

TOURISM AND THE GREAT BARRIER REEF

A Report prepared for the Great
Barrier Reef Marine Park Authority

by
M. J. Gibbings

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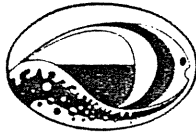
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M.J. GIBBINGS



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C O N T E N T S

	Page
1. INTRODUCTION	1
2. SOME DEFINITIONS	3
3. SUMMARY	4
4. REEF TOURISM TRENDS	10
4.1 Accommodation Receipts	10
4.2 Visitor Profile	12
4.2.1 Data Buses	12
4.2.2 Accommodation Used	14
4.2.3 Origin of Visitors	15
4.2.4 Transport Mode	16
4.2.5 Age Distribution	18
5. MARKET DETERMINANTS	19
5.1 Population	20
5.2 Employment, Unemployment and Leisure Time	23
5.3 Household Income and Expenditure	26
5.4 Prices	28
6. OVERSEAS VISITORS	34
7. THE PRODUCT	38

1. INTRODUCTION

The aim of this Report has been to assess the likely future of Great Barrier Reef Tourism given some future scenarios developed in terms of predicted changes in relevant socio-economic and other variables.

As a starting point the Consultant was required to take account of the proceedings of the Tourism and the Great Barrier Reef Workshop organised by the Queensland Department of Tourism and the Great Barrier Reef Marine Park Authority and held in Mackay, April 9-11, 1979. Participation in that Workshop and prior meeting in relation to the formulation of the Workshop programme comprised part of the Consultant's brief.

The Report has been based on analyses of available data only and no primary collections have been undertaken or were provided for in the contract. Data employed have been gleaned from a variety of official and industry sources. In particular use has been made of data bases arising out of two major travel surveys, one carried out under the supervision of the Consultant in 1969/70 and the other carried out by the Bureau of Transport Economics throughout 1977/78.

Given the serious lack of data relevant to the tourist industry in general and to Barrier Reef tourism in particular, as well as the complex nature of the tourism product, no sophisticated

modelling of demand and supply could be attempted. Instead the research rests on a more indicative approach.

It should be noted that some parts of the Report employ data provided to the Consultant on a confidential basis and on the understanding that it would be used only in advising the Marine Park Authority. Some modifications or prior approval from the relevant organisation will be needed if the full Report is to be made generally available.

2. SOME DEFINITIONS

In subsequent parts of this Report the Great Barrier Reef will be referred to simply as the Reef. The Great Barrier Reef Marine Park Authority shall be referred to as the Authority.

Tourism is generally defined to include activities associated with travel involving at least one overnight stay away from the usual place of residence, but irrespective of the purpose of that travel. In the context of a relationship between the Reef and tourism it is more sensible to restrict the definition to cover only travel for holiday or other recreational purposes and this has been done here. However in some cases available data was so aggregated that it was not possible to isolate that relating only to the more relevant purposes.

Reef tourism is somewhat difficult to define. Theoretically the motivation for and/or the activities on the visit should be related to the Reef itself for any travel to qualify as Reef tourism. Practically there was no alternative but to base analyses on statistics relating to geographical areas which contain major jumping-off points for Reef related activities. The difficulties with this are obvious, but unavoidable.

3. SUMMARY

Market trends. Available evidence indicates that, while tourism in the Region surrounding the Reef has been growing, that growth has failed to keep pace with the expansion of tourism over the whole State and Australia.

At the same time the accommodation sector has experienced a relative shift away from hotel, motel type accommodation and toward caravan parks. Mostly it appears this can be attributed to changes in the preferences of Australians seeking holidays or other recreation in the Region. Eg. between 1969/70 and 1977/78 the proportion of holiday/recreation visitors using caravan park type facilities rose from 40.6% to 45.3% while the proportion using hotels, motels fell from 44.0% to 32.7%.

This move is consistent with an evident general shift of demand to lower levels of facilities and services for a large part of the holiday market. Continuing rises in the real cost of labour will provide further impetus in this direction.

Though some operations have had notable successes in attracting increased numbers of overseas visitors, overall it seems that they still represent as little as 6% of total customers. Perhaps more importantly interstate visitors have become a much smaller component of the total market attracted and the Region now depends very heavily on the Queensland population. This is consistent with the earlier noted relatively low rate of growth

for the Region. The exception to this appears to be the island resorts where, though the trend is in the same direction, a large majority of visitors still come from interstate or overseas.

The predominant mode of transport for domestic holiday visitors to the Region is still the motor car - used by 84.2% of visitors in 1977/78 - and in fact its use has increased relatively throughout the seventies. Excluding those staying at the island resorts, even the majority of interstate visitors travel by car. Given the likelihood of further substantial rises in petrol prices this will pose serious problems for tourism in the Region, particularly with respect to that part of the market which is, in the main, seeking sun and relaxation.

Analyses of the age distributions of adult respondents to the 1969/70 and 1977/78 surveys reveals an increase in the proportions of holiday visitors in the younger age groups. The Region appears to have become relatively less attractive to the older age groups, a factor of obvious significance in relation to the benefit that might accrue to the Region's tourism as a result of earlier retirements.

The overall result of the shifts in the age distribution is that individuals in the 20-29 age group now have the highest propensity to holiday in the Region.

Potential market growth. Not surprisingly the potential market for tourism generally is expanding, though the future impact of

some market determinants will be less than in the recent past.

For example, population growth has fallen to around 1% per annum which is much less rapid than for most of the post-war period and this low rate of growth is expected to continue. However there is some evidence that the growth rate for Queensland could be a little higher than this.

Despite the current economic gloom real domestic product, gross and per capita, is expected to continue to rise so that over the next decade real household income should increase on average by approximately 3.5% p.a. - i.e. at a slower rate than that experienced for much of the seventies to date. Additionally, past trends indicate that the proportion of this income devoted to non-essentials such as recreation and entertainment will continue to increase.

However the potential growth of the market for tourism overall can be expected to grow at a faster rate than these forecasts would indicate.

