

THE PACIFIC TOURISM INSIGHTS CONFERENCE 2017

25 OCTOBER | PORT VILA, VANUATU



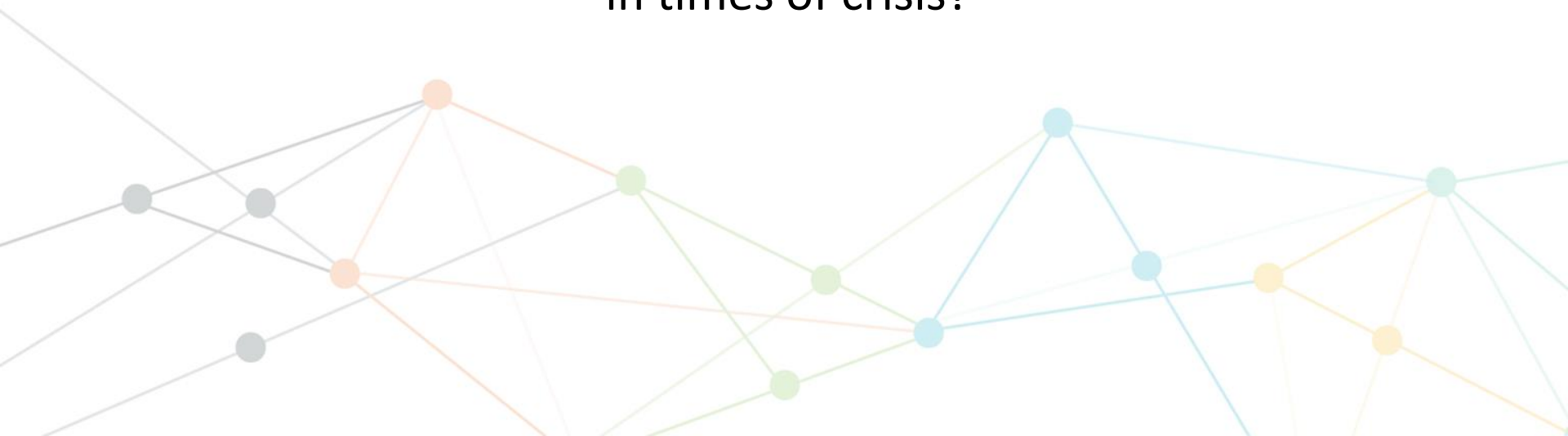
**BUILDING RESILIENCE THROUGH
SMART DECISION MAKING**

Mark Ferszt
Product Director, BarterCard

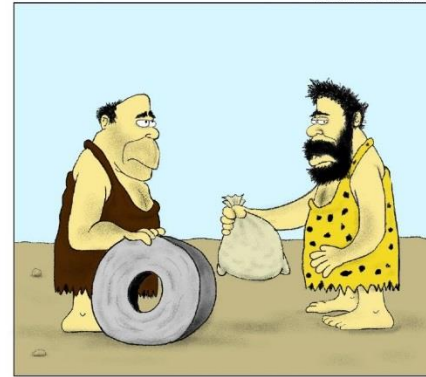
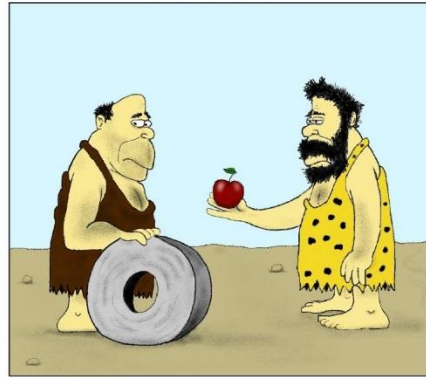


BUILDING RESILIENCE THROUGH SMART DECISION MAKING

Barter is the oldest form of trade between humans.
Is it possible to trade products for services designed to assist
in times of crisis?

