

Tourism's economic contribution at sub-national level. The regional TSA: complements and extensions

Requested comment

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Summary: The United Nations World Tourism Organisation has recognised the importance of developing appropriate measures of tourism's economic importance at sub-national level. As Douglas Frechtling shows in his central paper, this is a response to both the political reality of policy decentralisation, and the economic reality of tourism's differential spread and nature within nations.

This paper responds to Prof. Frechtling's suggested templates for sub-regional TSA development, and further suggests that protecting the TSA brand at sub-national level is more problematic than at national level, due to the lack of an established SNA framework that can effectively 'prove' a R-TSA's validity. It follows Voltaire in proposing that the 'best' should not be allowed to be the enemy of the good. For regions where an assessment of TSA commodity outputs (following Frechtling, 2008) is not possible, guidance could be provided on the development of a partial tourism economic account (TEA) that would be a 'next-best' scenario, benefiting from, and adhering to, the conceptual approach adopted in TSA:RMF and IRTS, if not the explicit TSA structure.

The next part (2) of the paper then suggests that development of the employment module at sub-national scale is of central importance, albeit fraught with data difficulties. The paper proposes that the development of TSA Table 7 be specifically structured to reflect critical regional *policy* issues, including the proper assessment of the quality of *employment* and of *employees* in tourism-characteristic and tourism connected industries. The final part (3) of the paper puts forward a tentative suggestion for how international agencies could help improve the quality of estimates of tourism's indirect impacts made at regional level.

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TOURISM'S ECONOMIC CONTRIBUTION AT SUB-NATIONAL SCALE – THE REGIONAL TOURISM SATELLITE ACCOUNT IN PROSPECT?

Introduction

The central paper of this session provides a clear and consistent message: that for many regions across the globe, the time has come for an accounting of tourism's economic contribution that is realistic, thoughtful, defensible and consistent over time (if not always space). The paper further contends that the development of tourism satellite accounts at below-national level is the appropriate mechanism for developing these measures, thus benefitting from the wealth of conceptual debate that has occurred at national-scale, and, critically, gaining a measure of respectability from the adoption of TSA concepts, methods and application – including the transparency of approach that is inherent in the TSA project, yet often missing from other tools that purport to measure tourism's economic contribution.

It is an unenviable task to respond to a paper which is as well developed and consistently presented, and which presents a set of development options with which the current author is in general agreement. However, the remainder of this Section 1 seeks to supplement the arguments outlined in Frechtling (2008) in considering a significantly sub-optimal situation: one where there is an identified need for high quality and believable information on the nature of the regional tourism economy, yet where the institutional or statistical context is likely to preclude the development of a fully specified regional TSA (R-TSA) or even an experimental TSA (ER-TSA) that is CSO-approved. In this situation, the region in question has two broad options. They may be satisfied into the medium term with fragmented and partial measures of 'tourism impact' that are conceptually problematic and unlikely to closely represent impacts on regional aggregates that are the ultimate focus of policy such as employment or value added. Alternatively, or in complement, they may also seek to short cut the process by commissioning *ad hoc* estimates of tourism impact that purport to establish the impact of visitation on the regional economic aggregates discussed above.

There is ample evidence available that many regions see tourism as too important an activity to manage with no understanding of its holistic impact, and that commissioning tourism impact studies is commonplace. This might not be problematic for the wider international TSA partnership except for three facts: that the nomenclature used in these impact assessments is increasingly mirroring that used in the TSA project; that the metrics produced by these studies are notionally the same (as far as a layperson or policy officer is concerned) as key TSA outputs; and that a number of such studies are in fact claiming to be regional TSAs with little or no basis in fact.

This has been recognised by UNWTO in the determination to protect the brand that arose from the Iguazu conference (Frangialli, 2006). The development of the regional network launched at Malaga is part of this strong determination, and a recognition that dilution of the TSA brand may be more of a problem at regional than national scale. For example the national CSO might be disinterested in criticising studies which purport to be regional TSAs whereas they might take far more affront to a consultancy-derived *national* 'TSA'. Further, the key 'test' of the validity of a TSA; whether it is appropriately integrated into (and is quantitatively consistent with) the System of National Accounts is far more difficult to assess at regional scale.