It is commonly accepted that the level of tourist activity is particularly responsive to economic fluctuations. Therefore we would expect that the current high levels of unemployment must be having some effect in depressing spending on tourism. However it is argued here that in the longer term the current widespread unemployment and likely technological changes will accelerate moves to earlier retirement, increased leave

entitlements and shorter working weeks - with obvious consequences for the demand for recreational activities.

Unfortunately the resultant optimistic view of the future for tourism generally appears to be less appropriate with respect to the Region of interest here.

Ceteris paribus, movements in transport costs will seriously weaken the competitive position of Reef tourism. Petrol prices are rising much faster than is the general price level. For the large section of the current market, firmly wedded to the car because of its perceived considerable advantages, petrol price rises will increase the lure of holiday areas closer to home. The possibility of offsetting this effect by inducement to other market segments through improved domestic air fares is at least several years away.

Recent movements in the relative cost of domestic and international air travel have further reduced the Region's competitiveness. Some earlier market research has indicated that, of those Australians most likely to undertake long-distance travel, most gave a higher priority to overseas travel as against a Reef holiday. The recent lowering of international air fares can only have reinforced these preferences.

Of course the reduced air fares to Australia will attract new customers for Australian tourism, but it is suggested here that decreasing proportions of these new arrivals are likely to make

the journey to the North while the problems created by isolation from the major gateways exist.

Considering both the past performance of the local industry and the likely movements in relevant variables as summarized above, the future market for Reef tourism, as presently offered, is expected to fail to keep pace with overall industry growth. However it is argued here that an alternative scenario could be relevant given certain developments.

The major contention of this Report is that, with some few exceptions, the Reef as a resource for tourism has been barely tapped. Responses to visitor surveys reveal that the Reef has served as little more than a backdrop for most tourism. It is argued that there is considerable potential to capitalise on the growing special interest market and to improve the competitiveness of the Reef generally by developing a product more closely related to the Reef itself - i.e. by providing activities and services that have the Reef as their theme.

In a sense it would be correct to say that there is an almost completely new area of Reef tourism awaiting development. However, for a variety of perhaps obvious reasons, individual operators are unlikely to be willing or able to pursue the necessary development and it is suggested that the Great Barrier Reef Marine Park Authority, or similar body, will need to accept responsibility for the development of the major interpretive facilities and services. As well, such a body would need to undertake research to constantly monitor industry performance and consumer attitudes to provide feedback to operators and to ensure the continued best use of the Reef as an aesthetic resource. The

investigations of schemes and formats whereby such regular monitoring could be facilitated is an urgent necessity.

4. REEF TOURISM TRENDS

This section seeks to describe recent patterns of change in the relevant sectors of the tourist industry as a first step in assessing the likely future of Reef tourism.

Lack of data renders it impossible to get an accurate picture of the development of Australian or regional tourism. Some travel and accommodation statistics are now available but limited coverage, inappropriate and varying definition and classifications and inadequate lengths of the series make it very difficult to study even components of the industry.

4.1 Accommodation Receipts

Table 4.1 provides some indication of the pattern of growth of tourism in areas adjacent to the Reef as compared with growth

TABLE 4.1
% Growth in Takings from Accommodation
1973/74 to 1978^(a)

Statistical Division	Licensed Hotels, Motels	Caravan Parks	Hotel, Motel Caravan Park
Fitzroy	97.8	259.7	115.0
Mackay	89.7	152.9	96.5
Northern (T'ville)	29.4	41.6	30.9
Far Northern (Cairns)	100.8	139.0	108.3
Queensland	199.9	131.9	185.9
Australia	163.6	136.6	159.3

(a) Note coverage and definitions employed for the 1973/74 Census of Accommodation Establishments and those for the 1978 surveys differ, though the data should still be useful for comparisons between areas.

Source: A.B.S.

generally. Note that the data in this table should be interpreted carefully since important categories of holiday accommodation are not included and no breakdown by purpose of travel is provided. Even so the growth figures shown indicate that, while the accommodation sector in Queensland seems to be growing faster than that for Australia as a whole, the northern coastal regions of Queensland appear to have experienced a much slower rate of growth. Also for each of these coastal regions accommodation receipts for caravan parks have increased substantially more rapidly than have takings for hotels and motels. However note that as shown in Table 4.2, based on the dollar value of receipts, hotels and motels are still a much larger part of the accommodation sector than are caravan parks.

TABLE 4.2
Gross Takings (\$'000) from Accommodation, 1978

	Fitzroy	Mackay	Northern	Far Northern	Qld.
Licensed Hotels, (with facilities), Motels	6550	7618	4064	7311	72956
Caravan Parks	1435	1353	610	2151	15792

Source: A.B.S.

Thus there is some indication that northern areas of coastal Queensland have 'missed out' somewhat in the expansion of tourism. Analysis of revenue data for the years between the 73/74 Census and 1978 for hotels and motels - caravan park data is not available - suggests that these areas missed out particularly between 1974 and 1976.

As this data does not distinguish between purposes of travel, precise implications for the holiday component of the industry are not clear, though there must be some cause for concern. As to the shift to caravan park accommodation it seems obvious that most of this can be attributed to changes in the preferences of holiday makers rather than business travellers.

4.2 Visitor Profile

4.2.1 Data Bases

Some more detailed information on the profile of the holiday/recreation (H/R) component of the tourist population of the coastal regions (including islands) adjacent to the Reef has been extracted by analyses of data from two surveys, one carried out over the period 1969/70 and the other covering 1977/78.

The former study was a major interviewer type sample survey covering tourists occupying commercial accommodation throughout Queensland. Original data from this survey are held by this Consultant. Details of methodology and definitions etc. are contained in the Report, "Queensland Tourist and Travel Industry 1969-70" by M.J. Gibbings, prepared for the then Department of Labour and Tourism. Here data from that study will be denoted by the date, 1969-70 or DLT.

