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**Understanding the Impact of the Inherited
Institutional Environment on Tourism Innovation
Systems in Resource Dependent Peripheries:**

A Case Study of the Flinders Ranges in South Australia

Thesis submitted by

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in October 2010

for the degree of Doctor of Philosophy

in the School of Business

James Cook University, Australia

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Declaration on Ethics

The research presented and reported in this thesis was conducted within the guidelines for research ethics outlined in the *National Statement of Ethics Conduct in Research Involving Human* (1999), the *Joint NHMRC/AVCC Statement and Guidelines on Research Practice* (1997), the *James Cook University Policy on Experimentation Ethics, Standard Practices and Guidelines* (2001), and the *James Cook University Statement and Guidelines on Research Practice* (2001). The proposed research methodology received clearance from the James Cook University Experimentation Ethics Review Committee (approval number H2906).

15 October 2010

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This thesis is dedicated to my Dad - I miss you deeply.

List of Publications Associated with this Dissertation

The theoretical framework developed for this dissertation, as well as parts of the case study findings, have been published (or accepted) in the following peer reviewed papers:

- 1) Schmallegger, D., Harwood, S., Cervený, L., & Müller, D. (2011). Remote Area Tourist Populations and their Impact on Local Capital. In D. Carson, P. Ensign, R.O. Rasmussen, L. Huskey & A. Taylor (Eds.), *Demography on the Edge: Human Populations at the Frontier of Developed Nations* (pp. 271-288). Farnham, UK: Ashgate.
- 2) Schmallegger, D., & Carson, D. (2010). Is Tourism Just Another Staple? A New Perspective on Tourism in Remote Regions. *Current Issues in Tourism*, 3(May), 201-221.
- 3) Schmallegger, D., Carson, D., & Tremblay, P. (2010). The Economic Geography of Remote Tourism: The Problem of Connection-seeking. *Tourism Analysis*, 15(1), 125-137.
- 4) Schmallegger, D., & Carson, D. (2010). Whose Tourism City Is It? The Role of Government in Tourism in Darwin, Northern Territory. *Tourism and Hospitality Planning & Development*, 7(2), 111-129.
- 5) Schmallegger, D., Carson, D., & Jacobsen, D. (2010). The Use of Photographs on Consumer Generated Content Websites: Practical implications for destination image analysis. In N. Sharda (Ed.), *Tourism Informatics: Visual Travel Recommender Systems, Social Communities and User Interface Design* (pp. 243-260). Hershey, PA: IGI Global.
- 6) Schmallegger, D. (2010). Managing the Transition from Coach to Car Based Markets: The search for commercial value in Australia's Flinders Ranges. In B. Prideaux & D. Carson (Eds.), *Drive tourism – Trends and emerging markets* (pp. 14-35). Milton Park: Routledge.
- 7) Schmallegger, D. (2009). The Power of Loose Ties: Networking for Market Diversification in Remote Australia. In A. Fyall, M. Kozek & L. Andreu (Eds.), *Marketing Innovations for Sustainable Destinations* (pp. 286-298). Oxford, UK: Goodfellow Publishers.
- 8) Schmallegger, D. and Carson, D. (2009). Destination Image Projection on Consumer Generated Content Websites: A case study of the Flinders Ranges. *Journal of Information Technology and Tourism*, 11(2), 111-127.
- 9) Schmallegger, D., Taylor, A. and Carson, D. (2011, *in press*). Rejuvenating Outback Tourism through Market Diversification: The Case of the Flinders Ranges in South Australia. *International Journal of Tourism Research*.
- 10) Schmallegger, D. and Carson, D. (2011, *forthcoming*). Why Tourism May Not Be Everybody's Business: Overcoming Tradition in Diversifying Peripheral Staples Economies. *Rangeland Journal*.

Along with the papers directly drawn from the work on this dissertation, Schmallegger has co-authored nine other peer reviewed publications between 2008 and 2010 which are used as background information in the dissertation where relevant.

- a. Carson, D., Schmallegger, D. & Harwood, S. (2010). A City for the Temporary? Political Economy and Urban Planning in Darwin, Australia. *Urban Policy and Research*, 28(3), 293–310.
- b. Carson, D., Schmallegger, D. & Campbell, S. (2010). *Whose City Is It? A Thinking Tour of Darwin*. Darwin: CDU Press.
- c. Carson, D., & Schmallegger, D. (2010). Drive Tourism: A View from the Road. In B. Prideaux & D. Carson (Eds.), *Drive Tourism – Trends and Emerging Markets* (pp. 358-368). Milton Park: Routledge.
- d. Carson, D. & Schmallegger, D. (2009). Fishing the Big Rivers in Australia's Northern Territory: Market diversification for the Daly River. In B. Prideaux & M. Cooper (Eds.), *River Tourism* (pp. 131-146). Oxfordshire, UK: CABI.
- e. Holyoak, N., Carson, D. & Schmallegger, D. (2009). VRUM™: A tool for modelling travel patterns of self-drive tourists. In W. Hoepken, U. Gretzel & E. Laws (Eds.), *Information and Communication Technologies in Tourism 2009* (pp. 238-247). Vienna - New York: Springer.
- f. Carson, D., Schmallegger, D., Thompson, G., Jones, R. & Pilgrim, A. (2009). iVisit™: An Information Exchange Tool for Self-drive Tourists in Remote Australia. In J. Carlsen, M. Hughes, K. Holmes and R. Jones (Eds.), *Proceedings of the 19th Annual CAUTHE Conference*, 10-13 February. Fremantle: Curtin University of Technology.
- g. Schmallegger, D. & Carson, D. (2008). Blogs in Tourism: Changing approaches to information exchange. *Journal of Vacation Marketing*, 14(2), 99-110.
- h. Schmallegger, D. & Carson, D. (2008). Information Search and Trip Planning Behaviour of International and Domestic Four Wheel Drive Travellers in Central Australia. In S. Richardson, L. Fredline, A. Patiar, & M. Ternel (Eds.), *Proceedings of the 18th Annual CAUTHE Conference*, 11-14 February. Griffith University: Gold Coast.
- i. Schmallegger, D. (2008). *Aboriginal Tourism in Central Australia: How to reach the four-wheel-drive market*. Leipzig, Germany: VDM-Verlag Dr. Müller.

Abstract

The purpose of this dissertation is to use the theoretical foundations of the ‘staples thesis’ to analyse and explain how the institutional environment inherited from resource dependence influences the capacity of peripheral regions to operate as regional tourism innovation systems (RTIS). The staples thesis is a theoretical approach to explaining processes of economic growth and development in peripheral economies that rely on the export of unprocessed natural resources – the ‘staples’. It suggests that the institutional environment resulting from a long-term dependence on staples export can become locked-in to the extent that the economic system becomes unable to change. The implications of this ‘staples trap’ are that the system struggles to innovate and diversify for reasons such as the adoption of an export mentality and the continued preference for importing external (financial and human) capital over developing capital internally. The staples thesis, with its concept of the ‘staples trap’ as a form of institutional lock-in, offers considerable potential to help explain why resource dependent regions in developed countries (such as Australia, Canada, the United States, and New Zealand) often struggle to develop tourism as a successful alternative industry.

The research is based on the analysis of a case study in the Flinders Ranges – a traditional resource periphery in South Australia that has tried to diversify its regional economy over the past decades by developing tourism. The case study examined the characteristics and performance of the Flinders Ranges tourism destination from a RTIS perspective to identify how the tourism destination system has been affected by the inherited institutional environment. The research used Carson and Jacobsen’s (2005) systems-of-innovation framework for regional tourism as an analytical framework. This framework outlines a number of systemic requirements that are critical for well-functioning RTIS, including: entrepreneurship, economic competence, networks and clusters, critical mass and diverse development blocks, the production and distribution of knowledge, productive public sector contributions, a favourable institutional infrastructure, and the quality of social, political and cultural capital. Case study methods included semi-structured in-depth interviews, document and website analyses, analysis of secondary data sources, and personal observations.

The findings suggest that the institutional environment inherited from the region’s traditional staples industries (agriculture, pastoralism and mining) has clearly reduced the capacity of the local tourism system to operate as a RTIS. Locals had only limited entrepreneurial capabilities and skills in tourism due to an entrenched culture of reliance on government and external wholesalers for investment, employment, knowledge transfer and control of production and distribution. Locals had a limited tradition of networking, collaboration and knowledge

exchange because they had never learnt such practices in the past when they had to deliver homogenous bulk commodities to external wholesalers. In addition, government intervention in tourism was often characterised by an inherited ‘staples export mentality’. Government strategies aimed to convert tourism into a new export industry and continued to target large-scale development and external investors instead of building local capital. Despite these limitations, the case study found that the Flinders Ranges tourism system has undergone a number of slow but significant changes since the mid-2000s, which have increased the system’s capacity to operate as a RTIS. The most prominent changes included: an increase in the number of skilled tourism entrepreneurs; the emergence of a new networking and learning culture among local tourism operators; a new focus on local training and capacity building; and the increasing public sector support for locally driven cross-regional tourism projects. These changes emerged as a result of the in-migration of externally trained entrepreneurs and public sector leaders who introduced new knowledge, practices and attitudes to the region.

This thesis argues that peripheral regions with a long history of staples dependence, like the Flinders Ranges, require profound changes in their institutional environment to be able to operate as well-functioning RTIS. Tourism is not an ‘easy’ alternative to back up existing resource economies in times of economic crisis. Instead, it is a new industry that requires the whole system with its collective of stakeholders to fundamentally change previous ways of operating. Such institutional change is very unlikely to emerge from within the local economic system. In the case of the Flinders Ranges, institutional change was a slow and incremental process that was facilitated by 1) the import of external human capital, and 2) the willingness to gradually integrate external with local human capital so that locals could ‘learn’ new (and simultaneously ‘un-learn’ old) practices and attitudes.

The research concludes that analysing tourism destinations as RTIS under the particular light of the staples thesis offers a new and better way of explaining system dynamics and innovation capacities of destinations in resource dependent peripheries. Applying a staples thesis lens to the analysis of peripheral RTIS can add a more evolutionary institutional perspective to generic systems-of-innovation analysis in tourism, which has so far been relatively static. Building on Carson and Jacobsen’s (2005) systems-of-innovation framework for regional tourism, this dissertation provides an enhanced theoretical framework that recognises the role and impact of the inherited institutional environment in shaping tourism innovation dynamics. The framework is built around a familiar case study methodology that allows for ongoing comparative research and further theory building in the field of peripheral tourism studies.

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List of Abbreviations

ABC	Australian Broadcasting Corporation
ABS	Australian Bureau of Statistics
AWTA	Australian Wool Testing Authority
ATDW	Australian Tourism Data Warehouse
B&B	Bed and Breakfast
CEO	Chief executive officer
CRC	Cooperative Research Centre
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DEH	Department of Environment and Heritage
FROSAT	Flinders Ranges and Outback South Australia Tourism
FRTOA	Flinders Ranges Tourism Operators Association
GIS	Geographic information system
IVS	International Visitor Survey
NRDB	Northern Regional Development Board
NT	Northern Territory
NSW	New South Wales
NVS	National Visitor Survey
OACDT	Outback Areas Community Development Trust
PACC	Port Augusta City Council
PIRSA	Primary Industries and Resources South Australia
RIS	Regional innovation system
RTIS	Regional tourism innovation system
SA	South Australia
SACBH	South Australian Co-operative Bulk Handling
SARDI	South Australian Research and Development Institute
SATC	South Australian Tourism Commission
SFRDB	Southern Flinders Ranges Development Board
SFRTA	Southern Flinders Ranges Tourism Authority
SFTA	Southern Flinders Tourism Association
SLSA	State Library of South Australia
SPCC	Social, political and cultural capital
TAFE	Training and Further Education
TRA	Tourism Research Australia
URPS	Urban & Regional Planning Solutions
USG	Upper Spencer Gulf
USGCPG	Upper Spencer Gulf Common Purpose Group
4WD	Four-wheel-drive

Chapter 1: Introduction to the Study

1.1 Introduction

The purpose of this dissertation is to use the ‘staples thesis’ of economic growth and development (Watkins, 1963) to analyse and explain how the institutional environment inherited from resource dependence influences the capacity of peripheral tourism destinations to operate as regional tourism innovation systems (RTIS). Tourism has often been presented as a relatively easy economic alternative for peripheral regions in developed countries to compensate for economic decline in traditional primary industries (Müller and Jansson, 2007). The reality, however, may be different, as Hall (2007) noted that peripheral regions have mostly struggled to harness tourism for regional development. The challenges facing peripheral regions and businesses trying to engage in tourism and diversify declining traditional resource dependent economies are widely acknowledged in the tourism literature (Botterill et al., 2000; Wanhill, 1997; Hall and Boyd, 2005). They include distance to market, lack of infrastructure, lack of entrepreneurship, lack of financial and human capital, and a lack of political and economic control over decision-making.

What has been less well examined is how and why these challenges have arisen over time. There has been a lack of theory in the existing collection of largely descriptive case studies of peripheral tourism destinations, and this has limited our understanding of how tourism economies operate in peripheral regions. The peripheral tourism literature has generally failed to attend to other fields of research that have looked at issues of economic development and diversification in the peripheries of developed nations. One theoretical approach to analysing peripheral economic development that is particularly interesting in the Australian context is the ‘staples thesis’. Staples thesis explains the process of economic growth and development in peripheral countries or regions whose economies are dependent on the export of staples commodities – relatively unprocessed natural resources, such as minerals, oil, lumber, grain, livestock, fish, and wool (Altman, 2003; Barnes, Hayter and Hay, 2001). Staples thesis has been found useful in describing the development paths of resource dependent peripheries, especially in Canada, from where it originated (Watkins, 2007; Howlett and Brownsey, 2008).

Staples thesis suggests that continued dependence on staples export can result in unbalanced growth and limited internal development. Failure to achieve sustainable economic growth is strongly linked with an inadequate institutional management of the dominating resource industries. Resource dependent regions can become locked into a cycle of dependence on external markets and sources of capital and therefore struggle to achieve economic diversification and internal development (Watkins, 1963; Howlett and Brownsey, 2008). Staples

researchers have repeatedly commented on tourism's potential to diversify or supplement declining resource dependent economies (Barnes and Hayter, 1994; Howlett and Brownsey, 1996; Luke, 2003), but so far they have not critically examined tourism as an alternative industry from a staples thesis perspective. It is not until recently that tourism researchers have started to link peripheral tourism development with the theoretical foundations of staples thesis and to analyse tourism through a staples thesis framework (Schmallegger and Carson, 2010a; Schmallegger, Carson and Tremblay, 2010).

Staples research usually takes a systems approach that recognises the role of the institutional environment in determining the ways in which economic systems function (Watkins, 1963; Hayter and Barnes, 1990). Such systems analysis has become increasingly prominent in tourism research (Carson and Jacobsen, 2005; Carson and Macbeth, 2005; Hjalager et al., 2008; Lawrence, 2005). The research presented in this thesis builds on the work of Carson and Jacobsen (2005), who developed a framework within which to examine regional tourism innovation systems (RTIS). A RTIS is defined as the collective of organisations involved in a tourism destination whose behaviour is governed by the destination's unique institutional environment (Carson and Macbeth, 2005). Through processes of interaction and collective learning, a RTIS develops the capacity to recognise the need for change, as well as identify and implement new development opportunities in response to changing circumstances (Carson and Jacobsen, 2005; Hjalager et al., 2008).

Staples theorists believe that the institutional environment evolving around staples export industries can stifle economic change and innovation in resource dependent regions (Watkins, 1963; Markey, Halseth and Manson, 2006; Wellstead, 2008). If tourism is developed within the same institutional environment, staples thesis may help explain why it is so difficult to establish well-functioning and innovative tourism systems that can stimulate economic diversification and bring local benefits. This dissertation seeks to 'import' the staples thesis from the fields of economic geography and political economy and apply it to the analysis of peripheral tourism destinations to see if it can provide a better understanding of the dynamics of RTIS in resource dependent peripheries. The research will use the staples thesis as a lens to analyse and explain the experiences encountered in a particular peripheral tourism destination in Australia, using a case study methodology based on the work of Carson and Jacobsen (2005) and Carson and Macbeth (2005). By doing so, it provides a new enhanced theoretical framework around a familiar case study methodology that allows for ongoing comparative research and can create a more solid foundation for further theory building in the field of peripheral tourism studies.

1.2 Background to the Study

Despite an ongoing debate in the tourism literature about the challenges for peripheral tourism development, the reasons *why* tourism in peripheral areas of developed nations often fails to reach its apparent potential are not fully understood. One of the main weaknesses of the peripheral tourism literature is that most of the research available is disjointed and fragmented, based on non-related and non-comparable descriptive case studies. While these case studies talk a lot about the obvious symptoms of being peripheral and what they mean in terms of challenges for successful tourism development, they generally do not recognise and explain the deeper causes of the historically embedded problems that hinder economic (and hence tourism) development in those areas. Theoretical approaches to analysing peripheral tourism development are largely missing in peripheral tourism research. The few significant exceptions include: Britton's (1989) work on tourism in developing countries, which analysed tourism through the framework of peripheral capitalist economies; Keller's (1987) attempt to model and forecast the different stages of peripheral tourism development along Butler's (1980) destination lifecycle model; and Moscardo's (2005) approach to developing a conceptual scheme of peripheral tourism development.

Another major problem with previous research on tourism development in peripheral regions is that it has mostly considered tourism in isolation and not within the wider historic and economic context. The peripheral tourism literature has generally failed to recognise the role of economic history and does not distinguish between different economic inheritances and their impact on economic development paths (Moscardo, 2005). There are a number of industries that peripheral economies are typically built on, including primary resource production, transport, manufacturing, government services or defence (Hall, 2007; Halseth, Ryser and Sullivan, 2003). Different industries are likely to create different economic legacies in peripheral areas and can have different impacts on regional development paths. In Australia, for example, many peripheral regions have traditionally been reliant on primary resource industries, such as agriculture, pastoralism or mining. These industries tend to shape the regional institutional environment over time in very specific ways, which can impact on a region's capacity to develop tourism as a vehicle for economic diversification. The nature and level of the impact that such inherited institutional environments can have on tourism development in resource dependent peripheries are, however, still only poorly understood.

What has been missing in the peripheral tourism literature is a comprehensive theoretical framework which can provide a more holistic understanding of the issues affecting tourism development in resource dependent peripheries such as those found in Australia. So far, tourism

researchers seem to have largely ignored theoretical models and frameworks from other fields of research, such as economic geography and political economy, which have dealt with the issues of economic development in peripheral areas of developed countries. Instead, the tourism literature seems to have concentrated on a range of simplistic interpretations of the core-periphery model of regional development initially proposed by Friedmann (1966).

One of the most comprehensive theoretical approaches to explaining why resource dependent peripheries often struggle to diversify their economies is the 'staples thesis'. Staples thesis has emerged in the early 20th century from the research of Canadian historians and political economists who sought to explain the processes of economic change in peripheral economies of New World countries such as Canada. A body of literature has emerged over the past century around the idea of 'staples economies' and the constraints that apply to their development paths (Innis, 1933; Watkins, 1963; Schedvin, 1990; Barnes et al., 2001; Howlett and Brownsey, 2008). Staples pioneer Harold Innis (1933) argued that these economies often remain on the margin because they have almost exclusively been reliant on the export of minimally processed natural resources to more advanced economies and external metropolitan cores (Altman, 2003; Barnes et al., 2001). Despite occasional rapid economic growth, countries or regions with greater reliance on natural resources tend to experience slower long term rates of growth and are highly susceptible to boom and bust cycles linked with overdependence on external markets and investors (Barnes et al., 2001; Sachs and Warner, 2001).

Staples thesis recognises the institutional environment as crucial in determining the prospects for peripheral economic systems. The institutional environment may be understood as the set of rules, laws, regulations, customs, practices or procedures that influence human behaviour within an economic system (North, 1990). It is comprised of explicit and formalised rules and regulations which control socio-economic behaviour, as well as implicit and informal conventions, customs, norms and social routines (Martin, 2000). Innis (1933) argued that the institutional environment resulting from a long-term reliance on natural resource export can become locked-in to the extent that the economy can ultimately get caught in a 'staples trap' (Watkins, 1963). The 'staples trap' refers to the continuing of a set of institutional arrangements which fail to convert rapid initial growth based on exports into more sustainable local diversification of economic activity (Kassam, 2001; Wellstead, 2008). The institutional environment becomes rigid and uncondusive to change so that the economic system can become stuck in a continuous cycle of resource dependence (Watkins, 1963; Wellstead, 2008). Economic diversification and self-sustaining internal growth are blocked because the system adopts an export mentality that remains dependent on investments from government or external financiers to sustain ongoing staples export (Barnes et al., 2001; Howlett and Brownsey, 2008).

Recognising the social and political institutional environment and how it shapes economic activity seems to be the key to better understand and explain the nature and development of the economic landscape in resource dependent peripheries (Martin, 2000). Staples thesis, with its concept of the 'staples trap' as a form of institutional lock-in, may help explain why resource dependent regions often struggle to diversify their economies to include alternative non-export based industries. There has been only limited work examining the implications of the staples thesis for tourism development in peripheral regions so far. Schmallegger and Carson (2010a) and Schmallegger, Carson and Tremblay (2010) have recently analysed the case of Central Australia to show that peripheral tourism economies can in fact exhibit similar characteristics as traditional staples export economies and can get caught in a 'staples trap'. This field of research is, however, still in its infancy and the authors clearly identified the need for further research into the applicability of the staples thesis to peripheral tourism research.

Staples researchers have argued that, to avoid 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 (Hutton, 2008; Wellstead, 2008; Howlett and Brownsey, 2008). This transition would require the economic system to engage in processes of systemic innovation to either achieve greater independence within the resource marketplace or to diversify the economic base to include new industries in the tertiary and quaternary sectors (Halseth et al., 2010). In this context, it has often been mentioned that diversification into tourism can be a promising way to escape the trap and create more vital and self-sustaining regional economies (Howlett and Brownsey, 1996 and 2008; Barnes and Hayter, 1994; Thorpe and Sandberg, 2008; Hutton, 2008; Luke, 2003).

To be able to diversify the staples based economy and accommodate a new industry, such as tourism, the economic system needs to engage in processes of collective change that allows for the development of new ideas, practices and industry structures. Economic systems that are able to embrace change and take advantage of new opportunities have often been referred to as 'systems of innovation'. Systems of innovation have been defined as the collective of actors, organisations and institutions involved in an economic system whose interactions determine the production, diffusion and use of new knowledge required to generate and implement innovative ideas (Freeman, 1995; Edquist, 1997; Lundvall, 1992). 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. The institutional environment is

fundamental in facilitating processes that are central to innovative behaviour, including networking, clustering, knowledge exchange, entrepreneurship or public-private sector relationships (Iammarino, 2005; Doloreux and Parto, 2005; Cooke et al., 2004).

The systems-of-innovation approach has gained increasing recognition in the tourism economics literature over the past few years and several researchers have sought to establish ways to examine how tourism destinations operate as economic systems of innovation (Carson and Jacobsen, 2005; Carson and Macbeth, 2005; Hall and Williams, 2008; Hjalager et al., 2008; Mattsson et al., 2005). Of particular interest is the work of Carson and Jacobsen (2005), who developed a detailed framework for analysing the performance of RTIS. They argued that, to fully understand the dynamics of regional tourism destinations, one needs to consider a whole range of critical factors that determine their capacity for innovation. These include: entrepreneurship; economic competence; networks and clusters; the existence of critical mass and productive development blocks; the production and distribution of knowledge; the role and involvement of government agencies; the formal institutional infrastructure; and the quality of social, political and cultural capital.

Past research into regional innovation systems has mostly focused on metropolitan or urban areas and few studies have specifically examined the potential for systems-of-innovation development in peripheral regions (Doloreux, 2003; Virkkala, 2007). Peripheral regions appear to be constrained in their capacity to operate as regional innovation systems due to a number of inherent structural weaknesses, such as: a lack of internal financial and human capital, limited local entrepreneurship, limited local markets, a lack of internal networks and clusters, a lack of access to research and knowledge, and a lack of political control (Doloreux and Dionne, 2008; Virkkala, 2007; North and Smallbone, 2000; Asheim and Isaksen, 1997). The same constraint factors have been identified in the peripheral tourism literature as the main reasons why peripheral regions have often struggled to become successful tourism destinations (Müller and Jansson, 2007; Hall and Boyd, 2005; Blackman et al., 2004; Wanhill, 1997).

The work by Markey et al. (2006) suggested that these constraint factors stem from the long-term reliance on staples industries which has resulted in entrenched institutional structures and has left resource dependent regions unable to manage economic change as regional innovation systems. We might expect, then, that the capacity of resource dependent peripheries to develop successful regional tourism innovation systems is strongly affected by the inherited institutional environment. A systems-of-innovation framework, such as the one developed by Carson and Jacobsen (2005), can provide a very useful analytical tool to identify the factors that limit the capacity of peripheral resource dependent regions to operate as RTIS. However, it can only

provide a snapshot of the systemic limitations in place and does not really explain how these limitations have emerged over time and how they have been influenced by the inherited institutional legacy of primary resource industries. Analysing peripheral tourism destination systems through a staples thesis lens can add a more evolutionary perspective to generic systems-of-innovation analysis that, in the tourism literature at least, has been quite static.

The confluence of the systems-of-innovation approach and the staples thesis has the potential to provide a deeper understanding of the processes of economic change in resource dependent peripheries. The opportunity is to build on general views of peripheral tourism destinations as regional innovation systems (Carson and Jacobsen, 2005; Hjalager et al., 2008) to provide more specific insights for those destinations which have had historical dependence on natural resource industries. In particular, the potential is to understand how the institutional environment created around resource dependence affects the ways in which peripheral tourism innovation systems function. By applying staples thesis to the analysis of peripheral tourism destinations as regional tourism innovation systems (RTIS), the academic fields of tourism and economic geography (as well as political economy) in peripheral areas are brought closer together. This dissertation uses the staples thesis to provide an enhanced theoretical framework for analysing the dynamics of RTIS in resource dependent peripheries.