There is, then a concrete need for UNWTO and partners to have a strategy to protect the TSA brand at regional level. The following section outlines the need for the strategy in more detail, and section 1.3 suggests a way that UNWTO might help guide regions with a strong interest in tourism that are nevertheless not 'TSA-ready'

Barriers to R-TSA and ER-TSA development

Prof. Frechtling shows in clear detail the appropriate steps for regions wishing to progress along the TSA path, and goes further in providing differential options for situations where there is either a single region at issue, or where there is an exhaustive set of regions seeking to benefit from a regional-allocation (ER-TSA) approach (Frechtling 2008; Appendix C and D respectively). There is little doubt that these are apt and fitting programmes where the institutional will can be identified to establish the statistical and capacity building programme that lead to the TSA. The question arises, however, of regions where tourism is (*a priori*) considered economically important, is of policy interest, and hence where TSA outputs are desirable, yet where the development of a TSA project does not occur. Evidence suggests there might be both institutional and (linked) statistical barriers to such a development

Institutional barriers

Frechtling (2008: Appendix C & D) identifies the early involvement of the national Central Statistical Office in the TSA project as of key importance: indeed, its unique identification implies correctly, that it is the most important actor. However, this also raises the prospect of the (E)R-TSA project falling at the first hurdle. If the CSO can identify no resources to engage with the regional TSA project at an early stage, regional actors (or potentially a national tourism agency wishing to develop an ER-TSA framework) face a stark choice; either to abandon the TSA project *in toto*, or to continue to pressure the CSO in numerous ways to become engaged.

The non-involvement of the CSO is a significant, many would say 'make or break' issue for (E)R-TSA development; yet in a number of cases this outcome may not only be possible, but likely. The very need for sub-national TSAs derives in part from the differential importance of tourism across the national space; peripheral regions that are tourism intensive, but in countries where tourism is considered not economically significant, may find it difficult to lever the appropriate resource and involvement from central agencies. Other, external pressures may also count against (E)R-TSA development. For example, within the EU, the tourism-statistical efforts of member states are driven by a EUROSTAT directive that does not (at time of writing) have TSA development at heart at national, let alone sub-national, level². Meanwhile, national border surveys must respond to the needs of providing information for balance of payments purposes and increasingly often on flows of migrants, either of which may take precedence over tourism-specific information collection³.

Meanwhile regional agencies will only in special circumstances have the resource and statistical capacity to supplant the CSO as the driver of R-TSA development – Andalusia being the particular exception. Even in this case, there may be a requirement to commission regionally specific demand and supply surveys where national structures are inadequate at regional level: this is a significant task indeed.

Statistical barriers

The problems associated with TSA development at sub-national scale are challenging enough, even if consideration is restricted to the purely statistical impact of smaller sample sizes, and non-regionally stratified samples that can significantly impact upon reliability and

² Or indeed, seems to mention the TSA at all.

³ Author's conversation with head of UK Tourism Intelligence Unit

accuracy⁴. However, there is a more generalised issue related to the lack of a unifying and unified statistical framework at regional scale to replicated the System of National Accounts. A number of countries are blessed with a well-developed system of regional accounts, often in Input-Output form, that continue been well used in sub-national TSA development, for example in Canada and Austria. However even in these 'best-case' scenarios, there remains significant work to do in amending the accounting framework to properly replicate national TSA structures, and it is illustrative that the most developed projects in this regard have involved the enthusiastic and continued support of the national Central Statistical Office: support that is by no means guaranteed in all nations or regions.

Conceptual barriers

The latest edition of the TSA methodological framework recognises these issues and adds more, suggesting that due to the lack of a robust and universal sub-regional accounting framework (except in most basic form in ESA95) means that a number of national accounting concepts are very difficult to apply to regions (TSA:RMF 2008:101). In particular, potentially multi-regional activities (both on the demand and supply side) such as trips, businesses and travel packages mean significant thinking and analytical time must be given over to the development of any TSA-like structure for a region(s), be this either a full R-TSA or an ER-TSA as described in Frechtling (2008).

Tourism economic accounts: an interim or parallel solution?

The above barriers suggest that the majority of regions simply cannot have a R-TSA in the short or medium term without significant resource investment in data *and* the full cooperation of the national CSO. However, the demand for good quality tourism economic data remains in many more regions. A potential solution is suggested in the following statement:

“Here, the most difficult challenge is to elaborate the commodity-by-industry direct requirements table of the Input-Output framework covering the ten tourism characteristic products and industries for the region, in order to produce the regional version of TSA Table 6: Total Domestic Supply and Internal Consumption.”

Frechtling, 2008:para19

The onerous requirement to produce the full tourism commodity by industry 'make' matrix is necessary to replicate national accounting structures that are consistent with SNAs that describe product supply by industries. However, such a disaggregation would not be strictly necessary to produce headline indicators that are of interest (such as TGVA or tourism dependent employment) if tourism *demand* could be presented as the demand for the products of specified tourism-characteristic and connected industries.