The latter study, the National Travel Survey (NTS), was carried out by the Bureau of Transport Economics (BTE) and involved an Australia wide sample postal survey throughout 1977-78. Details of definitions etc. are available in a number of BTE

Occasional Papers. Data from that survey presented here were derived by processing a computer tape comprising the NTS data base and supplied by the BTE. Reference to this data is denoted by the date 1977/78 or NTS.

Coverage and definitions for the DLT and NTS surveys differ considerably. However the relevant data were in sufficient detail to allow the identification of reasonably comparable classifications of visitors.

In the tables which follow in this section, unless otherwise stated, the destination region covered by the data comprises the islands and mainland areas of the coastal regions from Maryborough/Bundaberg north. Unfortunately there is no way of identifying only those persons attracted by the Reef, but this total area covers all centres that are likely to attract visitors because of the Reef. This destination Region as defined corresponds to the aggregation of NTS Regions 404, 405, 406, 407 and 408. Approximately equivalent regions were defined for the DLT 69/70 survey and they have been aggregated similarly.

Note also that the data refers only to those visiting the area for at least one overnight stay. The full NTS data did include some day trippers, but these have been excluded here, as is consistent with the usual definition of tourism.

Both surveys covered business and other travel as well as holiday/recreation travel. The tables presented here refer to the H/R component only unless otherwise stated.

4.2.2 Accommodation Used

TABLE 4.3
Commercial^(a) Accommodation Type Used^(b)

		Hotel, Motel	Caravan Park ^(c)	Other	Not Stated
1969/70	%	44.0	40.6	15.4	0.0
1977/78	%	32.7	45.3	21.1	0.8

(a) Excludes overseas visitors and visitors staying with friends or relatives.

(b) Based on person visits.

(c) Includes tents and cabins in caravan parks.

The shift by tourists away from hotel and motel type accommodation for their northern holidays is confirmed in Table 4.3. E.g. the proportion of H/R visitors using hotels or motels fell from 44% to 32.7% over the eight years. Separate analyses (not shown) for each of the areas up the coast reveals that this trend is consistent and there is no statistically significant difference among the regions.

This decline in the importance of hotels and motels and the increasing use of caravan parks is consistent with the earlier ABS statistics on revenue from accommodation.

Available statistics are not broken down appropriately within the hotel and motel sector. However as discussed later it appears that there is also a shift within that sector to a lower level of accommodation.

4.2.3 Origin of Visitors

TABLE 4.4

Usual Place of Residence(State) of Domestic Visitors

		ACT	NSW	VIC	QLD	SA	WA	TAS	NT	TOTAL
1969-70(a)	%	0.2	20.9	17.9	54.8	3.2	1.4	0.7	0.9	100
1977-78(a)	%	0.2	10.4	5.4	79.2	1.6	0.7	0.5	2.8	100
(b)	%	0.3	9.9	5.6	79.5	1.3	0.6	0.4	2.4	100

- (a) Excludes those staying with friends and relatives.
 (b) Includes those staying with friends and relatives.

The main feature of Table 4.4 is the change in the relative importance of interstate visitors over the eight years. Whereas in 1969/70 about 46% of the holiday visitors were from interstate, the proportion dropped to around 21% in 1977-78. Again separate analyses for each of the regions along the coast show that this pattern generally is consistent from area to area. The only exception seems to be that for visitors staying on the islands. The best available estimate indicates that in 1977/78 Queenslanders represented only about 30% of island visitors. Even so this appears to be considerably higher than was the case in 1969/70.

Obviously one can interpret this result as indicating either that the North is becoming more attractive to Queenslanders or less attractive to interstate visitors. As we noted earlier, tourism growth in the North appears to have failed to keep pace with that for Queensland generally and so it would seem that the latter is the correct interpretation.

Unfortunately we have little information about the importance of overseas visitors for regional tourism. The results of the 1969/70 survey indicate that approx. 6.3% of total holiday/recreation visitors to the Region as defined came from overseas. The "Barrier Reef Visitor Plan" quotes a figure of 8%, though as the survey on which this is based was conducted over a very small part of the year (August, September in Mackay and September, October elsewhere) we could not regard this as a very reliable estimate. Other surveys, such as the NTS, have used Australian households as the sampling units and so provide no data on foreign tourists.

As noted elsewhere, surveys of overseas visitors were carried out for the Australian Tourist Commission some years ago (and have been recommended recently). These showed that Queensland's North received only a small proportion of overseas visitors, though this by itself does not show the relative importance of foreign visitors for the particular Region. However, while some operations are notable for their recent success in attracting increased numbers of visitors from overseas, there appears to be no grounds for suggesting that the region generally has had any such success.

4.2.4 Transport Mode

The predominant mode of transport for H/R visitors to the Region is the motor car. In fact Table 4.5 shows that the proportion travelling by car increased from 78.2% in 1969-70 to 84.2% in 1977-78. However this shift in part reflects the increase in the proportion of intrastate visitors. Not surprisingly in this context the car is

relatively less attractive and air travel is relatively more attractive for interstate visitors than it is for Queenslanders. As well this shift is consistent with the increased use of caravan park type accommodation as noted in Section 4.2.2.

TABLE 4.5
Main Mode of Transport to the Region

Usual Place of Residence	Survey Year	Air	Motor Car(a)	Bus	Rail	Other and Not Stated	TOTAL
N.S.W.	1969-70	28.6	64.3	3.7	3.4	0.0	100%
	1977-78	19.8	73.3	5.2	-	1.7	"
Victoria	1969-70	34.5	61.6	0.4	3.4	0.0	"
	1977-78	20.0	71.7	5.0	-	3.0	"
All Interstate	1969-70	29.3	64.6	2.9	3.2	0.0	"
	1977-78	20.8	70.8	5.4	-	3.0	"
Qld.	1969-70	3.1	89.5	3.8	1.7	1.8	"
	1977-78	3.2	88.0	5.0	0.7	3.1	"
Australia	1969-70	15.1	78.2	3.4	2.4	1.0	"
	1977-78	7.0	84.2	5.1	0.5	3.1	"

(a) Includes vans, trucks, cycles etc.

