

Ministry of Economy, Labour and Social Welfare

**TOURISM SATELLITE ACCOUNT
FOR POLAND**

2001

SUMMARY



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This Summary is based on the report
Tourism Satellite Account for Poland 2001

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1. Methodology

Setting any effective economic policy and evaluating the condition of the national economy requires reliable information describing ongoing processes. It was in response to that need that a system of national accounts was created as an internally coherent set of tables describing macroeconomic developments. The set is based on terms, classifications and accounting principles that have been agreed at the international level. The international framework used by countries to compile their own national accounts is known as SNA 1993 – a system of accounts recommended by the United Nations. Poland implemented the European System of Accounts (ESA 1995), which is a modification of the aforementioned SNA 1993 recommended by the European Union.

The standard system of national accounts is primarily focused on the analysis of macroeconomic processes. In many cases more specific information is required, in particular for the purposes of formulating economic policies. For example, it refers to those areas of economy which do not form separate concepts within institutional sectors, activities, products or services. Tourism is one of such areas. It is for these phenomena that satellite accounts methodology was proposed, to be both closely related to the core system of national accounts and at the same time tailored to specific information needs. An initiative to develop the tourism satellite account emerged at a relatively early stage, in view of the importance of tourism as a sector of economy at the global and national level, as well as due to the lack of tools for its analysis within the framework of the core system of national accounts.

As satellite accounts for tourism are concerned, several frameworks were developed: initiatives in this respect were presented by the OECD, WTO-OMT and the World Travel and Tourism Council (WTTC). The proposed accounts adopted different solutions with consequent significant differences between the results they yielded. For this reason, the OECD and the World Tourism Organization decided to co-ordinate their efforts and propose a common methodology. Such methodology was adopted and published in 2001 by the World Tourism Organization, the OECD and Eurostat¹, and has been recommended by the European

¹ *Tourism Satellite Account: Recommended Methodological Framework*. WTO, EU, OECD, UN 2001.

Union as an instrument for measuring the effect of tourism on the national economy of the Member States. In comparison with the methodology developed by the OECD, which was employed for the TSA 2000, the common methodology differed in the edition of tables; key concepts, the scope of the account and the classifications remained unchanged. Stress was also shifted for the principal objective of the account: in the OECD methodology, the objective was to measure key macroeconomic aggregates describing the contribution of tourism to the national economy, whereas in the case of the methodology proposed by the OECD, WTO and Eurostat, a detailed supply and consumption analysis was brought to the fore. In view of the above, the TSA 2001 has been compiled as a combination of both methodologies: it includes nine tables² which generally comply with the new methodology, and has been complemented with tables which allow for comparison of results in both account editions. This refers to the table which presents contribution of tourism to the GDP and the table presenting information on assets involved in the supply of tourism-related products.

An important element of the TSA methodology is the determination of its scope on the demand and supply sides. As far as the **demand side** is concerned, an assumption was made that it consists **exclusively of consumption expenditures of visitors**. The TSA does cover fixed assets formation in connection with supplying the needs of visitors; however, this is defined as investment-related demand and its effects cannot be thus regarded as the effects of tourism in the TSA. As far as the **supply side** of tourism is concerned, **the TSA distinguishes three types of activities and corresponding products**:

- *tourism characteristic*,
- *tourism connected*,
- *other*.

As for *tourism characteristic products (TCP)*, they should meet at least one of the following criteria:

- ◇ A given product represents a substantial part of tourist expenditure,
- ◇ A significant part of a given product or service supply is acquired by visitors,
- ◇ The absence of a given product would significantly affect visitors' behaviour, even if the product does not represent a significant part of the visitors' demand.

Accordingly, *tourism characteristic activities (TCA)* include activities whose primary output consists of products or services which meet the aforementioned criteria.

Tourism connected products are products frequently acquired by tourists; their corresponding types of activity are referred to as *tourism connected activities*. *Other products and activities* – include all other products which are occasionally acquired by visitors and their corresponding types of activities.

Scope of products and activities included in any of the groups mentioned above may differ in time or in particular countries, according to the patterns of visitors' consumer behaviour. However, a certain group of products and the corresponding types of activities can by their very nature be regarded as tourism characteristic products. It includes: accommodation and catering services, passenger transport, travel agencies' operations and cultural and

² For technical reasons, data on employment are presented in three tables.

recreational activities; in the adopted methodology, countries compiling their TSA are free to extend the list. A list of tourism characteristic products, tourism connected products and the corresponding types of activities included in the TSA for Poland is presented at the end of this section.

The scope of supply covered in the TSA is additionally determined by the location of producers within an economic territory of a given country. The analysis deals exclusively with producers which are residents of a given economy. Items related to imports, especially as regards imports of tourism characteristic products, are beyond the scope of TSA. It means that **tourism consumption resulting from outcoming travel is reflected in the supply side of the TSA only insofar as it is supplied by producers who are residents of a given economy** (e.g. margins charged by travel agents dealing with outgoing tourism). Inclusion of figures describing the remaining part of this consumption in the TSA serves only an informative purpose and is not obligatory.

The applied methodology recommends the value of the global output generated by tour operators to be included in the TSA in the net version, i.e. exclusively as the margin they charge. This requires appropriate calculations to be made, which is why the value of such output as presented in the TSA differs from the value presented in a standard product account.

Tourism characteristic activities:

55.1 Hotels

55.2 Other short-term accommodation

55.3 Restaurants

55.4 Bars

55.5 Canteens and catering services

60.1 Railway transport

60.2 Other land transport

61. Water transport

62. Air transport

63.21 Other activities supporting land transport, 63.22 Activities of sea and inland ports, 63.23 Activities of airports – these products were not included in the TSA 2000.

63.3 Travel agencies and similar activities

71.1 Passenger car rental

92.3 Other cultural and entertainment activities

92.5 Libraries, archives, museums and other cultural activities

92.6 Sporting activities

92.7 Other recreational activities

93.04 Fitness improving and related activities

Activities supplying tourism durables:

17.4 Manufacture of ready-made textile products, exclusive of clothing
34.2 Manufacture of bodies of motor vehicles: production of trailers and semi-trailers
35.12 Manufacture and repair of recreational and sport boats
70.2 Real estate services and lease

Tourism connected activities:

66.03 Other insurance
74.84.A Activities related to organization of fairs and exhibitions
50 Vehicle sales, maintenance and repairs..., retail sales of fuels...
52 Retail trade, exclusive of vehicle sales...; maintenance and repair of household goods

Tourism characteristic products:

55.1 Hotel services
55.2 Services of camp sites and other places of short-term accommodation
55.3 Food serving services
55.4 Beverage serving services
55.5 Canteen and catering services
60.10.1 Interurban railway passenger transport services
60.21 Other scheduled land passenger transport services
60.23 Other land passenger transport services
61.10.1 Sea and coastal passenger transport services
61.20.1 Inland water passenger transport services
62.10.1 Scheduled air passenger transport
62.20.1 Non-scheduled air passenger transport
63.21, 63.22, 63.23 – activities supporting land, water and air transport
63.3 Travel agencies' and guide services, not classified elsewhere
71.1 Passenger car rental services
92.3 Other entertainment services
92.5 Library, archive, museum and other cultural services
92.6 Sporting services
92.7 Recreational services
93.04 Fitness improving services

Tourism durables:

17.40.22 Canvas-type materials...; tents and camping products
34.20.22 Caravans and semi-trailers intended for habitation or tourism-related purposes
35.12 Recreational and sport boats
70.2 Real estate on own account and lease services - estimated rent

Tourism connected products:

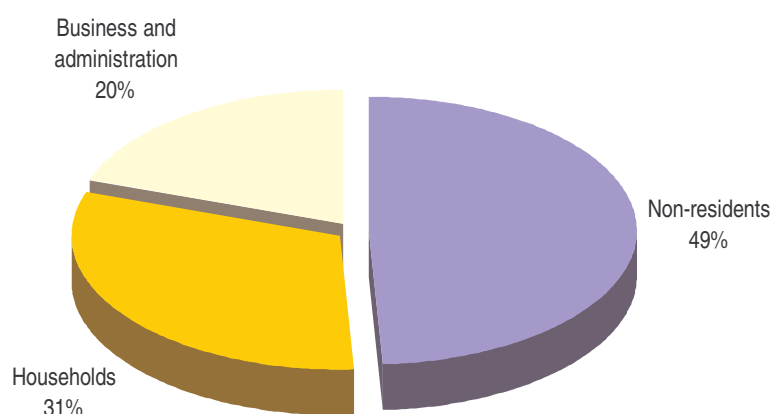
15 Food and beverages
16 Tobacco products
17.7 Knitted and crocheted goods and hosiery
18. Clothing, furs
19.3 Footwear
23.2 Refined oil products
50 Services related to vehicle sales and repair and to the sale of vehicle fuels
51 Commission and wholesale sale services
52 Retail sale services
66.03 Insurance services other than life insurance
74.84.15 Services related to the organization of fairs, exhibitions and congresses

2. Tourism Consumption

In 2001, tourism consumption of products and services within the economic territory of Poland amounted to PLN 32,873,684,000. In comparison with the preceding year, the total tourism consumption calculated according to current prices decreased by ca. 10.5%, and its contribution to the total consumption of products and services fell from 2.9% to 2.1%.

The recorded consumption consisted of non-resident expenditures of PLN 16,136,828,000 and resident expenditures of PLN 16,736,856,000. The structure of tourism consumption by type of buyers is presented in Graph 2.1.

Graph 2.1. Tourism Consumption by Type of Buyers, 2001.

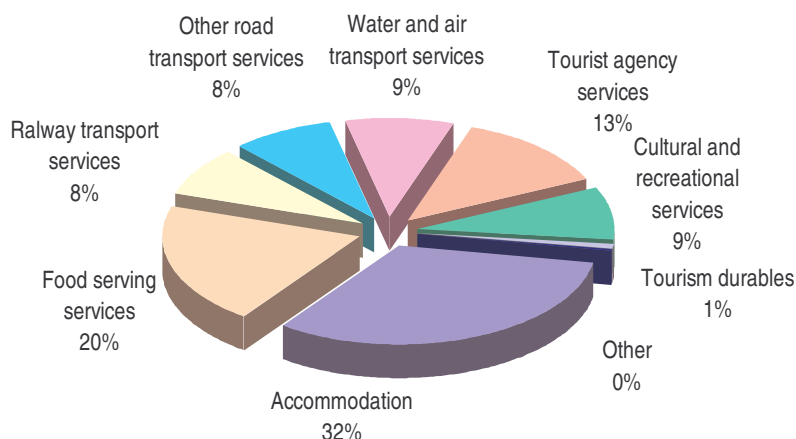


Consumption by non-residents in 2001 accounted for nearly a half (49%) of the total tourism consumption in Poland. In the case of residents, despite the prevalence of household expenditures (31% of the total tourism consumption), a significant role was played by business trip expenditures, consumption by the local and central government sectors and NPISH (20%). **In comparison with 2000, a shift in importance of particular types of buyers can be observed to the benefit of Polish residents:** in 2000, they only accounted for 48% of the consumption.

Consumption patterns were dominated by expenditure on tourism characteristic products: 64%. Tourism connected products accounted for 27% of tourism consumption;

other products accounted for 9% of tourism expenditures. A noticeable difference in spending on particular products and services can be observed within the three aforementioned groups. **In the case of tourism characteristic products, the major item were expenditures on transport services – PLN 5,305,626,000**, followed by expenditures on hotel services – PLN 4,552,905,000 (expenditures on other accommodation services amounted to PLN 2,196,206,000), on food and beverages serving services – PLN 4,210,004,000, and on net travel organisation services (margins, commissions, guide services, tourist information etc.) – PLN 2,644,776,000. A **breakdown of tourism characteristic products consumption by products** is presented in Graph 2.2. As regards transport services, air transport services constituted the major item (9%); railway transport services and road transport services (buses, coaches etc.) contributed 8% each. Travel organization and intermediation services had a significant share (13%) in tourism expenditures, while expenditures on tourism durables played a minor role.

Graph 2.2. Tourism Characteristic Products Consumption by Products, 2001



As mentioned above, goods included in the TSA for Poland as tourism connected products accounted for a significant share of visitors' spending. In this group, spending on food, beverages and tobacco products – PLN 3,879,992,000, and spending on fuels – PLN 3,773,520,000 constituted the major items.

A comparison of the cited data with the TSA 2000 results points to changes in tourism consumption patterns towards an increased contribution of tourism characteristic services in non-resident consumption. It is difficult to assess whether the changes are permanent; however; they seem to imply a significant decrease in the share of food, clothing and similar in non-resident spending.

A comparison of the tourism consumption patterns of main consumer groups, i.e. non-residents and residents, provides some interesting insights.

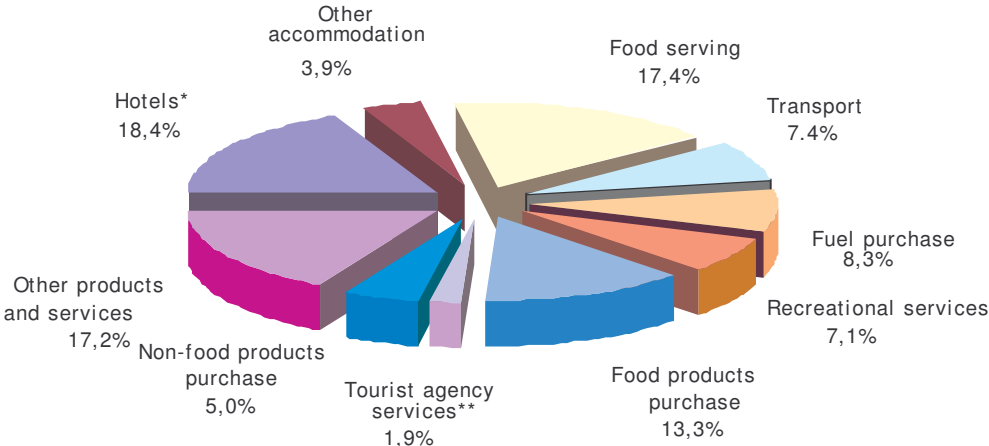
Total non-resident expenditures in 2001, in Poland and abroad, for the benefit of Polish business entities, were estimated at PLN 16,086,828,000, i.e. 16.4% less than in the preceding year. Almost 60% of this amount was linked to tourists, the remaining part – to same-day visitors. Average tourism consumption by non-residents staying in Poland for at least one night (i.e. tourists) was slightly higher than in the preceding year and amounted to PLN 706.7;

while the consumption by same-day trippers was comparable to the amounts recorded in 2000 (PLN 156.2). The decrease in non-resident tourism consumption should be thus primarily attributed to the fall in the number of trips to Poland both by tourists (by 4.3%) and same-day visitors (by 30.7%).

An analysis of non-resident tourism consumption patterns by types of expenditure indicates that the major items were accommodation expenditures (the total of 22.3%) and expenditures on food serving services (the total of 17.4%). It is noteworthy that an upward trend can be observed in consumption of services rendered by hotels and accommodation facilities (by 8.4%) in comparison with the preceding accounting period. Similar to 2000, in 2001 the share of expenditures on passenger transport services supplied by Polish carriers was relatively small (7.4%). It resulted from the characteristics of travel to Poland by different means of transportation: the overwhelming majority of foreign visitors used their own cars; accordingly, their expenditures on fuel purchase exceeded the incomes of Polish carriers derived from tourism transport services purchased. As regards transport services, the value of air transport services accounted for the largest share (69.7%), followed by the value of land passenger transport services (13.7%) and railway transport services (11.1%). Similar to 2000, the remaining modes of transport (i.e. sea and inland water transport) played a minor role.

