

# World Tourism Organisation

Capacity Building Program, Asia  
Workshop II

Manila, Philippines

4 – 6 July 2011

## “Tourism Satellite Account

- Why do we have it and what does it do?”

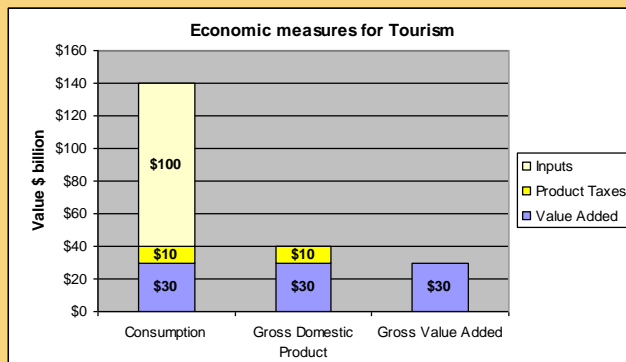
## Why is tourism not identified in the National Accounts?

- ✓ **Tourism is not identified as an industry.**
- ✓ **Industries are identified as the sum of all businesses which undertake a similar activity:**  
eg. All businesses which manufacture clothes will be identified as the “Clothes Manufacturing” industry.
- ✓ **Tourism comprises businesses which undertake many different activities:**  
eg. Businesses which supply: Accommodation services, restaurant meals, transport, tourist attractions, retail services, tourist attractions, taxi services, etc.
- ✓ **Tourism is defined by the activities of a particular type of Consumer, and not by a particular type of Supplier.**
- ✓ **The World Tourism Organisation UNWTO definition of Tourism is:**  
*“Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.”*
- ✓ This is a demand side definition, not a supply side definition.

## Satellites to the National Accounts



## Main economic measures of tourism



- From Consumption, we can say that Tourism is a \$140 billion industry.
- From the GDP and GVA measures we can say that Tourism directly contributes X% to the country's total GDP and Y% to total GVA.
- The TSA also allows us to say how much of the country's exports directly result from Tourism and how much of total employment directly results from Tourism.

## Broadly how does the TSA work?

- 1) The TSA works on the principle that the total output of industries ultimately is consumed by:  
Tourists, and  
Residents.
- 2) The core National Accounts show the total output of all industries.
- 3) From our tourism demand side surveys/data we identify how much of each product tourists consume.
- 4) This tourism consumption is matched to the total output of the industries. This provides what we call the “Tourism Ratio” for each industry: eg. the Tourism ratio for the Accommodation industry could be 90% (or 0.9).  
[NOTE: This is the core of the TSA and is a very complicated process, involving Supply-Use tables.]
- 5) To measure the total economic activity resulting from Tourism, the proportion of each industry’s activity resulting from tourism (ie. each industry’s Tourism Ratio) is added together to arrive at the total activity resulting from Tourism demand.

## Example:

- To calculate the GVA of Tourism in Wonderland

Industry	Total GVA	Tourism Ratio	Tourism GVA
Accommodation	\$800	90%	\$720
Air transport	\$1,000	75%	\$750
Travel agencies	\$100	95%	\$95
Restaurants and cafes	\$550	60%	\$330
Car hire	\$150	55%	\$80
Taxis	\$300	40%	\$120
Museums and libraries	\$100	10%	\$10
Etc.	.....	.....	.....
Etc.	.....	.....	.....
Etc.	.....	.....	.....
All Other industries	\$30,000	1%	\$300
Total	\$33,000	7.3%	\$2,405

- This shows that Tourism directly contributes 7.3% of Wonderland’s total GVA.
- We can do similar calculations for Wonderland’s GDP, Exports and Employment.

Table 1. Inbound tourism expenditure by products and classes of visitors

Products	Same-day visitors  (1.1)	Tourists  (1.2)	Total visitors  (1.3) = (1.1) + (1.2)
A. Specific products	X		
A.1 Characteristic products			
1 – Accommodation services			
2 – Food and beverage serving services (3)			
3 – Passenger transport services (3)			
4 – Travel agency, tour operator and tourist guide services			
5 – Cultural services (3)			
6 – Recreation and other entertainment services (3)			
7 – Miscellaneous tourism services			
A.2 Connected products			
B. Non specific products			
TOTAL			
number of trips			
number of overnights			

Table 2. Domestic tourism expenditure by products, types of trips and classes of visitors

Products	Resident visitors travelling only within the country of reference			Resident visitors travelling to a different country(*)			All resident visitors (**)		
	Same-day visitors	Tourist s	Total visitors	Same-day visitors	Tourists	Total visitors	Same-day visitors	Tourists	Total visitors
A. Specific products									
A.1 Characteristic products									
1 – Accom. services	X			X			X		
2 – Food and bev. serv.									
3 – Pass. transp. services									
4 – Trav. agcy, tour op., etc.									
5 – Cultural services									
6 – Rec. & other ent. serv.									
7 – Misc. tourism services									
A.2 Connected products									
B. Non specific products									
TOTAL									
number of trips									
number of overnights									

