MINISTRY OF SPORTS AND TOURISM
TOURISM DEPARTMENT

TOURISM SATELLITE ACCOUNT FOR POLAND 2005

SUMMARY

Simplified version

INSTITUTE OF TOURISM
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List of abbreviations

TCP	– tourism characteristic products
TCA	– tourism characteristic activities
ESA 1995	– European System of Accounts
FTE	– full-time equivalent
MF	– Ministry of Finance
IMF	– International Monetary Fund
NACE Rev 1	– European classification of economic activities
OECD	– Organisation for Economic Cooperation and Development
PKD	– Polska Klasyfikacja Działalności (Polish classification of activities)
PKWiU	– Polska Klasyfikacja Wyrobów i Usług (Polish classification of goods and services)
TRA	– Tourism-related activities
RMF	– Recommended Methodological Framework
TSA	– Tourism satellite account
SNA	– System of National Accounts (SNA 93 – the 1993 System of National Accounts)
TVA	– Tourism value added
UNWTO (OMT)	– World Tourism Organisation
WTTC	– World Travel and Tourism Council

INTRODUCTION

Due to the complex character of tourism economy, the estimation of tourism economic results requires the application of various sources of statistical information. The basic methodological assumptions for making such comparative estimates are included in the Recommended Methodological Framework (RMF)[1]; its Polish adaptation was used in the elaboration of the 2000-2002 Tourism Satellite Accounts (TSA) for Poland. This methodology is very extensive, especially when related to details of its analytical part and, in consequence, it calls for the use of detailed data applied in National Accounts. Considering the fact that these data are only available about three years after the reference year's completion and their comparison on the required level of disaggregation is labour-consuming, the TSA results are usually much delayed. Therefore, it is necessary to work out such methodological solutions that would result in cost reduction and quicker acquisition of basic parameters describing effects of tourism in the reference year. Such methodology was developed to calculate the economic results of tourism in 2003-2004. It was also used in the present report that contains assessments for 2005. The report is divided into six chapters: the first chapter and the last one include methodological explanations, while the remaining chapters contain presentation and description of obtained estimates. Tables and attachments can be found at the end of the report.

The TSA simplified version was written by the following research staff of the Institute of Tourism and the Warsaw School of Economics:
Prof. Ewa Dziedzic, PhD – the editor and coordinator of the report, added value and tourism GDP;
Magdalena Kachniewska, PhD – tourism employment, including the employment module;
Krzysztof Łopaciński, PhD – investment and fixed capital formation;
Teresa Skalska, PhD – tourism consumption by non-resident visitors.

Work on the account was possible thanks to the financial contribution and efforts by the Tourism Department of the Ministry of Sports and Tourism.

[1]*Tourism Satellite Account: Recommended Methodological Framework.* WTO, UE, OECD, UN, 2001

1. BASIC METHODOLOGICAL ASSUMPTIONS

1.1. Objectives and contents of the report

As it was mentioned in the introduction, the main objective of the present report is to make calculations that would permit an assessment of the tourism contribution to national economy in a better updated and less costly way than it is outlined in the full version of the TSA. According to the a/m assumption, this report contains the description of the methodology and the evaluation of the following elements:

- Tourism consumption by products incurred by residents and non-residents and indirect consumption in buyer's current prices;
- Global production of tourism products by types of activities in basic current prices;
- Modified ratios of tourism added value;
- Tourism added value and the so-called tourism GDP in current prices;
- Employment and its structure in characteristic tourism activities (TCA);
- Outlay for fixed assets in the TCA counted in buyer's current prices.

According to the basic assumptions of the TSA methodology as presented in the RMF, only direct effects were taken into consideration while assessing tourism economic results. They include expenditure of Polish nationals on domestic tourism as well as this part of their expenditure on outbound tourism, which was paid to companies operating in Poland, and expenditure of non-resident visitors. Basically, the subjective and objective scope of the report is in accordance with the TSA scope. Similarly to the TSA for 2002, the evaluation includes all types of tourist trips, which means undertaken by same-day and overnight visitors. As regards types of economic activity and products, in the simplified TSA version were considered all specified tourism activities (tourism characteristic or tourism connected), which were include in the TSA for 2002[2]. Only those items were eliminated that were not included in the tourism consumption in 2002, or were considered to represent a very low quality. It resulted in the evaluation of tourism activities belonging to four sections: H, I, O and G.

1.2. Guidelines for estimates and sources of information

The guidelines for estimates of tourism economic effects in 2005 were methodological assumptions presented in the final part of report on the TSA results for 2002.[3] They were based on the analysis of tourism economy structure in the years 2000-2002 for which full TSA versions were elaborated. The basic ratio describing this structure are the following:

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[2] A list of types of tourism activities and products included in the TSA for 2002 can be found in attachments.