Recreational and entertainment services as well as sporting services and services of museums accounted for a minor, though increasing share of the total expenditure (the total of approx. 7.1%). On the other hand, net travel organization and intermediation services (i.e. the margins charged by tour operators on services sold to foreign visitors to Poland) accounted for a mere 1.9% of the total expenditure, which was comparable to the amount recorded in the preceding year. In absolute figures, this amounted to PLN 301,467,000.

Graph 2.3. Non-Resident Tourism Consumption Patterns, 2001



* Including motels and boarding houses.
 ** Margins charged by tour operators and travel agents.

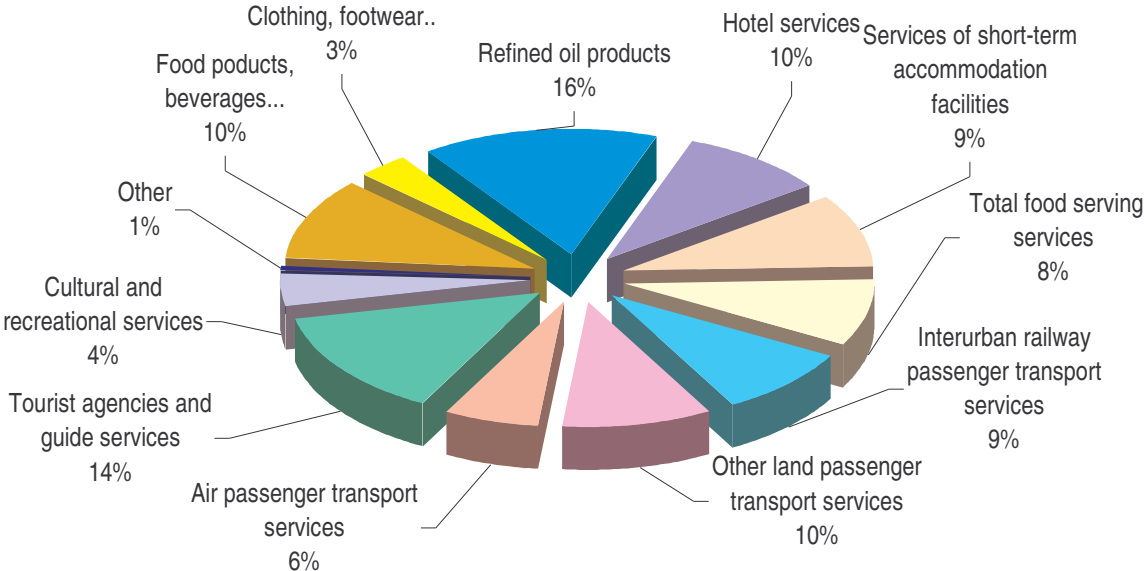
Other products and services acquired by visitors continue to account for a significant (though decreasing) share of non-resident tourism expenditure (17.2%). The downward trend in this respect resulted from a decline in the interest in shopping, especially among tourists.

Nevertheless, this item remains very significant insofar as it comprises all services not classified elsewhere (e.g. certain services related to medical and educational exchange). It is notable that expenditure on food products, clothing and footwear decreased as well.

In 2001 the consumption of tourism characteristic products and services, estimated at the total of PLN 9,043,329,000, accounted for over a half of the total non-resident tourism consumption (56.2% as compared to 48.5% in 2000). The increased significance of consumption of tourism characteristic products resulted primarily from **an increase in the expenditure on hotel services and a decline in the interest of non-residents in the purchase of tourism connected products and services** (spending on these items totalled PLN 7,043,499,000 and accounted for 43.8% of the total expenditure). Such a pattern is attributable to the specific characteristics of travels to Poland, and the changes in the pattern – to the decreased share of expenditure on products purchased for self-catering purposes, included in the tourism expenditure in accordance with the TSA methodology. However, the prevalence of expenditure related to the consumption of tourism characteristic products and services was only observed in the case of tourists from non-neighbouring countries (in their case, this category of products accounted for 92.8% of the total expenditure).

As regards tourism consumption of residents, data on same-day private trips are unavailable; hence resident tourism consumption patterns are not entirely comparable to those of non-residents. Nevertheless, it can be safely assumed that the TSA does account for the major part of resident tourism consumption.

Graph 2.4. Resident Tourism Consumption Patterns, 2001



The resident consumption pattern as illustrated in Graph 3.4 reveals significant differences in comparison with the consumption pattern of non-residents visiting Poland. Unlike the consumption of non-residents, **the tourism consumption of residents within the economic**

territory of Poland is notable for the **significant share of transport-related expenditures: they jointly account for 40% of expenditures**, with the major share of fuel purchases (15%). As regards transport services, the most important expenditures included those on other road passenger transport (10%). The share of long-distance railway transport was a little smaller and amounted to 9%, while air transport accounted for 6% of the expenditure. Accommodation expenditures accounted for a relatively small share of the tourism consumption of residents: a total of 19% for hotels and other accommodation facilities, distributed almost evenly between the two categories – their shares amounted to 10% and 9% respectively. **The small share of expenditures on food serving services is noteworthy: it only amounted to 8%, while the share of expenditures on food, beverages and tobacco products amounted to ca. 10%.** Net travel organization and intermediation services accounted for a significant share (14%) of the resident tourism consumption. However, it must be kept in mind that approximately a half of this consumption is accounted for by services provided to households free of charge by non-profit institutions (NPISH). Cultural and recreational services play a relatively insignificant role (4%), although also in this case free provision of services is included.

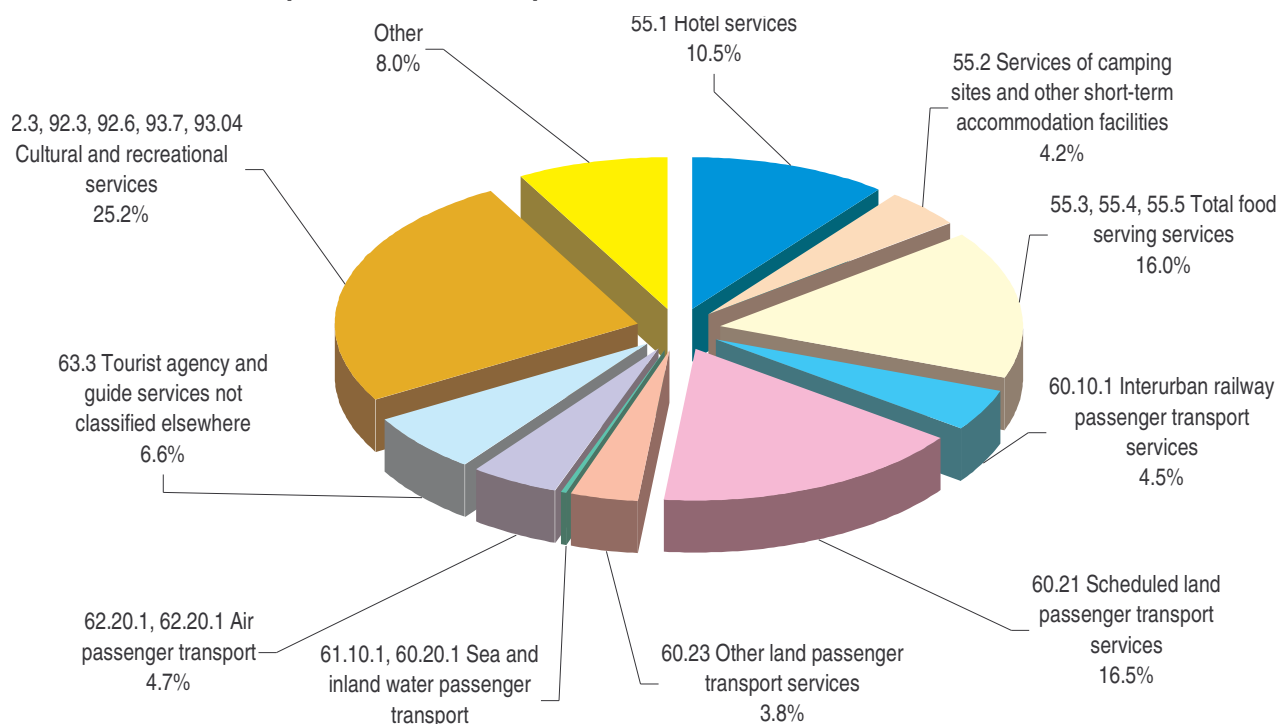
A comparison between TSA results for 2000 and 2001 indicates that the volume of resident tourism consumption in current prices decreased by ca. 4.3%, and the changes observed were multidirectional. Household consumption decreased by the total of 5.2%, but **the downward trend only affected domestic travels, while expenditure on foreign travels increased.** As regards business trips, a decrease by 8% could be observed, largely attributable to the increased expenditure on foreign trips. As regards the resident tourism consumption in breakdown according to products, no major changes were observed. However, an increased share of road transport in transport services and a slight shift of demand for accommodation services rendered by hotels rather than other accommodation facilities could be observed. A decrease in the share of expenditure on fuel purchase was recorded, too, which could be partly explained by a reduction in fuel prices.