1.3 Research Problem and Research Questions

The purpose of this research is to use the theoretical foundations of the staples thesis to analyse and explain how the institutional environment that has formed around resource dependence influences the ways in which tourism destinations can operate as RTIS in peripheral regions. The fundamental research problem of this dissertation is to examine the utility of staples thesis to provide an enhanced theoretical framework for analysing and explaining the dynamics of RTIS in resource dependent peripheries. The aim is to integrate the theoretical concepts of the staples thesis with systems-of-innovation analysis in tourism to better understand how the inherited institutional environment impacts on RTIS dynamics in resource dependent peripheries and how tourism destinations can cope with such impacts. Staples thesis suggests that a long-term reliance on staples export can lead to a particular form of institutional lock-in: the ‘staples trap’. Based on this idea, the following theoretical proposition was developed for this research:

The prospects for well-functioning tourism destination systems (i.e. RTIS) in staples dependent peripheries are constrained because institutional lock-in resulting from historic staples dependence makes the institutional environment uncondusive to change and hampers the emergence of institutions required in RTIS.

The research sets out to test this proposition by addressing the following research questions:

- 1) How does the inherited institutional environment impact on the dynamics of RTIS in a peripheral staples dependent region?
- 2) How does the peripheral tourism destination system cope with the impacts caused by the inherited institutional environment?

The research attempts to answer these questions through the analysis of a critical explanatory case study (Yin, 2009). The case study analyses the experiences of one peripheral region in Australia that has sought to diversify its staples based economy with tourism – the Flinders Ranges in South Australia. The case study approach is a familiar one in both staples and RTIS research (Barnes et al., 2001; Halseth et al., 2003; Carson and Macbeth, 2005; Hjalager et al., 2008). Case studies are seen as important in staples thesis work because they can help increase the robustness of the staples thesis by exposing its generalised tenets to new evidence from unique settings and unique sets of circumstances. While case studies have dominated the peripheral tourism research, the evidence they present has not been well linked to a more generalised theory. The positioning of a peripheral tourism case study within the staples thesis body of work (demonstrated as possible by Schmallegger and Carson, 2010a) is a key contribution of this research.

1.4 Justification for the Research

The importance of tourism as one of the very few economic alternatives for declining economies in peripheral regions of developed countries is widely accepted among tourism researchers and practitioners (Müller and Jansson, 2007; Moscardo, 2005; Hall and Boyd, 2005; Saarinen, 2003; Brown and Hall, 2000; Hohl and Tisdell, 1995; Keller, 1987). However, despite an increasing number of studies into peripheral tourism, our understanding of why peripheral resource dependent regions have repeatedly failed to harness tourism for economic diversification and development remains limited. This research makes an important contribution to this field of knowledge by introducing staples thesis to the analysis of tourism destinations in resource dependent peripheries and providing a new theoretical framework for peripheral tourism research.

The research also makes important contributions to the staples thesis literature. While staples researchers have often commented on the potential of tourism to diversify resource dependent economies, they have not critically examined tourism from a staples thesis perspective. The research seeks to fill this gap in the staples thesis literature by providing new insights into the

capacity of resource dependent peripheries to develop well-functioning and innovative tourism destination systems. More generally, the research introduces systems-of-innovation analysis to staples research. Despite a general recognition of the need for innovation and economic diversification for post-staples development (Hutton, 2008; Wellstead, 2008; Howlett and Brownsey, 2008), there have been only few studies that have specifically addressed the processes and requirements of systemic innovation in staples dependent peripheries (Markey et al., 2006). This research proposes that the confluence of systems-of-innovation research and the staples thesis offers considerable potential to enhance our understanding of innovation dynamics in staples dependent peripheries.

Apart from these theoretical perspectives, this research will be important for peripheral regions in terms of practical contributions. Very often communities in peripheral regions are urged by government bodies or external consultants to focus on tourism as a means of fast economic recovery, without having an adequate understanding of the actual requirements and implications. Studies in Canada (George, Mair and Reid, 2009), Alaska (Cervený, 2005), Scandinavia (Saarinen, 2007; Arell, 2000), and Australia (Hohl and Tisdell, 1995; Prideaux, 2002a) have shown that communities and local government, despite initial enthusiasm for tourism development, were often not capable of managing visitor and investment volumes or of sustaining tourism development without the continuous financial support from government. Unless communities in resource dependent peripheries fully understand the deeper historic and geographic issues that affect their economies, they will most likely continue to struggle to create well-functioning tourism destination systems. If tourism turns out to be fundamentally constrained by a historically embedded institutional environment that has developed around resource industries, communities need to be cautious about tourism's capacity to contribute to long-term economic development. This thesis will provide valuable insights for peripheral tourism destinations on how to address and mitigate conflicts arising from the institutional limitations imposed by staples economies.

1.5 Methodology and Research Process

This research is governed by the paradigm of critical realism (see Chapter Three). Critical realism accepts that personal observations of an external reality are inherently biased but suggests that such bias can be reduced by using and triangulating multiple sources of evidence to get as close to 'reality' as possible (Guba and Lincoln, 1994). The research strategy adopted for this study uses a case study approach. Case studies have been widely recognised as a suitable form of empirical inquiry in social sciences because of their capacity to capture the complexity of a given situation or phenomenon in its real life context (Yin, 2009; Flyvberg,

2006; Merriam, 1998). They appear to be ideally suited as a method for analysing the performance of economic (tourism) systems as they allow the researcher to obtain multiple sources of data to get a more holistic understanding of the complex relationships involved in a particular economic system (Lawrence, 2005).

The research employed a single case study design focusing on the analysis of a ‘critical case’, which has been described as ideal for testing existing theory in a new context (Yin, 2009; Flyvberg, 2006). The theory helps specify clear theoretical propositions as well as the contextual circumstances within which those propositions are believed to be valid (Yin, 2009). A critical case is selected based on meeting all of the conditions required for testing the theory, which can then be used to validate, challenge or extend the initial theory. For this research, the Flinders Ranges in South Australia were selected as the case because the region exhibited all of the following characteristics that were deemed necessary to answer the research questions:

1. **Peripheral location:** The region is considered peripheral as it is situated several hundred kilometres north of the state capital Adelaide and is part of South Australia’s Outback region. While the southern areas of the Flinders Ranges are characterised by rural towns and an agricultural landscape, the remote northern parts of the region are characterised by vast and sparsely populated arid desert lands and relatively small and isolated communities.
2. **History of resource dependence:** The region has a long-term history of resource dependence. Since the first European settlement in the mid-19th century, the region’s economy has been dominated by three of Australia’s most prominent staples industries: pastoralism, agriculture, and mining (Mincham, 1983; Klaassen, 2008).
3. **Diversification into tourism:** External market shocks, economic restructuring and internal natural disasters (droughts in particular) have caused a severe decline in income received from staples industries over the past decades. As a result, business owners and local government have sought to develop tourism as a means to diversify the regional economy.
4. **Recognition of tourism as an alternative industry:** Tourism in the Flinders Ranges has become established over the past twenty years as an alternative industry within the larger regional economic system. Today it is seen by local government and regional economic development boards as one of the main economic pillars in the Flinders Ranges (Northern Regional Development Board, 2008; Southern Flinders Ranges Development Board, 2008). It is also gaining increasing recognition as a tourism destination on state and federal level. For example, the destination has recently been identified as one of Australia’s iconic ‘National Landscapes’ which are promoted to international key markets to represent the essence of Australia (Tourism Australia, 2009). This suggests that the Flinders Ranges,

despite their history as a classic staples region, have been able to form a reasonably well-functioning peripheral tourism destination system, indicating that it has developed certain coping mechanisms to manage the impacts of the inherited institutional environment.

The research process is briefly outlined in Figure 1. The first stage of the research process considered the literature and theoretical concepts from peripheral tourism, staples thesis, and regional (tourism) innovation systems. The literature review built the basis for the development of the study's theoretical framework (Chapter Three) which guided the overall research approach and lead to the research questions defined in stage two. Research Question One focused on identifying the impact of the inherited institutional environment on the RTIS characteristics in the case study region. Research Question Two focused on identifying coping mechanisms that the tourism destination system has developed to manage the impacts of the inherited institutional environment. In stage three, a case study of the Flinders Ranges was conducted. The first step of the case study was to conduct a contextual analysis of the region's institutional environment inherited from staples dependence. The second step involved a detailed analysis of the characteristics of the regional tourism system, using an extended version of Carson and Jacobsen's (2005) RTIS framework (see Chapter Three) as an analytical framework to guide data collection and the data analysis process.

Figure 1: Research Process

Stage 1	Theoretical Framework	Review of literature: Peripheral tourism – Staples thesis – Regional tourism innovation systems (RTIS)	
Stage 2	Research Questions	Question 1	Question 2
	Evaluation Focus	<ul style="list-style-type: none"> ▪ to identify the impact of the inherited institutional environment on the capacity of the tourism destination to operate as a RTIS 	<ul style="list-style-type: none"> ▪ to identify what coping mechanisms the tourism system has employed to manage the impacts of the inherited institutional environment
Stage 3	Methods	Case study analysis of the Flinders Ranges tourism system	
	Context Analysis	Analysis of the region's institutional environment inherited from staples dependence	
	Analytical Framework	Adaptation of Carson and Jacobsen's (2005) RTIS framework	
	Data Collection	<ul style="list-style-type: none"> ▪ in-depth interviews ▪ document analysis ▪ secondary data ▪ observation ▪ contemporary and historic literature 	
	Data Analysis	Synthesis of RTIS analysis with theoretical propositions of staples thesis	

Primary data were drawn from semi-structured in-depth interviews with a variety of tourism stakeholders in the Flinders Ranges, including local tourism operators, local farm and station owners, local government members, economic and tourism development officers, local visitor centres, members of the Regional and State Tourism Organisations, and tourism consultants working in the region. Interview data were supplemented with data from 1) personal observations, 2) public documents (such as local and state government documents, regional development strategies, newspaper articles, community newsletters and regional marketing collateral), 3) websites (from tourism operators, regional marketing bodies, local government, community groups, social networking platforms and consumer generated travel blogs), 4) archival data (visitor statistics, census data, business registers), and 5) local history archives (books, historic documents, photos). All data were then analysed against the analytical framework and interpreted according to the theoretical propositions of the staples thesis.

1.6 Delimitations of Scope

This study is concerned with tourism development in resource dependent peripheries of developed nations such as Australia and does not consider or explore issues facing tourism in developing countries. The research focuses on the dynamics of peripheral tourism destinations in resource dependent regions whose economies are or have been reliant on staples industries (such as mining, agriculture, or pastoralism). It is not concerned with other types of peripheral economies (for example, those based on defence, government services or manufacturing). The study is primarily interested in tourism as a form of *economic* development and the capacity of resource dependent economies to harness tourism for economic diversification. It is not the intent of this thesis to analyse tourism's role in stimulating social development or preserving cultural and environmental assets. While these aspects may be of interest to peripheral communities (Cervený, 2005), they are not considered as central to the study of innovation dynamics and should therefore be addressed in a separate study.

This study is concerned with tourism development in resource dependent peripheries. Peripheries are areas that are geographically situated at a distance from major population centres, have relatively sparse and dispersed populations, have limited transport and access infrastructure, and are economically and politically dependent on a distant core centre (Friedmann, 1966; Copus and Crabtree, 1996). In this research, they may include rural-peripheral regions situated in the hinterland of a core centre, as well as more isolated remote frontier regions. The study considers differences between peripheral and remote regions as described by Schmallegger et al. (2010). Peripheral areas are considered as areas which have a clear bilateral connection with a distant core. They typically include rural areas in the hinterland

of core centres. Remote areas are considered as areas situated at the extreme end of the periphery. They include the more isolated frontier regions of countries and are economically more vulnerable than peripheral regions due to greater distance and isolation from markets, very limited local populations, and a lack of clear bilateral dependency relationships with a specific core centre (Schmallegger et al., 2010).

This study is interested in the capacity of a peripheral tourism destination to operate as a RTIS within an institutional environment that has been dominated by staples industries. The study is only concerned with analysing the performance and innovation dynamics of the tourism destination system from an industry or supply side perspective. The systems analysis applied in this research considers the tourism destination system as comprising the interactions between the private sector industry, public sector organisations, the local community, and the underlying institutional environment that governs their behaviour. This systems view stems from the school of systems-of-innovation research (Freeman, 1995; Edquist, 1997; Cooke et al., 2004; Doloreux and Parto, 2005) and has been applied in the same way in Carson and Jacobsen's (2005) RTIS framework for regional tourism destinations. This approach recognises consumer markets as influential forces within an economic system, but mainly in terms of the impact that market dynamics have on the behaviour and performance of the system.

It is not the intent of this research to conduct consumer research and explore how consumers perceive the performance of the destination as a RTIS. This type of information is considered to make very limited contributions to enhancing the understanding of innovation dynamics and processes involved in the tourism destination system. Instead, this study is interested in how consumer characteristics and market trends influence the behaviour of the destination system and how the system organises itself to respond to such trends. A number of secondary data sources are consulted to analyse consumer characteristics. They form the background to the case study described in Chapter Four. Secondary data sources include official visitor statistics (Tourism Research Australia, 2010), an analysis of visitor flows (Carson and Holyoak, 2010), and an analysis of visitor experiences and perceived destination images reported by visitors in consumer generated travel blogs (Schmallegger and Carson, 2009; Schmallegger, Carson and Jacobsen, 2010).

This research seeks to test an existing theory in a new context through the examination of a critical case study (Yin, 2009). The unique settings and characteristics of one peripheral tourism destination are examined through the lens of the staples thesis to see how the specific findings of the case study can be explained by the theoretical propositions offered by the staples thesis. It is not the intent of this study to generalise the case study findings to other peripheral tourism

destinations. While generalisations may be made regarding the applicability of staples thesis to the analysis of peripheral tourism, it does not mean that the particular experiences identified in the case study region are automatically representative of other peripheral tourism destinations. Other destinations, even when confronted with similar conditions and environments, may function in different ways. Hence, this dissertation does not suggest that the results from the RTIS analysis will be automatically applicable to other destinations, rather that a RTIS analysis under the particular light of staples thesis offers a new and better way of explaining RTIS dynamics of tourism destinations in resource dependent peripheries.

1.7 Outline of the Dissertation

The dissertation is presented in seven chapters, including the first introductory chapter. **Chapter Two** provides an introduction to the context of tourism development in resource dependent peripheries of developed countries and introduces staples thesis as a theoretical framework for analysing peripheral tourism. The chapter first reviews the literature on peripheral tourism and identifies the gaps in the literature with regard to the lack of adequate theoretical models and frameworks. The chapter then proceeds with a review of the staples thesis as a theoretical approach for analysing processes of economic development and change in resource dependent peripheries. The third part of the chapter introduces the concept of regional innovation systems and shows how the institutional environment is fundamental in determining the dynamics of economic systems. This part of the chapter provides a review of the literature on regional innovation systems in the context of peripheral regions and regional tourism destinations. In particular, this section focuses on the work of Carson and Jacobsen (2005) and introduces their RTIS framework for analysing the performance of regional tourism destinations. The chapter finishes with a synthesis of the theoretical concepts presented in the literature review and outlines how the perspectives of staples thesis can form a new theoretical framework for tourism analysis. This section builds on the work by Schmallegger and Carson (2010a) and Schmallegger et al. (2010) who started to apply the staples thesis framework in the context of peripheral and remote tourism in Australia.

Chapter Three identifies a suitable methodological framework for research into the dynamics of RTIS in resource dependent peripheries. It discusses the research paradigm and research strategy adopted for this study. It introduces the theoretical framework developed from the literature review in Chapter Two and presents the study's analytical framework adapted from Carson and Jacobsen's (2005) RTIS framework. The chapter describes the research methods, including the sampling strategy, data collection procedures, and data analysis techniques. The limitations of the research approach are discussed in the final section of the chapter.

Chapter Four presents the context of the case study site selected for the research to set the scene for the RTIS analysis presented in Chapter Five. The chapter provides important background information on geographic, economic and historic characteristics of the Flinders Ranges. It discusses the region's historic reliance on South Australia's three major staples industries: agriculture, pastoralism and mining. The chapter presents an analysis of the region's inherited institutional environment, which forms the contextual background to the research questions developed for this study. The chapter then proceeds with a review of tourism development in the Flinders Ranges. This section reports on secondary data to identify the major industry and consumer trends that have affected the tourism destination system over the past decades.

Chapter Five presents the findings of the RTIS analysis. The chapter provides a description of how each of the RTIS indicators, as identified by Carson and Jacobsen (2005), manifests in the context of the Flinders Ranges. The key findings in relation to the study's research questions are summarised in tables at the start of each section. In particular, the chapter focuses on describing the structural weaknesses of the tourism destination system which appear to be the result of the inherited institutional environment. It also reports on the various strategies that the tourism destination system has employed in response to those weaknesses.

Chapter Six provides a detailed discussion of the findings in terms of how they answer the study's research question. By comparing the findings with the theoretical propositions of staples thesis, the chapter discusses how the RTIS characteristics identified in Chapter Five have been influenced by the inherited institutional environment identified in Chapter Four. The chapter examines whether the experiences of the Flinders Ranges tourism destination in trying to operate as a RTIS can be explained by the theoretical propositions of the staples thesis. The chapter also discusses how the identified coping mechanisms extend our knowledge on the requirements for RTIS development in resource dependent peripheries.

Chapter Seven concludes the research and summarises the purpose, process and findings of the study. The chapter presents the conclusions about the research problem. It discusses the applicability of the staples thesis to peripheral tourism research and examines the utility of the theoretical framework developed in this study to enhance our understanding of RTIS dynamics in resource dependent peripheries. The chapter critically reflects on the theoretical and practical contribution of the research and outlines the implications for future research.

1.8 Key Definitions

- **Core:** The core refers to the industrialised and highly developed centre (usually a metropolitan area) of a country or region that dominates economic and political activity and maintains control over peripheral and less developed regions (Friedmann, 1966).
- **Economic Diversification:** The process of structural transformation and broadening of the (regional or state) economy by shifting resources out of existing industries (e.g. natural resource industries) into new industries of secondary (manufacturing), tertiary (service), or quaternary (knowledge) industries (Spiegel et al., 1995).
- **Economic Geography:** The study of geography concerned with the relations of the physical environment and economic conditions to the production and distribution of products and services.
- **Innovation:** A development process comprising the introduction, implementation and dissemination of new ideas (products, practices, technology and knowledge) through a chain reaction of interrelated sub-processes among individuals (Hjalager et al., 2008).
- **Institutional arrangements:** Particular organisational forms (such as markets, firms, regulatory agencies, labour unions, business organisations, and the welfare state) which emerge from and are governed by the institutional environment (Martin, 2000).
- **Institutional environment:** The set of rules, customs, practices, procedures and conventions which guide socio-economic behaviour and define how individuals and organisations interact with each other (Martin, 2000; North, 1990). It includes explicit and formalised institutions (e.g. legally enforced laws, constitutions, policies and regulations), as well as implicit and informal institutions (e.g. social routines, commonly accepted social and cultural norms, traditions, practices and organisational culture).
- **Periphery (peripheral):** Geographically situated at a distance from major economic, political and population centres (= the core). It is relatively sparsely populated, underdeveloped in terms of available services and infrastructure, and economically and politically dependent on a distant core (Friedmann 1966; Copus and Crabtree, 1996). The periphery may include rural hinterland regions as well as more isolated remote regions.
- **Political Economy:** The study of the interrelationships between political and economic processes.
- **Economic Development:** The creation of economic wealth of countries or regions to increase the well-being and quality of life for their residents (Flammang, 1979).
- **Economic Growth:** The increase in a country's or region's output of goods and services, usually measured in per capita income or increase in gross national / regional product (Flammang, 1979).
- **Remote:** Refers to the most isolated and distant locations from core centres which are situated at the outer or extreme end of the periphery. Remote areas are economically more vulnerable than rural peripheral ones because of the greater distance and isolation from

markets, a greater lack of access and supply infrastructure, very limited local populations, and a lack of a clear bilateral connection to a specific core centre (Schmallegger et al., 2010).

- **Resource dependent:** Economically dependent on the extraction or production of natural resources, such as minerals, oil, lumber, grain, livestock, fish, or wool (Gunton, 2003). In this dissertation, the term is used interchangeably with the term ‘staples dependent’, which is often used in the Canadian context where the staples thesis initially emerged.
- **Staples:** Natural resources (such as minerals, oil, lumber, grain, livestock, fish, wool) which are minimally processed and exported as bulk commodities (Gunton, 2003; Howlett and Brownsey, 2008; Barnes et al., 2001).
- **Staples Trap:** The continuous reliance on staples export even when staples production and export do no longer generate adequate economic benefits. The country or region remains dependent on staples production because economic diversification is blocked by reasons such as an export mentality among producers, the dominance of a few (usually externally owned) and large-scale corporations, and the neglect of internal capacity building (Watkins, 1963; Barnes et al., 2001; Wellstead, 2008).
- **System of Innovation (Innovation System):** The collective of actors, organisations and institutions involved in an economic system whose interactions determine the production, diffusion and use of new knowledge required to generate and implement innovative ideas (Freeman, 1995; Edquist, 1997; Lundvall, 1992). These interactions stimulate processes of ‘collective learning’ and determine the system’s capacity to respond to changing circumstances. Unless specified otherwise, this thesis uses the term ‘system of innovation’ (or innovation system) in the context of *regional* (not national) innovation systems.
- **Regional tourism destination:** Refers to a specific geographic region visited by tourists which provides a mix of products, services and facilities that form an integrated destination travel experience for visitors. For marketing purposes, official boundaries of regional tourism destinations are (at least in the case of Australia) defined by the state tourism organisations (Carson and Macbeth, 2005).
- **Tourism destination system:** Comprises the various actors, organisations and institutions that contribute to tourism in a specific tourism destination. Actors and organisations commonly include the private sector industry (tourism businesses or businesses providing supplementary services), public sector organisations, and the local community. The ways in which these actors and organisations interact with each other are determined by the underlying institutional environment (Carson and Jacobsen, 2005).

1.9 Conclusion

This chapter has provided the background to the study and introduced the broad issues associated with peripheral tourism research. The chapter has established the need for a new theoretical framework to enhance our understanding of the dynamics of tourism destination systems in resource dependent peripheries. It has introduced staples thesis as a potential theoretical framework to apply to the analysis of peripheral tourism destinations. This research seeks to examine the utility of the staples thesis in providing an enhanced theoretical framework for analysing and explaining the dynamics of RTIS in resource dependent peripheries. The aim is to develop a better theoretical understanding of how the traditional institutional environment inherited from staples industries impacts on RTIS dynamics. Understanding how the tourism system is influenced by its inherited institutional environment can help identify opportunities to improve strategies to stimulate economic diversification in resource dependent peripheries. This chapter has identified the general research problem and the research questions derived from the gaps in the literature. It has given a brief overview of the research process and methods used to answer the research questions. Finally, the chapter has presented the delimitations of scope for this study and a general outline of the dissertation.

Chapter 2: Theoretical Background

2.1 Introduction

Chapter One provided an introduction to the study and outlined the structure of the thesis. The purpose of this chapter is to provide a review of the relevant theoretical background and introduce staples thesis as the theoretical framework underpinning the research. The chapter begins with a critical review of the literature on peripheral tourism development to demonstrate current shortcomings in the literature, in particular the lack of adequate theoretical approaches to peripheral tourism analysis (Sections 2.2 and 2.3). The following section (Section 2.4) introduces the staples thesis as a theoretical framework to examine and explain economic development paths in peripheral and remote resource dependent regions. It describes the general characteristics of staples economies and outlines the reasons why they can get caught in a ‘staples trap’.

The chapter proceeds with a review of theoretical perspectives from institutional economic geography. These are useful to better understand the role of institutions in economic path dependence, and explain the processes leading to institutional ‘lock-in’ that causes the ‘staples trap’ (Section 2.5). The literature suggests that ongoing institutional change is required if regions are to be better equipped to respond to economic change and diversify their economies. This approach is consistent with research on ‘systems of innovation’ (Section 2.5.2). The following sections examine the literature on systems of innovation in tourism (Sections 2.5.4 and 2.5.5). The final part of this section introduces the systems-of-innovation framework for regional tourism developed by Carson and Jacobsen (2005), which is used as the guiding framework for data collection in this study.

The chapter concludes with a synthesis of the theoretical concepts presented in this literature review. It shows how the staples thesis, with its fundamental ideas of the ‘staples trap’ as a form of institutional ‘lock-in’, can help explain the development paths of peripheral and remote tourism destinations, as well as their capacity to act as regional tourism innovation systems (Section 2.6). This section builds on the work by Schmallegger and Carson (2010a) and Schmallegger et al. (2010), who have recently started to use the staples thesis to analyse the characteristics of the tourism system in remote Central Australia.

2.2 What We Currently Know about Tourism in Peripheral Areas

2.2.1 The Misconception of Tourism as a Panacea for Peripheral Economies

Many resource dependent peripheries of developed countries have been struggling with economic depression and declining populations over the past decades due to issues such as economic restructuring, changes in global demand and supply management, as well as resource depletion (Müller and Jansson, 2007; Blackman et al., 2004). Tourism has been among the most frequently proposed solutions for economically depressed resource peripheries (Marshall, 2001), and government agencies in affected areas have repeatedly favoured tourism as a tool for economic diversification and development (Saarinen, 2007; Moscardo, 2005; Telfer, 2002).

The apparent potential for tourism to compensate for the decline in resource industries in peripheral regions has been widely discussed in the literature. Tourism is often suggested as an ‘easy’ economic solution that promises fast relief from the widespread economic and social problems in peripheral regions. It is commonly viewed as a very labour-intensive industry that can create new jobs in areas facing increasing unemployment (Müller and Jansson, 2007; Hall, 2007). Tourism is also widely perceived as an industry that requires few specialised skills and can be readily accommodated within the existing work force and local skill base (Blomgren and Sørensen, 1998; Lundmark, 2005). Another reason for the strong interest in tourism as an economic alternative is the general assumption that it requires relatively little financial investment. The rhetoric has it that previously resource dependent businesses and communities can use existing assets and infrastructure (e.g. natural assets, old farm buildings, abandoned mines or railway infrastructure) and readily adjust them for tourism purposes – thus diversifying the economy and sustaining traditional lifestyles and infrastructure (Hall, 2007).

