

## 4. ECONOMIC BASE OF REEF RELATED TOURISM

The Agreement requires the Consultants to analyse the periods of study in regard to the economic dimensions of reef-related tourism under the following headings:-

- (i) Average daily expenditure
- (ii) Tourist Accommodation
- (iii) Investment operating costs
- (iv) Capital Investment in the private sector

4.1. In regard to (i) above, figures on average daily expenditure by domestic tourists during the period are available from only two sources:-

- M.J. Gibbings' Report on the Queensland Tourist and Travel Industry for the year 1969/70 and
- The Survey of Australian Travel by the Australian Travel Research Conference for the year 1973/74.

The Gibbings Report provides in Table B14, (see below), details of the average expenditure (per night) per Traveller unit for specific areas in Queensland according to purpose of visit. (A "Traveller-unit" is defined as "one or more persons travelling together and who occupy the same "home" or usual place of residence).

Extract from Table B14 - M.J. Gibbings Report 1969/70 Average  
Expenditure (per night) per traveller unit.

<u>Area visited</u>	<u>Holiday/Recreation</u>	<u>Business</u>	<u>All purposes</u>
Rockhampton/ Gladstone	\$13.17	\$25.34	\$15.04
Mackay/Proserpine	17.41	20.31	18.60
Townsville	18.60	18.04	16.66
Cairns and Tableland	16.66	25.74	18.56
Island Resorts	42.82	43.57	42.85

The Gibbings Report observes that "the most striking feature of this table is 'the high average expenditure on Island Resorts' and attributes this to the fact that 'there is only one type of accommodation available on the islands, there is no lower-cost type accommodation equivalent to caravan parks and flats on the mainland'".

In addition to this, however, a further factor is that visitors to the islands are charged an all-inclusive rate for accommodation and do not have the opportunity to purchase meals from a cheaper source or prepare their own meals.

There is no comparable figures in the Survey of Australian Travel for 1973/74. Information is provided relating to expenditure per person per night for Australia as a whole in Table 11 of the survey.

According to this table \$492,269,000 was spent on accommodation, meals, shopping etc. as the result of 26,206,000 trips throughout Australia during the year. (Queensland was the main destination for 17.3% of these trips. It can be assumed that the level of expenditure would conform to the Australian average).

As the average duration of a trip was 4.87 nights, this represents a figure of \$3.86 per night per visitor - a considerably lower per night expenditure than indicated in the Gibbings report (even after allowing for the "traveller-unit" concept).

The lack of comparability of the two sets of data arises from the fact that in regard to the Gibbings Report, the coverage of the survey was limited to tourists spending their nights in commercial accommodation, while the S.A.T. Survey was based on a stratified random sample of household expenditure and therefore included that substantial section of the travelling public classified as VFR - Visiting Friends and Relatives - whose expenditure patterns are likely to be significantly lower than those travellers who utilise paid-for accommodation.

The discrepancies between the two sets of figures demonstrate the difficulties of arriving at a consistent "average daily expenditure" figure for travellers to any particular destination and of making any valid calculations which would yield reliable estimates of overall expenditure. An essential component in such calculations - the average length of stay of each visitor category (which vary in their rates of expenditure) is similarly lacking in any sufficiently reliable form.

It is our view that none of the studies referred to provide adequate data on which to arrive at a reasonable accurate assessment of average daily expenditure of domestic visitors to the Region. They do not provide a substitute for the compilation of local area data which would have to be derived from a survey aimed at this particular objective.

In regard to expenditure by overseas visitors, the Bureau of Industry Economics in its Research Report No. 4 "Economic Significance of Tourism in Australia" estimates that \$164,000,000 was spent by overseas visitors in 1973/74 on accommodation, fares (within Australia), shopping and other.

This represented expenditure by 505,854 visitors during that year. Based on an average length of stay of six weeks, this would represent expenditure of only \$7.72 per head per visitor per day. This figure may seem low, but is comparable (having regard to inflation) with the figure arrived at for the year 1977 by the Bureau of Industry Economics (Research Report No. 4 page 36) which indicated that the average expenditure per visitor per day was \$10.30.