[3] *The Tourism Satellite Account for Poland 2002*, op. cit., pp. 71-76

- Production specialization ratio that defines the volume of basic products in the global production of tourism economic activities;
- Tourism consumption ratio expressed as the share of visitor consumption in the domestic supply of tourism services.

It is necessary to apply both ratios in order to define direct input of tourism into national economy; their product constitutes TVA ratio (tourism value added ratio). Instability of the two ratios, lack of perceivable tendencies and a short period of data collecting (only three years) make it difficult to apply statistical procedures allowing for projection of their level in the forthcoming years. Therefore, it is assumed that the structure of production specialization in 2003-2005 and, consequently, also the production functions did not undergo any major changes in comparison with 2002. Similar assumption was adopted in relation to the remaining estimates: employment in companies staffed up to 9 persons, outlays on fixed assets in tourism characteristic activities and traveling characteristics of Polish nationals.

As regards the values of tourism consumption ratio, they were updated in accordance with changes in tourism consumption recorded in 2005. The updating procedure was based on the observation of dynamic changes in the global production volume of a given type of tourism activity as well as on the dynamics of consumption of the tourist product generated by this activity. In case of the growth rate instability, the tourism consumption ratio was adjusted (raised or lowered), which resulted in the increase or decrease in numbers of visitors buying the given product.

1.2.1. Tourist consumption, global production and value added

The estimation of the volume of tourism consumption by residents on Poland's economic territory was based on the following information sources:

- Modular survey on tourism activity by Polish residents in 2001, carried out by GUS;
- Household budget surveys concerning tourism-related expenditure conducted on a quarterly basis by GUS in the years 2003-2005;
- Survey on tourism activity and outbound tourism consumption by Polish residents conducted by the Institute of Tourism in 2005;
- Figures concerning expenditure on business trips calculated by GUS for the needs of national accounts.

Demand for tourist services by non-residents was evaluated with the use of two information sources:

- Border surveys on inbound tourism and expenditure by non-residents (tourists and same-day visitors) conducted by the Institute of Tourism in 2005; data collected by border guards (published by GUS) were also used in order to estimate the rate of expenditure by non-residents;
- Data of the National Bank of Poland compiled in the balance of payments on a transaction basis in relation to travels and transportation; however, the published balance of payments on a transaction basis does not allow for exact calculation of the international transportation value as regards passenger traffic. Therefore, the dynamics of changes was used in order to evaluate this particular item.[4]

[4] Detailed information on methodology of the evaluation of tourist demand by non-residents were presented in the TSA edition for 2002

While estimating residents' demand, travel characteristics from modular survey were used; the volume of expenditure on particular products was corrected on the basis of changes in household spendings and companies' expenditure on business trips. As regards households and their expenditure on tourist events, the yearly dynamics of changes was considered, while in relation to remaining products only the changes occurring in the third quarter of the year were taken into consideration: the third quarter is the busiest period for tourist traffic in Poland.

Similarly to the previous editions of the TSA and in accordance with the accepted methodology, figures on the demand side of the TSA are net values, i.e. the value of specific services purchased by visitors in the form of events was determined as separate estimates.
As concerns the evaluation of such variables as global production and value added, it was based on their figures recorded in 2005 for the sections H, I, O and G (published by GUS)[5].

1.2.2. Tourism employment

Just like in the previous TSA editions, the information on tourism employment refer only to tourism characteristic activities (TCA). The data from 2005 that provide information on hired labor, employers, owners, co-owners and unpaid family labor (self-employed persons)[6] were based on Z-06 form, dated 31 December 2005. The presented data include Polish economic entities regardless of their ownership status (public and private sector), but are related only to enterprises with more than nine employees (full survey). With no figures available for enterprises staffed with less than nine persons, called micro-enterprises, the estimates based on data from 2002 were elaborated with the assumption that in 2005 the structure of employment in particular company groups remained unchanged. In all tables data referring to air transport were classified for the sake of necessity to keep statistical data secret.

Actual employment related to tourist traffic is estimated on the basis of the TVA ratio, which allows to determine how large a growing number of employees working in characteristic tourism activities is due to tourist traffic development in Poland without taking into consideration services rendered to other groups of buyers purchasing the same kind of products, e.g. providers of catering services.