3. Domestic Output and Supply of Tourism Products

In 2001, the domestic output of tourism characteristic products amounted to PLN 90,901,004,000 (88,587,492,000) in basic prices, what accounted for 6.1% (6%) of the total gross domestic output for that year. This is a significant amount, but its major part is composed of estimated rents, amounting to PLN 38,249,859,000. After deducting this item, which in reality is only loosely connected with tourism (second homes and apartments account for a negligible percentage of real estate in Poland), the share of tourism characteristic products in the global domestic output was significantly lower: 3,6% (3,4% as the same range of products as for 2000 TSA is considered). Tourism characteristic output breakdown by products (the aforementioned rents excluded) in 2001 is illustrated in Graph 4.1. **Cultural and recreational services accounted for the largest share of the output of tourism characteristic products (24%); followed by accommodation services: the total of 14%, with as much as 10% of the output generated by hotels and only 4% by other accommodation facilities.** Other land transport services (17%) and total food and beverage serving services (16%) also accounted for a significant share of the domestic output of tourism characteristic products.

The presented figures describe the volume of the total output of tourism characteristic products, which is not equivalent to the volume of their supply to the Polish market. The latter accounts for indirect taxes and subsidies to products purchased on the market as well as imports and exports, sales and transport margins wherever applicable. In the case of tourism characteristic products, which mainly comprise services, these items do not occur, and the commissions and margins on the sale of some tourism services, when applicable, form the total output of tour operators and intermediaries. When calculated this way, **the supply of tourism characteristic products in purchase prices amounted to PLN 51,721,639,000 (exclusive of the estimated value of rents), which accounted for 3.4% of the total domestic supply.** This value is slightly lower than the share of this group in the total output, which implies that products included in this group are encumbered with relatively lower indirect taxes and/or receive higher subsidies than other products and services on the Polish market.

Graph 3.1. Gross Output of Tourism Characteristic Products, 2001



Products classified into the tourism characteristic products category are commonly purchased also by consumer groups other than visitors. After deduction of their expenditure, **tourism consumption (exclusive of rents) in 2001 accounted for 39.8% of the total domestic supply of tourism characteristic products.** In other words, only ca. 40% of the output of tourism characteristic products was actually consumed by visitors. Although this share is rather small, conclusions should not be generalised, since the analysed indicator tends to be highly diversified for particular products. For certain products, it comprises the entire or nearly entire supply. This pertains to sports boats, tents and camping equipment and short-term accommodation facilities other than hotels. On the other hand, certain products are associated with very low tourism consumption: caravans (0% of tourism consumption over the analysed period) or car rental, cultural and recreational services and other land passenger transport services. As concerns the remaining tourism characteristic products, it should be stressed that visitors accounted for a considerable share of consumers of railway and sea passenger transport services. The share amounted to 88% and 65% respectively. It can be suggested that in Poland, without the contribution of tourism consumption, development prospects for those services would be very limited.

Hotel services, air passenger transport services and tour operators' and intermediation services also recorded a very significant share of tourism consumption, ranging between 74% and 83%. Attention should be given to over 50% share of tourism consumption of food and beverage serving services. It points to the fact that in Poland visitors form an essential segment of consumers purchasing this type of services.

As regards tourism connected products, the share of tourism consumption in their supply was relatively small, which stems from the fact that this group is relatively loosely related to

tourism consumption developments. This particularly refers to fuels, food and clothing purchases, which, by the way, account for a significant part of expenditures paid by visitors while in Poland.

The **total tourism consumption** (of tourism characteristic products, tourism connected products and other), with margins on sales representing consumption of tourism connected products, **accounted for 1.7% of the total consumption (indirect and final consumption together) in Poland in 2001**. If we assume that this indicator reflects the contribution of tourism to the supply generation, it means that 1.7% of products and services sold on the economic territory of the country were delivered owing to tourism demand.

A comparison of TSA results for 2001 and 2000 points to certain important developments in diverse directions, dependent on variables selected. The **volume and contribution of tourism products to the gross domestic output increased by 1.7% (exclusive of imputed rents), while the contribution of tourism consumption to the consumption of the domestic supply decreased between 2000 and 2001: from 1.9% to 1.7%**.

4. Value Added and “Tourism” GDP

In 2001, the value added in tourism characteristic activities (exclusive of imputed rents) accounted for 6.4% of the value added generated by the Polish economy. Calculated this way the share of tourism characteristic activities in the value added generated in the economy is shows a downward trend (a decrease from 6.5% in 2000). When tourism connected activities are also included, among which the sale of vehicles and fuels and retail trade (divisions 50 and 52) are the most important items, the aggregate share of tourism-specific activities in the value added generated in Poland during 2001 increases to 8.8%. This is a significant decrease, when compared to the 2000 results, when the share amounted to 12.7%.

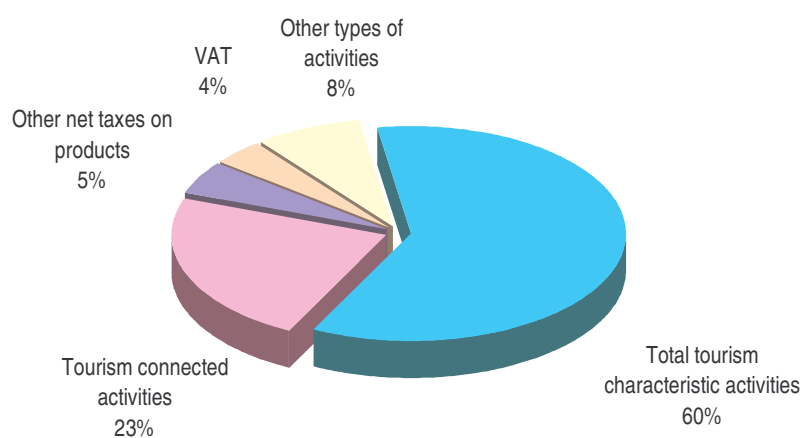
In 2001, the majority of tourism characteristic activities generated a relatively low value added, which only occasionally exceeded PLN 2 billion. Other land transport was an exception in this respect, as the value it generated exceeded PLN 16 billion. Among other types of activities, those which generated the highest value added included: railway transport, hotels, tour operators and travel agencies. The value added generated in the aforementioned activities ranged from almost PLN 6 billion in the case of railway transport to PLN 3.5 billion in the case of tour organisation and intermediation or PLN 3 in the case of hotels. Although the share of tourism products in the total output of the transport industries mentioned herein is not big (see the preceding chapter), the remaining two types of business activities are almost completely dependent on the development of tourism so the results they generated merit special attention. In comparison with the results for 2000, no material changes could be observed, although the value added generated in hotels and tour organisation and intermediation entities decreased slightly; a further decline in the value added of air transport was also recorded.