The pattern exhibited in Table 4.5 appears to be fairly consistent throughout the Region, the only exception again being for those staying on the islands. In the case of such visitors it appears that a substantial majority, particularly of interstate travellers, fly rather than drive.

4.2.5 Age Distribution

TABLE 4.6
Age Distribution of Adult Domestic Visitors

Age Group (Years)	1969-70	1977-78	Population 1976
	%	%	%
15 - 19	5.1	11.0	12.3
20 - 29	18.3	27.6	23.0
30 - 39	16.3	19.8	17.8
40 - 49	18.5	13.6	15.0
50 - 59	18.4	9.8	13.9
60 +	22.9	18.23	17.9
	----- 100.0	----- 100.0	----- 100.0

Over the eight years to 1977-78 the age distribution of visitors has shifted markedly, with large increases in the proportions in the younger age groups. In part this is simply a reflection of the shift in the overall population distribution. But mostly it must be interpreted as indicating that the Region has become relatively more attractive to the younger age groups. For example, the increase in the proportion in the 20-29 age group from 18.3% to 27.6%, as shown in Table 4.6, is far greater than the overall population shift for that age group as shown later in the discussion of population growth.

The overall result of these movements is that individuals in the 20-29 age group, followed by those in the 30-39 age group, now appear to have the highest propensity to travel in the Region. This can be seen by comparing columns 2 and 3 in Table 4.6.

Note that because of some difficulties with the data employed, children were excluded from Table 4.6. It is perhaps worth noting that for 1977/78 an estimated 24.2% of all holiday visitors were under the age of fifteen.

5. MARKET DETERMINANTS

Literature on tourism is quite consistent in respect of arguments about the factors which determine the demand for tourism. While aggregate consumption can be expected to increase with population growth, individual demand is said to be negatively related to price and positively related to income and the amount of leisure time available. Other factors such as occupation, level of education, vehicle ownership etc. are also seen as influencing demand, particularly with respect to the attraction of particular destinations.

In the main these conclusions are based on intuition or a priori reasoning, with empirical investigations being limited to, at best the observation of simple correlations between growing incomes, leisure time, etc. and various indicators of increased activity in the accommodation or travel sectors. Consequently the separate effects of these various variables have not been estimated, nor is there reliable information as to the actual effect variations in these variables will have on even any of the components of tourism.

This is not to suggest any doubt as to the existence and direction of such causal relationships. Rather it serves to point to the absence of estimates of relevant parameters sufficiently reliable to allow other than qualitative forecasts. To a large extent this situation is a result of a considerable lack of data relating to tourism and the recreational behaviour and attitudes of consumers. However the peculiar nature of the tourism product itself adds to the problems of the researcher. The tourism product is an aggregation of goods and services consumed jointly, but not in fixed proportions, so that

changes in demand may be observed, not just as increases or decreases in real expenditure, but as variations in the composition of the product itself. Demand analysis is therefore extremely complex.

The following section discusses the movements in those variables likely to be most important in determining future domestic demand for tourism.

5.1 Population

ABS estimates show that by June 30th 1979 Australia's population will have reached almost 14.4 million. However the rate of population increase has declined considerably from well above 2% p.a. in the fifties to a current per annum rate of just above 1%. Substantial falls in both the rates of natural increase and net migration have been responsible for this reduced growth rate.

Official forecasts assume that the low levels of fertility will continue and that net migration will be held at around 50,000 per year, so that the rate of increase in the total population will remain around one per

TABLE 5.1
Projected Population of Aust. 1978 to 2001

30th June	'000
1977	14,074
1978	14,218
1979	14,368
1980	14,519
1981	14,674
1991	16,384
2001	18,003

Source: Year Book, Australia 1977-1978.

cent p.a. Based on this the population is expected to reach almost 16.4 million by 1991 and 18 million by 2001.

Some unofficial forecasts are a little more optimistic than this and suggest a figure of more than 20 million by the year 2001. The major reason for this higher figure is a belief that migration in future years will considerably increase above the low level of 50,000. Political problems in areas such as southern Africa and international pressure on Australia to boost its migration programme are given as reasons for this belief. Even so the overall rate of growth is unlikely to be much above one percent so that future market demand expansion generated by population growth will be slower than in the past.

Geographical Distribution. As Australia's population has increased, the geographical distribution of that population has changed. In particular the proportion of the total population in the two larger States, N.S.W. and Victoria, has declined slowly over recent years. This has meant a somewhat faster rate of growth of population in States such as Queensland and Western Australia. E.g. the rate of growth for Queensland for 1977 was 1.27% as compared with 1.02% for the whole of Australia. With a likely increase in the rate of development based on the natural resources of the less populous States this pattern should continue.

As noted elsewhere, the North currently depends very much on the Queensland market and the trend towards greater population growth in this State should increase the industry's security in that area.

Age Distribution. Changes in the age distribution of the population also can be expected to have some impact on market demand. For most of our history the Australian population has been "ageing" in that the

proportion of persons over 30 years of age has been increasing. The period since World War II has been an exception to this because of the post war 'baby boom', but as the effect of this has moved up the age scale and fertility levels have fallen, the trend toward an ageing population has returned. This can be seen from Table 5.2. From the pattern of change in the age distribution over recent years we can confidently predict that, by the mid eighties, more than half the Australian population will be over 30 years of age.

TABLE 5.2

Age Distribution of the Australian Population

Age Group (years)	1966 %	1976 %
0 - 4	10.00	8.85
5 - 9	10.08	9.16
10 - 14	9.39	9.03
15 - 19	9.10	8.97
20 - 24	7.41	8.36
25 - 29	6.44	8.43
30 - 34	5.95	6.95
35 - 39	6.59	6.01
40 - 44	6.69	5.33
45 - 49	5.84	5.65
50 - 54	5.56	5.51
55 - 59	4.69	4.62
60 - 64	3.75	4.16
65 - 74	5.40	5.71
75 +	3.04	3.16
	100.00	100.00

Source: Year Book of Australia

In the meantime this ageing process has resulted in a substantial increase in the proportion of the population in the twenties and early thirties age groups. From 1966 to 1976 the proportion of persons

in the age group 20-34 rose from 19.8% to 23.74%. This is particularly significant in that, as shown elsewhere in this Report, the propensity to holiday in Queensland's North appears to be higher for individuals in these groups than for others. As this bulge shifts up the age scale it could nullify some of the impact of population growth in that Region.

