The role of local government in the production and distribution of knowledge within Australian regional tourism systems

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The role of local government in the production and distribution of knowledge within Australian regional tourism systems

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Thesis Declaration

I certify that the work presented in this thesis is, to the best of my knowledge and belief, original, except as acknowledged in the text, and that the material has not been submitted, either in whole or in part, for a degree at this or any other university.

I acknowledge that I have read and understood the University's rules, requirements, procedures and policy relating to my higher degree research award and to my thesis. I certify that I have complied with the rules, requirements, procedures and policy of the University (as they may be from time to time).

__________________________________
Fiona Elizabeth Richards

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Abstract

This thesis examines the role of local governments in Innovation within Regional Tourism Systems using the pivotal Systems of Innovation characteristics of the production and distribution of knowledge as a framework. Innovation, the process of developing new products or processes, the accessing of new markets or new suppliers, or the implementation of new methods of industrial organisation, has been identified as a strategy to ensure that firms and industries remain competitive (Schumpeter, 1975; Edquist, 1997; Cooke and Morgan, 1998). The study of innovation in evolutionary economics takes its inspiration from the work of Schumpeter (1975) in the early and mid twentieth century, who argued that firms which remain competitive and sustain growth, enter into dynamic patterns of innovation.

The methodological approach to this thesis is based on a social constructivism epistemology and utilises a mixed-method qualitative methodology of focus groups and case studies to address the aims and associated research questions. Focus groups and a workshop were conducted in New South Wales, The Australian Capital Territory, South Australia and Tasmania. Participants included regional tourism officers, state tourism officers, local government tourism officers, industry association representatives and private and private sector operators. The case studies examined the regional tourism systems of Broken Hill, the Gold Coast, and Coffs Harbour and were chosen as examples of systems which had attempted one of three types of innovation – project innovation, radical innovation and incremental innovation. In each case local government was involved in the knowledge production and distribution processes undertaken to facilitate innovation within the regional tourism system.
In studying the effectiveness of local government in fulfilling its role in facilitating innovation, this research reveals weaknesses in the structure of regional tourism and its management, as well as deficiencies in Systems of Innovation theories within the context of tourism. The principal weakness within the current structure of Australian regional tourism relates to the formation by local government of Single Business Units to manage their tourism responsibilities. Because of organisational and physical structural isolation, these Single Business Units fail to utilise the full capacity of the local government organisation. In Systems of Innovation theory the concept of the “region” is central. Most examples of Systems of Innovation lie within the manufacturing and ICT industries where the region itself is not crucial to the product. In tourism the idea of region is central because it is what defines the product and therefore the marketplace. Current systems of innovation approaches do not properly explain the difference this makes to the operation of the system.

This research has provided significant insights into the process of innovation in regional tourism systems, with a particular focus on the role of local government in the production and distribution of knowledge. The increased understanding of system dynamics not only progresses theory, but provides insights for better management of regional tourism in Australia and elsewhere.
List of Publications

Peer reviewed publications that have included my original research and literature reviewed as reported in this thesis are as follows:


*This publication provides a record of small area data collections, primarily within regional tourism systems, and identifies strategies for assisting organisations within the system implement data acquisition initiatives. The publication relates to chapters three, four and five of this thesis, particularly the focus groups methodology, results and discussion.*


*This paper describes the development and implementation of a Web based application to manage the collection and analysis of business performance data in the tourism industry. It is an example of a government organisation within a tourism system undertaking a knowledge creation and distribution strategy to facilitate innovation within the system. The paper utilises aspects of the literature (chapter two), results (chapter four), discussion (chapter five) and conclusions (chapter six) of this thesis.*


*This publication is the result of the larger CRC Tourism projects for which data from the case studies in this thesis were utilised. The publication provides organisations within tourism systems an assessment tool and implementation guide for achieving effective innovation within their system, with a particular focus on the role of local government within the system. Aspects of the literature (chapter two), results (chapter four), discussion (chapter five) and conclusions (chapter six) of this thesis, have been used in the publication.*

This paper reports on the results of the focus group research of this thesis. It particularly focuses on the barriers to successful knowledge creation and distribution and how these may inhibit effective innovation within regional tourism systems. The paper therefore relates to chapters two, three, four and five of this thesis.


This paper looks at a technological innovation designed to facilitate knowledge distribution within the Australian tourism system, and using systems of innovation theory to explore barriers to its implementation at the individual, organisational and systemic level of tourism systems. It utilises the case study results of this thesis to explore such barriers.


This paper is a thematic analysis of submissions to the Australian Commonwealth Government’s Ten Year Plan for Tourism and discusses the needs identified by organisations within Australian regional tourism systems revealed by the analysis. The paper argues that such a call may be framed in the language of innovation research, and specifically in terms of systems of innovation approaches to regional economic development. The paper contributed significantly to the literature review of this thesis and contributed to the research question formation.

This paper looks at a technological innovation designed to facilitate knowledge distribution within the Australian tourism system, and using systems of innovation theory to explore barriers to its implementation at the individual, organisational and systemic level of tourism systems. It utilises the case study results of this thesis to explore such barriers.
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I would also like to acknowledge the work of Dr Lisa Ruhanen in collecting the interview data for the Gold Coast Case Study. These interviews, conducted for her PhD work, and as part of a larger CRC for Sustainable Tourism Project enabled high quality data for all projects to be collected, while reducing burden on respondents during a period of much attention to the tourism industry in this region. The cooperative spirit amongst numerous researchers involved in CRC Tourism projects at this time is much appreciated, and can only serve to build a greater knowledge base for the Australian tourism industry. Likewise the support of the participants of the remaining two case studies, Broken Hill and Coffs Harbour must also be acknowledged. In particular the friendship that has formed with the Schmidt family, owners of Eldee Station, as a result of Naomi’s contribution to this study, was a surprising personal outcome of the research.

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The role of local government in the production and distribution of knowledge within Australian regional tourism systems

Chapter One: Introduction

1.1 Overview

The purpose of this thesis is to examine how the management of tourism responsibilities by local government influences its capacity to facilitate the production and distribution of knowledge in regional tourism systems. It proposes that Australian regional tourism systems would benefit from acting as systems of innovation, and to do so they need to possess several characteristics developed under systems of innovation theory (Schumpeter, 1975; Edquist, 1997; Cooke and Morgan, 1998). Among these characteristics, strong public-private sector interactions and an effective practice of knowledge production and distribution, is required.

The current structure of Australian regional tourism systems has a focus on local government for managing private-public sector interactions. The public sector has also been suggested by Sheldon (1997) in her work on tourism information systems to play a management role, as a well positioned “infomediary” or facilitator of knowledge production and distribution within regional tourism systems. Therefore, this thesis focuses on local government and their role in facilitating innovation within Australian regional tourism systems through the production and distribution of knowledge for the system.
The range of knowledge required within Australian regional tourism systems has been proposed by Carson and Sharma (2002). This knowledge has been categorized into visitors; destinations; operators and attractions; marketing and distribution; and tourism stakeholders. It is likely that different types of knowledge will be needed for different levels of innovation whether project, radical, and incremental innovation situations. It is also likely that local government will need to address individual, organisational, and system issues to perform its knowledge role effectively.

Current knowledge gaps exist in relation to how well Australian regional tourism systems underpin the importance of knowledge to innovation, and therefore its importance to the development of the systems. What is also currently not well understood is the extent of the expectations for local government to play a role in the production and distribution of this knowledge. Another knowledge gap is that of how local governments view such responsibilities and the expectations placed on them by individuals and organisations within the system.

This thesis examines four research questions to address these knowledge gaps. To address these questions, stakeholders within Australian regional tourism systems were surveyed to determine, 1) how they conceive of (relevant) knowledge and, 2) what they think the role of local government should be. Three case studies were also undertaken to observe which individuals and organisations local government involved in different kinds of innovation and the outcomes of this involvement. The results of this research were analysed to document the scope of the perceived knowledge problem, document the expectations on local government, and document individual,
organisational, and systemic issues confronting innovating systems from a local government perspective.

The conclusion of this thesis uses these results to examine the extent to which participants in Australian regional tourism systems understand the knowledge needed for innovation. The conclusions also address whether the current structure of Australian regional tourism systems inhibits the effectiveness of innovation within the system, and whether a different understanding of the role of local government in regional tourism systems is required.

1.2 Background to the research

Tourism is a significant contributor to many regional Australian economies, and it is therefore important to ensure that Australian regional tourism systems are being managed and developed to achieve optimal returns. For regional tourism such returns include increased economic, social and environmental returns to the region. Innovation, the process of developing new products or processes, the accessing of new markets or new suppliers, or the implementation of new methods of industrial organisation, has been identified as a strategy to ensure that firms and industries remain competitive (Schumpeter, 1975; Edquist, 1997; Cooke and Morgan, 1998).

Levels or types of innovation differ with evolutionary incremental innovation at one end of the spectrum, and revolutionary radical innovation at the other. Incremental innovations tend to be fairly closely related to current business practices of an organisation or system, with an extension to a product line or modification of an existing product, whereas radical innovations are totally new to the organisation or
system, and usually require new business practices to be adopted and are associated with high levels of risk. (Darroch & McNaughton, 2002; Dosi, 1988).

The study of innovation in evolutionary economics takes its inspiration from the work of Schumpeter (1975) in the early and mid twentieth century, who argued that firms which remain competitive and sustain growth, enter into dynamic patterns of innovation. This thesis is particularly interested in groups of firms or organisations, rather than individual ones as individual firms rarely develop system of innovation in isolation. This is especially the case in industries such as tourism where it is a combination of the products and services from different suppliers or operators, and destination characteristics specific to that region, which constitute the visitor experience.

Systems of innovation which have been identified in the literature have been shown to possess a number of characteristics which may be useful in assessing the innovation potential of Australia’s regional tourism systems. Characteristics include networks and clusters, entrepreneurship, institutional infrastructure and the production and distribution of knowledge. While these characteristics can be described and examined separately, it is the complex interaction of characteristics, and the choice sets which those interactions make possible which determines the development of technological systems. The potential to be innovative is a function of the performance of systems against each of the characteristics.

The fundamental premises of innovation approaches are that the capacity to innovate is reliant on knowledge. Innovation can be facilitated through the organisation of
firms and technological activities (meaning technology in the broadest sense), but the capacity to innovate (especially incrementally) is reliant on a knowledge of the history of technological development, and a knowledge of the nature of the activity. The type of knowledge needed will of course depend on the type of innovation being attempted (Cooke & Morgan, 1998; Lundvall, 1992; Dewar & Dutton, 1986).

Following Schumpeter’s (1975) model, regional tourism destinations may be conceived as economic systems which contain organisations and institutions seeking to manufacture and distribute competitive quality products and experiences. The production and distribution of knowledge and institutional infrastructure have been shown to be contributing factors in predicting successful systems of innovation (Breschi & Malerba, 1997; Edquist, 1997; Cooke & Morgan, 1998; Carlsson & Stankiewicz, 1991). Enhancing the potential for innovation in Australia’s regional tourism systems depends on both improved structures for the management of tourism within local government and improved systems for the production and distribution of a wide range of knowledge about products, markets, technologies and processes.

In the context of regional tourism systems, Tremblay and Sheldon (2000) call for a greater understanding of how, “knowledge is divided among tourism-related stakeholders, how it leads to process and product innovations, and identifying institutions involved in its coordination” (p.222).

The conceptual basis for this research comprises work from the areas of knowledge management, evolutionary economics as it relates to innovation and systems of innovation theory, and the management of tourism in regional areas. The members of
systems of innovation in regional tourism include private firms, protected area managers, and public sector organisations. Among these local government plays a critical role. This thesis emphasises the role of knowledge (and its component parts of data and information) in both innovation and tourism management. The effectiveness of local government in fulfilling its role may be determined by the individuals charged with tourism management responsibilities, the ways in which these responsibilities are integrated in the local government structure, and the ways in which local government connects with the broader tourism system. The production and distribution of knowledge is seen as one of the critical elements facilitating innovation in economic systems (Edquist, 1997). Significantly, the expectations of both local government and tourism businesses as to what knowledge is important and how local government can contribute to its generation and dissemination provide insights into the process of innovation in regional tourism systems. This research also explores the significance of the "region" to these functions within Australian regional tourism systems.

Regional tourism systems face the challenge of developing processes for knowledge sourcing and dissemination. For the processes to be effective there must be recognition of the importance of knowledge, and understanding of the type of data and information required to generate knowledge, and protocols for knowledge management. Another contributing factor to the management of the knowledge production and distribution process is that of outsourcing. One of the driving forces behind this move back to outsourcing is that the increasing complexity of the R&D process in turn increases the costs of research. Research may therefore become less attractive without partners to share the cost. More simply the firm may lack the
financial resources to undertake research even if it remains an attractive proposition” 
(Howells, 2000, p.204). Such cost sharing requires the input of an intermediary or agent to coordinate the process so that the outcomes of the outsourced knowledge production process are experienced system-wide. In regional tourism systems this role of “infomediary” is often assumed by local government.

Local governments have historically played a key role in local and regional tourism development. Of the various government agencies acting in regional tourism systems, local government may be seen as the most active and immediate. The roles and responsibilities carried out by councils in relation to tourism can be classified into eleven broad categories: Strategic Planning; Marketing and promotion; Data collection; Sponsorship; Economic Development; Visitor Services; Regulation/zoning/taxation; Use of public land; Human resources / education / training; Transport facilities and utilities and Community awareness / community relations (Hardy & Beeton, 2001; Dinan & Sargent, 2000; Dredge, 2001; McCool, Moisey & Nickerson, 2001; Wills, 2001; Joppe,1994; Muller,1997; Jenkins, 2000; Hudson & Townsend, 1993). As demonstrated by this broad list, the roles and responsibilities of local government within Australian regional tourism systems are system wide. The literature regarding local government management of tourism seems to indicate that there are individual, organisational and systemic management issues (McKercher & Ritchie, 1996 & 1997; Carson, Beattie, Gove, 2003). In many cases local governments have structured separate business units (SBU’s) to manage their tourism responsibilities, with one or more specific tourism officers with tourism specific responsibilities. Often these positions hold the title of tourism officer or tourism manager. It is through these individual agents and organisational structures
that local government most prominently manages its connection to the tourism system.

### 1.3 Research problem and research questions

Four research questions have been developed to guide the research. These are:

**Research Question One:** To what extent do organisations and individuals in regional tourism systems understand the range of information and knowledge needed to facilitate innovation?

**Research Question Two:** To what extent do local governments embrace a role in the production and distribution of knowledge? How does this compare with the expectations placed on local government by other organisations in the regional tourism system?

**Research Question Three:** What processes are employed by local government to both source information and make it available to the system?

**Research Question Four:** What management characteristics influence the effectiveness of local government in facilitating knowledge generation and innovation in regional tourism systems?
1.4   Justification for the research

This research, and its subsequent contribution to the body of knowledge, is justified on several theoretical and practical grounds.

Regional tourism in Australia has been reported to contribute significantly to the national economy including by providing employment, an issue of particular concern in regional Australia (DITR, 2002). Consequently there is widespread interest in ensuring the viability of regional tourism destinations. Given such a significant economic driver within Australia, it is important to take steps to ensure the viability of regional tourism systems.

As discussed in chapter two, researchers in the field of tourism have identified access to, and the use of, information and knowledge as potential structural barriers to the successful management of sustainable tourism by Local Government (Dredge, 2001). Additionally, researchers Tremblay and Sheldon (2000) have highlighted the need for more research to better understand how, ‘‘knowledge is divided among tourism-related stakeholders, how it leads to process and product innovations, and identifying institutions involved in its coordination’’ (p.222).

It is envisaged that this research will have not only theoretical, but also practical outcomes, by gaining a greater understanding of the role of Local Government in the production and distribution of knowledge for regional tourism systems.
1.5 Outline of this thesis

This thesis follows a six chapter structured approach to presenting the research undertaken. Following this introductory chapter, chapter two provides a review of the literature examined in the research to explain the conceptual basis of the research.

Chapter three describes the methodology for the research. A mixed method qualitative approach has been used involving a series of focus groups and case studies.

Chapters four and five contain the presentation of data and results from both the focus groups (chapter four) and the case studies (chapter five). Chapter 5 also contains a summary of each of the case studies comparing the key characteristics of individuals, organisations and the overall system.

Chapter six presents a comparison of issues across the focus groups and the three case studies, discussing these findings in the context of each of the four research questions. The chapter draws together the findings from each element of the data collection process, and makes reference to previous work in the area as outlined in the chapter two literature review.

Chapter seven is the concluding chapter and provides a detailed discussion of the findings. It concludes with a consideration of the contribution of this research within the framework of previous work, and its implications for the future.
1.6 Scope of the Thesis

This thesis is concerned with local governments with an interest and role in tourism. Regional tourism is examined from the perspective of local government, other government agencies involved in tourism including at the state and federal level and regional tourism organisations, and tourism businesses or industry that make up the regional tourism system within each area. The thesis does not directly consider the issues from the perspective of the suppliers of information or research providers, regardless of whether or not they can be defined as members of the regional tourism system. This thesis is focused on the Australian context and the structure of regional tourism within Australia. Methodological limitations in this approach are discussed in chapter three.

Despite these limitations, the research offers insights into the general role of local government in fostering innovation within regional tourism systems and uses the key systems of innovation characteristic of the production and distribution of knowledge as the lens through which to conduct the examination. By examining the effectiveness of local government in fulfilling its knowledge role in innovation, the success of the current structure of regional tourism and its management, as well as possible deficiencies in systems of innovation theories, particularly when considering service sector industries such as tourism, can be uncovered.

1.7 Conclusion

This chapter has demonstrated that regional tourism destinations have strong incentives to operate as systems of innovation and that local government will play a
critical role in the effectiveness of such systems (McKercher & Ritchie, 1996 & 1997; Carson, Beattie, Gove, 2003). Of all the roles local government play within regional tourism systems, the role of most interest to this research is in the production and distribution of knowledge within the system. How local government chooses to embrace this role, and how they manage it, will in large part determine the continuing success of regional tourism systems.
Chapter Two: Literature Review

2.1 Systems of innovation and comparisons between tourism systems.

Innovation is the process of developing new products or processes, the accessing of new markets or new suppliers, or the implementation of new methods of industrial organisation. Innovation involves invention, production, and diffusion of technology. Innovation has become a significant object of study for economists, political scientists and sociologists. According to Edquist (1997, p.1), “…innovations are new creations of economic significance.” They may be brand new or developed from a combination of existing elements. There are also several types or levels of innovation depending on the degree of “newness” to the organisation or system (Darroch & McNaughton, 2002; Dosi, 1988; Dewar & Dutton, 1986).

The study of innovation in economics takes its inspiration from the work of Schumpeter (1975) in the early and mid twentieth century, who argued that firms which remain competitive and sustain growth, enter into dynamic patterns of innovation. While firms may need to seek innovation to remain competitive, it is not possible for every activity of firms or systems to be directed towards constant innovation (Cooke & Morgan, 1998). Innovations need to be implemented and consolidated, and consequently there needs to be a balance between doing routine tasks and being creative. The inspiration for innovation comes from recognition of product or process weaknesses or potential opportunity in the marketplace, and the seeking of better solutions to technological problems.
The innovation process is not a linear one, but involves complicated feedback mechanisms encompassing science, technology, learning, production, policy, and demand. Innovation can come in many forms but all these share three common elements – creativity, a problem-solving approach and a new way of thinking” (Moscardo, 2008, p.4). As previously discussed, there are also several levels or types of innovation. For example incremental innovations tend to be fairly closely related to current business practices of an organisation or system, with an extension to a product line or modification of an existing product, whereas radical innovations are totally new to the organisation or system, and usually require new business practices to be adopted and are associated with high levels of risk (Darroch & McNaughton, 2002; Dosi, 1988). According to Freeman (1995), incremental or cumulative innovations are most common. The radical or ‘Eureka’ moments of innovation are less common and most commonly associated with scientists (Cooke & Morgan, 1998; Lundvall, 1992; Dosi, 1988). Authors such as Hjalager (1997) and Darroch and McNaughton (2002) do emphasis however, that radical innovation does not just have to be “new to the world”, but can be new to the organisation or the system, as both represent high risk fundamental changes from existing business practices. New products or processes are often exclusively a result of innovative efforts undertaken in other branches, for instance suppliers, causing a certain delay of endogenous innovation in core (tourism) industry” (Hjalager, 1997, p.40).

Beyond the individual firm, systems of activity at local, regional, national, and global levels may seek to innovate to solve problems. Innovations are more likely to affect firms and other agencies collectively, rather than individual firms in isolation. If an individual firm is able to successfully bring to market a new product, all agents in the
marketplace (including consumers, suppliers, and intermediaries) are affected. More commonly, it has been found that a critical mass of agents is required to bring successful innovation to the marketplace, so that firms become somewhat interdependent (Storper, 1995).

The term ‘systems of innovation‘ was coined by Lundvall and also Freeman in the late 1980s to describe approaches to applying Schumpeterian (and similar work by economists such as Marshall (1947)) economic modelling to understanding the network of organisations and institutions which produce, diffuse, and use technology (Edquist, 1997). Throughout the 1990s, a large body of literature has been developed around systems of innovation (SOI) approaches. The systems of innovation approach is underpinned by evolutionary economics. This school of economics is thought to be inspired by evolutionary biology and emphasises the complex interdependencies, competition, growth, structural change, and resource constraints of macroeconomics, but differs from mainstream economics through the way in which these factors are studied (Hodgson, 1993). In his foundation work to this theory, Schumpeter (1975) proposed that a state of usual ‘macroeconomic equilibrium”, is constantly being “destroyed” entrepreneurs who try to introduce innovations. A successful introduction of an innovation disturbs the normal flow of economic life, because it forces some of the already existing technologies and means of production to lose their positions within the economy. Evolutionary economics therefore deals with the study of processes that transform the economy for firms, institutions, industries, employment, production, trade and growth within, through the actions of diverse agents from experience and interactions, and examines this using an evolutionary methodology.
Systems of innovation have been observed at national, regional, and sectoral levels. Substantial attention has been paid to national systems of innovation (NSI), which Patel and Pavitt (1994, p.79) defined as “the national institutions, their incentive structures and their competencies, that determine the rate and direction of technological learning (or the volume and composition of change-generating activities) in a country”. Freeman (1995) saw the potential for regional innovation systems (RIS) because localised learning is important in facilitating the conditions for innovation. Local systems may consequently be important in terms of their ability to capture and use local information in problem solving.

Systems at any geographic, or even sectoral level, are important because they incorporate the activities of interconnected agencies, rather than firms in isolation. By understanding the dynamics of innovation in a systemic framework, policy makers, firms, and economists may be better positioned to analyse how industries become and remain competitive, and what structures may be employed to facilitate competitiveness.

There is a large body of literature about ‘National Systems of Innovation‘ (NSI) and growing attention to ‘Regional Innovation Systems‘ (RIS). Many studies focus on one, or a small number, of economic/technological activities (such as automobile manufacture, textile manufacture, semi-conductors and so on) and therefore are concerned with sectoral systems of innovation within geographic boundaries (Edquist & McKelvey, 2000; Breschi & Malerba, 1997). Research has demonstrated that different systemic relationships are likely to exist for different types of activities, even
within the same geographic area. Breschi and Malerba (1997) described these sectoral innovation systems as existing where firms cooperate and interact to innovate, while competing to bring the product of successful innovation to market. Breschi and Malerba (1997) also argued that cooperation and collaboration may be assisted by the physical proximity of organisations in the system. The focus of this research is the competitiveness of regional tourism destinations, and the innovative practices which facilitate competitiveness across a range of different destinations.

While lack of proximity may be addressed through the use of information and communications technology (ICT), and organisations may cooperate across national and international spaces (Braun, 2002), there is still considered to be a role for regions in innovation systems. The resurgence of regional economies and the increased significance of the _region_ as a planning and policy entity have been the focus of several studies since the early 1990’s (Capello & Nijkamp, 2009; Andersson & Karlsson, 2006; Storper, 1995). Regionalisation (that is, the specification of regional boundaries under political or administrative forces) has become a focus of economic development due to the structure of government programs and the capacity to mobilise resources (including knowledge resources) more effectively at regional levels. Cooke and Morgan (1998) noted that regions continue to be important because their economies tend to be _sticky_ - they can retain knowledge (tacit and codified) over time through specialisation of the local workforce, locally based industry associations and so on.

A region may be defined as "territory less than its state(s) possessing significant supra-local administrative, cultural, political, or economic power and cohesiveness
differentiating it from its state and other regions” (Cooke & Morgan, 1998, p.64)

While Freeman (1995) recognised the significance of trans-national corporations and the increasing ‘globalisation’ of technology, these trends have not necessarily diminished the importance of nations (Nelson, 1992) and regions (Cooke & Leydesdorff, 2006). While legal and political structures are a key factor in this, ‘local infrastructure, externalities, especially in skills and local labour markets, specialised services and not least, mutual trust and personal relationships” distinguish regions from one another (Freeman, 1995, p.21). These are often characteristics of ‘regionalism’ where regional boundaries are defined from within rather than imposed through the political process. Balancing regionalism and regionalisation has proven to be one of the key challenges for economic development agencies. In the Australian tourism context, there is no widely accepted definition of ‘regional’ (Kelly, 2001). The Centre for Regional Tourism Research has adopted a working definition of regional destinations as being those whose boundaries do not include major urban areas (defined by the Australian Bureau of Statistics as centres with populations greater than 100 000 people)(Kelly, 2001; Kelly, 2002). Regional destinations can therefore exist as alternatives to major urban destinations.

Although there is much debate over the term ‘regional” within Australian tourism systems, what is important to note is the significance of the geographic region in defining tourism product. In tourism, the destination is the ‘product” and cannot be separated from the system as it defines both the product and therefore the marketplace (Britton, 1979; Agarwal et al., 1990; Britton, 1991; Hall & Page, 2006). This holds true for all cases except for very large scale destination resorts such as the ‘Disneyworld” concept where all aspects of the tourism product are self contained
and based on a manmade destination. Such examples of all encompassing product are very rare in Australia, particularly in regional destinations.

This is different from the concept of region within Systems of Innovation theory, as much of the work to date within systems of innovation has been undertaken within manufacturing and ICT industries where the geographic region is not an essential element of the product. For example, Silicon Valley in the United States has been the focus of many systems of innovation studies (Best & Xie, 2006; Morgan, 2004; Saxenian, 1994). In the case of Silicon Valley, the importance of networks, public and private sector interactions and institutional infrastructure have all been credited with heavily influencing the innovation success of this region, but the geographic region itself is not credited with impacting on the ICT products and therefore the marketplace (Cooke, 2001; Saxenian, 1994; Saxenian, 1990). The Silicon Valley regional system of innovation could therefore just as easily have developed in another geographic location, yet in the context of regional tourism systems, the Central Australian regional tourism system could not be located in another geographic location as its development is driven by the presence of (among other things) an immovable geographic feature in Uluru.

The openness or “closedness” of systems may differ across geographic scales. Systemic organisation may be studied at any scale (even multi-national or global scales), with the degrees and nature of openness and “closedness” changing as geographic scale changes. So, for example, while national systems of innovation tend to be more closed than regional ones in terms of factors such as monetary policy and labour relations, regional systems may be more closed in terms of relations between
firms and access to specific forms of knowledge. It is argued here that so long as there is some reasonable structural boundary corresponding to a geographic boundary for an economic activity, the economy may sensibly be studied using a systems of innovation approach (Edquist, 1997).

In Australian regional tourism, structural/geographic boundaries include local government areas or tourism regions (boundaries defined by ‘regionalisation’), and local tourism associations or similar industry and community delimited areas (boundaries defined by ‘regionalism’). A system at a smaller geographic scale will exist as a sub-system of systems at larger scales (Cooke et al., 1997). Firms may operate in many systems which vary according to geographic and, in many cases, sectoral parameters. Again in the Australian context, the jurisdictions of local government are important in identifying regions for economic activity. As will be discussed in section 2.2 of this chapter, the increasing attention paid by local government to economic development across a number of sectors including tourism has made it reasonable to bound regional systems of innovation within local government borders. In tourism, such local government based systems may also be sub-systems of ‘tourism regions’ defined by State Tourism Organisations and encompassing multiple local government jurisdictions.

While much of the research into systems of innovation has focused on manufacturing and information technology, it has been recognised that primarily service oriented sectors also benefit from innovative capacity. Freeman (1995) noted that service sectors face added barriers to innovation given their poor history of knowledge acquisition through research and development initiatives, the intangible nature of their
products, and the dominance of small and micro enterprises in product development and delivery. Balan and Lindsay (2007) adapted a survey instrument originally designed for use in the manufacturing sector, to examine Innovation Capability within the service sector, in this case the Australian hotels sector. This study found that although the instrument provided a solid base for conducting the research, adaption was need to address the specific characteristics of the service sector, further highlighting Freeman’s (1995) conclusions.

Like all industrial activities, tourism calls upon inputs from a variety of sectors. Discussion of tourism as an industry has persisted for many years. Some authors have suggested that tourism is not an industry, but a collection of industries (Bull, 1991), while others have argued that tourism is a set of markets, rather than an industry (Sinclair and Stabler, 1991). There is no doubt that the industrial aspects of tourism are difficult to define and then measure. This is because tourism as an industrial activity needs to be bound by the distribution and consumption of goods and services which have the intention of supporting or causing tourism (Leiper, 1995; Stear, Buckley, & Stankey, 1988). A number of sectors are involved in these activities (Australian Bureau of Statistics, 1997; Cooper et al., 2006), including: package travel; accommodation; food and drink; transport; recreation and cultural activities; and tourism shopping.

A range of enterprises are responsible for providing tourism products and services (Novelli et al., 2006; Stear, Buckley, & Stankey, 1988). In addition, suppliers interact with intermediary associations, regulators, and public and private sector tourism marketers. The ways in which these suppliers and other organisations intersect and the
institutional context in which they operate, may be seen as constituting a tourism system. The imposition of regional political and administrative structures, and the pervasive concept of tourism ‘destinations‘ (Leiper, 1995), suggests the existence of regional tourism systems. Indeed the ‘systems‘ concept has become commonly used to describe the functioning of tourism within geographic areas (Lazzeretti & Petrillo, 2006; Leiper, 1990; Hall & Page, 2006; Mill & Morrison, 2002).

The intervention of various levels of Government in tourism marketing and management at a regional level and the preponderance of small businesses engaged in regional tourism activity has helped to create regional tourism systems in Australia, as elsewhere. These systems are relatively open and may exist at different geographic scales, with organisations likely to participate in more than one system. Regional systems may be based on local government areas, state tourism organisation identified tourism regions, combinations of local government areas, and regions defined by collaborations of enterprises (Kelly, 2002). They are also likely to be sectoral systems, identifiable by their desire to produce goods and services for specific markets (visitors). Regional tourism systems include both organisations (physical entities such as enterprises and individuals) and institutions (the ‘rules of the game‘ under which organisations interact) (Edquist, 1997).

The organisations involved in regional tourism systems include enterprises from a number of industry sectors associated with tourism (accommodation, food and beverage, attractions, transport etc.); volunteer and community based activities (events, visitor services etc.); marketing and management agents (representing local government and state government); collaborative agents (including regional tourism organisations, chambers of commerce etc.); and an emerging R&D sector (including
the Cooperative Research Centre for Sustainable Tourism, CSIRO, TAFEs and Universities). Many of these organisations are physically located within the region, while some are located across regions (such as transport companies), and others are located physically outside the region (for example, the headquarters of the Outback Queensland Tourism Authority is physically located in Brisbane, rather than in the Outback Region). Likewise, organisations responsible for attracting visitors to regions are often located in the market regions rather than the tourism regions. In Australian regional tourism systems, the organisations providing the products and services directly to the tourists (consumers) visiting the region, tend to be characterised by a high proportion of SME’s. These SME’s are an important characteristic of the regional tourism system as they provide adequate variety of products and services to tourists as demand for niche experiences increases (Novelli et al., 2006).

Being characterised by multiple organisation and individuals interacting within the system, it is therefore no surprise that tourism is a highly political activity by nature (Burns & Novelli, 2007). Politics in tourism is often a struggle for power and is underpinned by the question of “who benefits”. This political pattern is evident as much at a local level as it is on a global scale with institutional infrastructures such as trade agreements being common place in international tourism management. Within Australian regional tourism systems this political power struggle often translates into instability within networks and stakeholder groups (Burns & Novelli, 2007; Novelli et al., 2006; Pforr, 2006; Hall, 1994).

The formal institutions, or institutional infrastructure, of regional tourism systems include procedures for accessing government marketing funds, rights and responsibilities of participants in industry associations, and the gamut of regulations
and legislation defining the parameters within which organisations can act. There are also informal institutions that emerge from the collaborative and competitive alignment of organisations. By nature, these are difficult to identify and describe, but may be especially important in maintaining the system (Hudman & Hawkins, 1989). Residents of communities, along with enterprises, form part of regional tourism systems. This is generally truer of systems producing primarily services (such as tourism, health etc.) as opposed to those producing primarily goods. Regional tourism systems are also affected by economic conditions in generating, transit, and destination regions; availability of facilitating services; and all the other environmental circumstances that act on economic systems generally (Leiper, 1995).

Discourse around the performance of regional tourism systems (or tourism destinations) over time has focused on Butler’s (1980) Destination Life Cycle paradigm. Butler’s Destination Life Cycle models the progression of destinations through stages of exploration; involvement; development; consolidation; stagnation; and ultimately, a period of decline or rejuvenation. This teleological approach does not sit well with systems of innovation, which describes systems as more complex and subject to many changes (in many directions) over time. Two systems with similar starting states (level of investment, access to resource inputs etc) will develop in different ways as a result of how they acquire and use knowledge. Faulkner and Russell (1997) proposed that tourism systems (as destinations) are inherently complex, and that the Destination Life Cycle needs to be re-thought to allow for many potential phase shifts or bifurcation points. They suggested that destinations may be best described using the language and approaches of chaos-complexity models rather than the inherent Cartesian linear approach evident in Butler’s model. This theme of
chaos-complexity in tourism systems has been further developed in research by McKercher (1999) and Zhara and Ryan (2007), and advancing the discourse is an important consideration for this thesis.

The chaos-complexity approach is used in systems of innovation literature to explain the nature of change (specifically the introduction of innovation) in systems. This model implies that the structural features of a system (both in terms of its organisations and institutions) are important in identifying, selecting, implementing, and managing innovation. Even where change is not purposive (as described by Faulkner (2003) in relation to the floods in Katherine, for example), the structural features of the system are important in change management. Attention to this issue has been heightened in light of recent global and national events affecting Australian regional tourism, including: the events of September 11, 2001; the collapse of the Ansett airline company in 2001; the nightclub bombings in Bali in 2002; the wars in Afghanistan and Iraq in 2002 and 2003; the SARS medical scare in 2003; pervasive drought in Australia in 2002 and 2003; rising fuel prices in 2005 and 2006.; the global financial crisis commencing in 2008; swine flu fears in 2009. The effects of these global events are widespread highlighting the interrelatedness of tourism at a local system level and globally (Fukac & Lees, 2009; Willem te Vilde, 2009; Burns & Novelli, 2007; McKercher & Chon, 2004).

The need for innovation in Australia’s regional tourism systems has been recognised in the Australian Commonwealth Government’s (DITR, 2003) Ten Year Plan for Tourism and throughout the process of developing the Ten Year Plan. The preliminary discussion paper for the Ten Year Plan (DITR, 2002) consisted of a series
of questions and issues relating to tourism management and industry development. The government requested submissions commenting on the points raised in the discussion paper. Two hundred and sixteen public submissions were received, with a further 59 not published. Published submissions were received from: state and federal government departments (15); local government (14); regional and local tourism associations (40); industry associations and lobby groups (54); tourism enterprises (57); and individuals (36). Submissions covered a broad range of the issues presented in the discussion paper.

Submissions contained an overwhelming call for change in the form of new products, services, or management practices and were particularly focused on regional destinations as opposed to major urban areas. Innovation for economic outcomes was featured in more than 160 submissions, and a similar number called for change or innovation to improve the social impacts of tourism. Environmental and cultural considerations were less prominent (around 80 submissions). While submissions were strong in calling for change and identifying the implications of change in terms of improved social, economic and environmental outcomes, there were few concrete indications of what changes could be employed. Nearly 150 submissions made some reference to the need to change public sector tourism management structures (which was perhaps not surprising given the submissions were made to the Commonwealth Government), but there were few suggestions of exactly what change was required (Carson, Richards, Rose, 2004; Carson & Richards, 2004).
Many of the changes called for in submissions involved interventions in regional tourism systems (or destinations). Some examples of the nature of innovation required of regional tourism systems included:

- Development of new tourism product;
- Implementation of new ways of communicating with potential and existing customers;
- Reducing the administrative and regulatory overhead on small firms;
- Establishing national standards and encouraging compliance through accreditation etc.;
- Improved industry organisation/ collaboration to engage other essential players (especially local government);
- Strategies to enhance sustainable use of natural and cultural heritage;
- Recruitment and retention of skilled staff;
- Better coordination in promotion from local to national destinations;
- Need to be more ‘international market ready’;
- Management structures (local, state, federal) that are more robust than the whim of the government at the time.

Submissions to the Ten Year Plan for Tourism identified a need for innovation to contribute to the future of Australia’s regional tourism systems. These submissions highlighted the need for tourism systems to employ innovation not just to increase the economic benefits of tourism activities, but to improve the nature of tourism’s interactions with social, cultural, natural and built environments. The innovation called for ranged from radical innovation with fundamental changes to business practices and the introduction of new product, to more incremental and project level
innovation. Submissions also identified the need for change and innovation in the management of tourism at local and regional levels to facilitate innovation.

2.2 The role and importance of local government in Australian regional tourism systems

Along with the call for innovation within Australian regional tourism, the “Ten Year Plan for Tourism” also identified the increasing importance of the role of local government in these systems.

More generally in the literature, local governments have historically played a key role in local and regional tourism networks. Of the various government agencies acting in regional tourism systems, local government may be seen as the most active and immediate. Table 2.2.1 summarises the various roles that Local Governments have been observed to play in facilitating sustainable tourism. It must be emphasised though, that the roles identified above are those carried out across a range of services and functions within a community or region, and the roles that local government plays in these is not necessarily tourism specific.
Table 2.2.1: Roles of Local Government in Tourism Development

<table>
<thead>
<tr>
<th>Broad Role for Local Government</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Planning</td>
<td>Hardy &amp; Beeton (2001)</td>
</tr>
<tr>
<td>Marketing and promotion</td>
<td>Dinan &amp; Sargent (2000); Gretzel et al. (2000); Dredge (2001)</td>
</tr>
<tr>
<td>Data collection</td>
<td>McCool, Moisey &amp; Nickerson (2001); Cooper et al.(2006)</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>Wills (2001)</td>
</tr>
<tr>
<td>Economic Development</td>
<td>Hardy &amp; Beeton (2001); Dinan &amp; Sargent (2000)</td>
</tr>
<tr>
<td>Visitor Services</td>
<td>McKercher &amp; Ritchie (1997); Wills (2001)</td>
</tr>
<tr>
<td>Regulation/zoning/taxation</td>
<td>Joppe (1994); Muller (1997)</td>
</tr>
<tr>
<td>Use of public land</td>
<td>McCool, Moisey &amp; Nickerson (2001); Jenkins (2000)</td>
</tr>
<tr>
<td>Human resources / education / training</td>
<td>McKercher &amp; Ritchie (1996); McKercher &amp; Ritchie (1997); Dredge (2001)</td>
</tr>
<tr>
<td>Transport facilities and utilities</td>
<td>Muller (1997); Hudson &amp; Townsend (1993)</td>
</tr>
<tr>
<td>Community awareness / community relations</td>
<td>Hardy &amp; Beeton (2001); Jenkins (2000)</td>
</tr>
</tbody>
</table>

Source: Adapted from Carson, Beattie & Gove, 2003

It is estimated that more than three quarters of all non-metropolitan based local governments in Australia have tourism officers, tourism managers or an equivalent specifically identified tourism position most commonly located either within a discrete tourism unit or an economic development unit (Carson, Beattie & Gove, 2003, McKercher and Ritchie, 1996). McKercher & Ritchie (1996 & 1997) examined the characteristics and responsibilities of these local government tourism officers and managers. They cited high turnover in these positions and a lack of formal qualifications or experience in either tourism or local government as barriers to effective job performance by these individuals. The capacity for local government to perform its role in the production and distribution of knowledge in regional tourism...
systems will be subject to the skills and experience of the individuals appointed by local government to manage tourism responsibilities.

Beyond the individual, Carson, Beattie and Gove (2003) in their examination of Local Government management of tourism in Victoria found that the organisational structures of local government presented challenges to effective tourism management. While the researchers observed that elements such as a dedicated tourism unit, strategic plans and tourism related objectives were common across Victorian local governments, there was evidence of a lack of integration between the tourism elements and the wider functions and organisational units of council. At the extremes, many tourism units were housed outside of the main local government offices (e.g in visitor information centres). It may be suggested that, even where individuals in local government have the necessary skills and experience to contribute to the production and distribution of knowledge in regional tourism systems, the nature of local governments as organisations may make it difficult for them to do so, by limiting access to the full range of knowledge resources held by the local government, for example.

Although previous studies have focused on the role of local governments within regional tourism systems, the bulk of the literature is about local government administering tourism, with a focus on their role in marketing and promotion activities, with little focus on other responsibilities or other possible roles. A major gap in the literature exists in relation to the pivotal role that local governments can play in innovation within Australian regional tourism systems.
2.3 A Framework for Assessing Innovation Potential

With calls to both improve innovation capacity within regional tourism systems, and for local governments to become more involved in the management of regional tourism, it is therefore practical to look at what steps local governments can take to contribute to the innovation capacity of their regional tourism system. It has proven difficult to assess which systems demonstrate innovative behaviour. In the literature, a number of indicators of innovation have been developed, including indicators relating to the size of the sector (against local, national, or global benchmarks); the knowledge base of the sector; and the economic performance of the sector (Niosi et al., 1993). Despite the frequent call on these indicators as representing evidence of systems of innovation, Edquist and McKelvey (2000, p.xi) noted that “while it is almost universally accepted that technological change and other kinds of innovations have tremendously important effects on economic variables such as productivity growth, firm competitiveness and employment, the exact relationships between innovations and these other variables are the subject of continuing scrutiny and debate.”

The bulk of systems of innovation research have focused on the structures and characteristics that systems deemed to be ‘successfully’ innovative appear to contain. Cooke and Morgan (1998) in their review of the literature noted that effective innovation systems have access to research and development; access to educational and training institutions; sound financial systems; network of user-producer relationships (often with a ‘lead user’ who is very closely engaged with producers); intermediate institutions; strong support for small and micro enterprises; social capital (for trust and networks) and communication processes for sharing ideas and seeking joint solutions.
Systems of innovation which have been identified in the literature have been shown to possess a number of characteristics which may be useful in assessing the innovation potential of Australia’s regional tourism systems. While these characteristics can be described and examined separately, it is the complex interaction of characteristics, and the choice sets which those interactions make possible which determines the development of technological systems. The potential to be innovative is a function of the performance of systems against each of the characteristics. The production and distribution of knowledge is particularly pervasive throughout the framework as it underpins the capacity for all other elements.

The characteristics include:

*Production and distribution of knowledge*: Systems need to not only capture relevant information from within and without, but to produce new knowledge to enhance capacity for cumulative innovation (Breschi and Malerba, 1997; Edquist, 1997).

*Institutional Infrastructure*: The various levels of government are usually key players in systems of innovation (Cooke and Morgan, 1998). They determine key aspects of the system environment through policy, regulations, and legislation (Carlsson & Stankiewicz, 1991).

*Economic competence*: Economic competence provides the opportunity conditions, appropriate conditions, and knowledge management skills required to successfully innovate (Carlsson & Stankiewicz, 1991; Breschi & Malerba, 1997; Saxenian, 1996).
Resource clustering: Physical closeness enhances the capacity to share tacit knowledge, and increases the speed at which innovation can be diffused (Malmberg & Maskell, 1997; Porter, 1998; Cooke & Morgan, 1998). Clusters are likely to comprise customers; suppliers; knowledge providers; intermediaries; private sector associations; and public sector organisations (Cooke et al., 1997; Breschi & Malerba, 1997).

Networks: Nelson (1992) argued that the social and professional interactions between organisations in a system of innovation are more significant in innovation than physical proximity per se. Well functioning networks include trust, knowledge sharing, and collaboration (Malmberg & Maskell, 1997; Braun, 2003).

Entrepreneurship: Given the existence of either clusters and/or networks, Carlsson & Stankiewicz (1991) recognised that the innovation process requires a leader who can provide the vision and take the risks necessary for change.

Critical mass: Entrepreneurship includes the capacity to take risks and to have some innovations (and the firms they are linked to) fail. For a system to be able to absorb failure, there needs to be a critical mass of organisations.

Social and cultural capital: Macbeth (1997) recognized that new initiatives require social ‘will’ and energy to be developed and implemented. Social capital is in many ways more difficult to harness than economic capital. It is intangible, and the responsibility for its maintenance does not rest with any single individual or organisation (Putnam, 2000; Macbeth, Carson & Northcote, 2005).
Regional tourism systems in Australia may be seen to face specific and additional barriers to expressing these characteristics when compared with major urban areas (Kelly, 2001; Kelly, 2002). Table 2.3.1 identifies some barriers which have been drawn from the literature and from the analysis of submissions to the Ten Year Plan for Tourism as described in section 2.1 of this chapter (Carson, Richards & Rose, 2004).

**Table 2.3.1: Some Barriers to Innovation in Australian Regional Tourism System**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Barriers</th>
</tr>
</thead>
</table>
| Production and distribution of knowledge | • Poor record of public or private sector agencies purchasing knowledge  
  • Lack of technical expertise in using ICT (Sharma & Carson, 2002)  
  • Market intelligence traditionally the domain of large firms, but regional tourism small firm dominated (Main, 1999)  
  • Poor infrastructure for implementation of technology (Anckar & Walden, 2001)  
  • Traditionally poorly represented in national data collections (Hunt & Prosser, 1998)  
  Perceptions by individuals and organisations in the system that the information and data available is irrelevant, difficult to access, unreliable and inaccurate (Cooper et al., 2006) |
| Institutional Infrastructure    | • Distance from central public sector agencies  
  • Lack of coordination of tourism related functions across and within tiers of government  
  • Lack of awareness of value of tourism by local government (Prosser, 2000)  
  • Threat to private sector performance due to high levels of public sector involvement in key activities such as promotion, visitor services, and the operation of attractions (Sharma & Carson, 2002) |
<table>
<thead>
<tr>
<th>Economic competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Depressed rural/ regional economies</td>
</tr>
<tr>
<td>• Relative newness of tourism as an industrial activity in many regions</td>
</tr>
<tr>
<td>• Poor understanding of tourism by many organisations in the system due to a low focus on tourism even by businesses with substantial tourism markets (Leiper, 1995)</td>
</tr>
<tr>
<td>• Lack of skills in the sector developed through education and training, or a skilled labour shortage (Morrison, 1998)</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Resource clustering</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The size of many regions leads to regional dispersal of customers, suppliers, knowledge providers, intermediaries, and private and public sector associations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lack of coordination of tourism related activities.</td>
</tr>
<tr>
<td>• Distrust in sharing information.</td>
</tr>
<tr>
<td>• Lack of Cohesion (Braun, 2003)</td>
</tr>
<tr>
<td>• The varied nature of SME’s in tourism means that networks and clusters are not easy to form (Novelli et al., 2006)</td>
</tr>
<tr>
<td>• Lack of awareness of which organisations should participate in systems (Prosser, 2000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Poor development of leadership skills due to lack of access to education and training</td>
</tr>
<tr>
<td>• Limited exposure to alternative ways of doing things</td>
</tr>
<tr>
<td>• Lack of lead users due to constantly shifting markets and distance from major inbound tour operators.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Critical mass</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tourism industry fragmented in many regional areas and not necessarily the focus of many firms (eg. Farm Stays, cellar door wine businesses, etc.)</td>
</tr>
<tr>
<td>• Poor domestic user base which heightens risk of failure due to over-reliance on export markets</td>
</tr>
<tr>
<td>• Business failure has relatively high impact on the system because few businesses to replace the failed one</td>
</tr>
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<table>
<thead>
<tr>
<th>Social and cultural capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Depressed communities tend to be less active in economic and social development (Macbeth, 1997)</td>
</tr>
<tr>
<td>• High outward migration, including of young people</td>
</tr>
<tr>
<td>• Small number of community organisations limits diversity and makes marginal traditions/ cultures harder to maintain</td>
</tr>
</tbody>
</table>

Source: adapted from Carson, Richards & Rose, 2004
The extent to which these barriers exist will, of course, differ from one region to the next. The Australian Regional Tourism Handbooks (Kelly, 2001; 2002; 2004; Kelly & Taylor, 2003) identified a number of strategies that organisations in regional tourism systems have employed to address barriers and develop more robust destination and industry management structures. Currently tourism research is weak in terms of analysis of the overall potential of regional tourism systems to manage change and innovation. Research has to date focused on the capacity of some organisations within the systems, including local government (Dredge, 2001; McKercher & Ritchie, 1997; Carson, Beattie & Gove, 2003), regional tourism organisations (Benckendorff & Black, 2000), research providers (Cooper et al., 2006), and small and medium tourism enterprises (Sharma & Carson, 2002; Leiper, 1995).

Carson, Richards and Rose (2004), attempted a system-wide evaluation of innovation potential in relation to tourism, and proposed a framework for assessing this potential in the context of regional tourism systems. The framework includes identification of resources that regions may harness to address barriers to innovation, and indicators of regional performance against each requirement (illustrated in Table 2.3.2).
Table 2.3.2: A Framework for Assessing the Innovation Potential of Australia’s

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Figure removed due to copyright restrictions

Source: Carson, Richards & Rose, 2004, p.14
Examining the nature of each of these characteristics, it is found that there is a high level of inter-relatedness amongst characteristics. The majority relate to the interactions of the organisations and institutions within the system. One of the core competencies, that of the production and distribution of knowledge is unique amongst the set as it is the characteristic that draws each of the other characteristics together and examines how each of the structures convert into learning. This characteristic therefore facilitates the system learning and growing.

2.4 The production and distribution of knowledge within regional tourism systems

Given that regional tourism destinations may be viewed as systems consistent with the definitions used in systems of innovation approaches, the production and distribution of knowledge, and the nature of public and private sector interactions within these systems, will be essential for fostering innovation in regional tourism. Knowledge is generally considered to be built up from data and information, with knowledge the most valuable in the hierarchy of the three (Murray, 1996; Machlup, 1984; Fesenmaier et al., 1999; Lee & Yang, 2000; Beijerse, 2000)

Lee and Yang (2000) state that, “Knowledge is more than information. Information is data organised into meaningful patterns. Information is transformed into knowledge when a person reads, understands, interprets, and applies the information to a specific work function”(p.783). Therefore, information can be seen as part of,
but not the entirety, of knowledge (Machlup, 1980). Table 2.4.1 describes the relationship between data, information and the state of knowledge.

Table 2.4.1: Data, information and knowledge defined.

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Source: Kelly, 2007, p.4

Fesenmaier et al. (1999) illustrated the value order of the three commodities with their statement, “Data consist of raw numbers and facts. Information involves the addition of certain value to the data through some level of selection interpretation, or rearrangement. Information can be defined as pieces of intelligence that singly or together, increase a decision-maker’s awareness. Knowledge is not a list of facts or compilation of data, but rather is a function of beliefs, commitment, interpretation and action. This link to action and change is what makes knowledge substantially more valuable than information” (p.38). This value distinction is further highlighted by Beijerse (2000), in his commentary, “Knowledge can certainly not be assumed to be equal to a dose of data. Above all, knowledge cannot be considered equal to
information. Knowledge can primarily be described as something that makes data and information manageable” (Beijerse, 2000, p.164). Martin (1999) introduces the contribution of individuals into the value concepts of knowledge, acknowledging the role of individuals in turning information into knowledge. “…moving along the continuum from information to knowledge provides an entirely new perception of the human dynamics of organisations and of the value-added which results from the input of human knowledge” (Martin, 1999, p.232).

Neoclassical economics assumes that agents have perfect information available which allows for selecting optimum solutions. However, it is clear that each agent in the system has access to different types of data, and consequently different levels of information (Cooke & Morgan, 1998). Following Beckman’s hierarchy (1999) it can be assumed that different agents possess different levels of knowledge, expertise and capability. Consequently, different access to knowledge is a critical source of diversity among and within systems.

Imperfect access to data is an impediment to efficient economic outcomes in evolutionary economics. Another is the differences in processes by which agents in systems analyse data and apply knowledge. The process of obtaining knowledge is broadly defined as ‘learning’. Cooke and Morgan (1998) identified two orders of learning. In the first order, systems are modified to do existing tasks more efficiently. In the second order, systems are modified to do better things. In Systems of Innovation theory, learning is the principal mechanism through which people within systems recognise the need for innovation, select innovations, and manage change.
over time (Edquist, 1997). Therefore, for systems to support innovation, they need to not only provide access to relevant information, but to enable new knowledge to enhance capacity for cumulative innovation (Breschi & Malerba, 1997).

Innovation potential also involves the distribution of knowledge throughout systems (Edquist, 1997). “Since the cost of production of information is independent of the scale of use, it may pay an industry to share it as widely as possible” (Mandeville, 1999, p.161). This need to manage and distribute knowledge, ties systems of innovation approaches to concepts of knowledge management. Perdomo-Ortiz et al. (2006) emphasised the importance of knowledge management in the innovation process during their study of the relationship between total quality management and innovation.

Knowledge itself is socially constructed, emerging from the minds of individuals and becoming tacit through social interaction, while conditions for knowledge access and transfer are highly susceptible to both the cultures and structures of organisations” (Martin, 1999, p.235). Existing and new knowledge may be accessed from all of the organisations in the system, and from experiences of similar systems (similar in sectoral activities, operating environments etc.). Knowledge may be highly codified (usually making it relatively easy to distribute) or tacit. It may be globally relevant to the operation of sectors, or focused on local circumstances. It may apply to general processes of innovation, or be specific to a single aspect of production or diffusion. It may be developed in a cumulative way, or new knowledge may appear “out of the blue” (Niosi, et.al. 1993). In all these circumstances, people must create
systems that enable them to identify what knowledge may be relevant to problems (even poorly understood problems); make that knowledge available throughout the system to increase expertise; and develop processes to creatively apply expertise through innovation.

In tourism there is a variety of data, information and knowledge that is both produced and distributed throughout the system. Carson and Sharma (2002) developed a classification model for tourism information within the Australian tourism system context, known as the National Tourism Information Model. This model was then further developed for use in the Decipher information system (Carson & Sharma, 2002; Decipher, 2005). This model has five broad categories for the classification of tourism information: visitors; destinations; operators and attractions; marketing and distribution; and tourism stakeholders.

Sheldon (1997) has taken a flows approach to modelling the information and knowledge within tourism, identifying agents who receive and produce information, and the agents between them (Figure 2.4.1). Despite the existence of classifications of the types of information available, and models mapping the flows of this information in tourism, literature has indicated that within regional tourism, operators and local level tourism managers are constantly searching for more and better information. They find it difficult to access and apply the information that they do have (Cooper et al., 2006; Taylor & Puehringer, 2005; Prosser & Hunt, 1998).
Tremblay and Sheldon (2000) call for a greater understanding of how, “knowledge is divided among tourism-related stakeholders, how it leads to process and product innovations, and identifying institutions involved in its coordination” (p.222). The European Travel Commission (ETC, 2005) emphasised that “Tourism is an information business. In fact, information is the most important strategic factor for success in tourism today. Tourism is also a knowledge business: national tourism organisations (NTOs) must combine market intelligence – knowledge of customers’ demands and expectations – with industry intelligence. They must also operate as communicators between regions, and at national and international levels.” (ETC, 2005, p.i). Following this commentary, it is clear that all the forms of information represented in the National Tourism Information Model (Carson and Sharma, 2002) may be important to fostering innovation in regional tourism systems. Furthermore, the ETC emphasises the role of the public sector (in this case NTOs) in facilitating the production and distribution of information and knowledge.
2.5 *Sourcing knowledge and information*

As the Sheldon information flow diagram (figure 2.4.1) demonstrates, knowledge and information can be sourced from various organisations within the tourism system, with agents such as local governments acting as intermediaries as well as providers within this process. As with all sourcing practices, the sourcing of information for knowledge production and distribution within the context of innovation involves various complexities relating to decision-making processes.

It has already been discussed that information and knowledge hold varying degrees of value and therefore can be viewed as an asset at the systemic, organisational and
individual levels. At an organisational level, when knowledge and information are seen as a corporate asset, the importance of knowledge management and sourcing practices are highlighted. Martin (1999) therefore believes that knowledge and information should be subject to the same kind of management controls as other assets.

Before examining the management controls of particular relevance to the production and distribution of knowledge within systems of innovation, it is important to acknowledge the ways in which such knowledge may be sourced. In essence, organisations have a choice between four options, make or buy, outsource or centralise these activities. Howells (2000) looks at the issue historically and highlights the cyclical characteristics of outsourcing over time. In the Late 19th century and the first half of the 20th century Howells reports that practically all research was conducted outside of the firm, or in other words, outsourced. Then, after the Second World War, large centralised Research and Development (R&D) laboratories became common. Now, since the 1970's, the outsourcing of such functions has become increasingly common once again. There has been significant growth in the amount of extra-mural or contracted out research in advanced industrialised economies since the 1970's” (Whittingham, 1990 cited Howells, 2000, p.198). With this occurrence, Howells also acknowledges that, "..managers are, in a sense, having to re-learn what the generation before them saw as the _norm_" (Howells, 2000, p.199).
One of the driving forces behind this move back to outsourcing is that the increasing complexity of the R&D process in turn increases the costs of research. Research may therefore become less attractive without partners to share the cost. More simply the firm may lack the financial resources to undertake research even if it remains an attractive proposition” (Howells, 2000, p.204). Network theory suggests that participants are motivated by self interest (Klijn, 1996), but that the ‘glue’ that holds participants together in shared networks is mutual benefit (O’Toole, 1997). One such mutual benefit can be seen as the economies of scale which may be achieved when costs are shared, “Since the cost of production of information is independent of the scale of use, it may pay an industry to share it as widely as possible” (Mandeville, 1999, p.161).

In terms of the tourism system and the role of local governments in the sourcing of information and knowledge, as well as the industrial trends towards outsourcing, it has previously been discussed that local governments may not have the resources at either the organisational or individual level to undertake centralised research and development activities (Carson, Beattie & Gove, 2002; McKercher & Ritchie, 1996 & 1997).

To add to the complexity, there are also important issues and peculiarities associated with outsourcing for innovation, which make them distinct from other forms of outsourcing. These are associated particularly with the high levels of uncertainty in innovation. Howells (2004, p.2) cites the following distinctions:
1. The levels of risk and uncertainty in outcome involved are high (Doctor et al. 2001)

2. Issue of ‘prior disclosure’ and ‘information asymmetry’ about quality inherent in the market transfer of information is an inherent feature of research and innovation outsourcing in that the receiving party cannot determine the quality of the knowledge they receive unless the prior holder discloses it (Arrow 1962). However, more commonly the supplier of the knowledge often does not know the quality of the knowledge it sells in long term research projects because suppliers themselves do not know, a-priori, the future outcomes of their work (contractual incompleteness problem)

3. Both producer and consumer are involved to some extent in co-joint production of new knowledge (Alchiem and Demsetz, 1972) – leading to IP sharing issues.

4. The central importance of research and technology forms part of the long term capabilities of the firm, but is complicated by the often irreversible nature of outsourcing decisions in terms of its effect on R&D and technical capacity, at least over the short term (Welch and Nayak 1992).

5. The exchange information associated with knowledge and research is also essentially a unique event, and is therefore not like other transactions which are repeatable in the nature of what is exchanged (Carter, 1989, p.157) Learning about the process is therefore more limited in nature.

6. Much of the know-how exchanged is often intangible in nature (Howells, 1996; Cavusgil et al. 2003) making it difficult to control or formally administer within a contract.
7. Because of the uncertainty of future applications of research, it is often difficult to properly value it for its sale, or to the enterprises developing it (Martin, 1999).

In terms of management practices that relate to this sourcing (including outsourcing) of information and knowledge, government agencies, including local governments, are generally subject to legislative requirements relating to their procurement practices. “Procurement is the systematic process of deciding what, when and how much to purchase; the art of purchasing it; and the process for ensuring that what is required is received in the quality specified on time.” (Burt & Pinkerton, 1996, p.21). Procurement systems can relate to a wide range of asset sourcing of varying complexity. “…sourcing arrangements range from short-term, one-off, contract-based links where the outcomes are already known or fairly certain and predictable (market research), to ongoing longer term relations where outcomes are often highly uncertain and risky” (Howells, 2004, p.4).

Although differing across states within Australia, in order to facilitate the goals of effective procurement, government procurement systems or policies contain some common themes which need to be demonstrated in the decision-making process. These include value for money; open and effective competition; probity and ethical behaviour; environmental sustainability; local industry development; and management of risk (ACT Government, 2002; Qld Government, 2008; NSW Government, 2007).
Another factor adding to the complexity is that decision-making, at all levels, tends to be examined at an organisational level, whereas most decision making actually occurs at the individual level. Fischoff and Johnson (1997) note that although much of the discussion regarding decision making in knowledge management literature relates to the firm, decision making is in fact undertaken by individuals, sometimes on their own, but more often in distributed small groups. These groups of individuals may have agendas which are not closely aligned with those of the firm as often made out; they may not follow the procedures or ‘routines’ of the firm that are ostensibly laid out (often in turn because they are overly complex) (Howells et al., 2003, p.403; Howells, 2004). Howells et al. (2003) also goes on to highlight that this failure to follow an organisation’s procedures is often more pronounced when Separate Business Units (SBU’s) exist. Within the context of tourism systems, local government tourism units sit within the framework and legislative requirements of local government. Therefore management controls of systems such as those relating to procurement apply. However, in reality, the lack of integration between tourism elements and the wider functions and organizational units of the council, may hinder the effectiveness of the procurement process (Carson, Beattie & Gove, 2003).

Soo, et al. (2001a & b) suggest thinking about the knowledge creation process by way of a sources-uses-outcomes approach (Figure 2.5.1). As the name suggests, this approach is comprised of three components. Firstly, the sources of information and know-how can be either internal or external network opportunities. Secondly, the organisation must possess absorptive capacities for internalising and integrating this new found information into the firm. The third part of the process is related to how,
or in some cases if, the newly acquired and absorbed information is used in organisational problem solving.

**Figure 2.5.1 Sources-uses-outcomes model of Knowledge Creation**

Figure removed due to copyright restrictions

Source: Soo, Devinney, & Midgey, 2001a & b

The second phase of the Soo et al.‘s (2001a & b) model relates to “absorptive capacities”. This term coined by Cohen and Levinthal (1990), refers to the ability of a firm to recognise the value of new, external information, assimilate it, and apply it to commercial ends. In addition, they believe that absorptive capacity is closely linked to the level of the firm’s prior knowledge.

The examination of absorptive capacity leads into a review of education literature as absorptive capacity involves problem solving, and Cohen and Levinthal (1990) argue that, problem solving and learning capabilities are so similar that there is little reason
to differentiate their modes of development…” (p.130). How people learn, both individually, and as an organization, is therefore an important element in the process of the production and distribution of knowledge.

Education, experience, levels of numeracy and literacy, motivation, learners’ self concept, age and learning styles are all factors commonly cited as impacting the effectiveness of learning (Sadler-Smith, 1996; Knowles, 1990; Gagne, 1985; Buckley & Caple, 2007). Senge (1990) believes that people can over time lose the ability to learn and that learning skills often need to be redeveloped through proper education, mentoring and good sources of information. “Modern education doesn’t necessarily improve our ability to learn; in certain cases it may even get in the way of preparing us for careers in learning organisations” (Fisher & Fisher, 1998; p.10).

Lamberton (1994) also acknowledged the role of the individual in the process of sourcing or acquiring information. He likens the process of acquiring information to that of learning, with the emphasis on the learning manager as the embodiment of a form of organisational capital. He also acknowledged that individuals charged with acquiring information need certain skills to undertake the process, including skills in inquiring, gathering, processing, computing, communicating and deciding.

Within Systems of Innovation theory, the production and distribution of knowledge, although sourced at the organisational or individual level, should contribute to the innovation capacity of the system as a whole. Following Sheldon’s (1997) information model (figure 2.4.1), government agencies, including local governments,
tourism organisations and associations are the organisations or firms which are charged with the responsibility of sourcing and distributing information and knowledge on behalf of the system. If weaknesses have been identified at the organisational level, and amongst individuals within these organisations, the likelihood of effective production and distribution of knowledge within the tourism system diminishes and with it the capacity for innovation.

2.6 Public / private sector interactions in Regional Tourism Systems: Exploring roles and responsibilities for local government in the production and distribution of knowledge

Sheldon’s (1997) information flows model places government agencies, tourism organisations and associations across the top of the process, feeding information to and retrieving information from all other organisations in the system. Sheldon’s positioning of government (including local government) in this way is consistent with the need for public sector agencies to effectively interact with the private sector that is described in the systems of innovation approach. Cooper et al. (2006) found in their study of research adoption in the tourism sector, when collaborative knowledge projects were undertaken they were predominately done so with a high level of public and private sector interactions. In regional tourism systems, it is usually local government which is the most immediate carrier of the institutions of public and private sector interactions (Jenkins, 2000).
While data collection and activities associated with data collected are listed here as a role for local government in regional tourism systems (see table 2.2.1), Dredge (2001) cited a lack of appropriate research and information as one of the structural barriers to the successful management of sustainable tourism by local governments. Further, unpublished research from the Centre for Regional Tourism Research which involved content analysis of various tourism plans across NSW, indicated that many plans used no formal sources of data, and that where data were used, they were primarily anecdotal (CRTR, 2004). This research supports the observations by Carson and Richards (2004) that many organisations and individuals in regional tourism systems, and in particular local government and local tourism officers either do not understand what knowledge might be important to the system, or are unable to access and interpret data and information to underpin this knowledge.

One of the ways by which local government may act on regional tourism systems is through their role in the formation of networks, including the development and support of Local Tourism Associations (LTA’s) and Regional Tourism Organisations or Associations (RTO’s / RTA’s) (Dredge, 2003). The local tourism network centres on partnership building between public and private interests using the LTA as the vehicle to maximise mutual benefit and formalise relationships. Moreover, council’s efforts in establishing a LTA are a manifestation of their interest in establishing governance relationships with industry” (Dredge, 2003, p.11).
It is at this point that the two elements of systems of innovation thinking – the production and distribution of knowledge and public and private sector interactions – intersect. Local governments which have addressed the individual and organisational barriers to the production and distribution of knowledge may find that the nature of private and public sector interactions and the very structure of the system itself diminishes their effectiveness in doing so. Following Sheldon’s information flows model, local government may not be well positioned to retrieve information from within the system (and external to it) and to contribute knowledge back to the system if there are weaknesses at the individual, organisational or systemic levels. What needs to be examined therefore is how local governments can be better placed to be “infomediaries” within the information intensive system, rather than just intermediaries. Table 2.6.1 identifies the opportunities and threats for local governments that have been identified in the literature, and analysed in terms of each of the Systems of Innovation characteristics.
Table 2.6.1: Local government opportunities and threats within Systems of Innovation characteristics

<table>
<thead>
<tr>
<th>Systems of Innovation Element / Characteristic</th>
<th>Local Government Opportunity</th>
<th>Local Government Threat</th>
<th>Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Clustering and critical mass</td>
<td>The Local Government boundaries have become a focus of &quot;regionalisation&quot; and therefore the focus of numerous economic development resources and programs – this provides a focus for greater mobilisation of these resources. These boundaries provide organisations within the system with geographic boundaries by which to cluster.</td>
<td>The large size of many regions, and local government areas (LGA), leads to regional dispersal of customers, suppliers, knowledge providers, intermediaries, and private and public sector associations. In addition businesses and customers may not align with LGA’s as they may fall outside (e.g. customers), or run across several LGA’s. The fragmented nature of the tourism industry in many regional areas has led to sectoral clustering rather than geographic clustering and therefore clusters with few firms (eg. farm stays, cellar door wine)</td>
<td>Stear, Buckley and Stankey (1988) Leiper (1995) Cooke et al. (1997) McCool, Moisey &amp; Nickerson (2001) Carson, Richards &amp; Rose (2004)</td>
</tr>
<tr>
<td>Networks</td>
<td>Local government have historically been the coordinator and in most cases the funding source for Local Tourism Associations</td>
<td>Often a degree of conflict within the system including between local government and other organisations within the system. For example between local government and regional or local tourism organisations over issues of tourism planning or marketing. At an individual level, there has traditionally been a high turnover of local government staff engaged in tourism roles, leading to a lack of stability within networks. Similarly, a lack of experience and skills held by individuals in such roles may mean they are unable to function effectively within networks, particularly in a coordination role.</td>
<td>McKercher &amp; Ritchie (1996 &amp; 1997) Hardy &amp; Beeton (2001) McCool, Moisey &amp; Nickerson (2001) Dredge (2003) Carson, Beattie &amp; Gove (2003)</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>Given the prominent role local governments plays in both resource clustering and</td>
<td>High turnover of tourism staff within local government diminishes leadership</td>
<td>McKercher &amp; Ritchie (1996 &amp; 1997) Wills (2001)</td>
</tr>
</tbody>
</table>
networks it holds a strong position to lead entrepreneurial activities and change processes. Many local governments also run businesses such as Visitor Information Centres and require entrepreneurship to succeed.

characteristics and weakens visions. Similarly, a lack of experience and skills held by individuals in such roles may mean they are unable to function effectively take on the role of leaders within the system and may possess little exposure to different ways of doing things.

| Social Capital | Outside of tourism, local government are often charged with the coordination and funding of community organisations which are important contributors to the social capital of a regional system. Local Government implements strategies to attract and retains populations – both resident and tourism |
| Social Capital | The tourism responsibilities of local government tend to focus on economic development, with responsibilities in regulation and promotion. It is often difficult to consider the social impacts when the mandate is economic. Subsequently, the more depressed an economy, the less concerned a local government becomes with social development. |
| Public / Private Sector Interactions | Local government acts as an intermediary not only within its own local or regional |
| Public / Private Sector Interactions | There is often a great distance geographically (and sometimes politically) from |

| Production and Distribution of Knowledge | Sheldon’s information flows model places government agencies, tourism organisations and associations across the top of the process, feeding information to and retrieving information from all other organisations in the system. In regional tourism systems, it is usually local government which is the most immediate carrier of the institutions of | A lack of information and appropriate research has been cited as a barrier to the successful management of sustainable tourism by local government. Those with tourism roles within local government may not possess the qualifications or skills required to facilitate the production and distribution of | Jenkins (2000) Dredge (2001) McCool, Moisey & Nickerson (2001) CRTR (2004) Carson, Taylor & Richards (2003) Carson & Richards (2004) |
| systems, but is the primary intermediary between state and federal governments and the local system. | central public sector agencies. There exists a lack of coordination of tourism related functions across and within tiers of government Lack of awareness of value of tourism by local government Threat to private sector performance due to high levels of public sector involvement in key activities such as promotion, visitor services, and the operation of attractions. | Carson (2002) |
Production and distribution of knowledge literature, within studies of tourism on local government, identifies numerous threats, but as previously discussed, much evidence points to the opportunity for local government to play a more active role in the this key element of innovation with Australian regional tourism systems. So it seems that in order to get to the next step for local government to play a greater role in innovation and not just administration within regional tourism systems, an more effective way in which they can facilitate the production and distribution of knowledge needs to be examined.
2.7 **Summary and Research Questions**

The literature has raised several key issues concerning the role of local government in the production and distribution of knowledge within regional tourism systems.

**Research Question One:** To what extent do organisations and individuals in regional tourism systems understand the range of information and knowledge needed to facilitate innovation?

**Research Question Two:** To what extent do local government embrace a role in the production and distribution of knowledge? How does this compare with the expectations placed on local government by other organisations in the regional tourism system?

**Research Question Three:** What processes are employed by local government to both source information and make it available to the system?

**Research Question Four:** What management characteristics influence the effectiveness of local government in facilitating knowledge generation and innovation in regional tourism systems?

There are increasing demands on local government to be more involved and more effective in Australian regional tourism systems, and those roles in which it is currently involved are summarised in Table 2.2.1. The literature indicates that it may be inhibited from carrying out the roles effectively due to a number of factors at the
individual, organisational and systemic level. Table 2.7.1 summarises indicators that have been reported in the literature which may point towards weaknesses within the three levels of regional tourism systems.

<table>
<thead>
<tr>
<th>Level within the System</th>
<th>Indicator that a weakness may exist</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Systemic</strong></td>
<td>Degree of conflict within the system including between the local government and other organisations within the system</td>
</tr>
<tr>
<td></td>
<td>Lack of ability of members of the system to recognise the value of information and knowledge</td>
</tr>
<tr>
<td></td>
<td>Lack of ability within the system to access information</td>
</tr>
<tr>
<td></td>
<td>Lack of a defined role for the system in the procurement or sourcing process for information and knowledge</td>
</tr>
<tr>
<td><strong>Organisational</strong></td>
<td>The fragmentation of tourism within the structures of local government (e.g. the creation of SBU’s)</td>
</tr>
<tr>
<td></td>
<td>Ability of tourism units to stray from the policies and procedures of the wider local government due to this fragmentation and lack of integration</td>
</tr>
<tr>
<td></td>
<td>Lack of written plans or strategies</td>
</tr>
<tr>
<td><strong>Individual</strong></td>
<td>High turnover of tourism officers</td>
</tr>
<tr>
<td></td>
<td>Lack of training and/or knowledge of research or information requirements</td>
</tr>
<tr>
<td></td>
<td>Lack of training and/or awareness of organisational procedures or policies</td>
</tr>
</tbody>
</table>

Table 2.7.1 Literature Summary of Weakness Indicators in Systems of Innovation
This thesis uses systems of innovation (SOI) theory, a fairly new approach in relation to tourism studies (Carson & Macbeth, 2005), in order to examine how regional tourism systems can be developed to facilitate improvement or innovation. This theory has the advantage of including a local government element, which has been cited as an important player in regional tourism systems in Australia, and acknowledges the call for regional tourism to be more innovative. Therefore, this thesis also highlights the interrelatedness of two aspects of SOI: the production and distribution of knowledge; and the role of local government. This is achieved through the investigation of the individual, organisational and systemic barriers to effective information sourcing and knowledge distribution for local government tourism managers in regional tourism systems. The study focuses on the creation of business intelligence, rather than consumer intelligence, within these tourism systems.

This thesis will examine each of these research questions to question how the current structure of tourism responsibilities on local government influences its capacity to participate as a pivotal facilitator of the production and distribution of knowledge in Australian regional tourism systems of innovation.
Chapter Three: Methodology

3.1 Introduction

The methodological approach to this thesis is based on a social constructivism epistemology. Social constructivism emphasises the importance of culture and context in understanding what occurs in society and constructing knowledge based on this understanding. Social constructivism extends constructivism into social settings, wherein groups construct knowledge for one another, collaboratively creating a small culture of shared artefacts with shared meanings (Kim, 2001).

Social constructivism is based on specific assumptions about reality, knowledge, and learning. Kim (2001) cites the following explanations as to how each of these from a social constructivist viewpoint:

- **Reality:** Social constructivists believe that reality is constructed through human activity. Members of a society together invent the properties of the world (Kukla, 2000). For the social constructivist, reality cannot be discovered: it does not exist prior to its social invention.

- **Knowledge:** To social constructivists, knowledge is also a human product, and is socially and culturally constructed (Ernest, 1999; Gredler, 1997; Prat & Floden, 1994). Individuals create meaning through their interactions with each other and with the environment they live in.

- **Learning:** Social constructivists view learning as a social process. It does not take place only within an individual, nor is it a passive development of behaviours that are
shaped by external forces (McMahon, 1997). Meaningful learning occurs when individuals are engaged in social activities” (cited Kim, 2001, p1.).

Constructivism believes that there is no single valid methodology and there are other methodologies for social science, introducing the suitability of qualitative research (Scholfield, 1990). The Systems of Innovation approach relates to individuals and organisations within a specified system. SOI theory relies heavily of the concept of learning, knowledge, and networks and therefore lends itself to be examined within a social epistemology. By gaining the different perspectives of individuals, including those within the local government organisation, within the regional tourism system, we are able to more accurately understand how the current structure of tourism responsibilities in local government influences its capacity to participate as a pivotal facilitator of the production and distribution of knowledge within the regional tourism system. Qualitative case studies and focus groups are methods which allow for such examination.

A mixed-method qualitative methodology was adopted for addressing the aims and associated research questions of this thesis. The aims of this thesis are concerned with understanding impediments to the effectiveness of local governments in the production and distribution of knowledge within regional tourism systems. These impediments are studied at the individual, organisational and systemic levels. Qualitative research is multi-method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of
Yin (1994; 2004; 2008) suggests that when designing a research strategy, three factors need to be taken into consideration: a) the type of research question posed; b) the extent of control an investigator has over actual behavioural events; c) the degree of focus on contemporary as opposed to historical events” (1994, p.4).

The research questions being addressed in this thesis required both an exploratory and explanatory research design, with the researcher having little control over participants’ behaviour. Due to the nature of the research, a two component methodology was chosen utilising both workshop style group interviews or focus groups and case studies. The focus groups were utilised to study local government’s role in the production and distribution of knowledge and stakeholder views on how well it is done. The case studies built on these findings, to examine in more detail, local governments‘ attempts to engage in the production and distribution of knowledge in order to facilitate innovation within their regional tourism systems. Each of the two methodology components will be detailed in this chapter.

3.2 Component One: Focus Groups

3.2.1 Selection of method

This first component of the study was the exploratory component and was used to provide context for the case study component. The focus groups were used to
examine the extent to which organisations and individuals within regional tourism systems understand the range of information and knowledge needed to facilitate innovation in their system. The focus groups were also used to examine the extent to which local government were expected (by themselves and others) to assume a role in the production and distribution of knowledge. The findings of the focus groups were then used to inform the choice of case studies and assist in the selection of suitable cases.

The literature has indicated that within regional tourism, operators and local level tourism managers are constantly searching for more and better information, and that they find it difficult to access and apply what information they do have (Cooper et al., 2006; Taylor & Puehringer, 2005; Prosser & Hunt, 1998). Further, unpublished research from the Centre for Regional Tourism Research (CRTR, 2004), indicated that in a content analysis of various tourism plans across NSW, data were either absent or anecdotal. Such factors indicate that there is a lack of understanding of the needs of local tourism managers when it comes to information. The examination of literature outlined in the previous chapters led to the formulation of a series of research questions concerning local level tourism managers, including local government tourism managers, and their relationships with research knowledge. The following major points were raised in the previous studies and have been used to form the core of the research questions for this thesis:

- Marketing information is the dominant form of knowledge that local level tourism managers are interested in and recognise.
• Information sought would be used for planning purposes

• The lack of financial resources and currently available local level data would be a barrier

• Local level managers look toward public agencies to coordinate and supply the majority of tourism information

Additional advantages of focus groups are that they, .. are a valuable way of gaining insight into shared understandings and beliefs, while still allowing individual differences of opinion to be voiced” (King, 1998, p.121). By conducting the study in a group interview structure, participants are able to hear the views of, in this case, their peers and reflect on their own experiences (Steyaert & Bouwen, 1994; Morgan, 1997; King, 1998). This was important as the research sought to examine collective experiences rather than those of the individual. In addition, in their 2006 study to identify inhibitors and facilitators of research adoption in the tourism sector, Cooper et al. found that there was no significant difference between sector groups, private or public organisations, or various sized organisations and their preferred types of information, benefits or barriers to adopting existing information, or their sources of this existing information. In this current study both the experiences of the group, as well as those of individuals within the system, were examined.

The focus groups were conducted as part of a series of workshops run in conjunction with the Centre for Regional Tourism Research at Southern Cross University to investigate the current data or information needs within regions and the perceived barriers to obtaining and using this information. The workshops aimed to:
• Identify management needs for local level tourism data;
• Assess application of currently available state and national data in local tourism management;
• Catalogue experiences with local level data collection, management, and application from across Australia;
• Inform a ‘best practice’ guide for establishing and maintaining local level data sets;
• Contribute to the development of a clearinghouse for local level data collections to facilitate benchmarking and standardised collection and analysis approaches.

These aims were part of a broader study conducted by the Centre for Regional Tourism Research at Southern Cross University, on behalf of the Sustainable Tourism CRC, examining local level data needs for tourism. Within the Sustainable Tourism CRC, State tourism organisations and universities work together to form networks or nodes to assist in the formulation and dissemination of research within a state or region, with the university partner acting as the network coordinator. It was decided to conduct research in the present study in conjunction with the larger CRC research project because the workshops provided a convenient opportunity to bring together both public and private sector representatives, from a broad range of organisations across numerous sectors and different sized organisations. The workshop setting also provided the opportunity for the collective experiences of the group to be examined and a nominal group technique employed to help lead the discussion. In addition, the topics were well aligned, and the researchers wished to minimise respondent burden
which would have been increased if respondents were asked to participate in two or three different studies.

By incorporating the focus groups into these workshops the present study was able to utilise the networks of partner organisations of both the Centre for Regional Tourism Research and the Sustainable Tourism CRC, thus facilitating recruitment of participants for the study. The dual purpose of the workshops also allowed for a greater number of focus groups to be conducted. Workshops were conducted in Adelaide, Sydney, Canberra, Ballina and Hobart.

### 3.2.2 Subjects / Sample

The locations for the workshops were chosen based on the involvement of each state or territory in the Sustainable Tourism CRC local data project. The Sustainable Tourism CRC university partners and State Tourism Organisations in the participating states facilitated both the recruitment of participants and workshop venue. The exception to this was the Tasmanian workshop which was held in conjunction with the Australian Regional Tourism Convention in Hobart in 2003. This annual convention is convened by the Centre for Regional Tourism Research at Southern Cross University.

Workshop participants in Adelaide, Sydney and Ballina included regional tourism officers, state tourism officers, local government tourism officers and industry association representatives. The Canberra workshop had a slightly different
composition involving a greater proportion of tourism operators (private and public), Australian Capital Territory government representatives and industry association representatives. A total of 46 participants took part over the four workshops: Adelaide, N=12; Sydney, N=6; Ballina, N=15; Canberra, N=13. The Tasmanian workshop was run as the National Data Summit and part of the Australian Regional Tourism Convention. Participants were Tourism Officers, State Tourism Officers and Local Tourism Officers, representatives from national tourism organisations, and tourism operators. A total of 81 participants attended the Hobart workshop.

The common theme for all participants was their involvement in managing tourism at a local level, whether it was as an operator, a tourism officer, or through their role in a state or National tourism organisation responsible for the development of regional tourism. Participants were identified according to their appropriate state tourism organisations. Invitations to attend the workshops were sent out using the state tourism organisation databases, by the University partner in each state. The invitation outlined the date, time and venue of the workshop, the agenda for the day, and included the details of the focus group work being conducted in conjunction with the workshops. An example of these invitations is included in appendix A. Once again the exception to this procedure was the workshop held in Hobart in conjunction with the Australian Regional Tourism Convention. In this case invitations to attend the data summit were mailed to all registered delegates to the conference, members of the Australian Regional Tourism Network, and a copy of the invitation was posted on the Centre for Regional Tourism website (www.regionaltourism.com.au).
Workshops took place on the following dates and specific locations:

Adelaide: University of South Australia, 8th October 2002
Canberra: Casino Canberra, 6th December 2002
Ballina: Ballina Island Motor Inn, 5th February 2003
Sydney: University of Technology Sydney, 21st March 2003
Hobart: Hadleys Hotel, 3rd September 2003

3.2.3 Procedures and instruments

The workshops were approximately two hours in duration and were of a semi-structured nature. The workshops were facilitated by the researcher and the Head of the Centre for Regional Tourism Research. Each workshop followed the same program comprising an introduction to the workshop facilitators, an overview of studies being conducted by both the Centre for Regional Tourism Research and the Sustainable Tourism CRC, followed by an explanation of the nature of local tourism data and information with specific examples which were applicable to the geographic location of the workshops. This introductory component took approximately one hour. The focus group discussion followed the introductory information and took a further hour to conduct. All participants attended both parts of the session.

To aid in structuring the discussions, a modified nominal group technique was employed. This technique was also useful in prioritising the information needs of participants, which was an outcome sought by the Sustainable Tourism CRC network partners. The structured nature of the nominal group technique allows multiple inputs from several people on a particular problem or issue (Ritchie, 1985; Sample, 1984;
Joppe, n.d). The flow chart in figure 3.2.1 demonstrates the basic process undertaken when using the nominal group technique.

Figure 3.2.1 Flow chart of Nominal Group Technique Process

Adapted from: Joppe, M (n.d)
Participants were first presented with a series of questions to help direct discussions. These questions had also been previously presented to them within the invitation to attend the workshop (Appendix A). The questions used to stimulate discussion were derived from organisational and knowledge management literature (Soo et al, 2001; Beijerse, 2000). These questions were:

1. What do you believe are the current local level data needs?
2. What would you do with those data / use these data for?
3. Whose responsibility is it to assist with data acquisitions?
4. What are the current barriers to obtaining and/or using such data?

Initially the workshops commenced with a general discussion relating to the topic of information and knowledge in the Australian tourism sector. In the first instance none of the research questions were directly addressed. As participants became more relaxed and comfortable in discussing the topic, the four questions were introduced to focus the group discussions. Following the process of nominal group technique, participants were asked to think about each of the four questions, and write down their own responses. After 10 minutes of this individual contemplation, the group was asked to address each of the questions in the public forum. Each question was addressed separately. The facilitator asked participants in turn to contribute an item from their own list. As items were offered they were written on a white board. This continued until all items had been exhausted. Due to the large number of participants in the Hobart workshop, the floor was opened for contributions, and this continued until the group could not provide further contributions. To ensure that participants were being included in the discussion and that all views were being sought, groups
from various organisations represented were identified, and the facilitator sought responses from representatives of each group.

These contributions were then discussed to clarify their meaning, classify and group them where applicable, and duplicate comments were eliminated. Modifying the traditional nominal group technique slightly, the group then moved on to discuss the next question in the same manner. Once all four questions had been discussed, the ranking process of items began. This ranking process was conducted in both the Adelaide and Canberra workshops but proved impractical as participants felt strongly about all aspects that they had discussed were equally important. Therefore, the ranking process was not conducted at any of the following workshops.

Instead of ranking items, each of the questions, with the corresponding response items was then further discussed, in order to link responses from each of the questions and identify needs statements. At this point, the group discussion evolved into a more traditional focus group arrangement, with less structure to discussion and more teasing out of the issues. A note taker was utilised to record these discussions.

3.2.4 Limitations

One of the limitations of any group interview process is that participants may not contribute their honest opinions within the group setting. This limitation was managed by providing participants with the contact details of the researcher to enable them to pass on comments privately that they did not feel comfortable providing in
the group setting. Several participants took advantage of this offer, particularly in the large group setting of the Hobart focus group. Participants in these focus groups were also those who regularly attended Sustainable Tourism CRC forums and were used to sharing information and ideas. It was also assumed that such participants would be able to provide insights into the issues being discussed and be able to articulate their needs. In other words, the sample was biased towards those with an existing link into knowledge production and distribution networks. What resulted was the opinions and understandings of those likely to be most familiar with sources of data and applications of information.

3.2.5 Analysis of data

The data collected from the focus groups, both the item lists and discussion notes, were analysed to verify the hypotheses developed. A thematic analysis was utilised to examine the results of each of the four questions posed during the focus groups and workshop. Results for question one (What do you believe are the current local level data needs?), were analysed thematically utilising the National Tourism Information Model (Carson & Sharma, 2002). The model’s broad categories (Figure 3.2.2) of, information tour party (visitors); product distribution (marketing and distribution); tourism generating region; tourism industry; product; and tourism destination characteristics were used to group the data collected from the focus groups and workshop relating to the data and information needs and usage within Australian regional tourism systems. In analysing the second question (What would you do with those data / use these data for?) the same thematic analysis was utilised, once again
referring to the Carson (2002) model for the information categories. The second question allowed for clarification of the terms used by participants in relation to data needs (question one) and inconsistencies in data needs and usage were noted. For example if participants cited a data need for information relating to marketing (promotion) but in demonstrating its use described needing an understanding of the type of visitors to the region, this was noted as an inconsistency in descriptions of data and a confusion as to the data needed versus data usage.

The third question explored the barriers to the collection or use of the data and information, and once again these results were analysed thematically to determine if they were actual, for example no data existed, or perceived, for example although data existed individuals and organisations within the system, were unaware of the data, its relevance, or its application. A list of “available data” was derived from the CRC for Sustainable Tourism’s DECIPHER tourism data warehouse. The roles of stakeholders in the knowledge production and distribution process (question four) was also analysed thematically to determine the actual and expected role of local government within regional tourism systems. This question was examined from the perspectives of the different groups within the focus groups. For example, was the role of local government viewed differently by local government participants, than private industry operators or other government agencies?

The data units recorded during the focus groups and workshops consisted of words and phrases. In analysing the data there was no attempt to conduct frequency counts of recording units. Rather, the content analysis searched for the presence or absence
of statements against each of the analysis questions. Content analysis allows for the content of various communications to be analysed and is often employed in social science research for the purpose of analysing interviews (Babbie, 2004). A relatively modern analytical technique, developed in the 1930's by Harold D. Laswell in an effort to analyse and quantify political communications, "Content analysis is a summarizing, quantitative analysis of messages that relies on the scientific method (including attention to objectivity, intersubjectivity, a priori design, reliability, validity, generalizability, replicability, and hypothesis testing) and is not limited as to the types of variables that may be measured or the context in which the messages are created or presented" (Neuendorf, 2002, p.10). Laswell proposed four key questions to be asked when undertaking content analysis: Who says what, to whom, why, to what extent and with what effect (Janowitz, 1968; Holsti, 1969; Krippendorf, 2004)? Neuendorf (2002) cautions however that the reliability of the analysis can be subjective as the analysis is reliant on human coding. To increase the reliability employing one or more coders in data analysis can be undertaken. This was one of the advantages of embedding the study in part of the larger STCRC project, with other researchers involved in the project able to verify the analysis undertaken by the researcher.
Figure 3.2.2 The National Tourism Information Model

Figure removed due to copyright restrictions

Source: Carson, 2002
3.3 Component Two: Case Study

3.3.1 Selection of method

The essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what result” (Schramm, 1971, cited Yin, 1994, p.12). Schramm’s description of the explanatory nature of case studies demonstrates the reason for choosing this method to address the second and third aims of this thesis. Because a theoretical framework has been developed, as outlined in chapter two, use of a multi-case case study method, explanatory in nature was deemed to be the most appropriate method to meet the aims of this thesis.

In the past, qualitative methods have been thought to be suitable only for exploratory research. However, now several qualitative researchers believe that qualitative case studies can be exploratory, explanatory or descriptive with each of these approaches utilising either single or multi-case studies (Yin, 1993; Stake, 1995; Tellis, 1997). Yin (1994; 2004; 2008) suggests that there are four tests that have been developed to determine the quality of empirical social research, including research relating to case studies. These four tests are outlined in Table 3.3.1, along with the phase in which the research design can address them, and the tactics within case studies for doing so.

The process undertaken to conduct the case studies is illustrated in Figure 3.3.1. This process will be used as the framework for the discussion of this component of the
study, and was used to ensure replication across the procedures undertaken to conduct each of the case studies.

Table 3.3.1 Tactics for addressing quality tests in case studies

Figure removed due to copyright restrictions

Source: Yin, 1994, p.33

Three case studies were chosen to examine local governments who have attempted to be innovative and have undertaken the production and distribution knowledge process in order to undertake innovation. The case studies were conducted as part of a larger Sustainable Tourism CRC project investigating the various institutional arrangements that both influence and are established by local authorities to achieve local tourism governance. It is important to acknowledge that for the Gold Coast case study, interview data collected by Ruhanen (2006) as part of her PhD thesis on sustainable tourism planning were utilised as part of the case study method. This data was obtained in the form of the original interview transcripts. None of the analysed data used by Ruhanen in her thesis was used directly in this study, only the raw transcript
data. As with the focus groups this was done to manage respondent burden which
would have been increased if respondents were asked to participate in two or three
different studies. Although the structure of the background information for each case
study is consistent across all case studies within this larger study, the information
production and distribution components of the case studies conducted by the
researcher are unique to the case studies utilised in this thesis.
Figure 3.3.1 Case Study Process

Define & Design
- Develop Theory
- Select Cases
- Design Data Collection Protocol

Prepare, Collect & Analyse
- Conduct 1st Case Study
- Conduct 2nd Case Study
- Conduct 3rd Case Study
- Write case report

Analyse & Conclude
- Draw cross-case conclusion
- Test, and if necessary, modify theory
- Develop implications
- Write cross-case report

Adapted from Yin, Bateman & Moore, 1983
3.3.2 Subjects / Samples

The choice of case studies followed theoretical replication logic, with each case expected to achieve different results, but for logical reasons (Copi, 1982; Lee, 1989). The local governments were chosen because they each demonstrated an attempt at differing levels of innovation within a tourism context: project innovation, incremental innovation and radical innovation. Local government organisations with tourism functions within their organisational structures were reviewed for knowledge creation and dissemination projects which were, at least on the surface, undertaken in an effort to achieve some form of innovation. Once several projects were identified, each was examined to determine if they fit within one of each of the three categories of innovation selected for this study: project innovation; incremental innovation and radical innovation. The resulting case studies were chosen to represent a range of different locations and size of councils. They represented different challenges from a wide variety of factors, such as remoteness, diffuse population versus urban concentration, different budgets and financial models and different local government tourism structures. Some of these challenges had been explored during the focus group component of this study. The chosen case studies were located in NSW and Queensland due to both the proximity of these locations to the researcher and the geographic responsibilities of the researcher in contributing to the larger Sustainable Tourism CRC project. The chosen local government areas were Broken Hill City Council (project innovation), Gold Coast City Council (radical innovation), and Coffs Harbour City Council (incremental innovation).

Within each of the three local government areas, the local government officer who had the primary responsibility for tourism within the council portfolio, the chairperson
or manager of local tourism association, and other key industry members such as
tourism business operators, were interviewed. These people are the major participants
in local tourism destination organisations and are the most knowledgeable informants
about local tourism governance issues, including the sourcing of information in the
context of the production and distribution of knowledge. Where possible, other
associated council representatives were also interviewed. The representative from the
local tourism association was interviewed to gain an insight into the involvement of
the network, or system in the information sourcing process, including the utilisation of
the resulting information by the tourism system.

Local government officers were initially contacted by telephone to obtain details of
relevant participants to be contacted for interview. Potential interviewees were then
contacted by telephone and those that agreed to be interviewed (90% of those initially
contacted), subsequently provided with a written information sheet and consent form
prior to the interview. A copy of this information sheet is included in Appendix B.
All participants approached agreed to be interviewed for the study.

For the Gold Coast City Council case study, only council representatives were
interviewed directly, and previous interview material collected by Sustainable
Tourism CRC researchers was used as background information for the study. As
previously noted, it is important to acknowledge the work of Ruhanen (2006) in her
data collection for this study. Details of both sets of interviews are noted in Table
3.3.2 and Table 3.3.3 (Ruhanen, 2006).
Table 3.3.2: Details of Interviews Conducted for Case Studies

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Interviewee</th>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Broken Hill</strong></td>
<td>Tourism Manager, Broken Hill City Council</td>
<td>Broken Hill Visitor Information Centre</td>
<td>30th November 2004</td>
</tr>
<tr>
<td></td>
<td>General Manager, Broken Hill City Council</td>
<td>Broken Hill Visitor Information Centre</td>
<td>30th November 2004</td>
</tr>
<tr>
<td></td>
<td>Representative Broken Hill Tourism Association, and operator</td>
<td>The Caladonian Bed &amp; Breakfast</td>
<td>1st December 2004</td>
</tr>
<tr>
<td></td>
<td>Representative Broken Hill Tourism Association, and small business tourism operator</td>
<td>Eldee Station (Station Stay)</td>
<td>2nd December 2004</td>
</tr>
<tr>
<td><strong>Gold Coast</strong></td>
<td>Tourism Research Officer, Gold Coast City Council</td>
<td>Gold Coast City Council Chambers</td>
<td>13th September 2004</td>
</tr>
<tr>
<td></td>
<td>Principal Project Officer, Tourism, Gold Coast City Council</td>
<td>Gold Coast City Council Chambers</td>
<td>13th September 2004</td>
</tr>
<tr>
<td><strong>Coffs Harbour</strong></td>
<td>General Manager, Coffs Coast Marketing, Coffs Harbour City Council</td>
<td>Coffs Harbour City Council Chambers</td>
<td>18th November 2004</td>
</tr>
<tr>
<td></td>
<td>Former Councillor, Coffs Harbour City Council and business owner / operator</td>
<td>Café, Jetty area, Coffs Harbour</td>
<td>18th November 2004</td>
</tr>
<tr>
<td></td>
<td>Manager, Coffs Coast Tourism Association</td>
<td>Café, Harbour Drive, Coffs Harbour</td>
<td>19th November 2004</td>
</tr>
</tbody>
</table>
Table 3.3.3: Details of Interviews Conducted by Ruhanen (2006) and Utilised for the Gold Coast Case Study

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Interviewee</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Coast</td>
<td>Consultant, Sustainable Tourism Cooperative Research Centre, Gold Coast Visioning Project</td>
<td>27th April 2004</td>
</tr>
<tr>
<td></td>
<td>Principal Project Officer, Tourism, Gold Coast City Council</td>
<td>6th April 2004</td>
</tr>
<tr>
<td></td>
<td>Researcher, Sustainable Tourism Cooperative Research Centre, Gold Coast Visioning Project</td>
<td>2nd August 2004</td>
</tr>
<tr>
<td></td>
<td>Former Gold Coast Tourism Bureau employee</td>
<td>10th August 2004</td>
</tr>
<tr>
<td></td>
<td>Gold Coast tourism operator and resident</td>
<td>23rd August 2004</td>
</tr>
<tr>
<td></td>
<td>CEO Gold Coast Airport and Board member of the Gold Coast Tourism Bureau</td>
<td>15th September 2004</td>
</tr>
</tbody>
</table>

3.3.3 Procedures and instruments

The case studies were conducted after the initial workshop / focus group component of the study was completed in order to confirm the role of local governments, the types of information they may be sourcing, and the expectations of the users (tourism system) as to their access to this information. The workshops / focus groups also provided a basis for designing the questions used in the interview process within the case study data collection.

Yin’s (1994; 2004; 2008) four quality tests for case study research, construct validity and reliability will be outlined in this section, as they relate directly to the data collection phase of case study design (figure 3.3.1). To ensure construct validity throughout the case studies, multiple sources of data were used; interviews with key informants (semi-structured face-to-face) were performed, and sources and archival records were documented (Tellis, 1997; Yin, 1994; Yin 2004; Yin, 2008). Interviews
were not sound recorded but extensive notes were taken during the interviews. These notes formed the basis of the case study reports for each interview. Key informants were provided with copies of the case study report applicable to them, and asked to review it for accuracy. Only direct quotes approved by the respondents were used in the reporting of the results. As previously outlined, for the Gold Coast study data was gained by way of transcripts of interviews previously conducted by Ruhanen (2006), and any direct quotes reported in the results of this study were obtained from these transcripts.

Reliability issues within and across case studies were addressed by developing a case study template which outlined a series of questions for use within the interviews and for document examination. King (1998) states that the goal of the qualitative interview is to, “see the research topic from the perspective of the interviewee, and to understand how and why he or she comes to have this particular perspective” (p.14). Hartley (1994), believes that case study interviews, to a greater degree than other types of interviews, “explore and probe in depth the particular circumstances of the organization and the relation between organisational behaviour and its specific context” (p.210). Therefore, the questions needed to be structured enough to ensure reliability, but open enough to allow the interviewees to express their perspective.

The questions were designed to cover four aspects:

1. Background information about the Local Government Area including population, location, employment and major economic factors.

2. Tourism characteristics of the Local Government Area including historical influences on the development of tourism, the nature of the tourism industry, and visitor numbers and characteristics.
3. Tourism management features including individual, organisational and systemic factors, and
4. Tourism information sourcing experiences including information about efforts and initiatives relating to a specific occurrence, the methods and mechanisms used, and the roles and responsibilities of the various stakeholders in these cases. The council officer responsible for tourism was asked to nominate the specific sourcing case for each Local Government Area.

Wherever possible, documentation and archival records were used to address the questions relating to background information, and tourism characteristics, with the interviews seeking information on the tourism management features and tourism information sourcing experiences. Once each Local Government Area had been confirmed as a case study site, background research was conducted using publicly available documents with key informants confirming this information during the interview process. Further documentation and records including unpublished council reports were requested from interviewees at the time of interview.

Interviews took place at a time and place convenient to the interviewee in terms of both their availability and a location in which they were comfortable discussing the issues to be raised in the interviews. For some this was their place of work, for others they felt more comfortable conducting the interviews in coffee shops. Each interview lasted between one and one and a half hours. The local government officer responsible for tourism was the first interviewee in each Local Government Area (LGA) so that they could nominate a specific information sourcing case. This
allowed other interviewees to comment on the specific case and explain their role and the specific outcomes of that sourcing process.

The initial interview included an explanation of the dual purpose of the interview for collection of data for the Sustainable CRC study and the PhD study of the researcher, and the interviewer was invited to ask any questions about these two facets of the study. The completed consent form was also provided to the researcher at this time for verification. The interview then commenced, using the case study template questions, which the interviewees had previously received, as a guide. Throughout the interviews handwritten notes were recorded by the researcher / interviewer.

Interviewees were asked to outline what they believed to be the tourism management features of their LGA. The questions used to guide this section of the interview were:

1. **What is the general structure of tourism within the LGA including visitor servicing?**
   a. Who is responsible for the various aspects – Council, private industry, industry organisations?

2. **Characteristics of the Organisation** (Council)
   a. How does Council determine its resourcing of tourism compared to other competing issues?
   b. Does tourism have a separate management unit or tourism officer within council?
   c. Do tourism officers/players interact with other units?
   d. Does council have a Tourism Strategy document?

3. **Characteristics of the Systems**
a. Is there a Local Tourism Association, and if so how is it structured?
   i. established for a specific purpose
   ii. representative of all industry interests
   iii. maturity, size, diversity
   iv. unified or characterised by conflict
   v. relationship with regional tourism organisation and other stakeholder groups
   vi. Financial resourcing of the LTA in terms of membership, in-kind support from Council and industry, Council funding, external funding

b. How important is tourism within the region relative to other issues?

c. Which organisation is primarily responsible for promotion of tourism in the area?

d. Are there any other organisations involved in promotion of tourism in the area?

e. Are there leaders/champions within the destination that have contributed to strong working relationships between council and industry?

f. How stable is the network, both in terms of people coming and going (i.e. its rate of flux) and in terms of divisions and alliances (i.e. its level of integration)?

4. Characteristics of Key Individuals (Interviewees)
   a. How long have you been in your current position?
   
   b. Can you outline your previous experience (tourism / non-tourism related, local government related)
   
   c. Qualifications?
All interviewees were asked to comment on these four areas.

The next section of the interviews focused on tourism information sourcing. As preciously outlined, the local government officer responsible for tourism was asked to nominate a specific sourcing case. Discussion and questions with these officers about the nominated case were:

1. **Describe the process that you undertook to obtain this information.**

   a. Did you have to comply with procurement or sourcing processes as outlined by Council?

   b. How did you go about?

      i. specifying information requirements

      ii. seeking information to meet requirements

      iii. validating that information is likely to meet requirements

      iv. the purchase transaction

      v. analysing the information

      vi. applying the information to the business function OR

      vii. generating information value for the system – dissemination, interpretation, diffusion.

      viii. evaluating the importance of the information post-function

      ix. maintaining information base over time
2. If you had your time over, how would you have liked to undertake this project?

3. Why didn’t this happen (what were the barriers faced)?

Interviewees, who were not local government tourism officers, were asked to comment on the nominated project. Questions for these interviewees were:

1. What involvement have you had with project X?
   a. Were you involved in any of the following stages:
      i. specifying information requirements
      ii. seeking information to meet requirements
      iii. validating that information is likely to meet requirements
      iv. the purchase transaction
      v. analysing the information
      vi. applying the information to the business function OR
      vii. generating information value for the system – dissemination, interpretation, diffusion.
      viii. evaluating the importance of the information post-function
      ix. maintaining information base over time

2. How satisfied have you been with the outcome of this project?
   a. Why or why not?

The final component of the interview asked interviewees to confirm the accuracy of information previously collected by the researcher from publicly available documents,
relating to background to the Local Government Area, and the tourism characteristics of the local government area. At this time if gaps were evident in this information, further documentation was sought from interviewees.

Following the completion of each case study, participants were provided with a copy of their interview notes. Participants were asked to nominate whether or not they wished direct quotes to be used in the final report. If permission was granted, direct quotes were identified by descriptors e.g. Local Government Tourism Manager, not by the person’s name.

### 3.3.4 Limitations

The main limitation of the case study technique utilised in this study is that it is not representative of either all local government or all of all episodes for a single local government. Resources were not available to conduct a systematic analysis of the system, or a full analysis of the organisation. If this had been possible, different observations may have resulted. Similarly, different observations may have resulted from including a different set of respondents. Episode evaluation therefore is the researchers’ point of view of the person, organisation and system with some supporting information (Stake, 2004).

### 3.3.5 Analysis of data

The general strategy adopted for the analysis of the case studies is one relying on the theoretical propositions initially outlined. It was these propositions which guided the design and data collection of the cases, and therefore the most logical general
analitical strategy to undertake. The proposition helps to focus attention on certain
data and to ignore other data. The proposition also helps to organise the entire case
study and to define alternative explanations to be examined” (Yin, 1994, p.103). The
case study result were therefore organised under five main sections:

- Background
- The issue – Knowledge needs; Setting the Stage – Characteristics of the
  individuals, organisations and the system
- Case description
- Post project evaluation

These sections guided the narrative presented in the results section. Flyvbjerg (2006),
supports the use of narratives in presenting case study results, concluding, “Often it is
not desirable to summarize and generalize case studies. Good studies should be read
as narratives in their entirety” (p.241). And when identifying characteristics of good
narratives describes, they begin with an interest in a particular phenomenon that is
best understood narratively. Narrative inquiries then develop descriptions and
interpretations of the phenomenon from the perspective of participants, researchers,
and others” (Flyvbjerg, 2006, p.240).

As part of the general strategy, the specific analysis technique of pattern matching
was utilised. Pattern matching logic compares an empirically based pattern with one
or more predicted patterns, derived from the theoretical proposition. The
confirmation of patterns via this process also helps strengthen a case study's quality,
satisfying the test of internal validity. The concept of pattern matching logic is
similar to the empirical testing applied to other scientific activities (Lee, 1989). For
explanatory case studies, the patterns may be related to either the dependent or
independent variables, or both (Lee, 1989; Yin, 1994; Creswell, 1998; Tellis, 1997; Yin, 2004; Yin, 2008).

3.4 Ethical Considerations

Both components of the methodology were approved by the applicable University ethics board. The focus group study was approved by the James Cook University Human Ethics Sub-Committee (approval number H1488), and the Case Study component was approved by the Southern Cross University, Human Research Ethics Committee (approval number ECN-04-108). The methodologies adopted and procedures undertaken for both components of the study were those approved by the committees, including obtaining participants' informed consent.
Chapter Four: Focus Group Results

4.1 Introduction

As described in the previous chapter, this thesis utilises a mixed-method qualitative methodology. This chapter describes the results of the first of the two elements of data collection, a series of focus groups and workshops.

The focus group data is used specifically to respond to research questions one and two, but also makes contributions to understanding research question four.

4.2 Focus Groups

The focus groups were conducted to explore four main questions:

1. What do you believe are the current local level data needs?
2. What would you do with those data / use these data for?
3. Whose responsibility is it to assist with data acquisitions?
4. What are the current barriers to obtaining and/or using such data?

4.2.1 Focus group question one: What do you believe are the current local level data needs?

For the purpose of analysis, participants at all of the workshops were categorised into one of three groups: local government, other government agencies (including for the purposes of this study, RTO's), or industry. The local level information needs expressed as part of the workshops were analysed thematically utilising an adaptation of the National Tourism Information Model (Carson & Sharma, 2002; Decipher,
Information and knowledge needs fell into four of the broad categories outlined in the National Tourism Information model: Visitors, Destinations, Operators and Attractions, and Marketing and Distribution. More specific categories of information which fall under these three broad themes are outlined in Table 4.2.1.

<table>
<thead>
<tr>
<th>Broad Category / Theme</th>
<th>Detailed Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visitors</td>
<td>Influences on travel; Purpose of visit; Market Segments including demographics; Place of Origin; Expenditure; Activities; Propensity to Travel</td>
</tr>
<tr>
<td>Destinations</td>
<td>Impacts of tourism on economic and social factors</td>
</tr>
<tr>
<td>Operators and Attractions</td>
<td>Accommodation</td>
</tr>
<tr>
<td>Marketing and Distribution</td>
<td>Consumer information sources</td>
</tr>
</tbody>
</table>

Marketing information was the most commonly identified data need across each of the three groups of participants. There was much discussion about what the term ‘marketing information’ might mean and how such information might be used, and this helped break down the information requirements into more detailed statements. For example local government tourism managers and state government participants indicated they needed marketing information for developing marketing campaigns for specific regions or local areas. When asked what type of ‘marketing’ information would assist in developing such campaigns they indicated they required data on why visitors travelled to the region, how old they were and what their expectations of the region and its tourism product were. This provides an example of some of the detail that was obtained through exploring focus group questions one and two in tandem. Once some of this detail was obtained, it was found that although referring to the information as ‘marketing’ information, the information sought primarily concerned
visitors to the region, including demographic information and visitor behaviour whilst in a destination.

A common observation across all focus groups and the range of participants was the inconsistency in the descriptors being used to describe the level of information needs. The terms data, information and knowledge were used interchangeably throughout discussions and the researcher had to engage participants in further discussion in order to classify the detailed information categories using Kelly’s (2007) definitions. When further explored the most commonly expressed need was for data, “isolated facts concerning a subject or groups of subjects…” (Kelly, 2007, p.4).

4.2.2 Focus group question two: What would you do with those data / use these data for?

Further examination of the use of the data described in Table 4.2.1, led participants to cite three broad categories of use. These categories were marketing activities such as promotion and packaging, assisting in planning and other strategic documents, and as evidence for the justification of resources, reporting or lobbying purposes such as the attraction of investment into tourism development, or promotion of the benefits of tourism to the wider community. Table 4.2.2 outlines the main uses of information for each of the identified groups of participants.
Table 4.2.2: Main uses of tourism information identified in focus groups

<table>
<thead>
<tr>
<th>Use of Information</th>
<th>Participant Group</th>
<th>Local Government</th>
<th>Other Agencies</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing activities</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Planning</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Justification / Reporting / Lobbying</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Although the information needs were broadly consistent across all three groups of participants, there were differing uses and reasons for requiring the information. Local government participants cited the main need for information as a means of justification of resources and lobbying for funding or community support. Information was transmitted mainly internally to council, or externally to funding agencies. Other levels of government and agencies cited reporting functions as a key use of the information, but the information was also seen as important in assisting in planning marketing activities and planning processes. The main use of the information by industry participants related to marketing activities such as the development of marketing campaigns.

Discussions concerning information use also highlighted a lack of ability to specify information requirements required for each task. Respondents had a clear idea of which tasks they required information for, but were generally unable to specify exactly what information would assist with each task.
4.2.3 Focus group question three: Whose responsibility is it to assist with data acquisitions?

With this discussion on information needs and uses as background, participants were asked about the various roles and responsibilities each perceived in the production and distribution of the information. In all workshops the hierarchy of roles among the three groups of participants was consistent. Local industry saw local government playing a greater role in the distribution of data for two key reasons. Firstly, industry indicated that local government had developed a closer working relationship with Regional Tourism Organisations and therefore the State Tourism Organisations, than individual tourism businesses were able to achieve, and these organisations were seen to be the main suppliers of the information sought. Also, industry felt that they had a high degree of contact with local government through involvement in the LTA and via other tourism development related issues (see the roles of local government discussed in chapter two). This high level of contact with individual businesses saw the local government tourism function well placed to understand and interpret the local industry’s information and knowledge needs.

Other government agencies reported a similar perceived familiarity of local government with their local industry. Agencies felt that local government was better placed to deal with the information requirements of individual businesses, particularly when the agencies were located some distance from the local area. The agencies also cited a lack of resources preventing them from dealing with individual requests for information.
Local government also felt that they were in an ideal situation to assist the local tourism industry with their information and knowledge needs, but cited a number of barriers that prevented them from not only performing this function within the regional tourism system, but also from fulfilling their own information and knowledge requirements. These points then led into a broader discussion across all groups concerning the barriers to the production and distribution of knowledge. Table 4.2.3 summarises the barriers discussed using the Systems of Innovation framework.
<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Findings</th>
</tr>
</thead>
</table>
| Economic competence            | • Small businesses and local governments in particular have scarce economic resources, and tend to operate on a day to day basis with little forward planning.  
• Regional tourism systems do not have well established procedures for procurement of business intelligence and research. |
| Resource clustering and critical mass | • Geographic dispersal of tourism businesses and other organisations makes developing critical mass of suppliers difficult. There is less contact between organisations in regional areas as a result of poor clustering.  
• Regional tourism systems are subject to higher risk as there is no critical mass of domestic users which can support businesses during trough periods.  
• This leads to difficulties in the knowledge function, particularly in regards to distribution. |
| Networks                       | • There are many structures encouraging networking of tourism organisations, but they tend to be small scale and generally have poorly defined objectives. Once again this may lead to difficulties in the distribution of knowledge throughout the system.  
• In regional areas, tourism businesses are often isolated from networks. |
| Entrepreneurship               | • Tourism entrepreneurship often occurs in the face of ‘accepted wisdom’ which has become somewhat synonymous with the traditional sources of business intelligence (including the national tourism research agencies, State Tourism Commissions and so on). This may hinder innovation and diminish the drive to produce new knowledge for the system.  
• There is a strong sense that entrepreneurship has driven tourism development in Australia, but that the current environment for tourism development has increased risk for entrepreneurs. Consequently, there is heightened need to be seen to be basing development decisions on market |
### Institutional Infrastructure
- There is substantial tension between public and private sector interests in tourism. This tension arises from the disparate roles of the public sector in tourism product development, destination promotion, and regulation.
- Local, State and Federal governments are viewed as having conflicting agendas, and this influences the industry's capacity to access funding programs and negotiate the regulatory environments.
- Many public sector tourism organisations are expected to operate under semi-commercial models (such as cost-recovery and user pays models). Businesses may feel under pressure to conform to public sector structures in order to gain access to important resources, despite the fact that this high conformity is seen as limiting innovative capacity.
- Governments are viewed as being uncomfortable with attempts to innovate and introduce change.

### Production and distribution of knowledge
- There is limited awareness of the amount or variety of information available from secondary sources.
- Stakeholders have generally poor experiences in collecting information at a local level and applying it in business and management contexts.
- As a result of these factors, the task of codified knowledge production and distribution has been devalued. There is high value placed on tacit knowledge.

### Social and cultural capital
- Community organisations play a significant role in tourism development (especially in smaller communities) including roles as operators (organising events etc.)
- There is a strong feeling that communities do not appreciate the value of tourism's contributions to economic, social, and environmental objectives.
4.2.4 Focus group question four: What are the current barriers to obtaining and/or using such data?

The barriers to the effective production and distribution of information and knowledge within the regional tourism system related to: perceptions of poor quality of data; the lack of formal allocation of responsibility; perceived differing information needs; and a lack of resources for procurement and dissemination.

Perceptions of poor data quality were felt particularly by local government and local industry, with small sample sizes for local level data, and few local data collections available identified as problems. These problems were seen to contribute to a lack of value being placed on the information that was known to be available. These dialogues led to a discussion on where the information was currently sourced, and the possibility of local data collections being established. It became clear that state tourism organisations and national research providers such as the Bureau of Tourism Research (now Tourism Research Australia), and the Australian Bureau of Statistics were perceived as the primary producers of tourism data and information for regional tourism systems in Australia. Local government was suggested, by both government agencies and industry, as the most appropriate agency to facilitate any local data collections that may take place.

Perceived differences in information needs amongst members of the regional tourism system were referred to by the groups, particularly industry. Discussion in workshops seemed to contradict these perceptions, with information needs being fairly generic across groups, and the differences occurring in the terms used to express these needs. The discussion relating to roles and responsibilities also indicated that
local government may be the ideal intermediary to interpret and coordinate these needs.

A lack of resources was identified as a barrier by participants in the context of their increasing focus on the role of local government in providing more coordination in the production and distribution of knowledge. Resource constraints were exacerbated by the lack of formal allocation of responsibilities for local government to carry out this role. This was seen as a critical barrier for local government participants with ever increasing demands on their resources, both human and financial.

At all of the workshops, participating organisations identified local government as a key agent in the production and distribution of knowledge. Local government participants too acknowledged that they could play a significant role in the coordination of this process. A number of barriers, in addition to lack of resources and absence of formal allocation of responsibility to coordinate the production and distribution of knowledge, were identified as currently inhibiting the effective production and distribution of knowledge within these regional tourism systems. These barriers are illustrated in table 4.2.3.

In summary the key results from the focus groups were the dominance of visitor information needed to make decisions regarding marketing activities. With the finding came the discovery participants within the focus groups were inconsistent in the descriptors or terms they were using information and data, and in turn the lack of ability to specify information requirements. In relation to responsibility, local government were the clear organisation within the regional tourism system to assist
with data acquisition, though it was acknowledged that there were numerous barriers
to obtaining and using the data sought, including data quality, differing information
needs across the system and a lack of resources.
Chapter Five: Case Study Results

5.1 Introduction

This chapter describes the results of the second of the two elements of data collection, a series of case studies conducted in three Australian regional tourism systems. Each of the three case studies involves local governments that have attempted to be innovative, in various degrees, and have undertaken the production and distribution of knowledge process. The Broken Hill case study provides an example of project innovation. It examines the introduction of an on-line reservation system administered by council but designed to service the regional tourism system. While this is a project that a lot of local governments were undertaking, Broken Hill City Council wanted to bring an element of innovation to it by examining the demands of cross border relationships and a high proportion of small businesses. The council opted to commission a research project to gain insight into the needs of industry and the ideal specifications of the project. The second case study utilised the Gold Coast as an example of radical innovation. The Gold Coast had reached a point where many felt it was likely to decline in terms of its life cycle as a tourism destination. The Gold Coast visioning project was undertaken in an effort to revitalise the destination. The third and final case study examines the Coffs Coast and its process of incremental innovation through its Coffs Coast development plan. The Coffs Harbour City Council was the lead agency in undertaking research on their cyclical development and marketing plan, seeking to keep doing what they were doing but to do it better.

The case studies have all utilised post innovation project data in order to study how the actions of the local government affected the outcomes of each project, and to
examine the perceptions of stakeholders as to the actions of the local government, and
the perceived success of each of the projects.

The last section of this chapter provides a comparison between each of the three
chapters. A series of tables are presented which draw together the characteristics of
key individuals, the organisations and the system in each of the three cases

5.2 Case Study One: Broken Hill, New South Wales

5.2.1 Background

Broken Hill is located in the Barrier Ranges of New South Wales, 1165 kilometres
west of Sydney, and 508 kilometres north of Adelaide. At the time of the case study,
it had a population of 21,000, but had housing and facilities to support a population of
35,000 (ABS, 2000). In 1891, Broken Hill was the third largest city in New South
Wales after Sydney and Newcastle, and by 1907 the city had a population of over
30,000.

The Municipality of Broken Hill was incorporated on September 22, 1888,
approximately five years after the first mineral lease was pegged. It was this find of
silver, lead and zinc deposits that led to the development of Broken Hill and some of
Australia’s industrial icons such as BHP. With the progress of the mines, and the
rapidly increasing population, it was the need for public health controls that was one
of the driving forces behind incorporation. Broken Hill was named for the rugged
nature of its surrounds, but in 1886 the town’s name was changed to Willyama,
meaning youth. This name proved unpopular and hence the original name of Broken Hill was reinstate and retained.

The current council faces many challenges with the changes in the area’s economy. The closure of many of the mines has led to a significant fall in rate revenues. At one time there were 4500 people employed by the mines, with 120 apprentices finding placements. The number of employed has now declined to 500. The council is also faced with the fact that they are the only council in a large district, thus issues of lack of connectivity emerge.

Tourism in Broken Hill became a council concern with the decline in the mining industry. This factor coupled with the drought causing a decline in pastoralism, and the cheaper land and housing options attracting an influx of inland “seachangers”, has seen the development of much tourism infrastructure in recent years. The tyranny of distance and a lack of transport infrastructure have been two of the factors limiting the growth of tourism demand in the area.

The Bureau of Tourism Research estimates that in 2002 there were 486,000 domestic overnight trips to Outback NSW (the living Outback), which includes Broken Hill. Broken Hill collects figures through their Visitor Information Centre, but these numbers only reflect those who seek information via the centre. For the 2002/03 financial year the Visitor Information Centre recorded 143,938 visitors through their doors, a 2% decrease on the previous year visitation (BHCC, 2003).
The promotion of Broken Hill as a tourism destination has focused on the rich mining history of the area and as an accessible part of the Australian outback. As an outback town, Broken Hill is surrounded by a unique and diverse landscape including National Parks and Regeneration Areas. These National Parks and gardens provide a stark contrast to both the Desert and the huge dumps and mining infrastructure which remain as constant reminders of the city’s mining history. Guided tours of mine sites, mineral and infrastructure displays are all accessible by tourists. This rich history has also been presented using themed drives and walks. Broken Hill, through its tourism promotion, has dubbed itself a living Museum, demonstrating the value the city places on its heritage and the accessibility of this heritage to visitors. This effort to maintain the city’s cultural heritage was recently rewarded with the city’s Cultural Heritage Tourism program winning the Building Regional Communities category in the 2004 Year of the Built Environment National Awards. The council General Manager was quoted as saying, “It shows how a city facing serious economic and structural problems can make the most of its unique history, environment and landscape, and forge an exciting new future”.

In addition, the council has actively encouraged the purchase of historical homes, known as “ti·nies”, within the town for restoration as both homes and rented short term visitor accommodation. Such encouragement by council and the relatively low cost of property and businesses has encouraged the migration of residents into the city through the inland “seachange” phenomenon. Often this change in lifestyle initiates the establishment of some type of tourism business, most commonly a café, bed and breakfast, gallery, or tour operation. (Kelly, 2004). The relatively low barriers to entry to the tourism industry, coupled with the low cost of living associated with some
of these regional communities (except for items such as food and fuel) has seen the rapid growth of this style of tourism operators. Although having both advantages and disadvantages, one advantage that this type of operator has brought to Broken Hill has been the increased knowledge base that such new residents bring to the city.

Another factor in the development of tourism has been the onset of the drought in this area, with pastoralists turning to tourism to supplement their income and utilise the infrastructure now under-utilised with the changing intensity of farming. The drought has proved both a catalyst for development and an impediment. Although it has encouraged farms to diversify and invest in infrastructure changes to facilitate the development of farm and station stays and other associated ventures such as tours, the drought has also caused many of these ventures to be either short-lived or temporarily stalled, as the lack of water meant that there was not enough water to host and service visitors.

Art has also been nurtured in Broken Hill and the city is now home to over 47 art galleries, including Pro Hart’s purpose built gallery. In addition, in 1993 The Broken Hill Sculpture Symposium invited sculptors from around the world to participate in creating the now internationally renowned Living Desert Reserve; a sculpture park located 11km’s from the city.

Broken Hill and surrounds has also built a significant name for itself as a location for film, television and documentary production, with over 50 of these being filmed in the area. The unique and diverse landscape that attracts visitors also is a significant resource for the film industry. Well known movies such as “Mad Max”, and
“Priscilla Queen of the Desert” have helped cultivate a film induced tourism market, and marketing literature and film set related businesses have proliferated.

The city has a range of accommodation for visitors, from hotels and motels to B&B’s, self contained cottages and farm/ station stay options.

5.2.2 The Issue - Knowledge Needs

Case Study one (Broken Hill) was chosen because it illustrated a situation of attempted “project innovation”. The production and distribution of knowledge process performed by the Broken Hill City Council was to inform the procurement process for obtaining an on-line Customer Relationship Management System (CRM) encompassing an electronic reservation system. While this is a project that numerous local governments were undertaking at the time, Broken Hill wanted to bring an element of innovation to it to manage the competing demands of cross border relationships, numerous industry product based associations (for example www.outbackbeds.com.au), and the sheer size of the region limiting the ability to form a critical mass of products in a given location. They believed that an innovative approach to the project would ensure the success of the project. Broken Hill is also under immense pressure to be innovative, due to its heavy reliance on self-drive tourism. A recent study of self-drive visitor flows in Australia demonstrates that the Broken Hill region has been one of the most effected in relation to visitor flows, by increasing fuel prices (Carson & Holyoak, 2008). Such studies highlight Broken Hill’s high levels of vulnerability within the regional tourism system. In the case of the on-line booking system, Council believed that by gaining knowledge about the
needs and desires of the regional tourism system of the Broken Hill Shire, they would increase the likelihood of successful innovation in terms of this new on-line venture.

In their tourism strategy for 2001 – 2004, Broken Hill City Council (BHCC, 2001) identified a number of long term goals including increasing visitor numbers, increasing length of stay, increasing levels of spending, and targeting specific market segments. The council identified that the introduction a customer-focused strategy, including the implementation of a customer relationship management (CRM) information system, would help achieve these goals. The envisaged CRM would include a website shopfront and application for managing reservations for accommodation, tours and suitable venues for conferences and other events (BHCC, 2001; Schmidt, 2004).

Local government play an important role in the development and promotion of tourism in Australia providing funding, policy development, marketing and visitor servicing responsibilities (Dredge, 2003; Jenkins, 2000). Visitor servicing has expanded in recent years from a primarily free information service in the form of a visitor information centre, to the increasing reliance on visitor information centres to develop an income stream for the council via commission based reservation and booking services (Carson & Richards, 2004). It was this push towards commercialisation that prompted the Council to move to adopt an on-line reservation system and CRM. For most operators and tourism organisations within the Broken Hill tourism system that utilised the council funded tourism support facilities, the key marketing and sales method up to this point had been a listing in an annually printed hard copy brochure. Reservations were made usually via the Council run visitor...
centre, with Visitor Centre Staff calling the operator or organisation to make the booking on behalf of the visitor. The visitor made contact with the Visitor Information Centre either in person, or via telephone, fax or email.

In order to undertake the procurement process to acquire the CRM, Broken Hill City Council identified several knowledge gaps within their current understanding of both CRM's in general, and the specific requirements of the Broken Hill Tourism system. These knowledge gaps included:

1. What are the requirements of a CRM for:
   a. The Broken Hill City Council
   b. Broken Hill Tourism Operators
   c. Potential Visitors to Broken Hill (the tourists)?

2. What will the website look like?

3. What sort of features will the CRM possess?
   a. Electronic payment facilities?
   b. Online inventory and availability of tourism product, including instant confirmation features?

4. What sort of information will be needed for use on the website, and who will provide this information?

5. Who will “own” the information held of the CRM, both in terms of management e.g. maintaining content of the site, and the market intelligence collected from visitors.

6. What are the technology requirements of the system (bandwidth, screen resolution, browser type), and do these match the current technology possessed by all users?
7. Who are the potential suppliers of the CRM?

8. Approximate cost of acquiring, implementing and maintaining the CRM?

9. What sort of timeframe will be needed to procure and implement a CRM?

10. How would the success or performance of the CRM be measured?

5.2.3 Setting the Stage – Characteristics of the Individuals, Organisations and the System

Key Individuals

The Broken Hill City Council Tourism Manager had occupied the role for approximately 12 months at the commencement of the knowledge creation project. The role had previously had the dual title of tourism and economic development, and had been held by the same person for over 12 years. The current Tourism Manager had come into the role with no previous experience in local government or regional tourism development. Previous tourism experience had been gained with a position with the Hong Kong Tourism Board based in Australia. Not unexpectedly with such a long term predecessor, the current tourism manager had spent much of the twelve months winning the trust of the industry.

The Council General Manager was also relatively new to the position holding the position for just under two years, previously with no local government experience. The General Manager has tourism experience, with a previous role with the Hong Kong Tourism Board within Australia.

The local tourism industry is a mix of both long-term residents, and new residents. There is also a mix of businesses in terms of tourism being their primary business
versus those with tourism as their secondary business (e.g. farm or station stays). It is acknowledged by members of the tourism association that the knowledge base in terms of a holistic understanding of the industry, and specialised skills such as marketing, is relatively low. Long-term industry members are cynical of council, and advocates of changes to the current structure of the system, there are very few industry members who are active members of committees or other mechanisms to facilitate such change.

Table 5.5.1 in section 5.5 of this chapter provides a summary of these key individual characteristics, presented alongside those key individuals within the other two case studies.

**Characteristics of the Systems**

The Broken Hill regional tourism system is characterised by a high proportion of owner operator and SME’s within the system. As noted above, many organisations within the system view the tourism component of their business as a secondary or a “value-add” component, supplementing their primary business, which in the case of farm or station stays, is agriculture. The secondary nature of tourism within a high proportion of businesses also means that the experience and expertise, or knowledge, of the tourism industry, is low. High turnover is also a characteristic of this type of business, and there is a high level of conflict and in-fighting, particularly regarding marketing campaigns and efforts, within the networks of the system, both between private sector organisations, and between private and public sector organisations. Table 5.2.1 summarises the characteristics of the system table 5.5.2 (section 5.5 of
this chapter) presents these characterises alongside those of the other two case studies for ease of comparison.

Table 5.2.1: Characteristics of the System – Broken Hill

<table>
<thead>
<tr>
<th>Questions relating to system characteristics</th>
<th>Broken Hill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence and Characteristics of the Local Tourism Association (LTA)</td>
<td>Broken Hill Tourism Association Structure is a 355 council committee, which allows Council to undertake their responsibilities with input from the local community through the formation of a committee (Local Government Act 1993) Relatively inactive</td>
</tr>
<tr>
<td>How important is tourism within the region relative to other issues?</td>
<td>Medium Priority</td>
</tr>
<tr>
<td>Which organisation is primarily responsible for promotion of tourism in the area?</td>
<td>Local Government</td>
</tr>
<tr>
<td>Are there any other organisations involved in promotion of tourism in the area?</td>
<td>LTA &amp; Regional Tourism Organisation (RTO) Fairly low involvement of State Tourism Organisation</td>
</tr>
<tr>
<td>Are there leaders/champions within the destination that have contributed to strong working relationships between council and industry?</td>
<td>Yes – particularly Farm / Station Stay operators such as Eldee Station</td>
</tr>
<tr>
<td>How stable is the network, both in terms of people coming and going (i.e. its rate of flux) and in terms of divisions and alliances (i.e. its level of integration)?</td>
<td>Unstable – high levels of conflict</td>
</tr>
</tbody>
</table>

It should also be noted that the large area covered by the region meant that tourism products or organisations within the system were unable to form a critical mass in any given location. This makes the consumption of these products more difficult, and it was this need to bring products together to form a critical mass, albeit virtually, that
was one of the driving forces behind the need to acquire a CRM and on-line booking system.

At the time of the study, the system’s LTA was the Broken Hill Tourism Association. This is a membership based organisation with responsibilities for marketing input or consultation, and public sector lobbying on behalf of the primarily public sector members of the Broken Hill regional tourism system. There are no paid staff working for the LTA, with the management committee being drawn as volunteers from the membership base. All members of the management committee are extremely busy with their own businesses and responsibilities, and the LTA is often a low priority for members, leading to periods of inactivity by the LTA, which in turn creates conflict and instability in the system. The Broken Hill City Council provides secretarial support for the LTA.

Aside from this secretarial support, the Broken Hill Tourism Association has strong links with the Broken Hill City Council, as the Association was established as a 355 committee under the provisions of the 1993 NSW Local Government Act. This structure allows Council to undertake their responsibilities with input from the local community through the formation of a committee (Local Government Act 1993) and has approximately 15% of the Broken Hill tourism operators as members, providing revenue through membership fees of approximately $45,000 annually. The members form two committees – Marketing and Administration. This level of participation by industry is seen as low, and these committees were largely dormant at the time of this study and acted in an advisory capacity only.
At the time of this study there were plans underway to make the LTA an independent body, retaining a membership base as its funding, but broadening its responsibilities to include product and industry development including packaging, training and skills development, increased membership strategies and fundraising. It was believed that the autonomy of this new association would allow them further access to state and federal funds that the Council are currently unable to access. It was envisaged that the new structure would be formalised under a Memorandum of Understanding rather than under the 355 legislation.

**Characteristics of the Organisation**

At the time of the study the Broken Hill City Council was responsible for numerous aspects of tourism within the region, including visitor servicing, tourism marketing, industry and product development including event management and some of the infrastructure management. At the time of the study the Broken Hill City Council supported tourism within the annual budget with an allocation of approximately 5% of Council’s total budget. Revenue generated by Council directly attributable to tourism activities accounted for approximately 4% of Council’s revenue. In addition to the 5% budget allocation, Council-employed tourism staff included a tourism manager, events manager, visitor centre manager and visitor information officers (BHCC, 2004). The council has produced a tourism plan which is predominately a marketing focused document, and this document is currently under review given the recent changes in staff (Tourism Manager and General Manager). The Tourism Manager reports directly to the Council General Manager. Table 5.2.2 identifies the characteristics of the Broken Hill City Council as an organisation within the Broken
Hill Regional Tourism System. Table 5.5.3 in section 5.5 of this chapter presents these characteristics together with those of the other two case studies.

Table 5.2.2: Characteristics of the Organisation – Broken Hill Shire Council

<table>
<thead>
<tr>
<th>Questions relating to organisational characteristics</th>
<th>Broken Hill</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does Council determine or rate its resourcing of tourism compared to other competing issues?</td>
<td>Medium priority</td>
</tr>
<tr>
<td>Does tourism have a separate management unit or tourism officer within council?</td>
<td>Yes, both a management unit and tourism manager</td>
</tr>
<tr>
<td>Do tourism officers/players interact with other units?</td>
<td>Limited</td>
</tr>
<tr>
<td>Does council have a Tourism Strategy document?</td>
<td>Yes but it is out of date and under review</td>
</tr>
</tbody>
</table>

A recent change in both General Manager, and the Tourism Manager of Broken Hill City Council, has seen the commencement of a restructure in Council’s management of tourism. The change was seen as essential to reinvigorate the industry’s involvement in tourism and minimise the council’s perception that they were subsidising the tourism industry. Council will retain visitor servicing responsibilities and marketing plan implementation. A skills-based destination marketing board is proposed to assist in strategic planning and additional revenue raising to fund the marketing endeavours. As noted above, the structure of the LTA is also proposed to change, making it an independent body.

The Broken Hill Visitor Information Centre is located in the purpose built, and Council owned, multi-purpose Tourist and Travellers Centre. This centre was
initially developed as a visitor information centre and coach terminal, but over the years the numbers of coach services into the city have declined. All Broken Hill City Council staff associated with tourism are housed within the centre, including the Tourism Manager. The visitor information centre, although in close proximity to the main council chambers, is a separate building, and therefore there is often little incidental interaction between tourism staff and other council staff.

All staff within the visitor information centre were council employees, with the only volunteers being those who conduct walking tours of the city. The visitor centre offers visitor information and a booking service (including a website offering on-line booking services). Their office also acts as a liaison point for convention services, coordinates and conducts familiarisations for trade and travel agents, the visiting journalists program and travel to trade and consumer shows to promote the area. Only LTA members can display their brochures in the visitor information centre.

The Broken Hill visitor information centre is also an office for Film Broken Hill, a joint venture between the Far Western Regional Development Board, the NSW Department of State and Regional development, Broken Hill City Council, and a collection of local freelance technicians. Some of the council tourism officers have been trained as Film Officers and offer services such as location enquiries and scouting, referrals to local technicians, facilities and businesses, and the coordination and tracking of location clearances and approvals.

In a recent Council workshop for elected members, tourism was rated last in importance of Council responsibilities, with economic development first.
5.2.4 Case Description

As previously outlined, in late 2003 the Broken Hill City Council undertook a process of developing a web based reservation system to service the regional tourism industry. This system was to be operated out of the existing visitor information centre, and offered as an additional service for visitors to Broken Hill and the tourism industry of the region. Previously there had been no automated or online booking service offered by the Centre, with all bookings taken and confirmed by phone, fax or email.

To gain the knowledge that Council believed was needed to undertake the procurement of such a system, an external consultant (World.Net) was employed to prepare the Request for Proposal (RFP) Document. This RFP was a formal requirement of Council and New South Wales State Government (NSW Treasury, 2002) for procuring goods or services that were valued at over $50,000. Although Council did not know at this point in the process how much a CRM would cost to purchase, implement and maintain, it was envisaged that the lower limit of these costs would be $50,000, and hence a formal procurement process (or institution) would need to be followed.

As the initial knowledge sourcing project was below the procurement threshold in terms of cost, no formal procurement process was undertaken to engage World.Net for the project. This external consultant was sourced by the Tourism Manager using networks and contacts he had made in roles held prior to being employed by Broken Hill City Council. The expertise of World.Net was in the area of ICT, not primarily tourism.
The sourcing of information and preparation of the RFP Document was undertaken over a three-month period in early 2004. In order to gather the required information World.Net held focus groups with tourism operators within the Broken Hill Shire, interviewed Tourism Managers and Visitor Information Centre Managers who had previously undertaken the process of procuring a CRM and on-line reservation system, interviewed staff within the Broken Hill Visitor Information Centre, and drew upon their ICT industry experience in relation to technological specifications, timelines, and costs of such a project.

Industry consultation took the form of a series of Joint Application Design (JAD) Workshops where all of the functions, product and service categories, CRM system specific handoffs, and touch-points were identified and prioritised for customisation of any CRM system proposed in the procurement process (O’Brien, 2004; Krell, 2005). Workshops were conducted by the consultant employed to develop the Joint Application Design Report which formed part of the RFP Document.

Following involvement in these workshops, one of the operators interviewed for this case study, the owner of station-stay accommodation operation, undertook a SWOT analysis of the proposed introduction of any CRM into the Broken Hill Visitor Information Centre and the way in which this intermediary would interact with potential visitors to her business. This analysis was conducted in order to inform the organisation’s annual marketing plan and budget. Table 5.2.3 outlines the results of this analysis.
Table 5.2.3: SWOT analysis: Implications of the introduction of a CRM system

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling direct</td>
<td>Lack of face to face contact with customers</td>
</tr>
<tr>
<td>Lower costs</td>
<td>Initially lack of customised pricing</td>
</tr>
<tr>
<td>Accurate up to date information</td>
<td></td>
</tr>
<tr>
<td>Many interconnections to many products and services</td>
<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td></td>
</tr>
<tr>
<td>Functionality</td>
<td></td>
</tr>
<tr>
<td>Reliability</td>
<td></td>
</tr>
<tr>
<td>Increase market presence</td>
<td></td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td><strong>Threats</strong></td>
</tr>
<tr>
<td>Building stronger relationships with customers</td>
<td>Other regional areas with a stronger brand</td>
</tr>
<tr>
<td>Build customer loyalty through loyalty programs</td>
<td>Under-trained staff and other end users</td>
</tr>
<tr>
<td>Market directly to identifiable market segments</td>
<td></td>
</tr>
<tr>
<td>Customer convenience</td>
<td></td>
</tr>
<tr>
<td>Using the internet as a marketing tool</td>
<td></td>
</tr>
</tbody>
</table>

Source: Schmidt, 2004

Such analysis by organisations within the system demonstrates the strength of involvement of some organisations within the system, and the importance that was being placed on this innovation within the system.

A final report was prepared by the consultants in April 2004 consisting of the RFP and a detailed Joint Application Design Report (JAD). The report consisted of details of specifications, timeframes, estimated costs, and detailed content specifications for each page of the proposed website.

The report, although comprehensive was deemed too complex and technical by the Tourism Manager and elected council members involved in the project. As a result, parts of the report were used as an information piece distributed to suppliers tendering for the supply of the CRM in the procurement process, but the RFP was not used as
the primary evaluation tool in the procurement process as outlined in formal procurement guidelines.

In addition, the selection of suppliers for the project became ad hoc, with no formal advertising of the procurement process or tender occurring. Instead, suppliers who had been involved with supplying such systems to other visitor information centres were approached, and issued with the modified RFP. This limited the access to the marketplace for the Council.

This breakaway from the formal procurement process was further exacerbated when, instead of undertaking a formal committee based evaluation of the resulting tenders, the final decision on a supplier of the CRM was made entirely by the Tourism Manager. The decision was eventually made based primarily on budget constraints, and the supplier with the cheapest proposal was chosen. This decision was subsequently endorsed by council as they were able to easily identify the benefits of the cost savings in comparison with other submissions, and had already dismissed the technical specifications as being too complex.

The selected CRM system included a website to be managed by the Broken Hill visitor information centre, with custom designed functionality for online bookings with secure on-line payments, search facilities, content management facilities, financial reports and marketing tools. Each operator registered on the system was required to keep their details up to date and manage their own web content via an online content management system, provided as part of the technology package. The system allows operators to receive real time email, real time inquiries and bookings.
A commission fee of 10% to 12% is charged by the visitor information centre for use of this facility, and operators receive the remainder of the takings from each booking within two weeks of the booking being generated.

Once acquired, a series of training sessions for the system were set up for tourism operators within the region. These training sessions were conducted by the provider of the system and were in addition to training undertaken by the staff of the Broken Hill visitor information centre. Unfortunately attendance at these training sessions was not as high as expected, and may have been reflective of two factors. Firstly many of the tourism businesses within the region are small owner-operated businesses with proprietors being tied to their business and having little time to attend things such as training sessions. Also, only 29% of operators within the region had access to e-mail or the internet, potentially isolating them from the introduced technology (Schmidt, 2004).

The CRM system was formally introduced and came on-line in September 2004, with the transition from the old manual enquiry and booking service to the new electronic system occurring simultaneously. Operators were not aware of a testing phase in the roll-out process, which council had indicated was to be included. For troubleshooting enquiries, operators were provided with contact details for the supplier of the system and the Broken Hill visitor information centre.

All operators associated with the Broken Hill visitor information centre were entitled to a line listing on the reservation system, with more active operators able to expand their listings to include details about their product and services
(www.visitbrokenhill.com.au). Only those operators with internet and e-mail access were able to enable their listing to accept on-line bookings. The remaining operators were able to list a telephone number so enquiries and bookings can be made this way.

Although offering a service to both operators and visitors, this move toward a formal electronic reservation system imposed a steep learning curve on many operators in the region as they were introduced to not only the technological aspects of web-based reservations systems, but for the first time for many, the economic aspects of reservation systems in the tourism industry with agent commission structures.

5.2.5 Post Project Evaluation

Since the introduction of the system, as of late 2006, many operators had received no on-line bookings made through the system, and although initially seeing an increase in enquiries, many operators have reported a decline in enquiries made via the website since May 2005. To increase bookings and enquiries, operators have been encouraged by the visitor information centre to improve their text displayed on the site and offer specials only available to those that book via the on-line system. None of these additional marketing strategies seems to have increased the performance of the listing on the CRM.

Although the system enables operators to update and maintain their own information, the owners of Eldee Station have discovered that to achieve optimal aesthetic layout of information, some skills in HTML are required. This training needed to be undertaken in addition to training already attended the introduction phase of the
system. This is just one example of an operator needing to change their business practices to adjust to changes in the regional tourism system.

Another frustration experienced by tourism operators has been with changes that are made to the system by the Broken Hill Council, without consistent consultation or notification. Such changes included updates within the operator console and within the tool bar, and the introduction of new service symbols which were allocated to product without consultation with the owners or operators. Following these changes no feedback has been sought from operators on their effectiveness.

Once again, the experiences of Eldee Station can be used to demonstrate the ongoing challenges faced by operators within the system. One of the greatest challenges currently facing the owners of Eldee Station is development of their own website. Initially they hoped that being featured on commercial CRM systems would negate the necessity of having their own website. Unfortunately this has not been the case, and Eldee Station launched their website in 2009, dedicated to servicing their tourism business. At least initially they will also continue to be part of the CRM system but will re-evaluate the value of this once their own website and on-line booking system is functional.

Eldee Station could be classified as highly active within the regional tourism system with their active membership and participation in the local tourism association and marketing committees. They also had access to the internet and experience in utilising this technology to assist in the management of their business. Even with this background knowledge and skills, Eldee Station has encountered several problems
since the implementation of the new CRM system, highlighting the importance of taking into account not only technological reliability of new technologies, but elements of human capital and system characteristics, when undertaking an implementation strategy for such technologies.

Although consulted in the development of specifications for the reservation system, there was no industry involvement in the procurement process and final selection of a product. The industry (the regional tourism system) became disillusioned with the idea of being innovative due to their frustrating and poor experiences in this process including a lack of consultation and frustrations with use of the system.

5.3 **Case Study Two - Gold Coast, Queensland**

5.3.1 **Background**

Gold Coast City is approximately 1,451 square kilometres in area, with 70 kilometres of coastline, extending north to the Logan River and south to the New South Wales border. The city extends west to include the Numinbah Valley, Lower Beechmont, Guanaba, Cedar Creek, Bahrs Scrub, Spring Brook, Currumbin Valley and Tullebudgera Valley.

With a population of over 450,000, the Gold Coast was Australia's sixth largest city at the time of the study. Strong population growth, resulting mainly from domestic migration, is expected to result in an almost doubling of the population by 2021 (GCCC, 2004).
The City of Gold Coast was formed in 1955 through the amalgamation of two local
government councils: City of Gold Coast and Albert Shire. The naming of the region
occurred several years before then. The term –Gold Coast” was first used by Brisbane
newspapers in the late 1940’s, when journalists referred to the real estate boom for
land located on the coast south of Brisbane. The name proved to be a successful
promotional tool for the area, because it not only represented the growth of the region
in terms of real estate and development, but also the golden sand, sunshine and the
lifestyle for which the area was famous. On the 23rd October 1958, the South Coast
Town Council adopted the name Gold Coast Town Council. The Queensland
government proclaimed the local authority of the City of Gold Coast on May 16th
1939, though the name was not officially gazetted until April 1980.
(www.goldcoast.qld.gov.au)

Though originally dominated by farming and agricultural industries, with its 70
kilometres of coastline, the Gold Coast region became associated with tourism at the
end of the 19th Century. At this time there became an increased interest in visiting
seaside areas for recreation and relaxation, and the poorly producing, in terms of
agriculture, coastal areas of the Gold Coast region became a favoured destination for
the affluent and prominent residents of Queensland, and development of guesthouses
and hotels commenced.

–The Gold Coast is unmatched by any other Australian city in terms of its scale of
development, the speed of its population growth, the size and maturity of its tourism
industry and the high conservation values of the natural environment. This creates a
special set of planning challenges for the Gold Coast City Council” (Moore, 2002,
The above statement is a succinct overview of the complexities facing the local government of the Gold Coast Region.

As previously highlighted, the Gold Coast is home to a population of over 450,000, and has experienced strong growth over a sustained period, with Australia’s second largest population increases (second only to Brisbane) over the 1996-2001 period. This growth was predicted to continue for the next 20 years, putting social and infrastructure concerns on the agenda of council responsibilities (GCCC, 2002). The majority of the Gold Coast workforce is employed in the private sector, with this sector accounting for a greater proportion of the workforce (87.3%) than the State (79.7%) or National average (81.1%) (GCCC, 2004).

Only 10% of the Gold Coast’s population are employed in the public sector, and the Gold Coast City Council, with its 14 Divisions, employs nearly 3000 to assist in the management and facilitation of council responsibilities (GCCC, 2004).

This high proportion of private sector involvement is driven largely by tourism, the largest contributor to the region’s economy. The size of the tourism sector within the boundaries of the Gold Coast City Council is described as being “state sized” (Moore, 2002, p.10).

As previously noted, the Gold Coast has developed from being a primarily agriculture economic base, to that of a city where tourism dominates economic activity to the extent that the city’s industries of employment differ from the pattern found across Australia and Queensland. The Gold Coast City records considerably higher
proportions of people employed in accommodation, cafes and restaurants (GCCC, 2003). Development since the late 19th Century, can be attributed to tourism and associated economic activities. In its 2003 Tourism Strategy, the Gold Coast City Council noted that “one dollar in every five generated within the city is tourism related” (GCCC, 2003, p.4). At the time, this translated into a contribution of $2.4 billion to the Gold Coast’s gross regional product, with property services ($662 million), retail ($554 million), accommodation, cafes and restaurants ($438 million), manufacturing ($236 million), and recreation and entertainment ($244 million) providing the greatest contributions. As would be expected, a significant proportion of the Gold Coast’s population is also involved in tourism with 44,200 full time equivalent direct and indirect jobs linked to tourism (West, 2001).

Increases in transport technology and infrastructure can be closely linked to the development of the Gold Coast, with each development increasing access to the area. From the extension of the train line from Brisbane in 1889, to the introduction of motor cars and the completion of the coast road from Brisbane in 1928, each advance moved the region figuratively closer to a market that was increasingly seeking a better lifestyle and leisure opportunities.

The region received a further boost to development in the 1940’s with the popularity of the beachside destination as a place for Australian and United States servicemen to undertake their recreational leave during the Second World War. By the late 1950s and 60s, the development of the city's beach strip was rapid, coinciding with a new interest in pursuing leisure activities and a better lifestyle. From Southport to Coolangatta, holiday houses, motels and guesthouses were built to capture the fun and
holiday atmosphere of the Gold Coast. This atmosphere was evident in the themes and style in which this development was being undertaken, with the first hotel in Surfer’s Paradise, The Pink Poodle, epitomising this mood. Highway road signage also emerged as a popular marketing tool for tourism businesses. These signs reinforced the glamorous holiday lifestyle being established, with imaginative themes and elaborate imagery to attract visitors (Queensland National Trust, 2005). The region’s first high rise building, Kinkabool, was built in 1959, and was the start of the iconic high rise skyline for which the Gold Coast is well known even today.

The transport infrastructure improvements which helped shape the tourism industry have continued to improve access to the region. The region is served by an International Airport, with frequent domestic services from Melbourne, Sydney, Adelaide and Hobart, and international services from New Zealand, Japan and Asia. A rail link and the Pacific Motorway connects Brisbane to the Gold Coast. Brisbane’s International Airport facilitates direct access to Asia, the USA and Europe.

Current tourism in the Gold Coast region is characterised by both built and natural attractions. The 70 kilometres of beaches, Broadwater and river systems, which first attracted people to the area for rest and relaxation, still do so today. Although the natural attraction of the area was initially focused on the coast and waterways, the natural environment of the rural hinterland, mountains, wetlands and rainforests have developed into tourism attractions with supporting infrastructure to cater for the large numbers of visitors.
Fringing these natural attractions on the coastal plain and lagoons, an extensive built environment has continued to develop with shopping centres, and boutique retail precincts, over 500 restaurants and cafes, nightlife entertainment, casino, and a convention Centre. The Gold Coast is also well known for theme parks including Warner Bros. Movie World, Sea World, Dreamworld, Wet 'n' Wild, Outback Spectacular, and the Currumbin Wildlife Sanctuary. Accommodation in the area has continued to grow with options for visitors ranging from Australia's only six star hotel, to resorts, self catering apartments, eco friendly developments and campgrounds.

Events have also become important tourism attractions with the city hosting many national and international events as well as numerous conferences and conventions.

5.3.2 The Issue - Knowledge Needs

Case Study two (Gold Coast) was chosen because it illustrated a situation of attempted radical innovation”. The production and distribution of knowledge process undertaken by the Gold Coast City Council was commenced as part of a tourism system wide effort to facilitate a major change in the future direction of tourism planning and development in the region. The Gold Coast experienced rapid and successful growth in tourism in the 15 – 20 years up to 1997, consistently exceeded national average growth rates in inbound tourist numbers (14.9 per cent on average compared to 9.4 per cent nationally). However, by the late 1990s a range of indicators highlighted the fact that Gold Coast, using Butler's (1980) Tourism Area Life Cycle (TALC) model, was in stagnation: a mature destination showing some early signs of decline. One indicator was international visitor numbers, where in the
period, 1997-1999, the Gold Coast experienced a decline in the number of international visitors of 6.2 per cent, despite an overall growth of 1.5 per cent for Australia as a whole. Several significant external influences also occurred which were predicted to change the inbound market for the Gold Coast tourism industry, including the Asian economic crisis (Faulkner & Tideswell, 2002).

Faulkner (2003, p.43) noted that, “A fundamental shift in the approach to destination planning and management is necessary if the region is to rejuvenate and remain competitive in the longer term. However, the pressures of an increasingly competitive global environment point to the necessity of a more comprehensive approach that embraces sustainable development principles as a framework for tourism development”. Several key players in the tourism industry lobbied for a dramatic or “radical” innovation to occur in relation to the future development of the Gold Coast’s tourism industry. The Gold Coast Tourism Bureau, the system’s Local Tourism Organisation (LTO) and primary destination promotion body, was one organisation calling for radical change, with the chair stating, “The Gold Coast is at a development crossroads, facing massive challenges in meeting the expectations of the next generation of visitors and residents. Increased competition, more discerning markets, reconciling urban growth with a large tourism industry, and new information technologies, are but indicators of why a more sophisticated approach to tourism planning is required” (Faulkner, 2002a, p.1).

In terms of the knowledge needs of the Gold Coast required to achieve fundamental shift in planning and management, the industry acknowledged that there were gaps in the understanding of the market, in the planning of tourism processes and institutions,
or a widely adopted vision for the future of tourism on the Gold Coast. As previously discussed, the Gold Coast has developed as a private enterprise dominated environment, and it was acknowledged that because of this a planning policy void existed in relation to tourism infrastructure, planning, investment, product development and service delivery. Industry looked to the Gold Coast City Council to be one of the key drivers of filling this gap both in terms of project coordination, and also financing (Moore, 2002).

The aim of the project was to provide a vision and direction for Gold Coast tourism over a 10-20 year period, to enable it to take advantage of changes in the international and domestic markets in the years ahead” (Moore, 2002).

It was a widespread and accepted understanding across the regional tourism system that the knowledge needs were great, and that for the project to produce and distribute such knowledge across such an extensive system would be a major undertaking, including financially. Sir Frank Moore, a local Gold Coast business leader, Chair of the CRC for Sustainable Tourism, and eventually the Chair of the Gold Coast Revisioning Project was quoted in 1998 as saying, “Those who dislike any challenge to their comfort zones may ask why we need to change at all, why we need to revision the future. The answer is simple – if we do not act now to harness the benefits of research to map the years ahead, we face the certainty of decline” (Cited Moore, 2002, p.ix).
5.3.3 Setting the Stage – Characteristics of the Individuals, Organisations and the System

Key Individuals

At the commencement of the visioning project, the Gold Coast City Council did not have a specific tourism unit within their corporate structure, and therefore did not have a tourism manager. The project steering committee for the initial scoping study undertaken by CRC for Sustainable Tourism, was representative of the key individuals within the system, and demonstrated the mature and large scale nature of the Gold Coast Regional Tourism System. The steering committee consisted of senior level representatives from the Gold Coast Tourism Bureau, the Chamber of Commerce, two of the system’s key tourism operators, Conrad Jupiters Casino and Dreamworld, The Gold Coast Visitors Bureau, The State Tourism Organisation – Queensland Tourism and Travel Corporation (QTTC), a large property development company (MEPC), and the research provider CRC for Sustainable Tourism (Moore, 2002).

It was the chair of both the steering committee and the CRC for Sustainable Tourism, Sir Frank Moore, who is credited as being the main driver and influencer of the project. “I think Sir Frank Moore had a fair bit to do with it too at the beginning, he was saying that industry hadn’t had good research face, … but I think what Frank was saying struck a chord with a few people…” (Member GCTB).
Sir Frank Moore has been credited with being behind major strategic changes that have helped to shape the Australian tourism industry over the past 20 years, being acknowledged for his efforts in 1993 when he was created a Knight Bachelor and appointed as an Officer of the Order of Australia in 1991 for his contribution to the community and the tourism industry. Throughout his career, which began in property valuation, media and broadcasting, Sir Frank has held numerous influential roles including in 1978 heading the Queensland Government Inquiry that led to the establishment of the Queensland Tourist & Travel Corporation. He then became chairman of the Corporation from 1978 to 1990, during a period which saw the tourism industry in Queensland rapidly expand and develop an international reputation. He was chairman of the Australian Tourism Industry Association from 1984 to 1996, the peak national private enterprise tourism body and Chairman of the Australian Tourism Research Institute in 1987. Sir Frank was also a strong advocate for increasing knowledge and education in tourism in Australia, initiating the first major investments in tourism research and education at a university level (AFTA, 2002; TTA, 2008).

Another key player was the chief researcher on the project, the Director of Research for the CRC for Sustainable Tourism, Professor Bill Faulkner. Professor Faulkner was also Director of the Centre for Tourism & Hotel Management Research, Griffith University, Australia. Prof Faulkner began his career in urban and transport planning research before moving into tourism. He was the founding Director of Australia’s Bureau of Tourism Research (BTR) and had held senior tourism policy positions in the Commonwealth Public Service (Faulkner & Tideswell, 2002).
Upon completion of the Gold Coast Visioning project, a tourism unit was established within the Gold Coast City Council, and a staff of three was appointed whose primary responsibility within council was the management and development of tourism. Within this three person team, a project manager was appointed whose primary responsibility in their initial phase of employment was to oversee the development of the Gold Coast City Council’s Tourism Strategy. Although initially coming into the role with very little experience in either local government or the tourism industry as a relatively new university graduate, the project manager had an understanding of the role of research through their academic qualifications. It is also important to note that the role of project manager was held by the same person during the 12 month development period of the Tourism Strategy, and during its subsequent implementation.

Table 5.5.1 in section 5.5 of this chapter provides a summary of these key individual characteristics, presented alongside those key individuals within the other two case studies.

**Characteristics of the System**

The Gold Coast regional tourism system can be viewed as a mature system with high levels of involvement and investment by many players including large scale tourism enterprises, government agencies at the local, state and federal levels, as well as industry bodies and organisations. "...the Gold Coast tourism sector is bigger than some Australian states” (Moore, 2002, p.10). The scale of the industry can be demonstrated by examining the marketing budgets of key organisations within the system. At the time of the present study (2004) it was estimated that the marketing
budget of the Gold Coast Tourism Bureau was approximately $4 million and the combined budgets of the largest marketers in the system such as themes parks and the casino was estimated at approximately $30 million. The State Tourism Organisation also listed the Gold Coast as a “stand alone” region in the destination marketing and development framework, allocating specific teams to the region. Table 5.3.1 summarises the characteristics of the system table 5.5.2 (section 5.5 of this chapter) presents these characterises alongside those of the other two case studies for ease of comparison.

**Table 5.3.1: Characteristics of the System – Gold Coast**

<table>
<thead>
<tr>
<th>Questions relating to system characteristics</th>
<th>Gold Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence and Characteristics of the Local Tourism Association (LTA)</td>
<td>Gold Coast Tourism Bureau Structure is an incorporated body Very active</td>
</tr>
<tr>
<td>How important is tourism within the region relative to other issues?</td>
<td>High Priority</td>
</tr>
<tr>
<td>Which organisation is primarily responsible for promotion of tourism in the area?</td>
<td>LTA – Gold Coast Tourism Bureau</td>
</tr>
<tr>
<td>Are there any other organisations involved in promotion of tourism in the area?</td>
<td>High Involvement of State Tourism Organisation and private large scale tourism operators</td>
</tr>
<tr>
<td>Are there leaders/champions within the destination who have contributed to strong working relationships between council and industry?</td>
<td>Yes, across several sectors and both small and large operators</td>
</tr>
<tr>
<td>How stable is the network, both in terms of people coming and going (i.e. its rate of flux) and in terms of divisions and alliances (i.e. its level of integration)?</td>
<td>Stable</td>
</tr>
</tbody>
</table>

The system’s local tourism authority, the Gold Coast Tourism Bureau, is the region’s principal tourism marketing body. Its operations include trade missions, marketing analysis, publicity and promotion, visitor services through visitor information centres and integrated branding. To achieve this, the Gold Coast Tourism Bureau has access
to substantial budget funds drawn from a strong membership base, and commercial earnings from operations such as visitor bookings, and a large annual contribution from the Gold Coast City Council.

As discussed in the previous section outlining key individuals within the system, the Gold Coast has several leaders and champions who drove the project getting individuals and organisations within the system to participate and in many situations being responsible for key decisions such as the selection of the research provider and many aspects of the project scope. Some of these leaders were instrumental in lobbying for more government institutional infrastructure to guide and manage an industry making such a large contribution to the Gold Coast economy, citing a lack of an “industry and government structural framework to manage it to maximum effect” (Moore, 2002, p.10). As a major funding source for the Gold Coast Tourism Bureau, council had working relationships with the key local industry through this membership based organisation.

The system as a whole can be classed as relatively stable, with long-term residents and operators within the system. Although conflict existed, particularly in relation to certain aspects of the Gold Coast tourism industry’s development and entrepreneurial activity, the presence of significant players amongst the operators, such as Sir Frank Moore and senior managers within large corporate businesses, also led to a greater level of professionalism within the system. It was though, the aim of developing a “shared vision” for the future development of the Gold Coast Tourism System, which prompted and drove the Gold Coast Visioning Project (Moore, 2002; Ruhanen, 2004).
Characteristics of the Organisation

The Gold Coast City Council was a significant contributor to tourism via infrastructure, the provision of municipal services, and a considerable direct financial contribution to destination marketing and promotion through their funding of the Gold Coast Tourism Bureau. However, as previously outlined, prior to the Gold Coast Revisioning Project, the Council did not have a dedicated tourism unit within its corporate structure. In 1995, the Council established the Economic Development and Major Projects Directorate with the mission to broaden and strengthen the economic base of the city. The branch had responsibilities for industry development, strategic planning, policy and development, and aimed to form networks between other tiers of government, industry and community reference groups. Although tourism was part of the branch’s mandate, there were no dedicated tourism staff, or budget allocations, in relation to the branch responsibilities (Faulkner, 2002b). Table 5.3.2 identifies the Characteristics of the Gold Coast City Council as an organisation within the Gold Coast Regional Tourism System. Table 5.5.3 in section 5.5 of this chapter presents these characteristics together with those of the other two case studies.

<table>
<thead>
<tr>
<th>Questions relating to organisational characteristics</th>
<th>Gold Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does Council determine or rate its resourcing of tourism compared to other competing issues?</td>
<td>Medium priority until the visioning project, although Council allocated a significant amount of funds to industry marketing, there was no standalone unit.</td>
</tr>
<tr>
<td>Does tourism have a separate management unit or tourism officer within council?</td>
<td>Post Gold Coast Visioning Project</td>
</tr>
<tr>
<td>Do tourism officers/players interact with other units?</td>
<td>Limited</td>
</tr>
<tr>
<td>Does council have a Tourism Strategy document?</td>
<td>After the completion of the visioning project</td>
</tr>
</tbody>
</table>
One of the outcomes of the Visioning Project was the identification of the need for a policy and planning arm for the tourism industry, with Local Government identified as the most suitable provider. The tourism unit within Gold Coast City Council was established early in 2002. The unit’s budget was funded by the councils’ tourism levy and fell under the Directorate of Economic Development and Major Projects in the organisational structure.

One of the main aims of the tourism unit was to develop a tourism strategy for the Gold Coast City Council. This development of this strategy will be discussed in more detail in section 5.3.4 of this chapter.

As well as establishing the three-member tourism unit, an internal Tourism Task Force was established within the Council in order to facilitate cross-directorate communications. With such a major investment in research and knowledge through the funding of the Gold Coast Visioning Project, the dissemination of knowledge was also acknowledged as a major role of the unit, with a research officer role established to assist in the process. In addition to the knowledge and information gained through the Gold Coast Visioning Project, the unit drew upon other organisations within the system such as Tourism Research Australia (formerly the Bureau of Tourism Research), Tourism Queensland (formerly QTTC) and the CRC for Sustainable Tourism, to access new or updated information. Communication of this research and knowledge was primarily electronic via a website. This communication tool was used for both internal (Organisation) and external (System) dissemination of information and knowledge.
5.3.4 Case Description

In addition to the fundamental shift needed in destination planning and management it was also realised that a project of this scale would require major investment, and financial supporters were sought from both the private and public sectors. The Gold Coast City Council was a major contributor financially to the project, contributing $300,000 over a three year period. Other funding partners included the Gold Coast Airport, Jupiters Casino, Tourism Queensland and the Sustainable Tourism CRC (STCRC).

With such a large investment in the knowledge production and distribution process, the Gold Coast City Council was looking for several outcomes. Council was essentially seeking a research base to value add to its understanding of the tourism system. Council wanted outcomes from the process which would assist in the formulation of policy and effective resource allocation for the tourism system. They felt the research projects undertaken as part of the process should be tailored to meeting the immediate, short term and long term needs of Council, including:

- Economic and Employment Impacts of Gold Coast Tourism
- Hinterland Sustainable Tourism Development Study;
- Social Impacts of Tourism on the Gold Coast; and
- Tourism Facilities and Infrastructure

(Moore, 2002).

As previously noted, Sir Frank Moore (Chair STCRC) and Professor Bill Faulkner (Director of Research STCRC) were two of the main lobbyists for the project and the
STCRC was engaged to undertake the project in late 1998 (Moore, 2002). At its launch, the project was named The Gold Coast Revisioning Project, and among the first tasks to be undertaken was a market analysis comparing the current market trends with those identified between 1989-1997, and a scoping study to set the agenda for the project.

The scoping study was conducted by the National Centre for Tourism on behalf of STCRC, and aimed to:

- Identify key planning, development and marketing issues currently facing the Gold Coast corridor;
- Identify core stakeholder groups;
- Identify data gaps and research priorities; and
- Determine outcomes to meet the expectation of stakeholders.

(Moore, 2002, p.xi)

The scoping study consisted of a review of previous studies undertaken of the Gold Coast region, and interviews with key stakeholders. These interviews with stakeholders revealed much conflict within the system regarding both previous planning and development directions of the system, and the revisioning project itself, including the researchers chosen to undertake the process. For example:

“The Gold Coast Tourism industry has no public tourism policy. The Gold Coast has been traditionally successful without the help of Government policy. It’s a private enterprise city. But times have changed and the City needs to move forward.”

(Operator /Community leader)
“There has been an enormous amount of work and studies undertaken on the Gold Coast corridor over the years but nothing has ever been achieved. What makes this project any different?” (Gold Coast Business Association)

“This project must identify what can be done to bring about a quantum change on the Gold Coast. Research reports don’t bring about changes; actions do!” (Business man)

“The whole exercise is far too academic. No research should be undertaken until there is a proven need for it and the industry can be assured of practical outcomes. We need outcomes now, not in three years time”. (Theme Park Operator)

“The project risks the problem of trying to take on too much. It needs to be scaled down and made more practical and focussed.” (QTTC)

(Interview quotes cited, Moore, 2002, pp.6-7)

One of the outcomes of the scoping study was to change the name of the project from the Gold Coast Revisioning Project, to the Gold Coast Tourism Visioning Project. This was done to acknowledge the views of some stakeholders who felt that by saying that the Gold Coast Tourism System needed to –Revision”, it was acknowledging that mistakes had been made in the past, and some felt strongly that this was not the case. This is another example of conflict that existed within the system at the time of the project. Some members of the system did not recognise the need for change, and therefore were opposed to the idea of such a large investment in a process of knowledge production and distribution for an unnecessary innovation. “There are
personalities involved. Certainly X didn’t feel that there was a need for change which led to them changing the name from “revisioning” to “visioning”. Revisioning was seen to be negative because it was saying they didn’t have before. They felt they were fine.” (Board Member GCTB).

Other key findings of the scoping study included:

- The revisioning exercise is not well understood by stakeholders and ownership of the process needs to be fostered as a matter of some urgency.
- State Government and operator commitment to the plan needs to be locked into place as soon as possible.
- A user friendly public consultation process needs to be introduced.
- The project needs to describe what direct economic or social returns will be delivered by the strategic plan e.g. increased visitor expenditure, jobs growth, etc.
- The geographical scope of the study area needs to be increased in size.
- The steering committee needs to be increased to include a more representative membership of stakeholder interest groups.
- A research advisory group needs to be established.
- A suggested framework for the VISIONING project is outlined in the report. The project should be designed to provide a clear direction for the region’s tourism industry and Gold Coast City Council over the next ten years.
- Immediate, medium-term and long-term action plans need to be clearly identified.
- Up-front financial commitment to the plan and direct involvement by stakeholders throughout the study is the best means to ensure ownership of the end recommendations.

(Moore, 2002).
The resulting Gold Coast Tourism Visioning (GCTV) project was funded over a three year period, though official reports were not published until 2002, and consisted of 12 individual research projects.

In terms of the outcomes for the Gold Coast City Council, one of the major recommendations was that the Council play a greater institutional infrastructure role within the system, developing a strategic tourism plan. It was also advised that better coordination of tourism functions within Council would be achieved through the creation of a separate tourism business unit within the organisational structure of Council.

In February 2002 the Gold Coast City Council formed a Tourism Branch with three staff within the Economic Development and Major Projects Directorate. This branch consisted of a Manager, Principal Project Officer and Research Officer. The primary responsibility of the Project Officer was the development of the Council’s Tourism Strategy. This strategy took 12 months to complete and drew heavily on the work conducted in the GCTV project. The Council acknowledged that the work undertaken throughout the GCTV project provided them with valuable knowledge and information, with the Project Officer saying, “A lot of people, a lot of organisations, when writing their strategies have basically no research, so they have to just go and just write a strategy on whatever they can pull together, whereas I already had 12 research projects particularly looking at issues that had been identified by the industry as important for the future of the tourism industry, so it was like, it was harder to go wrong I suppose, because the fact that there was so much research kind
of backing it up, it was pretty hard to sort of come from a fairly strong position and I felt really lucky to walk into a job with that research background already there” (Principal Project Officer, Tourism Branch, GCCC). The STCRC were also engaged as consultants to assist in the development of the strategy.

The resulting strategy was the “Our Tourism City – Gold Coast City Council’s Tourism Strategy” and was released in 2003. The strategy also sought to provide a framework within Council for the coordination of Gold Coast tourism through the development of planning and policy outcomes, while assisting council in prioritising the tourism initiatives for the city. The strategy reiterated the importance and need for sustainable tourism development, and while not further articulating goals for strategic planning, reference was made to the participation of internal and external stakeholder groups in the planning process (GCCC, 2003).

5.3.5 Post Project Evaluation

After the completion of the Gold Coast Tourism Visioning project, the Gold Coast City Council continued to be an advocate for the project, the resulting knowledge gained from the project, and in the dissemination of knowledge for use by the organisation, and of the Gold Coast Regional Tourism System. In addition to establishing a Tourism Branch, and the development of the “Our Tourism City – Gold Coast City Council’s Tourism Strategy”, a full-time research officer was employed to manage the knowledge creation and distribution processes within the unit. This included dissemination of the existing knowledge created through the GCTV Project, as well as the project management and dissemination of knowledge from new projects. In order to facilitate new projects, Council continued to support the CRC for
Sustainable Tourism with a contribution of $100,000 per year, the sum they had been allocating for the GCTV Project for the previous three years.

As noted in the Methodology (Chapter 3) of this thesis, interview data collected by Ruhanen (2006), as part of her PhD thesis on Sustainable Tourism Planning, has been utilised. In her research interviews Ruhanen asked respondents to comment of their perceptions of the outcomes of both the GCTV Project, and the Gold Coast City Council’s Strategic Tourism Plan.

Through these interviews it is evident that some of the concerns of key stakeholders that had been identified during the scoping study for the GCTV project were still evident upon completion of the project. In particular, respondents seemed to agree that regardless of whether the GCTV project had been worthwhile, it may not have achieved its primary goal of producing a shared vision. “The initial goal was to develop the vision for the Gold Coast for the future, for tourism. And, I don’t believe it was successful really in doing that but it developed some particular things which would help do that over time” (Researcher, STCRC).

Some stakeholders acknowledged that the project did have some positive outcomes, “I think it has benefited from the process but not possibly in the ways it set out to do. I don’t think as a result there’s a better plan for tourism than there was before, but possibly there’s a better, maybe capacity for planning, recognition of planning or the recognition of the need for things that they can’t really be complacent down there” (Researcher, STCRC). This was similar to the perceptions of another researcher on the project, “It’s resulted in a noticeable shift from more of an “ad hoc” approach to
planning and developing tourism in its broadest sense, to a much more strategic approach in the policy and planning side of things in Gold Coast City Council for a start, but also at the lead agency for destination marketing and conventions which is the Bureau too. It’s had a substantial impact on the type of leadership that’s required for tourism on the Gold Coast” (Consultant, STCRC).

When asked to comment on whether he thought the Gold Coast had benefited from undertaking the GCTV Project, the CEO of the Gold Coast Airport, and Board member of the Gold Coast Tourism Bureau stated, “Probably not as directly as I might have assumed at the time that we were doing it. But probably indirectly it has in that it has, I suppose it’s been a call to action to change the way we’ve done things. It did raise a whole lot of issues. I suppose they were issues that people were aware of that’s why they did the visioning project. So whether this change would’ve occurred with or without the visioning project, I don’t know but certainly we used the visioning project I suppose in terms the rhetoric to drive change”.

As well as this acknowledgement that the Gold Coast Regional Tourism System may now have better capacity for effective planning, it was also recognised that the process of undertaking the GCTV Project led to a greater awareness of tourism issues. When asked whether they felt the GCTV Project had been successful, a tourism operator commented, “I think it benefited, yes. I’ve been watching it as it was evolving so it’s hard to tell what happened because I guess it’s never final. It’s all in development so, but to what I observed definitely put some ideas in different people’s minds and sort of brought up some issues that probably hadn’t been discussed before. I think it was just raising everybody, I mean everybody I mean the tourism industry,
all the players that are involved, hotels, Government, locals maybe to a certain extent. I’m not so sure whether it’s been in the papers much but there have been a few articles about it as well to the public, mass media. You know so people should be, it’s been on their tongues I think”.

It was felt that this increased awareness of tourism, also led to the formation of previously unidentified networks and in some instances new champions or leaders within the system. “…it was a good process, to you know, to pull a wide variety of stakeholders together. I would think if we went through a similar process at the moment, we’d probably come out with quite different outcomes. Because of the different personalities and the different institutional structures that we have now and so it would be interesting to do a similar sort of exercise sometime in the future”. And, with this networking has grown an understanding of the different roles various organisations within the system play, “…there is some components of the visioning study outcomes that we’d like to engage other partners like Gold Coast City Council Tourism unit to engage to look at the broader aspects say of destination management. I suppose the Bureau when we started our change process we sort of embraced this overall destination management philosophy as opposed to just destination marketing. Probably now that we’ve sort of been going through a process review over the last nine months, we see that probably the Bureau’s role is predominantly destination marketing. And we would look to other partners to be involved in other aspects of the destination development that goes into the destination management portfolio” (CEO Airport and Board Member GCTB).
This same respondent also commented that his organisation, and others within the system may not have taken full advantage of the resulting information and knowledge, “So I suppose the process was probably a good one to go through but we probably haven’t leveraged off it as much as we can, but I think we will be calling back on that research base in the future. Once we get the organisational structure in place, which is in place, but I suppose its priorities are setting a strategy and to the extent that they’ve referred to the visioning document in developing those strategies. I’m not a 100% sure but it certainly has been a catalyst for changing in the way we do things” (CEO Airport and Board Member GCTB).

There was also an acknowledgement that the majority of involvement and input into the project may have come from the public sector, recognising that it is often difficult to get involvement from the private sector. “….I think the energy to get that connection probably has got to come more from the public sector, because its difficult to get the private sector voice effectively represented” (Consultant, STCRC).

Respondents were also asked to comment on their perception of the Gold Coast City Council’s Tourism Strategy. Although respondents noted the document drew upon the extensive consultation and work conducted as part of the GCTV Project, there was also a belief that although some external consultation took place in developing the strategy, it was primarily an internal council document. It also appears from the comments of respondents that the Strategy was not used extensively outside of council.
Consultation within the system in relation to the document was criticised with a STCRC researcher commenting, “No I would say they didn’t consult because they wanted to keep control of it. And I don’t think there was a lot of community consultation in the visioning project. To the best of my knowledge, there wasn’t much at all. There was some research projects looking at particular things like community attitude but there was no canvassing as to whether the community thought they needed a visioning project”. And when asked of his involvement in the Gold Coast Tourism Strategy, the CEO of the Gold Coast Airport stated, “Basically they (GCCC) sent the strategy out”. He then added, “I would think probably the exercise that Council needs to do now, given what they were saying earlier in the year, is we actually need to revisit this. And really to develop a strategy that bests utilises the resources they’ve got available and I think it would need to be looked at much you know on that one there, you know. Which is the problem with TQ’s destination plans, you know”.

At the time of writing this thesis (2009), the Gold Coast City Council had disbanded its separate Tourism Branch and reverted to the old structure of tourism being one of many elements managed under the Economic Development and Major Projects Directorate of the Gold Coast City Council (GCCC, 2007).
5.4 Case Study Three - Coffs Harbour, New South Wales

5.4.1 Background

Coffs Harbour and the Coffs Coast region is located on the north coast of New South Wales 554km north of Sydney and 427km south of Brisbane. It comprises the Local Government Authority (LGA) areas of Coffs Harbour, Nambucca and Bellingen.

The population of the Coffs Harbour local government area was approximately 70,000 at the time of this study, with the majority of the population residing in the Coffs Harbour City area (ABS, 2006).

Coffs Harbour was originally called Korff’s Harbour after John Korff, a mariner who took shelter in the bay during a violent storm in 1847. When the town site was formally declared in 1861, the name inexplicably changed to Coffs. The name Coffs Harbour was gazetted in 1956, and in 1987 the shire was proclaimed a city. The current boundaries of the City of Coffs Harbour were formed on the 25 February 2004 under the NSW amalgamation of local governments, and the expanded boundaries included the communities of Corindi, Upper Corindi and Red Rock which were previously the Pristine Waters Council. This amalgamation extended the Coffs Harbour Local Government Area to 1163 square kilometres.

Historically, the Coffs Harbour region has been dominated by primary industry which drove the early development of the area. The timber industry first attracted migrants to the area in the 1840’s and was followed by agricultural industries such as fruit, dairying and sugar cane farming. Fijian banana crops were introduced in 1881 and
the industry grew to be a dominant feature of the area’s economy, a feature still prominent today. Fishing was also historically important for the area’s economy. In more recent times the main industries driving the economy of Coffs Harbour are manufacturing, tourism, government agencies, retail and primary production including bananas, dairying, beef cattle, fishing, forestry, exotic fruits and flowers.

The Coffs Harbour LGA is made up of many beachside and inland localities, villages, towns and suburbs. In a 2005 study conducted on behalf of the Coffs Harbour Futures Board, Coffs Harbour was shown to have a greater industry concentration (i.e. a location quotient greater than 1) than the NSW and national economies in accommodation, cafes and restaurants (2.00) and retail trade (1.45) sectors. Previous economic impact studies along the northern coast of NSW and south east Queensland indicate that high employment in these sectors tends to reflect a significant role played by the tourism industry (CHCC, 2006; EC3 Global, 2007).

The area dubbed the Coffs Coast, and the regional tourism system being considered by this thesis, is made up of three Local Government Areas; Bellingen, Coffs Harbour and Nambucca. The Coffs Harbour City Council is, however, the dominant player amongst the local government players, providing the greatest financial contribution to tourism activities, and the greatest resourcing in terms of management, coordination and planning of tourism.

The Coffs Harbour City Council (CHCC) is one of the biggest employers in the city employing 489 staff, and in 2004/05 had an operating budget of $67.7 million (CHCC, 2005). As well as the standard responsibilities of Councils as determined by
the NSW Department of Local Government, the Coffs Harbour City Council has a specific focus on growing sustainable industries and businesses throughout its local government area. To meet this goal, all Council projects are assessed for their environmental, social and economic impacts to ensure that growth within the city is sustainable. Some of the priorities for Council at the time of the study were several special projects that focused on renewing and redeveloping parts of the city including the Harbour area, Park Beach and the Rural Lands, and several major infrastructure projects to meet the needs of the city's growing population, such as the Regional Water Supply Scheme and the Sewerage Strategy (CHCC, 2006).

Council established an Economic Development Unit in 2002, which liaises with industry, business and all levels of government in its effort to facilitate the establishment and growth of business opportunities in Coffs Harbour. Tourism is now a large part of the Coffs Coast economy, providing ongoing employment for a large number of residents, including part-time work for university students. Tourism was estimated to contribute approximately $300 million per annum to the regional economy (CHCC, 2005).

With the arrival of the railway in 1915 and the completion of the link through to Sydney in 1923, the tourism industry in Coffs Harbour developed rapidly. As road travel between Queensland and the southern states developed in the 1950’s and 1960s, Coffs Harbour developed into an overnight stopover point, with numerous motels lining the highway. The first indication of the formation of a formalised regional tourism system in the Coffs Harbour region was in 1956 when the Mid North Coast
Tourist Authority was established. This was followed by a tourist festival held in 1959, with bands, water skiing displays, parachute drops into the harbour, and sheep dog trials. In the following year, commercial accommodation properties increased, mainly in the form of caravan parks.

The banana industry, responsible for a large proportion of the Coffs Coast economy in its own right, is also credited with being a catalyst for the area’s tourism industry. In 1964, locals John Landi and John Enevoldson established The Big Banana as a tourist attraction. Mr Landi and Mr Enevoldson began advertising in 1964, with invitations for the public to “See and walk through the biggest banana in the world; see the nursery, enjoy a panoramic view, watch the snakes and tame animals; browse through our art and gift shop; try our American milkshakes and hamburgers” (cited, http://www.coffsharbour.nsw.gov.au/resources/documents/Coffs_Harbour_Snapshot.2doc.pdf). From its first week of operation the attraction was a success with over 4000 visitors a day being recorded, and from that time forward it became known as the area’s major tourist attraction, remaining an iconic feature of the region to this day. The Big Banana was the first of Australia’s “Big Things”. In 1969 another of the region's iconic built attractions opened, the Pet Porpoise Pool, which still today is the only Commercial Marine Park in NSW with a licence to exhibit dolphins, and is only one of two in the whole of Australia.

Following the development of highway motels to service the overnight stops of road travellers, and the development of caravan parks for leisure travellers taking advantage of the beachside location, the Coffs Coast is now home to numerous forms of accommodation including upmarket resorts lining the coastal strip. Guesthouses,
B&Bs, farm stays, self-contained cottages and idyllic country retreats are also features of the region. The Coffs Coast’s tourism destination branding has been designed to reflect a resort city with a relaxed, subtropical appeal and modern facilities such as large shopping centres. It now also attracts a large retirement population.

The upmarket resorts, coupled with the construction of the Coffs Coast International Stadium have also allowed the area to be chosen as official training bases for several State and National sporting teams, including The Wallabies, Australia’s national rugby union side. High profile “non-traditional” tourism, such as this example of sports tourism, has helped build the regional tourism system’s brand and provided much public exposure in the media, although coverage has sometimes been controversial, reflecting on antisocial behaviour.

Like the Big Banana, another of the area’s built attractions, The Coffs Harbour Jetty or “Jetty Strip”, has grown from a historically important feature of the area’s economy. The timber wharf in the harbour was where coastal shipping once loaded the timber from the hinterland. The jetty area around the harbour has now been developed to house cosmopolitan cafés and restaurants attracting locals and visitors. Further development is planned for this area including the development of a cultural precinct and rejuvenated residential area.

Natural attractions are also a feature of the destination, with the immediate Coffs Coast region possessing more than 30 beaches extending along 40 kilometres of coastline. Some beaches are renowned by surfers; other more protected areas are
suited for swimming and family activities. Diving is also an attraction of the region with a small natural reef located offshore. The Solitary Islands Marine Park, which extends northward along the shoreline and offshore from Coffs Harbour, preserves a diverse underwater ecosystem that mirrors the terrestrial biodiversity, covering an overlap zone between the southern limit of northern tropical species and the northern limits of the southern temperate species. Directly out to sea from Coffs Harbour adjacent to the man-made breakwater is Muttonbird Island. The island is a nature reserve protecting a significant Wedge-tailed Shearwater breeding site. There are numerous National Parks, Reserves and Marine Parks within the region and these offer diverse visitor experiences within close proximity to the city. These include Bellinger River National Park, Bindarri National Park, Bongil Bongil National Park, Cascade National Park, Coffs Coast Regional Park, Dorrigo National Park, Hayden Dent Nature Reserve, Junuy Juluum National Park, Moonee Beach Nature Reserve, Nymboi-Binderay National Park, Solitary Islands Marine Park, Ulidarra National Park, and Yuraygir National Park.

Like the railway and highway before it, the expansion of the Coffs Harbour Regional Airport in the 1990’s increased accessibility to the area. The airport expansion turned it into one of the largest regional airports in New South Wales, with capacity to accommodate Boeing 737 size aircraft, and the inclusion of the accommodation of quarantine and customs services have created the required infrastructure to allow direct international access. The airport precinct also incorporates flight commercial training facilities for students.
The role of the airport and the access it provided for visitors, was highlighted during the infamous 1989 Australian Pilot’s strike. This strike was blamed for a severe decline experienced by the Coffs Coast regional tourism system during the period, and led to a prolonged period of stagnation for tourism development. An example of this is best found in the large up-market resort developments of the Region. The Opal Cove development was marred by financial problems during its construction, with these ramifications being felt through the local community when suppliers and workers went unpaid and were left unemployed. Similarly, the Pacific Bay development remained closed following its construction for approximately 6 years. Such business failures led to a negative perception of tourism within the local community.

5.4.2 The Issue - Knowledge Needs

Case Study three (Coffs Harbour) was chosen because it illustrated a situation of attempted "incremental innovation". In this case study, knowledge was sourced in order to put together the Coffs Coast Regional Tourism System’s cyclical marketing and development plan, the Coffs Coast Tourism Development Plan. This is a case of incremental innovation, because although the previous plan had reached the end of its lifespan, the primary organisation responsible for the plan, the Coffs Harbour City Council, wanted to continue what they were doing in terms of marketing. Council believed their previous marketing strategies had been successful, but sought innovative change in order to achieve greater success in its marketing activities for the upcoming period.
One of the main issues that had been identified, by both council and industry, in terms of problems within the Coffs Coast Regional Tourism System was the high level of business seasonality being experienced by organisations within the system. This was particularly evident amongst the accommodation sector that was reporting major pricing differentiation throughout the year in an effort to overcome seasonality. A knowledge gap therefore existed in determining the extent to which the seasonality existed, identifying sectors of the system affected by the seasonality, and identifying strategies to overcome the issue (CHCC, 2001).

It was also an aim of the strategy to update knowledge on the demographics of visitors to the Coffs Coast Region, their preferences for type of holiday undertaken in the region, including length of stay, activities undertaken, and the type of accommodation sought. The state and federal tourism organisations had also reported an increase in the number of international visitors to Australia, and the Coffs Harbour City Council wished to understand if the system was receiving a share of this market increase, and if not, to identify strategies to take advantage of the increase (CHCC, 2001).

Because the previous tourism strategy had expired, there were expectations across the system that a new version of the strategy for the Coffs Coast Regional Tourism System should be developed by the Coffs Harbour City Council to fulfil their responsibilities in relation to this strategy, and update the information available to the system as a whole. This process of updating the strategy was seen by members of the system as being a key performance indicator and an item of accountability for the Coffs Harbour City Council.
5.4.3 Setting the Stage – Characteristics of the Individuals, Organisations and the System

Key Individuals

The responsible officer within the Coffs Harbour City Council for the development of the Coffs Coast Tourism Development Plan, and therefore the key player in relation to this case study, was the Manager of Coffs Coast Marketing. At the time of commencement of the plan the Manager of Coffs Coast Marketing was relatively new to the role. He did though come to the role with much experience in regional tourism development, having held previous roles as the Marketing and Tourism Development Manager with another Local Government, experience with a state government tourism organisation as the Manager for Media and Promotions. He also had good knowledge of the supply chain involved in tourism product distribution as he had worked for many years as a travel consultant. In addition to this experience he had formal qualifications in marketing.

Through the data collection process for this thesis, it became evident that the Coffs Coast regional tourism system is characterised by key individuals with strong personalities and strong views. Such strong views on the future development of a region, and in particular the development of an industry like tourism, which tends to have a high level of economic impact in terms of employment and income generation, is not unusual in a region of this size. The system is also characterised by a large number of SME’s, with many being owner / operator organisations.
Table 5.5.1 in section 5.5 of this chapter provides a summary of these key individual characteristics, presented alongside those key individuals within the other two case studies.

**Characteristics of the System**

The Coffs Coast regional tourism system can be viewed as a developing to mature system with a mix of SME’s and large industry players. It is a large driver of the region’s economy, and therefore is held as a high priority relative to other issues in the region. Due to the destination's appeal in terms of climate and landscape, some of the same factors that make the region an attractive tourism destination, many residents have been attracted to the area to set up owner-operator businesses in an effort to make a lifestyle change or “Sea Change”. Due to the limited barriers to entry within the tourism industry, this is a common characteristic of regional tourism (Kelly, 2004).

These owner-operator tourism businesses are often unstable with short business lifespans, providing in many cases short-term views particularly in terms of planning and visions for future development. The lack of systemic history or the systems knowledge of itself was also highlighted by one respondent during data collection interviews, “People move on a lot around here, the history of what has happened previously and why it worked or didn’t work moves when the people move” (Manager, Coffs Coast Tourism Association). In addition, business owners do not necessarily have a background in tourism or hospitality operations, leading to a widespread misunderstanding of the key factors of success in tourism.
The large-scale resort developments which have become a feature of the area’s accommodation stock have seen the introduction of both large investment and multinational management arrangements introduced into the system. This contrast between size of enterprises within the system has led to a small versus large player feeling, and much conflict has resulted with SME’s often feeling their opinions are not as valued as those of the “large players” within the system. Table 5.4.1 summarises the characteristics of the system and table 5.5.2 (section 5.5 of this chapter) presents these characterises alongside those of the other two case studies for ease of comparison.

Table 5.4.1: Characteristics of the System – Coffs Coast

<table>
<thead>
<tr>
<th>Questions relating to system characteristics</th>
<th>Coffs Harbour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence and Characteristics of the Local Tourism Association (LTA)</td>
<td>Coffs Coast Tourism Association Structure is an incorporated body Fairly active</td>
</tr>
<tr>
<td>How important is tourism within the region relative to other issues?</td>
<td>High Priority</td>
</tr>
<tr>
<td>Which organisation is primarily responsible for promotion of tourism in the area?</td>
<td>Local Government</td>
</tr>
<tr>
<td>Are there any other organisations involved in promotion of tourism in the area?</td>
<td>LTA &amp; Regional Tourism Organisation (RTO) Medium to high level involvement of State Tourism Organisation</td>
</tr>
<tr>
<td>Are there leaders/champions within the destination that have contributed to strong working relationships between council and industry?</td>
<td>Yes</td>
</tr>
<tr>
<td>How stable is the network, both in terms of people coming and going (i.e. its rate of flux) and in terms of divisions and alliances (i.e. its level of integration)?</td>
<td>Unstable – high levels of conflict</td>
</tr>
</tbody>
</table>
There has been a high level of involvement of Tourism NSW, the State Government Tourism Organisation, within the Coffs Harbour Regional Tourism System providing financial and consultative input into the regional system planning processes, including the development of the Coffs Coast Tourism Development Plan. The State Tourism Organisation is responsible for defining the boundaries of the Regional Tourism Organisations (RTO’s) within their State, and the Coffs Coast belongs to the North Coast NSW RTO. This RTO was established in July 2001, partway through the process of developing the Coffs Coast Tourism Development Plan, with the amalgamation of the Holiday Coast, the Mid North Coast RTO and the Port Stephens area. An important feature of the system is that because of the geographic boundaries of the RTO, the Coffs Harbour City Council is not the only local government involved in the regional tourism system. The North Coast NSW RTO comprises the eight local government areas of Port Stephens, Great Lakes, Greater Taree, Hastings, Kempsey, Nambucca, Bellingen and Coffs Harbour.

There are a number of committees or networks within the Coffs Coast regional tourism system including the Coffs Coast Tourism Association (LTA), an industry advisory panel, the Coffs Coast Future Development Board, and Coffs Coast Airport Advisory Panel. Many of these committees have a crossover of membership, and provide avenues for participation within the system in terms of market and development planning. The numerous committees and networks also heighten the level of conflict within the system because although organisations and individuals within these organisations seem to hold a strong understanding of their role within the system, others within the system do not necessarily agree with each other’s interpretation of these roles.
The LTA is the Coffs Coast Tourism Association Inc. known more commonly as Coffs Coast Tourism. It is an incorporated not-for-profit organisation. It is a membership organisation, and tries to attract membership outside of the more traditional tourism industry organisations or operators such as accommodation, tours and attractions, by citing the benefits to the wider Coffs Coast community due to the economic multiplier effect of tourism. The various roles of Coffs Coast Tourism include:

- Lobby local, state and federal governments to increase support and funding for the promotion of tourism to the Coffs Coast.
- Facilitate networking within Coffs Coast Tourism to increase co-operation among industry participants.
- Provide a voice for the Coffs Coast Tourism industry to maximise the benefits of destination marketing activities for industry participants.
- Seek co-operative marketing opportunities for members to increase the profile of their business and Coffs Coast as a destination.
- Promote a wider understanding of tourism as a key economic driver in the region.
- Work with industry participants to ensure visitors enjoy a high quality memorable experience when visiting the region.
- Seek to position Coffs Coast as the premium tourist destination in New South Wales.
- Facilitate educational opportunities to members to enhance the quality of experiences provided to visitors.

At the time of this study the LTA had a membership base of approximately 300 members.

**Characteristics of the Organisation**

Within Council, is part of the Economic Development Directorate, in the Coffs Coast Marketing Unit. As the name implies, the main focus of this unit is marketing the Coffs Coast, both specifically for tourism, and more generally as a destination in which to reside and to invest. For example, the brand “Coffs Coast” which has been developed by, and is owned by, Council, has been adopted and used as the umbrella under which a campaign to attract General Practitioners to the region has been formulated. The unit plans, although the tourism activity of Council has been focused on marketing to this point, that the economic development unit will now pick up some of the industry development issues. Table 5.4.2 identifies the characteristics of the Coffs Harbour City Council as an organisation within the Coffs Harbour Regional Tourism System. Table 5.5.3 in section 5.5 of this chapter presents these characteristics together with those of the other two case studies.

**Table 5.4.2: Characteristics of the Organisation – Coffs Harbour City Council**

<table>
<thead>
<tr>
<th>Questions relating to organisational characteristics</th>
<th>Coffs Harbour</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does Council determine or rate its resourcing of tourism compared to other competing issues?</td>
<td>Medium to high priority</td>
</tr>
<tr>
<td>Does tourism have a separate management unit or tourism officer within council?</td>
<td>Yes - Coffs Coast Marketing – destination marketing and promotion responsibilities only.</td>
</tr>
<tr>
<td>Do tourism officers/players interact with other units?</td>
<td>Limited</td>
</tr>
<tr>
<td>Does council have a Tourism Strategy document?</td>
<td>Yes, but it is being updated</td>
</tr>
</tbody>
</table>
Funding for the activities undertaken by the tourism unit, in this case Coffs Coast Marketing, although being primarily provided by the Coffs Harbour City Council, are also contributed by other private and public players, including the other Local Governments within the Coffs Coast regional tourism system, and larger organisations such as the Coffs Harbour Airport.

This funding model is a reflection of the evolution of Coffs Coast Marketing. Coffs Coast Marketing was initially created in 1999 as a body external to council, but with council funding. The General Manager of Coffs Coast Marketing, being the current manager at the time of this study, felt that as the major funding source, there was a need to report directly to Council, rather than the more fragmented industry committee, and eventually the body become a council unit. The Coffs Coast marketing office is located within the main council offices.

The current unit works with a number of committees including the Coffs Coast Tourism Association (LTA), an industry advisory panel, the Coffs Coast Future Development Board, and Coffs Coast Airport Advisory Panel. The Visitor Information Centre manager, who is also a council employee, is a board member of the regional tourism organisation (RTO).

The management and funding of the visitor centre is relevant and an important element of visitor servicing within the system. Although initially run by the Local Tourism Association, the Coffs Harbour Visitor Information Centre is now currently run by Council, although operators must be members of the LTA to have their
The Visitor Information Centre also houses the LTA office, further demonstrating Council’s involvement within the system.

### 5.4.4 Case Description

The development of the Coffs Coast Tourism Development Plan can be seen as an example of "incremental innovation“. This is because the knowledge being created through the process of the plan’s development is more of an "update“ of an existing range of knowledge, with the resulting plan being the strategic plan, guiding medium to long-term industry development and marketing of the destination. It is designed to be used as a base for the formulation of annual promotion plans initiated and implemented in partnership with Tourism NSW, regional and local tourism bodies, airlines as well as accommodation, attractions and tour operators.

Developing and implementing the plan was the responsibility of the Coffs Harbour City Council's tourism marketing unit, Coffs Coast Marketing, and more specifically the responsibility of the General Manager of the unit. The process of development commenced in early 2000, following the unit’s formation in 1999.

As a medium to large expenditure item, the selection of the consultant to facilitate the development of the plan was subject to local government procurement procedures including a selection panel comprising internal council members and other members of the Coffs Coast regional tourism system. Tourism NSW, which contributed a significant proportion of the funds for the development of the plan, was also represented on the procurement panel.
The procurement process was guided by a set of project specifications, and a defined budget. The consultant chosen through the procurement process had had previous experience in working with Tourism NSW and presented the lowest cost proposal.

In order to collect information and create the required knowledge for the project, a number of key individuals and organisations within the Coffs Coast regional tourism system were invited to be a reference group for the project. Organisations included in the reference group were:

- Tourism New South Wales
- Premier's Department
- Marine Parks Authority
- Coffs Coast Tourism Association
- Tourism Bellinger
- Road Transport Authority
- State Forests
- Land & Water Conservation
- National Parks and Wildlife Service
- Southern Cross University
- Nambucca Valley Tourism
- Coffs Harbour Regional Airport
- State & Regional Development
- Coffs Coast Marketing

As can be seen from the list provided, the majority of members of the reference group were from public sector organisations. In addition to the reference group, input
was sought through a series of workshops with tourism operators and the community. Also individual interviews were conducted with tourism operators and accommodation managers within the Coffs Coast region. The stakeholder input was supplemented by a review of reports relevant to the area that had been conducted by agencies such as Tourism NSW. No statistics, including visitor demographics or market characteristics, were included in the final report (CHCC, 2001).

The involvement of Tourism NSW in the process was highlighted in the Introduction to the plan contributed by the CEO of Tourism NSW, “Through an innovative planning process, Tourism New South Wales is working in partnership with the State’s Regional Tourism Organisations (RTOs) (representing local government and industry) and other relevant government agencies (State and Federal) to prepare regional plans that bring together marketing and development directions and opportunities for the region. The aim is to take the regions forward in growing tourism business opportunities and this destination plan will form part of the wider regional plan for North Coast NSW” (CHCC, 2001).

and The Coffs Coast Tourism Development Plan was adopted by Council in January 2002.

### 5.4.5 Post Project Evaluation

Following the adoption of the 2001 Coffs Coast Tourism Development Plan by the Coffs Harbour City Council, there was much criticism of the plan and the process that had been undertaken in its development. There was very little acceptance of the 2001 plan within the Coffs Coast regional tourism system, and the plan was therefore only used internally within the Coffs Harbour City Council, and more specifically its use was restricted to the tourism unit. It was believed that the plan was not broad enough for use by the wider system. It also appears that even within the Council, the plan was rarely used or referred to. In 2009, the latest proceeding version of the plan was that published in 2007, where it was noted that the 2001 tourism strategy was ambitions and never taken forward and implemented” (EC3 Global, 2007, p.65). When citing possible reasons for this lack of implementation, the consultant states, “The project team could not find any review mechanism to track what initiatives had been taken forward over the past five years. The City has an excellent economic profile and economic strategy; however tourism is not reflected in this plan. The region has been marketed under the Coffs Coast marketing umbrella for some time. This marketing umbrella has now considerable take-up in other industry sectors such as regional waste management strategies and business development initiatives (EC3 Global, 2007, p.65).

One of the common issues cited by system members as to this lack of relevance and therefore uptake of the knowledge and information created by the plan relates to the
lack of involvement by the wider industry. Even though some industry members were interviewed and involved in workshops during the plan's development, it was felt that the process was dominated by public sector agencies, particularly in relation to the state tourism organisation (STO). “There was too much involvement from the government, especially Tourism NSW” (Manager, Coffs Coast Tourism Association). This was compounded by the fact that the majority of funding for the project was provided by Tourism NSW. The General Manager of Coffs Coast Marketing, the Council Officer responsible for the development of the plan also noted that in retrospect there should have been a more balanced approach to the project. “I think the specifications we were using were fine, but looking back, I would have liked to be more politically savvy, but I was new to position at the time, and didn’t know all the players well enough. Tourism NSW was the main funding source for the Plan” (General Manager, Coffs Coast Marketing, Coffs Harbour City Council).

There was also criticism of the lack of a dissemination strategy once the Plan had been complete. “Throughout the two years of the process, there was lots of talk about plans, and consultation. Basically we heard a lot about it while it was happening. But after the release, there was nothing, no feedback mechanisms, no reasoning behind the outcomes” (Former Councillor, Coffs Harbour City Council).

The plan was updated in 2007 and published as the Coffs Coast Tourism Plan. This version of the plan was commissioned by both Council and the Coffs Coast Tourism Association providing industry funds to the project via the LTA. The General Manager of Coffs Coast Marketing was the same individual who led the 2001 project, and had similar responsibilities for the development of the updated plan. The
consultant engaged to develop the plan was different from that engaged for the 2001 project.

The conflict which was a strong characteristic of the Coffs Coast regional tourism system at the time of the development of the 2001 Coffs Coast Tourism Development Plan appears to still be a feature of the system. The 2007 version of the tourism plan calls for a greater degree of cooperation within the system if the strategies outlined in the plan are to be successfully implemented, and growth of the system experienced (EC3 Global, 2007).

5.5 A comparison of cases

This section draws together the characteristics of each of the case studies for ease of comparison. Characteristics of key individuals, the organisations and the system in each of the three cases are presented in table format.
### 5.5.1 Key Individuals

**Table 5.5.1: Characteristics of Individuals**

<table>
<thead>
<tr>
<th>Characteristics of Individuals</th>
<th>Broken Hill – Project Innovation</th>
<th>Gold Coast – Radical Innovation</th>
<th>Coffs Harbour – Incremental Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Government Tourism Staff</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Length of time in role</td>
<td>12 months (resigned after 18 months) but previous manager had been in the role for 12 years.</td>
<td>No position within council when project commenced. Incumbent held the position throughout the 12 month development phase of the Tourism Strategy, and throughout its implementation.</td>
<td>In role t has for 12 months at the time of the study, but has remained in this role up to the publication of this research (2009).</td>
</tr>
<tr>
<td>• Previous Tourism Experience</td>
<td>No local government or regional tourism experience. National level experience (Hong Kong Tourism Board).</td>
<td>Very little experience in either tourism or local government.</td>
<td>Previous experience in a similar role, therefore experience in both local government and regional tourism.</td>
</tr>
<tr>
<td>• Qualifications</td>
<td>No</td>
<td>University business qualifications with an understanding of the role of research.</td>
<td>Formal marketing qualifications.</td>
</tr>
</tbody>
</table>

**Other Individuals within the system**

Tourism is the secondary business for many operators (farm stays). Knowledge base in regards to tourism and marketing is relatively low.

Very strong champions within the system with long-term experience in both tourism and business. The industry is also characterised by large corporate organisations being lead by experienced, qualified individuals for whom tourism is their primary business.

Key individuals in industry groups and SME’s characterised by strong personalities and strong views on the direction of tourism development in the region.
### 5.5.2 Characteristics of the System

**Table 5.5.2: Characteristics of the System**

<table>
<thead>
<tr>
<th>Questions relating to system characteristics</th>
<th>Broken Hill – Project Innovation</th>
<th>Gold Coast – Radical Innovation</th>
<th>Coffs Harbour – Incremental Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence and Characteristics of the Local Tourism Association (LTA)</td>
<td>Broken Hill Tourism Association</td>
<td>Gold Coast Tourism Bureau</td>
<td>Coffs Coast Tourism Association</td>
</tr>
<tr>
<td>Structure is a 355 council committee, which allows Council to undertake their responsibilities with input from the local community through the formation of a committee (Local Government Act 1993)</td>
<td>Structure is an incorporated body Very active</td>
<td>Structure is an incorporated body Fairly active</td>
<td></td>
</tr>
<tr>
<td>Relatively inactive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How important is tourism within the region relative to other issues?</td>
<td>Medium Priority</td>
<td>High Priority</td>
<td>High Priority</td>
</tr>
<tr>
<td>Which organisation is primarily responsible for promotion of tourism in the area?</td>
<td>Local Government</td>
<td>LTA – Gold Coast Tourism Bureau</td>
<td>Local Government</td>
</tr>
<tr>
<td>Are there any other organisations involved in promotion of tourism in the area?</td>
<td>LTA &amp; Regional Tourism Organisation (RTO) Fairly low involvement of State Tourism Organisation</td>
<td>High Involvement of State Tourism Organisation and private large scale tourism operators</td>
<td>LTA &amp; Regional Tourism Organisation (RTO) Medium to high level involvement of State Tourism Organisation</td>
</tr>
<tr>
<td>Are there leaders/champions within the destination that have contributed to strong working relationships between council and industry?</td>
<td>Yes – particularly Farm / Station Stay operators such as Eldee Station</td>
<td>Yes, across several sectors and both small and large operators</td>
<td>Yes</td>
</tr>
<tr>
<td>How stable is the network, both in terms of people coming and going (i.e. its rate of flux) and in terms of divisions and alliances (i.e. its level of integration)?</td>
<td>Unstable – high levels of conflict</td>
<td>Stable</td>
<td>Unstable – high levels of conflict</td>
</tr>
</tbody>
</table>
### 5.5.3 Characteristics of the Organisation

**Table 5.5.3: Characteristics of the Organisation**

<table>
<thead>
<tr>
<th>Questions relating to organisational characteristics</th>
<th>Broken Hill – Project Innovation</th>
<th>Gold Coast – Radical Innovation</th>
<th>Coffs Harbour – Incremental Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does Council determine or rate its resourcing of tourism compared to other competing issues?</td>
<td>Medium priority</td>
<td>Medium priority Until the visioning project, although Council allocated a significant amount of funds to industry marketing, there was no standalone unit.</td>
<td>Medium to high priority</td>
</tr>
<tr>
<td>Does tourism have a separate management unit or tourism officer within council?</td>
<td>Yes, both a management unit and tourism manager</td>
<td>Post Gold Coast Visioning Project</td>
<td>Yes - Coffs Coast Marketing – destination marketing and promotion responsibilities only</td>
</tr>
<tr>
<td>Do tourism officers/players interact with other units?</td>
<td>Limited</td>
<td>Limited</td>
<td>Limited</td>
</tr>
<tr>
<td>Does council have a Tourism Strategy document?</td>
<td>Yes but it is out of date and under review</td>
<td>After the completion of the visioning project</td>
<td>Yes, but it is being updated</td>
</tr>
</tbody>
</table>
Chapter Six: Discussion

6.1 Introduction

This thesis examines each of four research questions, detailed in chapter two, to provide a greater understanding of the role of local government in the production and distribution of knowledge within Australian regional tourism systems. Data were collected using a mixed-method qualitative methodology described in chapter three, and the results of both the focus groups and case studies of this methodology are recorded in chapters four and five.

This chapter will discuss these findings in relation to each of the four research questions, drawing together the findings from each element of the data collection process, and considering them in the context of previous work in the area outlined in the literature review in chapter two.

6.2 Research Question One

To what extent do organisations and individuals in regional tourism systems understand the range of information and knowledge needed to facilitate innovation in tourism systems?

As indicated in Table 4.2.1, participants cited four of the five broad information and knowledge themes of the National Tourism Information Model (Carson & Sharma, 2002; Decipher, 2005). As important as the themes that were mentioned, is a discussion on the one theme that was not mentioned by participants in any of the focus groups. That fifth theme relates to information about tourism stakeholders. This information includes data on the size of the businesses within the system, the ownership characteristics of the organisations or operations (private versus public), the types of product or services being offered and the destination features which
define the region (for example is it a destination dominated by natural attractions or a built environment). The lack of acknowledgement of the need for this type of information within a regional tourism system shows a lack of inward focus amongst these systems. This type of information could be viewed by systems as the system information equivalent to visitor information. Without an understanding of the value of this type of information, or the knowledge of how such information could be used, the system may be weakening its capacity for innovation and its members will not be able to identify weaknesses or barriers to innovation within the system. Freeman (1995) highlighted the importance of this localised learning as an important factor in facilitating innovation in his work on regional innovation systems, citing the importance of local knowledge and information in problem solving within a system.

System specific information, or local level data and information, also highlights the importance of the region in tourism systems (Kelly, 2001 & 2002). Moscardo (2008) has also noted that, “a major barrier to creating innovative approaches to regional tourism is a lack of knowledge” (p.11). The focus groups and workshops demonstrated a perceived need for regional tourism systems to have greater access to information and data specific to their region or local area. This lack of local level data or data of relevance to the regional system was cited as a barrier or weakness in the current knowledge base (section 4.2.4). This was consistent with findings of Cooper et al. (2006) in their examination of research adoption in the tourism sector.

As discussed above, a key feature of understanding the system itself within regional tourism systems is that of understanding the aspects of the region which define the tourism product. The case studies demonstrated this in the differing product offerings and the very destination specific characteristics of each system's development. For
example, the Gold Coast tourism development hinged on the leisure aspects of its beachside location. A significant built environment has now been developed to service the tourism demand initially created by these beaches. In contrast, the inland location of Broken Hill, and its historical mining industry links, have meant that tourism product in this regional tourism system is characterised by historical attractions and an “outback” environment experience. A very different product offering to that of the beachside locations of Coffs Harbour and the Gold Coast, and in turn, very different system characteristics. These contrasts between systems in terms of product and other system characteristics adds to the weight of the discussions during the focus groups for greater access to local level, or region specific data, information and knowledge.

While the participants in this research demonstrated recognition of, and attachment to, the concept that knowledge is essential for underpinning sustainable tourism development and innovation, it was clear that the expertise required to engage in knowledge production and distribution was largely lacking. At a high level, local government tourism officers and tourism business managers identified market related information as the type of information in which they were most interested. At the more detailed level, however, the participants were not able to articulate what sort of market information was required, what it would look like, or how they might specifically use it. What was evident was a clear perception of the need for more data and information to be made available to the system, and a strong criticism of the existing set of information (typically from the national tourism surveys disseminated via State Tourism Organisations). What was lacking was an understanding by participants about how improvements to the set of information would filter through to
improved knowledge. This was demonstrated by participants lack of understanding of what current information could be used for, and by a lack of evidence of the use of information in planning documents (Taylor & Puehringer, 2005). Regional tourism systems in this research engaged in a continuing process of demanding better data and information, but failed to demonstrate that they understood the data and information they already had. Individuals within the systems also fail to demonstrate that they have strategies for applying information as knowledge to facilitate innovation within the regional tourism system. For example, in the case studies, Broken Hill council collected new knowledge in their initial RFP development project, but then failed to utilise this new knowledge in the development of the on-line reservation system. These findings confirm the work of researchers such as Cooper et al. (2006), Taylor and Puehringer (2005), and Prosser and Hunt (1998) who report that regional systems are constantly searching for more and better information, and find it difficult to access and apply the information they already have.

Although there was some interest in information relating to economic, social and community impacts of tourism (Table 4.2.1), again, exactly how that information would inform plans and strategies was unclear. Participants recognised the value of having research information included in planning documents and performance reports, but the discussion suggested that much of this information was used for _window dressing_‘ rather than being actively interpreted and applied (Table 4.2.2). In the Broken Hill case study this was evident in the Council undertaking a knowledge gathering process in the form of the Request for Proposal (RFP) document, but once this knowledge was to hand, it was not employed in the procurement process for obtaining the resulting CRM. These findings are consistent with work conducted by
Another inconsistency in the descriptors used by participants, relates to the terms they were using to describe the level of their information needs. The terms data, information and knowledge seemed to be used interchangeably throughout discussions, and the researcher had to engage participants in further discussion to classify the detailed information categories using Kelly’s (2007) definitions. This lack of standardised terms and a misunderstanding of the differences between knowledge, information and data, as well as the inability to easily specify these needs other than in broad terms, can lead individuals, organisations and therefore regional tourism systems to an inability to effectively communicate their information and or knowledge needs when trying to undertake the process of the production and distribution of knowledge. It is not evident that prior to this study, the different perceptions of individuals has been taken into account when undertaking similar research within regional tourism. This inconsistency of descriptors of data needs to be acknowledged as it may compromise the validity of the data collected.

As previously noted, participants most commonly expressed a need for data rather than information or knowledge. These findings are consistent with the work of Cooper et al. (2006). Data, according to the value statements of Fessenmaier et al’s (1999) work, of the three commodities (data, information and knowledge), data possess the lowest value. The perceived need for data is satisfactory if the system, or organisations and individuals within the system, have the ability to add value to these
data and create information which can in turn be used to create knowledge, the most valuable of the three commodities, and a key characteristic in systems of innovation. If the system lacks this ability, then data alone are of little value (Beijerse, 2000; Martin, 1999).

In reference to the case studies, each of the three case studies approached their knowledge needs in a different way, drawing upon different types and sources of information to facilitate their various levels of innovation. In Broken Hill (section 5.2), the information and knowledge needed for the on-line booking system was specific and technical and the Tourism Manager, realising that this technical expertise was not held within the regional tourism system, looked outside the system to access the information. In this case the deficiencies became evident when it was time to apply the created information and knowledge to the issue at hand. The technical specifications did not form part of the decision making process in selecting the successful tender for the on-line reservation system. In this case it appears that the weakness or deficiency lay in the inability of the Broken Hill regional tourism system to apply the knowledge.

In the Gold Coast case study (section 5.3), the system and Gold Coast City Council (organisation) appeared to be very aware that a wide range of information was needed to undertake their large scale visioning project, and also appeared to have a good understanding of where their current knowledge gaps lay. In this case it appears that the main deficiencies in the process occurred when trying to disseminate the resulting knowledge throughout the system. This was noted by both the Council and stakeholders, and seems to be related to the Council’s view of information primarily being used for the Tourism Strategy, a document seen as an internal Council planning
document. There was no dissemination plan included in the project, and once the project was complete there was no individual or organisation with obvious responsibilities to disseminate the information to the wider system. Cooper et al. (2006) recognise that research providers such as STCRC may play a role in this dissemination or research adoption process.

Of the three studies examined, Coffs Coast (section 5.4) seemed to display the least understanding of the information needed to facilitate innovation. In this case the system relied heavily on advice from the state government tourism agency (due to their funding arrangement), and the resulting knowledge produced was perceived to have little relevance to the industry members or tourism operators within the Coffs Coast regional tourism system. With a lack of involvement in the knowledge sourcing process, individuals and organisations within the system may experience a lack of ownership of the resulting information, decreasing the likelihood of the information being applied and knowledge resulting. This therefore decreases the likelihood of innovation occurring.

From the research undertaken it appears that organisations and individuals within regional tourism systems have a broad understanding of the range of information and knowledge needed to facilitate innovation in tourism systems. However, there appear to be gaps in this understanding in terms of the value of the full range of information which would facilitate innovation, as well as a lack of ability to specify information needs and to recognise the value of existing data and information. An expressed need for more and better information may be an indicator of either the lack of existence of this information, imperfect access to the information, or a lack of skills and know-
how amongst individuals within the system on how to analyse and apply existing data and information (Cooke & Morgan, 1998; Beckman, 1999; Edquist, 1997). In terms of regional tourism systems, Taylor and Puehringer (2005) have determined that there is in fact a plethora of tourism data and information available to regional tourism systems. The data though is not always presented in region specific forms and therefore specialized skills are needed to make the data relevant at a regional system level. This lack of understanding of the range of information and knowledge needed for innovation in regional tourism systems indicates deficiencies or weaknesses at both the individual level, and the institutional infrastructures of the organisations within the systems. These barriers or weaknesses inhibiting innovation within the system will be discussed further in section 6.5 of this chapter.

6.3 Research Question Two

To what extent do local government embrace a role in the production and distribution of knowledge? How does this compare with the expectations placed on local government by other organisations in the regional tourism system?

Data to address the first research question were collected using both component one (focus groups) and two (case studies) of the research methodology. By examining information from both the focus groups and case studies, the research was able to gain the perspective on both the general situation and on specific cases.

Within the focus groups, local government was revealed as primarily a second or even third tier information sourcing agency. Local councils acted largely as information intermediaries with their suppliers usually being State Tourism Organisations (or
occasionally Regional Tourism Organisations) who themselves had been supplied
data by a small number of agencies centring on the Bureau of Tourism Research (now
Tourism Research Australia) and the Australian Bureau of Statistics. This distinction
between the roles of the levels of government in information flows, is not evident in
Sheldon’s (1997) model because government agencies, tourism organisations and
associations are placed within the one tier. In fact, the three types of organisations
play very different roles, and failure to recognise these differences can reduce a
system’s capacity to innovate.

As previously noted many participants in the research considered that the data were
produced by the State Tourism Organisations and were not aware that it had been
filtered through one or two levels before they gained access. For example State
Tourism Organisations access the National data collections conducted by Tourism
Research Australia. This dislocation from the core data sets resulted both in a poor
understanding of the nature of the information that might be available and poor skills
in identifying information gaps and undertaking further sourcing or manipulation of
data.

The case studies were undertaken primarily from the perspective of local government,
the tourism unit within the local government and the officer primarily responsible for
tourism. Given this focus it is obvious that the specific cases all recognised the role of
local governments as the primary facilitator of sourcing and distributing knowledge of
behalf of the tourism system. In each of the cases examined, the sourcing on the part
of the local government agency took the form of engaging the services of a research
provider or consultant, and paying for the specific research undertaken in order to facilitate the production of knowledge for the respective regional tourism system.

In Case Study one (Broken Hill) an example of attempted project innovation, there was a clear role for local government to play as it was collecting technical information for the end purpose of an on-line booking system to update or innovate the current business practices of the commercial travel agency operations of the visitor information centre. Organisations within the regional tourism system acknowledged the role of Broken Hill City Council in the production and distribution of knowledge for this specific project, and for other purposes of innovation, but have become disillusioned by the failure of the Council to transform the information into knowledge and then apply the created knowledge.

In case study two, an example of attempted radical innovation, due to the size of the Gold Coast tourism system, and the heavy involvement of state and federal level government agencies directly in the system, the role of local government, other than as a major funding source for the process, is less clear. Although a separate business unit (SBU) was established within the Gold Coast City Council, and within this unit, project officer and research officer roles created to specifically facilitate the production and distribution of knowledge on behalf of the system, there was still criticism by other organisations in the system that the focus of the council was too internal, and there were criticisms as to how widespread the dissemination of the research and knowledge was. This SBU has since been disbanded and the roles reincorporated back into various organisations in the system, including the LTA. As noted, the impact of this change may be mitigated in the case of the Gold Coast
regional system due to the size of the industry, and the levels of expertise and experience held by individuals within the system (Stear, Buckley and Stankey, 1988; Leiper, 1995; Cooke et al., 1997; McCool, Moisey & Nickerson, 2001; McKercher & Ritchie 1996, 1997; Lamberton, 1994; Howells et al., 2003; Howells, 2004).

In case study three, an example of attempted incremental innovation, the Coffs Coast regional tourism system it is clear that the level of conflict within the system is weakening the role of local government in the knowledge production and dissemination process. The added complexity of multiple local councils being involved in the system further complicates the responsibilities of how local government’s role is carried out. In addition, within Coffs Harbour City Council, the tourism business unit responsible for the system-wide development plan was a marketing unit, responsible only for destination marketing and promotional activities, not one charged with destination or industry development responsibilities. There appears therefore to be a lack of clarity in the roles and responsibilities of the tourism SBU within this regional tourism system.

Within these specific cases, despite differing opinions of the success of each of the examples of information sourcing and distribution, in all cases examined, other organisations within the system acknowledged that local government was the preferred organisation within the system to facilitate this information sourcing and distribution on behalf of the system as a whole at the local level. Although local government was not seen as the primary data and information holder or producer, other organisations within the systems, particularly SME’s, saw the process of obtaining data and information directly from the sources (state and federal bodies or
consultants) as either too costly or too complex. They saw local government as being in a better position to assume the sourcing risks.

Criticisms of the success of specific projects seemed to stem from frustration by organisations of local governments' inability to effectively use or interpret, and then distribute the resulting knowledge for the benefit of the system. Further discussion of barriers and weaknesses in each case study are discussed below in section 6.5.

Enhancing the potential for innovation in Australia’s regional tourism systems depends on improved systems for the production and distribution of knowledge. Local government has played, and will likely continue to play, a critical role in the flow of strategic information from data agencies to organisations in the system and between those organisations (Sheldon, 1997; McCool, Moisey & Nickerson, 2001). Even though there is strong recognition from organisations in regional tourism systems that local government can play a critical role in the production and distribution of knowledge, in some cases having to undertake the transformation of data into information to facilitate knowledge creation within the system, the evidence suggests that this role is a challenging one and that few effective models for performing this role have emerged. This thesis has identified that there may be weaknesses in the skills and experience of individuals (particularly local government tourism officers), the structure of local government as organisations (the level of connection between tourism responsibilities and other parts of local government), and the nature of the system (particularly how local government is connected to tourism businesses) which collectively present barriers to effective knowledge management (Carson, Beattie &
6.4 Research Question Three

What processes are employed by local government to both source information and make it available to the system?

This research question was primarily addressed by the case studies. In all cases the information and subsequent knowledge sourced, although meeting various needs of the local government (organisation) itself, was also identified as a need of the regional tourism system as a whole.

As noted in the literature review (chapter two), information can be supplied from numerous sources (Sheldon, 1997) and one of the first decisions that needs to be made is whether to make or to buy the information. In the case of regional tourism systems, this is usually a question of whether to conduct primary research using resources already within the organisation, or look to an external consultant or research agency to supply the information whether through primary or secondary sources (Howells, 2000). In each of the cases examined, a decision was made to engage an external supplier to assist in the knowledge production and distribution process. As each of the cases involved some degree of public sector funding, and the local government as the primary co-ordinator of the projects, some degree of institutional infrastructure would be expected in undertaking the selection and management of the external supplier. In the case of Broken Hill (case study one), the external supplier was initially a consultant with specific expertise in Information Technology and web
based systems, rather than a tourism knowledge specialist. On the Gold Coast (case study two), the CRC for Sustainable Tourism was engaged to undertake the three year knowledge sourcing project. This agency could be classified as a tourism knowledge specialist, engaging academic researchers from various Australian universities. In the Coffs Harbour case study (case study three), a consultant with previous tourism related experience was engaged. Although all three case studies chose to look externally for assistance in the knowledge production and distribution process, each took different approaches to the decision making process of selecting the organisation. The degree of formality of the approaches did not seem to correlate with the type of innovation being undertaken. For example, although you would expect a very structured approach to be undertaken by the Gold Coast due to the large monetary investment, and the high level radical innovation being undertaken, there was no formal procurement process undertaken when selecting the STCRC as the tourism knowledge specialist.

Broken Hill City Council and Coffs Harbour City Council used a formal procurement policy or set of procedures in their selection of an external research consultant. For both councils the procurement procedures were required due to the high monetary value of the projects. These formal procurement practices are required when state guidelines for local government or public expenditure over a certain monetary threshold. Such policies and processes are essentially to manage the risk involved in large budgetary purchases (Howells, 2004). Some of the common elements that are required for the procurement process are a consideration of value for money; open and effective competition; probity and ethical behaviour; environmental
sustainability; local industry development; and management of risk (ACT Government, 2002; Qld Government, 2008; NSW Government, 2007).

In the Broken Hill case study, the knowledge sourcing exercise was a small, preliminary project leading to a later, larger project. Therefore, the consultant for this small project could be engaged without undertaking a formal procurement process. In Coffs Harbour, a procurement panel was established to aid in the selection process. Eventually though, although the formalised process was in place, it was the perception of both the General Manager of Coffs Coast Marketing (the individual responsible for the project) and the wider Coffs Coast regional tourism system, that Tourism NSW, as the primary funding organisation for the project, was the dominant member of the panel. Therefore the real decision maker in the selection of the external research consultant was not the full panel, but its dominant member, an STO. Similarly in the Broken Hill case study, when a formal procurement process was required in the selection of the second consultant to provide the on-line booking system, the issue of price outweighed all other criteria within the procurement guidelines, and permission was sought from Council to move outside the formal process and appoint a consultant directly, not taking into consideration the documentation prepared in the original knowledge sourcing project. From these examples it is evident that even though formal procurement processes, or institutional infrastructure, were in place, the reality of the process was that dominant members of the system, whether because of their financial contributions or role as champions and leaders within the system, means that the formal processes are often bypassed in the decision making processes. In the both the Broken Hill and Coffs Harbour case studies, if the local government tourism manager had been in their roles for a longer period of time and had therefore
significantly more political standing, or had been able to employ a more dominant management style in the procurement and project management process, the outcomes may have been different.

This is also true in the Gold Coast case study, where although no formal procurement process was applied, even with such large-scale expenditure it was the relationships of key individuals or champions within the system which were relied upon when engaging a consultant. Although entrepreneurship, characterised by strong leaders with equally strong vision and power within the system, is acknowledged as an important part of the innovation process (Carlsson & Stankiewicz, 1991), if networks within the system are already have high level of distrust and conflict, such in the case of Broken Hill and Coffs Harbour, decisions made by such key individuals may result in weakening the innovation process through a breakdown of the networks within the system (Novelli et al. 2006; Braun, 2003). These examples demonstrate clearly the interrelatedness of the SOI characteristics of entrepreneurship, institutional infrastructure, networks, and the production and distribution of knowledge.

The degree of involvement of the regional tourism system in the decision-making process should also be considered. In the Broken Hill case study, the decision-making process for selecting both consultants was undertaken entirely as an internal Council process. Input into the project from the broader regional tourism system was not sought until after the consultants had been engaged and the project was underway. In the Gold Coast case study, very little input from the broader system seemed to be considered in the consultant selection process, but a high level of involvement was then sought during the three years of the project. On the Coffs Coast, a procurement
panel was assembled of key stakeholders across the system for the selection process, but decisions were dominated by one organisation, the state tourism organisation. Such dominant behaviour, by a public sector organisation, largely seen as an “outsider” within the regional tourism system, can lead to distrust by other organisations within the system of the knowledge production and distribution project. As in the case of Coffs Harbour, the distrust is usually related to the lack of confidence in the relevance of the knowledge produced by the project, to the specific region (Kelly 2002, Taylor & Puehringer, 2005). This importance of relevance to the local region was also exposed in the focus groups and workshops when participants cited the need for more local level data and information.

As previously noted, information holds varying degrees of value and therefore can be viewed as an asset at a systemic, organisational and individual level (Cooke & Morgan, 1998; Beckman, 1999; Edquist, 1997). If information is viewed as an asset at an organisational level, it should be seen as a corporate asset and therefore should be subject to the same management controls as other assets (Martin, 1999). In each of the case studies it became evident that the value of the information and knowledge being produced was considered differently by various members of the system. The large amount of money being budgeted towards the projects by each local government implies a high degree of value on their part. Whether this value was driven by recognition of the information’s contribution to the learning and innovation outcomes of both the organisation and the system, or whether the value was attributable to a key performance or reporting element being achieved through the sourcing of the information is hard to determine. The value may, however, be connected to the type of innovation being sought by undertaking the knowledge production and distribution
process. For example, the Gold Coast with the radical innovation being sought, seemed to have a greater interest in the value of the learning and innovation outcomes for the system as a whole. In contrast, the Coffs Coast seemed to have a value placed on the knowledge sourcing project more closely related to meeting the organisation’s institutional infrastructure responsibilities of planning and reporting when seeking a cyclical innovation outcome.

Another aspect of value that can be examined is the value that the broader regional tourism system places on the resulting information from the knowledge production and distribution process. Only on the Gold Coast did private sector organisations (tourism operators) make a significant financial contribution to the project. In both Broken Hill and Coffs Harbour, the financial contributions were made by either the Council themselves, or shared with other public sector organisations. Private sector or operator contributions to the projects in these two shires were predominately through in kind support in relation to organisations and individuals within the system providing their time for workshops, interviews and consultations as part of the knowledge creation process. It should be noted that even with the private sector contributions, the contribution of the Gold Coast City Council was significant. With such a large financial responsibility being borne by one organisation within the system, it is often difficult to ensure that the interests of the broader system are being considered, and not just those of the funding organisation, with the political bias of those involved often prevailing (Hall, 1994; Mandeville, 1999; Burns, 2007). This was particularly evident in Coffs Harbour with the state government having a dominating interest in the project.
In addition, with such large financial contributions made by local governments using public budget resources, it is incumbent upon them that the knowledge produced is distributed throughout the system, benefiting the system as a whole. In all case studies the distribution strategies employed by local government upon completion of each of the knowledge sourcing projects was criticised. The case studies showed that in each of the projects consultations, workshops and interviews were conducted within the regional tourism systems to seek input, and in some cases utilised, as sources of data collection. On the Gold Coast, this involvement by some members of the system was so extensive over such a prolonged period of time that this thesis utilised the work of previous researchers rather than collecting primary data through interviews, in order to reduce respondent burden. Despite this consultation during the data collection phase of each of the projects, the post-project evaluations (sections 5.2.5, 5.3.5 and 5.4.5) noted criticism, by the private sector organisations within the system, of the lack of availability or relevance of the resulting information or knowledge to their individual organisations.

It can be concluded that, although local governments are charged with responsibility for facilitating the production and distribution of knowledge on behalf of the regional tourism system, there appear to be barriers to them effectively carrying out this process, particularly in terms of the dissemination of the resulting knowledge. These barriers included network conflict and political bias as well as a fundamental lack of planning for the knowledge dissemination process. Very little evidence was found in the case studies of the knowledge being made accessible to the system in a way that enabled system wide learning. This localised learning within the system is important in facilitating conditions for innovation (Freeman, 1995).
6.5 Research Question Four

*What management characteristics influence the effectiveness of local government in facilitating knowledge generation and innovation in regional tourism systems?*

During the focus group data collection, the issue of barriers to effective sourcing and distribution of data, information and knowledge were explored at a general level. The results of these focus group discussions are presented in section 4.2, with table 4.2.3 summarising the barriers and weaknesses cited during the data collection, classified using the Systems of Innovation framework. In conducting the case studies, the issue of barriers or weaknesses was further explored using the specific example of local government as the primary organisation charged with sourcing and distribution of knowledge. These findings are further analysed by their classification into the categories of systemic, organisational and individual weaknesses. The classification scheme was used in table 2.6.1 of chapter 2 to summarise the work of other authors in identifying potential weaknesses within the three levels of regional tourism systems. The case study results are presented in chapter five. These results are now further discussed in the specific context of the fourth and final research question.

**Systemic Weaknesses**

During the focus groups, the barriers to effective production and distribution of knowledge within regional tourism systems, as cited by participants, fell into four broad categories: perceptions of poor quality of data; lack of formal allocation of responsibilities; perceived differing information needs; and a lack of resources for procurement and dissemination.
The perceptions of poor data quality were manifest particularly at the local level, and were expressed as a lack of availability of locally relevant information available from national data providers. This lack of local level data was also identified in the case studies, with both the Broken Hill and the Gold Coast projects involving some level of primary data collection in the local area as part of the knowledge sourcing process. As discussed in section 6.2 of this chapter, the perception of a lack of information at a local level, or a lack of relevant information, may not necessarily be due to its non-existence (Taylor & Puehringer, 2005), but to a systemic weakness in not being able to identify or access the information available using resources within the system itself (Carson, Richards & Rose, 2004; Carson, Taylor & Richards, 2003). Within the case studies this may account for all systems opting to use research consultants external to the local regional tourism system.

Another systemic weakness identified in the focus groups was the lack of formal allocation of responsibility. Within the focus groups there seemed to be consensus among both public and private sector participants that local governments were best placed to facilitate the knowledge sourcing and dissemination process on behalf of the broader regional tourism system, particularly in relation to the facilitation of local level data collections. Within all of the focus groups, each of the regional tourism systems seemed to place a similar expectation on local governments with regards their role in this process. For both Broken Hill and Coffs Harbour, the broader regional tourism systems viewed Councils as the funders and coordinators but resented the amount of power and influence they had in the process. For the Gold Coast, one of the catalysts for the project was a call from industry for there to be greater involvement by government in terms of planning and policy. This level of
government involvement can only work when there is not a high level of conflict within the system, particularly between local government and other organisations in the system (another systemic weakness). This was also the case in the Coffs Coast, and to some degree in Broken Hill.

**Organisational Weaknesses**

There were also organisational weaknesses which relate to the allocation of responsibilities for the knowledge sourcing and dissemination process. Carson, Beattie and Gove (2002) cited the formation of Single Business Units (SBU’s) within local government, to manage Council’s tourism responsibilities, as a cause of fragmentation within the structures of local governments. This fragmentation of tourism structures may mean that tourism SBU’s in local government have a diluted relationship with the wider council organisation, limiting access to a cross section of expertise (individual weakness) and increasing the ability of tourism units to stray from the policies and procedures required (another organisational weakness cited in table 2.6.1). This weakness has been previously discussed in section 6.4 of this chapter, particularly in relation to Broken Hill City Council, and the tourism unit’s non-compliance with guidelines for the procurement processes when appointing an external consultant for the knowledge procurement project. So, although tourism units within local government structures demonstrate a commitment by councils to tourism management and resourcing in the region, they may not facilitate the role of knowledge sourcing and dissemination.

This increasing pressure on local governments to perform a formal role in the production and distribution of knowledge, highlights another weakness at the organisational level, that of resourcing, particularly financial. Within the focus
groups, local government participants cited increasing demands on their human and financial resources as a critical threat to them carrying out the knowledge production and distribution role on behalf of the regional tourism system. In the case studies both Broken Hill City Council and Coffs Harbour City Council referred to financial restrictions as affecting the choice of external consultant in each of their knowledge sourcing projects. Financial resources were also relevant on the Gold Coast where it was acknowledged that the project could only be conducted because of the large financial contributions of the system to the project.

**Individual Weaknesses**

Weaknesses at an individual level, was also identified in relation to of the case studies. In each study, the local government tourism officer involved in aspects of the projects was relatively new to their positions. For Coffs Harbour City Council, the General Manager of Coffs Coast Marketing conceded that in retrospect, given more experience, he may have been able to achieve a more balanced approach to the project, “...looking back, I would have liked to be more politically savvy, but I was new to the position at the time, and didn’t know all the players well enough”. It should be noted that in the post-project evaluations of both the Coffs Harbour and Gold Coast, the responsible officer within the tourism unit was the same person several years after completion of the project. In the case of Coffs Harbour, the same General Manager was responsible for the development of the subsequent (2007) edition of the Coffs Coast Tourism Development Plan. This longevity of employment within the local government roles should result in a reduction in this particular individual level weakness when undertaking future knowledge sourcing and dissemination projects on behalf of the relevant regional tourism system.
6.6 Conclusion

Differing perceptions of information needs were recognised as a barrier or weakness to the effective production and distribution of knowledge, during the focus group discussions. Overall, the focus groups revealed fairly generic information needs, but the case studies revealed that upon completion of each of the knowledge sourcing and distribution projects, members of the broader tourism systems in each case were not happy with the knowledge produced. In each case, the over-influence of local government (or state government) was cited as the main problem, with organizations claiming the resulting projects met the needs of local government, but failed to produce knowledge relevant to the broader system. This was particularly noticeable in the Broken Hill and Coffs Harbour case studies where industry members were highly critical of the resulting knowledge. This criticism may be primarily due to a lack of understanding of the type of knowledge required to facilitate innovation as discussed in section 6.3 of this chapter. The criticism may also relate to system weaknesses in the ability of members to recognize the value of information and knowledge.

The Broken Hill case study demonstrated a system that was disillusioned with the idea of being innovative when required to undertake a process of knowledge production and distribution where local government played a pivotal role. Numerous weaknesses were identified in this case study at all three levels – individual, organisational and systemic.

The Gold Coast system embraced the knowledge and members thought that the local government was well placed to carry out future knowledge production and
distribution projects. This capacity was so fully embraced that a specific role or function was created in the structure of the tourism SBU within Council when it was formed following the visioning project. Unfortunately, many of the weaknesses cited in this thesis existed even with this function in place, and the system became critical of the effectiveness of Council in this role. This criticism seemed to relate primarily to the knowledge distribution component of the process.

The Coffs Coast regional tourism system also embraced the concept of knowledge as a facilitator for innovation within the system, but members believed that the local government were not the best placed organisation within the system to be carrying this out. The main weakness in this case appears to be a systemic one, with a high degree of conflict existing within the system.

Studies focusing on each of the research questions have revealed substantial weaknesses or barriers to local government organisations effectively carrying out their expected role as principal facilitators of the production and distribution of knowledge within regional tourism systems. These weaknesses are evident at the individual, organisational or systemic level within the regional tourism systems. The challenge for tourism systems is to either engage in a knowledge creation and dissemination process which does not require local government to serve such a critical role, or to develop better models for local government to perform the role of "infomediaries". Given the increasing focus on local government as a key player in economic development generally, and in tourism development specifically (Dredge, 2003), as well as the perceptions of other organisations within the system that local government should perform the role, the latter option appears to be the most viable solution for the
success of Australian regional tourism, at least in the short to medium term. The present study suggests that these weaknesses are not permanent or unable to be overcome, but they are numerous and have a significant impact on the success of outcomes for the system.
Chapter Seven: Conclusions and implications

7.1 Introduction

The purpose of this thesis is to examine how the management of tourism responsibilities by local government influences its capacity to facilitate the production and distribution of knowledge in regional tourism systems of innovation.

Chapter two reviewed the literature, bringing together previous work of researchers in the broad fields of economic systems of innovation theory, knowledge management, local government and tourism. With this literature as background a mixed method qualitative methodology was developed (chapter three), involving focus groups or workshops and three case studies, to explore the questions and address the research problem of this thesis. Chapters four and five presented the results of these data collections, and chapter six discussed these results within the context of each of the four specific research questions proposed.

The production and distribution of knowledge is inseparable from the other System of Innovation characteristics with a high degree of interaction between each of the other characteristics of economic competence, resource clustering, networks, entrepreneurship, social capital, and public/private interactions. Additionally, the effectiveness of the management of tourism responsibilities by local government is constrained by the capacity at the individual, organisation and system levels. This chapter discusses the main findings and the contribution of this research to the understanding of the role of local government in contributing to the innovation
potential of regional tourism systems, through their role in the production and distribution of knowledge.

7.2 Conclusions about the Research Problem

This thesis set out to examine the role of local government in the production and distribution of knowledge within Australian regional tourism systems. Local government is viewed by many of the organisations in regional tourism systems as a key player across all Systems of Innovation characteristics because of its immediate role in managing institutional infrastructure. While this results in a wide range of tourism responsibilities being placed on, and accepted by, local government, a particular emphasis is placed on its role as an “infomediary” within the system. It is this role in the production and distribution of knowledge that determines the capacity of local government to play other expected roles within the system such as facilitating networks and clusters, building economic competence in the region and leveraging social capital.

This section of the thesis examines the implications of the research findings in relation to the core questions being addressed by this thesis. The purpose of the research was to provide a greater understanding of the role of local government in the production and distribution of knowledge within Australian regional tourism systems in order to assess their role in facilitating effective innovation within these systems.

Conclusions have been developed by examining the role of local governments in innovation within regional tourism systems using the pivotal Systems of Innovation
characteristic, the production and distribution of knowledge. Using this innovation characteristic as the focus of the study allowed the interaction between all innovation elements to be examined, because the production and distribution of knowledge underpins all other elements. In chapter two, table 2.6.1 summarised the opportunities and threats for local governments that have been identified in the literature. This summary will now be reviewed and used as a framework to illustrate the main findings of this thesis.

**Economic Competence**

This thesis has demonstrated that local governments play a pivotal role in the production and distribution of knowledge process, with profound consequences for the economic competence of regional tourism systems. Section 6.5 of this thesis revealed that organisational weaknesses relating to the formation of SBU’s which effect local governments carrying out their role, also effect the economic competence of the system. Local government is best placed to assist economic competence because they have responsibility and experience in managing large scale local projects across a range of areas and industries, not just tourism. In doing so, they liaise with other levels of government, and manage resulting legislative requirements. This complexity of tourism structures may mean that tourism SBU’s in local government have a diffused relationship with the wider Council organisation, limiting access to a cross section of expertise (individual weakness) and increasing the ability of tourism units to stray from the policies and procedures required. The Broken Hill case study demonstrated this fragmentation. Although Broken Hill City Council had a prescriptive procurement process for projects of the size of the on-line reservation system, the tourism unit was able to stray from this process and appoint a consultant
and develop a project plan without utilising the RFP documentation developed specifically for the project, and required under the procurement policy of the council.

Resource Clustering and Critical Mass

This thesis has also shown that local governments and the production and distribution of knowledge process affect resource clustering and critical mass within regional tourism systems. Each of the case studies examined a Local Government Area of differing size (in terms of geographic span), administrative complexity (number of councils involved), and economic magnitude. These factors led to issues in the knowledge production and distribution projects examined in both Broken Hill and the Coffs Coast. In the Coffs Coast, the Regional Tourism System being covered by the Tourism Development Plan was governed by three shire councils, and this region was different again from the RTO region as set out by the state government. In Broken Hill, it was the sheer size of the LGA and led to complexities in forming a critical mass of tourism product and therefore the need to develop a virtual resource cluster by way of an on-line booking system and CRM. This was the trigger for the knowledge sourcing and distribution project to be undertaken. These cases point to issues at a systemic level in regards to critical mass, which may both trigger the recognition of a knowledge need (Broken Hill), or contribute to difficulties or weaknesses in local government fulfilling their role in the production and distribution of knowledge for the regional tourism system of innovation.

Networks

Networks were a key feature in each of the case studies. The Gold Coast Visioning Project was all about the production and distribution of knowledge with one of its
outcomes being the bringing together of people for ‘visioning’ and creating stronger networks within the system. In this case, undertaking the process of knowledge sourcing and distribution has been shown to strengthen networks, even if the common ‘vision’ was not achieved. The achievement in facilitating networks may in fact be more important in increasing the potential for innovation success in regional tourism systems. In the Broken Hill case study, networks were still strengthened, but under a different set of circumstances. Networks, such as informal local operator groups, were formed in opposition to the Broken Hill City Council’s management of the knowledge production and distribution process, enabling organisations to create knowledge about their own business practices and those of others within the system, and ‘learn’ from these. Although resource restrictions mean that a knowledge production and distribution project as large as the Gold Coast Visioning Project may not be viable for all regional tourism systems, the principle holds true for all systems, that the production and distribution of knowledge can be a catalyst for the formation and strengthening of networks.

Another element of networks, the threat of conflict within the system, was also a feature of each of the case studies examined. A high level of conflict within the system, particularly in relation to public / private sector interactions, was a particular constraint on the system reaching a stage of shared value in relation to knowledge being created especially when local governments played a pivotal role in the process. High levels of conflict within the system existed in the Coffs Coast and Broken Hill regional tourism systems, and this factor has been highlighted as a system weakness adversely affecting the production and distribution of knowledge. The Coffs Coast development plan is an example of various levels of government working together,
but being criticised for not involving the private sector more, thus weakening the networks of the system through poor public/private sector interactions. It is also interesting to note that the Coffs Coast plan fell outside the boundaries of the Regional Tourism Organisation (RTO) which are dictated by the State Tourism Organisation’s (Tourism NSW) policies. Despite this, Tourism NSW still funded the plan. This example demonstrates the importance of the region or boundaries of a region when defining a regional tourism system. These definitions are formed by the networks within a system because of the heavy reliance of the region on the tourism product, and are sometimes difficult to operate within when imposed from an organisation outside of the region (such as a State Tourism Organisation).

In the context of conflict, the issue of stability of the network in terms of turnover of both businesses and individuals within regional tourism systems is particularly relevant. Lack of stability within the system leads to the weakening of networks through the loss of a strong historical knowledge of the system, or “self knowledge”. Such instability diminishes the ability of the system to adapt to changing circumstances. This was evident in the Broken Hill case where the inactive membership of the LTA, with participation by members on the committees was limited, weakening the formation of networks within the system, particularly those which facilitated public and private sector interaction.

**Entrepreneurship**

Entrepreneurship within regional tourism systems is reliant on the strength of individuals within the system to lead and provide vision for the system as a whole. Within the case studies, the leaders within the knowledge production and distribution
projects were not from local government but private sector organisations. For example, on the Gold Coast, it was a key industry leader or champion, Sir Frank Moore who is credited as being the main driver and influencer of the project, not a member of the local government. So although local government is perceived as playing a lead role in the production and distribution of knowledge within regional tourism systems, they rarely provide the key individuals or champions who drive entrepreneurship within the system.

High staff turnover in local government tourism roles also affects entrepreneurship within regional tourism systems. High turnover is a threat to entrepreneurship because, like the weakening of networks, it diminishes leadership characteristics and weakens vision for the future. High turnover was particularly evident in the Broken Hill and Coffs Harbour case studies, when in both cases the local government tourism officer was relatively new to their role. Both these case studies were characterised by a high degree of instability and conflict within their networks. The case studies also showed how weaknesses of individuals within key roles within local government affected the knowledge production and distribution process. In the Coffs Harbour case study, relative newness of the General Manager to the role was cited as a weakness of the project, with his limited knowledge of the networks within the system affecting his ability to manage the problem as effectively as he would have liked, and affecting his political strength in the system. The disconnect of SBUs from core council business (an organisational issue) serves to emphasise the importance of the individuals in the SBUs. Where there are individual weaknesses (lack of experience, for example), these are further exacerbated by that organisational disconnect.
Social Capital

The focus group results demonstrate that often the production and distribution of knowledge process is undertaken to gain knowledge for the purpose of justification or lobbying, including lobbying the wider community in relation to the benefits of tourism to gain their support (table 4.2.2). This support can be viewed as social capital as in regional tourism systems as new initiatives require social will and energy to be developed and implemented (Macbeth, 1997). Local government indicated that they required knowledge or information on issues such as visitor expenditure, in order to undertake such community support campaigns, directly linking the effectiveness of the knowledge production and distribution process with the effectiveness of harnessing social capital.

The fragmentation of tourism systems and the formation of SBU’s within local governments to administer tourism related issues have already been discussed as organisational weaknesses in relation to the production and distribution of knowledge. In both the Coffs Harbour City Council and the Gold Coast City Council, the two largest local government structures examined, the tourism unit was located within the Economic Development directorate of Council, and the catalyst for each of the knowledge projects was an ambition for innovation for the purpose of economic benefit. By managing tourism within a separate business unit in council structures, there appears to be an increased focus on the economic rather than social implications of tourism, and therefore the type of knowledge production and distribution projects undertaken will be affected. The process may actually serve to distance local government approaches to tourism from the very community it seeks to harness.
These weaknesses in the production and distribution of knowledge process were the specific focus of section 6.5 of chapter 6. This research concluded that weaknesses or barriers that exist at a systemic, organisational and individual level may prevent local government from carrying out their role effectively. It has been suggested that these weaknesses are not permanent features of these organisations or unable to be overcome, but they are numerous and have a significant impact on the success of the outcome for the system.

This research has shown that there is a high degree of interrelatedness of each of the systems of innovation characteristics. Local governments play a pivotal role in the production and distribution of knowledge for Australian regional tourism systems. However, weaknesses have been found to exist at an individual, organisational and systemic level, and if these weaknesses are not addressed the systems’ potential for innovation is severely threatened given the high levels of interrelatedness of each of the characteristics.

7.3 Implications for Theory

This research has made several contributions to the existing body of knowledge in both the fields of tourism and systems of innovation. Within tourism, traditional tourism information flows models (Sheldon, 1997) rely heavily on the concept of networks within regional tourism systems to allow for the effective flow of tourism information through the system. If these networks are not strong the effectiveness of the knowledge production and distribution process may be inhibited. These factors also highlight the high degree of interrelatedness of systems of innovation characteristics.
In addition, this thesis highlights a weakness in the current structure of Sheldon’s (1997) model. A clearer distinction must be made between the levels of government in information flows as, within the current model, government agencies, tourism organisations and associations are placed within the one tier, when in fact, the three types of organisations play very different roles, and failure to recognise these differences can reduce a system’s capacity to innovate.

Within Systems of Innovation theory, the main contribution of this thesis is to the concept of regionalism within tourism systems of innovation. As discussed previously, the majority of research into Systems of Innovation has occurred within manufacturing or ICT sectors or industries, not within service sector industries such as tourism. A unique characteristic of tourism is its high level of dependence on the geographic region as the product and therefore the marketplace. In general systems of innovation literature, the concept of regions has been dealt with at a fairly superficial level, because the geographic region itself is not core to the marketplace. The region in tourism exists before the regional tourism system existed and it is central to the product. Therefore what drives the knowledge exchange in these systems is very different under the tourism model.

Another characteristic distinctive to tourism is the high degree of conflict that has been shown to occur within Australian regional tourism systems. Once again, this appears to be related to the importance of the concept of the region because an individual’s perception of what constitutes the region is highly tied to the product.
Therefore one of the challenges of the system is trying to manage different individuals contrasting senses of region.

A differing emphasis on the concept of region leads to an increased likelihood of weakness in the characteristics of Systems of Innovation as they apply in regional tourism systems of innovation. If Systems of Innovation theory is to be taken forward in tourism, then a greater recognition of the importance of the concept of region is needed.

7.4 Implications for Policy and Practice

This thesis has determined that the innovation potential of Australian regional tourism systems is limited under the current structure of tourism responsibilities within local government. Current local government structures place importance on teasing out the tourism responsibilities within council, forming Single Business Units (SBU’s), with separate staff (tourism officers or managers). The responsibilities of these units are varied and diverse, but in all cases the responsibilities have been shown by this research to have system wide implications.

The production and distribution of knowledge is seen as one of the critical elements facilitating innovation in economic systems. Regional tourism systems face the challenge of developing processes for knowledge procurement and dissemination. For the processes to be effective there must be recognition of the importance of knowledge, an understanding of the type of data and information required to generate knowledge, and protocols for knowledge management. Previous research documented in the literature and this research recognises local government as a central player in
the flows of information within regional tourism systems. Despite this recognition, the focus groups suggested that there are few good practice examples of local government managing the information flows. The research reveals barriers to effective management processes arising from characteristics of individuals (particularly local government tourism officers), the organisational structures of local government, and the connections between local government and other organisations and institutions in regional tourism systems. Within each of the case studies the Single Business Unit structure was found to contribute to these weaknesses.

Two main problems appear to exist with the current structure which includes tourism in SBU’s within local government structures. The first issue relates to the roles and responsibilities held by these units, and the second issue is the high levels of conflict experienced in regional tourism systems. Each of the case studies revealed some level of conflict within the system when undertaking the knowledge production and distribution process, and the conflict appeared to be greater in the smaller sized systems such as Broken Hill and the Coffs Coast (refer to table 5.5.2 in section 5.5). The structure of SBU’s for tourism leads to conflict because the roles of the units and therefore the individuals within these units is often not well defined. An example is provided by the Coffs Harbour case study in which a destination marketing unit was responsible for the development of a destination development plan. In not clearly defining the roles and responsibilities of these units, the units are commonly found to undertake tasks that are highly visible in nature such as marketing and promotions. These activities are highly susceptible to conflict amongst individuals and organisations within the regional tourism systems because promotional activities, due to their very nature, are unable to be completely inclusive or equitable. Conflict arises
over perceptions in the system that one or more organisations receive greater
prominence and therefore greater benefit from system wide or destination promotions.
Another common role for local governments is one of lobbying, the effectiveness of
which has previously been demonstrated as being influenced by the effectiveness of
the knowledge production and distribution process. This is a role that has been
highlighted in both the case of tourism systems, and also other systems of innovation.
A degree of conflict is inherent in such a role.

Another issue revealed by this research relates to resourcing. The fragmented
structure of single business units, coupled with the fact that within tourism, these
SBU’s are likely to be physically located in a different location (often a visitor
information centre) away from the main council chambers, limits the opportunity for
these units to take advantage of the skills, experience and institutional infrastructure
of the wider local government structure. In the case studies, this was most evident in
the tendency of the tourism units to stray from procurement policy when appointing
researchers or consultants for knowledge production and distribution projects. Within
the general literature on Systems of Innovation, government involvement is
highlighted as vital, but this is done from a broad government-wide perspective, not
from that of a fragmented single business unit as is commonly the case in local
governments within Australian regional tourism systems.

This research has been unable to determine if local governments can assist in the
knowledge production and distribution process to facilitate innovation within regional
tourism systems, but it has revealed that in the current structure this is difficult, due to
weaknesses at the individual, organisational and systemic level, which influence all of these Systems of Innovation characteristics.

This thesis has confirmed that local government is critical to Regional Systems of Innovation in tourism in Australia as it provides an immediate link to the system in terms of institutional infrastructure. This link to the system is further strengthened because of the strong call by stakeholders and the local government themselves for local government to play numerous roles within the system.

Of the roles that the system expects local government to play, the role which appears most illustrative of the difficulties facing local government in being effective contributors to Regional Tourism Systems of Innovation, is their role in the production and distribution of knowledge. Their role in the production and distribution of knowledge requires systemic interaction as well as the interaction of all other Systems of Innovation characteristics.

This research has revealed that there could be an argument for local government to remove themselves from playing a role in the production and distribution of knowledge, due to the numerous barriers to their effectiveness, and because others also contribute to this process, including other public sector organisations (STO’s). Unfortunately, Regional Tourism Systems of Innovation want local government to be involved, and see them playing a role despite the barriers to effectiveness. So, if local government is to accept this role, they need to possess a set of individual, organisational and systemic competencies to facilitate success in the role.
This thesis examined three case studies looking at large local government’s undertaking large scale projects, through to small local governments attempting smaller knowledge projects. In all three cases, regardless of size, the local government struggled with the individual, organisational and systemic competencies required to fulfil their role in the production and distribution of knowledge effectively. This not only threatened the success of specific projects, but also their ability to play their larger role within their Regional Tourism System of Innovation.

The struggles with the individual, organisational and systemic competencies arose for a number of reasons. These included the ones already discussed in the literature around individuals, for example high staff turnover, fresh graduates with little tourism, procurement or local government experience, but also reasons not previously well explored. These newly acknowledged issues relate to the organisational level including the organisation’s limitations implied by creating Single Business Units (SBU’s) for their tourism responsibilities, and at a systemic level, the limitations arising from a lack of production and distribution of knowledge competency across the system.

In order for this situation to improve, better ways of connecting local government’s tourism responsibilities to their other responsibilities, and connect better with other organisations within the system. Ironically, the production and distribution of knowledge can help in this process because it exposes the local government to the system in a way that its other tourism roles and responsibilities, such as marketing and promotions, cannot.
This thesis demonstrates that tourism information flows need to better consider local government because they are not just a level of government, but in Regional Tourism Systems of Innovation they are key local level stakeholders. It also demonstrates that Regional Systems of Innovation models need additional attention in relation to tourism due to the critical nature of the "region" within the system.

7.5 Implications for Further Research

It would now be interesting to perform further research to investigate whether another structure for tourism in local government delivered better outcomes. An expansion of this research could involve development of updated destination management models for Australian regional tourism systems, which remove the tourism single business unit structure from local government. It should then be possible to re-examine the effectiveness of local government’s role as "infomediaries" in the production and distribution of knowledge within regional tourism systems, and therefore their contribution to innovation potential within these systems.

In relation to Systems of Innovation theory, this research has revealed that more work is needed on the application of the Systems of Innovation characteristics across various types of industries, not just manufacturing and ICT. In focusing on tourism, this thesis has revealed the importance of the concept of the region within regional tourism systems, an emphasis not needed when examining less geographically reliant industries such as ICT. It is likely that further examination may show that service industries, such as tourism, require greater attention on one or more of the characteristics.
Another knowledge gap revealed by this research is the need to gain is information on production and distribution of knowledge issues, from the perspective of information and knowledge suppliers, to determine the individual, organisational and systemic barriers that affect their role in the innovation process within Australian regional tourism systems.

7.6 Conclusion

This thesis has examined the role of local governments in Innovation within Regional Tourism Systems and uses the pivotal Systems of Innovation characteristics of the production and distribution of knowledge as a framework for this examination. In studying the effectiveness of local government in fulfilling its role in innovation, this research has revealed weaknesses in the current structure of regional tourism and its management, as well as deficiencies in Systems of Innovation theories within the context of tourism. The principal weakness within the current structure of Australian regional tourism relates to the formation by local government of Single Business Units to manage their tourism responsibilities. Because of organisational and physical structural isolation, these Single Business Units fail to utilise the full capacity of the local government organisation, and therefore do not facilitate innovation within their regional tourism systems. For Systems of Innovation theory, it is the importance of the concept of a “region” that is relevant. Current theory does not currently address this issue well, except at a relatively superficial level, because most examples of Systems of Innovation lie within the manufacturing and ICT industries where the region itself is not crucial to the product. In tourism the idea of region is central because it is what defines the product and therefore the marketplace.
This research has provided significant insights into the process of innovation in regional tourism systems, in particular on the importance of the "region”, and by gaining a greater understanding of the role of local government in the production and distribution of knowledge, will in due course benefit regional tourism in Australia.
References


Gold Coast City Council (2003). *Gold Coast City Council Tourism Strategy.* Gold Coast: Gold Coast City Council Publications Unit.


Gold Coast City Council (2007). *Business Gold Coast Fact Sheet: Tourism Industry.* Gold Coast: Gold Coast City Council Publications Unit.


Appendix A: Invitation to Participate in Workshops and Focus Groups – Local Level Data
Name of Project:  Catalogue of Local Level Data Collection Initiatives across Australia

You have been invited to participate in a study of local level data needs, and current collections, in Australian regional tourism. We hope to learn the types and processes of data collection across Australia, your information needs and any gaps that may exist in available information and data.

Procedures to be Followed:
Participants will be asked to complete a survey which we anticipate should take approximately 10 minutes. Data will be collated using data analysis programs at the Centre for Regional Tourism Research. The files will remain secure in the Centre and will not be made available to persons other than those working on the project. The relevant data will then be recognised as a case number with no person's details recorded. The name of the organisation providing the information may be used only with the permission of the organisation. At no time will the identity of the interviewee be revealed, described or indeed needed for the study.

Interviewee Selection
Participants have been sourced from delegates at the Local Data Summit held in Hobart in 2003 using the contact information you have provided to us. Participants will however be over the age of 18 years.

**Responsibilities of the Researcher**

Any information that is obtained in connection with this study and that can be identified with the subjects will remain confidential and will be disclosed only with their permission. Data will be stored at Southern Cross University and will not be made available to any third party.

**Information Sought**

We would initially like to determine the current information needs across different groups within the Australian Regional Tourism industry. To do so, the following questions will be examined:

- What do you believe are the current local level data needs?
- What would you do with the data / use these data for?
- Whose responsibility is it to assist with data acquisitions?
- What are the current barriers to obtaining and / or using such data?

The collection of data from the survey will be essential to developing an understanding of the types of data collected in Australia and identifying areas of commonality where cross-data analysis can be undertaken. We are therefore also interested in determining the details of current data collection initiatives in which you are involved, including:

- the source of data for the collection;
• the location/s in which data is collected;
• the size of the collection
• the frequency of the collection;
• length of time that the collection has run.
• Sample survey forms, or database structures
• Sample/or complete data sets for comparative analysis.
• Stakeholders using data

Inquiries

If you have any questions, we expect you to ask us. If you have any additional questions at any time please ask:

Supervisor Details                     Researcher Details
Mr Dean Carson                        Ms Fiona Richards
Centre for Regional Tourism Research  Centre for Regional Tourism Research
Southern Cross University             Southern Cross University
Ph: (02) 6620 3503                     Ph: (02) 6620 3292
PO Box 157. Lismore                   PO Box 157. Lismore

OR if you have any problems associated with this project, please contact:

Mr John Russell, Ethics Complaints Officer

Graduate Research College

(02) 6620 3705

jrussell@scu.edu.au

I have read the information in this invitation to participate in the Local Data project. I agree to participate in this study under the conditions described in that letter. I am over the age of 18 years.
Name of Subject:

Signature of Subject:.................................................................Date:

Name of Witness (who shall be independent of the project)

Signature of the Witness: .........................................................Date:

Signature of
Researcher:.................................................................Date:

You will be given a copy of this form to keep.

Thank you for your time
Appendix B: Information and Consent Form – Case Studies
You have been invited to participate in a study of the management of tourism by local governments in Australia. The project explores the advantages and disadvantages of the different ways that local tourism can be organised and the role that local government can play in terms of achieving sustainable tourism outcomes. A handbook for local government will be produced as a result of the research, which is intended to assist local government, local tourism organisations and industry in determining the most appropriate organisational arrangements for tourism in their destination. The outcomes of the project are intended to provide guidance and stories of practice that can inform local communities and councils wishing to restructure their tourism operations and involvement. Results from the study will also be used as part of a PhD study.

Procedures to be Followed:

In undertaking the research we are required to follow a research protocol. Participants will be interviewed by Fiona Richards from the Centre for Regional Tourism
Research. We will ask you to sign a consent form and ask your permission to tape the interview so that we may later transcribe it for analysis. If you request, we will provide you with a transcript of the recording as soon as practicable after the interview. There is absolutely no problem if you do not wish the interview to be taped. You may also withdraw from the study at any time. The information that you provide will be confidential and at no time will the tape, or the notes we might take, be made available to persons other than the researchers. We will ask you to indicate in the consent form the way in which the material derived from the interview may be used.

**Interviewee Selection**

As part of the research, we will be seeking to interview people involved in tourism in a number of case study local government areas. These people will include local government tourism officers, chairpersons of local tourism associations, and representatives of other tourism interest groups. Our reason for wishing to talk to you is to obtain information about local tourism organisational arrangements in your area. The interview should take no longer than one hour.

**Responsibilities of the Researcher**

Any information that is obtained in connection with this study and that can be identified with the subjects will remain confidential and will be disclosed only with their permission. Data will be stored at Southern Cross University and will not be made available to any third party.
Responsibilities of the Participant

Fully disclose information which could affect safety or the value of the research.

Information Sought

The information gained through the interview will help enable the Centre to meet the following specific objectives of the research:

- To identify the institutional arrangements (e.g. planning mechanisms, statutes, management functions, funding arrangements) that influence local government involvement in tourism.
- To identify current organisational arrangements (structures and practices) and their impact on the capacity of local government to implement sustainable tourism policy and planning and management practices.
- To identify parameters of good local tourism governance.
- To demonstrate, through the reporting of case studies, how local governance structures and practices can contribute to the implementation of sustainable tourism planning and management practices.

Inquiries

If you have any questions, we expect you to ask us. If you have any additional questions at any time please ask:

<table>
<thead>
<tr>
<th>Supervisor Details</th>
<th>Researcher Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Dean Carson</td>
<td>Fiona Richards</td>
</tr>
<tr>
<td>Centre for Regional Tourism Research</td>
<td>Centre for Regional Tourism Research</td>
</tr>
<tr>
<td>Southern Cross University</td>
<td>Southern Cross University</td>
</tr>
<tr>
<td>Ph: (02) 6620 3503</td>
<td>Ph: (02) 6626 9431</td>
</tr>
<tr>
<td>PO Box 157. Lismore</td>
<td>PO Box 157. Lismore</td>
</tr>
<tr>
<td><a href="mailto:dcarson@scu.edu.au">dcarson@scu.edu.au</a></td>
<td><a href="mailto:frichard@scu.edu.au">frichard@scu.edu.au</a></td>
</tr>
</tbody>
</table>
OR if you have any problems associated with this project, please contact:

Mr John Russell
Ethics Complaints Officer
Graduate Research College
(02) 6620 3705
jrussell@scu.edu.au

PARTICIPANT AGREEMENT

I have read the information sheet and the consent form. I agree to participate in the project entitled *Achieving Sustainable Tourism Outcomes for Local Government* and give my consent freely. I understand that the interview will be audiotaped and, as soon as practicable after the interview, I will receive a transcript of the recording if I request it. The study will be carried out as described in the Information Sheet and I have had all my questions relating to the study answered satisfactorily. I realise that I can withdraw from the study at any time and do not have to give my reasons. I am over the age of 18 years.

From time to time the researcher may wish to use a direct quote from the transcript in the publication of research findings. Please indicate the way in which the material derived from our meeting may be used:

- [ ] I consent to the use of direct quotes and have them attributed to me.
- [ ] I wish that the use of direct quotes, and the context in which they are to be used, be cleared with me prior to publication.
- [ ] I do not consent to the use of direct quotes.
Name of Subject:

Signature of Subject: .................................................................Date:

Name of Witness (who shall be independent of the project)

Signature of the Witness: ...........................................................Date:

I certify that the terms of the form have been verbally explained to the subject, that the subject appears to understand the terms prior to signing the form, and that proper arrangements have been made for an interpreter where English is not the subject's first language. I asked the subject if she/he needed to discuss the project with an independent person before signing and she/he declined (or has done so).

Signature of the researcher: ......................Date: ......................

You will be given a copy of this form to keep.

Thank you for your time.