Due to their sparse populations and their isolated location from core population centres, peripheral areas have mostly remained relatively undeveloped in the industrial sense. They are therefore believed to hold some sort of competitive advantage over non-peripheral destinations, as they exhibit features that are arguably demanded by certain types of leisure tourists. These features include, for example, scenic natural environments, abundant wildlife and undisturbed vegetation, a rich cultural heritage and a preserved traditional way of life that is perceived as not yet destroyed by modern society. The literature suggests that peripheral regions are attractive to tourists not despite but because of their peripherality, and particular characteristics linked to their physical isolation, which include notions such as ‘unspoilt’, ‘authentic’, ‘idyllic’, ‘traditional’, and ‘romantic’ (Blomgren and Sørensen, 1998; Prideaux, 2002b). Such characteristics tend to be presented as the new drawcards for peripheral regions and are used in the general rhetoric of economic development policies to increase enthusiasm for tourism.

The popularity of tourism as the preferred policy option for economic diversification and development in peripheral parts of developed countries has attracted increasing attention from tourism researchers over the past decades. A considerable body of literature has emerged since the early 1980s that sought to describe and understand the dynamics and issues of tourism in peripheral areas. These areas have been alternately referred to in tourism studies as peripheral, rural, hinterland, remote or frontier regions (Keller, 1987; Brown and Hall, 2000; Butler, Hall and Jenkins, 1998; Krakover and Gradus, 2002; Hall and Boyd, 2005; Müller and Jansson, 2007). The literature on peripheral tourism in the developed world spans a relatively wide geographic area and includes insights through case studies from a number of countries and jurisdictions, including Canada, Australia, New Zealand, Alaska and rural parts of the United States, Nordic countries (Sweden, Finland, Norway, Denmark, and Iceland), the UK, Israel, and Southern Europe.

While much of the tourism literature in the past seemed to agree that tourism can be an effective tool for successful economic development in peripheral areas, researchers have increasingly come to recognise that this might not necessarily be the case. Some researchers have pointed out that tourism in peripheral areas is primarily pursued as an industry of ‘last resort’ (Müller and Jansson, 2007; Mair, 2006), emphasising the actual low ranking of tourism in the perceived local economic hierarchy. There often seems to be a certain mindset that, if nothing else works, then tourism might be an option – or as Hall (2007, p. 24) ironically put it: *“If we can’t economically farm it, cut it, mine it or dam it, it may as well be turned into a tourist attraction (and/or national park).”* Hall (2007) questioned tourism’s potential as a ‘panacea’ for economically troubled peripheral regions. Although seldom explicitly acknowledged in the official literature, Hall (2007) argued that tourism has more often than not failed to deliver the expected benefits in terms of sustainable economic development. There is a clear lack of evidence of long-term success stories in peripheral tourism, indicating that peripheral regions have mostly struggled to convert their alleged tourism potential into economic and social benefits. Similarly, Saeter (1998) criticised the over-enthusiasm of politicians and tourism planners for peripheral tourism given the clear lack of evidence of what the real benefits for communities have been in the past.

Hall (2007) identified a number of reasons why tourism has not been able to fulfil its expectations. He argued that both government agencies and tourism researchers have repeatedly failed to consider tourism within the larger policy environment and economic development context. For example, while there has been much public support for regional tourism development programmes, governments at both local and state level have often failed to understand how simultaneous restrictionist policies in other fields (e.g. the cutting back of state

services, the centralisation of health or transport services, or the restructuring of traditional industries) have limited the capacity of peripheral regions to adjust to economic change (Hall, 2007). Similarly, Saarinen (2003) criticised that regional tourism development tends to be seen as a remedy in isolation and is not well integrated with other economic industries and broader regional development goals. Such development approaches do not recognise how tourism affects other local industries or how tourism itself is affected by the wider economic and social environment.

Another reason for the lack of success in peripheral tourism development is that initial expectations for tourism are often too high – probably due to the unquestioned optimism about tourism that is so commonly hyped in regional economic development strategies (Hall, 2007). This concern is shared by Saarinen (2007), who argued that tourism development goals tend to be unrealistic and frequently based on inadequate research. They are primarily focused on attracting large numbers of tourists, as governments seek to quantify and publicise information about visitation, expenditure and job creation to highlight the positive economic benefits of tourism (Mair, 2006). Such goals are very difficult to reach for small peripheral destinations, unless tourism is set up in the form of large-scale tourism resorts and mass tourism product structures which are controlled externally (Saarinen, 2007).

2.2.2 The Challenges for Peripheral Tourism Development

There appears to be a general agreement in the tourism literature now that successful peripheral tourism development is a very difficult process. Most research published since the late 1980s talks, in some form or another, about the challenges for peripheral tourism. The majority of studies appear to focus on how the inherent structural weaknesses of peripheral regions make successful tourism development difficult (Blackman et al., 2004). These weaknesses have been widely discussed in the literature and have been summarised by a number of researchers (for example Keller, 1987; Hohl and Tisdell, 1995; Butler, 1996; Hjalager, 1996; Wanhill, 1997; Blomgren and Sørensen, 1998; Baum and Hagen, 1999; Buhalis, 1999; Botterill et al., 2000; Sharpley, 2002; Blackman et al., 2004; Hall and Boyd, 2005; Moscardo, 2005; Carson and Harwood, 2007; Müller and Jansson, 2007). The most frequently identified barriers for tourism development in peripheral regions include:

1. **Geographic isolation:** Rural and remote areas are located at long distances from core population centres and require increased cost and time to access them. They are economically and politically disadvantaged because they are physically isolated from their markets, suppliers and political decision-makers based at core centres (Hall and Boyd, 2005; Blomgren and Sørensen, 1998; Wanhill, 1997).

2. **Limited accessibility:** Adding to the issue of geographic isolation is the lack of transport and access infrastructure. Public transport connections between the periphery and core centres are often limited (or even non-existent). Well maintained mass transport infrastructure, including airports or major highways, are normally confined to regional population centres and hardly ever extend beyond those centres to more isolated settlements and regions. Geographic isolation paired with limited accessibility has often caused what Hall and Boyd (2005) described as ‘trip distance decay’ in peripheral areas. As the distance from the core and potential tourism markets increases and accessibility decreases, the number of tourists visiting peripheral areas decreases accordingly because of the increased time and cost it takes to visit the periphery (Prideaux, 2009).
3. **Sparse population:** Peripheral areas are characterised by a relatively low population density and small dispersed settlements (Wanhill, 1997). Many peripheral communities have experienced severe population losses over the past decades due to economic decline in traditional industries and increased rates of outmigration (Botterill et al., 2000; Blomgren and Sørensen, 1998). Younger people leave rural and remote communities as they seek better employment options elsewhere. The results have been an increasingly ageing population and a diminishing pool of potential entrepreneurs in the more productive working age groups. A decline in local population inevitably leads to a decline in available support infrastructure, services and amenities (for example in health, education and public services). This further reduces local employment opportunities and diminishes the attractiveness of a community as a place to live or invest. It creates a vicious circle that encourages even higher rates of outmigration, while simultaneously discouraging new in-migration (Hall, 2007; Moore, 2005).
4. **High seasonality:** Many peripheral areas, especially more remote ones, are characterised by unfavourable climatic conditions. Extreme temperatures (for example desert areas in summer or arctic areas in winter), as well as seasonal weather conditions (for example monsoons and wet seasons in tropical areas), lead to high seasonality in tourism and allow for limited off-season tourism activity (Baum and Hagen, 1999; Hohl and Tisdell, 1995). Because of very short seasons, many businesses cannot rely on tourism as their sole source of income and instead choose to run tourism as a secondary business activity only. This may reduce their commitment to tourism and adversely affect the quality and professionalism of service delivery (Baum and Hagen, 1999; Wanhill, 1997; Ioannides and Petersen, 2003).
5. **Limited market opportunities:** As a result of the ‘trip distance decay’ factor, peripheral areas have access to much smaller markets than non-peripheral areas. Core regions usually attract a much wider range of markets, including day visitors and local markets, which allow

them to compensate market fluctuations (Wanhill, 1997; Krakover and Gradus, 2002). Market opportunities for peripheral areas are much more limited and they are more vulnerable to external market shocks. One of the main issues is that peripheral destinations have generally fewer and weaker pull factors to attract tourists than non-peripheral ones (Prideaux, 2009). Common destination pull factors such as easy access or low access costs do not apply to peripheral areas. What is even more problematic is that peripheral tourism destinations rely almost exclusively on their natural (and to a lesser degree cultural) assets to attract tourists (Johnston and Payne, 2005). They essentially compete with the same assets for a very limited market segment that appreciates nature-based (and cultural) experiences as the main motivational factors to visit peripheral regions. As more rural and remote areas turn to tourism, there is increasing pressure for individual destinations to differentiate themselves from one another (Carson and Taylor, 2009). They need to establish a unique portfolio of products and experiences that makes the long and often costly trip worthwhile for a sufficient number of tourists (Prideaux, 2002b).

6. Dominance of small and micro businesses: Tourism businesses in peripheral areas tend to be small and micro businesses that lack the required professionalism and economic competence in tourism (Wanhill, 1997). Frequently, such businesses are set up as a sideline to support primary industry businesses (Gladstone and Morris, 2000). Business owners tend to have limited education, training and experiences in tourism when they start their tourism operations and therefore lack essential skills in marketing, finance and general business administration (Getz and Carlsen, 2000; Fleischer and Felsenstein, 2000; Pizam and Upchurch, 2002; Moscardo, 2005). They are characterised by 'short-sightedness', an unwillingness to engage in strategic long-term planning, and an emphasis on cost-oriented rather than market-oriented strategies for business survival (Ioannides and Petersen, 2003; Wanhill, 1997). They tend to lack a thorough understanding of relevant market trends and do not have the abilities and resources to monitor consumer trends (Moore, 2005; Wanhill, 1997).

Small tourism business owners in peripheral regions often lack the vision and the willingness to take risks and implement new ideas and can be characterised as passive 'non-entrepreneurs' or 'constrained entrepreneurs' (Ioannides and Petersen, 2003). Non-entrepreneurs include part-time operators who merely seek to supplement their income with tourism but are not committed to becoming full-time professionals. Sometimes they are retired or semi-retired operators who take up tourism as a lifestyle choice but have limited entrepreneurial motivation in tourism (Ioannides and Petersen, 2003; Getz and Carlsen, 2000; Ateljevic and Doorne, 2000). Constrained entrepreneurs, on the other hand, may have higher motivations and commitment to their tourism operations. They are, however, fundamentally constrained by

their limited business skills and financial resources (Shaw and Williams, 1998; Ioannides and Petersen, 2003). A lack of visionary entrepreneurs in peripheral areas has been described as a major barrier for successful tourism development. It means that there are no (or very few) local ‘champions’ and leaders in the region who can provide motivation and guidance for the collective of industry stakeholders (Blackman et al., 2004; Long and Nuckolls, 1994; Botterill et al., 2000).

7. **Fragmented industry:** Because of the limited number of entrepreneurs and their geographic dispersal, tourism industries in peripheral destinations tend to be highly fragmented and disorganised and lack internal cohesion (Keller, 1987; Wanhill, 1997). This may lead to a high degree of product homogeneity as individual products are only poorly coordinated and do not complement each other to form an overall ‘package’ of products and services demanded by visitors (Moscardo, 2005; Ioannides and Petersen, 2003). This lack of coordination is frequently linked to a lack of internal collaboration and competition (Keller, 1987; Ioannides and Petersen, 2003). Long distances between individual operators in combination with a lack of entrepreneurial motivation, can limit operators’ willingness to collaborate (Cartan and Carson, 2009). It also limits their sense of competition because they do not see the need to outperform each other to attract visitors. This may further diminish the quality and diversity of products and services in peripheral tourism destinations (Ioannides and Petersen, 2003).

8. **Lack of economic and political control:** Peripheral areas tend to lack control over political and economic decisions (Botterill et al., 2000; Hall and Boyd, 2005). Their economies are often dependent on public transfer payments (from national, state or provincial governments), as well as on private investment from companies based in core centres. Major decisions therefore tend to be taken at the core, which can negatively affect the economic and social well-being in peripheral regions (Botterill et al., 2000). In tourism, decision-making power is frequently given to external stakeholders, including governmental bodies, consultants, externally based tourism operators and wholesalers (Hohl and Tisdell, 1995; Butler, 1996; Sharpley, 2002). In particular, tourism development which targets large numbers of visitors and requires considerable external investment for infrastructure usually ends up being ultimately controlled by external agencies based in core centres (Keller, 1987; Britton, 1989).

9. **High economic leakage and lack of internal linkages:** Tourism in peripheral areas is characterised by high levels of economic leakage. Many of the goods and services that tourists ask for have to be imported from outside and cannot be sourced from within the region

(Keller, 1987; Hohl and Tisdell, 1995). High economic leakage leads to limited opportunities for the development of internal economic linkages (Wanhill, 1997; Botterill et al., 2000; Koster, 2008). The tendency to import goods (for example, food, technical equipment, machinery) naturally limits economic spill over effects on other local industries and businesses. Particularly in areas where tourism is dominated by large-scale external operators, local businesses are just marginally involved in the product value chain as they lack the capacities and economies of scale to compete with external suppliers.

10. Difficult to integrate existing work force: Although tourism is promoted as a local job creator, research in peripheral areas in northern Europe and Canada has shown that the local workforce tends to be only poorly integrated in the tourism industry (Lundmark, 2005; Luke, 2003). Tourism is essentially considered as an industry for women, students or racial minorities (for example indigenous people) and tourism jobs are widely associated with low-skilled, low-wage and low-esteemed seasonal or part-time jobs (Luke, 2003; Koster, 2008). The local male labour force previously employed in resource industries is usually resistant to working in tourism. As a result, demand for tourism labour is frequently satisfied by seasonal and temporary in-migrants (Müller and Jansson, 2007; Lundmark, 2005). Seasonal staff tend to leave the destination during off-season and spend their income elsewhere (Lundmark, 2005; Cervený, 2005; Koster, 2008). They contribute little to the formation of internal economic linkages, as they invest little in local product consumption and provide limited opportunities for other local businesses to service their needs (Lundmark, 2005).

11. Community opposition: Tourism, as an industry that is strongly linked to service values, is not always welcomed in peripheral communities that wish to hang on to values cultivated in traditional industries (Hjalager, 1996; Fleischer and Felsenstein, 2000; George et al., 2009). It is likely to find itself competing with primary industries for the use of the same assets (natural, built, and cultural), but for mutually exclusive purposes (Garrod et al., 2006; Luke, 2003). Given the lack of local tourism entrepreneurs in peripheral areas, tourism is often taken up as an opportunity by in-migrants, such as amenity-led migrants¹ (Saxena and Ilbery, 2008). They usually have a better understanding of visitor needs and are more likely than locals to recognise opportunities to commodify natural and cultural assets of the region (Kneafsey, 2000; Luke, 2003; Siemens, 2007). However, amenity migrants and newcomers with considerable linkages to the outside world are often poorly accepted and integrated into local

¹ Amenity-led migrants have been defined as in-migrants who are attracted to a region by its natural and cultural amenities and the potential for economic activity resulting from those amenities (Moss, 2006).

communities and face considerable challenges to get community and local government support (Müller, 2006; Fountain and Hall, 2002; Marshall, 2001).

12. Limited organisational structures: Small local populations, a lack of local entrepreneurs and networks, as well as reliance on external decision-makers, limit the formation of organisational structures in many peripheral regions (Wanhill, 1997). Formal institutional organisations (for example, marketing organisations or economic development organisations) are frequently based in core centres and have only weak personal connections and regular information exchange with the periphery. Local organisational structures, for example in the form of business associations or local economic development authorities, are often slow to emerge given the lack of local leaders and internal cohesion. The result is a certain degree of ‘institutional thin-ness’ (Doloreux and Dionne, 2008) which leads to poor representation of local interests in decision-making processes, limited access of local stakeholders to external information and knowledge, and poor (and misinformed) planning directions (Wanhill, 1997).

13. Dependence on public sector intervention: Local and state governments have traditionally played a strong interventionist role in peripheral economic development to prevent failure in areas that are structurally more disadvantaged than core areas (Hall, 2007; Koster, 2008; Moore, 2005). Declining peripheral economies are often dependent on public transfer payments and the creation of public service jobs to sustain communities. Due to the lack of local capacity and the high risk of business failure in peripheral areas, the tourism industry has also become increasingly reliant on the public sector for finance and marketing (Hohl and Tisdell, 1995; Fleischer and Felsenstein, 2000; Blackman et al., 2004). Strong public sector involvement tends to reduce the level of local and private sector control of tourism development in peripheral areas. In addition, it can limit the private sector’s willingness and capacity to take responsibility of the tourism industry and make investments on their own (Baum, 1999; Nash and Martin, 2003). Another common issue is that, while government support is generally available for tourism marketing and/or initial development, the actual process of management is often left with the local private sector which does not have the required skills (Blackman et al., 2004; Butler, 1996).

Despite the numerous challenges described above, the general undertone in the peripheral tourism literature remains, with a few exceptions (such as Hall, 2007; Müller and Jansson, 2007), largely positive. The prevalent attitude still seems to be that tourism is inherently good for economic development in the periphery and that peripheral destinations just need to be better prepared to address the challenges. Still, proposed ‘solutions’ to manage or overcome

such challenges are very scarce in the tourism literature. Occasionally, the literature includes recommendations on the requirements for more successful and sustainable tourism development. In most cases, however, these solutions are formulated in very broad and idealistic terms and there is very limited debate on whether or not such recommendations can realistically be implemented in peripheral areas.

One of the most common arguments is that local hosting communities need to be more actively involved in tourism planning and need to retain control over tourism related decisions (Saxena and Ilbery, 2008; Blackman et al., 2004; Moscardo, 2008; Wilson et al., 2001). Keller (1987) and Butler (1996), for example, argued that tourism development has to be of a type and scale that is suitable for peripheral hosting communities and remains within the control of local communities. Other researchers (Blackstock, 2005; Harwood, 2010), however, have criticised that such idealistic accounts largely fail to acknowledge and understand the underlying structural constraints and external pressures imposed on local communities that automatically limit options for exclusive community control over tourism.

Tourism researchers have also argued for the need to have capable leaders who can inspire and motivate others and drive forward common goals (Blackman et al., 2004; Wilson et al., 2001; Long and Nuckolls, 1994). However, whether and how such leadership can be stimulated in isolated peripheral areas (where human capital and entrepreneurial spirit is limited) has rarely been addressed in peripheral tourism studies. The potential to harness in-migrants, such as amenity-led migrants, to stimulate tourism entrepreneurship and leadership has repeatedly been hinted at in the literature (Saxena and Ilbery, 2008; Müller, 2006; Siemens, 2007; Luke, 2003; Kneafsey, 2000), but so far not specifically examined. Other studies suggested that amenity-led tourism operators might not be the ideal candidates to improve tourism industries in peripheral areas. Amenity-led operators often include retired and semi-retired migrants who look primarily for lifestyle changes and have limited leadership qualities and commitment to the destination (Fountain and Hall, 2002; Ioannides and Petersen, 2003).

Other factors that are commonly touted as ‘success strategies’ for peripheral tourism include the need to encourage widespread community support for tourism, the need to stimulate increased levels of collaboration within the destination, a better focus on training and capacity building for small operators and communities, and the need for enhanced public-private partnerships (Wilson et al., 2001; Blackman et al., 2004; von Friedrichs Grängsjö, 2003; Macdonald and Jolliffe, 2003; Pesämaa and Hair, 2008; Zillinger, 2007). Again, discussions about whether or how such recommendations can be implemented in the periphery are conspicuous by their absence from the literature.

2.3 Limitations of Previous Peripheral Tourism Studies

This section outlines the major shortcomings in the peripheral tourism literature. It emphasises that the literature has been limited by:

- 1) A lack of theoretical approaches and frameworks for analysing the dynamics of peripheral tourism destinations;
- 2) A lack of differentiation between different types of peripheries with different economic histories and political economies; and
- 3) A lack of consideration of how different institutional legacies influence tourism dynamics in peripheral destinations.

2.3.1 The Lack of Theory

Despite an ongoing debate about the challenges for peripheral tourism and whether or not tourism can save declining peripheral economies, there still appears to be a critical lack of some deeper understanding of why tourism in peripheral areas has often failed to fulfil its potential. The literature on peripheral tourism development is still patchy and there are some important knowledge gaps which have limited our understanding of how tourism economies operate in peripheral regions. One of the main limitations of the current literature is that it lacks theoretical and conceptual approaches to analysing tourism development in peripheral areas (Hall and Jenkins, 1998; Moscardo, 2005; Schmallegger and Carson, 2010a). In general, the literature on peripheral tourism is limited in the sense that it primarily focuses on describing the symptoms of being peripheral and what they mean in terms of challenges for successful tourism development. They do not seem to recognise the causes of the problems that hinder economic development or rejuvenation in those areas, and why they are so difficult to overcome.

As previously criticised by Moscardo (2005), the majority of peripheral tourism studies is based on descriptive and non-related case studies of tourism development and planning initiatives in particular peripheral destinations. This dominance of case studies has created a disjointed and fragmented body of knowledge. There has been very little comparative work that has placed case specific insights from individual studies within a more comprehensive comparative framework. One of the few examples is Moscardo's (2005) work which compared forty case studies of peripheral tourism around the world and developed a tentative conceptual scheme of tourism development in peripheral regions (further details in Section 2.6). Otherwise, the absence of comparative work on peripheral tourism development has limited more rigorous attempts towards theory building. Instead, peripheral tourism studies have become somewhat repetitive in the past. Many studies have been 're-inventing the wheel' by providing yet another

descriptive account of the characteristics and difficulties of tourism development in a particular peripheral region without contributing new insights to the larger body of knowledge.

In addition, research on tourism in peripheral areas of developed countries seems to have occurred within a very limited and somewhat ‘closed-off’ academic circle of tourism researchers. Many peripheral tourism studies tend to summarise and cite the same tourism authors and background literature, without looking much beyond disciplinary boundaries. Theoretical approaches and models from other related fields of research, particularly from economic geography and political economy, have rarely been considered in peripheral tourism studies. This has been a common phenomenon in general tourism research in the past, and a number of tourism geographers (Ioannides, 1995 and 2006; Debbage and Ioannides, 2004; Agarwal et al., 2000; Williams, 2004) have lamented the relative absence of applied theories and conceptual frameworks from economic geography and political economy in tourism research. Similarly, economic geographers and political economists who have looked at tourism and regional development in peripheral areas (Barnes and Hayter, 1992 and 1994; Ramaswamy and Kuentzel, 1998; Jussila and Järviluoma, 1998; Johansen, 1998; Che, 2003; Jackson and Illsley, 2006; Conradsen, 2009) seem to have largely ignored the existing body of tourism literature. This has led to a very limited degree of ‘cross-fertilisation’ between tourism research and the wider body of knowledge on economic development in peripheral areas.

The limited attention to theory has resulted in a very poor conceptualisation of supply side dynamics in tourism (Ioannides, 1995 and 2006), which is particularly noticeable in the literature addressing peripheral tourism. The few notable exceptions in peripheral tourism research include the work of Britton (1989 and 1991) and Keller (1987). Britton applied a dependency theory perspective to tourism industries in developing countries and compared tourism with the characteristics of peripheral capitalist economies. The work of Keller (1987) focused on modelling and forecasting the different stages of peripheral tourism development and their associated industry characteristics along Butler’s (1980) destination lifecycle model. Generally speaking, however, peripheral tourism research has been short on theory and has concentrated on simplistic interpretations of general core-periphery models in a tourism context.

2.3.2 Poor Conceptualisation of ‘Peripherality’

While the tourism literature often refers to the problematic core-periphery relationship in tourism, it appears to lack some deeper conceptual understanding of the idea of ‘periphery’ beyond an assumed difference to what is not peripheral (Schmallegger et al., 2010). Early applications of the core-periphery idea to tourism argued that peripheral areas are likely to attract wealthy tourist markets from metropolitan core centres who seek recreational leisure

experiences in the periphery (Christaller, 1964). From this point of view, tourism could stimulate economic development in what was later termed the 'pleasure periphery' (Turner and Ash, 1975) and create new income and jobs in disadvantaged peripheries. It is this very argument that has repeatedly been brought forward by tourism advocates in public development policies, and Christaller's (1964) ideas are still frequently cited in both the academic and grey literature (Müller and Jansson, 2007; Hall, 2007). Later applications of the core-periphery model in tourism focused more on the idea that the spatial relationships between the core and the pleasure periphery are created by neo-colonial tendencies and result in uneven distribution of power. From this perspective, peripheral tourism destinations remained dependent on external inputs of capital, labour and know-how from the core, resulting in high rates of economic leakage and perpetuating previous (colonial) forms of core-periphery dependence (Britton, 1989; Weaver, 1988; Keller, 1987; Telfer, 2002).

One of the problems with the application of core-periphery models in tourism research has been the failure to adequately define what a 'peripheral' tourism destination is, or whether there exist different degrees and forms of 'peripherality'. The term 'peripheral' has been applied by tourism researchers to a wide variety of destinations and used (sometimes interchangeably) in conjunction with a number of other terms such as rural, regional, hinterland, countryside, remote, or frontier. Essentially, 'peripheral' has been used to describe any tourism destination which is not urban and located distant from either major population centres or generating markets. The term has been applied to developing 'Third World' countries that are visited by international tourist markets and are dominated by international investors (Britton, 1989; Lea, 1988). Other studies have looked at peripheral tourism in the context of rural hinterland regions within nation states that attract visitors from both national and international core markets (Sharpley, 2002; Fleischer and Felsenstein, 2000; Kneafsey, 2000; George et al., 2009; Murphy and Andressen, 1988). Again other studies described the more isolated remote and frontier corners of countries (such as deserts, rainforests, alpine regions, polar and sub-polar regions, or islands) as peripheral destinations (Hohl and Tisdell, 1995; Baum et al., 2000; Bauer, 2001; Hunt et al., 2005; Nepal, 2005).

