitted by hotels to the income tax authorities. Data on person-nights and number of rooms which were used for the calculation of derived data were those provided by the hotels for the monthly series.

Two room figures were calculated for each hotel: to determine the hotel's size group, the number of rooms in December or in the last month of hotel activity was used; whereas to calculate annual derived data (income per room, etc.), the average monthly number of rooms per open hotels was calculated (total number of rooms during all months of activity, divided by 12).

Miscellaneous (Tables 77-98)

National Parks and Nature Reserves (Tables 78-81)

Data are obtained from the "Israel Nature and National Parks Protection Authority".

Vacations/trips in Israel and Abroad, by Israelis aged 20+ (Table 82)

The data are from a social survey¹ conducted by the Central Bureau of Statistics in 2002, which covered all residents of the country, except residents of East Jerusalem and residents of institutions. The sample consisted of individuals aged 20+, and the sampling framework was the population registry. Responses were obtained from about 7,000 individuals.

The survey findings contain data on a variety of variables related to the population of Israel, including: education, standard of living, satisfaction with one's living environment (e.g., the physical state of one's dwelling, neighbours, transportation, air pollution, noise, safety, etc.), state of health, religion, employment, job satisfaction, and social relationships.

Leisure Habits (Table 83)

The data are based on the findings of a survey on the topic,² which examined a representative sample of persons aged 14 and over.

Recognized Museums (Tables 84-86)

The data were collected from the publication “Museums in Israel – Summary of Yearly Activities in 2001”, the Center for Information and Culture Studies established by the Ministry of Science, Culture and Sport (operated by Pilat).

¹ Detailed data from the survey are available on the CBS website, and can be accessed through the tabulator of the social survey.

² Central Bureau of Statistics, *Survey of Reading, Leisure and Sports Activities, 1999*, Special Publication No. 1187.

Data received from or through the Ministry of Tourism:

- Findings from the survey of tourists at the border checkpoints conducted for The Ministry of Tourism (Table 11)
- Christian hostels – the latest update is for 1996 (Table 47)
- Government grants and investments in tourism industries (Table 87)
- Licensed tour guides (Table 88)
- International conferences and exhibitions (Tables 89-91)
- Graduates of hotel schools (Table 92)
- Travel agencies in Israel and travel agencies for internal tourism (Table 93)
- Tour offices (Table 94)
- Shops listed for tourists (Table 95)

International Tourism (Tables 96-98)

The World Tourism Organization (WTO).