Whilst these figures relate to Australia as a whole, it is likely that figures for the GBR Region would be somewhat higher than the National average, due to differences in the composition of overseas visitors. (A decrease in the relative significance of VFR visitors in the visitor population as compared with the National average, would result in an increase in the expenditure per visitor per day, as the VFR group spends much less per head than "holiday" and "business" visitors").

An analysis of the raw data obtained by the A.T.C. International Visitors Survey 1979/80 shows that the VFR segment to the Great Barrier Reef Region constituted 20.5% of the total visitor traffic compared with 22.3% for the National Average (A.T.C. Interim Report of International Visitors - March 1980). However, the figures for the GBR Region must be treated with some caution as the VFR segment is still regarded as too high and does not line up with actual experience. (See Appendix I - Whitsunday Islands).

From the foregoing considerations, it would appear that the expenditure by visitors (both overseas and domestic), is considerably lower per visitor per night than the level indicated in the Gibbings report (for reasons already commented upon). It reinforces our view that the available estimates for average daily expenditure are all subject to qualification for various reasons and can be regarded as general indicators at best, rather than an accurate guide to actual visitor expenditure. The figures by the various studies mentioned do not, in our view, provide a sufficiently reliable base on which to calculate the economic dimensions of reef related tourism with any degree of confidence.

#### 4.2. Tourist Accommodation

An analysis has been made of unpublished Building Approvals Data in each local authority area in the G.B.R. Region for the period 1968/69 to 1977/78 (See Table 19). This has been supplemented by our own survey which has gathered current information on investment on accommodation facilities in regard to island resort establishments, as well as forecasts for future investment. It is our view that comprehensive and accurate information relating to this element in the economic base of the industry could only be achieved as the result of personal interviews with the managements of accommodation establishments throughout the area. The time and funds available to the current study did not permit of this task being undertaken. Nevertheless, the figures provided point to substantial and sustained investment in accommodation over the period in the area and that this trend is accelerating. (see Table 19, page 44 and pages 45 and 46 - Tourist Accommodation). The current situation in regard to resort accommodation is markedly different from the views

expressed in the G.B.R. Report 1971 (see "Summary of Main Findings" dealing with Accommodation). However, there is still considerable scope for further resort development throughout the region. Suitable areas for resort development need to be defined and standards set to ensure that such developments enhance the character of the Region.

#### 4.3. Investment Operating Costs

It is also our view that this information could only be secured as a result of personal interviews and, even then, it is doubtful whether operators would be willing to divulge the information required. As far as we are aware, there is no published material on this particular aspect over the period 1946-1980.

#### 4.4. Capital Investment in the Private Sector

This information is similarly not available in any comprehensive form from published sources, (apart from the foregoing material on tourist accommodation). We have been able to elicit information in some few instances on investments in accommodation, launches, attractions etc., but this falls far short of the information required to quantify the extent of capital investment by the private sector over the period. To compile information on the investment in transport (launches, coaches and light planes) for instance, would require a major study in itself.

In conclusion, it must be emphasised that a study of the economic dimensions of Reef-related tourism involves more than an aggregation of the components detailed above. Even if reliable data were available in regard to expenditure by overseas and domestic tourists in the area and the extent of expenditure by the private sector on plant and equipment and on operating costs relevant to the tourist industry, it will be appreciated that not all of the expenditure generated by tourism to the area is retained within the area. Tourists purchase goods and services provided by other industries and a significant proportion of this expenditure relates to goods which are obtained in the first instance from outside the area. In regard to the money spent on the purchase of souvenirs for instance, only a portion is likely to be retained within G.B.R. Region as many of these goods are purchased from manufacturers and distributors outside the region and even outside Australia.

Similarly, a sizeable component of the expenditure in the GBR Region on accommodation would go towards servicing loans which financed the construction and furnishing of the accommodation establishment in the first place.

Stanford and McCann in the B.I.E. Publication "Tourism in the Australian Economy - Some Preliminary Estimates" have dealt with problems encountered in the National context and for the economy as a whole. The study did not take into account the economic significance of tourism on a regional basis.

To make any useful assessment of the economic impact of tourism in the Reef related region, an analysis of data derived from a specific Regional survey would be required. This is clearly beyond the scope of this study.