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PART 1

INTRODUCTION

Chapter 1

History Matters: Setting the Scene

Dean Carson and Jim Macbeth

Introduction

The purpose of this book is to examine the ways in which regional tourism destinations use change and innovation to access the economic, social and environmental benefits of tourism while minimising the potential negative impacts. The case studies that feature in this book provide research into the nature of change in regional tourism destinations and the structures and processes that may be employed to help destinations manage change. The book is structured in three parts:

1. The introductory section describes the theoretical and conceptual frameworks that have been applied to the case study research. The frameworks include the concept of evolutionary and complexity processes governing destination development (described in this chapter), the idea of regional tourism destinations as systems (Chapter Two) and a framework for assessing the innovation potential of regional tourism destinations as systems (Chapter Three);
2. The middle section reports on eleven regional tourism case studies conducted in Australia and New Zealand over the past ten years and describes the findings of these pieces of research in light of the frameworks in the introductory section; and
3. The concluding section suggests how the frameworks and analysis described in the book may be used to guide future regional tourism case studies so that a more cohesive body of knowledge regarding destination development and change management may be constructed.

The book has emerged from the two and a half year 'Prosper' research project funded by the STCRC and managed by researchers at the CRTR at Southern Cross University in New South Wales, Australia and the School of Social Sciences and Humanities at Murdoch University in Western Australia. The aim of Prosper has been to develop context specific and holistic models for evaluating the capacity of regional communities to use innovation as a means of harnessing tourism's economic, social and environmental value. The first stage of the research involved a meta-analysis of existing research into the value of tourism in regional destinations to identify what models had been used, what the outcomes of the research had been and whether the models were transferable across the diversity of regional destinations in Australia. During this stage of the research, it became apparent that models which simply (or,

more commonly, elaborately) measured the value of tourism at a single point in time were not particularly useful in assisting destination managers and tourism enterprises in taking advantage of tourism's potential and enhancing the value of tourism.

Where models for value assessment did exist, they were difficult to implement and expensive to maintain. They relied on assumptions of industrial behaviour which were difficult to support in regional destinations. They produced values which were difficult to interpret and difficult to act upon. The Prosper researchers quickly decided to focus on simple metrics which could be maintained within regional destinations with minimal expert assistance (and its associated cost) and to work on modelling the structures and processes which could be used to enhance the value of tourism over time. These structures and processes would need to build capacity for regional destinations to recognise and evaluate tourism opportunities, harness the human, financial and political resources required to implement opportunities and to recognise and avoid or mitigate potential tourism 'disasters' (Faulkner and Russell 1997).

Assessing the Value of Tourism in Small Regional Destinations

It is important for tourism managers at local and regional levels to understand and communicate the value of tourism in order to access resources and develop strategies that will enhance management (Carson, Richards and Rose 2004). While most focus is on the economic value of tourism, techniques which assess social, cultural and environmental value are also important. In the economic sphere, a range of techniques including multiplier analysis, input-output modelling and computable general equilibrium modelling have been proposed and tested (Jacobsen and Carson 2004). It is clear that these techniques, while providing rich output and capable of addressing some of the key issues associated with complex industrial activity, are difficult or impractical to implement in small destinations. They rely on a variety and quality of data that is difficult to collect and manage over time. They deal poorly with extremely open systems of industrial activity. They are expensive to implement and maintain and the output is difficult to compare across regions.

In assessing the economic value of tourism in small regional destinations, it is important to understand the proportional value of tourism in relation to overall business activity, employment and business income. It is also important to understand how the contribution of tourism has changed over time. Data sources must therefore be inexpensive enough to maintain over time and comprehensive enough to include both tourism and general economic activity. For regional destinations generally, the identification of relatively simple indicator variables which meet these criteria is a higher priority than implementation of complex economic modelling (Carson, Richards and Rose 2004). At present, there is no standard approach to local level data collection and poor understanding of the secondary data sources that may be available. We can suggest here some data sources which may assist regional destinations to undertake some fundamental tourism economic value assessments.