Table 3. Outbound tourism expenditure by products and classes of visitors

Products	Same-day visitors	Tourists	Total visitors
A. Specific products	X		
A.1 Characteristic products			
1 – Accommodation services			
2 – Food and beverage serving services (3)			
3 – Passenger transport services (3)			
4 – Travel agency, tour operator and tourist guide services			
5 – Cultural services (3)			
6 – Recreation and other entertainment services (3)			
7 – Miscellaneous tourism services			
A.2 Connected products			
B. Non specific products			
TOTAL			
number of trips			
number of overnights			

Table 4. Internal tourism consumption, by products and type of tourism

Products	Visitors final consumption expenditure in cash			Other components of visitors consumption	Internal tourism consumption (in cash and in kind)
	Inbound tourism consumption	Domestic tourism consumption	Internal tourism consumption in cash		
A. Specific products					
A.1 Characteristic products					
1 – Accom. services					
etc.					
A.2 Connected products					
B. Non specific products					
Value of dom. prod. goods net of dist. margins					
Value of imp. goods net of dist. margins					
TOTAL					

Table 5. Production accounts of tourism industries and other industries

Products	TOURISM INDUSTRIES				TOTAL tourism industries	Tourism connected industries	Non- specific industries	TOTAL output of domestic producers (at basic prices)
	1 - Hotels and similar	2 - Second home ownership (imputed)	3 - Rests. and similar	etc.				
A. Specific products								
A.1 Characteristic products								
1 - Accom. services								
2 - Food & bev. Services		X						
3 - Pass. trans. services		X						
4 - Trav. ag., tour op., etc.		X						
5 - Cultural services		X						
6 - Rec. & other ent. services		X						
7 - Misc. tourism services		X						
A.2 Connected products		X						
B. Non specific products		X						
Value of dom. prod. goods net of dist. margins		X						
Value of imp. goods net of dist. margins	X	X	X	X	X	X	X	X
TOTAL output (at basic prices)								
Total intermediate cons. (at purch. price)								
Total gross value added of activities (at basic prices)								
Compensation of employees								
Other taxes less subsidies on production								
Gross Mixed income								
Gross Operating surplus								



Table 6. Domestic supply and internal tourism consumption by products

***	OUTPUT		Tourism		Non-		Total output		Imports	Taxes less		Domestic		Internal tourism	Tourism ratio on
	AS PER TABLE 5		connected industries		specific industries		of domestic			subsidies on products of		supply (at			
	output	tourism share	output	tourism share	output	tourism share	* producers (at basic prices)	and imports		purchasers price)	consumption	supply			
Products															
A. Specific products															
A.1 Characteristic products															
1 – Accommodation services															
2 – Food and beverage serving services (3)															
3 – Passenger transport services (3)															
4 – Travel agency, tour operator and tourist guide services															
5 – Cultural services (3)															
6 – Recreation and other entertainment services (3)															
7 – Miscellaneous tourism services															
A.2 Connected products															
B. Non specific products															
Value of domestically produced goods net of distribution margins														X	X
Value of imported goods net of distribution margins	X	X	X	X	X	X	X	X		X		X		X	X
TOTAL output (at basic prices)															
Total intermediate consumption (at purchasers price)															
Total gross value added of activities (at basic prices)															
As per Table 5															

Table 7. Employment in the tourism industries

	Number of estabs.	Number of jobs			Status in employment									Number of employed persons		
		total			employees			other			total					
		M	F	Total	M	F	Total	M	F	Total	M	F	Total			
Tourism industries																
1 – Hotels and similar																
2 – Second home ownership (imputed)		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
3 – Restaurants and similar																
4 – Railways passenger transport																
5 – Road passenger transport																
6 – Water passenger transport																
7 – Air passenger transport																
8 – Pass. transp. supporting services																
9 – Pass. transport equipment rental																
10 – Travel agencies and similar																
11 – Cultural services																
12 – Sport and other rec. services																
TOTAL																

Table 8. Tourism gross fixed capital formation of tourism industries and other industries

	TOURISM INDUSTRIES					Other industries			Total tourism gross fixed capital formation of tourism industries and others
	1 - Hotels and similar	2 - Second home ownership (imputed)	3 - Rests. and similar	etc.	Total tourism industries	Public Admin.	Others	Total	
Capital goods									
A. Produced non-financial assets									
A1. Tangible fixed assets									
1. Tourism accommodation									
1.1. Hotel and other collective accom.		X							
1.2. Dwellings for tourism purposes									
2. Other buildings and structures		X							
2.1. Rests. and similar buildings		X							
2.2. Cons. or infrastructure for pass. transp. by road, rail, water, air		X				(1)			
2.3. Buildings for cult. services & sim.		X							
2.4. Cons. for sport, rec. and entert.		X							
2.5. Other cons. and structures		X				(1)	(1)		
3. Passenger transport equipment		X							
3.1. Road and rail		X							
3.2. Water		X							
3.3. Air		X							
4. Machinery and equipment		X				(1)	(1)		
A2. Intangible fixed assets		X				(1)	(1)		
B. Improv. of land used for tourism purp.									
TOTAL									