1.2.3. Accumulation

According to the TSA methodology, the value of both the gross accumulation and the gross capital resources are calculated for the TCA, and therefore it cannot include tourism-related outlays, which are spent on secondary production resulting from non-tourist activities. As in the full TSA version, non-material and legal values were not considered; neither were considered lands and similar capital resources belonging to the group of non-productive and non-financial assets. In practice, the evaluation of tourism economy results requires all information used for the elaboration of full TSA version. However, it is possible to reduce the scope of these information and construct an simplified methodology , but the estimates should be prepared with the use of aggregated data considering fixed assets investments (assessment

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[5] *National accounts according to sectors and institutional sub-sectors 2000-2005*, www.stat.gov.pl, published 2007.07.11

[6] Detailed description of vocabulary used in the Polish statistics of labor force can be found in the *Tourism Satellite Account for Poland 2002*, op. Cit., pp. 44-47

of expenditure in TCA) as well as ratios from previous studies. According to the methodological assumptions of the simplified TSA, tourism investments in the sections H, I and O were analyzed. In relation to data on expenditure and gross fixed assets, their figures were not corrected with the use of the tourism value added ratio (TVA) because this procedure would not be logically justified; such investments cannot be divided, e. g. it is difficult to declare that three quarters of an aircraft constitute a tourism investment).

As regards the data on investment outlays on fixed assets spent on TCA in current prices in 2005, they were primarily retrieved from production account and income generated by sections. Calculations were made with the use of results obtained from the scrutiny of accounts and data referring to results of investment activities published by GUS[7]. In order to evaluate the structural ratios indispensable to assess investment outlays and the value of fixed assets in TCA, one had to use information referring to those ratios in the years 2001-2002, which were published by the Institute of Tourism.[8]

[7] *National accounts according to sectors and institutional sub-sectors 2000-2005.* GUS Warsaw, June 2007*, Construction industry. Operational results in 2003 (and in 2004-2006),* GUS.

[8] *Tourism Satellite Account for Poland 2001 (and 2002).* Institute of Tourism 2003, 2004.

2. TOURISM CONSUMPTION

2.1. Characteristics of tourism consumption

In 2005 tourism consumption within the economic territory of Poland was determined at PLN 37,186,104,000 (Table 1), of which PLN 17,909,662,000 represented resident expenditure (household spending and expenses on business trips).

Similarly to previous years, the analysis of the structure of tourism consumption indicates domination of expenditure on tourism characteristic products (59.9%), whereas tourism connected products and others accounted for 40.1% of total tourism consumption. As regards tourism characteristic products purchased by visitors (residents and non-residents jointly), the largest item represented expenditure on transport services (3.1%), accommodation services (hotels and other accommodations – 27.6%) and food serving services (22.2%). The structure under analysis is similar to that recorded in 2004. Noteworthy is slightly larger share of net travel agency services (profit margins, commissions, tourist assistance services, etc.) that accounted for 6.4% of overall expenditure on tourism characteristic products (5.5% in 2004). For many years expenditure on tourism connected products was largely determined by expenses on fuel, accounting for 18% (PLN 6,683,711,000) of total tourism consumption in 2005. Within the group of tourism connected products, a significant share should be attributed to expenditure on food, beverages and tobacco products: PLN 3,931,440,000 (10.6%).

Total expenditure by non-resident visitors in 2005, in Poland or abroad but for the benefit of Polish business entities, was estimated at PLN 19,276,443,000. Overall tourism consumption by non-resident visitors consists of purchases of tourism characteristic products (a total of PLN 10,013,703,000, i.e. 51.9%) and tourism connected products and other goods and services (a total of PLN 9,262,740,000, i.e. 48.1%). For many years, the share of the second category is quite considerable and results from high spendings of non-resident visitors on shopping for their own needs. As regards the structure of tourism consumption by non-resident visitors by type of products, accommodation services (a total of 18.2%) and food serving services (15.2%) represented the largest items. As in 2004, the share of expenditure on passenger transport services provided by all types of Polish carriers in 2005 was relatively small (9.1%). It stemmed from the structure of inbound tourism by means of transport: in spite of the growing importance of air transport services, a vast majority of non-resident visitors used own cars; accordingly, their spending on fuel, which accounted for 16.3% of the total consumption by non-resident visitors coming to Poland, exceeded the income of Polish carriers derived from passenger transport services purchased by tourists. Passenger transportation was dominated by air transport services (62.7%), followed by land transport services (23.4%). It is worth pointing out that the share of air transport in 2005 dropped down (development of air passenger traffic is largely due to the participation of big foreign air carriers), while land passenger transport is growing from year to year.

