Developments in Tourism Since 1971

by

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I have been asked to comment on the developments which have taken place in establishing travel as a major industry in Queensland since the travel industry appraisals and recommendations were published in 1971.

1971 was a vintage year for tourist appraisals: ANTA published its tourist appraisal in North Queensland, the report on the Queensland Tourist Industry by Mike Gibbings of the Economic Department of the University of Queensland was released and the Pannell, Kerr, Forster (PKF) Visitor Plan for the Great Barrier Reef was issued.

The report prepared by PKF for the Australian Tourist Commission in April 1971 entitled the "Great Barrier Reef - Visitors Plan", contained many interesting observations on the development of the tourist industry as a whole in Queensland and indeed Australia, apart from having particular reference to the Great Barrier Reef. Unfortunately as is all too common in Australia, this report seems to have got pushed into the background and forgotten.

An Interdepartmental Committee was set up by the Queensland Government and went very thoroughly into the report but Cabinet decided, early in 1974, that further consideration of the plan, put forward by this report, was to be deferred until after the report of the Royal Commission into the effects of drilling for petroleum on the Great Barrier Reef was available. The Royal Commission on the drilling for petroleum made its report late in 1974, but so far as I am aware, the PKF Report did not surface again.

The PKF Report contains a wealth of detailed recommendations, some of which have in fact been implemented. I propose to look at some of the main recommendations and demonstrate how far things have proceeded in the intervening seven years with regard to what has happended to the Queensland industry in general and to the Barrier Reef area in particular, as far as tourism is concerned.

FINANCIAL INCENTIVES

The next group of recommendations concerned financial incentives. The report strongly made the point that a great deal needed to be done to stimulate development. There was a critical necessity for both private incentives and the granting of government subsidies to remote region resort operators in order to provide developers with economically feasible projects. It was maintained that the cost of government incentive programs would be more than recouped by the additional revenue and taxes which would accrue to government.

The need for incentives was seen as an Australia-wide problem, but especially applicable to the Barrier Reef because the cost of developing accommodation and tourist facilities on island resorts was considerably higher than on the mainland. For example, capital was required for the supply of essential services such as power, communications, water, sewage, waste disposal, transport and air strips.

In addition to these incentives, the report contained recommendations for specific governmental expenditures on development works at an estimated cost at that time of $16.5 million dollars. These were specifically related to Green Island's re-development, a Cairns waterfront scheme, re-location of Cairns airport and the extension of the Townsville airport. Very little progress has effectively taken place on these recommendations.

As regards financial incentives generally, I am well aware of the small school of thought which resists the granting of incentives to the tourist industry, but it seems to me that if we want planned development of the Reef area, in harmony with ecological requirements, then it is worth paying some price for it.

It is worthwhile looking at these proposals in detail to see just how far we have got in the intervening seven years.

The specific recommendations concerning financial incentives for development on the Great Barrier Reef were as follows:-

(i) Direct subsidies to be granted to resort developers in remote regions to reimburse them for extra costs incurred in creating an infrastructure;

(ii) Amortisation to be allowed under certain conditions, on all improvements erected on leased properties;

(iii) An "insured mortgage scheme" to be established which would guarantee loans made to established region resort operators from commercial sources;

(iv) Depreciation on buildings to be made an allowable deduction for hotel/motel and resort development;

(v) Additional tax assessments on undistributed profits to be eliminated if such profit is required to amortise debt or is reinvested in tourist plant;

(vi) A tourist resort developer to be allowed to write off costs incurred for land improvement; and

(vii) Expenses incurred outside Australia on Australian tourist promotion to qualify for taxation rebates given to exporters generally.

In the event, nothing has taken place on the first three points, nor on point (v) and (vi).

With regard to point number (iv), depreciation of buildings, this is a matter which is of Australia-wide concern. As long ago as 1955, a tax free allowance for all buildings used in production of assessable income was recommended by the Hulme Committee. It has been recommended periodically by later enquiries, the latest being the Asprey Committee in 1975.

Australia is the only country amongst the OECD nations, which does not allow depreciation of buildings as a tax deduction and this matter has again been raised in the Federal Government by a joint submission from the Australian Accommodation Council. This concession is of fundamental importance to the whole tourist industry if development in new tourist accommodation is to be encouraged.

As regards the allowance of expenses incurred outside Australia on tourist promotion, the Federal Government recently included tourism in the Export Market Development Grants Scheme. While this tends to favour the larger operators who can afford to advertise overseas, nevertheless it is a valuable concession which at least recognises tourism as an export earning industry.

TRANSPORTATION

The next main body of recommendations made by the report concerned transportation. It was recognised that ease of movement, including convenient and reasonably priced travel can, by itself, stimulate the demand for a destination area.