5.2 EMPLOYMENT, UNEMPLOYMENT AND LEISURE TIME

The long term trend has been for a change in the sex composition and age distribution of the labour force with increasing participation by women, particularly married women, and falling participation in certain age groups, most notably the younger groups as periods of education are extended. These changes obviously must have some influence on lifestyles, though we are uncertain as to their effects on the propensity to tour.

Of course, any increase in the overall participation rate could imply that the number of income earners was increasing at a faster rate than was population and this would be expected to further expand aggregate demand. In fact the overall participation rate has increased substantially since the early fifties, but appears now to have levelled out as new entrants are balanced by both youths staying longer at school or university and older persons retiring earlier. In the present economic climate there is evidence that this rate is actually falling. E.g. in November 1975, 62.7% of the population over 15 were in the labour force whereas by November 1977, the figure had fallen to 61.4%.

Perhaps of greater importance is the level of unemployment. In less than a decade unemployment has risen from around 1.5% to above 7% and it is confidently predicted that the rate will reach at least 8%

before any improvement will be seen. The influence of unemployment on travel is obscure. On the one hand it must deprive some people of sufficient income to go on holidays while others, not so deprived, may react similarly because of the insecurity created by the economic conditions. It is well accepted that even minor recessions can have serious consequences for the tourist industry as the spending on non essentials is the first to be cut in any expenditure pruning.

Recent events serve to illustrate that we have not developed recession/depression proof formulae. Hence the tourist industry, perhaps more than some others, will continue to face the problems created by fluctuations in the level of economic activity. But of greater interest in the long term is the affect that widespread unemployment has on the structures and institutional arrangements of society.

The causes of and cures for the present economic ills are hotly debated, though it is generally accepted that high levels of unemployment will continue for some time, that levels of unemployment as low as those in the sixties are highly unlikely in the foreseeable future and that the overall problem will be exacerbated by the introduction of labour saving technology at an unprecedented rate. A suggested consequence of this is that there will be pressure to 'share' the available work, through reducing the number of hours worked per week, increasing leave entitlements and/or promoting earlier retirement. This does not imply falling real incomes, but rather that some of the benefits of productivity increases will be taken in various ways as increases in leisure time. Increases in leisure time should generate further demand for recreational activity in general and for tourism in particular.

This argument is sensible enough provided we don't take it too far. The extreme version of it implies that consumer demand is near saturation and that there will be few new production opportunities that could absorb the labour displaced by technological advance in existing industries. Such an argument is obviously inconsistent with the subsequent view that increased leisure time will generate increased demand for recreation and tourism.

This is not to deny a positive relationship between leisure time and tourism demands, but obviously increases in such demand will stimulate demand for labour. Furthermore, income and travel must be considered as complements rather than substitutes since tourism demand is unlikely to expand without increased real income to accompany the increased leisure time.

A more reasonable and less dramatic scenario is that the trend toward reduction in work time, evident throughout this century, will continue. Such changes are usually not gradual but occur in discrete steps, and it is likely that the current economic climate will bring forward the decision to alter institutional arrangements re hours of work, leave entitlements and retirement age. There is already some evidence of moves toward earlier retirement for some employee groups and demands for a shorter working week are occurring. Therefore it seems safe to predict that leisure time (and consequently potential tourism demand) will increase significantly over the next several years. In the long run the extent to which benefits of productivity gains are taken as leisure or income is a function of relevant substitution, income and price elasticities, parameters about which we have little information.

If the move towards more leisure is achieved through earlier retirement the expanding market will of course be in the upper age groups. It is significant for Reef tourism that Table 4.6 indicated a possible decline in the acceptance of the North Queensland tourism product among the upper age groups. If this is the case some product modification would be warranted to cater for this expanding segment.

5.3 HOUSEHOLD INCOME AND EXPENDITURE

Over the post-war years household income has risen spectacularly and at a much faster rate than would be expected simply as a result of population and price increases; i.e. real income per capita has been increasing rapidly. The effect of this has been a rapid rise in the level of private consumption expenditure. E.g. over the decade to 1976/77 private final consumption expenditure in real terms (at average 1974/75 prices) increased by just under 54% while the total population increased by only about 16%.

Of further importance in relation to the market for tourism is the changing pattern which has accompanied this increased consumption expenditure. The major change has been a shift away from a goods consuming society toward a services consuming society. In fact the share of total household income spent on goods declined steadily from 57.5% in 1950/51 to 42.1% in 1976/77. This is not because of any absolute reduction in the quantities of food, clothing, household items etc. purchased. Rather this reflects the fact that the major element of demand for many goods has been satisfied and there is little incentive for consumers to purchase more. Instead as consumers become more affluent they are engaging in more discretionary purchases. Hence for example, we see that spending on

recreation and entertainment has increased from 1.3% to 2.3% of household income over the twenty five years to 1976/77, though this increase slowed considerably in the final decade of that period.

From National Accounts it is not possible to identify a tourism component of production or expenditure, but the data does suggest that as household income has grown, the proportion which potentially could be attracted to the tourist industry has grown; and given continuing increases in income there is good reason to believe this relationship will persist. The major question then is how will household income move in the future.

During the post-war period growth in household income, both real and monetary, has been reasonably consistent, though there is some evidence that the growth in the mid seventies was considerably above trend. Certainly it is unlikely that the experience through the earlier years of the seventies will be repeated over the next decade and recent years have seen a fall in the rate of increase in household income. The average (compound) growth in real household income for the ten years to 1976/77 was 5.7%, but the rate dropped to 1.2% for the year ended 1977/78. There are some recent indications of considerable improvement for 1978/79, but considering both the trend inherent in past data and the current economic conditions, with predictions of further increases in unemployment and inflation, the next decade is expected to experience annual rates of growth in real household income of approximately 3.5% on average - i.e. somewhat lower than in the past decade, but more consistent with the longer term trend.