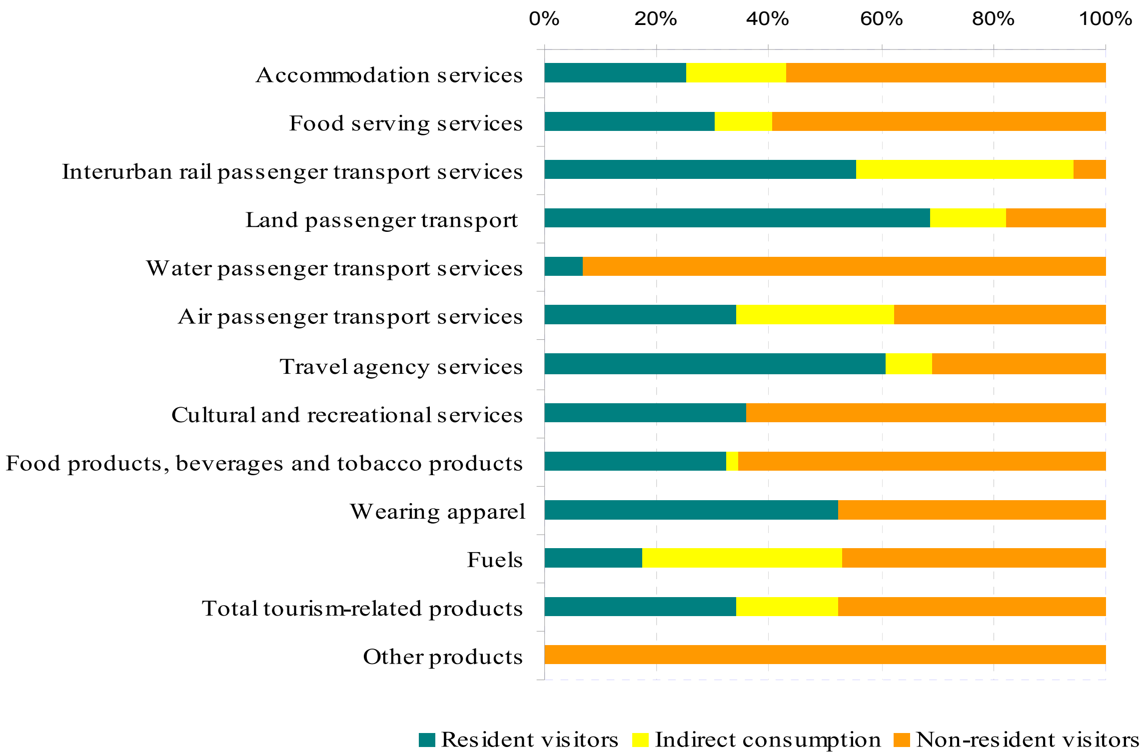
In 2005, non-resident visitors' spending on recreational, entertainment, sporting and museum services increased slightly in comparison with previous years, but it still represents a minor share (a total of ca. 7.2%). At the same time, the share of travel agency services, defined as margins charged by tour operators on services related to inbound tourism in Poland, went up only a bit and accounted for 2.3% of total expenditure. As regards the structure of expenditure by non-residents, the share of the item described as other goods and services purchased by visitors dropped considerably down to 14.9% as compared to 20.5% in 2004. It is assumed that shopping is still important for tourists and same-day visitors (excluding food products, wearing apparel and footwear as separate categories in TSA), but its attractiveness and volume is declining due to gradual leveling of prices on the markets of Poland and its neighbors.

As regards tourism consumption by resident visitors in 2005, domestic trips accounted for a dominant share of household expenditure: they accounted for 65.5 % of tourism consumption of Poland's residents. Another major item represented expenses on tourism characteristic products (68.4%), of which expenses on transport services deserve particular attention as they accounted for 47.7% of total tourism expenditure. Rail transport represented the largest share (12%), but it was closely followed by land passenger transport (10.5%) and air passenger transport (10.1%), the latter one increasing from year to year. Other major items included spending on accommodation services (14.8%) and food serving services (11.2%).

From the point of view of businesses operating in the tourism market, it should be interesting to identify the types of travel generating demand for specific product groups. This is illustrated in Graph 2.1 with reference to trips by non-resident visitors, resident households and business trips by residents.

In the case of accommodation services (hotels and other short-stay accommodations), non-resident visitors definitely represented the most important group of hotel guests (57%), as in previous years accounting for more than a half of total hotel services consumption. The least important group of hotel guests is represented by persons on business trips (17.6%). Also food serving services were primarily purchased by non-resident visitors (59.5%) and resident households (ca. 30%). Rail transport services, especially international rail links (55.5%) and other land passenger transport services (68.5%) were preferred by resident households. Furthermore, it should be pointed out that resident visitors accounted for a significant share in purchases of air transport services (close to 28%) and fuel (over 35.5%).