The lack of attention to theory about peripheral tourism may therefore stem from the diversity of contexts to which the label has been applied, and a lack of adequate attention to the models developed in the economic geography field. There have been very few attempts to differentiate between different types of peripheries, as tourism researchers have hardly ever questioned whether regions of different geographic scale and with different degrees of 'peripherality' function in different ways. It is not until very recently that a small number of tourism researchers (for example, Carson and Harwood, 2007; Schmallegger et al., 2010) have started

attempts to describe how the characteristics of remote tourism destinations differ from other types of peripheries such as rural hinterland regions. In their commentary about remote tourism development, Carson and Harwood (2007) argued that remote destinations are situated at the extreme end of the 'periphery'. They might display extreme economic vulnerability and develop more slowly and less sustainably (environmentally, culturally and economically) than rural hinterland destinations because the conventional issues associated with peripherality seem amplified.

The work by Schmallegger et al. (2010) extended the idea that remote regions are subject to different development constraints than peripheral ones. They argued that there are important differences between rural hinterland regions, which are commonly regarded as 'resource peripheries' (or in the case of tourism 'pleasure peripheries'), and more isolated and remote 'resource frontiers'. Schmallegger et al. (2010) suggested that remote places are located *beyond* the periphery. They are characterised by an inherent 'disconnectedness' as they do not exhibit a clear and durable bilateral connection with a single core centre as assumed in standard core-periphery models. Peripheral areas have a clear dependency relationship with a specific core (for trade, investment, and labour), which allows for a relatively stable flow of capital as the core seeks to maintain its resource periphery. On the other hand, remote areas are forced to seek multiple connections with a number of cores to generate or maintain economic activity. This approach leads to a particular form of political economy in remote areas which is dependent on centralised governments establishing large-scale industries that can attract (at least temporary) connections to multiple cores for fast economic growth. The resulting connections for trade, investment and labour in remote areas tend to be highly fragile and can easily break down as economic priorities in the cores change.

Schmallegger et al. (2010) used the 'staples thesis' as a theoretical framework to explain the emergence of particular political and socio-institutional characteristics that guide economic development approaches in remote resource frontiers and 'failed resource peripheries'. They tend to develop an attitude that temporary export industries need to be replaced with new export industries to maintain previous levels of growth. Schmallegger et al. (2010) argued that these institutional characteristics can have significant impacts on the type of tourism development in remote regions as they seek to harness tourism for large-scale economic growth. A more detailed discussion of the characteristics of remote tourism development in the light of the staples thesis is presented in Section 2.6.2. Generally speaking, the tourism literature has so far failed to differentiate between different types of peripheries in the general peripheral tourism discourse. It therefore lacks important conceptual foundations to explain how and why the prospects for tourism development are limited in various types of peripheral and remote regions.

This thesis builds on the work of Schmallegger et al. (2010) and argues that using the staples thesis in tourism research helps us understand and conceptualise tourism dynamics in peripheral and remote resource dependent locations.

2.3.3 The Lack of Institutional Approaches to Peripheral Tourism Research

The work by Schmallegger et al. (2010) follows the approach of institutional economic geography, which recognises the (political, social and cultural) institutional environment as fundamental in determining regional economic development paths (see Section 2.5.1). This ‘institutional turn’ in economic geography (Martin, 2000) seems to not have reached peripheral tourism research yet. There is only sporadic discussion in the tourism literature of how the regional institutional environment inherited from the wider economic and political environment can affect tourism in peripheral or remote areas (for example, Baum, 1999; Moscardo, 2005; Koster, 2008; Saxena and Ilbery, 2008).

Economic and political legacies can have substantial impacts on a region’s capacity to adjust to economic and social restructuring (by diversifying into tourism, for example) and influence future economic development paths in very specific ways. In general, the peripheral tourism literature has not really differentiated between different economic, historic and political legacies in peripheral and remote regions. Although much of the commentary refers to regions that have traditionally relied on natural resource production (primarily farming, to a lesser extent fishing, logging or mining), there are a number of other industries that can dominate these areas, including manufacturing, transport, government services, or defence (Hall, 2007; Halseth et al., 2003). Each of these industries shapes the regional institutional environment over time in very specific ways. As a result, regions with different economic and political histories create unique development paths that are difficult to compare with each other (Wellstead, 2008).

To better understand the dynamics of tourism in peripheral and remote areas, tourism researchers need to consider more systematically the specific historic, political, economic and cultural forces that have shaped the ways in which economies operate in those areas. As argued by Britton (1991), these are the forces that have often constrained tourism’s contribution to economic and social development and have caused continuous economic disadvantage, dependence and underdevelopment in peripheral areas. To date, the nature and level of impact of inherited institutions on tourism in resource dependent peripheries is only poorly understood. What has been missing in the tourism literature is a comprehensive theoretical framework which can provide a more holistic understanding of how the institutional environment inherited from primary resource industries affects tourism development in such areas.

The ‘staples thesis’ provides one such promising theoretical framework. Staples researchers generally recognise the importance of the institutional environment in determining the capacity of ‘resource peripheries’ to manage economic change and diversification. From a staples thesis perspective, these regions tend to develop specific institutional characteristics that can cause their economies to become trapped in a staples production mentality and permanently locked into a resource dependence situation. To better understand the opportunities and limitations that apply to tourism development in peripheral and remote regions, one needs to carefully consider the issues of institutional legacy and the ways in which they affect tourism development. This research specifically considers the role of the inherited institutional environment in shaping the capacity of peripheral and remote staples dependent regions to diversify into tourism. The following section provides a concise review of the staples thesis and the phenomenon of the ‘staples trap’.

2.4 The Staples Thesis: A Theory of Economic Growth in Resource Dependent Peripheries

The staples thesis is a theoretical approach to explaining processes of unbalanced export-led economic growth and development in ‘New World’ economies, such as Canada, the United States, Australia, New Zealand, and Argentina (Schedvin, 1990). What these countries have in common is a history of reliance on the export of ‘staples’ commodities, initially back to the settling ‘home country’ and colonial powers, but later also to more widespread national and international markets. Staples are raw bulk commodity products, such as grain, fish, timber, wool, and minerals, which are relatively unprocessed and exported to external markets. One of the main arguments of the staples thesis is that staples-producing countries and regions, despite occasional rapid economic growth, tend to become dependent on more powerful and advanced metropolitan cores and therefore remain on the global economic margin (Barnes, 2005).

The staples thesis first emerged from the work of Canadian economic and political historians, beginning with William A. Mackintosh and Harold A. Innis in the early 20th century, who sought to understand the impacts of Canadian social, political, and economic history on Canada’s economic development paths. They argued that Canada’s economic history was fundamentally shaped by the successive exploitation of staples, driven by external sources of capital and technology, and a continuous concentration on exporting those commodities to more advanced economies and metropolitan powers (Wellstead, 2008; Markey et al., 2006; Barnes et al., 2001; Gunton, 2003). From the perspectives of early staples researchers, Canada’s economic development paths had not been well explained until then by orthodox trade and neo-classical economic theories. According to those theories, Canada’s abundant resource endowments provided a comparative advantage for the country, so that specialisation in staples export,

through accumulation of capital and labour, would ultimately lead to economic development and wealth generation through multiplier effects and diversification around the staples base (Barnes, 2005; Watkins, 1963; Markey et al., 2006).

In his studies on the Canadian cod fisheries and fur trade industries, staples pioneer Innis (1933) actively sought to contest such conventional theories. He argued that specialisation in staples export had no advantages whatsoever for his country but produced only incomplete economic development which had constraining effects on its political and social systems (Barnes, 2005). This was confirmed by later studies contrasting developing resource economies which showed that countries and regions with greater reliance on natural resources tend to experience slow long term rates of growth and are more susceptible to external shocks and economic bust (Sachs and Warner, 2001; Schedvin, 1990).

More recently, there has been a concentration on regions within countries as the unit of analysis (Emery et al., 2005; Gunton, 2003). At a national level, countries dependent on staples economies are usually peripheral to the major international markets and resource flows. They are economically and politically dominated by an international metropolitan core or 'heartland', which seeks to maintain control over the resource rich periphery because it relies on the continuing production and export of staples to perpetuate its economy (McCann, 1987). At a sub-national level, there are regions that could be considered peripheries within the periphery. They are typically situated in the 'hinterland' of major domestic markets and resource flows and as such are remote from sources of capital and labour of their own country (Barnes et. al, 2001). Examples of regions which have been described in this way include northern British Columbia (Markey et al., 2006; Nelson and McKinnon, 2004; Barnes et al., 2001; Gunton, 2003), northern Ontario and rural South Australia (Emery et al., 2005), the Northern Territory of Australia (Carson, 2010), and the Pampa region in Argentina (Adelman, 1994). These regions have continued to struggle to develop internally despite the strong performance of the country as a whole, or regions which outperform the country.

2.4.1 Characteristics of Staples Economies

Past analyses of staples economies have included a variety of industries, such as the fur trade, agriculture, forestry, fishing, pastoralism, and mining (Howlett and Brownsey, 2008), and have therefore largely been associated with traditional 'primary sector' industries. Recent research has also referred to water, oil, gas and energy as commodities akin to classic resource staples (for example, Brownsey, 2008; Clancy, 2008; McDougall, 2008; Netherton, 2008). Staples researchers have generally agreed that different staples industries, different geographic characteristics (e.g. remote versus peripheral), and different historic-political conditions of the

staples producing regions create different industry, labour and community structures (Barnes et al., 2001; Wellstead, 2008). In short, different staples lead to different institutional environments and are therefore relatively difficult to compare with each other. There are, however, a number of characteristics which appear to be common to all staples economies and which can lead to similar experiences and patterns of staples-led development paths (Clapp, 1998). These characteristics are summarised in Table 1.

Table 1: General Characteristics of Staples Economies (Schmallegger and Carson, 2010a)

Natural resource based	Abundant natural resources and favourable proportions of empty land relative to labour and capital are the main reasons for existence of staples economies. Natural resources present the main comparative advantages for peripheral and remote regions, as they are the ones that can provide the required raw materials for industrial development and economic growth in the metropolitan core (Watkins, 1963; Gunton, 2003).
Minimal processing of resources	Staples require minimal processing in the place of extraction. Resources tend to be further processed and developed at the core which has well-established manufacturing industries. On-site processing is limited to basic operations such as extracting ore in smelters or processing grain and lumber in flour and paper mills (Wellstead, 2008).
Capable of depletion	Natural resources are likely to deplete over time because of soil degradation, deforestation, overfishing, or depletion of mineral deposits (Clapp, 1998).
Fixed in time and space	Staples are extracted from the natural environment and as such are fixed in time and space. Pastures and deposits can only be used in specific places. They depend on the seasons or the outcome of slow geological processes, which means they have to be accessed at specific points in time (Howlett and Brownsey, 2008; Barnes, 2005).
Export based	Local markets are almost non-existent for staples economies and so they depend on exporting the staple to more advanced economies that need natural resources for industrial production. The peripheral economy becomes subordinate to the production of staples for a highly specialised industrial core (Wellstead, 2008; Watkins, 1963). In turn, staples-producing areas rely on the import of manufactured goods, technologies and services from the core. This process primarily benefits the interests of the core as it secures both a cheap and reliable source of raw materials and a final market for manufactured goods (Wellstead, 2008; Jackson and Illsley, 2006).
Susceptible to boom and bust cycles	Staples economies tend to experience rapid export-based economic growth due to strong initial demand for the resource in core markets. However, they are over-dependent on external demand and subject to large price variations determined by the core. The boom is inevitably followed by the bust when increasing resource depletion, changes in technology, or a range of external shocks (such as demand fluctuations, falling commodity prices, deteriorating currency exchange rates) affect the profitability of staple production and reduce income received from staple export (Altman, 2003; Barnes, 2005).
Industry continually seeks better alternatives	Because the industrial core depends on a continued supply of raw materials, there is an incessant search for new and more profitable sources of natural resources (Barnes, 2005). Aspirations for profit maximisation at the core lead resource extraction companies to continually seek new locations where the resources are easier and cheaper to access and transport to the market (Schedvin, 1990). This often results in the abandoning of the initial staples producing place as more profitable regions are discovered. This situation has become particularly apparent in the fishing, forestry and mining sectors, where resource extracting companies have abandoned sites of increasingly depleting resources and have focused on resource exploration in areas where resources were still abundant (Bradbury, 1988; Halseth, 1999).

Dependent on expensive infrastructure	Staples tend to be voluminous and require expensive and large-scale transport infrastructure to get them from the remote place of extraction to the market (Howlett and Brownsey, 2008). Staples producing regions receive extensive investment into infrastructure (for example railway systems, roads, shipping terminals, basic processing plants, storage facilities, and communication infrastructure) that would not otherwise exist (Bone, 2003).
Large-scale investment made by government	Developing the infrastructure to transport resources from the physically isolated place of extraction to the market requires large capital expenditure which cannot be met by private companies. As a result, governments tend to take over much of the costs of infrastructure development to attract external (often multi-national) companies to invest into resource extraction and stimulate a resource-based economy in the periphery (Wellstead, 2008; Jackson and Illsley, 2006; Bone, 2003). Similarly, governments often provide special monetary incentives, such as export subsidies, tax reductions (or exemptions), and the provision of low-interest industrial loans, to attract external companies (Howlett and Brownsey, 2008).
Dependent on external capital and labour	Small local populations and limited local capacity at the place of extraction mean that most of the required capital for staples production needs to be imported from the external core (Jackson and Illsley, 2006). Imported capital includes financial capital, labour, as well as knowledge. Decisions on investment, the supply of labour and the use of technology in the remote places of extraction usually remain under the control of the investing core. Imported capital and labour is often made available for short periods of time only (the boom period) and tends to be reinvested thereafter in activities away from the initial staples production site (Cashin and McDermott, 2002). For example, mining companies invest and redirect profits and excess labour from site A in exploration and development at site B. The result is a set of small and isolated resource towns which have few economic alternatives and remain dependent on the management of resource extraction from external corporations (Markey et al., 2006).
Weak internal linkages – <i>backward, forward, final demand, fiscal</i>	Staples researchers have been concerned with the spread effects that staples export can have on the wider economic and social environment in resource dependent peripheries. Such spread effects usually rely on the creation of effective economic linkages that emerge from initial staples production (Gunton, 2003). However, in the case of staples producing regions, the dominance of external companies and investors from the core tends to limit the formation of local economic linkages – including backward, forward and final demand linkages (Watkins, 1963). Backward linkages involve investment in input factors required for staples production, such as infrastructure, machinery, technology and other inventory. These input factors tend to be developed at the core, hence backward linkages within staples producing regions are usually very weak (Wellstead, 2008). Forward linkages to local manufacturing industries are equally weak because further processing and commercialisation of raw materials is done at the core. Final demand linkages involving the production of consumer goods and services to serve local consumption needs are poor because of limited local markets in the location of extraction and a tendency to import these goods from the core rather than develop them internally. A possible fourth form of economic linkages has been identified as fiscal linkages which emerge from the income that government receives from staples production (for example through taxes and rents). Fiscal linkages also tend to be weak as governments tend to reinvest rents in sustaining the staples industry instead of community development and economic diversification (Altman, 2003; Gunton, 2003).

Clapp (1998) argued that the interplay of the characteristics described above often leads to a typical resource cycle in staples industries. Similar to the classic model of the product lifecycle (Day, 1981), staples sectors go through at least four distinct phases of growth. The first phase is characterised by rapid expansion as there is high initial demand for the resource and supply is plentiful and relatively easy to access. This phase is followed by a maturing phase as easy and

low-cost access to the resource becomes more limited, or increasing competition emerges in the marketplace which limits further growth. The third phase is characterised by ‘disequilibrium’ where government and the private sector typically seek to combat declining growth by ‘*trying to force expansion through subsidies, weaker regulations or the search for new resource supplies*’ (Howlett and Brownsey, 2008, p. 5). However, such artificial and subsidised support to expand the staples sector is usually short-lived and unsustainable in the long run as new supplies become depleted again, costs of resource extraction rise and the profitability of the sector decreases. As a result, the staples industry typically enters the fourth phase of the resource cycle which is characterised by severe crisis and decline. Subsidies for the resource sector cease, the industry downsizes or moves to another area where resources are still plentiful and easily accessible, or the industry seeks to make a transition to a new form of resource extraction (Clapp, 1998; Howlett and Brownsey, 2008).

2.4.2 The Staples Trap

The staples thesis suggests that failure to sustain growth is a consequence of poor institutional management of the staples economy (Auty, 2001; Carson, 2010). Because of a long-term reliance on external industrialised cores for providing capital and acting as markets, Innis (1933) was concerned that countries like Canada could become permanently locked into dependency as a resource ‘hinterland’ and become unable to develop a more diversified, resilient and sustainable economy (Barnes et al., 2001). In particular, Innis suggested that the institutional arrangements resulting from the continuous focus on staples export produce a political and economic culture in the periphery which could ultimately lead to a ‘staples trap’ (Watkins, 1963). The staples trap fundamentally refers to the continuing of a set of institutional arrangements which fail to convert rapid initial growth based on exports into more sustainable local diversification of economic activity (Kassam, 2001; Gunton, 2003). While staples economies can generally continue to grow so long as external demand for the staple remains strong, they are likely to fail to develop a more independent ‘growth dynamic’ which is required to achieve more independent and self-sustaining economic growth (Barnes et al., 2001).

According to Watkins (1963), sustained economic growth requires the capacity to adapt to changing market trends, develop new products and access new markets. Such innovation requires the right institutions and values that can facilitate change and transformation. As staples economies become over-specialised in staples production, local institutions and values tend to become ‘*inimical to sustained growth, and the process of remoulding will be difficult*’ (Watkins, 1963, p. 151). As a result, staples economies can become trapped in their development paths as they develop into what Freudenburg (1992) called ‘addictive economies’. Large-scale resource extraction becomes entrenched in the system to the extent that staples

producing regions become increasingly unwilling and unable to diversify their economies, establish linkages to the broader economy, and encourage internal development and innovation (Howlett and Brownsey, 2008; Joshi et al., 2000; Che, 2003). Staples production becomes the expected norm, meaning that one export staple is likely to succeed another as resources deplete or global demands for a particular resource decline. This narrow economic base makes staples economies extremely vulnerable to exogenous shocks and demand fluctuations, and so they become prone to boom and bust cycles that would not be experienced in the same way in more diversified economies (Jackson and Illsley, 2006; Randall and Ironside, 1996; Gunton, 2003).

The staples trap is a widely discussed phenomenon in the staples literature and researchers in the past have provided a number of clues about whether or not a particular economy is trapped by the institutional environment that has formed around the production and export of staples. The main indicators of the staples trap are summarised in Table 2:

Table 2: Indicators of the Staples Trap (Schmallegger and Carson, 2010a)

Export mentality	The fundamental staples trap is to adopt an inhibiting export mentality towards economic development at the expense of fostering local capital and labour (Barnes et al., 2001). Government investments are primarily made in the interests of the staples export, resulting in a relative over-concentration of resources in the export sector and a reluctance to promote alternative internal development (Watkins, 1963). This export mentality creates rigid bureaucratic institutions which seek to continue to support staples export despite changes in the economic environment. They often give staples export a greater perceived economic and political importance than its actual true weight in the economy (Watkins, 1963). Hence, the system keeps hanging on to staples export even when the importance of staples industries within the overall economy is declining.
Emergence of single-industry towns	Economies in a staples trap are likely to develop single-industry or, even more significantly, single-company towns (Clemenson, 1992; Hayter, 2000). They are usually characterised by geographic isolation, a very small and unstable population and labour force, and an over-dependence on the continuing influx of a single source of income (Bradbury, 1988; Halseth, 1999). Single-industry towns are particularly common in areas dominated by mining and forestry. Their physical and social infrastructure is typically owned and provided by externally based resource companies who tend to plant ‘instant towns’ in the hinterland to facilitate resource extraction. In return, most decisions affecting single-industry towns are directed from those externally based companies, making them most vulnerable and susceptible to the inevitable cycles of economic boom and bust (Halseth and Sullivan, 2003).
High population turnover	Staples regions are likely to experience high levels of population turnover as a result of boom and bust cycles, and the need to import labour from outside (Howlett and Brownsey, 2008; Halseth, 1999). In particular, single-industry towns based on extractive and more temporary types of staples such as mining or forestry (as opposed to communities relying on more long-term staples industries such as agriculture or pastoralism) are usually characterised by highly temporary population structures (Markey, 2010; Storey, 2010). Labour migration usually occurs between the staples region and the core or between individual staples regions, but is hardly ever sourced internally (Nelson and McKinnon, 2004). Workers tend to be shifted around between sites of extraction according to the priorities of extracting companies. Migrants ‘come for work’ but leave the area if resource industries decline or better job opportunities arise elsewhere (Halseth, 1999). They tend to have little commitment to the community in which they work and generally do not contribute to the development of social and cultural capital of resource towns (Jackson et al., 2008). Such homogenous and temporary

	<p>population structures mean that staples producing regions remain poor breeding grounds for developing internal linkages and economic diversification. In addition, these places hold few amenities to retain populations or attract alternative population groups, such as amenity migrants, retirees, people in their late career or in senior positions, and people seeking higher education options (Halseth and Sullivan, 2003; Gylfason, 2001; Clemenson, 1992).</p>
<p>Limited role for women and indigenous people</p>	<p>Female and indigenous population groups tend to be economically, socially and politically marginalised in resource dependent areas (Jackson and Illsley, 2006). Classic staples economies, such as agriculture, fishing, forestry or mining, have traditionally been characterised by a predominantly male workforce (Halseth, 1999; Randall and Ironside, 1996). Staples areas often have unusually high sex ratios which can lead to additional population turnover or social issues (such as increased violence and substance abuse) (Carson, 2010). As a result, they often develop a reputation as ‘no places for women’ (Davidson, 2005). Women in staples areas typically experience low levels of labour force participation, and the few ‘female’ jobs that are available (for example in administration, public services or hospitality) tend to be poorly valued compared to men’s work (Abele and Stasiulus, 1989; Reed, 2008). In addition, staples economies often struggle to find a role for indigenous people (Abele and Stasiulus, 1989; Bone, 2003; Kassam, 2001). It is not unusual to have local indigenous populations experience high levels of unemployment while large numbers of external people move temporarily to the area to take up low skilled but well-paid jobs (Kassam, 2001; Carson, 2010).</p>
<p>Failing to develop local labour and capital</p>	<p>The tradition of relying on imported labour and capital leads to the development of particular institutional arrangements (e.g. labour, investment or industrial recruitment policies) which aim at securing future import of labour and capital, rather than developing a local labour force or a pool of local entrepreneurs and investors. Similarly, the physical, social and institutional environments (e.g. infrastructure, services, community attitudes and values) tend to develop in a way that service the needs of imported (and temporary) workers and investors, rather than the needs of more permanent community structures (Halseth, 1999; Carson, Schmallegger and Harwood, 2010). This is particularly the case in temporary mining or forestry towns. The preference for external and temporary investors and labour reinforces the ‘temporary feel’ of staples producing regions and perpetuates the reliance on external capital and labour.</p> <p>As both capital and labour continue to be externally focused, the potential for local entrepreneurship and internal innovation is reduced substantially. Staples researchers believe that a tradition-ridden society which has emerged under staples dependence produces institutions and values that adversely affect entrepreneurial spirit – or as Watkins (1963) pointed out: <i>‘Foreign domination of entrepreneurship may militate against its general diffusion’</i> (p. 146). Markey et al. (2006), for example, found that a long-term dependence on staples export can create a lack of internal entrepreneurial capacity and leadership because such roles have traditionally been assumed by externals in the past. Hence, self-sustaining private sector activities fail to emerge in times when the staples industry becomes less labour intensive.</p>
<p>High bureaucracy</p>	<p>Because of a lack of alternative private sector industries, there are few opportunities for reinvesting rents received from the staples industry and government expenditure on bureaucracy and public sector employment tends to be exceptionally high (Auty, 2001). Staples economies often end up with little productive bloated public service sectors which are dependent on an ongoing influx from staples income and become dominated by large-scale corporate interests (Stedman et al., 2004; Carson, 2010). During economic downturns, governments tend to invest in public sector job creation and in a range of social or unemployment insurance schemes to bridge the gap (Howlett and Brownsey, 2008). This can lead to a certain culture dependence on the public sector which may further reduce private sector initiatives and entrepreneurship in staples producing areas.</p>

<p>Lack of education</p>	<p>Staples economies are often associated with low levels of local human capital and underinvestment in the development of human skills (Stedman et al., 2004). In many staples trapped economies there is a severe lack of attention paid to education and local capacity building (Gylfason, 2001). These economies frequently rely on either low-skilled workers (who do not require much in terms of training and up-skilling) or imported pre-skilled employees for specialised operations (who have low demand for education services within the region). In times of economic downturn the larger part of the temporary labour force is expected to migrate out of the region, so re-skilling locally is rarely demanded (Barbier, 2007; Markey, 2010). In addition, knowledge and technology required for staples production are usually transferred by resource companies (or supporting governments) from the core to the staples producing region. External resource companies therefore have few incentives to invest in educational, social or cultural services to increase local human capital (Jackson and Illsely, 2006).</p> <p>What is more problematic is that local communities themselves develop an attitude that favours low-skilled employment in staples industries over more general education and skill development. There are few incentives to get extra education and training because well-paid low-skill jobs in resource industries promise high economic benefits. Individuals often drop out of school early to take up jobs in resource industries (Joshi et al., 2000). In places dominated by less temporary industries (such as agriculture or fishing), narrow sets of skills and knowledge focused on staples production are often passed on from generation to generation and become embedded in local communities (George et al., 2009). Locals can become locked into traditional occupations as they fail to develop the ability to transfer skills and knowledge to new industries. They remain dependent on staples production and become subject to 'occupational lock-in' (Marshall et al., 2007; Joshi et al., 2000).</p>
<p>Monopoly on infrastructure</p>	<p>The majority of infrastructure investment in staples producing regions is for the purposes of supporting the staples activity (Altman, 2003; Bone, 2003). Governments are loathe to promote alternative uses for the infrastructure, even where there is excess capacity, in case the staple industry requires it or in case those alternative uses make it less suitable to the purposes of the staple industry (Bunker, 1989). Large sunken costs involved in infrastructure specifically developed for staples industries necessitate a continued strong support for staples industries to generate return on investment (Wellstead, 2008). The result of this is that increasing resources need to be devoted to staples export, which in turn perpetuates the dependence on resource export and aggravates the strong staples-orientation of the political economy (Wellstead, 2008). The heavy focus on investment in staples production and support infrastructure diverts substantial funds away from other areas of the economy and the social environment. Ultimately, both the physical and institutional environment within staples economies can become unsupportive to other economic activities – a path dependency which is difficult to revert (Lloyd and Metzger, 2006).</p>
<p>Lack of internal transport networks</p>	<p>The monopoly of staples industries on infrastructure can lead to a lack of internal infrastructure development to service the needs of local populations and improve general local living conditions. Government investment in transport infrastructure becomes primarily focused on getting resources out of the region (and the required technology, labour and supplies into the region), rather than on fostering transport networks within the region (Kassam, 2001; Bone, 2003). It is not uncommon in remote staples producing regions that resource towns are connected to the major metropolitan cities or gateway points (e.g. harbours) via well-maintained state-of-the-art highways or railway lines. Simultaneously, however, road networks or public transport options between individual towns and places of staples production are often non-existent or in very bad conditions (for example, unsealed roads or no all-year-round access facilities). This clearly limits the potential for internal service provision, the creation of internal economic linkages, and internal economic diversification. In addition, it makes those places relatively unattractive for alternative (and more permanent) resident groups (Halseth and Sullivan, 2003).</p>

High government investment in 'showy' projects	<p>Governments in staples economies frequently develop a certain 'boosterism' approach to economic development, where they seek to boost the economy through large-scale public sector spending, while simultaneously showcasing the success of the economy and promoting the attractiveness of the place to lure external investors. This boosterism approach is often evidenced by public investments in showy 'mega-projects', which are usually large-scale infrastructure developments (for example, new highways, shipping terminals, or industrial plants) (Gylfason, 2001; Bone, 2003). Mega-projects are usually implemented to revitalise the staples economy when there is an imminent slow-down in existing staples production, or to kick-start new staples production. Apart from providing extra employment during the construction phase, such mega-projects primarily aim at supporting the staples industry to attract new or retain existing external investors.</p>
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In summary, the staples trap describes a form of negative 'institutional lock-in' which makes it difficult for staples-dependent peripheries to diversify their economies and engage in processes of systemic innovation that would allow them to become independent from staples export. Businesses, infrastructure, labour skills and political will become so focused on maintaining previous forms of development that regional economies become locked-in and unable to change. New forms of economic activity, new markets, or new skills and practices are unlikely to be pursued unless these development paths start to break down and resource peripheries face the prospects of becoming 'failed resource peripheries' (Schmallegger et al., 2010). Hence, when trapped resource economies in the periphery finally realise the need to escape the trap, they find themselves short of the required local capacities and capabilities to break out of their entrenched role as a resource hinterland. Much of the commentary in the peripheral tourism literature suggests that similar scenarios have taken shape in rural hinterland regions which have struggled to diversify their (mostly agriculture based) rural economies with tourism. So far, however, these issues have not been systematically examined from a staples trap perspective and it is not clear how the legacy of staples dependence impacts on the way peripheral tourism destinations operate. This issue will be explored in detail in Section 2.6.1.