5.4 Prices

Intuitively we would expect a negative relationship between price movements and tourism demand, though any empirical investigation of this would be difficult given the composite nature of the tourism product and the lack of a tourism price index. Further there would be serious limitations to the usefulness of any such index since price movements in some sectors of tourism are likely to lead to a significant shift in the composition of the overall product, thus making it difficult to determine an appropriate set of weights for use in index construction. Consequently we are forced to look separately at the demands for each of the elements of tourism, though this does not relieve us of some problems created by the nature of tourism.

Accommodation. High labour costs, given the penalty rates included in Australian awards and the claimed labour intensiveness of the industry, resulting in high prices for accommodation etc. are held as being a major obstacle to the expansion of tourism. Accepting the premises of this argument the subsequent logic is valid in part, though a trifle simplistic. In fact the response to cost/price increases in the past has been to produce changes in the product and the pattern of demand, which has had the effect of minimising the impact on overall demand.

In the accommodation sector there have been two responses. In many hotels and motels, the 'level' of service has been reduced -

by the elimination or limitation of certain services - while there has also been a shift to accommodation offering less costly facilities. The accommodation industry is becoming less labour intensive and the notion that tourists demand the grander style of facility is less accepted.

We can confidently predict that these cost pressures will continue. With changing attitudes and less rigid notions about work times the claimed extra costs of penalty rates could be reduced, though experience would suggest that these provisions will not be easily set aside. More importantly, apart from some short term interruptions, real wage rates in general will continue to rise as the benefits of productivity gains in some sectors are sought through higher earnings and increased leisure time. For the accommodation industry there is limited opportunity for technological advance to produce labour saving devices, yet the movement in industry wage rates will maintain some parity with general community movements. Consequently, prices for given levels of accommodation facilities and services will rise faster than will prices in general. By itself this will encourage the trend away from higher cost facilities and high levels of service.

To the extent that increased wage rates implies generally higher real earnings, the source of these cost pressures will itself tend to stimulate demand and modify the cost effects. However, depending on the extent to which future productivity gains are spread through some form of increased leisure time and not just higher real earnings, opportunities for more frequent and/or

extended holidays will arise. The desire to spread funds allocated for holidays over more units could further encourage the use of lower cost accommodation.

Transport. The effect of price movements on the transport component is somewhat more complex to consider. The predominant mode of transport for domestic holidaymakers is the private motor vehicle. This was shown clearly in Section 4. Therefore, recent and likely future rises in the price of petrol raise serious questions for the tourist industry.

Estimates of long term price elasticities vary and usually do not discriminate between urban and longer distance travel and so are of little use to us here. Furthermore, our recent experience of rapidly rising petrol prices is too short lived to provide a sound basis for estimating relationships. For example, because of previous decisions relating to vehicle purchase etc., travel behaviour may respond only slowly to price movements. On the other hand immediate reaction may reflect over-reaction.

Higher prices for petrol can be expected to encourage reduced consumption, but there are several ways in which this can be achieved. In the short term less frequent or shorter trips by car might be made. In the longer run the alternative of moving to a smaller vehicle arises. There is already some evidence of the latter occurring and some authorities suggest that the initial adverse reaction to high prices by reducing travel is waning.

This result is not surprising given that much research has shown that motorists generally perceive the private vehicle as having considerable advantages in respect of the most important characteristics sought in a transport mode. These advantages are obvious and need not be listed here. Further, for many travellers the fuel cost, not being met in a lump sum, is still perceived as a small part of the total cost of a holiday.

Nevertheless, with increasing petrol prices it is obvious that distance from markets will become a more important factor affecting competition among destinations. As well there is likely to be increasing demand for comprehensive resort style development or other clustering of facilities and attractions so that the need for travel at the holiday destination is reduced.

As virtually nothing is known about the relative strengths of preferences for various destinations and the relevant price and substitution elasticities, the effect of petrol price increases on private vehicle travel to particular areas is unclear. However, it would seem that remote destinations such as the Reef area must be somewhat adversely affected by these price movements, though this could be limited insofar as the Reef is accepted as a unique attraction.

However, as outlined elsewhere, currently a Northern trip is chosen by many, not because of the unique features of the Reef, but because of climate and the general environment. Elements of this market will therefore be particularly

susceptible to lures of closer more southerly coastal areas as the cost of petrol rises. Already we have seen some evidence that the appeal of the Region to southern tourists has declined relatively.

Increases in private transport costs raises the possibility of shifts to other transport, particularly aircraft. Overseas experience suggests that the tourist industry's hopes for more favourable air fares on major domestic routes are not unrealistic. However even if these hopes are realized many motorists may not be induced to leave their cars, preferring instead to shorten the trip if necessary rather than change transport mode. The perceived advantages of the private motor vehicle appear to be such as to ensure that it will remain the predominant mode of transport for the foreseeable future, at least for family-type holidays. For other segments of the market air fare reductions would be expected to improve the competitiveness of isolated areas such as the Reef.

But hopes aside, the current reality is that changes in the structure of the domestic air transport industry and low fares are, at best, several years away. In the meantime reductions in international air fares have worsened the competitive position of the Reef for important market areas. Other research in the major markets of Sydney and Melbourne has revealed that, among potential long distance travellers, the Reef was much less sought after than was an overseas trip. These recent fare changes can only have strengthened these preferences.

With respect to air transport there is one bright spot on the horizon. Industry sources predict growth rates for overall patronage of around 10% p.a., with an increasing share being accounted for by non-business travel. There is a growing acceptance that business travel, previously so important to domestic airlines, will become less relevant as the new generation communication systems become more widely employed. Holiday air travel should be boosted by the fact that domestic airlines are being forced to pay increased attention to that segment of their market.