Graph 2.1. Consumption of tourism products by type of travel in 2005



2.2. Trends and dynamics of changes

When compared with the respective values for the previous year, the changes in tourism consumption in 2005 are undoubtedly encouraging. Noteworthy is the increase in total tourism consumption by over 11% (from 33.5 billion to 37.2 billion). These changes are primarily due to significant growth of consumption by non-resident visitors (14.6%), but also to increased domestic consumption by resident visitors within the framework of household budgets (3.3%). Tourism consumption by domestic business trippers went up by quite considerable 16.5%. The year 2005 witnessed structural changes that seem to be important for the whole tourism industry. In spite of the fact that the growth of tourism consumption was mainly due to the increased expenditure on fuels (38.1%) and on food products, beverages and tobacco products (17.6%), a marked growth in consumption of tourism characteristic products was also recorded. Thus, the share of spending on travel agency services grew by 32.4%, on hotel and other short-stay accommodation services by 16.1%, and on food serving services by 17.4%. At the same time, a fall in expenditure on wearing apparel and footwear was reported. As regards the share of particular groups of products in tourism consumption, it should be noted that thanks to the aforementioned changes in 2005, a significant growth of expenditure on purchase of tourism characteristic products and services was recorded (62.6% in 2003, 58.8% in 2004 and 59.9% in 2005).

3. TOURISM GLOBAL PRODUCTION, VALUE ADDED AND TOURISM CONTRIBUTION TO GDP

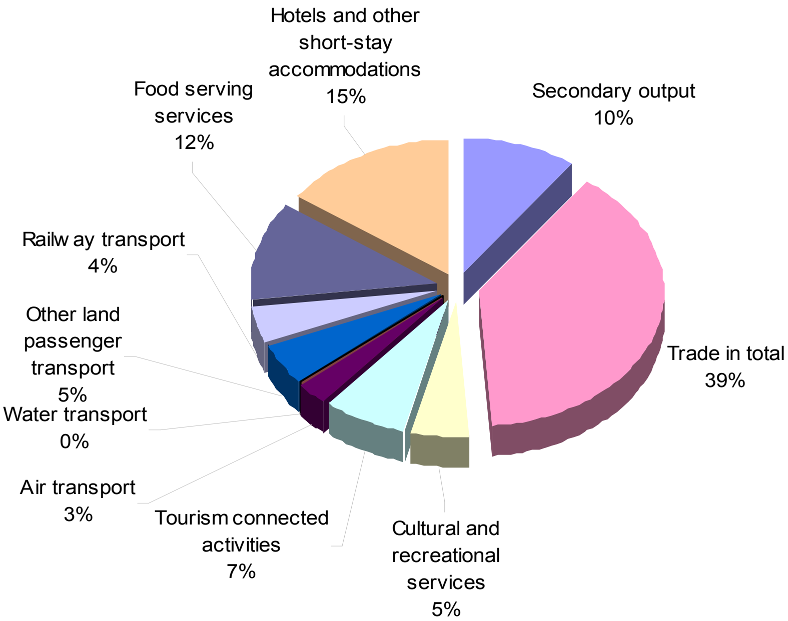
3.1. Characteristics of global production and value added in 2005

In 2005, the value of primary global output in tourism characteristic activities amounted to PLN 57,065,636,000, while the total of tourism activities generated PLN 137,466,123,000 (Table II). Both values, respectively, accounted for 2.9% and 7% of Poland's total GDP. These values, however, cannot be identified with production designated solely for tourism consumption. Firstly, only a part of this production is consumed by visitors. Secondly, the quoted figure does not include the value of secondary output of tourism products in activities not connected with tourism. As regards the structure of global production in all types of tourism activities, the share of section G prevails. This section embraces retail and wholesale trade, which represents tourism connected activities, and accounted for 58% of the total, while the share of section H, very closely connected with tourism, accounted only for 12% of the total.

In 2005, the total value of tourism value added generated by tourism characteristic activities was PLN 50,938,062,000, which accounted for 5.9% of value added generated in the economy as a whole. This figure, when compared with global production value, indicates that tourism characteristic activities are capable of generating more than average of value added in the country's economy. Land passenger transport (45%) dominated in generation of value added in TCA, while the share of accommodation services and food serving services (21%) as well as that of cultural and recreational services (17%) was also quite important. Activities very strongly associated with tourism such as services of accommodation industry and travel agencies reached 13% of the whole.

