



**ESTIMATE OF
EXPENDITURE
GENERATED BY

TOURISM

IN THE
CASSOWARY
COAST AREA**



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1. INTRODUCTION

1.1 GENERAL

Cummings Economics was asked to provide a report on the value of tourism in the Cassowary Coast Regional Council area to provide a background to assess the damage inflicted by Cyclone Yasi on the area's economy.

The following report has been prepared at short notice based on available statistics and material that could be assembled over a short period of time. The basis of estimates is given in the report and further research that might be desirable is given in the conclusion. The report follows an earlier report by Cummings Economics in June 2007 on the "*Value and Development of Tourism in the Cardwell Shire/Mission Beach Area*" for the former Cardwell Shire Council.

1.2 DEFINING TOURISM

Most industries recorded in the nation's statistical information are defined by the product they produce. Tourism is defined by the customer - a visitor to the area in question. Thus, elements of tourism activities can be found across many industry sectors. For instance, a farmer who sells pawpaws to a visitor at a roadside stall is technically generating tourism income and is employed in tourism to the extent of that sale.

Although many accommodation establishments and restaurants and tours and attractions deal mainly with visitors, to the extent that they make sales to residents, they are not in tourism.

A further complication arises from the fact there is no such thing as a 'tourist' in statistical definitions. There are visitors, but they can be visiting for a whole range of purposes including health, education, business and employment, and visiting friends and relatives. The nearest to a tourist is a visitor for holiday/leisure purposes. For instance, one of the biggest visitor accommodation establishments in Cairns is the Cairns Base Hospital but it would not normally be thought of as being part of tourism.

Thus, most measures of tourism are estimates and most derived from surveys that ask a sample only of visitors about their travel and expenditure patterns.

In the following, we have sought to conform with definitional conventions used at an Australian national level.

1.3 REFERENCE YEAR

Tourism in the Cassowary Coast area has been affected by Cyclone Yasi. We have sought to collect information for the financial year 2009/10 or calendar year 2010.

1.4 RELATIONSHIP WITH REGIONAL ESTIMATES

Substantial work has been carried out at Far North Queensland Statistical Division level on measuring the value of tourism and some data is only accurately available at that level. The following relies in part in seeking to establish indications of the share of regional tourism attributable to the Cassowary Coast area.

2. AVAILABLE STATISTICAL DATA

2.1 CENSUS DATA - VISITORS

The 2006 Census provides a snap shot of visitor numbers (all types) and their origin. Unfortunately, Cyclone Larry occurred five months before the Census and would have affected visitor numbers at that time. The following table gives 2006 figures and compares them with 2001.

Table 1: Visitor Population, 2006 Census (cf 2001 Census)

		Johnstone Shire	Cardwell Shire	Total	Total FNQ	% of FNQ
Queensland (outside local authority area)	2006	774	660	1,434	12,603	11.4%
	2001	681	634	1,315	11,110	11.8%
Interstate	2006	661	837	1,498	15,688	9.5%
	2001	881	885	1,766	13,487	13.1%
Overseas	2006	234	550	784	16,148	4.9%
	2001	443	809	1,252	17,135	7.3%
Total	2006	1,669	2,047	3,716	44,439	8.4%
	2001	2,005	2,328	4,333	41,732	10.3%

Source: ABS 2006 & 2001 Census data.

The indications from this data is that taking into account Cyclone Larry effects, visitors to the Cassowary Coast in 2006 probably represented about 10% of total to Far North Queensland.

The Cassowary Coast area represents about 12% of population and it can be expected that visiting friends and relatives and other non-holiday purpose figures represent a higher proportion of visitors and that holiday visitors to Cassowary Coast, excluding the effects of Cyclone Larry, were probably representing less than 10% and in the 8% range.

2.2 TOURISM ACCOMMODATION DATA

Tourist accommodation data indicates the following in annual takings.

Table 2: Takings from Accommodation

		Cassowary Coast	Far North Queensland (FNQ)	Cassowary Coast as % of FNQ
Hotels, motels & serviced apartments	YE Dec 2010	\$14.4 m	\$311.59 m	4.62%
	<i>cf 2005 report</i>			4.9%
Caravan parks	YE Dec 2010	\$5.47 m	\$30.50 m	17.93%
	<i>cf 2005 report</i>			17.8%
Hostels	YE Dec 2010	\$1.81 m	\$19.50 m	9.2%
	<i>cf 2005 report</i>			8.1%
Total	YE Dec 2010	\$21.68 m	\$361.59 m	6.0%
	<i>cf 2005 report</i>			5.8%

Source: ABS 2006 & 2001 Census data.

The other main group of accommodation not included in the above is holiday flats and rented houses. Inclusion of this sector would probably take the total on accommodation up over \$25m. Although there is a significant stock at Mission Beach and some at Cardwell, if anything, it could be expected that the ratio of Cassowary Coast takings to the Total for Far North Queensland might be above the hotel/motel average. The indications are that for all accommodation including holiday flats and rented houses, the proportion of regional total is about 6%.

2.3 NATIONAL & INTERNATIONAL VISITOR SURVEY DATA – OVERNIGHT VISITORS

Both of these series are based on sample sizes and can bounce around due to sampling error factors at a regional level and are unreliable at a local government area level.

A more accurate assessment can be gained by aggregating and averaging 5 years data.

Table 3: Average Annual Visitor Number 6 Years 2005 to 2010

		Number	Visitor nights	Average visit nights
Cassowary Coast	Domestic visitors	171,000	578,000	3.4
	International visitors	67,000	352,000	5.2
	Total	238,000	930,000	3.9
Far North Queensland, 2009/10	Domestic visitors	1,432,000	8,657,000	6.05
	International visitors	654,000	6,091,000	9.3
	Total	2,086,000	14,748,000	7.07
<i>Cassowary Coast as % of FNQ</i>	<i>Domestic visitors</i>	<i>11.9%</i>	<i>6.7%</i>	
	<i>International visitors</i>	<i>10.2%</i>	<i>5.8%</i>	
	Total	11.4%	6.3%	

Source: NVS & IVS data.