The share of value added in the gross output is an important indicator characterising business activities. This indicator should not be confused with profitability; it shows to what extent inputs into manufacturing contributed to the generation of the GDP. **Generally, tourism activities have a higher share of value added in the total output than the average for the Polish economy.** In 2001, this figure amounted to 0.44 for *the economy*, 0.55 for *all*

types of tourism activities (exclusive of rents) and as much as 0.59 for *tourism characteristic business activities*.

The value added of tourism activities is not a precise measure of tourism contribution to the GDP. The arising discrepancy is attributable to the lack of exact correlation between output of tourism industries and products and services purchased by visitors. In order for the measurement to be more precise, it is necessary to exclude the effects of the non-tourism output of tourism activities, and to include the effects of tourism products generated as secondary output of non-tourism activities. When calculated this way, tourism contribution to the value added generated by the Polish economy is clearly smaller than that calculated according to the first methodology. **The value added generated directly owing to tourism consumption was 15,487,197,000, while the GDP (i.e. value added inclusive of net taxes on tourism products) amounted to 17,080,966,000. The share of tourism in the generation of the GDP in 2001 was 2.3%. The above figures mean an increase in the value added generated by tourism by 17.2% in current prices as compared to the 2000 results.** This may be partly attributed to the inclusion in 2001 of wholesale margins; however, an increase in the value added was also recorded in the case of tourism characteristic activities, which are fully comparable (increase by 3.7%). **To summarise, the contribution of tourism to generation of GDP in Poland in 2001 was by 0.1 p.p. higher than in 2000.**

Graph 4.1. "Tourism" GDP Breakdown, 2001



Tourism characteristic activities had the largest share in the GDP generation: they accounted for 60% of the tourism GDP; tourism connected activities accounted for 23%; and other activities (which also supply tourism products) – 8%. Indirect taxes accounted for the remaining part of the tourism GDP – the total of 12% (see Graph 5.3).

Out of tourism characteristic activities, the major contribution to the tourism GDP generation was made by: travel intermediation and organisation activities, hotels, railway transport and food serving services. The GDP generated in tourism characteristic industries is considerably supplemented by the GDP generated thanks to the trade in fuels and other retail trade which form the core part of tourism connected activities. It should be added that the calculated tourism GDP as presented herein is slightly understated due to the lack of data on

same-day trips of Polish residents and the lack of complete information on congress and fair arrangement services rendered to visitors.

5. Tourism Employment

The average number of people employed in tourism characteristic activities (TCA) in 2001 amounted to a little more than 811,000, with 520,000 in enterprises which employ more than 9 employees, and almost 300,000 in smaller entities. In 2001, people employed in TCA thus accounted for ca. 7.8% of the total labour force in the economy, which was comparable to the 2000 results (7%).

It is noteworthy that in the case of the former group (business entities with more than 9 employees), paid employees accounted for the largest share of employment (513,000) as compared to less than 6,000 owners, co-owners and unpaid family members (“self-employed”). In the case of small enterprises (up to 9 employees), the proportions were opposite: the self-employed accounted for as much as 55% (162,000) of the total employment. This phenomenon can be explained by the fact that tourist traffic servicing is conducive to taking up business activity based on self-employment, mostly in the form of small enterprises.

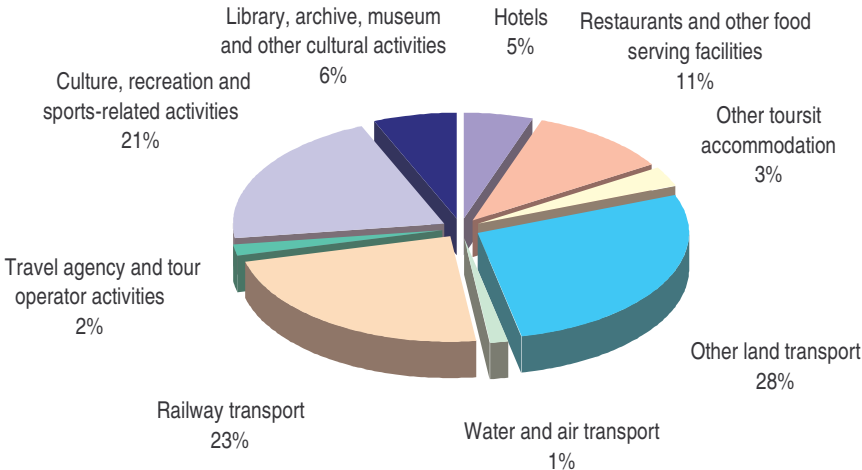
Data concerning the total number of people employed in both types of enterprises (i.e. irrespective of the number of employees) indicates that self-employed people account for a little more than 20%, while employees – for nearly 80%. In 2000, the recorded ratio was 30% to 70%, which implies that in 2001 a shift occurred in the tourism employment structure towards paid labour.

A comparison with data for the employment structure in the entire economy, where self-employed persons account for only 13%, while the share of employees amounts to 87%, indicates that tourism is more conducive to taking up business activity and self-employment than other industries.

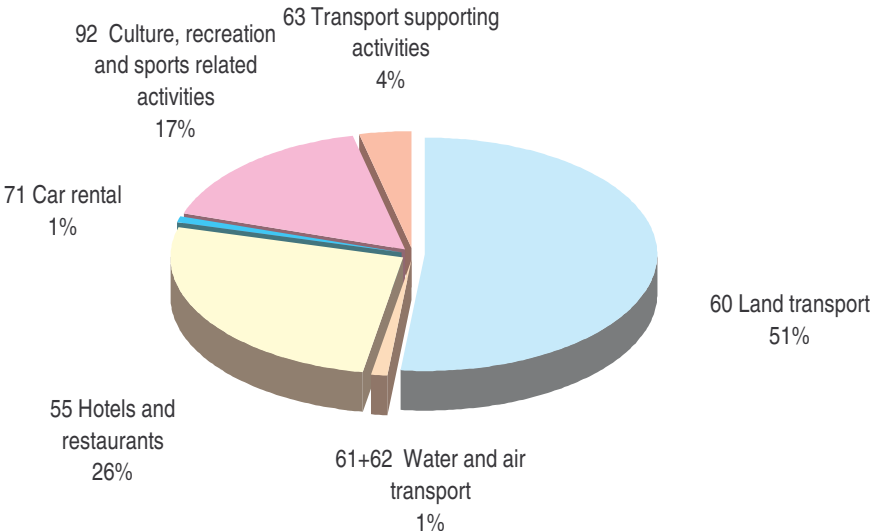
Data concerning labour force in TCA by groups is only available for enterprises with more than 9 employees. However, due to a significant contribution of small entities to tourism business activities, it is advisable to analyse the strongly aggregated data for this group of enterprises (only available at the level of divisions). In the group of enterprises with more than 9 employees, the best employer – in terms of the number of people employed – was *land transport*: 23% employees in *railway transport* (133,000 people), and 28% in *other land transport* (160,000 people). These values are slightly lower if the share of tourism

consumption is taken into account, but the dominant position of the aforementioned groups remains unchanged. By comparison, the share of *hotel services* seems humble (persons employed in all accommodation facilities account for only 8% of the labour force employed in TCA). Food and beverage serving services created a little more than 11% of jobs in tourism, while travel organisation and intermediation accounted for only 2%.

