



Tourism economics and policy analysis: Contributions and legacy of the Sustainable Tourism Cooperative Research Centre



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ABSTRACT

The Centre for Economic Policy (CEP) located within Australia's Sustainable Tourism Cooperative Research Centre, engaged with government, industry and researchers for over a decade to advance policy analysis in tourism contexts. This paper discusses the contributions of the CEP in three major areas—the development of tourism satellite accounts, economic impact analysis and policy evaluation. The conceptual and empirical work undertaken by CEP, and the fertile research agenda it developed, is incomplete and poses an ongoing challenge to tourism researchers, practitioners and destination managers internationally to help to progress the advances already made.

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1. Introduction

The Sustainable Tourism Cooperative Research Centre (STCRC) was first established under the Australian Government's Cooperative Research Centres (CRC) Program at the end of 1997, and re-funded for a further seven-year term commencing July 2003. The CRC Program was an initiative of the Australian Government designed to drive innovation by providing funding to support collaborative links between industry, research organisations, educational institutions, and relevant government agencies. It aimed to bring the highest quality research providers and industry together, to focus on outcomes for business, community, and the environment.

The STCRC brought together academic and industry participants as members. Its mission was to lead the world in sustainable tourism research, commercialisation, extension and education. Specific goals were to provide intellectual leadership for the sustainable development of Australian tourism, engaging with government and industry to produce knowledge products to position Australia as the centre of tourism innovation and world's best practice. As part of its research program the STCRC established a Centre for Economic Policy (CEP) that produced research in tourism

economics and policy analysis which was to be at the 'cutting edge' internationally.

This paper provides an overview of some of the important contributions made by CEP during the life of the STCRC. It is not intended as an historical account of the theoretical and practical contributions made to tourism economics by the CEP. Rather, it aims to emphasise their continued relevance in an unfinished research agenda. The fertile research agenda developed by CEP is incomplete and poses an ongoing challenge to tourism researchers, practitioners and destination managers internationally to help to progress the work already undertaken.

The contributions of the CEP were wide ranging but can be classified under three main headings—tourism satellite accounting, computable general equilibrium modelling, and policy analysis.

2. Tourism satellite accounting

A major issue for the tourism industry, and for all levels of government dealing with it, was how to accurately assess the importance of tourism relative to other sectors of the economy, and from there to have a credible and rigorous means for assessing the impact of changes whether these came from developments in the industry itself or the wider economy, or as a result of the policies or actions of governments.

The most credible data source for data on tourism demand and the supply of tourism industries is a national or regional Tourism

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Satellite Account (TSA). TSAs are constructed using a combination of visitor expenditure data, industry data, and Supply and Use Tables from the system of national accounts of destinations. TSAs provide detailed production accounts for the tourism industries, including data on employment, and linkages with other productive economic activities. They provide an internationally recognized and standardized method of assessing the scale and impact of tourism related production and its links across different sectors (Spurr, 2006).

While TSA were initially developed with support of the UNWTO as primarily a national level concept constructed within a country's system of national accounts, many of the key decisions in planning and development and management of tourism occur at the local and regional level and are the responsibility of regional/state or local governments, regional destination management organisations and local businesses. In 2001 the Australian Bureau of Statistics (ABS) published its first experimental TSA for Australia. CEP participated in consultations with the ABS on the development and implementation of the national TSA and then worked with the national and state governments to develop a methodology to extend the TSA structure down to the sub-national level. CEP subsequently began to produce annually updated regional tourism accounts for each of the eight Australian states and territories. For the first time internationally, regional tourism accounts were produced across a whole country which were fully consistent both between the states and with the national TSA (Ho et al., 2008; Pambudi et al., 2009; Spurr et al., 2007). These reports were continued over the remaining seven years of the STCRC's life and have subsequently been produced by the government research agency Tourism Research Australia (TRA).

In a further development, extending national TSA estimates downwards to regions below the state level, CEP subsequently published a set of regional tourism economic accounts for nine tourism regions in the Australian state of Queensland accompanied by a detailed discussion of the methodology used in producing these estimates (Dwyer, Pham, Spurr, Ruhanen, & Scott, 2008; Pham, Dwyer, & Spurr, 2009; Pham, Dwyer, & Spurr, 2010).