The suggestion here is that in some circumstances, the focus on the *satellite* element of the account is overly limiting: an ideal scenario that should not impede the development of a better understanding of tourism's economic significance where its strictures cannot be fulfilled. Instead, the development of a fully industry-based appreciation of tourism activity might provide a quality of information that is adequate for regional policy needs – and far superior to the 'no-TSA' case of third party, largely modelled information that is often the current *status quo*. Such a statistical system might recycle a term that has fallen into disrepair, and be labelled a *Regional Tourism Economic Account* (R-TEA) to distinguish it from TSA-based approaches

⁴ See Jones *et al* (2003) for a review

The character of an R-TEA

If an R-TEA is to be developed it must have a number of common statistical and conceptual characteristics if it is not to become yet another label for *ad hoc*, one-off and modelled tourism impact studies. At heart, TEA is another option for fully reconciling tourism economic demand and tourism supply across different activities. Meanwhile, freed from national statistical structures (but *not* concepts) the account can afford to be suited towards immediate policy application. Characteristics might thus include;

- **The dominance of accounting, not modelled data** – An R-TEA implementation would seek to ease estimation using established statistical sources on the supply side particularly, and would require further elaboration of demand-side data: it does not relax the TSA assumption that one is building an account, not a model of tourism economic activity.
- **Adherence to TSA Concepts & Measurement** – It is to be expected that the overwhelming majority of IRTS and TSA:RMF concepts will be applicable to the TEA, with only specific elements such as tourism gross value added having a slightly different meaning. Thus, almost all of the discussion around concepts related to tourism demand and supply undertaken in recent years internationally will remain valid and not be revisited, and TEA can build fully on IRTS 2008.
- **Consistency with Regional Accounts & ISIC** – Where available, regional accounts provide information on key variables such as industry value added that would be both an important input, and a constraining factor, for the TEA ‘supply side’.
- **Direct Impact Only** – Whilst policymakers crave estimates of tourism impact that include indirect (supply chain) and induced (wage-related) effects, it is clear that there is currently no transparent, established and widely accepted methodology that is not either riddled with modelling assumptions, massively data hungry – or indeed both (Jones and Munday 2008). The account should remain just that – an account – and only include those impacts that can be shown to arise directly from tourists’ consumption⁵.

Appendix A of this paper provides an illustrative structure for an R-TEA. As can be seen, the heart of the R-TEA is a Table that parallels TSA Table 6, but with the focus of analysis and construction not on the supply side (which is largely drawn from regional accounts with little amendment save perhaps further industrial disaggregation, and with no commodity-by-industry matrix required) but on the demand side⁶. Here, tourism consumption is presented very differently from in a TSA; by distinct tourist type; by industry not commodity; and, critically, *net* of regional imports – meaning reconciliation with the regional supply side is a matter of matching prices.

The TEA: hard work with the demand side

Clearly tourism demand information does not flow from surveys of tourists in such an immediately useful form. There is substantial work to do to make such information ‘TEA-ready’. In some measure this work is the same as would be required for TSA estimation; other elements are additional;

⁵ It is indeed however the case that the TEA approach does ease the estimate of indirect elements by its retention of an industry framework.

⁶ It should be noted that this central TEA table provides a link into estimation of tourism dependent employment (applying the tourism industry ratio on value added to employment) as is currently generally accepted for TSA.

- **Moving from commodities to industries** – Tourist surveys will typically collect information on products/commodities that are purchased – for example a serviced meal – but not on which industry supplies that commodity – i.e. whether the meal was taken at a restaurant, hotel or attraction. Reallocation of commodity to industry is thus necessary on the demand side. This may be informed by specific questioning of tourists regarding the location of their activities, with online and diary methods increasingly in vogue which supplement more traditional estimates of visitor volumes with a wealth of detail on activities undertaken
- **Reporting Expenditure Net of Regional Imports** – Whilst this is a tricky problem it is one restricted to a limited set of tourism characteristic and connected industries. By their very definition, services consumed by tourists within a region (such as serviced meals and accommodation) cannot be imported, and the value added concerned with such provision accrues regionally. Problematic areas include the purchase of inter-regional transport and packages (which are equally a problem when viewed as TSA products).
- **The Retail Problem** – Treating retail and distribution activities as a distinct industry raises the problem of purchases of goods bought by retail establishments with no further processing – including, importantly for many regions, fuel for private cars. Clearly, the value of these goods must be transferred from the retail industry (with which tourists will declare they have spent monies) to the industry that provided the finished product. In some cases, these manufacturers may be a separately identified regional tourism-connected industry; a regional industry that is non-tourist connected, or the goods may be directly imported to the region by the retailer/wholesaler. This may be the most difficult element of R-TEA estimation, as tourists will typically be unaware of the origin of the goods they buy, and there may be little light shed by established business surveys on inter-regional imports and exports.
- **Price Matching** – As with all TSA structures, consumption and supply must be reported in the same (purchaser) prices. At regional level, an estimate must be made of the level of taxes and subsidies on products attributable to each identified industry. One might argue that there is a measure of incoherence in the treatment of distribution margins, but with tourism related industries (and products) being overwhelmingly services not goods, this is unlikely to have a substantial impact on accuracy.

The above suggests that a good measure of work must be done with demand-side structures to develop the TEA. One might then hypothesise that TEA development might be suited to regions where there is devolution of autonomy over tourism data and associated surveys, but where regions may have less control over the business-side data and surveys that are typically the remit of central statistical agencies.