Graph 5.1. Employment in Tourism Characteristic Industries, 2001 (Entities Over 9 Employees)



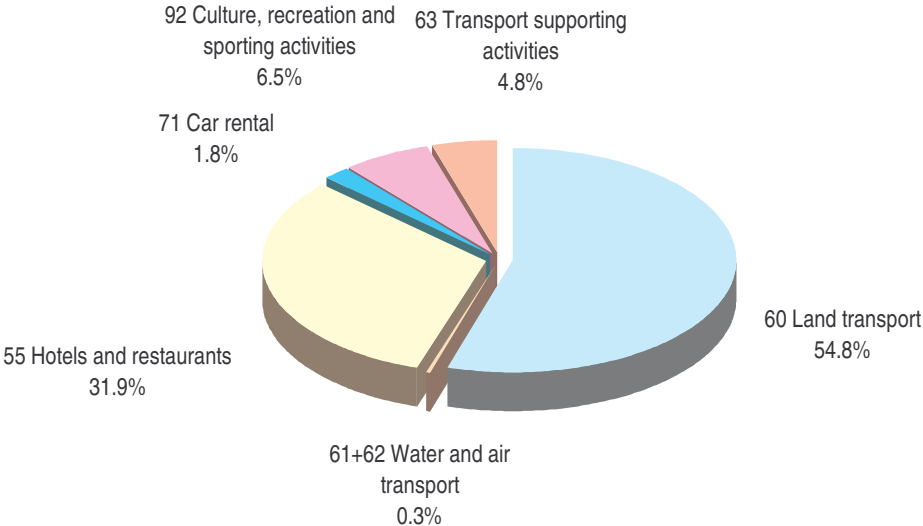
Graph 5.2. Employment in Tourism Characteristic Industries, 2001 (All Entities)



If all entities are taken into account, on the assumption that the exclusion of small entities (up to 9 employees) would mean omission of a considerable group of people employed in tourism (almost 300,000 people), *land transport* proves to have accounted for the largest

share of the labour force employed in TCA in 2001 (51%) but this cannot be entirely attributed to services supplied to tourist traffic. The overall contribution of hotels and restaurants to the creation of tourism jobs was also significant and amounted to 26%. *Cultural and recreational activities* were ranked next, their share amounting to 17%. *Transport supporting activities* (including, *inter alia*, travel agencies) in 2001 accounted for a mere 4%.

Graph 5.3. Self-Employment in Tourism Characteristic Activities, 2001 (All Entities)



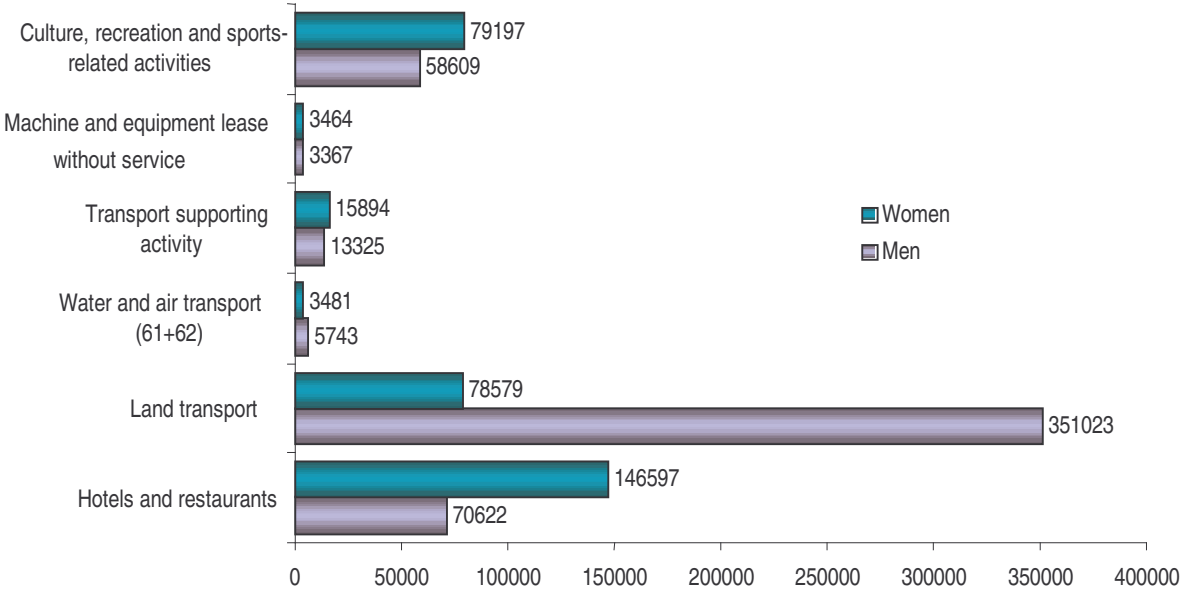
In 2001, in all entities involved in tourism characteristic activities the number of self-employed persons amounted to almost 168,000, which accounted for 12.3% of the total employment in the economy (as compared to 13.4% in 2000). The largest number of self-employed was registered in *land transport* (55% of self-employment in all TCA). It is attributable to the fact that taxi services are classified in this category. The self-employed in *hotels and restaurants* division also constituted a significant group – they accounted for 32% of tourism self-employment, a large part of this probably attributable to food serving services. Unfortunately, at the division level, no detailed information is available as regards entities with up to 9 employees. Similarly, self-employment was a major item in *transport supporting activities* (including tourism organisation and intermediation) (5%), as well as *culture, recreation and sporting activities* (6%).

The total number of women employed in TCA was almost 319,000 (as compared to 325,000 in 2000), which accounted for nearly 40% of the total employment in TCA (the result is almost identical with that for 2000). However, the proportion of women to men in the employment in TCA remained lower than in the entire economy, where women accounted for a little more than 47%.

In 2001 (similar to 2000), women dominated in *hotels and restaurants division*, where they accounted for 67% of employment. This division also recorded the largest number of working women (over 146,000), which accounted for almost a half (46%) of the female labour force in TCA. The significant proportion of women in labour force was also characteristic for *cultural*

and recreational activities (57%). This division employed 27% of the total female labour force in TCA. Women also prevailed in the labour force employed in *transport supporting activities*, where travel agencies form the core activity. Women accounted for 54% of the total labour force employed in this division.

Graph 5.4. Labour Force by Gender, 2001 (All Entities)



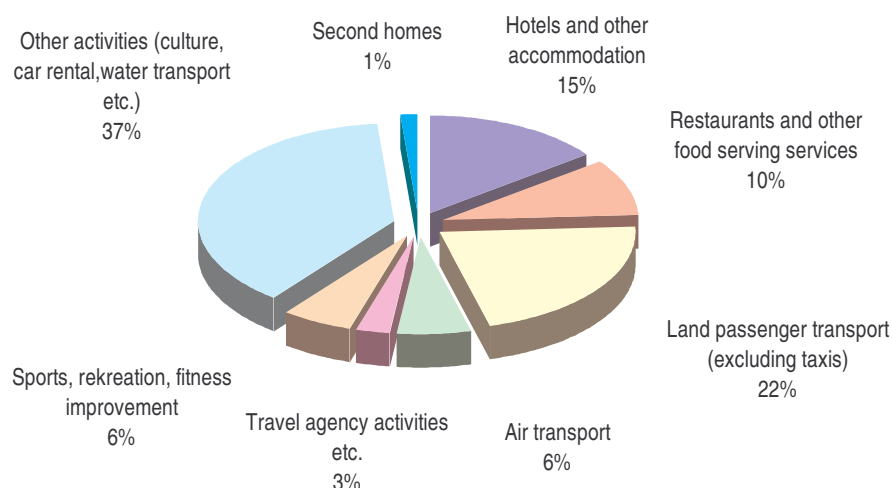
A separate data analysis for paid employees and owners, co-owners and unpaid family members (the self-employed) reveals the occurrence of divergent trends. There were ca. 120,000 men working as owners and co-owners in tourism characteristic industries, as compared to only 47,000 women (28% of the total self-employment in TCA). The proportions were more favourable for women only in *hotels and restaurants* division: almost 32,000 (59%) of the self-employed in this division were women. In other divisions, self-employed men prevailed.

As regards the breakdown of self-employed women in tourism characteristic activities, the *hotels and restaurants* division again proves the most favourable (66% of the total number of women self-employed in TCA). In any other division, the share did not exceed 10%.

