Tourism Satellite Accounts:
What are they?
&
Why Ireland should have one!

Steve MacFeely
Fragmented, heterogeneous set of industries
Not in ISIC or NACE
Non standard metrics
## Confusion

Contribution of tourism to...

<table>
<thead>
<tr>
<th>Employment</th>
<th>Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traditional view</strong> 12% <em>(DAST, 2000)</em></td>
<td><strong>Traditional view</strong> 4% GNP <em>(Honohan &amp; Walsh, 2002)</em></td>
</tr>
<tr>
<td>TSA view 4.5% <em>(TSA, 2004)</em></td>
<td>TSA view 7% GNP (3% GDP) <em>(TSA, 2004)</em></td>
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</tbody>
</table>
“We know more about the travel patterns of the 6.8m cows on the island than we do about the 6.5m visitors to our shores each year. It is shocking how little we know about [tourism]”

Michael Vaughan
President - Irish Hotels Federation
Visitors...
Bednights...

???
National Accounts

- Income
- Expenditure
- Output

input

output

GDP
Tourism (Satellite) Account

Tourism

Income
Expenditure
Production

Input
Output

Tourism

GDP
So what is a TSA?

“[A] TSA is a distinctive method of measuring the direct economic contributions of tourism consumption to a national economy.

It comprises a set of inter-related tables that show the size and distribution of the different forms of tourism consumption in a country

and contributions to GDP, employment and other macro-economic measures of the national economy”

Frechtling (2009: 4)
Structure of TSA

1-4 Tourism Consumption
5 Production
6 Demand meets Supply
7 Employment
8 Gross Fixed Capital Formation
9 Collective Consumption
10 Indicators
Country of Reference

Tourism Demand

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

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

Table 4. Internal tourism consumption by products

Table 6. Total domestic supply and internal consumption

Other components of tourism consumption:
(a) Services of vacation accommodation on own account; (b) Tourism social transfers in kind; (c) Other imputed consumption

Table 5. Production accounts of tourism industries and other industries

Table 7. Employment in the tourism industries

Macro-economic Aggregates Produced

Internal Tourism Expenditure; Internal Tourism Consumption

Tourism Direct Gross Value Added; Tourism Direct Gross Domestic Product

Gross Value Added of the Tourism Industries

Tourism employment

Rest of the World

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

Source: Douglas C. Frechtling, George Washington University. Used with permission.
Consistent with...
What does a TSA do?

• Direct contribution to the economy (GDP)
• Tourism generated employment
• Share of tax revenue
• Purchases of domestically/imported goods

• Framework
  - Reconciles Supply & Demand
  - CGE models/shock analysis

• Extensions
  - Environmental impact
  - Labour
## TSA in EU-27

<table>
<thead>
<tr>
<th>EU - 27</th>
<th>TSA Status</th>
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<tbody>
<tr>
<td>Austria</td>
<td>Full TSA</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Regularly Updated</td>
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<tr>
<td>Czech Republic</td>
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<td>Denmark</td>
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<td>Estonia</td>
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<td>Finland</td>
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<td>Bulgaria</td>
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<td>Luxembourg</td>
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<td>Malta</td>
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</table>

Source: Eurostat: TSA in the EU 27 - Vol 1, 2009
Back to Agriculture for a Moment

Output, Input and Income in Agriculture - Final Estimate

2012

<table>
<thead>
<tr>
<th></th>
<th>Goods Output</th>
<th>Intermediate Consumption</th>
<th>Net Subsidies</th>
<th>Operating Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>€5.380m</td>
<td>€4.271m</td>
<td>€1.541m</td>
<td>€1.843m</td>
</tr>
<tr>
<td>2011</td>
<td>€6.307m</td>
<td>€4.847m</td>
<td>€1.804m</td>
<td>€2.424m</td>
</tr>
<tr>
<td>2012</td>
<td>€6.717m</td>
<td>€5.293m</td>
<td>€1.539m</td>
<td>€2.241m</td>
</tr>
</tbody>
</table>

% Change ('11 on '10)