The staples trap may take a different form in remote regions. Remote regions characterised by their 'disconnectedness' are more likely to become trapped in the process of frantic external connection-seeking for continued economic growth (Schmallegger et al., 2010). The continuous push from government for export and investment links to multiple cores that can inject fast (albeit temporary) economic growth becomes the expected norm. Over time, the combination of continuous public intervention and courting of large external investors becomes institutionalised as the form of economic development in remote areas. Hence, remote regions develop a political economy that constantly seeks to replace disappearing export industries with new temporary export industries. The remote institutional environment becomes locked-in in the sense that it must continue to attract externally induced 'big business' industries, while local communities remain unable to fuel economic diversification opportunities and sustainable

internal development from within. From this perspective, tourism may well be one of the potential industries that governments use to induce large-scale economic growth in remote areas. As noted by Schmallegger and Carson (2010a), however, tourism may then only serve as another staples export industry and become trapped by the same institutional arrangements that make staples industries so fragile and temporary in the first place. This issue will be further discussed in Section 2.6.2.

2.5 Towards an ‘Institutional Turn’ in Peripheral Tourism Research

Any discussion of the staples trap and its impact on the capacity of peripheral and remote regions to diversify their staples economies with tourism merits a closer look at the critical role of institutions in the diversification process. Since the late 1980s, the general field of economic geographers has increasingly come to recognise the importance of the institutional environment in shaping economic activity (for example, Hodgson, 1988; North, 1990; Grabher, 1993; Amin and Thrift, 1995; Storper, 1997). This process has since been referred to as the ‘institutional turn’ in economic geography (Martin, 2000). It maintains that economic development is a socio-cultural process that emerges from and is influenced by the wider institutional environment of a particular place.

The institutional environment may be understood as the set of rules, customs, practices, procedures and conventions which guide socio-economic behaviour and define how individuals and organisations interact with each other (North, 1990). The institutional environment includes explicit and formalised institutions, such as legally enforced laws, constitutions, policies or regulations, as well as implicit and informal institutions, such as social routines, commonly accepted social and cultural norms, traditions, practices or organisational cultures (Martin, 2000; Amin, 2004). A similar term often encountered in the economic geography literature is that of ‘institutional arrangements’. Institutional arrangements are particular organisational forms, such as markets, firms, regulatory agencies, labour unions, business associations, or even the welfare state, which emerge from the institutional environment (Martin, 2000). From this perspective, it is the institutional environment that determines what types of economic organisations come into existence and how these operate within an economic system. They define the structure and functions of firms, the operation of markets, the relationships between firms, the nature of informal social networks and traditions, as well as the form of public intervention (North, 1990).

2.5.1 Path Dependence, Lock-In and Institutional Change

In trying to understand processes of economic development and change, institutional economic geography has widely drawn upon ideas and concepts from evolutionary economics. In particular, the concept of 'path dependence' has become increasingly prominent in institutional economic geography (Martin and Sunley, 2006; MacKinnon et al., 2009). The idea of path dependence suggests that the economic landscape evolves incrementally as a consequence of its own history. The legal and socio-cultural institutional frameworks and routines that are inherited over time play a major role in shaping economic development paths (Amin, 2004; Storper, 1997; Grabher, 1993; Hodgson, 1988). Both formal and informal institutions are highly path-dependent themselves as they *'tend to inherit the legacy of their past'* (Martin and Sunley, 2006, p. 402). Institutions are highly place-dependent and are important carriers of local (economic) history (North, 1990; Martin, 2000). This means that different institutional environments develop in different places based on their unique local characteristics and their unique economic and socio-cultural histories.

Closely related to the concept of path dependence is the notion of institutional 'lock-in'. Lock-in refers to the situation where the institutional environment has become socially, culturally, politically 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). Because of a high level of mutual interdependency, reciprocal trust and shared understandings between local actors and organisations that have embedded particular 'ways of doing things', the institutional environment can resist change. As a result, the regional economy becomes rigid and inflexible, unable to absorb new ideas or industries, and unable to engage in processes of economic restructuring, renewal and innovation (Martin and Sunley, 2006; Conradson, 2009; MacKinnon et al., 2009; Hassink, 2005). In his much-cited study on regional development in the German Ruhr area, Grabher (1993) for example noted that the long-term reliance on traditional coal and steel industries generated very strong embedded local ties and interdependent social networks. These embedded networks sought to perpetuate traditional industry structures and inherited routines. Ultimately, the regional economy became stuck in traditional ways of operating and struggled to diversify.

The phenomenon of institutional 'lock-in' is not necessarily inherently bad. Martin and Sunley (2006) argued that a certain degree of 'lock-in' can have positive effects on a regional economy. Increasing levels of embeddedness and accepted relations of trust and reciprocity can lead to increased levels of clustering and specialisation that can enhance economic performance. However, as economies get too attached to particular industry structures and established

practices and relations, the system may become blind and unresponsive to change. Continued over-attachment to traditional industries, routines and values may ultimately lead to the failure of regional economies as inherited institutions become inadequate and traditional development paths decay in the face of changes in the marketplace (MacKinnon et al., 2009). Arguably, such 'path destruction' or 'path decay' has often been the case in 'failed resource peripheries' (Schmallegger et al., 2010) which have been over-reliant on declining resource industries and confronted with large-scale unemployment. It is this very idea of institutional 'lock-in' that is fundamental in explaining why peripheral and remote areas in a 'staples trap' have often been unable to diversify their economies.

It has repeatedly been argued that avoiding negative 'lock-in' requires institutional change and innovation (Boschma and Frenken, 2009; Hassink, 2005; Maskell and Malmberg, 1999). Martin and Sunley (2006), for example, suggested a range of scenarios through which regions can avoid negative 'lock-in', 'de-lock' declining development paths, and finally create new economic development paths. These scenarios include diversification into related industries, importation of new industries from outside, creation of new industries from within the system, or upgrading of existing industries. Similar strategies have been advocated by staples researchers who have argued that, to avoid a 'staples trap', regions (or countries) need to make a successful transition from a classic staples economy to a 'post-staples' economy (Wellstead, 2008; Howlett and Brownsey, 2008; Hutton, 2008). This transition would require the economic system to either achieve greater independence within the primary resource marketplace or diversify its economic base to include additional industries, notably in tertiary and quaternary sectors (Halseth et al., 2010; Bruce, 2010).

Any such transition requires considerable changes in the institutional environment, as existing institutions inherited from previously dominant staples industries are most likely incompatible with the specific requirements of new industries or development procedures. To be able to accommodate new industries, regional economies need to adapt their institutional environment in a way that allows them to seize new opportunities and innovate (Boschma and Frenken, 2009; MacKinnon et al., 2009; Martin, 2000). In many cases, they need to learn new (and simultaneously 'un-learn' past) routines and practices and actively remove formerly dominant institutions which may inhibit new development (Maskell and Malmberg, 1999). The capacity to act as a 'learning region' and to constantly adapt the institutional environment to allow for new ideas, practices and industries is a key feature that characterises successful economic 'systems of innovation' – another concept borrowed from the field of evolutionary economics. To date, it is not clear whether and how peripheral economies with an institutional environment inherited from staples industries can act as systems of innovation to embrace new industries,

such as tourism. This dissertation seeks to address this important gap in knowledge. The following section provides a review of the concept of systems of innovation. In particular, it examines the available literature on systems-of-innovation dynamics in peripheral regions and regional tourism destinations.

2.5.2 The Role of Institutions in Economic ‘Systems of Innovation’

Researchers in the field of evolutionary economics consider the institutional environment as a key element in determining the capacity of an economic system to innovate and successfully respond to economic change. The concept of such ‘systems of innovation’ has received increasing attention in the economics literature over the past two decades. It was first introduced in the late 1980s by European economists (notably Freeman and Lundvall, 1988) and later refined in a variety of contexts such as technology, commerce, social systems, and economic and policy development (Fagerberg, 2004). Systems-of-innovation theory emphasises that individual enterprises do not innovate in isolation but that innovation is usually the result of an ongoing and cumulative social process of interaction between individual actors within an economic system (Freeman, 1995; Edquist, 1997; Lundvall, 1992; Nelson, 1992).

The two main elements that make up systems of innovation are organisational and institutional components (Edquist, 1997). Organisations typically comprise formal physical entities, such as individual businesses, government agencies, education and research providers, financial institutes, venture capital organisations, technology transfer organisations, and intermediary associations (e.g. industry associations and non-governmental organisations). These system actors are governed by the system’s prevalent institutions which influence relations between individual system actors and define the way in which the system operates. As they determine the level and nature of social interactions within the system, institutions are fundamental in facilitating actions such as networking, collaboration, knowledge exchange, or public-private partnerships which are considered as central to innovative behaviour (Edquist, 1997; Doloreux and Parto, 2005; Cooke et al., 2004).

The systems-of-innovation approach is not so much concerned with the development of specific innovations within individual businesses (such as a particular new type of product or development process). It is rather concerned with the capacity of the whole economic system to engage in processes of collective learning and change, which then stimulate individual innovative behaviour. As suggested by Hjalager et al. (2008, pp. 20-21), successful systems of innovation are usually those which have the ability to:

- Adjust continually to changes in the marketplace and grasp the opportunities that present themselves from the environment;
- Transform themselves radically in response to major external challenges (for example, economic crises, natural disasters, or new technological breakthroughs);
- Ensure cross fertilisation within the system and enhance the speed of innovation processes;
- Transform themselves in qualitative ways, modernising and increasing the sophistication of relations and their outcomes (such as products and knowledge systems); and
- Add on and enlarge themselves into the surrounding environment and increase their capabilities, complexities and importance.

Early applications of systems-of-innovation theory were primarily focused at a national scale (Lundvall, 1992; Nelson, 1992). In national systems of innovation, it is primarily the institutional arrangements on a national level (for example through labour market regulations, tax laws, educational resources, financial institutions, development and research policies) that are seen as critical in influencing innovation capacities of national economies. In the late 1990s, the idea of national systems of innovation was modified and applied to the context of regional innovation systems (RIS). The concept is similar, but focused on a smaller geographical level. Definitions of RIS vary according to the geographic scale to which the term ‘region’ is applied, but central to all of them is a focus on how the particular socio-institutional environment of a region (however defined) influences the practices and behaviour of individual system actors (Hall and Williams, 2008; Doloreux and Parto, 2005).

The fundamental idea behind RIS is that innovative behaviour is regionally (or locally) embedded and not a placeless process. It depends on place specific resources and the territorially distinctive socio-institutional environment formed by spatial proximity and related sets of rules, values and practices (Doloreux and Parto, 2005; Iammarino, 2005; Cooke et al., 2004; Asheim and Isaksen, 1997). Locally embedded social, cultural and institutional arrangements are seen as the primary sources of knowledge creation and learning (Storper, 1997). They encourage personal face-to-face interaction, informal information exchange, and the development of long-standing local conventions and social habits, which enhance the learning capacity of organisations within the system (Doloreux and Parto, 2005). It is commonly accepted that an innovative learning culture is more likely to occur in situations of geographic proximity and physical concentration, which is why the concept of RIS has repeatedly been linked to notions such as industrial districts, regional clusters, creative milieus or learning regions (Asheim and Isaksen, 1997; Enright, 1998; Maskell and Malmberg, 1999; Doloreux and

Parto, 2005; Morgan, 1997; Storper, 1997). They are characterised by an absorptive capacity and learning atmosphere which facilitate knowledge spill-overs and collective learning in a territorial context.

The literature suggests that successful RIS are characterised by a strong and favourable institutional environment – also referred to as ‘institutional thickness’ – which encourages relations of trust, high levels of regional interaction and the consolidation of the local embeddedness of an industry (Amin and Thrift, 1995; Martin, 2000; Doloreux and Dionne, 2008). The idea of ‘institutional thickness’ stems from the work of Amin and Thrift (1995), who used the term to describe a particular institutional state of an economic system that possesses a number of attributes (as summarised by Martin, 2000):

- 1) A strong institutional presence through particular institutional arrangements (e.g. individual businesses, local authorities, business associations, development boards, labour unions, volunteer associations, and governmental organisations);
- 2) A high level of interaction between these arrangements (to facilitate networking, cooperation and exchange);
- 3) Well-defined structures of relationships (for example domination or coalition-building) to avoid conflicts; and
- 4) A common perception of inclusiveness and collective mobilisation of resources (to facilitate the pursuing of common goals and projects).

2.5.3 Regional Innovation Systems in Peripheral Areas

Past research into regional innovation systems has primarily focused on metropolitan or urban areas with relatively large and dense networks of firms and organisations. It seems commonly accepted that urban areas have higher rates of innovation and faster rates of innovation diffusion. They tend to have higher degrees of physical concentration and specialisation, higher proportions of skilled labour, and easier access to markets, suppliers, networks, infrastructure, as well as to multiple sources of knowledge (Malecki and Oinas, 1999; Maskell and Malmberg, 1999; Doloreux and Dionne, 2008). The literature on innovation dynamics in non-urban (including rural and remote) areas is surprisingly scarce and only few studies have specifically addressed the potential for the creation of RIS in peripheral regions of developed countries (for example, Doloreux, 2003; Virkkala, 2007; Doloreux and Dionne, 2008; North and Smallbone, 2000; Asheim and Isaksen, 1997).

The general message in these studies is that peripheral regions are fundamentally constrained in their capacity to develop and operate as RIS due to a number of inherent structural weaknesses. These include: geographic isolation and dispersal; a general lack of actors, infrastructure and

resources in both critical mass and sufficient density; the absence of sectors that have technological and economic complementarities; a lack of skills and access to relevant knowledge; as well as a lack of internal political control over decision-making (Doloreux and Dionne, 2008; Virkkala, 2007; Malecki and Oinas, 1999; Tödting and Trippel, 2005). Doloreux (2003), for example, argued that these factors make it less likely for peripheral firms and organisations to form strong internal network relationships and engage in processes of collaboration and knowledge exchange. They tend to not develop the same traditions of cooperation and trust over time as in non-peripheral areas, which leads more often than not to structures of organisational and institutional ‘thinness’ rather than thickness (Doloreux and Dionne, 2008; Markey et al., 2006).

Innovation capacity in peripheral areas is further constrained by the following factors (Doloreux, 2003; Virkkala, 2007; North and Smallbone, 2000):

- the dominance of small local businesses with limited financial resources and economic competence;
- the lack of access to qualified staff;
- relatively higher costs of developing new products and processes (due to higher costs for transport, energy, and communication);
- limited scale and scope of local market opportunities;
- a relative absence of local competition (due to geographic dispersal);
- the tendency to neglect internal research and development;
- the need for (but frequent inability of) the private sector to seek knowledge and markets externally; and
- the need for extra-regional collaboration (which further limits intra-regional cluster and networking activities).

The lack of private sector capacity in peripheral areas is usually compensated for by a strong public sector presence. Research in rural Canada (Doloreux and Dionne, 2008) showed that public organisations often had to take over the roles of community entrepreneurs in the absence of private sector leaders. Public organisations in peripheral areas played a fundamental role in generating and distributing knowledge, mobilising individual businesses around entrepreneurial initiatives, and encouraging networking activities around projects of common benefit. On the other hand, however, it has been argued that the reliance on such public sector leadership can have stifling effects on private sector leadership in the long term as the private sector gets used to public sector intervention (Markey et al., 2006).

In summary, many of the reasons brought forward in the literature as to why peripheral regions struggle to operate as successful regional innovation systems closely resemble those which have featured so prominently in the tourism literature as reasons why peripheral regions have often struggled to become successful tourism destinations (Section 2.2.2). Markey et al. (2006) suggested that most of these constraint factors stem from the long-term reliance on staples production which they blamed for the widespread inability of rural and remote regions to manage economic change as regional innovation systems. In their study on northern British Columbia, the authors argued that staples dependence has created an institutional environment that has embedded in the region a lack of internal entrepreneurship and leadership, highly fragile local governance institutions (because of the long-term reliance on external investors and decision-makers and the limited power and experience of local/regional government bodies), and a very limited tradition of internal networking and cooperation (Markey et al., 2006).

From this perspective, the innovation capacity of staples dependent regions to adjust to new challenges and accommodate new ideas and industries is significantly reduced. Formally constituted institutions and informal behavioural routines that are typically developed around networking, knowledge transfer, business management, infrastructure investment, governance and leadership tend to lock-in well-established ways of 'doing things'. In other words, the strong 'institutional thickness' developed around the need to foster and maintain staples industries becomes the very reason why the economic system becomes rigid and inflexible, and ultimately unable to respond to economic change and diversify the economic base.

To better understand the dynamics and capacities of individual regional innovation systems, several researchers have called for a better integration of historical and evolutionary perspectives that take into account how the economy and the institutional environment of a particular region have developed over time (Iammarino, 2005; Carlsson, 2003; Freeman, 2002). As Iammarino (2005) pointed out, the historic evolution of regional economic systems has often not been considered in RIS studies. This implies that RIS research has usually focused on providing a static snapshot of a system at a particular point in time rather than developing a dynamic and integrated view on how these conditions have evolved over time (Carlsson, 2003). In her analysis of regional economic development in Italy, Iammarino (2005) suggested that adopting an integrated evolutionary approach to the analysis of regional innovation systems can provide more useful conceptual insights into why a particular region is (or is not) capable of operating as an RIS. It is this very idea that history matters where staples thesis becomes interesting in the context of regional innovation systems in resource dependent peripheries. This dissertation suggests that the staples thesis, with its focus on inherited institutional legacies and

institutional lock-in (the 'staples trap'), can offer some better insights into the capacities of resource dependent peripheries to operate as regional innovation systems.

2.5.4 Regional Tourism Innovation Systems

Staples researchers have repeatedly argued in the past that, to avoid the staples trap and to become more resilient to economic bust cycles, regions need to engage in processes of innovation, diversify their product base, and develop new competitive advantages by accessing new markets or introducing new economic activities (Wellstead, 2008; Howlett and Brownsey, 2008; Jackson and Illsley, 2006; Halseth et al., 2010). In this context, it has often been mentioned (albeit mostly in a passing way) that diversification into tourism, and a transition from mere extractive to more attractive and service-oriented industries, can be a promising way to escape the trap and create more vital and self-sustaining regional economies (Howlett and Brownsey, 1996 and 2008; Thorpe and Sandberg, 2008; Hutton, 2008).

There are some case studies in the staples body of literature which have documented the processes in which staples dependent regions have started to embrace tourism as a vehicle for economic diversification (Luke, 2003; Che, 2003; Barnes and Hayter, 1992 and 1994; Johansen, 1998; Jussila and Järviluoma, 1998). However, similar to the larger body of literature on peripheral tourism, these studies have mainly provided descriptive snapshots of specific tourism development initiatives in resource dependent communities, focusing on individual actors within the system and what they did to establish a tourism industry. They did not really examine tourism development from a conceptual staples thesis perspective, and how innovation processes were influenced by the institutional legacy of staples industries. As a result, comprehensive insights into the impacts of staples dependence on the capacity for innovation and diversification in resource dependent regions are still absent from the staples literature. In particular, what has been missing so far in both the staples and peripheral tourism literature is an analysis and discussion of whether and how a 'regional tourism innovation system' (RTIS) can emerge from the wider economic system that used to be dominated by staples production.

The idea of systems of innovation in tourism has attracted increasing attention from tourism researchers who have started to view tourism destinations as regional tourism innovation systems since the mid-2000s (Carson and Jacobsen, 2005; Carson and Macbeth, 2005; Hall and Williams, 2008; Hjalager et al., 2008; Nordin and Svensson, 2007; Mattsson et al., 2005). A systems approach to the study of tourism destinations has been advocated by a number of tourism researchers (Leiper, 2003; Laws, 1995; Lawrence, 2005). It allows for a holistic examination of the various elements involved in a tourism destination, and for a better understanding of the ways in which these elements interact with each other and influence the

performance of the destination (Lawrence, 2005). More recently, a systems approach has also been applied in rural tourism studies. For example, Saxena and Ilbery (2008) argued for the need to conceptualise rural tourism from a more holistic and integrated perspective, which the authors referred to as 'integrated rural tourism'. Research from this perspective takes into account the multiple actors and relationships involved in the creation of rural tourism, as well as the unique local institutions that define place-specific practices and attitudes (Saxena and Ilbery, 2008; Saxena, Clark, Oliver and Ilbery, 2007; Oliver and Jenkins, 2003).

In comparing regional tourism destinations with regional innovation systems, Carson and Jacobsen (2005) identified a number of organisations that are commonly involved in determining the performance of regional tourism destinations. They include: individual businesses (dedicated tourism businesses and businesses in support sectors such as transport or retail), business associations and chambers of commerce, destination marketing and management organisations (for example regional and state tourism organisations), local government authorities, economic development agencies (representing local and state government), volunteer and community based project organisations (for example volunteer groups providing visitor services or event committees), and the education and research sector (including Universities, vocational training institutes, research centres or consultants). While most of these organisations tend to be located within the destination, some actors may be physically located outside (for example, externally located tour operators and transport companies who service the destination, destination marketing organisations, research institutes).

Carson and Macbeth (2005), along with other tourism researchers (Russell and Faulkner, 2004; Hjalager et al., 2008; Hall and Williams, 2008), recognised that 'history matters' in the way regional tourism destinations evolve. As with other economic systems, the evolution of tourism systems is path-dependent. The extent to which destinations are able to embrace change and respond to changing market trends in new and innovative ways depends primarily on the collective actions and decisions that have been made in the past. Carson and Macbeth (2005) suggested that tourism destinations do not automatically follow a pre-determined development path, as suggested in previous models of destination life cycles (for example, Butler, 1980; Keller, 1987). It is rather an evolutionary and complex process which is shaped by the unique ways in which the institutional environment influences decisions from a set of choices at certain bifurcation points in the destination's development path.