6. Fixed Capital in Tourism Characteristic Activities

The capital expenditure on buildings and structures, motor vehicles and other fixed assets, including land improvement expenditure in tourism characteristic activities in 2001 amounted to PLN 5.3 billion, which accounted for 4.4% of the total capital expenditure in Poland. Expenditures by activity are presented in Graph 6.1.

Graph 6.1. Capital Expenditure in Tourism Characteristic Activities by Type of Activity



Two groups of activities prevailed in capital expenditure: *land passenger transport* and *hotels and other accommodation*.³ In comparison with 2000, a decrease in the share of air transport could be observed.

In 2001, 647 facilities (new projects or general overhauls) were put into operation (54% less than in 2000), their cubic capacity amounting to 1,260,000 m³, including 299 hotels (3.5% less than in 2000). The 2001 capital expenditure in the *hotels and tourism accommodation facilities*

³ Section 12 *Non-residential Buildings* of the Polish Classification of Building Facilities specifies the group *Hotels and tourism accommodation buildings* with the following two classes:

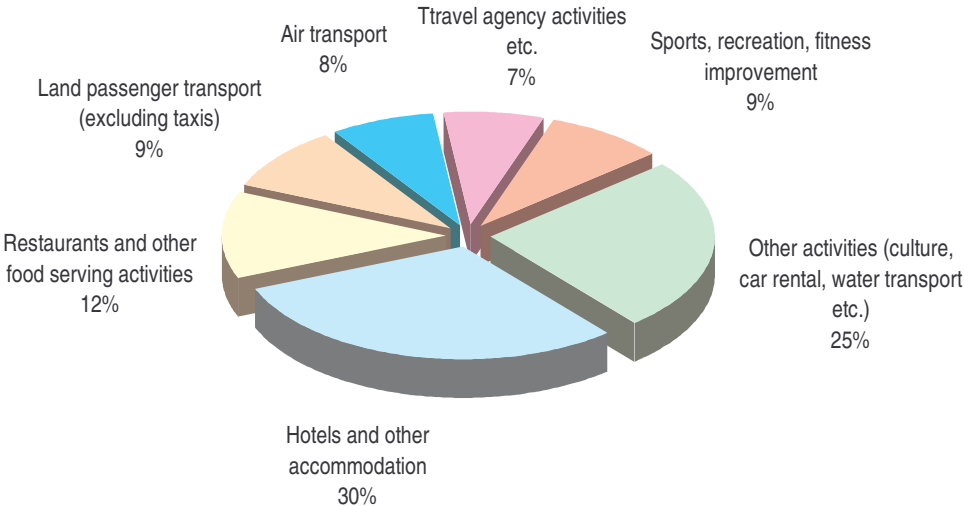
- 1211 Hotel buildings – covering: hotels, motels, inns, boarding houses and similar buildings offering accommodation, with or without restaurants; restaurants and bars;
- 1212 Other tourism accommodation buildings – youth hostels, mountain shelter-homes, bungalows, holiday homes and other tourism accommodation buildings.

division amounted to PLN 772.7 million, out of which hotels' capital expenditure accounted for PLN 697.8 million. The 2001 building and assembly output in the group of hotels and tourism accommodation buildings completed by contractors employing less than nine persons amounted to PLN 661.1 million (a decrease by 6.2%). As far as private accommodation was concerned, the TSA covered only the so-called second homes. In 2001, the Central Statistical Office defined a separate category of *summer homes, vacation homes and country residences*.⁴ In the preceding years (except for 2000), a category of *bungalows* was used instead. In 2001, 869 facilities with the cubic capacity of 247,900 m³ and the value of PLN 76.4 million were put into operation, while in 2000 the figures were slightly higher: ca. 950 facilities with the value of PLN 78.1 million.

In 2001, 5 passenger aircraft were purchased. In the same year, the expenditure on means of transportation in the air transport industry totalled ca. PLN 224.8 million. The total capital expenditure in air transport industry in 2001 amounted to PLN 318.2 million PLN. The 2001 load factor for passenger aircraft amounted to 53.0% for domestic flights and 54.6% for international flights.

The net value of fixed assets (buildings and structures, means of transportation and other non-financial assets) in TCA (net of land value and second homes) in 2000 totalled PLN 17 billion or 1.3% of the total net value of fixed assets. Its breakdown by activity is presented in Graph 6.2.

Graph 6.2. Fixed Assets Net in Tourism Characteristic Activities by Industry, 2000



The net value of fixed assets given above does not include the value of land. The values of vacation homes are not included, either.

⁴ Unfit for whole-year occupation.

7. Tax Revenues and Tourism-Related Subsidies

In 2001, the total revenues from indirect taxes (including VAT) after deducting product subsidies amounted to PLN 92,942,384,000, i.e. 3.9% more than in 2000. In comparison with 2000, the structure of tax revenues did not change much. The Value Added Tax on products and services made the most significant contribution: it accounted for 64.9% of the total indirect tax receipts (1.9 p.p. more than in 2000), followed by the excise tax: 28.7%. Customs duties and other import levies accounted for 8.8% of the total indirect tax receipts. The **total revenues from net taxation on production** (including subsidies) amounted to PLN 16,646,508,000 for the entire economy.

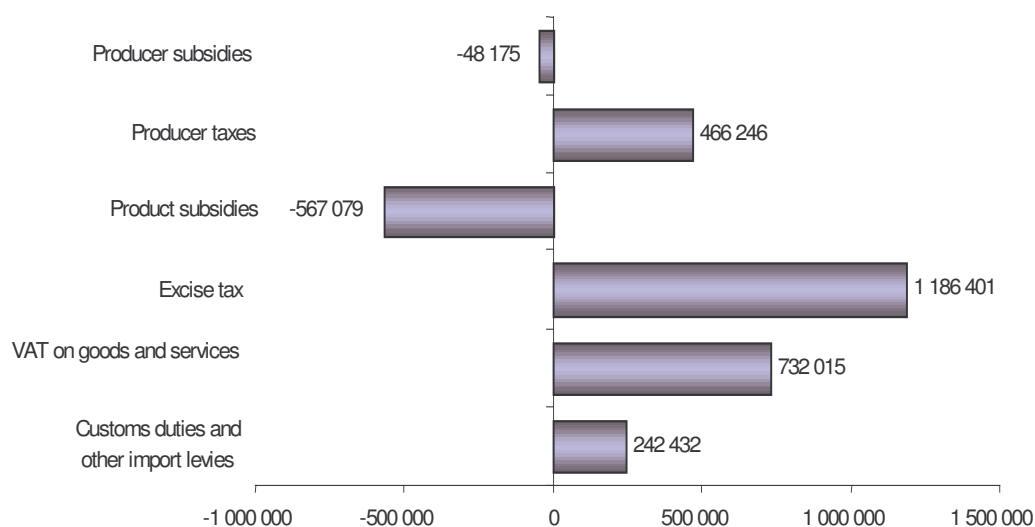
In 2001, tax revenues directly generated by tourism (i.e. related to tourism consumption) amounted to PLN 2,011,841,000 and were lower by 20.1% (i.e. PLN 507,317,000) in comparison with the preceding year. The net taxes on products from all types of tourism activities totalled PLN 1,593,769,000, i.e. they accounted for 1.7% of the total indirect tax revenues for the state. In 2001, the receipts from production taxes minus production subsidies grew by 7.9% in comparison with the preceding year and accounted for 2.5% of this category of receipts in the entire economy, and for a fifth (20.8%) of total tax revenues generated by tourism.

A decrease in the amount of taxes paid resulted in a decrease in the tourism share of the total receipts from taxation for the entire economy: from 2.5% to 1.8%.