When assessing the contribution of tourism to overall business activity, it may be possible to undertake a business survey such as that reported in the case study of Woodburn, New South Wales (see Chapter Fourteen). Alternatively, or additionally, data in Australia is available from the Sensis databases (Sensis is a fully owned subsidiary of Telstra and provides the database services for Australia's telephone directories). This data shows the number of businesses which identify themselves as operating in tourism related sectors (including various types of accommodation, tour operators, travel services, attractions and hospitality businesses) and can compare these businesses with the total number of listed businesses in a region. Importantly, this data is available over a relatively long period of time, with coverage and quality improving. Consequently, the relative proportion of businesses which operate in tourism related sectors can be tracked over time.

There is no readily available source of business income data which can distinguish income from tourism and which is available for small areas. Again, in the absence of a business survey

(which may be expensive and from which income data may be difficult to derive), levels of tourism employment may serve as a useful indicator. Employment data for very small areas is available in Australia every five years from the Census of Population and Housing conducted by the Australian Bureau of Statistics. Tourism and Transport Forum (TTF) Australia conducted substantial analysis of the 1996 Census data to construct a Tourism Employment Atlas for small areas across Australia (TTF Australia 2002). The quality of this data for the purpose of tracking tourism employment within destinations may be higher in regional destinations than urban ones, as regional populations are more likely to live in the same geographic area in which they work. Census data, while it is available only every five years, is comprehensive in coverage and allows a comparison between employment in tourism related sectors and total employment.

It is much more difficult to identify common data sets which may contribute information about the social or environmental value of tourism. The concepts which need to be measured are also poorly defined (unlike employment and income as concepts for understanding economic value). Where environmental value of tourism has been considered in case studies in this book, data collection has been detailed, expensive and would be difficult to replicate (see the Tapestry Tourism Futures Simulator in Chapter 5). It may be possible to achieve some understanding of the environmental value of tourism (narrowly defined) by examining the spatial relationship between business activity (derived from data sets such as the Sensis databases described above) and environmentally sensitive areas (represented by protected areas such as National Parks and State Forests) and how this relationship has changed over time. In particular, it may be important to understand whether tourism business activity represents new pressure on protected areas, or displaces other forms of pressure (such as forestry, mining, or agriculture).

Understanding the social value of tourism is even more difficult. It is unlikely that common data sets exist. The case studies in Tapestry, Western Australia (Chapter Five), Gold Coast, Queensland (Chapter Thirteen) and Woodburn, New South Wales (Chapter Fourteen) involved relatively expensive community surveys to build a picture of the social and cultural value of tourism. It may be of some value to document the significant cultural sites in a region (as can be done through the various Heritage and Cultural registers common in Australia and elsewhere) and whether tourism employs these sites using a similar methodology to that identified for tourism and protected areas.

While there are some strategies that can be implemented to assess the value of tourism in small regional destinations, there is a need for better analysis techniques and better data collection and management methods, particularly relating to environmental and social value. The case studies in this book include some suggestions for how this may be done and provide a platform for further research.

Guide to Reading the Case Studies

An evaluation of a range of recent research into regional tourism destinations and their development over time revealed underlying patterns in the processes that had been employed (successfully or otherwise) to manage change and the Prosper research has distilled those patterns into the three conceptual frameworks described in this and the following two chapters. The implication of the frameworks is that, while the nature of change is difficult to predict, the value of tourism can be enhanced through destination management processes which recognise that history matters, the system matters and knowledge matters. The emerging models allow destinations to set up processes which will monitor the value of tourism over time, evaluate their capacity to manage change so as to positively influence the value of tourism over time and implement strategies which will engage the human, financial and political capital required to develop successful regional tourism destinations.

The case studies focus on the contribution of tourism to the economic, social and environmental development of regional destinations in Australia and New Zealand. In many of the case studies, tourism is viewed as its total mix of activities and infrastructure, while other cases deal with specific initiatives such as a themed touring route in Tasmania, or festivals and events in north-east New South Wales. All case studies recognise that tourism and the other spheres of economic, social and environmental activity in regional destinations are interdependent and so they position tourism as a catalyst for regional development more generally and/or as a beneficiary of development in other spheres. Each case study has an historical element, tracing the emergence of tourism as an actor in the broader regional systems over time. They each describe the institutional arrangements and human activities that typify the management of systems. The actual tourism products are not the main concern in this book.