Successful tourism innovation systems are those which have developed a capacity over time to recognise the need for change at such bifurcation points and identify new development opportunities in response to changing circumstances, especially in the case of critical and

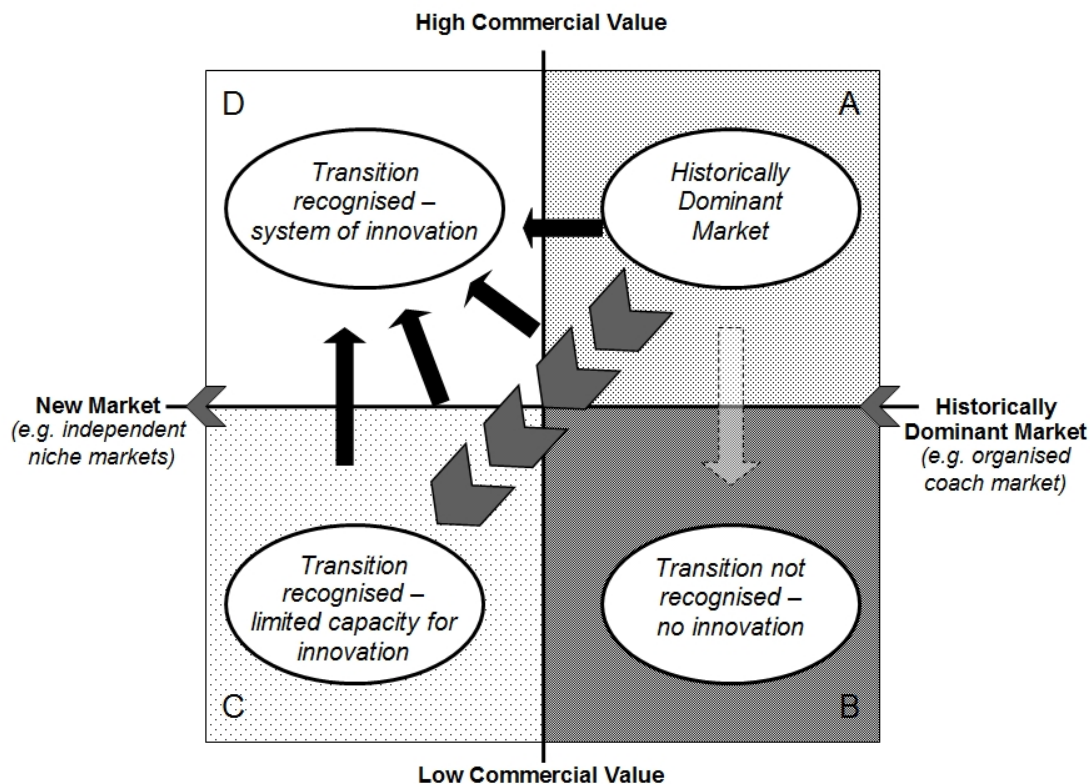
unforeseen events (Carson and Macbeth, 2005; Hjalager et al., 2008). Recent research in rural and remote areas of Australia (also collectively known as the 'Outback'), however, has shown that this capacity does not exist in many Outback destinations (Carson and Taylor, 2009; Schmallegger, 2010). Most Outback destinations have not been able to recognise and respond to critical market changes over the past decades and have lost substantial proportions of their visitor markets. For example, Outback destinations used to be reliant on a few high-volume key markets such as organised coach travellers, international backpacker tours and self-drive transit travellers. These markets have declined substantially since the late 1990s due to changing market preferences and travel patterns (for example, the demand for organised coach and backpacker tours has declined, and the introduction of cheap airfares has reduced the need for road based transit travel) (Tourism Research Australia, 2010; Carson and Taylor, 2009; Holyoak, Carson and Schmallegger, 2009). Still, most Outback destinations have not been able to manage such market shocks. They have failed to adjust their product and marketing strategies to attract new alternative markets.

In her study on self-drive tourism trends in Outback Australia, Schmallegger (2010) argued that rural and remote tourism destinations need to start operating as regional tourism innovation systems to be able to manage the process of market transition and extract commercial value from new tourist markets (Figure 2). As a first step in this process, Schmallegger (2010) suggested that destinations need to recognise and accept that their traditional market is in fact changing. If destinations fail to recognise the need for change (because they wish to maintain old market structures) they will be unlikely to develop new and innovative approaches to capture new markets and ultimately end up with severe product gaps, and a decline in both market share and commercial benefits (Figure 2, B).

Once market change has become recognised, destinations are still at risk if they do not have the capabilities and knowledge to develop the right strategies to increase commercial value from the new market (Figure 2, C). This has arguably become a common scenario in many rural and remote destinations in Australia that are characterised by obsolete and homogenous product structures, out-dated marketing messages, and declining visitor numbers (Schmallegger, 2010; Carson and Taylor, 2009; Prideaux, 2007). To increase or maintain commercial value from a changing market, destinations have to adopt more innovative approaches to issues like product development and destination marketing (Figure 2, D). For such innovation to happen on a destination level, tourism destinations cannot rely on individuals. Instead, they have to operate as regional 'systems of innovation' (as suggested by Carson and Jacobsen (2005) and Carson and Macbeth (2005)) and develop a capacity and climate for innovation that encourages

individual businesses and organisations within the system to create and implement innovative ideas in both collaborative and competitive environments.

Figure 2: Market Transition Management Model for Rural and Remote Tourism Destinations (Schmallegger, 2010)



2.5.5 A Framework for Analysing Regional Tourism Innovation Systems

Carson and Jacobsen (2005) argued that the capacity of regional tourism destinations to operate as successful RTIS depends on a number of pre-conditions. In applying general systems-of-innovation theory to the context of regional tourism destinations, they developed a detailed framework for analysing the performance of RTIS. This framework is comprised of ten major elements which are seen as crucial in the development of innovative tourism destination systems. They include:

- Entrepreneurship;
- Economic competence;
- The existence of networks;
- Clustering of resources;
- An effective critical mass of resources;
- The presence of productive development blocks;
- The production and distribution of knowledge;
- The involvement of local government;
- The institutional infrastructure; and
- The quality of social, political and cultural capital.

The following section will briefly summarise each individual systems-of-innovation element as specified by Carson and Jacobsen (2005). The purpose of this review is to summarise and explain the RTIS framework developed by Carson and Jacobsen (2005). It does not aim to summarise and critique the wider literature on each RTIS component (such as entrepreneurship, network theory, knowledge management and social capital). A detailed review of the wider literature is provided in the work of Carson and Jacobsen (2005) and other prominent 'systems of innovation' researchers cited in this document. In addition, the following section provides a summary of key indicators for each element. Indicators were primarily drawn from the work of Carson and Jacobsen (2005) and complemented by the findings from the literature review on peripheral tourism. This set of indicators forms the basis for the study's analytical framework presented in Chapter Three.

Entrepreneurship

Innovation processes require a leader in the system that can provide the vision and take the risks necessary for change (Carlsson and Stankiewicz, 1991; Maskell and Malmberg, 1999). The role of this leader, or entrepreneur, is to drive the activity required for developing successful development blocks (see below). Essentially, the entrepreneur has the creativity and ability to capitalise on new knowledge and turn new market opportunities into action by using his economic competence. Yet entrepreneurship is not necessarily synonymous with economic competence, as visionary entrepreneurial action can also take place without the required economic competence, resulting in new but non-viable ideas and ultimately in failure. However, successful entrepreneurs are characterised by a certain level of resilience to failure and a capacity to learn from previous failed initiatives, which has been described as critical in the innovation process (Carlsson and Stankiewicz, 1991). They are characterised by a sense of pro-activity and orientation towards future growth and have a demonstrated willingness to make investments and take risks (Carson and Jacobsen, 2005).

Entrepreneurs can be individuals or organisations. Although entrepreneurship is usually associated with the private sector, it can basically occur at any level of the system's hierarchy, including public sector or volunteer organisations. The literature distinguishes between different types of entrepreneurship (see, for example, Maskell and Malmberg, 1999; Hjalager et al., 2008), including single entrepreneurship (based on the vision and spirit of individuals), social entrepreneurship (which arises through collective and cooperative entrepreneurial spirit with wider social benefits in mind, not just the immediate commercial benefit), public entrepreneurship (where public sector agents act as driving forces), and corporate entrepreneurship (where large corporations dominate economic activity). In addition, the tourism literature has identified a number of entrepreneurial types with varying risk taking

behaviour and entrepreneurial spirit. They include ‘lifestyle entrepreneurs’ (Ateljevic and Doorne, 2000), ‘constrained entrepreneurs’ and ‘non-entrepreneurs’ (Ioannides and Petersen, 2003; Shaw and Williams, 1998), all of which have been described as common in peripheral areas. Another interesting type of entrepreneur is that of the so-called ‘movers and shakers’ (Russell and Faulkner, 1999). These entrepreneurs are the ones who tend to behave in non-conformist ways, think outside the square and often cause considerable disequilibrium and conflicts within the system.

In sum, assessing the entrepreneurial capacity of a peripheral tourism destination system requires a consideration of:

- 1) *The various types of tourism entrepreneurs,*
- 2) *Their demonstrated pro-activeness and future orientation, and*
- 3) *Their risk taking behaviour and willingness to invest.*

Economic competence

The notion of economic competence refers to the range of skills and experiences required for effective management and corporate governance. Economic competence forms the ability to develop, implement and commercialise new business opportunities. It involves the capacity to access external financial and knowledge resources and capitalise on one’s core competencies (Carlsson and Stankiewicz, 1991). Economic competence also involves the ability to sense and understand market opportunities and to combine knowledge and resources to overcome opportunity impediments. Economic competence is critical for successful private business operations, as well as local government and public sector organisations. As outlined in Section 2.2.2, it is this factor of economic competence that is often lacking in rural and remote tourism destinations – particularly in areas characterised by small and micro businesses that lack the required skills to understand and cope with market dynamics. Initiatives to enhance the local skill base, encourage training and capacity building, and increase ‘learning’ dynamics are therefore essential to stimulate higher levels of economic competence.

In sum, assessing the economic competence of a peripheral tourism destination system requires a consideration of:

- 1) *The set of skills and experiences of various system stakeholders*
- 2) *Their ability to understand market trends*
- 3) *Their ability to implement and commercialise new ideas*
- 4) *Their ability to access external capital (financial and knowledge)*
- 5) *Their efforts to enhance local skill base and ‘learn’*

Networks

While physical proximity of actors and resources within a system is critical it is not enough to stimulate the creation of systems of innovation. There need to be the right links and networks between various organisations involved in the system to stimulate innovative behaviour (Cooke and Morgan, 1998; Nelson, 1992). These links include networks between internal system players to stimulate knowledge exchange and collaboration internally, as well as networks with external stakeholders to facilitate the import of new knowledge and market opportunities (Hjalager et al., 2008). External networks have been described as particularly important for the success of tourism in peripheral areas (Saxena and Ilbery, 2008; Oliver and Jenkins, 2003). External networks are needed to distribute local products and services to non-local markets and to gain access to new sources of investment, knowledge, and technology. While embedded internal networks are important to mobilise local resources for joint purposes, they may become inflexible and locally entrenched over time so that they fail to take advantage of new opportunities (Saxena and Ilbery, 2008).

Networks involve both the formal professional and informal social interactions between actors and organisations in a system. The existence of multiple and diverse formal and informal networking mechanisms determines the degree of a networking culture in a destination. Networking mechanisms typically include production-based linkages, value adding partnerships, buyer-seller relations, knowledge-based linkages, and interest group collaboration (Carson and Jacobsen, 2005). In systems characterised by a low networking culture, such as peripheral regions, the formation of network mechanisms is often reliant on the presence of network facilitators and intermediaries (Carson and Jacobsen, 2005).

In sum, assessing the networking capacity in a peripheral tourism destination system requires a consideration of:

- 1) *The presence of a 'networking culture'*
- 2) *The existence of formal network mechanisms*
- 3) *The presence of network facilitators*

Clustering of resources

Clusters are characterised by geographic concentration of interconnected companies and institutions and the integration of existing resources into a common strategy (Porter, 1998). They may emerge informally over time from local or industry driven initiatives, or they can be formally developed through specific development programs (Carson and Jacobsen, 2005). Clustering or physical proximity of resources is considered important for successful innovation systems for several reasons. It can substantially reduce time and costs involved in the production and distribution of products and may allow easier access to resources. It can

facilitate information exchange and enhance the capacity to share informal and tacit forms of knowledge due to the development of strong levels of trust and shared values created by physical proximity and common industry interests. It can further stimulate the formation of formalised and informal network relations and engage actors within the cluster in processes of collective learning. These processes can increase the pace at which new knowledge and practices are diffused within the system and further enhance the systemic learning capacity (Cooke and Morgan, 1998; Maskell and Malmberg, 1999).

Clustering in tourism destinations refers to the spatial concentration of tourism companies, products and complementary resources which together form the overall destination experience for visitors (Carson and Jacobsen, 2005). Successful tourism destinations are characterised by clusters of diverse products and resources which allow for a range of diversified destination experiences and avoid over-reliance on particular product markets. Organic clustering is usually limited in peripheral tourism destinations due to the geographic isolation and dispersal of system players (including suppliers, customers, intermediaries, knowledge providers, and public sector organisations). Small local populations in peripheral areas mean that there is a low density of participants in the system and a very limited range of internal resources that could form a tourism cluster. Clustering is therefore likely to depend on specific leaders and initiatives to stimulate artificial clustering (across the distance) through increased networking and collaboration (Carson and Jacobsen, 2005; Hall and Williams, 2008).

In sum, assessing the ability to develop productive clusters in a peripheral tourism destination system requires a consideration of:

- 1) *The spatial concentration of tourism products and resources*
- 2) *The integration of tourism products and resources into destination-wide experiences*
- 3) *Initiatives to encourage artificial clustering of tourism products and resources*

Critical Mass

The notion of critical mass refers to the density of resources within a system. Sufficient amounts of resources (including organisations and their financial and human capital) are required to allow the system to experiment with new strategies and absorb failures (Carlsson and Stankiewicz, 1991). Critical mass is also required for clustering and the emergence of development blocks. Tourism destinations need a sufficient number of products and service providers that collectively build a visitor experience and make the trip worthwhile for visitors (Carson and Jacobsen, 2005; Koster, 2008). An insufficient number and density of businesses and organisations in peripheral destinations mean that the system is not capable of absorbing failures. If one business drops out it might leave the destination with a huge product gap that is

difficult to overcome. This also means that businesses cannot experiment with new ideas because they cannot afford failure in the system. Hence, the innovation capacity of peripheral tourism destination systems is reliant on initiatives to increase critical mass of businesses, products and resources.

In sum, assessing the level of critical mass in a peripheral tourism destination system requires a consideration of:

- 1) *The existence of sufficient products and resources*
- 2) *The ability to experiment with new ideas and allow for failure*
- 3) *The existence of efforts to increase critical mass*

Development Blocks

The idea of ‘development blocks’ stems from the work of Dahmén (1989) who argued that development blocks arise from a sequence of complementary actions in response to structural tensions within the system. Structural tensions are usually the result of a certain level of disequilibrium and can emanate, for example, from gaps in development or dissatisfaction experienced by system players with the way the system organises resources and development (Carlsson and Stankiewicz, 1991). Development blocks take shape when a variety of system players start a sequence (or chain reaction) of identifying and developing ways to release systemic tensions and achieve a more balanced situation (Dahmén, 1989; Andersen, 1992). Development blocks are dynamic in nature, meaning that one innovative action to balance disequilibrium and ‘fill the gap’ may induce other innovations, giving rise to cumulative innovation dynamics in the system and leading to synergistic clusters of firms, knowledge and resources within an industry (Carlsson and Stankiewicz, 1991). In successful innovation systems, actors are able to identify potential development blocks in advance and are able to fill development gaps by actively looking for new solutions or complementary actors who can help release and eliminate tensions in the system (Andersen, 1992).

Carson and Jacobsen (2005) argued that development blocks are usually centred around fundamental attributes of the economic system. Such attributes are vital components in the industry offer and are employed by a variety of businesses and other stakeholders to generate economic benefits. In the case of tourism, development blocks can relate to natural or cultural assets, specific tourist attractions, outstanding services, or industry excellence more generally. They are fundamental in forming regional tourism identities and shaping the image and reputation of the destination. The existence of disequilibrium within the destination system and the ability of system stakeholders to recognise and seize new opportunities arising from disequilibrium are seen as indicators for innovation capacity (Carson and Jacobsen, 2005).

Limited critical mass, limited clustering, limited economic competence, limited entrepreneurship are among the major issues for peripheral tourism destinations to identify and exploit new development blocks (Schmallegger, 2010). Hence, the innovation capacity of peripheral tourism destinations is dependent on facilitators who can identify and kick-start new development blocks.

In sum, assessing the potential for productive development blocks in a peripheral tourism destination system requires a consideration of:

- 1) *The presence and composition of regional tourism identities*
- 2) *The existence of disequilibrium in the system*
- 3) *The existence of facilitators of new development blocks*

Production and Distribution of Knowledge

Knowledge is one of the key factors in successful innovation systems (Edquist, 1997; Freeman, 1995). To increase the capacity for innovation, systems need to be able to capture relevant information (about markets, competitors, their own performance and the environment in which they operate) and convert it into new knowledge by actively applying information in new situations and learning from its outcomes (Malerba, 2004). Organisations can either create knowledge internally or source it externally through inter-organisational linkages. Internal knowledge creation usually involves the application of formal and dedicated research or informal inter-personal information transfer. Externally sourced knowledge is typically accessed via networks and collaboration with other firms, organisations or official knowledge brokers (e.g. Universities, research units, consultants) (Hall and Williams, 2008; Carson and Jacobsen, 2005). Ultimately, systems need to diffuse knowledge internally to facilitate system-wide learning (Cooke and Morgan, 1998; Hall and Williams, 2008). Knowledge can either take the form of codified or tacit knowledge. While codified knowledge is made explicit and can be transferred in formal and systematic ways, tacit knowledge is usually person and context specific. It depends on a variety of factors including conceptual skills and personal experiences of individuals, as well as shared understandings that arise from the social and culture environment (Hall and Williams, 2008).

The production and distribution of knowledge in tourism is often one of the weakest links in the process of destination management (Dredge, 2001; Carson and Jacobsen, 2005). In particular, destinations characterised by small and dispersed businesses (such as peripheral destinations) often do not have an understanding of the need for knowledge or the capabilities to create and access knowledge. Research and development tends to be primarily pursued by large firms or external organisations and does not filter through to small businesses in peripheral areas

(Hjalager et al., 2008). Even local government and tourism organisations have often poor knowledge management skills (Carson and Jacobsen, 2005).

In sum, assessing the capacity for production and distribution of knowledge in a peripheral tourism destination system requires a consideration of:

- 1) *Existence of mechanisms for internal knowledge production*
- 2) *Access to external knowledge sources*
- 3) *Existence of mechanisms for internal knowledge distribution*

The Role of Government

Carson and Jacobsen (2005) described the role of the local government as critical in regional tourism innovation systems. Local government can facilitate tourism development through: local strategic planning, the provision and maintenance of local transport infrastructure and public facilities, the provision of management support in public-private partnerships, the support of local marketing and promotion initiatives, and the provision of funding, grants or other development incentives to encourage private sector development (Carson, Beattie and Gove, 2003; Dredge, 2001). Local governments can also act as entrepreneurs by owning and managing significant local tourist attractions that, due to a lack of private sector capacity, would not otherwise exist. While local government has certainly a range of important tasks in tourism, general systems-of-innovation studies have also described the impact of state and national government actions as fundamental in determining national and regional innovation capacities (Cooke and Morgan, 1998; Edquist, 1997; Carlsson and Stankiewicz, 1991).

State and/or national governments provide the formalised institutional environment in which the system operates through policies, regulations and legislation. In addition, they are important providers of financial investment, knowledge and other development incentives. In tourism, specific tasks of tourism bodies on national and state governmental level include: the provision of national and international marketing, the creation and support of regional tourism organisations (for marketing and development on a regional level), strategic planning, the production and distribution of tourism specific knowledge, capacity building through the provision of tourism education and training services, the specification of quality requirements, and the provision of funding and investment for significant infrastructure and product development (Hall and Williams, 2008; Cooper and Ruhanen, 2005).

In sum, assessing the role of government in a peripheral tourism destination system requires a consideration of:

- 1) *The nature and extent of local government involvement in tourism*
- 2) *The nature and extent of state (or national) government involvement in tourism*

Institutional Infrastructure

Carson and Jacobsen (2005) argued that the institutional infrastructure, consisting of the explicit laws, regulations, policies, strategies, arrangements and conventions, is an important factor in guiding innovative behaviour in regional tourism destinations. Similar conclusions were made by Hjalager et al. (2008) who analysed the characteristics of regional tourism innovation systems in Nordic countries. Explicit tourism-specific institutional arrangements can include, for example: tourism and regional development policies, official tourism plans and strategies, funding and management arrangements for marketing organisations and other tourism bodies (e.g. visitor centres), articles of association for regional and local tourism organisations, cooperative marketing agreements; and commission arrangements between businesses and organisations (Carson and Jacobsen, 2005). The presence of multiple tourism-oriented institutional organisations (e.g. volunteer and business associations, public sector organisations, marketing organisations) reinforces the formalised institutional infrastructure in a tourism destination. It is an indicator of ‘institutional thickness’ in tourism which helps create a perception of inclusiveness and facilitates the collective mobilisation of resources to pursue common goals.

Institutional arrangements imposed by the state on regions can have enormous impacts on regional innovation potential in tourism. Such arrangements can include restrictive (or interventionist) regulations from the wider policy environment that prioritise other economic, environmental and social interests over tourism (Hall, 2007). Carson and Jacobsen (2005) also pointed out that state driven tourism policy and strategic plans in Australia often impose development objectives on regional destinations. Such state-driven policies and plans primarily seek to meet state-wide development priorities and performance indicators but are not necessarily compatible with the priorities and capacities of individual regions. In addition, regional tourism destinations are defined by the states in an artificial top-down development approach – a process which Carson and Jacobsen (2005) described as ‘regionalisation’ in tourism. This state driven production of tourism destination can impose artificial boundaries and inorganic institutional frameworks on destinations and so stifle the formation of more organic linkages and ‘creative milieux’ (Dredge, 2005; Dredge and Jenkins, 2003; Saxena and Ilbery, 2008).

In sum, assessing the institutional infrastructure in a peripheral tourism destination system requires a consideration of:

- 1) *The role of tourism in the wider policy context*
- 2) *The presence of local institutional organisations involved in tourism*
- 3) *The presence of local and state-driven tourism strategies*

Social, Political and Cultural Capital (SPCC)

Social capital refers to the sum of social resources and institutions that individual players in a system have access to (Carson and Jacobsen, 2005). Social capital emerges primarily from interpersonal relations and is the product of social norms, trust and reciprocity which facilitate collective action for the sake of mutual benefits (Stone and Hughes, 2002). Social capital contributes to the vitality and internal cohesion of communities in economic systems and determines the extent to which economic industries, such as tourism, are collectively embraced to reach common social and economic goals (Macbeth, Carson and Northcote, 2004). Social capital determines the nature and extent of social interactions in a system. These interactions facilitate the development of an internal networking culture, encourage the sharing of information and provide a certain sense of belonging and connectedness. They are *'the glue that holds people together and the lubrication that assists our "business", while sometimes being the "fence" that excludes'* (Carson and Jacobsen, 2005, p. 25).

Closely related to the idea of social capital are the notions of political and cultural capital. Political capital refers to the extent to which a community is in control of the resources within the system, such as financial, natural, cultural and information resources. It also indicates the level of influence that the community has over the formal political apparatus in the system. As with social capital, political capital is important to facilitate the community's 'interaction' with political processes, which is essential for sustainable planning and development activities (Macbeth et al., 2004). Cultural capital refers to the cultural variety that is available within a community, including ethnic, historical, sporting, arts and craft, music and lifestyle characteristics. Cultural capital improves the richness of community life and is a major contributor to the creation of community pride and sense of place (Macbeth et al., 2004).

Social, political and cultural capital (SPCC) is often hard to separate from each other as they do not exist in isolation but depend upon each other (Carson and Jacobsen, 2005). Generally speaking, SPCC provides the capacity for trust based relationships within a system, determines a community's sense of well-being and the social 'will' and energy that is required to drive forward new initiatives (Macbeth et al., 2004). The extent to which community members are involved in various community and volunteer organisations, for example, is an indicator of high levels of community attachment (Carson and Jacobsen, 2005). Strong levels of SPCC mean that communities choosing to embrace tourism as an economic industry generally provide a lot of support for tourism (especially in-kind volunteer support for local visitor services, promotional activities, and events) (Hjalager et al., 2008). Strong levels of SPCC also mean that communities are in control of planning and development decisions. This can further increase

local support for tourism and avoid the emergence of community conflicts over externally dominated decisions.

In sum, assessing the quality of social, political and cultural capital in a peripheral tourism destination system requires a consideration of:

- 1) *The level of community attachment to regional and/or community identities*
- 2) *The level of community support for tourism*
- 3) *The level of community control over tourism*

Using a systems-of-innovation framework, like the one developed by Carson and Jacobsen (2005), in the analysis of regional tourism destinations can provide a useful tool to examine the complex dynamics of tourism destinations. Carson and Jacobsen's framework has been applied to a number of tourism case studies in Australia and New Zealand to analyse the performance and innovation capacity of regional tourism destinations (see Carson and Macbeth (2005) for a collection of case studies). The framework was found useful in case study research to identify the various actors, organisations and institutions, as well as the complex relationships and interactions involved in a particular destination system, (Lawrence, 2005). In addition, the use of Carson and Jacobsen's framework in case study research allows for a wide range of complementary data sources, as will be shown in Chapter Three. It facilitates a holistic understanding of how the destination system performs according to the ten systems-of-innovation elements described above.

2.6 Viewing Peripheral Tourism Innovation Systems through a Staples Lens

Although research on the characteristics of RTIS has slowly increased over the past few years (see, Hjalager (2010) and Hall and Williams (2008) for a review of innovation research in tourism), there have not been many studies to date that have looked specifically at innovation capacities of tourism destination systems in resource dependent peripheries. According to Carson and Jacobsen's (2005) framework, establishing an innovative and self-sustaining tourism destination system requires an institutional environment that encourages: the development of local entrepreneurship and economic competence; the formation of internal and external network structures to generate and share knowledge; the formation of diverse clusters and development blocks to create a critical mass of products and resources; government support that leads to productive public-private partnerships; and local social, political and cultural capital that facilitates community support for tourism. However, such favourable institutional environments seem to be largely absent in resource dependent peripheries. The broad commentary in the peripheral tourism literature on the numerous challenges and barriers for

peripheral tourism development (Section 2.2.2) suggests that these areas are fundamentally constrained in operating as regional tourism innovation systems.