As regards tourism characteristic products, subsidies exceeded indirect tax receipts by PLN 428,040,000. In comparison with 2000, product subsidies increased by 45.2%, while state revenues decreased by 16% as regards the excise tax, 12.2% as regards the VAT and by 10% as customs duties and other import levies are concerned. The remaining categories of tourism connected products also generated a smaller total amount of taxes in comparison with 2000 (a decrease by PLN 122,764,000). Graph 7.1 illustrates the effect of particular types of taxes and subsidies on the overall balance of tourism tax revenues in 2001.

A negative balance of product and production taxes was recorded in the case of railway passenger transport (PLN -442,609,000), land transport (PLN -47,838,000) and waterborne transport (PLN -1,451,000) as well as library, archive and museum activities (PLN -4,188,000). In all the remaining types of activities tax revenues exceeded subsidies.

Graph 7.1. The Structure of Direct Tax Revenues and Subsidies by Types of Tourism Activities and Types of Taxes (PLN T)



In 2001, services rendered by hotels and other short-term accommodation facilities were not subsidised, and revenues from taxes on those services contributed the total of PLN 136,197,000 to the state budget, i.e. 55.7% more than in the preceding year. Real estate and transport taxes charged on producers classified in this division exceeded indirect tax receipts by twelve times.

In the case of food serving and catering services, receipts generated by tourism totalled PLN 22,923,000, which meant a decrease by 44% in comparison with 2000.

In 2001, tax receipts from air passenger transport services declined sharply (by 67.7%), and their share in the generation of tourism tax revenues decreased to 2.5%.

Similar to air transport services, travel agency services recorded a negative balance of indirect taxes. In 2001, VAT returns to travel agents amounted to PLN –15,026,000, while in 2000, revenues to the state budget from VAT on this item amounted to PLN 40,567,000. The total receipts from product and production taxes in this division decreased by 60% in comparison with the preceding year

An analysis of the contribution of particular tourism characteristic activities to the generation of tax revenues indicates the dominant position of *recreation and sporting activities* (an increase in tax receipts from this division by 18.5% in 2001). The indirect taxes and the taxes charged on producers in this division accounted for 8.6% of the total tax revenues from tourism in 2001. *Accommodation services* ranked second, accounting for 6.8% of the total tax revenues. Travel agencies generated 2.3% of tourism tax revenues for the state budget.

Beyond doubt, the major portion of tax receipts attributed to tourism was generated outside the category of tourism characteristic activities and products. The value of the excise tax and VAT on fuels generated by tourism amounted to PLN 1,351,288,000, which accounted for 67.2% of the total tax revenues from tourism.

In order to present fully the role of tourism in generation of tax revenues for the state, the analysis should be extended to cover corporate income taxes and personal income taxes as

well as social insurance contributions paid by employees and employers. In order to calculate the value of the income tax paid by those employed in tourism characteristic activities, an assumption was made that the actual rate of personal income tax was 15.61% (9.22%, net of health care contributions)⁵.

According to the calculations, the receipts from the personal income tax on people employed in tourism activities amounted to PLN 754,396,000, and the social insurance contributions amounted to PLN 772,867,000.

Having added up the aforementioned figures and the net value of product and production taxes, we obtain **the total tax revenues from tourism in 2001, which amounted to PLN 3,539,104,000, i.e. 12% less than in the preceding year.** It must be stressed that the final figure does not reflect the total tax revenues generated by tourism in 2001, since it is impossible to accurately estimate the receipts from corporate income tax.

⁵ Rzeczpospolita No. 43, Section B, p.1, 2003.

8. Conclusions and Recommendations

The presented TSA 2001 for Poland, which has been compiled according to methodology attempting to reconcile OECD guidelines applied for TSA 2000 and the combined OECD, WTO and Eurostat guidelines, is a tool for the observation of the changing importance of tourism for the Polish economy. However, full implementation of the adopted methodology requires accounting based on both current and fixed prices. Unless this condition is fulfilled, it is impossible to research the dynamics of changes; it is possible, however, to analyse structural phenomena, even though their full effect generally will become evident in the long-term.

Full implementation of the aforementioned methodology involves certain problems that should be overcome. First of all, a number of problems are related to the paucity of data describing the demand side of tourism. The major problems in this area that should be addressed include:

- the lack of data on same-day trips of Polish residents;
- the lack of full information on consumption of congress and fair organisation services attributable to congress tourism;
- the lack of full information on passenger car rental; and
- incomplete data on spa tourism..

Tackling with the first problem seems difficult, as relevant surveys would have to be conducted several times during a year. In this situation, an acceptable solution would be either to exclude those trips from the TSA or to include a question about conducting this type of activity over the last month in modular surveys, and subsequently to extrapolate the results to the rest of the year. However, prior investigation into the seasonal pattern of such trips would be necessary.

Complementation of the information gap concerning congress and fair organisation services is another difficult issue in terms of development of relevant surveys. In this case, surveys should rather be based on units such as enterprises which are consumers or suppliers of this type of services. In practice, it is impossible to determine reliable figures on the basis

of surveys of tourists used for this version of the TSA. Consequently, it would be necessary to carry out a special survey, which would involve additional expenses.

As regards spa services, problems related to obtaining reliable information occur on both the demand and the supply side. The problems result from the overlapping of two types of activities: health care services and fitness improving services. A solution to this problem entails co-operation with the Central Statistical Office for the formulation of exact definitions of those two items and gathering data on them.

It should be stressed that in certain cases the tourism consumption data used for the TSA 2001 were not sufficiently disaggregated. This particularly refers to data concerning food serving services and cultural and recreational services. However, it seems that further disaggregation on the basis of visitors' surveys is not possible but seeking solution to this problem does not seem necessary. It can be assumed that the present degree of disaggregation is sufficient for the TSA purposes and reflects real economic processes. A more serious issue, however, concerns attributing domestic tourism consumption to supplies provided by residents or non-residents. This problem will be further aggravated after Poland's accession to the EU and market liberalisation. It seems unrealistic to try to establish relevant figures by surveying visitors, since it is difficult to obtain representative results and, further, consumers are not always aware of the legal status of the service provider. In view of this, close co-operation with the National Bank of Poland is necessary in order to enable exclusion of products and services offered by non-residents on the basis of foreign payments and transactions.

As far as the supply side of the TSA is concerned, evaluation of the effects of the methodology implementation proves far more complex. A serious difficulty is associated with detailed data in production account at the level sufficient for the TSA compilation purposes. This problem is caused by the method of obtaining information on enterprises with up to 9 employees, for which generalisation of survey data is only available at the division level. The same problem occurs in the case of the output and supply data covered by the TSA: detailed surveys in this respect are only conducted for production enterprises. The lack of sufficiently disaggregated data is particularly hampering in the case of Division 63.3, since it affects calculation of the net production of entities classified in this category and prevents monitoring of developments in tour operator, travel agency and guide services in Poland.

Another serious drawback stems from the time span between the availability of the data and the period which they cover. The delay is particularly long in the case of the input output accounts which are very useful for TSA compilation. The accounts not only provide a tool for following intersectoral flows – at least partially, but also help data balancing which increases their reliability. The use of unbalanced data can result in the need for TSA verification at a later stage.

A significant problem which should be addressed is the common OECD, WTO and Eurostat methodology. It has already been mentioned in this account that the European Union recommends this methodology to be used by its Member States. However, certain solutions adopted in this methodology give reason to doubt. On the one hand, the methodology concentrates on detailed analysis of tourism consumption based on data disaggregated to a

degree which is almost unattainable for surveys. The only workable solution would be to survey demand using budget books, what is very expensive. For technical reasons, this solution could not be used for surveying non-residents. As for the value of the information obtained this way it does not seem to justify so considerable effort. On the other hand, problems related to output, value added generation and distribution of income in tourism industries are addressed only superficially. TSA compilers are granted a significant degree of freedom as concerns the basic aggregates that describe the contribution of tourism to the economy. Such uneven emphasis: a detailed analysis of demand and very sketchy one of the supply side of tourism and its contribution to the economy, gives rise to doubt, whether the balance between the costs involved in TSA compilation and its usefulness has not been upset.