The eleven case studies are representative of a broad range of regional tourism destinations. While there is a bias towards north-east New South Wales (two case studies) and the south-west of Western Australia (three case studies), there are additional case studies from north-west Queensland, the Northern Territory, the central coast of New South Wales, Tasmania, south-east Queensland and the South Island of New Zealand. The destinations described in the case studies display variation in population (from 600 to 60 000), location (densely populated to isolated and remote), industrial base (long term tourism destinations to destinations adjusting from agricultural, manufacturing, or mining bases) and the extent and type of tourism amenities. Some destinations are based on administrative boundaries and tourism management regions while others reflect historical community ties. Some case studies are smaller than a single local government area, while others span the boundaries of up to seven local government areas.

The differences between regional destinations are shown in the case studies to contribute significantly to the availability of resources and development opportunities. However, the case studies also demonstrate similarities in the structures that are shown to influence how well destinations can take advantage of those resources and development opportunities. The differences in destinations, therefore, appear to be in terms of scale rather than in terms of fundamental organisation and management of the destinations.

Importantly, while each case study contributes to the overall understanding of regional tourism destinations as systems of innovation (see Chapter Three), each case study also has its own interesting story to tell which can provide insights into the consequences of decisions in specific circumstances. This book is therefore of use for those attempting to understand the principles of destination management, as well as for those with an interest in addressing the specific situations canvassed in each case study. Those situations are summarised in Table 1.1.

Table 1.1: Summary of Situations Canvassed in Regional Tourism Cases

CASE STUDY	SUMMARY
Bedourie and Richmond, Queensland	These two small towns in north and west Queensland have experienced strong economic growth that contrasts with the circumstances in similar towns in the region. Tourism development has contributed to this growth through the opening up of new attractions and the ability of local government and entrepreneurs to attract investment. The case study demonstrates that relatively small initiatives may have substantial implications for tourism development in towns like these.
South-West Tapestry, Western Australia	<i>Tapestry</i> is the brand name for a group of 6 local councils, including the City of Bunbury in the southwest of WA. The project developed a systemic view of the interaction between economic, environmental and social factors affecting tourism in the region. The case study highlights the process of harnessing social, cultural and political capital in order to create and disseminate knowledge in the region. This chapter also illustrates the way in which key regional stakeholders and outside agencies cooperated in the creation of this new knowledge.

