



# Tourism Investment Estimates in the Tourism Satellite Account

“Saudi Arabia”



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## Why?

- **As Organisation responsible for tourism statistics and indicators in the country.**
- **Increasing pressure from the private sector to provide tourism investment indicators.**
- **Lack of framework or recommended indicator for tourism investment.**

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## Tourism Satellite Accounts in the KSA

## Tourism Gross Fixed Capital Formation



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### Why is Gross fixed Capital Formation Important for Tourism?

- ▶ Central to long run tourism economic growth;
- ▶ Key component of short run business cycle fluctuations;
- ▶ Tourism is not possible in case of a lack of basic infrastructure;
- ▶ The nature and extent of tourism flows are related to the availability of investments;
- ▶ Fundamental for describing and analyzing the economic aspects of tourism

However

- ▶ Investment data are scarce in general;
- ▶ For tourism, conceptual and practical difficulties arise from the special nature of tourism.

## What is Tourism Gross Fixed Capital Formation?



**Gross Fixed Capital Formation** is the total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain additions to the value of non-produced assets.

**Fixed Assets** are defined as "tangible or intangible assets produced as outputs from process of production that are themselves used repeatedly or continuously in other process of production for more than one year." (SNA 2008, para. 10.32).

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## Categories of Tourism Gross Fixed Capital Formation

### Tourism-specific fixed assets

- used exclusively or almost exclusively in the production of tourism characteristic goods and services
- (e.g. Railway passenger coaches, cruise ships, sightseeing buses, hotel facilities, convention centres)

### Investment by the tourism industries in non-tourism-specific fixed assets

- all assets that are not considered tourism specific fixed assets
- (e.g. Hotel or travel agency computer systems, hotel laundry facilities, etc.)

### Tourism-related infrastructure

- provided by public authorities for facilitating tourism
  - Development of beach for visitors
  - Public investments for a special event
  - an airport, a road, etc.

### Non-Produced Tangible and Intangible Assets

- a memorandum item
- not part of gross fixed capital formation in SNA 2008
- (e.g. land, leases, and other transferable contracts).

Tourism-related infrastructure not included in TSA:RMF table 8.

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## TSA:RMF -Tables



1- 4	Tourism expenditure/ consumption
5	Production
6	Demand meets Supply
7	Employment in tourism industries
8	Tourism Gross Fixed Capital Formation
9	Tourism Collective Consumption
10	Non-monetary indicators

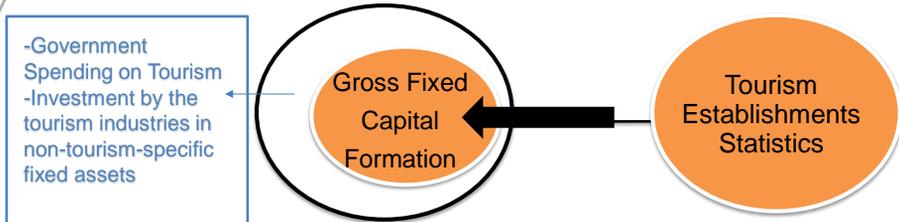
The compilation of table 8 (Tourism Gross Fixed Capital Formation) is accorded a **lower priority** (TSA:RMF Para 4.33).

The kingdom of Saudi Arabia has compiled the table 8 as a first experiment in 2010.

## The Compilation of TSA-table 8 in the KSA


**Tourism Gross Fixed Capital Formation in the KSA**

TSA-Table (8)



-Government Spending on Tourism  
 -Investment by the tourism industries in non-tourism-specific fixed assets

Gross Fixed Capital Formation

Tourism Establishments Statistics

**The Tourism Gross Fixed Capital Formation (Tourism Investment) as used in the Saudi TSA, is represented by the spending on developing new tourism projects, such as building new hotels, furnished units, tourism attraction centers and tourism destinations**