The benefits and dis-benefits of the R-TEA

The consideration given to developing any new or amended approach to valuing tourism's economic contribution must be long and thoughtful. At IAFET in Autumn 2008 the opportunity exists to respond to, and indeed add to the 'three scenarios' outlined in Frechtling (2008): current TSA, obsolete TSA and no-TSA: with a fourth, that is not necessarily at all TSA dependent, but is certainly TSA *related*. Such a radical response to the continuing data deficit hinted at by Prof. Frechtling has both advantages and disadvantages. Some advantages are as follows;

- **An innovation in protecting the TSA Brand** – This paper began by suggesting that protecting the TSA brand was possibly more important at regional than national level. The R-TEA provides policymakers with a measure of reliable information on the economic nature of tourism that does *not claim to be a TSA in any way*. This provides regional actors with a tool to inform policy that is not a faux-TSA and hence does not devalue the core TSA brand.
- **Implementing Statistical ‘Good Practice’** – Despite its separation from the TSA, an R-TEA could provide a number of the benefits of the TSA project including adoption of the IRTS (and generalised RMF) approach; furthering understanding of the nature of tourism economic structures; highlighting the importance of transparent accounting as opposed to proprietary modelling.
- **TSA Synergies** – Developing a TEA does not lead directly to a R-TSA, but does have a number of benefits that would ease a later TSA development. Apart from the clear benefit of requiring improved quality tourism statistics the TEA highlights the benefits of developed regional (input-output accounts), and may be a way to engage with the national CSO on a more ‘tentative’ and hence easier footing than requiring its full membership of a regional TSA inter-institutional framework.
- **Regional Policy Ready** – The industry-based structure of the TEA makes it immediately more familiar to policymakers far more used to thinking in such terms than in ‘commodity/product’ terms. Meanwhile, the separate analysis of tourism demand by type of visitor means the TEA fits with regional policy requirements such as assessing the highest value adding visitors (per trip or as a ratio to gross expenditure), the value of ‘tourism regional export earnings’ etc.

It is not, of course a one-way street, and a TEA approach to the regional tourism economy carries with it a number of costs and compromises – at regional, national and even international level;

- **Issues of Comparability and Consistency** – The ‘satellite’ element of the TSA is meant to establish these facets as far as possible. Abandoning the notion of a satellite means that any developed TEA is unlikely to be quite as comparable as an ER-TSA or a fully fledged R-TSA that is UNWTO compliant (e.g. Andalusia) at either inter-regional; regional-national; or international scale⁷.
- **The Demand-Side Detail** – This paper has already shown that this alternative approach requires a full understanding of the tourism demand side, and indeed a greater level of detail than that required by (E)R-TSA.
- **A Partial Response to R-TSA Issues** – Whilst R-TEA may help regional agencies in presenting tourism a clear statistical framework despite the region not being ‘TSA ready’, a number of conceptual issues linked to interregional activities remain problematic. Solution of these will benefit both sub-regional TSA and TEA development.

There is perhaps a more diffuse and yet more central concern allied to developing the R-TEA approach, and that is one that may be felt internationally. UNWTO and its partners have, for many years persevered with message that the TSA is the most appropriate measurement tool for tourism’s economic contribution at national, and now sub-national scale. The presentation of a new (or rather rediscovered) concept risks adding complexity

⁷ Nonetheless comparability of approach, classifications and concept can and should remain.

and confusion to that hitherto simple message. Careful consideration would thus need to be given to how the TEA was presented: indeed there may be less justification for close UNWTO involvement in any R-TEA developments, with the concept having no application for UNWTO's core members – who are after all states. Indeed, a collaboration of regions as evidenced by IAFET in 2008 might provide a suitable network within which to discuss R-TEA in relation to (E)R-TSA, IRTS, RMF and other developments.

Complementing (E)R-TSA approaches

This paper has not directly addressed the relative merits of the approaches to regional TSA development revealed by Doug Frechtling and labelled R-TSA and ER-TSA. Suffice to say that where the national CSO or another strong central government agency is sufficiently embedded in regional tourism issues, or where a regional agency has the wherewithal to develop a full R-TSA these approaches succinctly express the options available, and indeed the necessary implementation path towards a credible account⁸. However, this paper suggests that regions which cannot lever involvement by the CSO should not be left alone, and further that in some cases, where R-TSA is not an option, an R-TEA is a suitable compromise that will provide a framework that is transparent, internally consistent, regionally bespoke and draws upon a wealth of internationally agreed conceptual and measurement discussion.

The postulating of R-TEA as an appropriate mechanism for some regional cases is however, a significant institutional undertaking, and one where the burden should not rest for the most part on UNWTO. This raises the issue of who will step up to the plate in developing this framework (should it be considered useful) and this subject is returned to at the end of this paper.