This interdepartmental committee concluded that the existing facilities at Townsville had a limited potential for future development and that a new terminal and runway would be necessary to overcome operational constraints.

It was considered that a new international airport would generate growth in the tourist and allied industries of the region, subject to satisfactory parallel development of appropriate accommodation.

The Bureau of Transport Economics evaluated the proposal and came to the conclusion that it would not be necessary to make a firm decision prior to 1980, on the assumption that such an airport could be justified by 1985.

More recently the House of Representatives Select Committee on Tourism recommended in its Final Report in October 1978 that an international airport be designated at Townsville and that the development work required be authorised as soon as possible.

The Select Committee took the view that an international airport in Townsville would not only facilitate a door to Australia's major attractions, the Great Barrier Reef and Ayers Rock, but would also open up the possibility of direct flights to Alice Springs and Papua New Guinea. There is no doubt that another international gateway in North Queensland would generate a great deal of additional visitor traffic.

3. The third recommendation on transport related to the introduction of international charter flights. Charter flights into Australia have been on an extremely limited basis for many years and there has been no real change in this policy, although recent fare reductions and increased frequencies of international flights into Australia generally might to some extent be considered as replacing the need for charter flights, but this is not the case. Charter flights would open up a whole new segment of the travel market - particularly special interest groups.

4. The report finally recommended that there be extended routes and increased frequencies of flights at the domestic level including charter flights. Basically, the domestic flights operating in Queensland are geared to servicing the needs of the commercial traffic generated by the Australian capital cities and this situation is unlikely to change. There is no doubt that it creates problems for the tourist traveller to the Great Barrier Reef if he wishes to travel more extensively within the region.

STATISTICAL INFORMATION

The PKF Report recommended that visitor surveys should be instituted at selected destinations throughout each year, in order that a profile of the tourist to this area could be gained and a meaningful measurement of the importance of the tourist industry would be available. The Department of Tourism in Queensland has for many years sought the incorporation of a Research and Statistics Section within its Department, but owing to shortage of funds, it was not until the end of 1977 that this section was established.

It is currently undertaking work on visitor surveys and compiling statistics on the importance of the tourist industry in Queensland, so at least a start has been made on this aspect. Nevertheless I still have a sneaking suspicion that the industry could do more for itself in building up a profile of its visitor traffic.

REGIONAL DEVELOPMENT

The PKF report recommended that each destination region should develop its own promotional efforts and recommend the establishment of regional visitor and convention bureaux to stimulate interest in and to attract visitors to particular regions.

Over recent years it has been the policy of the Department of Tourism in conjunction with the Queensland Board of ANTA to establish regional tourist bureaux. In the area of the Great Barrier Reef, the Far North Queensland Promotion Bureau, the Tropical Queensland Tourist Association, the Whitsunday Wonderworld Travel Council and the Capricorn Tourist Organisation have all been set up.

In the view of PKF, resort development should do two things. It should enhance the existing physical environment and it should create moods within that environment, achieved by site arrangements and supporting architectural design and materials. The end result is, of course, visitor satisfaction.

The PKF report goes on to develop criteria for resort development and these include:-

- it must develop a theme of relaxation;
- the complex should blend with the site and capitalise on natural features and views. Relief should be afforded from intense sunglare;
- accommodation units should be clustered to ensure privacy;
- tropical architecture should be the theme of the resorts;
- the use of local materials, whenever available, is suggested;
- colour should enhance the basic dignity of the structure; and
- the interior decor should complete the theme of the resort.

It is probably true that, in the main, we have failed to develop an aesthetically pleasing and distinctive type of architecture suited to our climate and environment. The typical Queensland homestead is a pleasant exception to this general rule.

In this field, it seems to me the Great Barrier Reef Marine Park Authority could lead the way by developing prototype designs as a guide for new resort and accommodation in the Great Barrier Reef Region. At least it could set guidelines of what is expected. But here in the Barrier Reef region we must not overlook the fact that over the last two or three years there have been some exciting developments which show that the industry is fully aware of the need to provide holiday resorts which achieve excellent standards of accommodation set in surroundings which preserve the special appeal of the Great Barrier Reef environment. The domestic airlines have shown their faith in the region by outstanding developments at Hayman Island, Great Keppel Island, Dunk Island and Wanderers Paradise at Airlie Beach.

And, of course, there is the tremendous Iwasaki tourist development projected for north of Yeppoon. The concept focuses on the creation of a great park which will not only provide a wide variety of accommodation, but will aim at preserving natural wild life habitats and development of botanical gardens set in a great park complex.