The indications are that while Cassowary Coast accounts for over 10% of international and domestic visitors, percent of visitor nights is lower at about 6%.

Equivalent expenditure figures over the above period were not readily available.

Average expenditure figures from the NVS and IVS over the 3 to 4 years prior, ending 2007, were given as follows.

Table 4: Average Expenditure Figures Per Visitor Night, 2003-2007

	International visitors	Domestic visitors
Cardwell Shire	\$29	\$104
Johnstone Shire	\$29	\$92
Average	\$29	\$98

Source: NVS & IVS data.

Estimate of Expenditure Generated by
Tourism in the Cassowary Coast Area

Average per visitor night for Far North Queensland for 2009/10 was:

Domestic..... \$191

International..... \$127

Total estimated expenditure at regional level was put at:

Overnight Domestic \$1.654bn

Overnight International ... \$0.775bn

While it can be expected that the per visitor night expenditure in the Cassowary Coast area will be lower than the regional average, because of the high proportion of caravan park and hostel trade, it is likely that the figures would be higher than the estimates for the 3 to 4 years up to 2007.

Although international visitors to the Cassowary Coast would be mainly backpackers and there is likely to be caravan visitors among the area's international visitors, a per visitor night figure of \$29 seems exceptionally low and its use would be an underestimate.

Again, the \$98 for domestic visitors seems likely to be an underestimate.

The following calculates approximate estimated expenditure generated by overnight visitors based on the NVS and IVS 3-yrs 2007 figures and our estimated expected average.

Table 5: Cassowary Coast Estimated Expenditure by Overnight Visitors

	Visitor nights	Expenditure			
		At 3-yrs 2007 average		Expected actual	
		Per night	Total	Per night	Total
Domestic	578,000	\$98	\$57 m	\$120	\$69 m
International	352,000	\$29	\$10 m	\$40	\$14 m
Total			\$67 m		\$83 m

Source: NVS & IVS data.

A figure of \$83m compares with about \$25m spent on accommodation. This would be about a third of total which is roughly consistent with other information about split up of expenditure at a regional level.

2.4 DAY VISITATION

Being close to the major tourism accommodation and residential area of Cairns, the Cassowary Coast receives substantial income from day visitors:

- a) Visitors passing through on their way to and from Cairns, making wayside expenditures..
- b) Domestic and international visitors to activities and attractions like Paronella Park, rafting, skydiving.
- c) Cairns and other residents in the region visiting the Cassowary Coast on day visits.

Information available from NVS and IVS gives day visitors to the area:

2005.....	268,000
2006.....	245,000
2007.....	279,000
2008.....	303,000
2009.....	349,000
2010.....	351,000

Expenditure would vary greatly with high per capita levels on activities like rafting, skydiving, and trips to the reef through to very low levels for visitors passing through and visits from Cairns residents.

Reliable per capita spending figures are not available for the Cassowary Coast area. However, as a guide, spending at regional levels for 2009/10 available from Tourism Research Australia is Far North \$102, North \$147, Mackay \$170, Central Queensland \$119, Darling Downs \$106, Frazer Coast \$92 and Sunshine Coast \$87. Part of day trip expenditure by visitors ex Cairns is spent in Cairns. We believe it appropriate to use a conservative figure of \$60 per visitor. An average of \$60 applied to the visitor number of 350,000, gives a total of about \$21m accruing to the Cassowary Coast area.

2.5 TOTAL VISITOR EXPENDITURE

Total visitor expenditure in the Cassowary Coast area is estimated approximately as follows.

Overnight Domestic	\$69 m
Overnight International	\$14 m
Day Visitors	\$21 m
Total	\$104 m

Based on the evidence available, it is estimated that visitor expenditure in the Cassowary Coast area is of the order of \$100m a year, ie. about 4% of the total recorded for the Far North Queensland region of about \$2.6bn.

2.6 IMPACTS OF CYCLONE YASI

Major impacts of Cyclone Yasi on the sector that have been advised to date are as follows.

- 1) Temporary loss to all businesses during and in the immediate aftermath of the cyclone. However, it is the low season for most and for a number of accommodation establishments, is subsequently being offset by an influx of clean-up workers followed by reconstruction. However, this does not apply to day tripper attractions and activities.
- 2) Large scale destruction at Dunk I and Bedarra Resorts that seems unlikely to be restored to be operational again for many months. Dunk Management has a target to be open on 1st September (ie. 6 months after Yasi) but this may prove optimistic. Projected loss of income is not available. However, based on the number of rooms (Dunk 160, Bedarra 16), room rates (Dunk \$400 - \$900, Bedarra \$3,500) and likely occupancy rates and room rates achieved, loss of income is roughly estimated to be of the order of \$8m over the period February to August.
- 3) The closure of Dunk and Bedarra for at least 6 months and business being down in Mission Beach accommodation will strongly affect a number of marine tourism operations based at Mission Beach including trips to the islands, reef sightseeing, diving and recreation fishing.

These operations are estimated to have a turnover of the order of \$7m a year and losses could be of the order of \$3m over the 6 months February to August.

Destruction of Cardwell Backpacker Resort that estimates it will be 10 months before operational.

Other tourism properties appear to remain operational.

- 4) Major loss of backpacker trade, largely because of loss of banana industry jobs. Information from three backpacker establishments indicate likely loss of business of about \$1m at a per day total expenditure of \$50.