EXTENDING THE REGIONAL ECONOMIC MEASUREMENT OF TOURISM: EMPLOYMENT, QUALITY AND COMPETITIVENESS

The 'Framework' versus the 'Need'

The drive of the UN WTO and partners to place tourism fully within the framework of the System of National Accounts has generated substantial benefits in the consistency and comparability of measurement actions. However, it was realised very early that in one particular aspect, this focus on the SNA was limiting. The SNA is necessarily and properly a wholly financial account. Meanwhile, tourism is undertaken by, and critically, serviced by, *people*; people who appear nowhere in an SNA. Thus TSA Table 10 extends the information found in Tables 1 through 5 to give some sense of physical structures and activities; such as business units, visits and nights. Meanwhile, Table 7, the employment module, provides a rough guide on how one might move beyond the 'compensation of employees' detailed in Table 5 to give a picture of the 'warm bodies' employed by tourism industries.

The picture painted for Table 7 by UN WTO has been more generalised than for other Tables, and with the analytical precedence is given to OECD in its 'Manual On Tourism Satellite Accounts: Employment Module'⁹. This suggests a number of key facts that should be presented for tourism industry employment, including the 'standard' demographic information (full/part time; sex, age etc.) and other information that is of more use in a tourism context, such as 'jobs on the side', nationality and seasonality. Meanwhile, the importance of training and skills is also reflected in the suggested Tables.

⁸ See Jones et al 2008 for a full discussion of top-down versus bottom-up regional TSA development.

⁹ Available from www.oecd.org/cfe/tourism

This welcome detail however might also be considered a problem in that the data demands of its 15 Tables are daunting, despite welcome advice on the steps to take towards completion. This is reflected by its very limited implementation even at national scale where the most developed account (in Canada) provides detail on a number of key but limited variables (including hours worked, age, gender, immigrant status and remuneration).

The extension of the TSA to cover employment is then both practically (if not conceptually) difficult at nation-scale, and more so for regions, with only Canada appearing to be moving towards any developed Module at subnational scale. Yet it is also of absolutely central importance for regional agencies in particular, where the employment impacts of internal tourism are the main rationale for public support for the activity. Frechtling (2008) recognises this by calling for TSA Table 7 to be part of the reduced regional TSA Table set, and highlighting the need to estimate tourism dependent employment at region level (in comparison to employment aggregates).

TSA Table 7 will indeed provide information on the scale of tourism employment in the region – a necessary first step – but policymakers are increasingly requiring more than this, for a number of reasons.

- Firstly, support for tourism on an employment basis makes strong policy sense when there is under-employment in the region in question, but is far less appealing when there is near full employment; or indeed where marginal increases in employment demand are met by temporary economic migrants – a development that has less certain regional-developmental impacts, be this in San Antonio or San Tropez.
- Secondly, regions in developed nations particularly are increasingly aware that long term economic prospects are *not* primarily driven by levels of employment or aggregate demand, but also by ‘softer’ factors such as the level of economic value added, innovation, technological adaptation and the quality of the workforce, factors which have been exemplified by labels such as the ‘knowledge economy’ or the ‘learning region’ (Singh, 1997; Cooke and Morgan, 1998). This debate is carried out within the context of regional economies that compete for jobs and investment, and also for positions in a hierarchy of economic importance. If tourism cannot show that it can contribute to the competitive position of a region, it risks losing policy favour.
- Thirdly, there is a profound acceptance by UN WTO and its partners that employment in tourism industries must be ethically appropriate and properly remunerated, and improvements in data at regional scale can only help establish this case.

An ‘Employment Module’ for regions?

There is perhaps then a requirement at regional level for a TSA (or TEA)-based picture of employment that moves beyond estimating the *scale* of employment (as in current TSA Table 7 and the related estimate of tourism dependent employment) and towards a measure of the nature of employment – and its relationship to the quality of both employees (or the workforce) and of the career itself – which are related but separate aspects. Of course, virtually all of the required information is already extant in the OECD Employment module; it may simply be that there is value in crystallising the uses of these data for policymakers.

Appendix B provides an indication of what a further developed TSA Table 7 might contain (subject to regional requirements). Here, the important point is that there is a division created between the type of employment data presented; related to the *scale* of tourism industry employment (either FTEs or jobs, either of which might be important aggregates; to the basic *nature* of the tourism workforce; to the *quality* of that workforce, and then to the quality of the employment on offer. The development of this partial employment module, in conjunction with the links to the TSA that have been suggested by OECD and EUROSTAT (2003) enables a fuller appreciation of the direct employment impacts of tourism. When industry dependency ratios are calculated from industry value-added, their extension to apply to the workforce of the industries in question would enable the estimation of variables including;

- Tourism-dependent employment (as currently supplied in most national TSAs);
- Tourism-related demand for graduates, schooled employees etc.
- Tourism-dependent earned income (potentially gross/net of tax)

A key outcome of a regional employment module should be the ability to 'benchmark' tourism industries against other regional economic activity, and against other regions' tourism industries in terms of aggregates of interest. Despite its high profile, tourism activities often suffer from a purely anecdotal impression that they offer 'low quality' employment and limited prospects (Costa, 2004: Choy, 1995, actually found on Hawaii that quite the opposite was true). This is reinforced for the hospitality sectors, by a necessarily low value added per capita (compared to other industries that are more capital intensive). An employment module will at regional level, provide evidence that the varied industries which service tourism are extremely heterogeneous in their production structures, and in value added per employee. Appendix C illustrates this perfectly for Wales: whilst the tourism-characteristic industry of hotels had a value-added per employee of £22,000 in 2000, for the tourism-connected sea and air transport industries the figure was far higher (£53,000). Similar differences in employment character – for example in skills and qualifications use, prevalence of managerial occupations etc. would likely be revealed in a more developed regional employment module.