It was mentioned already a few times that value added in tourism characteristic activities (TCA) cannot be identified with tourism value added that has to be adjusted by the tourism consumption ratio and production specialization ratio. Tourism value added calculated in this way amounted to PLN 18,754,657,000 in 2005, which accounted for 2.2% of value added generated in the whole economy. Graph 3.1. shows the composition of tourism value added in 2005 by type of activity.

Graph 3.1. Tourism value added in 2005 by type of activity



The data presented in Graph 3.1. indicate that over a half (51%) of tourism value added was generated by tourism characteristic activities, 39% by trade, which is tourism connected activity, and 10% by secondary output of tourism products created in other than principal fields of activity. The largest share of tourist value added in TCA was represented by accommodation services and food serving services (27%), followed by tourism value added generated by transport services (12%) and tour organization and intermediation services – 7%. But if we take into consideration only tourism value added generated in TCA, we notice that the largest share was represented by accommodation industry (30%), followed by catering business (24%) and tour organization and intermediation services (14%).

3.2. Contribution of tourism industry to GDP in 2005

The determination of GDP generated by tourism involves adding the value of net indirect taxes on tourism products, i.e. the value of taxes on imports, VAT and excise tax less subsidies on tourism products, to tourism value added. Defined as above, tourism GDP was PLN 23,188 million accounting for 2.36% of GDP generated in Poland in 2005.

On the basis of the assumptions adopted for the simplified methodology of the TSA, an alternative estimate of tourism GDP was prepared. Tourism GDP is calculated with the use of methodology based on production data. In the case of the TSA it includes final consumption and exchange with sector "abroad". Tourism GDP calculated in such way comprises tourism final consumption by the following sectors: households, state and territorial governments (travelling allowances connected with domestic business trips) as well as balances of tourism exchange with sector "abroad" (expenditure of non-residents in Poland minus expenditure of Polish nationals abroad). The present calculations were made with the partial use of data, which, so far, have not been taken into consideration. These data refer to tourism consumption connected with domestic trips and Polish nationals' expenditure on outbound tourism. They were gathered during surveys conducted by the Institute of Tourism. In 2005, travellers spent

PLN 15,989 million on domestic tourism and PLN 10,836 million on outbound tourism[9]. As regards expenditure of domestic travellers, estimates for Polish nationals (for both private and business trips, without outbound travels) were practically identical (PLN 15,967 million) with those calculated when preparing Table I TSA. Value of tourism GDP in 2005 that was estimated with the use of such method amounted to PLN 20,787 million, and was lower by PLN 2,400 million than the value of tourism GDP calculated with the use of added value method. This accounted for the share of 2.11% in GDP generated in Poland. This result is similar to that calculated with the use of methodology applied to the simplified version of TSA.

3.3. Trends and dynamics of changes

In 2005, both global production in tourism activities and the share of tourism in GDP increased by 2.36%, compared to 1.91% in 2004. It was greatly due to significant dynamics of tourism value added that was higher than 5.3%, the level reached by value added in the whole country's economy. Value added in tourism amounted to 31.1%, while value added generated by tourism characteristic activities was even higher and soared to 35%. The sharpest growth was recorded in such fields of activity as hotel accommodation and food serving services (58.3%) as well as in tour organization and intermediation services (40.5%). On the other had, railway transport recorded a decrease by 3.5%. Relatively small increase, but higher than average in the national economy, was recorded in case of other land passenger transport (6.2%) and in cultural and recreational services (9.3%). These results were primarily due to significant growth of tourism consumption, its favourable structure and an improvement of relation between value added and global production in tourism sections of national economy. While it remained unchanged in the whole national economy and stayed on the level of 0.44, in section H it went up from 0.52 to 0.54 and in section I – from 0.43 to 0.45. In section O it remained on the level of 0.54, while in section G it increased fro 0.55 to 0.56.

[9] See data on www.intur.com.pl. Expenditure on same-day domestic trips was estimated with the assumption that their number corresponded to domestic short trips, and an average expenditure was equal to average expenditure per day characteristic for that type of trips; as regards same-day outbound trips, their number was calculated on the basis of border-crossings, and expenditure was estimated with the assumption that an average expenditure incurred for such trip was equal to daily spendings abroad.

4. TOURISM EMPLOYMENT

4.1. Characteristics of labour force in tourism activities in 2005

In 2005, the number of persons employed in tourism characteristic activities (TCA) was a bit higher than 607,000. Thus, in 2005 TCA employment accounted for ca. 5% of total labour force in the economy. However, actual employment related to tourist traffic, estimated on the basis of the TVA ratio, appeared to be much lower – only slightly more than 146,000. Owners, co-owners and unpaid family labour (self-employed persons) accounted for 17% of the total actual employment. Independently created jobs were mainly generated by micro-enterprises (employing less than 9 persons) that hired 33% of all employees in 2005.

