



Research Brief

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Informing the Territory Economic Summits

Tourism as a key economic driver for the Northern Territory

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Background

A noteworthy number of researchers from the Northern Institute have undertaken research on aspects of tourism and hospitality in Northern Australia and contributed to that sector's capacity and expertise in the Northern Territory, across all of its regions¹. The assessment of current and future challenges found in this brief represents the views of Tremblay and Boyle, but reflects some of that research spanning two decades, as well as recent findings arising from stakeholder interviews associated with current research projects examining aspects of Indigenous readiness, economic participation and workforce shortages in general. The assessment expressed in this brief also benefited from involvement in the tourism session of the economic summit, participation in the tourism panel at the 7th Annual NT Major Projects Conference, and from conversations with Professor Bruce Prideaux of Central Queensland University.

Current situation

The competitive position of the Northern Territory (NT) with respect to holiday tourism has arguably deteriorated during and since the mining boom, for a range of external and internal reasons. While terms-of-trade have affected all Australian destinations equally a priori, the cyclical nature of northern Australia's economy has led to predictable shifts in attention and efforts by government, industry and communities towards resources-exporting sectors and left other industries behind. Concurrently the role and structure of the NT government agency steering tourism was changing, possibly signalling industry maturation, but most likely merely reflecting the NT government's budgetary concerns and its vision of northern Australian development sectoral poles. In the process, many specialised functions supporting tourism were restructured across government agencies, especially those associated with supply-side and destination development, and much sector-specific intelligence and resident research capability were lost.

While it is difficult to ascertain how tourism funding has fared due to the complexity of attributing many responsibilities directly or indirectly supporting tourism (and the secrecy surrounding some forms of support deemed to play a strategic role for tourism and travel), it appears fair to claim a significant share of the tourism budget shifted since 2010 from infrastructure and product development support towards advertising campaigns directed at domestic travellers during the tourism decline (or mining boom). If the Tourism Research Australia (TRA) data on visitation is reliable, tourism in the NT has also been relatively slow at recovering. Data shows holiday markets to the NT have largely stagnated in the last decade (until very recently), and recent visitor and spending growth was concentrated around Darwin (and Alice Springs recently) and largely attributable to sudden jumps in education, employment and transit segments, rather than reflecting the effectiveness of marketing-led targeting holidaymakers. Tourism sector stakeholders at the economic summit blamed the aging infrastructure, the limited tourist product revitalisation or diversification, the insufficient direct air access to compete on the fastest growing international segments, seasonality, tourism and hospitality labour shortages, and ongoing difficulties to access key protected areas' main attractions and amenities.

¹ For example, see Boyle, Carson, Gerritsen, Payer, Taylor, Tremblay, Zander, Zeng at <http://www.cdu.edu.au/northern-institute>



Short- and long-term challenges to the tourism sector

In accord with the spirit of the economic summit, it is acknowledged the responsibility for improving the NT's competitive position does not lie strictly with the government sector, although centralised, government-led coordination is needed in some regions or domains. And while it is suitable for tourism planning to be increasingly coordinated and led by industry networks, the latter can do so only if they have access to suitable tools (including timely quality data about tourist expenditures, motives and perceptions and legitimate representation around key destination assets, such as protected areas) to create the conditions for enhanced risk-taking, investment, and to foster greater local entrepreneurial spirit. The points of discussion chosen below include issues and domains deemed significant for the long-term competitive position of NT tourism, and believed to offer particular opportunities for research to play a significant role.

The relationship between Darwin, Alice Springs/Uluru and the more distant regions

- As Darwin and Alice Springs/Yulara remain the key access hubs for the NT as well as the destinations where tourists spend much of their time and budget, these tourism regions have somewhat matured and developed their own goals and strategies. It was suggested at the economic summit that these two prevalent tourism regions might benefit from greater differentiation (from each other) and enhanced control over their own tourism identity, image, strategic directions and product development – although recognising that they still remain dependent on the NT government for funding purposes. Greater autonomy could be beneficial if coherent destination management plans were developed (with complementary marketing strategies), if greater private sector entrepreneurship results (with respect to the development of attractions), if regional greater autonomy does not create barriers to entry for new tourism businesses, and if the positive image of the Northern Territory brand (resulting from cumulative investments targeting domestic tourist segments) is not diluted.
- In contrast, the more distant or remote regions tourism will continue to require government resources, leadership and support in the short and medium term. This stems from infrastructure challenges existing beyond the key tourist destinations and attractions, and from the political imperative of supporting any activity capable of increasing economic inclusion around Indigenous remote communities. It will remain a critical challenge to manage realistic community expectations regarding the viability of tourism developments in remote regions and their potential to create jobs that local residents will be ready and willing to fulfil and benefit from. Yet it is equally indispensable to find ways for remote entrepreneurs to attempt and experiment with various tourism business concepts and learn to interact with customers and markets, and develop their capabilities to discover business opportunities and utilise them. A scoping research project being undertaken at the Northern Institute is attempting to map the elements and capabilities required for Indigenous individuals or communities to be business and market-ready to engage in beneficial forms of tourism participation.
- Darwin tourism participants at the economic summit were strongly of the view that the city itself remains the key to growing tourism in the Top End but is in dire need of rejuvenation, pointing at difficulties associated with seasonality, cruise ship efforts (and limited indirect expenditures in the city), general perceptions of the town, the disconnected nature of its assets and attractions (heritage, WW2, etc.); none of these concerns being very new. While the waterfront precinct helped create a small concentration of amenities, the challenges of linking it past the city to Cullen Bay, and the Casino-Mindil-Museum-East Point strip persist. It is likely that tourists' perceptions of Darwin would benefit from greater spatial and 'narrative' coherence, given the difficulties they encounter when attempting to connect physically and make sense of the very old, the old, the recent and the new Darwin. The lack of Darwin residents' emotional attachment to its long-standing heritage (itself due to radical demographic discontinuities