CASE STUDY	SUMMARY
Darwin and region, Northern Territory	The Top End region of the Northern Territory is characterised by its isolation from the major population centres and international visitor gateways and a need to create tourism experiences featuring diverse products and services to attract visitors through the tyranny of distance. This brings about a substantial issue of how to manage such diversity with a small resident and economic base. This case study shows how intra and inter sectoral collaboration can be used to create economies of scale and manage issues of isolation.
Lake Macquarie, New South Wales	Lake Macquarie, a typical seaside destination, is located on the coast 200 km north of Sydney and is part of the Hunter tourism region. This chapter illustrates the way in which networks and infrastructure can be ineffectual with particular reference to the local council and associated tourism non-government organisations (NGOs).
Akaroa, New Zealand	The Akaroa District is situated on Banks Peninsula on the east coast of the South Island of New Zealand, approximately ninety minutes drive from the city of Christchurch. This chapter illustrates the way in which this destination's attempts to rebrand itself have relied on social and political capital. The politics of tourism and place image are documented.
Narrogin, Western Australia	This case study illustrates how endangered marsupials can be 'harnessed' for tourism innovation. <i>Dryandra Country</i> is the newly created brand for a region of local councils centred on Narrogin in the Central Southern Wheatbelt region, about 200 km SE of Perth. One of the key issues here is the difficulty of creating a tourism industry with limited potential tourism product.
Central West, Tasmania	The central-west area had a well-established themed touring route whose management had not kept pace with changes in the nature of the tourism industry and tourism activity in the region. The case study examines how the destination was able to let go of the touring route as an established attraction and experiment with new initiatives for managing visitor flows and dispersal.
Great Southern Region, Western Australia	This case study illustrates the way in which tourism and non-tourism interests can cooperate, along with state and federal government agencies, to create new knowledge and innovative solutions to a non-tourism problem. The solution targeted is a tourism solution: attracting international backpackers as itinerant labour to meet a shortfall in labour for primary production.
Northern Rivers, New South Wales	The Northern Rivers is home to a range of industries, both mature and new. It has been able to use community-based festivals and events as a mechanism for educating residents and visitors about the value of mature industries and for facilitating development of new ones. This chapter shows how tourism and other industries can interact through festivals and events and how the value of these activities may be assessed.
Gold Coast, Queensland	The Gold Coast had become recognised as a 'tired' tourism destination and a process of rejuvenation was commenced in the mid 1990s. The case study demonstrates that interventions could be made to influence how a destination is perceived by the resident community and that this can provide a launch pad for changing the perceptions of key tourism markets.
Woodburn, New South Wales	Woodburn experiences very high levels of tourism visitation due to its location and the public amenities that encourage self-drive visitors to break their journey in the town. However, Woodburn has been relatively unsuccessful in developing a viable tourism industry based on this high level of visitation. The key barriers have included those that stifle entrepreneurship and difficult relationship with external agencies (such as the Road Traffic Authority), some of which exert greater influence over visitor behaviour than initiatives arising from within the community.

History Matters: Assessing the Value of Tourism over Time

The research presented in this book clearly shows that destination development is not pre-determined or expressive of a 'life-cycle' as has been proposed by Richard Butler (1980). Rather, the development of tourism destinations incorporates evolutionary and complexity principles. These suggest that history matters and that similar destinations may develop in different ways as a result of management choices that are made and the legacies of past choices. In describing a complex process of destination development, the following terms are key:

- **Choice sets** – are the range of possible actions that the destination may take in response to any given problem at any time (Niosi, Saviotti, Bellon & Crow 1993);
- **Path dependency** – which suggests that choices (or selections) 'made' by the destination in the past (be they conscious choices or changes resulting from unpredictable or unpredicted

events) act on the possible choice sets that can appear in the future. Consequently, even destinations with similar base parameters (such as might be experienced in two tourism regions in similar parts of Australia) will develop in different ways (Cooke and Morgan 1998);

- **Irreversibility** – suggests that, once selections have been made, they impact on future choice sets in such a way that the destination cannot revert to a previous state (Edquist and McKelvey 2000);
- **Bifurcation points** – are the points on the development path where selections are made from choice sets (including the selection of ‘no change’). They are seen as points at which the nature of the destination is susceptible to change (Niosi et al. 1993);
- **Multi-stability** – between bifurcation points, destinations implement changes arising from previous selections and consolidate new forms of organisation. The evolutionary approach recognises a tension between the desire to innovate (which may imply instability) and the maintenance of the system (which may imply stability). Destinations therefore have phases of relative stability or incremental change interspersed with phases of radical change (Niosi et al. 1993).