The largest number of jobs was offered by restaurants - 18% of all employees in TCA, followed by railway transport (21,000 persons) and bars (over 15,000). Hotels offered jobs to 21% of all employed in TCA, while other short-stay accommodations – 14%, and travel agencies a mere 4%.

The greatest number of self-employed persons worked in restaurants (28%) and bars (26%), while other than hotel accommodation facilities offered jobs to a smaller number of persons (17%).At this group level, hotels employed a modest 7%, canteens and catering – 9% and travel agencies – 5%.

In 2005, the number of women employed in services for tourist traffic was 84,000. It accounted for 57% of total employment in TCA, compared to 46% of total number of female workers in the whole economy. Women workers dominated in those types of activities that are usually associated with tourism e.g. hotels (64% of all employees) and other short-stay accommodation facilities (69%), restaurants (64%), and canteens and catering enterprises (68%). Furthermore, female employment was also significant in travel agencies (60%). The section of hotels and restaurants provided jobs for more than 65,000 women, which accounted for 78% of all women employed in TCA and for over 1% of female workers in the whole economy.

The largest number of men found jobs in catering industry, especially in bars, which employed 28% of all self-employed males working in TCA, and restaurants (26%). Less self-employed male workers found jobs in hotels and other accommodation facilities: 10% and 15% respectively. These figures demonstrate that both female and male self-employed persons working in tourist industry dominated in such sectors as catering and accommodation services, although in those types of activities women outnumbered men.

Data on employment by gender in tourism differed from those recorded for the whole economy. The share of women in the group of employees, hired labour and self-employed persons in the whole country's economy in 2005 was 46%, 47% and 49% respectively. In case if TCA the corresponding figures are 57%, 58% and 54%, which means that - in comparison to other types of economic activity - tourist industry favours female employment. However, in previous years men proved to be more active in job creation: compared to 16% of self-employed women, 19% of all men working in TCA were self-employed.

As regards value added per person employed in TCA, it amounted to PLN 64,700 (nearly twice as much as in 2004). This indicator varies significantly between activities: PLN 53,000 in accommodation facilities, PLN 46,000 in canteens and catering companies, and almost PLN 240,000 in tour organization and intermediation services, where value added per person in 2005 largely exceeded the indicator for the whole economy (PLN 67,200). This confirms the trend from 2004, when value added per person in travel agencies was 5.5 times higher than in the whole economy.

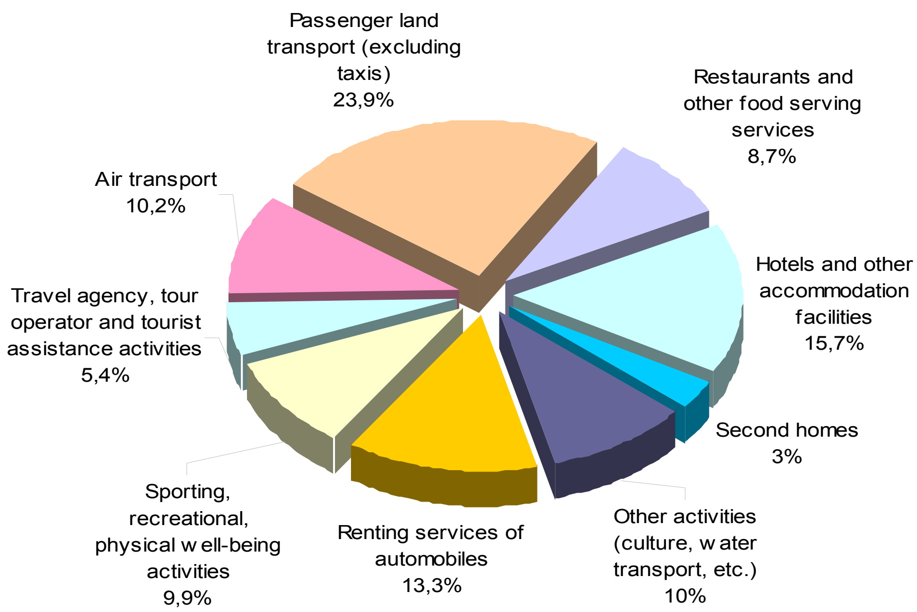
5. CAPITAL FORMATION IN TCA

5.1. Fixed capital formation

In 2005, fixed capital formation, i.e. expenditure on buildings and structures, means of transport and other fixed assets including land improvement expenditure, in tourism characteristic activities amounted to PLN 4.5 billion, accounting for 3.4% of fixed capital formation in Poland's economy.