surrounding the bombing of Darwin and cyclone Tracy) might be to blame, yet those decisive events constitute large parts of the essence of the Darwin tourism product, sitting side-by-side with, but disconnected from the more conventional attractions and so-called lifestyle attributes (usually coastal amenities, the superficial sub-tropical atmosphere and its well-established markets). Most importantly, addressing seasonality is imperative for sustainable industry profitability and resident workforce development. It will not be resolved by simply attempting to spread events and festivals into shoulder seasons, a strategy attempted in the past with limited impact. The future challenge is to create spatial and thematic/narrative cohesion in the strategic tourism corridors described above, to address Myilly Point responsibly without threatening its remaining key heritage assets (for example), and to create safe and year-round attractive paths and amenities linking Darwin's historical and contemporary resources for residents and tourists alike – which is the key to attracting and retaining visitors interested in both distinctiveness and lifestyles aspects of a destination.

Growing Chinese and other Asian markets (a Top End perspective)

- Although the NT has made limited inroads with Chinese visitation, it has benefited from the early efforts of TRA and other jurisdictions to develop a knowledge base. Indications are that the initial waves of Chinese tourists to Australia would mainly be interested in the large cities of the Eastern seaboard, their urban comfort and shopping amenities, and that these tourists would never had prior knowledge or exposure to the NT's key tourism icons. These barriers and the perceived disadvantage of not having direct air links with China, have long been known by the tourism industry. But these issues should not delay the need to anticipate and target progressively developing segments interested in adventure or prestige as well as exploring the opportunities that might arise from investments made by the Landbridge group around Darwin.
- To build a positive reputation with Chinese early adopters of alternative tourism products (tourists and travel intermediaries alike), a number of investments in strategic and problem-solving R&D required involve different time frames, responsibilities and collaboration across community, industry and government. An early priority should be to start promptly addressing the Darwin destination itself (discussed above) from which early impressions of initial tourist segments will build. In the short-to-medium term, all-season access to iconic experiences will also need to be addressed, either by establishing new relationships with organisations managing or controlling key tourist attractions, or by developing new more practicable ones. In the longer term, the NT will need to build resident expertise and market intelligence regarding Chinese tourists with the aim of creating customized products attractive to emerging niche markets with specific interests in nature and with culture, in particular, involving a range of interactions with Indigenous cultures.

Focus on data and resident workforce

- Throughout its history, agencies in charge of tourism in the NT have trialled many approaches to produce and share with industry reliable tourism visitation and expenditure data, a critical service in contemporary strategic destination management. In the past, comprehensive data collection frameworks and computations were used to support ongoing marketing expansion, destination and product development and to evaluate the effectiveness of its campaigns, and strategies or products across segments and regions. It is difficult to ascertain the real return of those investments, as data provides a wide array of benefits to industry, investors and government policymakers by improving the quality of decisions, and because the full cost of producing and using the data were never clearly uncovered. It is arguable also that the data was never fully utilised to inform marketing or development decisions due to in-house technical expertise limitations, and because of reluctance to provide greater access to industry and investors, thereby



restricting sector's ability to become more data-savvy and strategically inclined. Currently, the data gathered by TRA appears to be minimal relative to the past or to other jurisdictions, and the summaries assembled and released for the NT are basic and of limited usability to inform tourism's key challenges. But it is unclear how much is provided to Tourism NT (or gathered by it) and is not made available to the public. For the tourism industry to mature and build a greater entrepreneurial edge, the sector must consider new strategies to expand tourism data production and the sector's ability to utilise it. Data production and administration could occur outside the public sector. Tourism data in the NT has often been used for political purposes by both government and industry alike, to the detriment of finding solutions and evaluating the full impact of private and public investments.

- For the tourism and hospitality industry to realise aspirations of being a key economic driver enhancing exports, employment and contributing to population growth and quality of life, it must establish a stronger resident workforce, invest in skills development with locals and improve its image. Recent research at the Northern Institute has reaffirmed that the sector remains relatively unattractive to young people, who have confined perceptions of the opportunities it holds. While this problem has long been acknowledged, new ways of attempting to directly affect perceptions, improving skills delivery and facilitating access for locals to work opportunities must be conceived. Recent mechanisms put in place to address seasonal and cyclical skills shortages (in a number of industries, such as migrant visas) are necessary in the short-term to maintain business viability, but the long-term economic benefits of tourism depend critically on establishing stronger connections with the resident population rather than recurrently borrowing skills from outside.

Conclusion

To play a significant role in driving the economy forward in the future, a number of tourism challenges need to be addressed and most likely some sectoral responsibilities reassessed. In the leading destination regions surrounding Darwin and Alice Springs, industry could take a more proactive role in destination management and lead the next generation of product development initiatives. But some distributed leadership will be required to address the lack of spatial and narrative cohesion of Darwin, which limits its appeal outside the dry season and underplays its complex heritage. Concurrently, any NT government considering the economic significance of tourism will continue to look for ways of incorporating the NT's more distant regions by providing leadership and support and helping remote communities to assess their own readiness to engage in the tourism economy, and absorb the knowhow needed to become productive tourism participants.

As the government considers potential shifts in its role in and around various aspects of tourism governance, it will need to convince the NT community, industry and investors of its commitment towards sustaining the tourism industry for the long run, that is beyond the next resources boom, otherwise industry will be hesitant to reinvest, and the NT's competitive position as a destination might face further decline. Key to that commitment will be endowing the tourism sector with access to greater tourism knowledge and intelligence resources preparing it for future challenges, as well as investing in a resident workforce through the establishment of durable connections between labour markets, employers and training institutions.