Regional TSA have since become a significant program for research and development under the International Network on Regional Economics, Mobility and Tourism (INRouTe), a collaborative study initiated through the UNWTO and Centre for Cooperative Research in Tourism, Spain (CICtourGUNE) which is seeking to develop a set of general guidelines on measurement and economic analysis of tourism at sub-National levels prior to a proposed worldwide consultation in 2016. The work of the CEP in respect of developing consistent concepts, definitions and methodologies to ensure credibility and comparability between the national TSA standards and Tourism Accounts developed at the state and regional levels foresaw much of this work and was described in several journal publications (Pham, Dwyer, & Spurr, 2008, 2009).

A further important extension of the TSA methodology undertaken by the CEP was the estimation of the wider flow on effects which tourism generates across the economy generally (indirect effects). The TSA, based as it is on the direct contribution of tourism, measures only the effects of direct transactions between the visitor and a domestic supplier of a tourism good or service. The Australian government's tourism research agency, Tourism Research Australia, had extended this by producing estimates of the total, direct plus indirect, contribution of tourism to the economy. The CEP further extended these estimates to the state and territory level in a report on the indirect contribution of tourism (Ho et al., 2007). These estimates were subsequently incorporated into the CEP's annual state and territory TSA.

Research by the CEP had always been driven by a conviction that there is substantial scope for using the TSA methodology to provide

a structure for more detailed breakdowns of the information they provide. Using the TSA methodology, CEP developed detailed estimates of taxation from tourism by type of tax and level of government in receipt of the revenue (Forsyth et al., 2007).

Along the way, members of CEP participated internationally in intergovernmental Advisory Groups, Workshops and Conferences held by the UNWTO and Asia Pacific Economic Cooperation (APEC) in the development of the agreed TSA methodology and the dissemination of information and training on the TSA. They contributed to the development of private sector inputs to the TSA negotiations by the WTTC (World Travel and Tourism Council). And they assisted the UNWTO in developing a methodology for measuring the size of the business tourism sector (Dwyer, Deery, Jago, Spurr, & Fredline, 2007).

CEP research (Dwyer, Forsyth, & Spurr, 2007, 2007) also performed a useful contribution to the literature by clearly distinguishing between the economic contribution (a TSA measure) and its economic impacts (estimated through economic modelling), a distinction often confused by researchers. CEP was among the first to recognise that TSA provide the basic information required for the development of models of the economic impact of tourism. A TSA is a necessary tool to adapt I-O tables and national accounts (and thus Social Account Matrixes derived from them) to tourism specificities. CGE models developed by CEP for tourism industry analysis included tourism data from Australia's national TSA giving the work a credible and consistent data base for modelling tourism's economic impacts (Dwyer, Forsyth, Spurr, & Ho, 2003, 2005; Pham & Dwyer, 2013). CEP analysis demonstrated that a CGE model, which is constructed with an explicit tourism sector in a manner consistent with the national TSA, and which draws on national TSA definitions and data, can provide an appropriate and cost effective tool for producing simulated TSA's at the state/provincial level (Dwyer et al., 2005). If the assumptions and definitions adopted to build the tourism specific components of the CGE model are consistent with those of an official TSA structure the resulting CGE generated TSA should be broadly consistent with what would be produced in a fully constructed TSA.

Several measures of tourism yield have been developed by CEP using the data contained in TSA. These include expenditure per tourist, return on capital, profitability, GDP, value added, and employment. Given that TSA distinguish the numbers and expenditure of different tourist markets by origin the yield contribution measures can be developed per tourist by origin market (Dwyer et al., 2006, 2007). CEP research further identified the manner in which the concept of yield can be broadened to embrace sustainable yield by incorporating measures of environmental and social impact (Dwyer & Forsyth, 2008; Lundie, Dwyer, & Forsyth, 2007). Adding environmental and social dimensions to the yield concept implies, however, that decision makers have to deal increasingly with trade-offs between economic and environmental and social dimensions, respectively.

A relatively neglected research topic has been measures of tourism productivity at the industry level. TSA can be used to develop performance indicators such as measures of productivity, prices and profitability for the tourism industry as a whole. They can also be used to explore performance in individual sectors. Tourism researchers now have the data to explore the performance of individual tourism sectors or of the entire tourism industry relative to that of other industries, domestically and internationally.

TSA provide the opportunity for tourism economists to contribute to our understanding of the 'carbon footprint' associated with the tourism industry. The advantage of using the TSA to estimate the carbon footprint is that it ensures that the measure is comprehensive, and incorporates all emissions from all industries which make up tourism. That is, if the relationship between

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