Tourism Satellite Accounts
A Roadmap Toward Implementation and Rewards

Prepared for:
CTO Tourism Statistics Workshop

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Objectives

The objective is not:
• To bore you
• To confuse you
• To dishearten you

The objective is to provide a clear and concise TSA development strategy. This will include:
• Rationale
• Practical Development Plan
• Practical Uses
Global Insight Overview

Advisory Services
- Custom consulting solutions and business planning tools
  - Tourism Market Analysis
  - Tourism Economic Impact
  - Investment Strategy and Policy Analysis
  - Infrastructure and Economic Development Analysis
  - Business Planning and Risk Assessment

Analysis and Forecasting
- General economic, risk, and market forecasting services covering 202 global economies, industries, commodities, financial markets and consumer sectors.
- Same-day analysis and coverage of key country and industry markets.

Financial and Economic Data
- Global Insight maintains one of the largest privately held data collections in the world, covering macro and regional economies, industries, financial markets and securities, and international trade.
TSA Clients

- Dubai
- Turkey
- Thailand
- Philippines
- Hungary
- Brazil
- South Africa
- Indonesia
- Malaysia
- India
- Bahamas
- South Carolina
- New Jersey
- North Carolina
- Hawaii
- Virginia
- Alaska
- Delaware
Outline

1. Why Develop a TSA?
2. What Makes the TSA Unique?
3. TSA Development Strategy
4. Budget and Time Requirements
5. Realising the Benefits
Overview

Why Develop a TSA?

♦ Tourism is the Caribbean’s most important generator of jobs, wages, economic growth and tax revenue. A standardised method for measuring and tracking the value of tourism using these metrics is needed.

♦ In 2000, the United Nations approved an *international standard* of measurement of tourism called the Tourism Satellite Account.

♦ It has been adopted or is in the process of being implemented by approximately 50 countries.
Why is Tourism Difficult to Measure?

Why Develop a TSA?

- The tourism ‘industry’ is not measured in standard economic accounting systems.
- ‘Industry’ is a supply-side concept: the focus is on what is being produced.
- But ‘Tourism’ is a demand-side concept: the focus is on who’s buying products - the visitor.
- Tourism affects parts of many industries.

Enter the Tourism Satellite Account
What is a TSA?

• The Tourism Satellite Account (TSA) is the international standard for measuring the contribution of tourism to an economy (endorsed by WTO, OECD, CARICOM, and United Nations).

• The TSA is consistent with the UN System of National Accounts (SNA93) approach for measuring an economic sector. It is called a “Satellite Account” because it resides outside of (but mirrors) the core national accounts.

• This enables policymakers to benchmark tourism with other economic sectors based on comparable concepts of employment, GDP, and wages.
What are the Benefits?

Why Develop a TSA?

♦ The TSA allows policy-makers to compare both the size and growth of tourism to other industrial sectors.

♦ Assesses government support of the tourism sector in comparison with government revenue generated by tourism.

♦ Enables analysts to assess the long term health of the tourism sector via capital investment and government support.

♦ Shows which tourism activities are most beneficial to the economy.
Benefits of a TSA, cont.

Why Develop a TSA?

♦ Reveals how much of each tourist dollar is retained in the country.

♦ Creates a framework for more accurate forecasts.

♦ Quantifies how supplier industries benefit from tourism.

♦ Provides an accepted international standard for benchmarking.

♦ Defines relationship between taxes and tourism for budget planning and policy development.
The Distinct Value of the TSA

What Makes the TSA Unique?

♦ Credibility
♦ Comprehensiveness
♦ Comparability
The Distinct Value of the TSA

What Makes the TSA Unique?

♦ Credibility

♦ The TSA is the product of endless committees, conferences, papers, and expert opinions.

♦ It defines tourism in measurements consistent with SNA economic accounts.

♦ It has been ratified by the UN, OECD, and Eurostat
The Distinct Value of the TSA

What Makes the TSA Unique?

♦ Comprehensiveness

♦ TSA includes a wider view of tourism demand to include second home activity, capital investment, goods purchased for travel, and government spending.

♦ TSA explicitly treats employment, sales, and GDP and allows (implicitly) for measurement of wages and taxes.

♦ System also provides a framework for indirect impact analysis
The Distinct Value of the TSA

What Makes the TSA Unique?

♦ Comparability

♦ Only the TSA provides measurements of tourism that are designed to be consistent with SNA.

♦ This allows for inter-industry comparisons

♦ This allows for inter-country comparisons

♦ Enables share analysis (tourism is x% of GDP, wages, jobs)
Who to Invite to the Party…

TSA Development Strategy

The TSA development process requires a champion, a supporting cast, and a director.

- The Champion: The Ministry of Tourism
- The Director: Generally speaking, outside expertise is required in the development process.
Methodology Review: Define Tourism

The TSA uses the definition of tourism adopted by the World Tourism Organization and the United National Statistical Commission in 1993:

♦ “Tourism is the activity of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.”

♦ Therefore, day trips, cruise visitors, and overnight visitors and their expenditures are all included in the definition. Business, Leisure, Domestic, International.
Methodology Review: Measure Tourism Demand (Sales) in Detail

TSA Development Strategy

2003

- Personal Consumption ( Resident)
- Business Travel ( Resident)
- Government Expenditures
- Capital Investment
- Visitor Exports ( Non-resident)

A Comprehensive View of Demand
Methodology Review: Demand (Sales) by Type

TSA Development Strategy

- **Personal Consumption (Resident)**
  
  Tourism spending of residents in the local economy. Includes personal effects, travel agents, and other items purchased locally – even if for an international trip.

- **Business Travel (Resident)**
  
  Travel-related spending of local businesses and government within the local economy.

- **Government Expenditures**
  
  Spending of the government in support of tourism.

- **Capital Investment**
  
  Tourism-related capital expenditures on infrastructure, construction, machinery, and equipment. Public and private is included.

- **Visitor Exports (Non-resident)**
  
  Spending in economy by non-resident visitors. Includes travel and transportation receipts.
Methodology Review: Link Demand with Supply

- The prescribed TSA tables guide us through an accounting framework that inventories tourism demand and then links it with supplying industries.

- Detailed national income account data and I-O coefficients are used to measure the connections between spending and production by industry.

- Value added (production), wages, and employment can calculated on an industry-by-industry basis.

- The TSA defines those activities and industries that can be considered “tourism”.

TSA Development Strategy
Overview of TSA Process

TSA Development Strategy

Information Sources
- Department of Statistics
- Ministry of Tourism
- Additional Research

Categories
- BES
- National Accounts
- BOP
- Consumer expenditures
- MOT Visitor Surveys
- Enhanced establishment surveys
- Trade data
- Tax data
- Wage and employment

TSA Tables
- National TSA Analysis

Output
- GDP Impact
- Employment
- Income
- Taxes
- Impact Analysis Tool
- Ad hoc Analysis
Practical Steps to TSA Development

1. Identify team (Champion, Supporting Cast, Advisor)
2. Kick-off meeting for team to inventory data.
3. Collect data interactively with team.
4. Identify data gaps.
5. Fill data gaps
6. Build TSA tables
7. Cross-check all output
8. Extend Analysis
9. Develop reports
10. Launch results
11. Use to influence tourism policy and strategy