It is also worth considering what a developed employment module might tell use about the workforce, rather than employees. OECD recommend the first steps in the module to concentrate on employees, rather than the self employed and owner-managers. For some regions, however, this would be 'missing a policy trick'. Consider Appendix C: the figures for value added in the guest house¹⁰ and self catering look particularly low, but it is not a coincidence that these are sectors where self employment is dominant – and with value added in the form of mixed income, directors remuneration, or profits taken via dividends far more difficult to measure than the earned income of employees; the self employed may declare only a portion of their return as earnings, thus lowering apparent value added¹¹. At the same time, lagging regions have substantially financed programmes (locally, nationally or via EU structural funds) aimed at encouraging the high level of entrepreneurship and business ownership that is considered necessary to develop a dynamic, prosperous region. What appears within the limits of a 'scale only' employment module to be an economic *weakness* of tourism might, in a more developed account, be revealed as the outcome of a regional developmental *strength*.

¹⁰ Micro-scale serviced accommodation equivalent to bed & breakfast, pensions or chambres d'hôte

¹¹ Anecdotal evidence from the TSA project in Wales also suggests that there is a far higher level of re-investment in business capital (this is often also the family home) in these sectors than in more 'formal' accommodation sectors

The integration of employment into a regional TSA (or TEA) raises a number of issues, mostly practical/statistical. However, the central importance of employment generation as a rationale for the public support of tourism cannot be ignored – one would be hard pressed to find a single published tourism strategy, at regional or national level, that did not note increased resident employment as an important aim. Yet again, most of the hard conceptual and measurement work has been done at international scale, by UNWTO, OECD and EUROSTAT. There is, however, a clear need for regions themselves to take the frameworks provided and to extract from them, and add to them, in ways that are of most benefit to the region in question.

TOWARDS BETTER REGIONAL ESTIMATES OF THE INDIRECT AND INDUCED IMPACTS OF TOURISM

The regional battlefield

It is not possible to discuss the economic consequences of tourism at regional level without considering the influence of techniques that purport to measure the indirect and induced level of impact associated with tourists' spending¹². As Annex 6 of TSA: RMF 2008 clarifies, these impacts relate to production that is necessary, respectively as part of the *regional* supply chain which brings goods to tourists, and following the payments made to workers directly and along the supply chain that results in increased regional consumption demand and hence a further increase in production. As Annex 6 also makes clear, these are usually undertaken via input-output, CGE or more basic 'multiplier' techniques (TSA RMF 2008:p95-99).

If the TSA 'competes' with anything to be accepted as the appropriate way to measure the impact of tourism at regional level, it is with these usually third party and one-off impact assessments. As noted in an earlier section, the increasing use of TSA-type nomenclature in these studies risks seriously compromising the TSA brand globally. So UNWTO and partners must take a position on such approaches. To ignore them is not an option; they are often of such poor quality that they compromise both 'good policy' and the likely standing of tourism in the longer term; there is a significant bias on the upside in terms of impacts and multipliers, and they only rarely contain regionally bespoke data, leading to significantly reduced accuracy, particularly in regions without an extensive economic base (van den Bergh *et al* 1997; Brand 1997).

The UN WTO must then enter a battle at a spatial scale with which it is unfamiliar, and with dedicated and sophisticated opponents. It is worth taking stock of the 'battlefield'.

- In many regional public agencies and governments there is a culture of 'outsourcing' knowledge development to consultancies and research establishments. This does not sit well with the notion of TSA/TEA inter-institutional platform development.
- Civil servants (government officers) are typically, at regional as at national level, generalists not specialists, especially at more senior levels. One cannot expect them to understand the technical aspects which distinguish a good model from a shoddy one, and to then judge the quality of the consequent estimates.

¹² The reader should be aware that the current author is somewhat of a 'poacher turned gamekeeper' as far as such impact studies are concerned.

- There is often a culture of short-termism (leaving aside a small number of more enlightened regions), which militates against the development of a dedicated and developed regional account. This is driven by annual budget allocations to departments, and even by EU structural funds which although able to fund longer-term work (effectively 5-6yrs) cannot enable the mainstreaming of TSA-type work. As an example, the TSA project in Wales, which is 8 yrs old in 2008 has been financed by a series of 5 bids to the regional tourism agency for iterative funding.