Applying Carson and Jacobsen's (2005) framework in the context of peripheral tourism destinations allows for a more systematic examination of how the various components of RITS manifest in peripheral regions and how they influence their capacity for innovation. It needs to be considered, though, that Carson and Jacobsen's framework provides mainly a snapshot of the destination's systemic status-quo and does not really explain *why* particular impediments or opportunities exist. Taking an evolutionary integrated approach to analysing peripheral RIS, which focuses on the evolution of the regional economy and its institutional environment (Iammarino, 2005 and Carlsson, 2003), may provide better insights into how the capacity for innovation has evolved over time. This approach takes into account that a tourism destination system cannot be seen in isolation from the wider system of economic activity and that inherited non-tourism institutions are a key factor in determining innovation capacity in tourism.

One of the few studies that explicitly mentioned the need to consider the wider inherited institutional environment in the analysis of peripheral tourism development has been the work of Moscardo (2005). She compared a number of peripheral destinations with different historic, political and economic backgrounds and found that those destinations had intrinsically different development paths. Their capacity to develop successful tourism systems varied substantially based on their economic, political and social histories, and their resulting traditions of community involvement, leadership, networking, or government support. Moscardo (2005) suggested that understanding regional variables, such as the role of traditional economies or the history of external trade relations, is critical in evaluating the pre-conditions for tourism development in peripheral areas. Similarly, she argued that researchers need to consider the traditional driving forces for economic development (e.g. individuals, community, external corporations or funding agencies), as well as the traditional role of government in development processes (e.g. funding, planning, incentivising, decision-making). Such inherited development practices are likely to be transferred to tourism development, which may help explain why some destinations perform better than others.

The review of the staples thesis literature suggests that many of the factors described as common barriers to peripheral tourism development (e.g. the dependence on public sector funding, the lack of internal linkages and networking, or the lack of entrepreneurial spirit and economic competence) are likely to be 'inherited' from a long-term history of staples dependence. However, observations in the tourism literature have so far not been placed within a broader conceptual framework that accounts for institutional perspectives on historic

economic development. As a result, the tourism literature cannot explain why tourism destinations in resource dependent peripheries function the way they do and what factors have shaped their ability to operate as RTIS.

Viewing peripheral tourism destination systems through the lens of the staples thesis can add a more evolutionary institutional perspective to generic systems-of-innovation analysis. It may allow for an appreciation of how the institutional legacy of staples industries has influenced their capacity to operate as RTIS. In particular, the concepts of institutional lock-in and the ‘staples trap’ may help provide some better explanations of why staples dependent regions often struggle to diversify their economic base and develop self-sustaining tourism destination systems. At the same time, understanding the impacts of staples legacies in peripheral and remote areas can help identify more targeted strategies to avoid or mitigate barriers to innovation caused by the ‘staples trap’.

2.6.1 Institutional Conflicts in Diversifying Peripheral Staples Economies with Tourism

This section revisits some of the peripheral tourism literature (Section 2.2.2) to show how the theoretical foundations of the staples thesis can add a new and more integrated evolutionary perspective to the analysis of tourism dynamics in peripheral destination systems. From an institutional point of view, tourism in resource dependent peripheries appears to be struggling mainly because the characteristics of the institutional environment inherited from staples industries have become locked-in. These characteristics are summarised in Table 3, which forms the framework that is used to analyse the institutional environment of the case study region in Chapter Four. An institutional environment that has become locked-in does not allow for the formation of favourable institutions required for well-functioning tourism systems. Tourism requires an institutional environment that is substantially different to that prevalent in staples regions, and there are numerous hints in the literature that point to this ‘institutional mismatch’.

Table 3: Institutional Characteristics of Staples and Tourism Industries in Peripheral Areas

Institutional Characteristics	Peripheral Staples Industries (adapted from: Howlett and Brownsey, 2008; Wellstead, 2008; Jackson and Illsley, 2006; Markey et al., 2006; Stedman et al., 2004)	Peripheral Tourism Industries (adapted from: Müller and Jansson, 2007; Carson and Jacobsen, 2005; Ioannides and Petersen, 2003; Luke, 2003; Baum, 1999; Wanhill, 1997)
Economic development policies	<ul style="list-style-type: none"> ▪ Focus on resource extraction ▪ Focus on economic growth and maximising export revenue 	<ul style="list-style-type: none"> ▪ Focus on market attraction ▪ Focus on generating alternative income streams to supplement primary businesses
Education + training arrangements	<ul style="list-style-type: none"> ▪ Firmly established narrow set of skills and methods for skills transfer ▪ Education and training directed and managed by external investors and/or government 	<ul style="list-style-type: none"> ▪ Need to introduce new sets of skills (in a service industry) requiring new sources of training ▪ Education and training left to the responsibility of the individual operator
Network + collaboration structures	<ul style="list-style-type: none"> ▪ Networks are directed (or even imposed) by external investors ▪ Lack of internal linkages and competition discourages local network formations ▪ Limited need for networking and collaboration between individual towns and communities 	<ul style="list-style-type: none"> ▪ Dependent on internally driven networks for destination marketing and product packaging ▪ Need for internal collaboration and competition to create complementary experiences and avoid product homogeneity ▪ Need for cross-regional networks that build an integrated destination experience
Arrangements for production + distribution of knowledge	<ul style="list-style-type: none"> ▪ Limited need for internal knowledge generation and exchange – reliant on external knowledge brokers ▪ Market knowledge and technology transfer imposed externally by market managers 	<ul style="list-style-type: none"> ▪ Greater need for internal knowledge generation due to a lack of obvious (and accessible) knowledge brokers ▪ Greater need for internal knowledge exchange to be responsive to market changes internally
Climate for entrepreneurship	<ul style="list-style-type: none"> ▪ Entrepreneurial activity driven by external investors and wholesalers ▪ Limited local entrepreneurship due to lack of economic linkages ▪ Culture of dependency creates risk aversion and reduces local private sector investment 	<ul style="list-style-type: none"> ▪ Greater need for internal entrepreneurship and investment due to lack of external investors and continuous public sector funding ▪ Reliant on in-migrants to increase number of tourism entrepreneurs as locals are resistant
Labour provision strategies	<ul style="list-style-type: none"> ▪ Import of pre-skilled labour and skills ▪ Highly mobile, temporary and male labour force ▪ Relatively high income/ salaries in time of economic boom 	<ul style="list-style-type: none"> ▪ Multiple small scale businesses relying on the labour of the owner/ family ▪ Labour force reliant on in-migrants, women and racial minorities ▪ Relatively low income/ salaries, low-esteem part-time (or seasonal) jobs
Social, political + cultural capital	<ul style="list-style-type: none"> ▪ Homogenous population structures due to economic ‘monocultures’ – limited role for women and indigenous people ▪ Limited community sense and cultural diversity in single-industry towns – limited internal political control ▪ High attachment to traditional industries can make communities resistant to change 	<ul style="list-style-type: none"> ▪ Need to accept and support women and indigenous people as key labour resources ▪ Sense of community and internal cohesion required for networking and collaboration ▪ Need for a new community culture (also ‘learning culture’) that embraces change

(Source: created by author)

Luke (2003), for example, found that the transition from a resource extractive to a market attractive industry in rural British Columbia was difficult because tourism required new

approaches to economic and environmental policy development that were not compatible with the conventional procedures of staples industries. The viability of tourism required the conservation of natural resources (e.g. forests) to attract the market, while the dominating forestry sector depended on the exploitation of those resources for export. Hence, tourism found itself competing with a locally embedded primary industry for the use of the same asset. Such conflicts have previously led to little acceptance and even the rejection of tourism among communities who wished to hang on to values and procedures cultivated in traditional primary industries (Hjalager, 1996; Garrod et al., 2006; Saarinen, 2003; Kneafsey, 2000; Fleischer and Felsenstein, 2000).

The strong embeddedness of traditional staples industries means that any attempt to diversify the economy primarily seeks to sustain old industries with their associated values and practices, and not introduce new ones that could upset and replace the old system (Barbieri and Mahoney, 2009). Hence, financial government support often encourages 'diversification' (e.g. farms converting old farm buildings into tourist accommodation), but not 'conversion' (e.g. farms abandoning their farming business and converting to full-time tourism operators). This practice reinforces economic lock-in in staples dependent regions as it maintains old hierarchies and leaves tourism with the role of a secondary 'gap-filler' for primary industry businesses.

Tourism researchers have repeatedly blamed a lack of experience, training and education of small-scale tourism operators as one of the reasons for the relative failure of tourism ventures in peripheral areas (Wanhill, 1997; Hjalager, 1996; Fleischer and Felsenstein, 2000; Getz and Carlsen, 2000). These operators typically have a long-term family background in staples production. Their history of employment in resource production, paired with the lack of general education and capacity building that is common in staples industries (Stedman et al., 2004; Gylfason, 2001), has limited their ability to develop the necessary skills that could be readily applied to new industries such as tourism (Siemens, 2007; Marshall et al., 2007). Old industry skills become embedded over time as skills and knowledge are passed on from generation to generation (George et al., 2009). Businesses try to develop tourism operations within these existing sets of skills, knowledge and resources. For example, they put infrastructure or attractions in place and wait for these investments to result in automatic tourism success. This attitude of 'build it and they will come' (Carson and Harwood, 2007; Prideaux, 2002a; Ramaswamy and Kuentzel, 1998) reflects common practices 'learnt' from staples production, where investment in transport and production infrastructure usually resulted in fast growth.

Tourism creates different forms of employment and demands different sets of skills, which do not transfer easily from staples industries (Baum, 1999; Hjalager, 1996). Successful

diversification into tourism therefore requires the system to introduce entirely new sets of skills and new sources of knowledge and training in a service industry. Unlike in many staples industries, new skills and knowledge in tourism are usually not automatically transferred from external investors and market managers to the producing operator or labour force in the periphery. External knowledge brokers to inform on external market changes are mostly not available to small tourism businesses in peripheral areas (Hjalager et al., 2008; Carson and Jacobsen, 2005). Instead, up-skilling and knowledge creation rely on the ambition and initiative of individual tourism businesses and their ability to access new sources of knowledge. Yet the structure of staples economies does not necessarily encourage a culture of learning in resource dependent region (Joshi et al., 2000). Due to the reliance on external investors and wholesalers, and the resultant lack of internal entrepreneurs, there are few inspiring local businesses which other businesses could learn from.

In a small business environment, which is common in peripheral tourism destinations, operators must be responsive to market changes internally, organise internal knowledge exchange structures, and develop new linkages and networks for product packaging and destination marketing. Again, networks for marketing and distribution are usually not coordinated and managed by external investors and wholesalers. Yet businesses and organisations in staples producing regions often lack an effective internal networking culture due to a long-term reliance on external management (Markey et al., 2006). Another problem with tourism is that regional destinations need to establish networks between individual locations and communities to form an integrated destination experience for visitors (von Friedrichs Grängsjö, 2003; Carson and Jacobsen, 2005; Koster, 2008). This process requires internal cohesion and a destination-wide sense of belonging together to facilitate networking and collaboration across traditional local boundaries. However, this sense of cohesion and belonging together tends to be limited in staples dependent towns (Markey et al., 2006). Instead, issues of traditional small-town parochialism and historically embedded local boundaries often hinder collaboration for tourism development on a wider regional level (Lovelock and Boyd, 2006; Johannesson et al., 2003; Saxena and Ilbery, 2008).

Single-industry towns, in particular, often consider themselves independent from other towns in the same area. Because they tend to rely on external corporations and government agencies they do not develop a tradition of seeking support network structures with other towns. They are likely to have limited commitment to developing the region beyond the immediate boundaries of their own town. This situation becomes most pronounced in temporary single-company towns (for example mining or forestry towns), which are primarily dependent on temporary and external populations (Markey, 2010; Storey, 2010). Temporary residents have very limited

attachment to place, limited sense of community, and therefore limited commitment to sustain local communities (Jackson et al., 2008). Because residents tend to leave as soon as jobs in resource extraction decline, these places typically lack the social, political and cultural capital required to encourage community spirit and common movements to embrace new industries, such as tourism.

Tourism requires different approaches to the process of product development than those previously employed in staples industries. Regional staples-based economies tend to operate as economic monocultures focused on the extraction of a single type of raw material. Individual staples producers tend to rely on large-scale wholesalers for the commercialisation and distribution of those raw materials, meaning that they do not have to compete with other producers in the region for the same market (at least not to the same extent as non-staples industries). Conversely, a successful tourism destination requires a range of complementary products and experiences. There is a need for tourism in peripheral areas to have a healthy mix of internal competition and collaboration to stimulate a higher quality and diversity of products (Hjalager et al., 2008; von Friedrichs Grängsjö, 2003). However, local businesses often lack an understanding of the need for internal competition and collaboration to become more competitive in the marketplace (Ioannides and Petersen, 2003) – most likely because they never ‘learned’ such practices in a staples-dominated environment.

Another issue in diversifying staples economies with tourism is the traditional ‘male-ness’ of staples industries. Staples production is usually dominated by a highly specialised male labour force, creating very homogenous population structures in resource dependent communities (Randall and Ironside, 1996; Carson, 2010). Such communities develop strong attachment to staples work which defines a particular community identity. This can reinforce the level of ‘occupational lock-in’ in communities as the willingness of locals to work in other industries is limited (Marshall et al., 2007). Tourism, as a ‘subservient’ service industry, clearly does not fit with values cultivated in male resource industries and is therefore considered as a low-esteemed part-time or seasonal industry for females and other minorities (Luke, 2003; Lundmark, 2005; Müller and Jansson, 2007). Laid-off workers who have spent most of their lives working as employees of large resource-based companies have limited entrepreneurial spirit and limited capabilities to develop their own independent (tourism) businesses (Barnes and Hayter, 1994; George et al., 2009; Jussila and Järviluoma, 1998). As a result, tourism in staples regions depends primarily on entrepreneurial initiatives of females and in-migrants whose attitudes towards tourism are not affected by the local staples mentality (Siemens, 2007; Luke, 2003; Müller, 2006).

The tradition of government support inherited from a somewhat 'paternalistic' staples environment can significantly reduce private sector entrepreneurship and limit the potential to have tourism emerge as a more independent and self-sufficient industry (Che, 2003; Jussila and Järviluoma, 1998; Barnes and Hayter, 1994). In his research on tourism development in Newfoundland, Baum (1999) found that the institutional structures created around traditional fishing industries had considerable stifling effects on the region's capacity to diversify into tourism. He identified a strong inherited culture of reliance on government intervention among local business owners, which had reduced their will and ability to take risks and invest in tourism development (Baum, 1999). Similar observations were made by Kneafsey (2000) in her study on tourism development in rural agricultural regions in Europe, as well as by Che (2003) in her analysis of economic restructuring in forestry-dependent areas of the United States. These studies have shown that the long-term reliance on public financial support can create a 'dependency syndrome' (Kneafsey, 2000), which leads to widespread grant-oriented attitudes and a reduced capacity to come up with creative self-help approaches to diversification.

The discussion of the challenges for peripheral tourism systems in light of the staples thesis suggests that many of the factors described in the tourism literature as barriers for peripheral tourism development actually stem from a long-term history of staples dependence. The capacity to 'borrow' the institutional environment from declining staples industries and readily apply it to tourism appears to be limited. The development of regional tourism innovation systems in peripheral resource dependent regions is likely to require fundamental changes in the regional institutional environment. Such changes would include new attitudes and approaches towards economic development policies, public-private partnerships, education and capacity building, internal collaboration and networking, the production and distribution of knowledge, and labour acquisition. If tourism is to be proposed as an avenue for economic development and diversification in resource dependent peripheries, it needs to be understood whether and how appropriate institutional arrangements for tourism can emerge from an inherited environment that has been dominated by staples industries for several generations. This issue has not been well explored in the literature to date and it is still unclear how peripheral regions can reconcile differing institutional requirements.

2.6.2 When Tourism Gets Caught in a Staples Trap

The recent work by Schmallegger and Carson (2010a) and Schmallegger et al. (2010) has started to apply the ideas of the staples thesis to the analysis of remote tourism destinations. The authors used the 'staples thesis' as a framework to analyse the dynamics of the tourism system in Central Australia, a remote desert destination located in the south of Australia's Northern Territory. The case study in Central Australia demonstrated that tourism industries in remote

destinations can actually adopt the same institutional characteristics as traditional staples industries. A strong export mentality in tourism, the tendency towards 'big business' activity, a strong reliance on government and external investors, and a continued focus on economic growth instead of internal development are clear signs that the institutional lock-in from staples dependence has not been reconciled by introducing a new industry. Instead, the same institutional approaches to economic growth have been transferred to the development of a new (tourism) industry. As a result, remote tourism industries can get caught in a 'tourism staples trap' and experience the same boom and bust cycles as traditional staples industries.

In summarising Schmallegger and Carson's (2010a) research, one of their key arguments was that tourism in Central Australia has been induced by the government as large-scale artificial industry that could bring fast and high volume economic growth. The Northern Territory Government used tourism as a 'staples substitute' that could serve as a major export industry in an otherwise little productive area. From its early days, tourism targeted international mass markets who visited the destination as part of larger organised package tours emanating from wholesalers based in east coast capitals. The Northern Territory Government has applied a certain 'boosterism' approach to tourism development since the 1980s (Schmallegger and Carson, 2010b). It made large investments in showy tourism and transport infrastructure projects (e.g. the construction of a single-industry resort town, casinos, airports, roads, park facilities and sightseeing infrastructure) and injected large amounts of resources into international marketing campaigns. High levels of government support for tourism were necessary to attract a range of big national and international tourism companies to the area, particularly in the hotel and tour operator sectors.

Typical of remote regions, Central Australia had to source financial capital and labour externally. Resort employees were primarily interstate or international origin short-term migrants. The local population, particularly Indigenous communities, were only marginally involved in tourism and very little was being done on behalf of external tourism companies to recruit and train locals. Local knowledge and capacity building, as well as the development of local entrepreneurship, in tourism have been severely neglected in the past and traded in to achieve fast economic growth. This 'staples tourism' structure has created few internal economic linkages within Central Australia. External companies provide most products and services 'in-house' and have limited cooperation with small local businesses (Schmallegger and Carson, 2010a). This has resulted in an industry made up of a dominant cohort of homogenous large-scale and externally headquartered businesses and a conspicuous lack of a small, diversified local tourism economy.

With its overreliance on international export markets and external investors, the destination has become extremely vulnerable to external market shocks (such as the latest global financial crisis in 2008-2009). Tourism in Central Australia has experienced relatively strong economic decline over recent years as much of its traditional sightseeing and coach based mass market disappeared (Schmallegger, 2010; Carson and Taylor, 2009). Although government and tourism organisations have recognised the need to change their market approach (from catering to international mass sightseeing tourism to more diversified, special interest and domestic markets), they have evidently struggled to implement change. Instead, government and destinations marketing organisations keep re-investing in novel marketing strategies to target new international mass markets, and in new showy infrastructure projects to lure external companies and investors back to the region (Schmallegger and Carson, 2010a).

The destination has become locked into a particular mass market development path which it currently struggles to maintain. Because of this institutional lock-in, the destination has not been able to develop internal innovation dynamics that would have allowed individual system players to adapt their product structures and successfully manage the apparent market transition that has taken place in recent years (Schmallegger, 2010). The long-term reliance on international export markets and government support for infrastructure development and marketing has created a strong legacy in the region. There seems to be a certain mindset in the region that these old structures need to be maintained – mainly because of a shortage of new investors and ideas, a scarce pool of local entrepreneurs and human capital, and a need to justify the enormous public commitments made in the past.

Schmallegger and Carson's (2010a) critique of remote tourism structures in light of the staples thesis offers some different insights into the potential of tourism to contribute to economic development. Their argument that tourism development based on external inputs of capital, labour and know-how is not an effective development tool for underdeveloped (in this case remote) regions is not new (see for example, Britton, 1989; Keller, 1987). However, they have argued that tourism systems of this type are likely to become 'trapped' in an artificially induced development path which is very difficult to change from within the system. The research in Central Australia has shown that the region's tourism system, but in particular its institutional infrastructure, has become stuck in a continuous process of trying to establish new connections with external sources of markets, capital and labour. Although this approach might bring some fast economic relief (in terms of visitor or job numbers), the emerging connections are mostly temporary and break down quickly in the face of external market shocks.

2.7 Conclusion

The main research problem of this dissertation is to examine the utility of the staples thesis in providing an enhanced theoretical framework for analysing and explaining the dynamics of regional tourism innovation systems (RTIS) in resource dependent peripheries. This chapter has provided a review of the theoretical background relevant for this research. It has first summarised the current state of knowledge on peripheral tourism (Section 2.2) and identified the major limitations in this field of research (Section 2.3). The literature review revealed a clear lack of theoretical approaches and frameworks for analysing the dynamics of peripheral tourism destinations. In particular, previous studies in peripheral tourism analysis have failed to differentiate between different types of peripheries with different economic histories. They have not considered how different institutional legacies can influence innovation dynamics in peripheral tourism destinations in different ways.

The chapter has then introduced the staples thesis as a theoretical approach for analysing processes of economic development and change in resource dependent peripheries (Section 2.4). The review of the staples thesis literature suggests that staples thesis offers considerable potential to address the gaps in the peripheral tourism literature. It incorporates theoretical concepts from the fields of economic geography and political economy and provides an institutional perspective on economic development paths in resource dependent peripheries. Section 2.5 of this chapter has shown that understanding the characteristics of the institutional environment is critical to analyse and explain the capacities of staples dependent regions to operate as regional innovation systems. Section 2.5.3 has provided a review of the literature on regional systems of innovation, and has discussed the view of tourism destinations as regional tourism innovation systems (Section 2.5.4). Section 2.5.5 has introduced Carson and Jacobsen's (2005) framework as a tool for analysing the characteristics of regional tourism innovation systems. The section has shown that generic systems-of-innovation analysis in tourism has usually been limited to providing static snapshots of regional innovation capacities. The confluence of the theoretical foundations of the staples thesis with analytical frameworks for systems-of-innovation analysis has the potential to provide a more evolutionary institutional perspective that can deepen our understanding of innovation capacities in resource dependent peripheries.

The final sections of this chapter have provided a synthesis of the peripheral tourism literature and the theoretical foundations of the staples thesis to show how peripheral tourism analysis can be enhanced through the institutional perspectives of the staples thesis. Section 2.6.1 discussed how the capacity to develop RTIS within an institutional environment inherited from staples

economies can be constrained by a fundamental institutional mismatch. Section 2.6.2 discussed how tourism systems themselves can become caught in a ‘staples trap’. This part of the chapter has emphasised that some of the common challenges facing peripheral and remote tourism destinations can in fact be traced back to the institutional legacy of staples dependence. It has summarised the work by Schmallegger and Carson (2010a), who have shown that applying the staples thesis to the analysis of tourism dynamics in a particular remote destination can help understand and explain its development path.

The nature and level of impact that the institutional environment inherited from staples dependence can have on the innovation capacities of destination systems have not been systematically examined in the real-life context of a particular tourism destination. In addition, it is not clear whether or how peripheral destinations can reconcile and overcome the conflicts caused by institutional lock-in in staples industries. This dissertation seeks to fill these important gaps in knowledge by examining the experiences made by a particular staples dependent region in Outback Australia which has sought to diversify its declining staples economy with tourism. The following chapter will introduce the methodological framework used for this research.

Chapter 3: Methodology

3.1 Introduction

The shortcomings of the peripheral tourism literature suggest the need for a new theoretical framework to better understand and explain the dynamics and development paths of tourism destination systems in resource dependent peripheries. The purpose of this chapter is to identify a suitable methodological framework for analysing regional tourism innovation systems (RTIS) in resource dependent peripheries. This dissertation does not aim to build new theory but to introduce the theoretical concepts of the ‘staples thesis’ in systems-of-innovation analysis to provide an enhanced theoretical framework for peripheral tourism research.

Building on the work of Schmallegger and Carson (2010a) and Schmallegger et al. (2010), this study seeks to test the applicability of the staples thesis in peripheral tourism research and examine its utility to provide a better theoretical framework for analysing peripheral tourism innovation systems. The chapter commences with a brief review of the issue of deductive theory testing (versus inductive theory building) and a discussion of the research paradigm adopted for this study. The chapter then describes the research strategy and methods used in this study. An explanatory critical case study is identified as the most suitable research approach. Section 3.6 describes the research design and explains the study’s theoretical framework and the procedures followed for the RTIS analysis in the case study. Sections 3.6.3 and 3.6.4 give a detailed description of the case study methods, including data collection and interpretation procedures. The chapter comments on strategies applied to ensure research reliability and validity (Section 3.7) and concludes by discussing the limitations of the adopted research approach (Section 3.8).

3.2 Introducing a New Theoretical Approach to Peripheral Tourism Research

Generating a new and improved understanding of a particular phenomenon in social science research requires the researcher to make new theoretical contributions to a particular field of research (Veal, 1997; Prideaux, 2000). This process may involve inductive theory building or deductive theory testing. The literature review presented in Chapter Two has identified a lack of such theoretical contributions in peripheral tourism research. Clear deductive approaches to theory testing (for example, Keller, 1987), as well as inductive approaches to theory building (for example, Moscardo, 2005), have been very rare in peripheral tourism research. Instead most studies on peripheral tourism in developed countries have been descriptive in nature, applying no (or very simplistic interpretations of) theoretical concepts to the analysis of peripheral tourism destinations.

