Tourism Satellite Accounts (TSA)

- Developed over 15 years
- UNWTO played central role
- Now adopted by U.N. Statistical Commission, other multilateral bodies
- Efforts undertaken by more than 70 countries to date
- Primarily limited to national scope
Growing Interest in Subnational TSAs

- Trend toward decentralization/devolution
- Economic contributions to rural areas
- Unequal geographic distribution of tourism
- Identify linkages with other businesses
- Suggest investment opportunities

Focus of this Paper

- Conventions for defining regional TSAs
- Appropriate outputs
- Optimum approaches to developing R-TSAs
- Reactions to three provocative Requested Comments
Basic Concepts

- **Tourism Economic Consequences** = all positive effects minus all negative effects (costs) of visitors on an area
- Visitor spending/consumption drive economic contributions
- **Tourism Economic Contribution (TEC)** = direct positive effects
- **Tourism Economic Benefits** = TEC + secondary positive (“indirect” + “induced”) effects

More . . .

Additional Basic Concepts

- **Total Tourism Internal Demand (TTID)** = T consumption + T gross fixed capital investment + T collective consumption

Beyond the TSA

- **Tourism Economic Impact** = TTID + secondary benefits
R-TSAs Can Provide Value

- For public officials
  - Public benefits of assisting visitors and industry

- For business owners/managers
  - Opportunities for partnership and investment

- For tourism employees
  - Contributions and career options

- For other residents
  - Manifests visitor economic contributions

Obstacles to R-TSA Development

- Subnational conceptual SNA framework lacking
- Some national measures not translatable
- Scarcity of acceptable statistical data
- Differing regional tourism characteristics defy generalization

Given current high and rising interest in R-TSAs, these must be overcome
Recommended Central Principles for R-TSA

1. Measures only economic contributions of tourism to the region
2. Employs predominantly account information
3. Mirrors coverage of the TSA - see Appendix B
4. Covers the 10 characteristic products and industries for international comparability
5. Produces estimates of certain macroeconomic aggregates –
   - Internal Tourism Expenditure
   - Internal Tourism Consumption
   - Tourism Gross Regional Product
   - Employment in the Tourism Industries
6. Generates a defined set of tables
   - Table 4: Internal Tourism Consumption by Product
   - Table 5: Production Accounts of Tourism Industries and Other Industries
   - Table 6: Total Domestic Supply and Internal Tourism Consumption
   - Table 7: Employment in the Tourism Industries
   - Table 10: Non Monetary Indicators
We can envision three situations for developing an R-TSA:

1. There is a valid, up-to-date TSA ("Current TSA Condition")

2. An outdated but valid TSA exists ("Outdated TSA Condition")

3. A valid TSA has never been elaborated for the country ("Nonexistent TSA Condition")

Under the Current TSA Condition: Two Options

1. Central Statistical Office (CSO) and regional authorities develop the R-TSA system and the five accounts - "Regional Account Approach"
   - Requires regional Supply-Use table and other valid regional data

2. CSO and regional authorities agree on set of regional indicators to distribute the TSA macroeconomic aggregates among the regions - "Regional Allocation Approach"
   - Modeling exercise resulting in "experimental R-TSA or ER-TSA", consider as provisional
Guidance provided through actions and objectives elaborated in the paper

Regional Account Approach and Regional Allocation Approach (Appendices C & D)

- Regional interagency coordinating council - overseeing the process to ensure validity and quality
- Regional technical committee - specify technical requirements and oversee execution
- Regional technical execution team - elaborate the R-TSA

Under the Outdated TSA Condition

Only one option: adopt the Regional Account Approach above with regional authority leadership and CSO assistance

- Observe principles and coverage of the prior TSA
Under the Nonexistent TSA Condition

1. There is no foundation upon which to build R-TSAs in the country

2. A region must construct its R-TSA from the beginning, agreeing on principles and coverage that govern the valid TSA

3. Should include CSO assistance

4. Problem of multiple R-TSAs that do not comprise a consistent national view

Under the Nonexistent TSA Condition

- Valid R-TSA quite unlikely
- Dr. Jones has recommended focusing on developing a Tourism Economic Account for regions under such conditions
- This is a constructive way to proceed
  - to discern the economic contributions of tourism and
  - may whet the appetite of the CSO and many regional authorities for a valid TSA
Properly developed and annually maintained, the R-TSA can assist major regional stakeholder groups to accurately assess the economic contributions of tourism over time and other regions.

Table 1 in the paper relates specific R-TSA macroeconomic aggregates to individual policy issues important for –

- Public officials
- Business owners and managers
- Employees of tourism industries
- Other residents of the host region

1. Issues Raised in Requested Comments

Dr. Jones of Wales –

- offers positive recommendation of Tourism Economic Accounts for regions in the Nonexistent TSA Condition,
- proposes extension of Table 7 employment data to add value for policy-makers, and
- suggests further protections against TSA poacher consultancies producing “multiplier” estimates including secondary effects.
2. Issues Raised in Requested Comments

Drs. Zhang & Billing of Denmark –

- Provide comments on my paper -
  - redefine “usual environment” to allow local residents to be counted as visitors when consuming “typical tourism activities”,
  - note challenge of measuring business same-day visitors,
  - suggest UNWTO collect examples of R-TSA projects in various countries and share them.

- Present Denmark’s Regional Allocation Approach by-
  - general description of the allocation process and output tables;
  - But we would also benefit from seeing the allocation supply and demand algorithms, visitor survey characteristics and actual tables.

3. Issues Raised in Requested Comments

Prof. Robles of Andalusia –

- describes the process and challenges of preparing an annual R-TSA by the Regional Account Approach,
- notes the importance of regional I-O tables and surveys of visitors and their complexities,
- suggests modeling value added in the region by tourism-related activities by government, tour operators and public transportation (problematic?), and
- Notes particular difficulties in accounting for gross fixed capital formation.
Thank You!

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