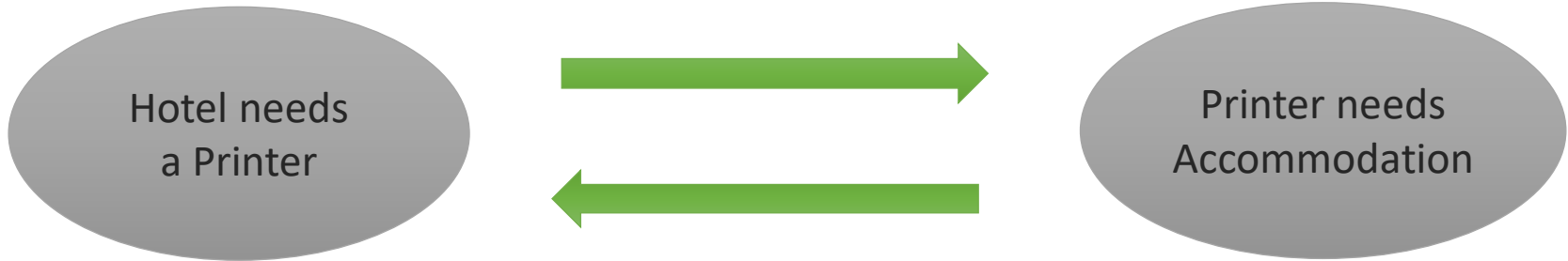


TheFreemanOnline.org



TIM KELLY

Mutual Exchange
Direct Barter

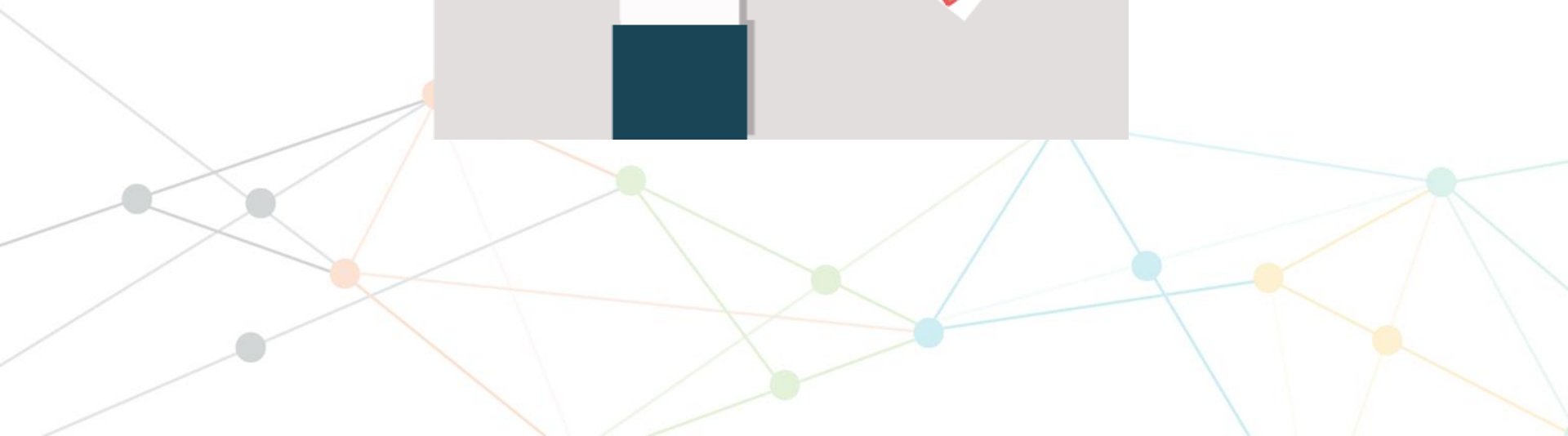


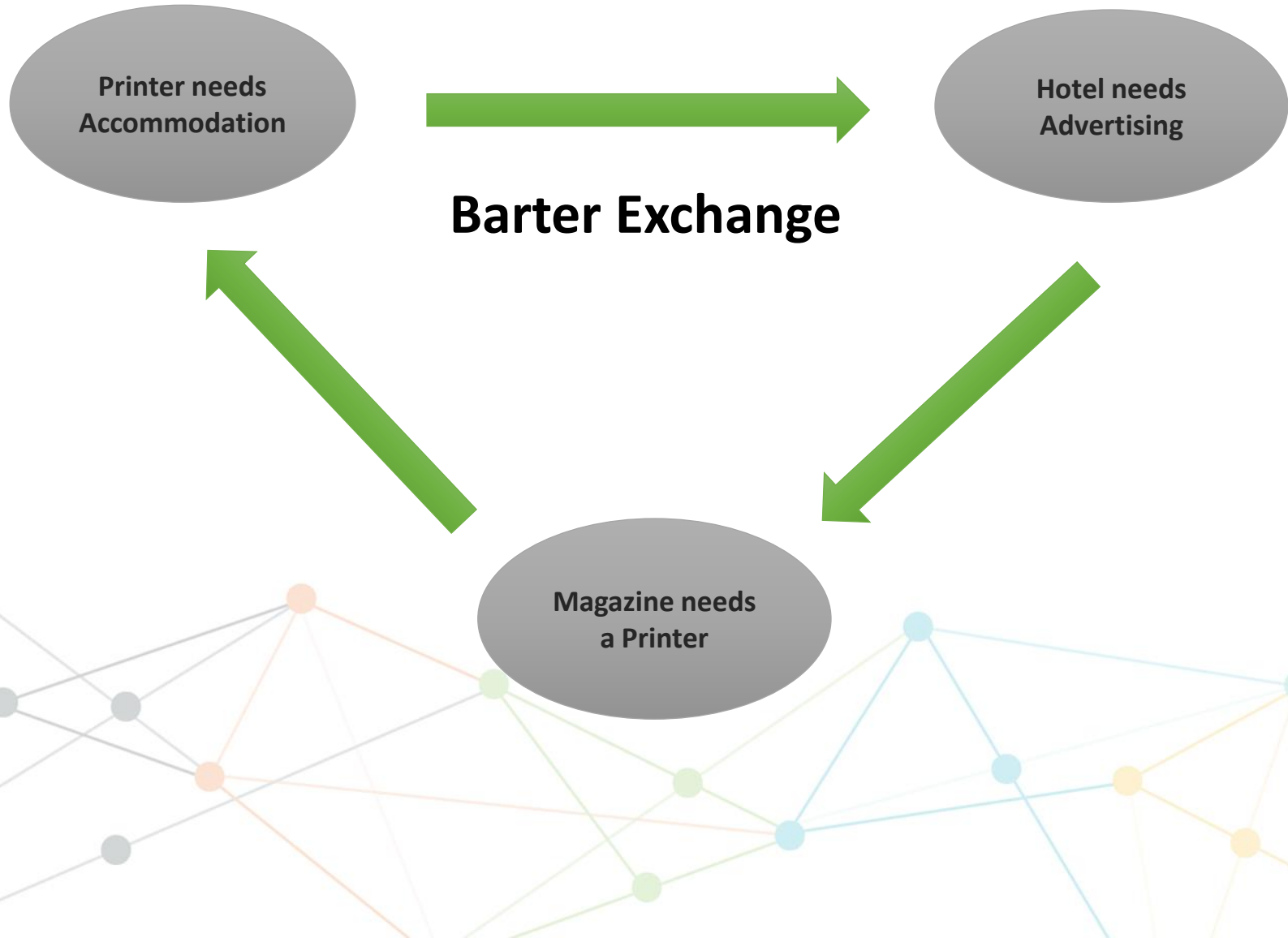
Old Style 'Direct Trade' Barter



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The International Reciprocal Trade Association (IRTA) conservatively estimates that there are over USD \$10 billion dollars worth of formal Barter transactions that take place globally each year.



What is the tax treatment of bartering transactions?

- Barter transactions are assessable and deductible for income tax purposes to the same extent as other cash or credit transactions.
- When an entity that is a member of a trade exchange makes a taxable sale to another member, there is a liability for tax, including GST.
- Payment may be in money or in kind, or in some instances a combination of these. The payment for sales between members of a trade exchange is the debiting of the recipient's account and the payment received is the crediting of the supplier's account.
- As a general rule, when valuing the payment arising from barter or countertrade transactions, we will accept a fair market value as adequately reflecting the money value or arm's length value, as applicable. In most cases, we will accept as a fair market value, the cash price which the taxpayer would normally have charged a stranger for the services or for the sale of the goods or property.



