
*Dynamics of tourism in
northern Australia.*

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Outline of Presentation

- Brief overview of the structure of tourism in northern Australia
 - Outline the function of tourism as an export sector
 - To examine the current impediments facing the regional tourism industry
 - To suggest some ways forward
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State of Tourism in Northern Australia

- Northern Australia occupies a peripheral location relative to major generating regions in Australia and overseas.
- Travel to the region is costly in terms of time and transport therefore it must offer attractions that are unique.
- Main focus of tourism activity is the coastal regions particularly in the Cairns area (2+million pa) and to a smaller extent Darwin. Both are air hubs
- Relatively minor dispersal of tourism beyond the coastal region. Main form is drive tourism.
- The difficulty of achieving regional dispersal is a result of a perceived lack of unique tourism products as well as distance and cost. This area has low growth potential.
- The industry is sensitive to external forces such as the value of the AUD\$ and the GFC.
- The industry is sensitive to domestic price pressures

Regional Economic Base

- Successful regional economies are usually based on a resource that is exported ie mining, agriculture and tourism
- Export dollars are then available to pay for the region's imports
- The Cairns region enjoys an economic advantage in two major export sectors: Tourism and Agriculture
- In other parts of northern Australia tourism is a small export sector overshadowed by agriculture and mining
- All non export industries in the region support the economic base. If the economic base declines, export income ceases and other industries decline
- There has been considerable discussion in Cairns about alternative industries to supplement tourism
- Any industries of this nature will need to be export orientated.
- Import replacement industries will only thrive while the economic base thrives

Natural Resources and Location

- In terms of tourism resources Cairns enjoys a *competitive advantage* in its location adjacent the Great Barrier Reef and the Wet Tropics Rainforests. Mild winter weather is also a competitive advantage.
 - Cairns suffers because it has a *peripheral* location that drives up transport costs and has a low population base that can not provide large numbers of day visitors or attract large number of VFR visitors.
 - Non coastal regions lack tourism resources that can give them a competitive advantage.
 - In the future problems stemming from climate change may generate problems for the region's reefs and rainforest resources.
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Profile of Visitors

Tropical North Queensland

- Nature is the key resource
- Major motives for visiting are the Reef, rainforest and rest and relax
- The average stay is about 8 days
- Fly ins are the largest sector
- 50% of visitors travel as couples
- Dispersal is generally limited to 200kms

Remainder of northern Australia

- Relatively small number of drive visitors except Darwin and Alice Springs
 - Alice Springs has suffered a long term decline in numbers
 - Most non coastal tourists are long distance drive tourists and Grey Nomads
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Current Economic Situation

- Cairns has the most tourism dependent local economy in the nation at 16% of GDP and 20% of full time jobs.
 - Depressed local economy reflected in high unemployment particularly in the construction sector and tourism.
 - The value of the \$AUD makes it difficult to attract some overseas markets and makes overseas holiday cheaper than domestic holidays.
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Constraints on Further Growth

- Most of northern Australia is remote and accessible only by road
 - Aside from its peripheral location, seasonality and low population base the coastal region based on Cairns has few major natural constraints that can hinder tourism development
 - External constraints include cheaper domestic and international competitors, the high value of the Australian Dollar, lack of leadership of the tourism industry nationally and lack of support from government
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Constraints in Cairns

There are a number of issues that have hindered the local tourism industry for some time including:

- Lack on unity – many firms fail to recognise that their success is tied to the success of the tourism industry
 - Lack of local leadership – the Cairns Regional Council does not have a dedicated Tourism Officer who can offer advice to Council on a range of tourism related issues. The CRC appears to refuse to acknowledge that it is a vital part of the success of the tourism industry. This is not the case in other areas such as the Gold Coast and Sunshine Coast
 - Other LGAs have levies that are used for marketing and are able to outspend TNQ in key markets
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Constraints Continued

- High commission structure – makes many businesses uncompetitive and/or forces them to cut quality
 - Poor service culture in some sectors ie restaurants
 - Difficulty with public transport ie no bus service to airport
 - Slow to develop new markets ie food
 - Lack of information available within destination ie no info at airport, only commissionable products at travel agents
 - Inability of TTNQ to provide leadership in non marketing focused areas
 - Failure to capitalise on some of the region's natural advantages ie ecotourism and food and wine
 - Some product is tired
 - Recent emphasis on price instead of quality has harmed region
 - Reduction in research capacity
 - Disengagement of locals from the tourism industry
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Solutions offered to Date

- Develop new forms of tourism in non coastal areas – these forms have yet to be identified
 - In Cairns - find alternatives to tourism – there are few apparent alternatives that have the capacity to generate serious export dollars
 - Boosterism – Build expensive new infrastructure such as the cultural centre. This will undoubtedly help but is it the only or best solution?
 - Hope that the government will assist – but why should it?
 - Develop new markets
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The Way Ahead

- In Cairns recognise that tourism will be difficult to replace as the region's most important export sector
 - For this reason there needs to be a lot more attention given to the tourism industry by the community and LGAs
 - Focus on what works and what the region does well at
 - Specific issues (Cairns and northern Australia):
 - Improve the quality of the visitor experience
 - Improve local leadership
 - Enhanced regional research capacity
 - Innovation
 - Investment by LGAs to support tourism promotion and planning
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