**The government spending on new project, like the new projects serving the pilgrims in Makkah and Madinah, is also classified under tourism investment**

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**Tourism Gross Fixed Capital Formation in the KSA**



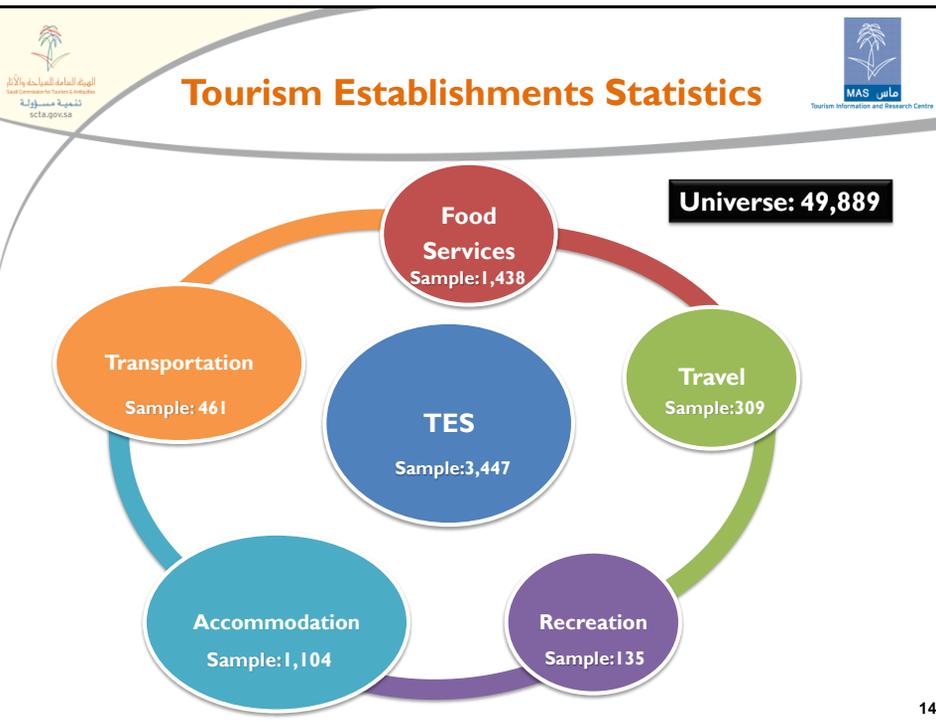

Tourism-specific fixed assets	<b>Available</b>
Investment by the tourism industries in other non-tourism-specific produced assets	<b>Not Available</b>
Tourism related infrastructure	<b>Not Available</b>

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# A Closer Look at the Tourism Establishments Statistics in the KSA



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## TES Indicators



Indicators	(\$ million)
<b>Total Output</b>	<b>24683</b>
<b>Intermediate Consumption</b>	<b>10703</b>
<b>Value Added</b>	<b>13979</b>
<b>Remunerations</b>	<b>4564</b>
<b>Investments Amount</b>	<b>15347</b>
<b>Fixed Assets</b>	<b>18028</b>
<b>Long Term Loans</b>	<b>395</b>

<b>Number of employees</b>	<b>616,227</b>
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## TES Limitations

The 'universe estimate' in each tourism segment is an estimated figure as determined by MAS using a sample of survey made

The survey covers only profitable establishments/companies

Financial data does not contain depreciation and Zakat which if included, would have an impact on the margins

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## The Way Forward



- Expanding the level of detail concerning Tourism-specific fixed assets;
- Coordination and consultation with the Central Department Of Statistics Information for conducting a national survey to estimate the capital formation of tourism industries and other industries.
- This is a first experiment leading toward an investment module of the TSA.

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## Recommendations

- ❖ Introducing KPI's for tourism investment in addition to what in Table8, in TSA.
- ❖ Joint effort between the UNWTO and other International Organisations.
- ❖ Using compilation guide to share case studies on measuring tourism investment.

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Thank You



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