Table 9. Tourism collective consumption by functions and levels of government

	National level  (9.1)	Regional (state) level  (9.2)	Local level  (9.3)	Total tourism collective consumption
Functions				
Tourism promotion				
Gen. planning and coord. related to tourism affairs				
Generation of stats. and of basic info. on tourism				
Administration of information bureaus				
Control and regulation of estabs. in contact with visitors				
Specific control to resident and non res. visitors				
Special civil defence services related with the protection of visitors				
Other services				
TOTAL				

Table 10a. Non monetary indicators:  
Number of trips and overnights by type of tourism and  
categories of visitors

	Inbound tourism (*)			Domestic tourism			Outbound tourism		
	Same-day visitors	Tourists	Total visitors	Same-day visitors	Tourists	Total visitors	Same-day visitors	Tourists	Total visitors
Number of trips (*)									
Number of overnights									



**Table 10b. Non monetary indicators:  
Inbound tourism: Number of arrivals and overnights by  
means of transport**

Transport	Number of arrivals	Number of overnights
1. Air		
1.1 Scheduled flights		
1.2 Non scheduled flights		
1.3 Other services		
2. Waterway		
2.1 Passenger lines and ferries		
2.2 Cruise		
2.3 Other		
3. Land		
3.1 Railway		
3.2 Motor coach or bus and other public road transportation		
3.3 Private vehicles		
3.4 Vehicle rental		
3.5 Other means of land transport		
<b>TOTAL</b>		

**Table 10c. Non monetary indicators:  
Number of establishments and capacity by forms of  
accommodation**

	Collective tourism establishments		Private tourism accommodation	
	Hotels and similar	Others	Second homes	Others
number of establishments				
capacity (rooms)				
capacity (beds)				
capacity utilization (rooms)				
capacity utilization (beds)				

**Table 10d. Non monetary indicators:  
Number of establishments in tourism characteristic and  
tourism connected activities**

	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	>1000	TOTAL
Tourism Characteristic activities										
1 – Hotels and similar										
2 – Second home ownership (imputed)										
3 – Restaurants and similar										
4 – Railways passenger transport										
5 – Road passenger transport										
6 – Water passenger transport										
7 – Air passenger transport										
8 – Passenger transport supporting services										
9 – Passenger transport equipment rental										
10 – Travel agencies and similar										
11 – Cultural services										
12 – Sporting and other recreational services										
Tourism Connected activities										
TOTAL										

## What is needed to achieve a TSA?

- ✓ knowledge of the tourism sector
- ✓ technical data collection and production expertise
- ✓ technical National Accounts expertise
- ✓ availability of the required good quality data
- ✓ use of all relevant data available (eg. administrative by-product data)
- ✓ support from all relevant stakeholders: Government, bureaucracy, private sector and academia
- ✓ close and positive working relations between all the stakeholders
- ✓ understanding and acceptance by all that the TSA is a complicated exercise which **TAKES TIME** – it cannot be produced by “tomorrow”!
- ✓ remember there is no perfect TSA – be practical and flexible

- It is important for a country to ensure that all these requirements are in place before producing a TSA which is legitimate, credible and widely accepted - internationally as well as nationally.
- Assistance is available from such organisations as the UNWTO, but ultimately it is up to the country itself to ensure these criteria are met.

## Some factors in developing a TSA:

- ✓ **TSA is expensive, resource-demanding and complex**
- ✓ **Requires many organisations working together**
- ✓ **Set up an Inter-institutional Working Group**
- ✓ **Ensure tourism community understands what the TSA will (and won't) do**

## The great value of the TSA is CREDIBILITY

- ✓ It is part of the official National Accounts!
- ✓ The data inputs are of high quality!
- ✓ It is produced in an objective, unbiased way!
- ✓ It is produced by a respected, reputable organisation!
- ❖ Many economic impact studies are produced by countries. However, they don't meet these essential criteria, and do not have wide acceptance and CREDIBILITY. While some of these are called a TSA, they are not a TSA.

## Benefits of a TSA

- ✓ provides, for the first time an official, objective, credible measure of tourism's economic contribution
- ✓ provides the industry and government tourism agencies with a powerful tool to use in advocacy for the tourism sector
- ✓ helps to raise the profile of tourism and increase awareness of its economic importance
- ✓ provides information not previously available
- ✓ its production requires good quality data, and usually leads to improvements in the basic statistics currently available
- ✓ requires close working relations between the major stakeholders and thus can improve relationships and understanding
- ✓ provides a strong foundation for further research, eg. calculating the indirect effect of tourism

## TSA supports Public Service activities:

- ❖ Identifies range of industries which supply visitors
- ❖ Opens new avenues of public-private sector cooperation
- ❖ Development of non-traditional partnerships
- ❖ New approaches to marketing
- ❖ Facilitates closer inter-departmental liaison and cooperation

## The TSA assists the Private Sector:

- ❖ As an important tool for advocacy
- ❖ Identifying the composition of the sector
- ❖ Identifying component industries' dependence on tourism
- ❖ Assists in redirecting marketing activities
- ❖ Shows how the market is evolving and changing

## The TSA measures:

- The direct effect of tourism only
- Does not measure the indirect effect
- This requires modelling (using TSA data)

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