

***Informing Regional Tourism Policy:
Using and Extending a Regional TSA***

UNWTO Committee on Statistics and Macroeconomic Analysis of Tourism

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On Today's Menu

- A brief introduction to Wales and its Tourism (Satellite) Account [R-TSA],
- Concentration on the policy usefulness of this tool,
- Discussion of extensions, refinements (and compromises!) involved in moving beyond TSA-RMF ...

Where & What is Wales?

- Small **region** of the UK – c.f. 3m population (5%),
- Geographically peripheral to London & Europe
- Economically lagging 80% UK GVA per head,
- Large areas of natural beauty & coastline,
- Hence tourism is of great policy importance:
 - **Rural development**
 - **Heritage tourism (coal etc.)**
 - **Inter-city competition**
- Culturally separate from England
- **Politically autonomous with own Assembly**

The Wales 'TSA'

- First developed in 1999 in partnership between Universities and local tourism authority
- (Pilot) 1998 account, then 2000 and 2003 base years
- Structured as extension of existing Welsh Input Output Tables (1996, 2000, 2003)
- Importantly a policy not a statistical initiative:
Tourism Impact & Planning Model for Wales (TIPM)
- This had strong implications for TSA development

The Wales TSA Method: R-TSA

- Relies (increasingly) on locally derived data & is married to locally constructed I-O Tables: hence ***bottom up [R-TSA]***
- Large supply side (business) survey in 2000 to provide data for TSA Table 5
- Large demand side visitor survey 2005 for TSA T1-4
- Total cost c.f. **\$200,000** so far (with extensions & refinements)
- Reliant on ad hoc, organic development

Indicative Headline TSA Results (2000)

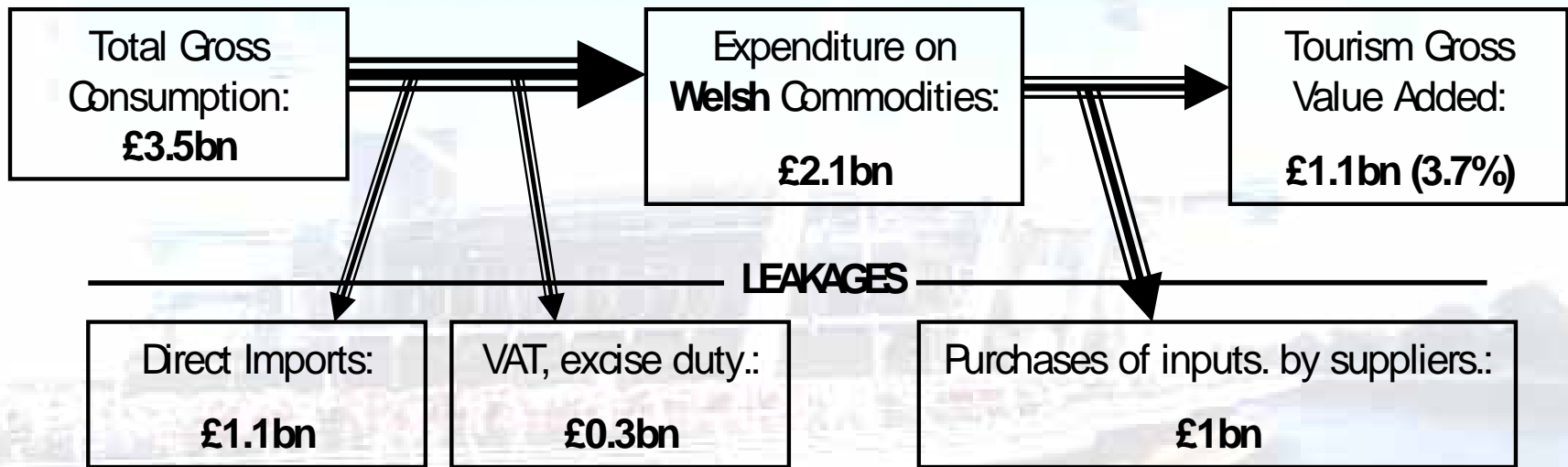


Figure 3.10 – TSA Results – British Isles Comparisons (2000)

	Wales	Scotland	Ireland*	UK
Tourism Consumption	£3.5bn	£7.4bn	€6.8b	£90bn
Tourism Gross Value Added (% of economy)	3.7%	3.8%	2.9%	3.8%
Tourism Employment	76,000	130,000	147,000**	1,260,000
(as % of all workers)	6.2%	5.0%	8.6%**	4.7%

Detailed TSA Results (2000)

Figure 3.8 – 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
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
All identified tourism industries	37,200	19,400
All other industries	68,500	30,000
All economy	63,800	28,400

TSA and Policy

- TSA Headline results useful for
 - Tourism advocacy (or are they!?)
 - Some industry analysis
- BUT... regional government now has very complex policies and targets:
 - Innovation & knowledge
 - Sustainable development
 - Major event related activity
 - *Migration, foreign ownership of capital...*
- Can the TSA be developed to help?