6. OVERSEAS VISITORS

Recent experience suggests that the rate of growth of international tourism is on the increase. E.g. OECD estimates of international tourist receipts for all member countries show an increase of 22.5% from 1976 to 1977 as compared with an increase of 7% for 1975 to 1976.

Perhaps more importantly for Australia it appears that the Pacific and Asian area is attracting an increasing share of international tourism. The Pacific Area Travel Association (PATA) reports that this area increased its share of world air traffic from 7% in 1967 to 15% in 1977. As well the number of visitors to PATA member countries increased by 11.4% between 1976 and 1977.

However while it seems clear that international tourism is growing strongly, the significance of this for Australia generally and the Reef in particular is unclear.

As shown in Table 6.1 the number of visitors arriving in Australia generally is increasing. But note that the increase from 1976 to 1977, for example, at under 6% is much less than the 11.4% rate achieved by PATA countries overall. And despite some growth Australia is estimated to receive currently less than 1% of total international tourism expenditure.

TABLE 6.1
Short Term Visitor Arrivals in Australia

	1972	1973	1974	1975	1976	1977
Visitor Arrivals ('000)	426	472	523	516	532	563

Given Australia's very small share of international tourism it is often suggested that this indicates a substantial market is available to, but yet untapped by Australian operators.

In the past industry sponsored forecasts have tended to be quite optimistic about Australia's prospects for attracting more visitors. Mostly these forecasts have been overly optimistic. For example Pannell, Kerr, Forster predictions in the "Barrier Reef Visitor Plan" (1971) were for 599,000 visitors by 1975 and over one million by 1980. In fact it appears that the former figure will not be achieved until at least three years later than predicted.

However given the recently introduced batch of lower international air fares, participating airlines predict substantial increases in passenger traffic both to and from Australia. As well there is some expectation that, following a trial of these new fare arrangements, other innovations designed to reduce the cost of international air travel may be agreed to by the Federal Government.

But even if Australia attracts substantially increased numbers of visitors, past experience suggests that the effect on the Reef region might be relatively small. Paradoxically, as discussed elsewhere in this Report, market research indicates that foreign visitors regard the Reef as a highly desirable destination, while statistics show that only very few of those entering Australia get to the Reef area. This is shown in Table 6.2.

TABLE 6.2

% of Total Overseas Visitors Who Visited the Barrier Reef Area

1971/72	5.0
1972/73	4.1
1973/74	3.9
1974/75	3.9

Source: ATC International Visitor Surveys

The accepted prime reason for this is the distance from major gateways, though the lack of appropriate resort facilities is also suggested as a deterrent. Regardless of the cause the consequence is that domestic tourists are likely to remain by far the most important source of visitors for some time to come. The best available estimates indicate that overseas visitors may represent no more than 6% of holiday visitors to the islands and mainland areas adjacent to the Reef.

This problem of the high cost domestic air fares may in fact be exacerbated in the case of the new group of visitors attracted by the lower international fares. The likelihood is that such visitors will be more budget conscious and so less likely to undertake the long distance high cost air trip from Sydney or Melbourne to the Reef. The unfortunate conclusion is that the potential benefit to Reef tourism arising from the new fare structures will be seriously limited while the problems created by the Region's isolation from the major gateways remain unresolved.

On the more optimistic side there is evidence of some changes in international tourism which could be to the advantage

of Reef tourism. It is reported that there is a rapidly growing market among special interest groups and this provides some grounds for optimism, provided the industry recognises the specific needs of these tourists. This is considered in more detail in Section 7.

7. THE PRODUCT

Considering the various market determinants the future for tourism generally appears to be bright. However there are a number of factors in relation to which the competitive position of the north coastal regions is being worsened. The need to offset these disadvantages through the fullest use of any potential attraction of the Region is becoming more acute.

The Parnell, Kerr, Foster "Great Barrier Reef Visitor Plan" envisaged the Reef area as a "mecca for tourists". Doubtless many Australians, mostly having never seen the Reef but with some notion of it as somehow unique, would hold the same view. Yet there is no evidence that tourism in the North is booming; in fact it appears to have failed to keep pace with that in other parts of the State.

However it would be invalid to conclude from this result that the optimistic view of the Reef's potential was ill founded - at least in respect of the potential of the Reef per se. The lack of success may simply reflect the failure of current operators and relevant authorities to take advantage of that potential. Thus the present model should not necessarily be accepted as the ideal prototype for development and instead we may need to consider some new approaches in the way of catering for and attracting tourists.

Again unfortunately there is a paucity of market data relevant to this question of the appropriate course for Reef

tourism. The recreational behaviour and attitudes of the population at large have been little studied apart from some small scale market research. As well, we know little about the attitudes and activities of current visitors - in particular we know little of how and to what extent the Reef is associated with or even responsible for visits to the Region.

An implicit assumption in raising the question of options for future development of Great Barrier Reef tourism is that the Reef is or can be a prime attraction and focus for visitors' holiday activities, rather than being at best an incidental feature. Some results from the 1969-70 tourism survey referred to in Section 4 provide a useful starting point for examining this assumption.

Of holiday/recreation visitors to the Mackay area 23.9% stated that the main feature of the area was the Reef, while even more (29%) "voted" for the climate. For Cairns only 13.5% named the Reef and almost 44.5% found the main feature to be factors associated with the climate. Even on the island resorts only 29% of visitors rated the Reef as the main feature. It is clear that at that time most visitors to the North saw it just as a good place for a holiday in the sun.

Has the situation changed? Certainly there is evidence of developments - e.g. Heron Island - where success has been very much a function of the attraction of the Reef. But such developments are not typical and it is equally true that we can find evidence of recent success in the Region achieved by deliberately

promoting features not at all related to the Reef.

While we have no recent hard evidence to support the proposition, it would appear that tourism in the North is still very much a function of features not closely related to the existence or use of the Reef, which itself has not yet attracted the market response it is held to be capable of attracting. The North appears to have had general but no really unique appeal.