If UN WTO and its partners comes to this battlefield armed with TSA:RMF 2008, IRTS 2008 and the OECD Employment manual it will, to use the vernacular, get its 'clock cleaned' in the majority of regions that are looking to measure tourism's impact. Regional governments will go for the quick fix, bright and shiny economic impact model that promises a wealth of intelligence from a less than transparent method. However there is a way that UN WTO can, instead of entering the battlefield itself, arm regional actors in a way which helps them see through the fog of war.

A regional tourism impact assessment questionnaire

Doug Frechtling, in the central paper of this session has suggested that developing a TSA coverage checklist is a suitable approach at regional level (Appendix B). Imitation being the sincerest form of flattery, this paper suggests that a tourism economic impact 'checklist' might be a significantly useful tool for regions that find themselves requiring a full measure of tourism's economic impact. Here, the weight of UNWTO and potentially other partners could be applied not to the development of a complex set of standards, but by to the development and dissemination of a relatively simple set of questions that would enable regional agencies to better understand the nature of any impact tool upon which they might base policy (and upon which they might spend substantial money). Following the discussion started in RMF Annex 6, Appendix D proposes some questions which any regional agency procuring an impact assessment might find it useful to ask (clearly, these are indicative only).

In proposing this system one must accept the premise that the procurement process is effectively a combative negotiation, with (in many cases international) consultancies with no regional 'stake' wishing to maximise their return from procured modelling and estimation activity by expending the least effort and resource on a project that is consistent with the client being unaware of any quality compromises. Further, one must accept that there are significant asymmetries in information and analytical capacity, both in favour of the tenderer, which will typically lead to the public agency receiving a product that is inappropriate, of poor quality, or not 'what it says on the tin'.

The idea here is thus twofold. Firstly, the questionnaire will provide information to the regional agency regarding the nature of any Tourism Impact Assessment (TIA) it procures from a third party, pressuring consultancies and research institutions to be transparent in terms of their methodologies and outputs. This may help level the playing field between regional public agencies and consultancies. Secondly, it makes consultancies conform to a bid document structure that is in part to the detailed specifications of the procuring agency, and does not prioritise the use of generalised 'off the shelf' statements of consultants' quality and heroic past achievements. The questionnaire will also provide an indication of how adept a bidder is in communicating technical information in a layperson friendly manner – never a bad thing!

Clearly, as with earlier sections of this paper, the implementation of a TIA questionnaire is only necessary in a sub-optimal regional situation where the public sector is incapable of (or unwilling to) devote substantial resource to the up-skilling and statistical capacity building

that is necessary for an R-TSA (or even R-TEA) project, and where the central CSO is not an important actor in enabling an ER-TSA. However, at time of writing, this situation relates to the majority of regions with which the author is familiar, and thus these sub-optimal cases, where tourism might still be an extremely important economic activity, deserve careful consideration.

CONCLUSIONS

The three parts of this paper have each painted a picture of a regional tourism statistical and institutional structure which is far from ideal. The developments of Andalusia (and in different ways in Canada, Denmark and elsewhere) serve to remind us just how far from ideal many other regional situations are.

One might consider that in the long run, the continued demand for good quality data and analysis from regional agencies will either lead to the active development of sub-national accounts by CSOs or regions themselves. One might also remember however that, as Keynes pointed out, in the long run, we are all dead. In the meantime regional tourism policy often continues to be made on the basis of poor data and worse analysis. With the development of (E)R-TSAs in prospect in a number of regions, there are then two key other issues for the future of sub-national tourism economic measurement. Firstly, is a partial and compromised economic account of tourism, along the lines of the R-TEA shown here, an appropriate reaction to a less than ideal statistical case, and can we manage the increase in the complexity of the 'message' that would arise as a result? And secondly, what is the appropriate institutional framework for the development of such analysis (along with regional employment modules and other tools) given that the primary global actor in the TSA debate, the UN WTO, has its first responsibility at state, *not* regional level?

These are both open questions. However, the benefits of a TEA in terms of protecting the TSA brand, encouraging an accounting approach to examining regional tourism economics, and embedding IRTS concepts and definitions at region scale are, I would argue, significant enough to outweigh the undoubted problems that would arise in the (re)creation of another accounting 'product'. In terms of where the responsibility lies for these and other developments, I would argue that, despite its small size, UNWTO has undertaken (with partners) the majority of the conceptual and definitional work to make a relatively consistent and comparable accounting of *regional* tourism economies possible, but from here on, regions must themselves be far more visible and proactive in coming together to develop appropriate institutional frameworks that are aimed at enabling the creation of analytical structures that are region-specific, of high quality and flexible enough to deal with the regional context at hand.