Hairdresser

Account Balance..... -T\$1,000 DR

- Solicitor
- Mechanic
- Receptionist
- Upholsterer

New Customers



Resort

Account Balance..... +T\$1,000 CR

- Printing
- Advertising
- Crockery
- Kayaks

New Customers

Case Study # 1 - Fiji Resort: Cyclone recovery / re-build



Image credit: Fijian Govern

2016 Cyclone Winston in Fiji - Bartercard assisted a key resort client to recover / re-build their property in the aftermath

- Mattresses
- Fridges for mini-bar
- HP printer for office
- Timber outdoor furniture
- Ceiling fans
- Umbrellas for pool area
- Pool equipment - pumps, filters & chlorinators
- F & B items - cutlery, crockery & oven

Outcome --> TOTAL Barter Spend approximately T\$75,000 in one month

Other spends --> 12 month Media Plan

Case Study # 2 - Australian Hotel: Media Plan

12 month Media Plan: Australian hotel used unsold rooms to fund a media plan targeted at cash market consumers for direct bookings to reduce reliance on other channels for bookings

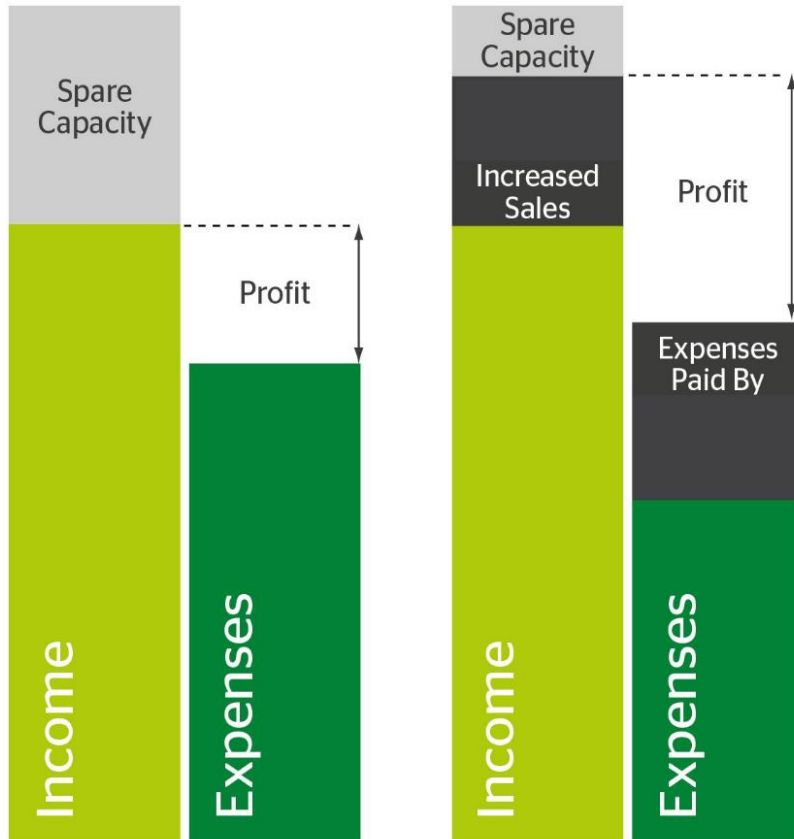
Targets: -

- Wedding focus - destination & location advertising
- Groups & Conferencing - business related media
- Couples / FIT / Leisure - media suitable to promote 'short-breaks'
- New website developed
- SEO Campaign

Outcome --> TOTAL Barter Spend approximately T\$45,000 per annum

Other spends --> CAPEX projects, HR - Staff incentives / prizes





Benefits of Barter:

- Brings new customers at retail rates
- Sell distressed inventory that no other distribution channel can sell
- Increase incremental cash revenue
- Increase your networks
- Offset business cash expenses
- Improve business cash flow

Strategic use of Barter:

- Increase market share
- Build credit as 'Insurance' for use in times of crisis
- Finance refurbishment, renovations or redevelopment projects to improve product
- Fund media/advertising plan targeting direct consumer cash bookings
- Invest spare capacity in growing business profits



<https://youtu.be/jpthSu8YPYc>