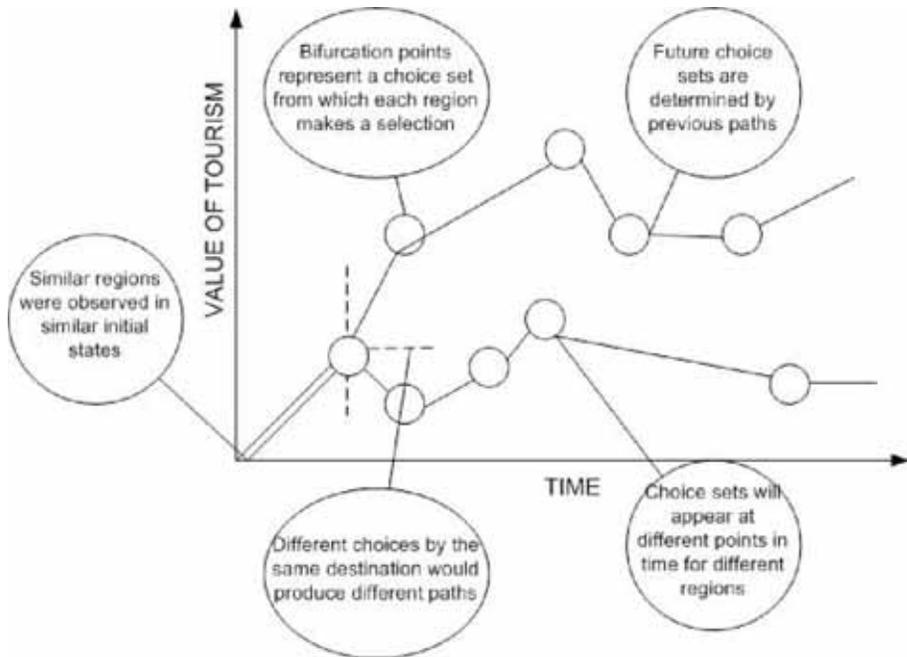
These complex processes of change have outcomes which may be difficult to measure over time due to a lack of quality local data sets describing the value of tourism and a lack of standards, at least at local and regional level, as to what may be appropriate measures of tourism’s value (Prosser & Hunt 2000). Butler’s tourism life cycle (1980) described destination development according to the number of visitors to a region. This information is both very difficult to obtain and of little direct relevance to tourism’s value in economic, social, or environmental dimensions. More appropriate measures of economic value may relate to the yield from tourism (Department of Industry, Tourism and Resources 2003) in terms of income-expenditure differentials, employment, or business activity. The Centre for Regional Tourism Research (2003) concluded that poor data quality (and the expense of improving data quality) and unsupportable assumptions underlying measures of income-expenditure differentials (including input-output models, computable general equilibrium models, tourism satellite accounts and various multiplier calculation techniques) make these measures inappropriate for all but the largest of regional tourism destinations. For most regions, relatively simple economic indicators relating to labour force employed in tourism related industries and registered businesses classified in tourism related sectors and including actual volume of activity as well as proportionate estimates (eg. the proportion of all employed persons who are employed in tourism related industries) provide the best opportunity to monitor the economic value of tourism over time. The application of some of these variables is demonstrated in the various case studies in this book.

Assessing the non-economic value of tourism over time is even more problematic as there are few reliable measures capable of linking tourism activity to social, cultural, environmental, or political well-being (Macbeth, Carson, Northcote, in press). The measures that do exist rely either on tenuous or assumed links between tourism and (usually environmental) outcomes, or on perceptions of links between tourism and social, cultural and political outcomes. The research presented in this book provides a base from which to further explore these issues of value assessment.

Conceptually, the evolution of regional tourism destinations may be represented as in Figure 1.1. Figure 1.1 describes the evolution of two regional tourism destinations that were assessed at the start of the process as receiving similar economic, social and/or environmental value from tourism. This figure shows that the paths of the two destinations diverge very quickly as different development choices become available in each destination and different decisions are made in response to those choices. The Y axis represents the nature or value of tourism, however conceptualised and, possibly, measured. The principle caveat is that the conceptual framework and measurement instrument must be consistent over time for any single destination and standardised for comparison between destinations. The X axis represents units

of time. The features of choice sets, path dependency, irreversibility, bifurcation and multi-stability are represented.

Figure 1.1: An Evolutionary/ Complexity Description of Destination Development



The first step in developing models which will build capacity to harness tourism is to recognise that history matters and that destination management choices (and other critical events) influence the manner in which destinations will develop over time. There is no predetermined path of tourism growth as implied by Butler's Destination Life Cycle. High value tourism management will be that which is able to recognise bifurcation points and the associated choice sets and that which will have the capacity to act to select and implement options from those sets. The following two chapters explore how this high value tourism management may be brought about through understanding regional tourism destinations as systems and through building capacity for those systems to act as systems of innovation.