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APPENDIX A: INDICATIVE STRUCTURE OF A REGIONAL TOURISM ECONOMIC ACCOUNT

Industry	a.	b.	c.	d.	e.	f.	g.	h.	i.	j.	k.	l.	m.												
1.1 Hotels, Motels & other serviced accommodation	North-West industry output at basic prices	Taxes less subsidies on products	Total regional supply at purchaser prices (a + b)	Day Visitor/Excursionist consumption	Staying tourism consumption (NW Resident)	Domestic tourism consumption (d + e)	Excursionist consumption (Non-regional residents)	Holiday tourism consumption (national residents)	Business tourism consumption	International tourism consumption	Inbound Tourism Consumption (g + h + i +j)	Internal Tourism Consumption (f + k)	TOURISM RATIO ON INDUSTRY SUPPLY (l / c)												
1.2 Hostels and non-serviced accommodation																									
2.1 Restaurants, bars & catering																									
3.1 Railway transport																									
3.2 Other land transport																									
3.3 Water transport																									
3.4 Air transport																									
3.5 Ancillary transport																									
3.6 Travel agencies and tour operators																									
4.1 Recreation and entertainment																									
5.1 Retail and Distribution																									
6.1 All other regional industries																									
7.1 Non-regional industries (imports)																	<i>Tourists' direct purchases of non-NW sourced goods & services</i>								

Notes: Retail & distribution excludes value of goods purchased for resale with no further processing

APPENDIX B – INDICATIVE STRUCTURE OF A REGIONAL TSA/TEA TABLE 7

	Scale			Scope			Regional Competitiveness			Quality of employment			
Industry													
1.1 Hotels, Motels & other serviced accommodation	Number of jobs	Number of full-time equivalents	Full time/part time/Seasonal	Owner-managers/self employed	Employees	Occupations	Demography (age/gender)	Years of experience	Qualifications	Job-specific training	Contract status	Pension status	Hourly wage level
1.2 Hostels and non-serviced accommodation													
2.1 Restaurants, bars & catering													
3.1 Railway transport													
3.2 Other land transport													
3.3 Water transport													
3.4 Air transport													
3.5 Ancillary transport													
3.6 Travel agencies and tour operators													
4.1 Recreation and entertainment													
5.1 Retail and Distribution													
6.1 All other regional industries													

Appendix C - Output and Value Added by Worker, 2000

<i>Industry</i>	<i>Output per FTE</i>	<i>Value added per FTE</i>
Hotels	32,200	22,200
Guest houses	18,400	11,300
Non-serviced	22,500	12,800
Second home & caravan ownership (imputed)	-	-
Restaurant, bars & canteens	22,700	12,500
Railways	133,300	38,100
Other land transport	35,300	17,700
Sea & air transport	141,200	53,400
Other transport services	153,300	58,600
Travel agency and tour operators	20,100	14,400
Recreation services	41,800	22,500
Attractions	21,500	15,400
Renting of movables	50,700	29,400
All identified industries	37,200	19,400
All other industries	68,500	30,000
All economy	63,800	28,400

APPENDIX D – REGIONAL TOURISM IMPACT ASSESSMENT QUESTIONNAIRE

Part A – Data Please describe the use of regional data sources in your work, providing a description of the source, use in the model and any limitations/benefits you envisage in its use	
Regional-Domestic Tourists' Consumption	<input type="checkbox"/> Regional <input type="checkbox"/> Regionalised national <input type="checkbox"/> Other _____ Source: _____ Notes:
Inbound National Tourists' Consumption	<input type="checkbox"/> Regional <input type="checkbox"/> Regionalised national <input type="checkbox"/> Other _____ Source: _____ Notes:
Inbound International Tourists' Consumption	etc...
Excursionists/Day Visitors Consumption	...
etc...	...
Value Added of Tourism Industries	<input type="checkbox"/> Regional <input type="checkbox"/> Regionalised national <input type="checkbox"/> Other _____ Source: _____ Notes:
Employment in Tourism Industries	<input type="checkbox"/> Regional <input type="checkbox"/> Regionalised national <input type="checkbox"/> Other _____ Source: _____ Notes:
Self-Employment in Tourism Industries	Etc...
Etc...	Etc...
Part B - Modelling. Please describe the nature of the modelling that you will undertake	
Basic modelling technique	<input type="checkbox"/> Input-Output <input type="checkbox"/> Input-Output with SAM <input type="checkbox"/> Econometric Input-Output <input type="checkbox"/> CGE <input type="checkbox"/> Economic /Keynsian Multiplier
Please could you describe the source of the industry transactions framework that will be used, and the source	<input type="checkbox"/> Bespoke regional (Source: _____) <input type="checkbox"/> National (Source: _____) <input type="checkbox"/> Other Regional (Region & Source: _____)
For non-bespoke regional structures, please describe briefly and in layman's terms how you would make multiplier estimates appropriate to this region.	_____ _____ _____ _____
Part C: General Audit of Method	
Please outline the key benefits and weaknesses of the modelling methods you intend to employ for the task at hand.	Benefits: Weaknesses:
Please indicate in summary where you expect the regional data to be strongest and weakest in informing the economic impact study	Strengths: Weaknesses: