Tourism as a ‘Post-Staple’: Understanding the Role of Institutional Legacies in Diversifying Peripheral Resource Economies

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Abstract

Tourism is commonly promoted as a tool for economic diversification in peripheral regions that have traditionally relied on exporting natural resources (the ‘staples’). However, developing tourism in these regions has often proven immensely difficult, and many rural and remote communities seem to be ill-prepared to diversify their economic base from extractive to attractive industries. This chapter presents the case of the Flinders Ranges, a traditional resource periphery in South Australia, and discusses why communities in resource peripheries struggle to develop tourism as a self-sustaining ‘post-staples’ industry. The paper uses a systems-of-innovation approach and draws on insights from the ‘staples thesis’ literature to illustrate how the institutional legacies of staples industries can stifle the capacity of resource dependent communities to diversify and change.

Zusammenfassung

Tourismus als „Post-Staple“. Zum Verständnis der Rolle institutionellen Erbes in sich diversifizierenden, rohstoffbasierten Ökonomien der Peripherie

1. Introduction

Tourism is often considered as a relatively easy economic alternative for rural and remote communities that have experienced decline in traditional resource industries. Studies in Canada, Australia, the United States, and Northern Europe have shown that tourism development is one of the most common strategies employed by government agencies to diversify declining resource economies and combat social decline in affected communities (Marshall 2001; Moscardo 2005; Müller and Jansson 2007). However, diversification from resource extractive industries to a service-oriented tourism industry has often turned out to be a very difficult process.

There is evidence in the tourism literature that many rural and remote communities struggle to manage economic transition and develop self-sustaining tourism industries (Hall 2007; Müller and Jansson 2007; Wanhill 1997). A recent study in Australia, for example, has shown that the country’s rural and remote ‘Outback’ regions are the worst performing tourism destinations in terms of visitor numbers, visitor nights, tourism expenditure, and repeat visitation (Carson and Taylor 2009). There is also evidence of a declining industry base, loss of tourism employment, deteriorating tourism product and infrastructure standards, a lack of product diversity, and a lack of investment and new innovative product ideas (Carson and Taylor 2009).

This chapter seeks to discuss why rural and remote communities in Australia’s traditional resource peripheries struggle to develop innovative and self-sustaining tourism industries. It draws on the results of a case study in the Flinders Ranges of South Australia (Schmallegger 2011). The case study examines how the institutional legacies of resource dependence impact on the capacities of remote communities to develop innovation dynamics in tourism. The chapter uses the theoretical perspective of the Canadian ‘staples thesis’ literature to explain how inherited institutional ‘lock-in’ can stifle the development of systems-of-innovation dynamics in resource peripheries.

2. Resource Dependence and Institutional Lock-In

Rural and remote economies in developed countries have typically relied on the extraction and export of staples commodities – relatively unprocessed natural resources, such as minerals, oil, lumber, grain, livestock, fish, and wool (Altman 2003; Barnes et al. 2001). The implications of such resource dependence for economic development in peripheral regions have been widely discussed in the literature. While it is accepted that resource export represents one of the few vehicles for economic growth for peripheries, much of the literature on resource dependence and staples-led development agrees that a continued dependence on staples export can result in unbalanced economic growth and limited long-term internal development (Gunterton 2003; Sachs and Warner 2001).

Staples producing regions (and even countries) can easily become trapped in fragile economic development paths if they fail to convert export-driven growth into more sustainable and diversified local industries (Howlett and Brownsey 2008; Watkins 1963). They become over-dependent on external capital and export markets and highly susceptible to externally generated economic boom and bust cycles (Barnes et al. 2001; Wellstead 2008). According to the proponents of the ‘staples thesis’ (which emerged in the early 20th century from the research of Canadian historians and political economists), failure to build sustainable economies from staples industries is not necessarily related to the existence of natural resources per se but a consequence of poor institutional management of the staples economy (Howlett and Brownsey 2008; Watkins 1963; Wellstead 2008).

The institutional environment has been recognised as crucial in determining the prospects for peripheral economic systems. This institutional environment may be understood as the set of rules, laws, regulations, customs, practices and procedures that influence human behaviour within an economic system (Martin 2000). It is comprised of explicit and formalised rules and regulations, as well as implicit and informal conventions, customs, norms and social routines. Back in the 1930s, staples pioneer Harold A. Innis argued that the institutional environment resulting from a long-term reli-
The staples trap essentially describes a situation of institutional lock-in where the institutional environment has become politically, socially, culturally and cognitively embedded in a region to the extent that ‘the regional economy becomes stuck in established practices, ideas, and networks of embeddedness that no longer yield increasing returns and may even induce negative externalities’ (Martin and Sunley 2006, p. 416). In this case, the regional economy becomes rigid and inflexible, unable to absorb new ideas or industries, and unable to engage in processes of economic change, renewal and innovation (Hassink 2005; Martin and Sunley 2006).

3. Reasons for Institutional Lock-In in Resource Peripheries

There are a number of reasons why institutional lock-in can occur in resource peripheries. One of the main reasons is the emergence of a strong export mentality towards economic development among regional and state governments. Large-scale staples export usually means fast economic growth in the periphery during a resource boom period. To maintain high growth rates, governments are tempted to continue to make investments in the interest of staples export. This may result in an over-concentration of government resources in the export sector and a simultaneous reluctance to promote alternative forms of development (Howlett and Brownsey 2008; Watkins 1963). A common phenomenon in resource peripheries has been a certain ‘boosterism’ approach to economic development, where governments seek to ‘boost’ the economy through large-scale public sector spending to attract external investors and resource corporations to the periphery and secure ongoing staples export (Howlett and Brownsey 2008; Wellstead 2008). This boosterism approach is often evidenced by government investment in showy infrastructure developments, including highways, railways, shipping terminals, extraction and storage facilities, and basic processing plants (Bone 2003; Carson 2011).

Large sunken costs involved in publicly funded infrastructure necessitate continued government support for staples industries to secure return on investment (Wellstead 2008). It is therefore common for governments in staples economies to develop a certain paternalistic attitude towards staples industries as they seek to protect industries of national (or state) importance from the vagaries of global market dynamics. Well-known examples of government funded support programs in Australia and Canada in the past have included the provision of tax incentives and cheap land to attract or retain external resource corporations; the control of single-desk commodity marketing boards (such as wheat and wool boards); subsidised ‘floor price’ schemes (guaranteeing minimum prices for resource commodities); crisis relief funding programs (such as drought or flood relief programs); and in-kind support for research into enhanced production technologies (Botterill 2003; Heathcote 2000; Howlett and Brownsey 2008).

Small local populations and limited local capacity in the periphery mean that most of the required capital for staples production, including financial capital, knowledge, and even labour, needs to be sourced externally. A common characteristic of peripheral staples economies is that such capital is provided by external resource corporations (Barnes et al. 2001). These resource corporations typically control and coordinate the various tasks involved in the commercialisation process of staples commodities (transport, storage, processing, packing, wholesaling and distribution) from their headquarters in the core centres.

The dominant role of government and external corporations in peripheral staples economies limits the formation of local economic linkages at the place of staples production (Watkins 1963; Wellstead 2008). For example, internal backward linkages to potential supply industries are weak because the various input factors required for staples production (including knowledge, technology, infrastructure, machinery and other inventory) tend to be imported from the more industrialised core rather than developed internally (Gunton 2003; Wellstead 2008). Forward linkages to local manufacturing industries are equally weak because fur-
ther processing and marketing of raw materials is done externally. This limits opportunities for the development of local manufacturing and retail industries around resource extraction. Final demand linkages involving the production of consumer goods and services to serve local consumption needs are poor because of small local markets and a tendency to import these goods from industrialised centres rather than develop them internally (Gunton 2003). Finally, fiscal linkages emerging from the income that government receives from staples production (for example through taxes and rents) tend to be weak, as governments, driven by their export mentality, tend to reinvest rents in sustaining the staples industry instead of encouraging local development and economic diversification (Altman 2003).

Studies in northern Canada and the United States have found that the long-term dependence on mining, logging and fishing industries can create a lack of internal entrepreneurial capacity and leadership in the periphery (Baum 1999; Che 2003; Markey et al. 2006). Local communities developed a certain dependency culture as they had become used to ongoing government support for their staples industries, and they struggled to manage economic change internally. A lack of local linkages and an entrenched culture of reliance on external resource corporations for the final commercialisation of raw materials may be another reason why independent entrepreneurial aspirations in resource peripheries are limited. In addition, communities in staples producing regions often fail to develop the ability to form internal networks for collaboration and knowledge exchange, since networks for product distribution, market knowledge, and technology transfer have usually been directed and imposed by external corporations (Markey et al. 2006). These factors may well limit the potential of resource dependent communities to establish independent and self-sustaining industries that are not supported and controlled by government and external investors.

A lack of local skills and ‘occupational lock-in’ has been described as another important reason why communities in resource peripheries struggle to diversify their economies (Joshi et al. 2000; Marshall et al. 2007). Governments and resource corporations tend to pay little attention to local education and capacity building in resource peripheries (Gylfason 2001; Stedman et al. 2004). Education and training institutes (including vocational and tertiary education) are primarily located in urban centres, as it is easier and cheaper for governments and resource corporations to transfer specialised knowledge and skills to the periphery rather than build human capital locally. The local workforce often receives on-the-spot training in very specific tasks only (usually in semi- or unskilled jobs) and is therefore constrained by a very narrow skill base. Local workers may themselves develop attitudes that favour low-skilled employment in staples production over more general education and skill development (Joshi et al. 2000). There are few incentives for locals to get higher education and training because well-paid jobs in resource industries promise high economic benefits. As a result, locals can become locked into traditional occupations as they fail to develop the ability to transfer skills and knowledge to new industries (Marshall et al. 2007).

In summary, long-term dependence on staples can lead to a form of institutional lock-in that is characterised by an entrenched export mentality among governments, a strong dependency culture among local communities, a lack of local entrepreneurship and leadership, a lack of local skills and knowledge to manage economic transition, and a lack of local experience in collaboration and mobilisation of joint forces to implement new development. This form of lock-in makes it very difficult for local communities in resource peripheries to diversify their economies and become less dependent on traditional staples industries.

4. Developing Regional Tourism Innovation Systems in Resource Peripheries

Staples researchers have argued that, to escape the staples trap and to become more resilient to economic bust cycles, resource dependent regions (or countries) need to make a transition from a classic staples economy to a post-staples economy (Howlett and Brownsey 2008; Hutton 2008; Wellstead 2008). This transition requires the economic system to engage in processes of collective change and innovation to either achieve greater independence within the resource marketplace or to diver-
sify the economic base to include new industries in tertiary and quaternary sectors. In this context, it has often been mentioned that tourism could be a promising opportunity to escape the trap and create more vital and self-sustaining regional economies (Barnes and Hayter 1994; Howlett and Brownsey 2008; Hutton 2008; Luke 2003).

Regional economic systems that are able to embrace change and take advantage of new industry opportunities have often been referred to as regional ‘systems of innovation’. These are defined as the collective of actors, organisations and institutions that are involved in a regional economy and whose interactions determine the production, diffusion and use of new knowledge required to generate and implement new ideas (Doloreux and Parto 2005; Edquist 1997). The key notion of systems-of-innovation theory is that individual actors do not innovate in isolation, but that innovative behaviour and the capacity to change are the result of ongoing and cumulative processes of interaction between individual actors which stimulate collective learning. The nature and level of these interactions are governed by the system’s institutional environment, which is highly place dependent and regionally embedded. The region’s institutional environment is therefore fundamental in facilitating processes that are central to innovative behaviour, including networking, clustering, knowledge exchange, entrepreneurship or public-private sector relationships (Cooke et al. 2004; Doloreux and Parto 2005).

Carson and Jacobsen (2005) applied the concept of regional innovation systems to regional tourism destinations. They identified a number of conditions that are required for the creation of successful regional tourism innovation systems (RTIS), including:

- entrepreneurial capabilities;
- economic competence (such as the range of skills and experience required to implement new ideas);
- a critical mass of actors, products and resources;
- clusters of geographically concentrated and complementary products and experiences;
- internal and external networks;
- well-functioning mechanisms for the production and distribution of new knowledge;
- productive public-private sector interactions; and
- a favourable institutional environment that includes high levels of local social, political and cultural capital that support tourism.

Although tourism is commonly pursued as a potential industry to diversify declining resource economies in peripheral regions, the literature has so far not examined how the institutional legacies of resource economies impact on the capacity of local communities to build sustainable tourism economies. The following section summarises the results of a case study in the Flinders Ranges of South Australia (Schmallegger 2011) to show how the local capacity to operate as a regional tourism innovation system has been influenced by policies, practices, values and attitudes inherited from resource dependence.

5. The Flinders Ranges – A Resource Periphery in South Australia

The Flinders Ranges are a range of mountains stretching some 400 km in length, commencing around 200 km north of the state capital Adelaide (Fig. 1). The area can be divided into three sub-regions: the Southern, Central and Northern Flinders Ranges. The Southern Flinders Ranges are the most densely populated region and are characterised by agriculture-dominated towns, including Jamestown, Laura, Gladstone, Crystal Brook, Melrose, Orroroo, and Peterborough. The main regional centre is Port Pirie, which is home to one of Australia’s largest zinc and lead smelters. The Central Flinders Ranges comprise the areas north of its main regional centre Port Augusta and include the towns of Quorn and Hawker, the unincorporated small towns of Parachilna and Blinman and a number of dispersed pastoral stations. The Central Flinders Ranges host the Flinders Ranges National Park, which includes Wilpena Pound – a scenic crater-like rock formation – as its most famous attraction (Cooke et al. 2004). The rugged and very remote Northern Flinders Ranges extend from Parachilna to the north and include the mining towns of Leigh Creek and Lyndhurst, the small towns of Copley and Beltana, the Aboriginal communities of Iga Warta and Nepabunna, the Warraweena and Arkaroola conservation sanc-
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Since the first European settlement in the mid-19th century, the Flinders Ranges region has been dominated by three of Australia’s most prominent staples industries: agriculture in the Southern Flinders Ranges (particularly wheat and barley farming), pastoralism in the Central Flinders Ranges (for wool and cattle), and mining (mainly copper and coal, more recently also uranium) in the Northern Flinders Ranges. The region has developed into a classic resource periphery characterised by small and dispersed single-industry towns that used to be highly dependent on investment from government agencies in Adelaide (the state capital). Examples of major government-funded infrastructure investments in the region included the construction of industrial ports in Port Pirie and Port Augusta, the construction of roads and a railway network to link mining towns, pastoral stations and agricultural towns to the port facilities, major storage facilities such as grain silos, as well as a coal-fired power station in Port Augusta.

In addition, there was a clear dominance of large-scale external players and decision-makers in the regional economy. Even though local producers in the wool and grain sectors were characterised by small, family owned farms, these industries were largely controlled by externally based (and until recently government controlled) single-desk marketing authorities and bulk handling companies, such as the Australian wheat, barley and wool boards. Similarly, the mining and mineral processing sector in the region has traditionally been dominated by large-scale national (and more recently multinational) resource, energy and commodity trading companies (e.g. BHP Billiton, Flinders Power, Nyrstar). Some of the northern mining towns, such as Leigh Creek and Roxby Downs, are still essentially run as company towns (Roxby Downs is controlled by BHP Billiton to extract uranium, Leigh Creek is controlled by Flinders Power/Alinta Energy to extract coal for the power station in Port Augusta).

Apart from basic vocational training facilities, the main centres for training and education (par-
6. Impacts of the Institutional Legacy on Tourism

6.1. Limited Entrepreneurial Capabilities in Tourism

Apart from a few of the larger tourism resort operators who became full-time tourism entrepreneurs in the 1960s and 1970s (such as Wilpena Pound Resort, Rawnsley Park Station and Arkarooola Resort), local tourism operators had very limited entrepreneurial capabilities in tourism. Most local farmers and pastoralists who started a tourism business were identified as ‘constrained’ or ‘non-entrepreneurs’ (Ioannides and Petersen 2003) because they lacked a serious commitment to tourism and the willingness to invest. The main reason why these operators decided to go into tourism was because drought relief payments were available as part of government-funded economic diversification programs, and farm-based tourism development was one of the commonly funded diversification options in these payments.

These operators mainly considered tourism as a part-time secondary business activity, which was usually carried out by women and was clearly subordinate to general farming interests. Many of them were resistant to upgrading their tourism facilities and spending money on marketing and customer relationship management, unless government grants and subsidies were available. A common strategy for pastoralists and farmers was to offer tourism products that had a very limited service component and required little contact with tourists. Examples included ‘B&Bs without breakfast’, self-contained accommodation in shearer’s quarters (where tourists have to bring their own food and linen), and four-wheel-drive adventure tracks where tourists pay for access to private station tracks.

There appeared to be a certain dependency culture among local operators and volunteer community groups. Local farm-based operators often expected local and/or state government, almost as a matter of course, to invest in new tourism-related infrastructure, such as interpretation centres, public art displays, heritage attractions, hiking trails and public resting areas. Operators commonly complained about a lack of local government support for local brochures and events, and there seemed to be a general attitude that larger tourism companies should be the ones to take leadership in new destination marketing campaigns and test out new development strategies first. In some towns, local government had to step in as an entrepreneur and raise funding for new tourism attractions (such as the historic Steamtown railway precinct in Peterborough or the Historic Blinman Mine) to compensate for the lack of private sector investment.

The willingness to invest in tourism was also clearly absent in the northern mining towns (Leigh Creek, Roxby Downs, Andamooka) where tourism has become ‘crowded out’ over the past ten years by the strong mining boom. The few tourism operators that existed in the past (such as caravan park...
owners or local pubs) are now almost exclusively catering to the increasing mining population, and new investment (for example in hotel accommodation) is made by local government and mining companies in the interest of mining and not tourism. Private sector investment in tourism has been almost non-existent over the past ten years due to factors such as: (1) the lack of private land ownership opportunities in and around mining towns; (2) the temporary character of mining towns and the limited degree of community attachment among residents (mining workers are to a large extent commuting workers on short-term contracts who leave the area as soon as their contracts end); and (3) the lack of alternative population groups with different business ideas and lifestyle attitudes (residents in mining towns have to be working in the mine or for mine-related community services, there is no capacity to accommodate amenity migrants or semi-retired population groups).

6.2. Limited Knowledge and Skills in Tourism

A certain degree of occupational lock-in and a lack of skills in tourism were clearly evident in the region and could be identified as one of the main reasons why many local business owners struggled to develop competitive tourism products. Local operators had relatively low levels of education as most of them had started working on their family farms straight after high school or completed low level trade certificates. Most local tourism operators did not have any experience or background in tourism management at all when they first started their tourism businesses and few sought to access specific tourism training or business advice prior to commencing business. Local operators commonly indicated that they did not consider tourism training as necessary because they thought they would acquire the necessary skills over time from working in the industry, just like they had previously done on their family farms.

As a result, many operators lacked the required skills and professionalism in tourism marketing, business administration, and customer service. This was often evident in their marketing and promotional efforts, as business websites were self-administered and often long out of date (if they had websites at all), marketing brochures were self-produced and of very poor quality, and operators refused to advertise in regional visitor guides or participate in trade shows. It seemed that local operators struggled to understand how to commercialise their products and market them efficiently to end consumers – something that grain or sheep farmers never had to do in the past.

Local operators also seemed to struggle to understand that, instead of relying on government and external agencies to make relevant industry knowledge available, business success in tourism depended a lot more on their own efforts to monitor market trends and identify new product opportunities. Conducting their own market research was generally not regarded as necessary by small business owners and very few operators made an effort to systematically capture market knowledge through visitor feedback forms or internal visitor statistics. Instead, local operators often expected the government-funded regional and state tourism organisations, as well as other ‘perceived experts’ (such as external consultants, project managers, tourism development officers), to automatically inform them about new market trends, product gaps, or new funding opportunities.

6.3. Product Homogeneity and Limited Clustering Activity

There was a high degree of product homogeneity and a clear lack of complementary products and experiences in the local tourism industry. Farm-based tourism operators were found to be mainly imitating each other and replicating existing product ideas – usually a combination of four-wheel-drive tracks, converted shearsers’ quarters, and self-contained camping facilities. The traditional focus on producing homogenous bulk commodities (such as wool or grain) within a highly government protected economic monoculture appears to have limited the ability of local farming businesses to think ‘outside the square’ and identify new product niches in tourism. While local operators were happy to open up farm-based accommodation and 4WD tracks (because their neighbours had done the same), they did not appear to recognise the need for other complementary products (for example, restaurants and cafés, guided tours and activities, arts and craft, entertainment, and events) to
build an overall destination experience for visitors. This lack of product diversity caused some significant product gaps in the region. For example, some towns had plenty of accommodation options available but did not have any operators offering dining options or other complementary activities that could keep visitors in town for longer.

Another reason for the low product diversity was the apparent low level of competition among local operators. The geographic dispersal of farmers and pastoralists, in conjunction with their traditional reliance on delivering bulk commodities to national wholesalers for almost guaranteed prices, meant that farmers never had to compete with each other in the past for their end markets. They were not used to the fact that they had to think competitively in tourism and differentiate their products from their neighbours’ products to gain some market advantage. Instead, they considered each other as fellow business owners who shared a common destiny in declining primary resource production. Most of them seemed to empathise strongly with each other and motivations to outperform other tourism operators were rather low. This lack of ambition has led in many cases to a lack of value-adding and deteriorating standards of facilities as operators did not see a need to upgrade and improve their products to attract more customers.

6.4. Limited Culture of Networking and Collaboration

Practices such as networking, collaboration and knowledge sharing within the tourism industry have been very limited in the region. Again, it appeared that the focus on producing just a single type of raw material, the geographic isolation, and the reliance on external wholesalers for commodity marketing has stifled the formation of a local networking and collaboration culture. Farmers and station owners were apparently not used to developing linkages with other local (or external) businesses for joint tourism product packages, joint brochures or trade show participation, commissions for booking referrals, and general knowledge exchange.

There were, however, some interesting differences in the observed collaboration behaviour among crop farming communities in the south and pastoral communities in the north. Pastoral communities in the Central/Northern Flinders Ranges generally showed stronger signs of networking potential and a greater willingness to collaborate than farming communities in the south. This was because northern pastoral communities were repeatedly described as having developed stronger internal support structures over time due to a joint history of struggle and survival in the harsh arid semi-desert environment. Pastoralists felt highly attached to their land and lifestyles and showed strong signs of internal cohesion and general support for other pastoral station owners and communities. Nevertheless, these internal support structures were more about maintaining communities and community services in times of natural disasters, rather than collaborating for business purposes (such as marketing or distribution). Networks and collaboration for tourism therefore strongly relied on a leader and incubator (for example, the regional economic development board) who could coordinate networking activity between dispersed stations and communities and kick-start joint tourism projects.

The southern agricultural communities, on the other hand, appeared to be a lot more fragmented, and collaboration for tourism projects, particularly beyond traditional council boundaries, was very limited. Southern agricultural communities had always been more independent and self-focused in the past than communities in the north. This was mainly because they were not as isolated as the remote northern communities and less prone to drought-struck disaster (due to a milder climate), which made crop farming in the south more prosperous and reliable than sheep farming in the north. Southern communities were described as being more ‘Adelaide centric’ rather than ‘local centric’, meaning that trade networks for economic development traditionally focused on direct connections to the core. Ambitions to work with other surrounding council districts to stimulate new economic development projects, for example through tourism, were therefore limited.

Cross-regional networking and collaboration for tourism between the south and the north was particularly weak. One of the main reasons for this was the strong embedded perception of traditional regional boundaries among local communities. For example, local government areas in the South-
ern Flinders Ranges have traditionally been part of South Australia’s agriculture dominated Mid North, whereas the Central and Northern Flinders Ranges have been part of the arid pastoral and mining dominated Far North. The boundaries of the Flinders Ranges tourism destination, however, were defined by the South Australian state government to encompass parts of the Mid North and the Far North as one single large destination. This top-down creation of tourism boundaries has combined different regions with different economic legacies and a lack of common history of working together in one tourism destination. Agricultural communities in the south simply did not feel that they were belonging to the same destination as the more remote and dispersed pastoral stations and mining towns in the north. As a result, southern towns and council districts were repeatedly reluctant in the past to contribute local government funding to all-of-destination marketing activities.

6.5. Impacts of Inherited Government Priorities on Critical Mass in Tourism

There was evidence of an entrenched perception of the region as a traditional resource periphery among local community members, local government, as well as state government agencies. Many local pastoralists and farmers were opposed to tourism development during the 1980s and 1990s, as they perceived tourism as a threat to their traditional values and lifestyles. For example, they blamed tourists for their negative environmental impacts (causing pollution, wasting water, damaging station roads, disturbing sheep and cattle and so on). They were also concerned that increased tourism development meant that they would face increased land use restrictions due to the need to conserve natural landscapes for tourist consumption. New tourism development proposals were therefore often met with resistance in local communities where local governments and progress associations were almost exclusively represented by long-term farmers and pastoralists.

Even as more local farming and pastoralist families diversified into tourism due to the prolonged drought and economic decline throughout the late 1990s and early 2000s, local governments and communities still only considered tourism as a secondary income stream for existing primary industry businesses, and not as a serious industry in its own right. Tourism operators in farming dominated council districts, such as Quorn, Orroroo/Carrieton, Mount Remarkable and Northern Areas, mentioned that tourism businesses and tourism development proposals were never really taken seriously by local government. Tourism as a ‘subservient’ service industry has arguably been a female dominated industry, with most businesses being run or managed by women (including the wives of farmers and pastoralists). As such, it received little support from local councillors who were predominantly long-term farmers and highly protective of traditional values associated with male dominated resource industries. Tourism development officers and destination marketing managers repeatedly struggled to convince local government boards to support tourism campaigns and development proposals.

The same has been the case in the northern mining towns, where tourism has so far failed to gain acceptance and recognition among local communities and local government bodies. For example, the northern mining towns did not support the development of strategic regional tourism plans, indicating that tourism was simply not needed in their communities due to the mining boom. Tourism also seemed to be unable to compete with the interests of the mining industry at state government level. According to government legislation, natural landscapes such as wildlife sanctuaries and even National Parks – even if recognised as important tourism assets – can be resumed for mining at any time if state or federal governments decide that mining is in the best economic interest of the state or nation. One of the most significant examples of this regulation was the recent (and still ongoing) dispute in the Northern Flinders Ranges over the state government’s aspirations to allow uranium mining within the Arkaroola Wilderness Sanctuary – which has been a popular tourism attraction in the Northern Flinders Ranges since the 1970s. Despite repeated protests and lobbying from local tourism operators and environmental conservation groups, a final ban on mining to protect the sanctuary has so far not been achieved.

Interestingly, though, the South Australian government has recently started to recognise and sup-
port tourism in its latest strategic plan as a new important export industry for the state. However, this may well be another indicator that the state government is in fact caught in a certain export development path and does not use tourism as a means of post-staples diversification. A key priority for the state tourism commission is the creation of ‘signature developments’ – which are basically large-scale tourism projects that can draw high volumes of (interstate and international) tourists into the state and increase tourist expenditure. While this strategic shift may not be necessarily bad for the general competitiveness of tourism in South Australia, it needs to be considered that rural and remote regions like the Flinders Ranges have very limited capacity to deliver such large-scale signature developments, unless projects are funded and managed by external investors. As a result, the state tourism commission has started to support and encourage tourism investment in the Flinders Ranges by large external tourism companies. This was for example evidenced by the recent take-over of Wilpena Pound Resort near Hawker (the largest tourism accommodation facility in the region) by the Gold Coast-based resort company Anthology.

Although such external investment might be considered as a positive trend for the region from a short-term economic point of view (and this is exactly how it is generally portrayed in the media and in government press releases), it seems that this form of development primarily replicates past patterns of staples investment and dependency. As argued by Schmallegger and Carson (2010) in their study on tourism in Central Australia, tourism can indeed become similar to a new staples industry and develop similar patterns of external dependence and limited internal capital development. The results are that internal economic linkages fail to emerge and the destination struggles to develop the required local human and economic capital to sustain growth internally. First experiences in the Flinders Ranges have already demonstrated that the opportunities for small locally-based businesses to develop linkages with those large external companies are very limited. Large tourism companies tend to operate as ‘in-house’ clusters, bring in their own staff and suppliers, and generally do not rely on the local workforce or on local service providers.

7. Conclusion

There is an increasing recognition in the tourism and regional development literature that tourism may not be the much praised panacea for declining peripheral resource economies (see Hall 2007; Müller and Jansson 2007). The case of the Flinders Ranges suggests that the capacities of local resource dependent communities to develop a successful regional tourism system as a means for economic diversification are in fact very limited. It seems that the long-term dependence on staples exports in the Flinders Ranges has created a certain degree of institutional lock-in in local communities that has stifled their capacity to develop internal systems-of-innovation dynamics in tourism. The case study has identified a number of significant challenges and institutional barriers for innovation behaviour in tourism. These include:

- A lack of ‘home-grown’ tourism entrepreneurship;
- An inherited dependency culture among local businesses reliant on government and external investors;
- Limited knowledge and skills in tourism;
- Homogenous product development approaches and a lack of competitive thinking;
- A lack of understanding of the need to create and exchange market knowledge;
- A lack of networking and collaboration;
- Limited local government and community acceptance of tourism; and
- An entrenched export mentality in government policy.

This case study has focused on tourism as one potential industry for post-staples diversification in remote South Australia. Yet the basic idea of analysing systems-of-innovation dynamics from a staples thesis perspective can be applied to other industries that may be chosen as a vehicle for economic diversification (such as education, creative and technology-based industries).

This paper concludes that any study looking at the potential for post-staples diversification in resource peripheries needs to consider issues of institutional lock-in and the impacts of the inherited institutional environment on general system dynamics. Using a systems-of-innovation perspec-
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...from a holistic perspective that considers a whole range of actors and institutions involved in the economic system.

References