In 2005, 1,012 facilities were put into operation, their total capacity amounting to 1,451,000 cubic meters, including 297 hotels. In the same year, construction and installation output in hotels and other tourism accommodation facilities completed by contractors amounted to PLN 425,100,000, higher by 54,1% compared to 2004.

Graph 5.1. Fixed capital formation in tourism characteristic activities by type of activity in 2005



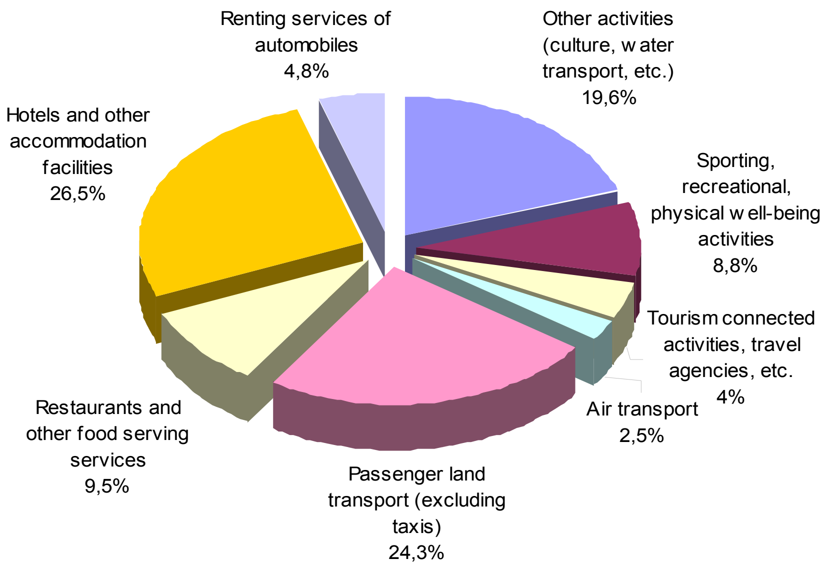
The above information referred to commercial accommodation. As regards private accommodation, the TSA only covered the so-called second homes. This group of facilities has included the category of summer homes, vacation homes and country mansions in rural areas. In 2005, 1,516 facilities with a total capacity of 474,800 cubic meters and the value of PLN 132.1 million were put into use.

In 2005, air transport sector invested in the purchase of new means of transport ca. PLN 40,700,000, compared to PLN 398,800,000 in 2004. Total investments on air transport in 2005 amounted to PLN 455,900,000, compared to 424,400,000 in the previous year.

5.2. Gross fixed assets in tourism characteristic activities in 2005

In 2005, the gross value of fixed assets including produced non-financial assets (buildings and structures, means of transport and other produced non-financial assets) in tourism characteristic activities (excluding the value of land and second homes) was PLN 40 billion, i.e. 2.2% of the total gross value of fixed assets, and in 2004 – PLN 36.5 billion, i.e. 2.1% of the total gross value of fixed assets in the country's economy.

Graph 5.2. Gross value of fixed assets in TCA by selected groups of activity in 2005



The gross value of fixed assets given above excludes the value of land. Nor does it include the value of vacation homes.

6. CONCLUSIONS

According to the accepted assumptions, this report contains estimates of basic characteristic values that define economic results generated by tourist industry in 2005. However, the presented methodology has a testing character and further research is necessary; therefore, the interpretation of acquired results demands a certain degree of cautiousness. Elaboration of full TSA version for 2005 is going to verify its accuracy. This will also allow for the estimation of structural changes that occurred in tourist industry in comparison with 2002, and their impact on the results of simplified TSA.

Estimation of tourism share in Poland's GDP with one year's delay and with the application of final use method constitutes a separate problem. Obtained results shows a considerable concurrence with data quoted in the simplified version of TSA, and this should become an impulse for further improvement of both methodologies. Regular use of this method cannot be based on only two years' observation period. It is necessary to make appropriate calculations of tourism GDP for subsequent years with the use of final consumption method, because it can become a potential tool for monitoring trends in tourist trade. This tool has certain advantages that include relatively small requirements as regards the scope of necessary data. However, in order to obtain reliable results, an appropriate survey of tourism expenditure has to be put at researchers' disposal. At present, weak points include lack of data on expenditure incurred by Polish same-day trippers, unavoidable use of data provided by the GUS Department of National Accounts as regards expenditure on business trips, and lack of information about the share of expenditure on outbound business trips. Additional problem is the availability of data related to arrivals of non-resident visitors after Poland accession to Schengen zone. It is important to remember that due to the lack of certain data even full TSA version does not encompass all items of tourism consumption and these gaps have to be filled in the future.