TSA and Policy: Beyond TSA-RMF

- **Conceptual** shift must be made; from an *account* to a *model*, from a *statistical artefact* to a *policy tool*,
- **Algebraic** shift also made from a Product-by-Industry to $I \times I$ symmetrical matrix,
- At this point, it is no longer a TSA: it does not conform to international guidelines (although based largely on TSA data)
- We must make this very clear:
 - **development = compromise**

TSA and Policy: Beyond TSA-RMF

- *Yet if we do not develop the TSA to address policy issues we are missing many opportunities:*
 - to show the multiple benefits of collecting high quality data on tourism,
 - Helping develop sophisticated and holistic tourism policy,
 - Showing how satellite accounting methods can have benefits across many other policy areas (environment, household etc).
- If R-TSA (& maybe national TSA) does not fulfil policymakers needs it will not be sustainable [i.e. funded] into the long term.

Tourism Impact and Planning Model for Wales

- A development of Wales TSA that;
 - Sets TSA data in full I-O matrix
 - Enables multiplier analysis,
 - Endogenises labour element,
 - Refines tourism demand by segment,
 - Extends account to include physical units of environmental importance.
 - Requires extra detail... imposes additional uncertainty!
- Much of TIPM is experimental & subject to methodological limitations.
- Nevertheless has proved very useful.

TIPM: Indicative Results (2003): *Aiding Tourism Marketing*

Tourism Segment (£M)	Total Expenditure	Value Added	FTE Employment	Ratio Expend- Value Added	FTEs supported per £1m gross spend
Wales resident 1-3 nights	72.5	30.9	1,435	43%	20
Rest UK resident 1-3 nights	331.5	138.7	6,040	42%	18
Wales resident 4+ nights	142.4	54.5	2,395	38%	17
Rest UK 4+ nights	609.4	239.1	10,385	39%	17
International - EU	235.6	99.4	4,880	42%	21
International - Rest of World	147.0	64	3,015	44%	21
Business Tourists	441.7	183.3	7,865	42%	18
Day trippers	1470.5	407.8	20,010	28%	13
<i>Second homes & other non-cash allocations</i>	<i>74.4</i>	<i>68.3</i>	-	-	-
Total (direct) [% of Wales]	3525.0	1286.0 [3.6%]	56,025 [5.2%]	36%	16
<i>Indirect (supply chain & induced)</i>	-	894.0	37,550		
Total (direct plus indirect)	-	2168.0 [6.1%]	93,575 [8.7%]		

TIPM: Indicative Results (2000): *Contributing to Sustainable Development (TESA)*

Environmental Impacts of Tourism Within Wales by Tourist Type 2000 (Direct and Indirect)

	Gross Value Added (£m)	CO ₂ (kt)	Waste (kt)	Tonnes CO ₂ per £1m VA	Tonnes Waste per £1m VA
Day Visitors	554.6	673.7	455.2	1214.7	820.8
UK Tourists	922.7	705.5	755.9	764.6	819.2
Overseas Tourists	125.4	83.3	110.5	664.3	881.2
All Visitors	1602.7	1462.5	1321.6	912.5	824.6

NB: Figures experimental and confidential

TIPM: Indicative Results (2003): *Major Event Evaluation*

The Economic Impact of Rally GB 2004 – Short Term Expenditure Impacts			
	Spectators	Teams & other	Total
£m			
Output	3.9	3.2	7.1
Earned Income	1.3	1.2	2.5
Gross Value Added	2.1	1.7	3.8
Employment (person years)	115	65	180

The Environmental Impact of the 2004 Wales Rally GB		
	CO ₂ (tonnes)	Waste (total kilotons)
<i>Fuel-related Effects</i>		
Spectators to/from Rally	375	-
Spectators during Rally	635	-
Competitors & teams	250	-
Total Direct Fuel Impacts	1,260	-
<i>Supply-side TSA & IO Results (inc Type II household effects)</i>		
Spectator spending	950	1.07
Teams & associated spending	1330	1.88
Total Supply side	2,280	2.95
Total Rally-Related	3,540	2.95

NB: Employment estimates are **indicative only** as additional demand will in large part be serviced by existing employees

TSA/TIPM – Future Developments

- Improve Table 7 Labour Module to present data on skills and qualifications of tourism labour force, including migrant labour
- Refine policy-important environmental extensions in parallel to Wales' ESA,
- Collaborate with London Organising Committee of Olympic Games to investigate use in 2012 event evaluation/environmental planning,
- Investigate further funding sources inc. EU FP7 (any potential partners see me in the bar!)

The Wales TSA Project: In Summary

- Specific local & global conditions enabled development & success:
 - **Policy** importance of tourism in Wales,
 - Local expertise in input-output accounting & existing regional I-O account,
 - Development of longstanding relationship between University & tourism agency
 - Growing TSA importance inside & outside UK
 - Help & encouragement of UNWTO
- An *organic* and *dynamic* process...

Conclusions

- Development of a full-featured bottom up R-TSA is the work of many years,
- Needs enthusiastic involvement of technicians and policy officers – especially in the absence of a CSO
- Adoption of R-TSA may require re-thinking many assumptions about the nature and importance of tourism – and some political courage!
- However, the significant benefits can make all this very worthwhile in enabling sophisticated and efficient policies for responsible economic development