- Goods Output: 17.2%
- Intermediate Consumption: 13.5%
- Net Subsidies: 9.9%
- Operating Surplus: 31.5%

% Change ('12 on '11)

- Goods Output: 6.5%
- Intermediate Consumption: 9.2%
- Net Subsidies: -9.2%
- Operating Surplus: -7.5%

Agricultural operating surplus down by 7.5% in 2012

The CSO's final estimate of operating surplus in agriculture in 2012 shows an annual decrease of 7.5%. This follows an increase of 31.5% in 2011. The drop in operating surplus in 2012 can be mostly attributed to an increase in intermediate consumption by 9.2%. See Table 1.

Further comparison of 2012 to 2011 shows the following changes in estimated value:

- Goods output at producer prices increased by 6.5% or €409.8m
- Cattle output increased by 18.1% or €324.7m
- Milk output decreased by 11.2% or €205.0m
- Pigs output increased by 12.0% or €47.3m
- Cereals output increased by 16.5% or €47.7m
### Regional Accounts for Agriculture

**2012**

<table>
<thead>
<tr>
<th>Region</th>
<th>Net Subsidies (€m)</th>
<th>Operating Surplus (€m)</th>
<th>Net Subsidies as a % of Operating Surplus (°)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Border</td>
<td>276.6</td>
<td>279.9</td>
<td>98.8</td>
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<tr>
<td>Midland</td>
<td>163.7</td>
<td>127.6</td>
<td>128.3</td>
</tr>
<tr>
<td>West</td>
<td>298.0</td>
<td>370.4</td>
<td>80.4</td>
</tr>
<tr>
<td>Border, Midland and Western</td>
<td>738.3</td>
<td>777.9</td>
<td>94.9</td>
</tr>
<tr>
<td>Mid-East and Dublin</td>
<td>135.2</td>
<td>156.3</td>
<td>66.5</td>
</tr>
<tr>
<td>Mid-West</td>
<td>201.7</td>
<td>307.4</td>
<td>66.6</td>
</tr>
<tr>
<td>South-East</td>
<td>275.4</td>
<td>408.0</td>
<td>67.6</td>
</tr>
<tr>
<td>South-West</td>
<td>288.2</td>
<td>591.6</td>
<td>48.7</td>
</tr>
<tr>
<td>Southern and Eastern</td>
<td>900.5</td>
<td>1,463.3</td>
<td>61.5</td>
</tr>
<tr>
<td><strong>State</strong></td>
<td><strong>1,638.6</strong></td>
<td><strong>2,241.2</strong></td>
<td><strong>73.1</strong></td>
</tr>
</tbody>
</table>

**Net Subsidies accounted for 73.1% of Agricultural income**

In 2012, net subsidies accounted for 73.1% of agricultural income (operating surplus) at state level. In the Border, Midland and Western region, net subsidies accounted for 94.9% of agricultural income, while in the Southern and Eastern region net subsidies accounted for 61.5% of agricultural income. See above table, graph and Table 3.
A way forward...

Building Blocks

- Domestic Same Day Visits
- Supply side (accommodation) data
- Domestic & foreign owned holiday Homes
- Advance payments/current payments
- Internet booking
- Breakdown of total expenditure into sub-categories
- Purpose of journey data (business trips v’s work)
- Calculation of Full-Time Equivalent labour units (FTEs)
- Cross-Border traffic between the Republic and Northern Ireland
- Proportion of international trip spent on domestic territory
- Gross fixed capital formation
- Local and Central Government spending relating to tourism
Conclusions

Tourism...

- a fragmented, heterogeneous set of industries
- largely invisible in official statistics
- uses non-standard economic metrics
- difficult to understand
- easy to challenge
**TSA:**

- the international standard for economic measurement
- consistent with SNA, ESA, BoPM6
- introduces intellectual rigor to economic-tourism analysis
- endorsed by international organisations
- coverage is steadily growing around the world
- basic, necessary infrastructure
- will put tourism on an equal footing with other economic sectors
- provides a robust platform for further analysis/modelling
How many more reasons do you need?