Some industry research would suggest that the apparent lack of appeal on the Australian market is consistent with a general Australian attitude. One industry representative describes this characteristic as follows:

"The attitude towards long distance travel within Australia is almost apathetic. This apathy is characterised by the feeling that 'you can always see Australia later'. It's essentially a 'Grass is greener syndrome', resulting in Australia being taken for granted by Australians".*

Of course the obvious solution is to convince would-be travellers that the grass is not necessarily greener elsewhere and that the home grown product can provide the desired quality of experience. But this requires more than a simple awareness of the existence of some natural phenomenon or even an appreciation of its uniqueness.

* W. Franklin, "We must be doing something right on Great Keppel Island", a monograph submitted to the 1978 Hoover Marketing Awards.

Market research has demonstrated that Australians generally are aware of the Great Barrier Reef and readily conceive of it as some sort of natural wonder. But the crunch is that, even so, few have a strong desire to visit the Reef. E.g. in a survey of likely long distance travellers in Sydney and Melbourne only 9% said they were very likely to have a Barrier Reef holiday in the near future. And of these, many listed the main attraction as the climate, relaxing atmosphere etc., but not the Reef or activities associated with it.

In the view of some marketers the Reef per se is not a very saleable feature, at least at the present time. In fact it is argued that emphasis on the Reef in promoting the area or the resorts in many cases is futile and merely obscures those features which are more likely to attract visitors. Potential domestic customers list relaxation, climate, accommodation, opportunities for particular activities and entertainment well ahead of scenery as desirable features for a holiday.

The obvious conclusion is that if the Reef itself, rather than the islands, the climate etc., has substantial potential for tourism then that potential is yet to be tapped. Some clue as to the reason for this is not hard to find. Apart from the problems of travel distance and cost the most commonly reported factor discouraging visits by Australians to the Region is the belief that there would be "little to do once one got there". While this may in part simply reflect a lack of awareness it is also consistent with the reality that, as reported by many visitors, the Reef itself plays an incidental role in the activities of

their holiday.

Thus the simple existence of the Reef is not enough. If it is to possess any special attraction there is a need for much greater development of facilities that allow visitors to "make use" of it - i.e. there is a need for improved access and facilities that provide activities and entertainments that have the Reef as their theme.

Such developments will also be necessary if the Region is to benefit from the increasing number of more 'serious' foreign recreational travellers. In the past the tourist industry has tended to concentrate on satisfying leisure needs, whereas there is now an increasing tendency for tourists to want to get more deeply involved in what they are seeing. This view was confirmed at the Tourism and the Great Barrier Reef Workshop by Stephen Le Page of the A.T.C. who reported that:

"The era of special interest travel is in full swing and the Great Barrier Reef is a gigantic special interest in its own right".

As well he states that there is a "need for far better attention to the educative aspects of the Reef area and the creation of tour products with elements of challenge, adventure and authenticity". And in part this need should be satisfied by the provision of "official interpretation facilities".

As evidence of the benefits of making use specifically of the Reef itself we can point to the success achieved on Heron

Island, and marketing personnel of the A.T.C. confidently state that they would have no trouble selling more "Heron Islands".

In particular the Heron Island result has given an example of how to take advantage of the Reef's potential in relation to international tourism.

The "Great Barrier Reef Visitor Plan" reported that foreign travellers, particularly North Americans who were likely to visit Australia, expressed strong preferences for visits to the Reef. This has been confirmed in later research by the Australian Tourist Commission. But the paradox is that this expressed desire has not turned into action for, as shown elsewhere, the Reef attracts relatively few overseas visitors. As distinct from the Australian market this cannot be rationalised as a "grass is greener syndrome". While travel costs again enter into the picture, considering the points already made and the recent success of Heron Island we must conclude that the failure is in large part a result of poor product development.

The overall conclusion must be that as yet the Reef as a tourism resource has, with some limited exceptions, not been seriously tapped. Reef tourism is a whole new 'ball-game' with substantial potential if appropriate skills and facilities are employed to provide activities and services that focus on the Reef. This more imaginative use of the Reef will require less fragmented tourism to provide a compact market for interpretive and other similar services.

However it seems that present operators, with some exceptions, are unlikely to be willing and/or able to move rapidly in the appropriate direction. More of the 'same as now' for the future, with the Reef just as a backdrop, will not promote the extra growth possible. Therefore it will be necessary to give the local industry a 'bit of a push', through encouraging new, more imaginative operations and by some broader body, such as the Marine Park Authority, acting to assist through research activity and guidance in the use of the Reef. As well there would be obvious advantages in such a body undertaking the task of developing and providing the major interpretive facilities and services needed.

This discussion has focused on the need for developing part, albeit a vital part of the tourism product. Of course any efforts in this direction would be wasted if there was not parallel effort to ensure appropriate attention to the other facilities and services which contribute to the holiday package.

The Mackay Workshop prompted serious expressions of concern about an apparent lack of professionalism in the industry, which raises doubts about the future growth of tourism in the Region if there is not considerable improvement in the presentation of facilities etc. This and other factors such as a reported trend towards more localized holidays - i.e. concentration of visits in a limited region - has prompted the claim that there is an urgent need for some future development of facilities which involve large scale investments. The Iwasaki proposal for Yeppoon is pointed to as an indication of things to come.

Precise details and the likely impact of this resort are unclear though presumably such a development would be designed to be particularly attractive to the Japanese market. Travel by Japanese is expanding rapidly - e.g. international tourism spending increased by 29% from 1976 to 1977 - and the project could be well placed to capitalise on this. However the relationship of this resort to the Reef is obscure. But on the assumption that it is successfully managed the Region generally may gain from the demonstration effect.

As a final point it is worth noting the success of the Mackay Workshop in highlighting certain inadequacies of current operations and this underlines the need for some body with a broad Regional interest to regularly monitor industry performance and consumer attitudes to provide feedback to operators and ensure the appropriate use of the resource.

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TOURISM AND
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