This study deliberately did not consider inductive theory building as an appropriate way to address the research problem outlined in Section 1.3. Inductive theory building is essentially about building explanations from a particular set of observational evidence of a previously unknown proposition (Veal, 1997). This approach may be useful when existing theories are found to be incapable of answering research questions or offering solutions to a particular research problem (Prideaux, 2000). This research did, however, identify a promising theory that appears to offer solutions to the research problem of this study. Chapter Two (Section 2.4) has introduced the ‘staples thesis’ as a potential theoretical framework to gain a better understanding of the dynamics of tourism destinations in resource dependent peripheries. As a result, deductive theory testing was considered as more appropriate for this study. Deductive theory testing is concerned with the development of conclusions about an observed phenomenon by testing specific hypotheses or theoretical propositions derived from an existing general theory (Prideaux, 2000; Veal 1997). In testing specific propositions, the applied theory may then be confirmed, challenged or extended. The following section presents the theoretical proposition and research questions developed for this study.

3.3 Research Questions

As described in Chapter Two (Section 2.4), the staples thesis suggests that a long-term dependence on staples export can lead to a particular form of institutional lock-in, also known as the ‘staples trap’. The institutional environment becomes rigid and uncondusive to change so that the economic system can become stuck in a continuous cycle of resource dependence and unable to engage in processes of economic change and innovation (Watkins, 1963; Wellstead, 2008; Howlett and Brownsey, 2008). Based on the fundamental idea of institutional lock-in and the ‘staples trap’, the following theoretical proposition was derived from staples thesis:

The prospects for well-functioning tourism destination systems (i.e. RTIS) in staples dependent peripheries are constrained because institutional lock-in resulting from historic staples dependence makes the institutional environment uncondusive to change and hampers the emergence of institutions required in RTIS.

The research sets out to test this proposition by addressing the following research questions through the analysis of an explanatory critical case study (further details in Section 3.5):

1. How does the inherited institutional environment impact on the dynamics of RTIS in a peripheral staples dependent region?
2. How does the peripheral tourism destination system cope with the impacts caused by the inherited institutional environment?

3.4 The Research Paradigm

The decision to conduct deductive theory testing rather than inductive theory building warrants a deeper discussion of the research paradigm adopted for this study. A research paradigm refers to the basic set of beliefs and assumptions that reflect a researcher's underlying worldview and guide his/her actions and approach to scientific inquiry (Guba and Lincoln, 1994; Creswell, 2003). Research traditions in the social sciences have often been described as falling into two major philosophical categories: positivism and interpretivism (or 'anti-positivism') (Heshusius and Ballard, 1996; Creswell, 2003).

Positivism has traditionally been understood as the leading paradigm in natural (or 'hard') sciences. Its ontological approach is based on 'naïve realism', which assumes that there is a 'real' external reality out there which is objective and apprehendable through logical reasoning (Guba and Lincoln, 1994). The researcher and the researched phenomenon are assumed to exist independently, meaning that the researcher can study a particular phenomenon without influencing it or being influenced by it. Knowledge is based on testing hypotheses by observation of scientifically measurable phenomena (Heshusius and Ballard, 1996). Data are collected in a structured and standardised manner, emphasising objectivity and control over observations, with the aim of making value free generalisations. This approach has mostly involved quantitative methods (including experiments or questionnaire surveys) which allow the researcher to make precise empirical measurements. Looking beyond such measurable 'hard' evidence (for example, at human motivations, beliefs or interpretations) is usually not accepted within positivism, as such issues cannot be easily or precisely measured and tested.

The positivist paradigm has often been considered as inappropriate in social science research (Creswell, 2003; Denzin and Lincoln, 2000; Heshusius and Ballard, 1996). Researchers in social sciences cannot divorce themselves from the subjects of investigation to the same extent as positivists in natural sciences because in studying social phenomena they need to get an understanding of the complexities involved in human society. This approach is characteristic of interpretivism, which focuses on developing an understanding of human behaviour and its intentions behind it. A common approach within the interpretivist paradigm is constructivism, which posits that reality is socially constructed (rather than objectively determined) by humans as they engage with the world they are experiencing and interpreting (Schwandt, 2000; Denzin and Lincoln, 2000). Constructivists believe that humans construct their views of the world based on their own interpretations of personal perceptions, historical perspectives and social values. Knowledge is considered subjective and is generated in interaction between researcher and respondent (Guba and Lincoln, 1994; Schwandt, 2000). Given the perceived subjectivity of

knowledge, constructivists argue that theories cannot be tested or measured by empirical means. Instead, the focus is primarily on inductive reasoning, which tends to be based on exploratory or descriptive research strategies involving personal interpretation of rich and qualitative data (Creswell, 2003).

The discussion of both the positivist and interpretivist/constructivist paradigms above suggests that neither approach is particularly appropriate for this study. Although this research seeks to test existing theory in a new context, developing an understanding of the socio-institutional complexities involved in an economic (tourism) system requires more than just empirical measurements of observable and controllable phenomena and processes. As a result, it was decided that a positivist paradigm for analysing the dynamics of a particular tourism destination system (and how these dynamics have been influenced by the inherited institutional environment) was not suitable. Similarly, the interpretivist /constructivist approach was found to have little value for addressing the research problem of this study. The interpretivist/constructivist approach is limited in its ability to test existing theory as it primarily relies on inductive reasoning and subjective interpretations of observations which cannot be objectively evaluated and tested.

This research adopted critical realism as the guiding research paradigm. Critical realism is a common form within the post-positivism paradigm. It takes the ontological view that there is an external reality which is, however, only imperfectly apprehendable because human observations are inherently flawed and have subjective error (Guba and Lincoln, 1994; Hunt, 1990). Critical realists are critical of their own ability to know and understand reality with absolute certainty. They believe that observations are inherently 'theory-laden', meaning that they are affected by individual pre-existing experiences, attitudes or worldviews (Guba and Lincoln, 1994; Hunt, 1990). Personal observations are therefore always biased. However, critical realism takes the stance that bias can be reduced and objectivity increased by triangulating different sources of evidence across multiple flawed perspectives (Guba and Lincoln, 1994). This approach emphasises the need to use multiple observations and means of inquiry to get as close to 'reality' as possible. Apart from triangulation between different sources of evidence, this approach also advocates for simultaneous triangulation with external input to facilitate increased objectivity. This includes, for example, examinations of whether observations fit with pre-existing knowledge or whether observations are reinforced and accepted within a critical community, such as professional peers or referees (Guba and Lincoln, 1994).

Critical realism offers the best mix of desirable characteristics to address the research problem of this study and answer the research questions as outlined in Section 3.3. It allows for

deductive theory testing that starts with a specific theoretical proposition derived from a pre-existing theory. It generally favours an explanatory approach over exploratory and descriptive approaches, while still leaving some room for new discoveries that may lead to new and alternative assumptions. It encourages the use of multiple sources of evidence to facilitate a more objective understanding of the phenomenon under investigation and seeks to get as close to 'reality' as possible by triangulating multiple observations. Finally, it emphasises the importance of commensurability of research claims by encouraging peer review to validate research findings during the research process.

3.5 The Research Strategy

The research strategy adopted for this study used a case study approach. Case studies have been widely recognised as a suitable form of empirical inquiry in social sciences because they can provide an in-depth understanding of a contemporary phenomenon within its real-life context (Yin, 2009; Flyvberg, 2006; Merriam, 1998). According to Yin (2009), case studies are particularly appropriate in situations where the boundaries between the studied phenomenon and its real-life context are not clearly evident, for example when contextual conditions are highly pertinent to the phenomenon of the study. This was clearly the case in the research problem identified for this study. Factors such as the peripheral location of the case study region, the historic importance but recent decline of staples industries, as well as the attempt to develop tourism as a means of economic diversification, were identified as contextual key parameters for this study.

Case studies appear to be ideally suited for analysing the dynamics of economic systems as they allow the researcher to obtain multiple sources of data to get a more holistic understanding of the complex relationships involved. Case study research has been a common approach in systems-of-innovation research (for example, Doloreux, 2003; Iammarino, 2005). Similarly, staples researchers have often used case studies to describe and analyse the conditions experienced in particular staples-based economies (for example, Barnes et al., 2001; Halseth and Sullivan, 2003). The case study approach has also increasingly been used by tourism researchers to analyse the characteristics and performance of regional tourism systems (see Carson and Macbeth, 2005; Hjalager et al., 2008; Lawrence, 2005; Dredge, 2001). In her study of the tourism destination system of Byron Bay in New South Wales, Lawrence (2005) argued that case study research is particularly appropriate for a tourism systems analysis because it helps identify and explore "*the roles, activities, influences and interactions that operate within and between public and private sector inter-organisational networks, community groups and individuals, and hierarchical policy frameworks that underpin particular systems*" (p. 46).

Case studies have been described as particularly appropriate where research questions are concerned with *how* and *why* things happen (Yin, 2009; Flyvberg, 2006). Such questions are more explanatory in nature because they seek an understanding of causes and operational links to be traced over time, rather than just measuring frequencies or incidence of particular events (Yin, 2009). Case studies have often been criticised for their lack of scientific generalisability as they primarily focus on investigating a particular phenomenon within a particular context and as such do not yield results that are automatically true in other situations. Case study advocates, however, argued that this criticism is unwarranted as case studies should seek to establish scientific generalisation to theoretical propositions (also referred to as analytic generalisation) rather than to entire populations or universes (referred to as statistical generalisation) (Yin, 2009; Flyvberg, 2006). Yin (2009) argued that the validity of case studies can be enhanced substantially by developing theoretical propositions prior to the conduct of data collection and analysis. From this perspective, the case study should not be seen as a ‘sample’ but an example from which to confirm, contest or extend theories.

The research employed a single case study design focusing on the analysis of a ‘critical case’, which has been described as ideal for testing existing theory (Yin, 2009; Flyvberg, 2006). The theory helps specify clear theoretical propositions as well as the contextual circumstances within which those propositions are believed to be valid (Yin, 2009). A critical case is selected based on meeting all of the conditions required for testing the theory, which can then be used to validate, challenge or extend the theory. Following the theoretical proposition stated in Section 3.3, a case had to be selected that could exhibit all of the following critical conditions:

- Location in a peripheral area;
- A history of economic dependence on at least one staples industry;
- The development of tourism as a way to diversify declining staples industries; and
- Evidence that tourism has become successfully established as an alternative industry within the larger regional economic system (indicating that the tourism system can be considered as a RTIS that has developed a range of coping mechanisms to become established within the wider economic staples environment).

A number of potential cases meeting the above criteria were identified, including the Flinders Ranges in South Australia, Northwest Western Australia, and Far North Queensland. The Flinders Ranges were chosen as the case study site for this research because it was relatively easy to access and external funding (from the Desert Knowledge CRC and the Royal Geographic Society of South Australia) was available to conduct fieldwork in the region. A

detailed case study description of the Flinders Ranges, including a description of the region’s economic history and its characteristics as a tourism destination, is provided in Chapter Four.

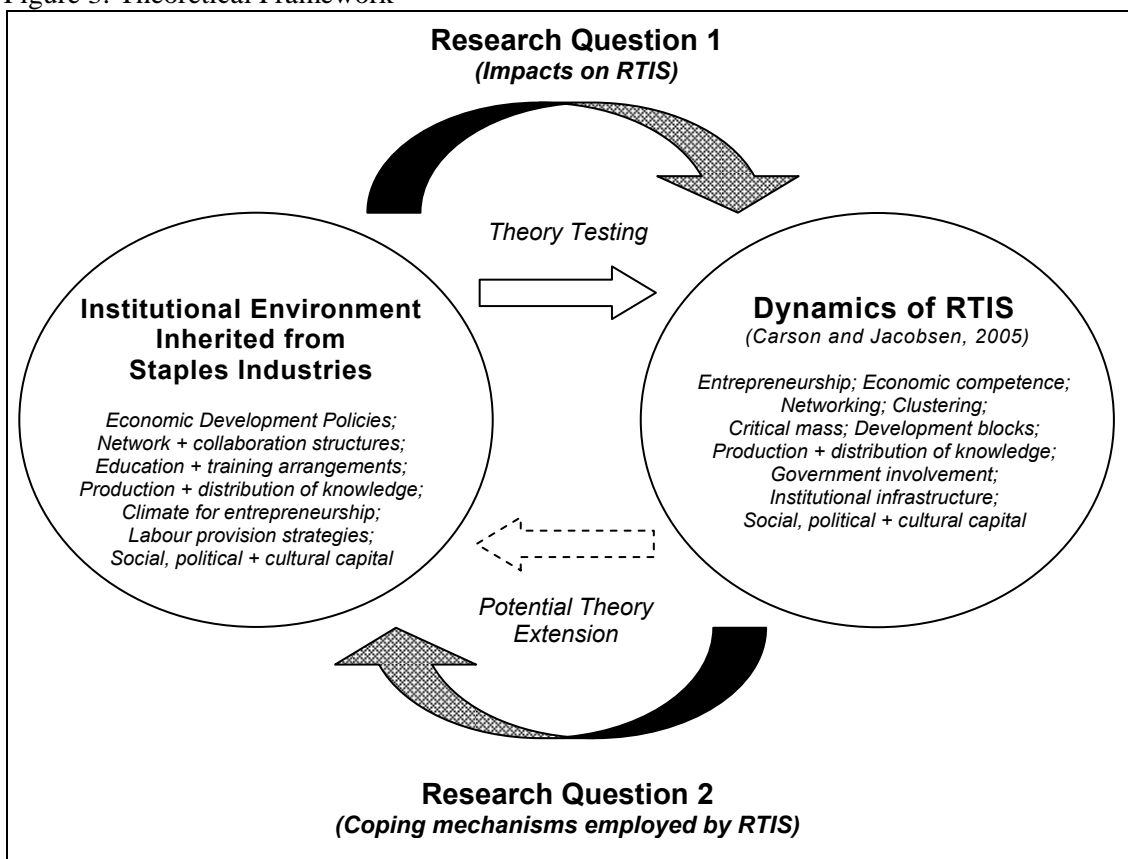
3.6 The Research Design

The following section describes the research design developed for this study. The section first introduces the theoretical framework developed for this research. It then presents the analytical framework used for data collection and explains the procedures adopted for the RTIS analysis. It documents the range of research methods and the forms of evaluation used in the case study.

3.6.1 The Theoretical Framework

This research sought to understand the impact of the inherited institutional environment from staples industries on the capacity of a particular peripheral tourism destination to operate as a RTIS. Figure 3 provides a visualisation of the theoretical framework developed for this study.

Figure 3: Theoretical Framework



The research process described in the theoretical framework consisted of two major steps. First, the research sought to identify the region’s institutional environment inherited from staples industries. This part of the research focused on a contextual analysis of the region’s historic and economic development. Data were drawn from a review of historic and contemporary literature

sources, public documents and archival data (see further details in Section 3.6.3). The inherited institutional environment was then analysed against the institutional framework developed in Chapter Two (Table 3, Section 2.6.1). This framework summarised the main institutional characteristics of peripheral staples economies and focused on the following components: Economic development policies, network and collaboration structures, education and training arrangements, arrangements for the production and distribution of knowledge, climate for entrepreneurship, labour provision strategies, and social, political and cultural capital. The findings from this part of the study are presented in Chapter Four to provide the contextual background for the two research questions addressed in the second (and main) part of the study – the RTIS analysis.

As outlined in Section 3.3, the research questions focused on 1) understanding the impacts of the inherited institutional environment on the characteristics of RTIS in the case study region; and 2) identifying coping mechanisms that the tourism system has developed to deal with those impacts. Following the theoretical proposition specified in Section 3.3, it was expected that the mechanics of RTIS in the case study region would be subject to a range of limitations caused by a certain degree of institutional lock-in inherited from staples dependence. Hence, Research Question 1 focused on testing the theoretical proposition derived from staples thesis. At the same time, the research looked at how the tourism system has been able to cope with those impacts and operate as a RTIS despite the experienced institutional lock-in. Research Question 2 was therefore aimed at identifying directions for potential theory extension by looking at how the impacts of the inherited institutional environment on the dynamics of RTIS can be managed and mitigated.

3.6.2 The Analytical RTIS Framework

To answer both research questions, the researcher employed an in-depth case study of the Flinders Ranges tourism system from the perspective of regional tourism innovation systems. The case study focused on identifying how the various components of well-functioning RTIS as described in Chapter Two applied in the context of the Flinders Ranges tourism destination. The analytical framework for this study, which was used to guide subsequent data collection and analysis, was adapted from the work of Carson and Jacobsen (2005). As described in Section 2.5.5, this framework identified the following components as critical for well-functioning RTIS: entrepreneurship, economic competence, networking, clustering, critical mass, development blocks, production and distribution of knowledge, the role of government, institutional infrastructure, and social, political and cultural capital.

The performance of each RTIS component within the system was analysed according to key indicators outlined in Section 2.5.5. These indicators were primarily drawn from Carson and Jacobsen's (2005) framework and complemented by observations from the peripheral tourism literature. Data collection and analysis then focused on 1) how each RTIS indicator appeared to be influenced by the institutional environment inherited from staples industries; and 2) how the system appeared to cope with the impacts on each RTIS indicator (Table 4).

Table 4: Analytical Framework

RTIS Indicators <i>(adapted from Carson and Jacobsen, 2005)</i>	<i>Research Question 1</i> Impacts of inherited institutional environment	<i>Research Question 2</i> Coping Mechanisms
Entrepreneurship		
Types of tourism entrepreneurs		
Sense of pro-activeness and future orientation		
Willingness to invest and take risks		
Economic Competence		
Skills and experience		
Ability to understand market trends		
Ability to implement and commercialise ideas		
Ability to access external capital		
Efforts to enhance skills and 'learn'		
Networking		
Presence of 'networking culture'		
Existence of formal network mechanisms		
Presence of network facilitators		
Clustering		
Spatial concentration of products and resources		
Integration into one destination-wide experience		
Initiatives to encourage clustering		
Critical Mass		
Sufficient number of products and resources		
Ability to experiment and allow for failure		
Efforts to increase critical mass		
Development Blocks		
Presence and composition of regional tourism identities		
Evidence of disequilibrium in the system		
Existence of development block facilitators		
Production and Distribution of Knowledge		
Mechanisms for internal knowledge production		
Access to external knowledge		
Mechanisms for knowledge distribution		
The Role of Government		
Local government involvement in tourism		
State government involvement in tourism		
Institutional Infrastructure		
The role of tourism within the wider policy context		
Presence of local institutional organisations involved in tourism		
Presence of local and state-driven tourism strategies		
Social, Political and Cultural Capital (SPCC)		
Level of attachment to regional and community identity		
Level of community support for tourism		
Level of community control over tourism		

Developing a holistic understanding of RTIS dynamics in a particular tourism destination (and how these dynamics are influenced by the inherited institutional environment) requires a detailed examination of the behaviours and perspectives of a multiplicity of stakeholders involved in the system. These stakeholders include private businesses, business associations, destination marketing organisations, local and state government authorities, economic development agencies, and community or volunteer organisations (Carson and Jacobsen, 2005). A systems analysis requires in-depth information on both ‘tangible’ events (e.g. observable actions of system stakeholders) and ‘intangible’ motivations (e.g. unobservable personal attitudes, opinions and impressions of system stakeholders) that lead to certain actions and events (Lawrence, 2005). In addition, there needs to be an understanding of historical events and processes that have led to the conditions of contemporary system dynamics (Carson and Macbeth, 2005). In consideration of these requirements, the research sought to access a range of complementary data sources to document both contemporary and historic events and processes, as well as motivational factors experienced by a variety of stakeholders in the Flinders Ranges tourism system. These sources are described in the following section.

3.6.3 Case Study Methods

Using multiple sources of evidence to get a deeper and more objective understanding of the phenomenon under investigation has been recommended for case study research because it helps increase the validity of the research findings (Yin, 2009; Merriam, 1998). Using a single source of data collection is unlikely to reflect a complete picture of the phenomenon under consideration. Instead, the aim should be to examine the phenomenon from multiple angles and collect as many different pieces of evidence as possible to build a bigger picture (Yin, 2009). This process of triangulation has been described as useful in eliminating methodological shortcomings. It helps verify and validate information from different data sources and reduces subjectivity and researcher bias through multiple sources of evidence (Yin, 2009; Merriam, 1998). Following this approach, the research used a variety of data collection methods, including: -

- *Qualitative in-depth interviews* with system stakeholders;
- *Document analysis* (such as newspapers and magazines, public documents from local and state government authorities, public documents from regional and state tourism organisations, minutes of meetings from councils, marketing boards or business associations, newsletters, and brochures)
- *Website analysis* (tourism operator websites, websites of operator associations, local government websites, community websites, websites of regional and state tourism organisations, online social networking platforms, consumer generated websites)

- *Archival data* (official visitor statistics and census data)
- *Personal observations* (attendance of tourism meetings, observation of business practices, observations of participant behaviour and attitudes)
- *Official literature* (history, geography and travel books, academic publications about the Flinders Ranges)

The research methods applied in this case study were primarily qualitative in nature, as the main focus was on getting an understanding of the system dynamics involved in the Flinders Ranges tourism destination. Qualitative research methods have been increasingly accepted and used in economic geography research, in particular among institutional economic geographers who assume that economic activity is socially and culturally embedded (Coles et al., 2008). Hence, the dynamics of economic systems can only be fully understood by considering the individual perspectives of those involved in the system and the various social and cultural processes that influence their behaviour (Coles et al., 2008). In addition, existing quantitative data (from visitor statistics and census data) were used as secondary data to get important background information on tourism and general economic trends in the Flinders Ranges.

By using mainly qualitative methods, it was possible to obtain both objective information on particular actions and events (for example, through documents and archival data) and subjective opinions and perspectives from system stakeholders on how and why such events happened (for example, through in-depth interviews). Qualitative methods also made it easier to triangulate data and probe findings from various data sources in subsequent data collections (for example, by asking interview participants to clarify historic events discovered in documents). A detailed outline of how various data sources were triangulated around the study's analytical framework is provided in Appendix A. Using qualitative methods also had the advantage that data collection was flexible and allowed for the inclusion of unexpected data sources or discoveries of new information that had not been anticipated. The following sections describe each of the employed research methods and explain the applied data collection strategies.

3.6.3.1 *In-depth Interviews*

The majority of primary data were collected through semi-structured in-depth interviews with a range of stakeholders of the Flinders Ranges tourism system. The sample included a total of 54 interviews. Interview participants included: tourism business owners; local government representatives; managers of the regional and state tourism organisations (FROSAT – *Flinders Ranges and Outback South Australia Tourism*, and SATC – the *South Australian Tourism Commission*); representatives of regional public sector organisations (the two regional

development boards – the *Northern Regional Development Board* and the *Southern Flinders Ranges Development Board*; and the OACDT – the *Outback Areas Community Development Trust*); managers of local visitor information centres; and tourism project managers and consultants. Table 5 gives a brief outline of the composition of the interview sample.

Table 5: Sample of Interview Participants

Type of interview participant	N°
Private business owners	35
<i>Farm/Station owners offering farm-based tourism products (e.g. accommodation + four-wheel-drive tracks)</i>	9
<i>Tourist resort owners</i>	3
<i>Caravan park owners</i>	3
<i>Owners of hotels (combined accommodation and restaurant facilities)</i>	4
<i>Other accommodation owners (B&Bs, hosted accommodation)</i>	3
<i>Restaurant / café owners</i>	3
<i>Guided tour operators</i>	8
<i>Other business owners (involved in tourism project and marketing committees)</i>	2
Tourism managers of FROSAT and SATC	4
Representatives of regional development boards	2
Local government representatives	7
Visitor information centre managers	3
Tourism project managers and consultants	3
TOTAL	54

The sampling process to recruit interview participants used a combination of purposive sampling and ‘snowballing’ (where new participants were recruited based on recommendations from other participants). First, the regional tourism manager of FROSAT was contacted to arrange a first meeting in early 2008. The FROSAT manager was supportive of the study and pointed to a number of leading tourism operators in the region who should be included in the study. Recommendations from other key informants (representatives from the Desert Knowledge CRC and the OACDT) provided further contact details for interview participants.

Based on these recommendations, four pilot interviews were arranged in March 2008, including the regional tourism manager and three tourism business owners. These pilot interviews were relatively unstructured to get a feel for the type of questions that could be asked (and the type of information that could be obtained) during the interviews. Conversations mostly focused on discussing general topics such as past and current development and marketing strategies, observed visitor trends, and perceived strengths and weaknesses of the destination. The pilot interviews also provided useful information on how and where to access key documents relevant to the research and contact details for further interview participants.

Additional interview participants were recruited from the list of operators included on FROSAT's official tourism destination website (www.flindersoutback.com.au) and in the regional visitor guide. The aim was to recruit a good mix of tourism operators (including small and large operators, accommodation providers, restaurant and café owners, guided tour operators, and farm/station-based tourism operators) to obtain the widest possible variety of opinions and perspectives from the tourism industry.

In total, 40 tourism operators were contacted and invited to participate in an interview during the period March 2008 to March 2009. An introductory email explaining the purpose of the study and an invitation to a face-to-face interview was sent to all operators. The email contained a one-page project summary and an outline of the interview procedures. Where operators did not respond to the invitation email follow-up phone calls were made to confirm participation. The 'non-response' rate among operators was at 25 percent. Ten out of 40 tourism operators could not be recruited – three of them declined the invitation, three operators basically agreed to be interviewed but a suitable time and location for the interview could not be arranged (for example because operators were on holiday or not available at the time of the research fieldwork), and four operators could not be contacted despite the invitation email and a phone message left on their voice mail.

The purposive sampling procedure also included an invitation of all local district councils to participate in an interview. All local councils agreed to be interviewed, only the Port Augusta City Council could not be recruited as a suitable date and time could not be arranged. In addition, the two regional development boards were contacted for an interview. In both cases, the designated tourism development officers employed by the development boards decided to participate. Similarly, the OACDT sent one of their board members who was active in tourism to an interview. The remaining participants were recruited based on recommendations from other interview participants. They included two non-tourism business owners who were involved in regional tourism project and marketing committees, three managers of local visitor information centres, three tourism project managers / consultants, and three members of SATC (including the research manager, the product development manager and the interpretation strategy manager).

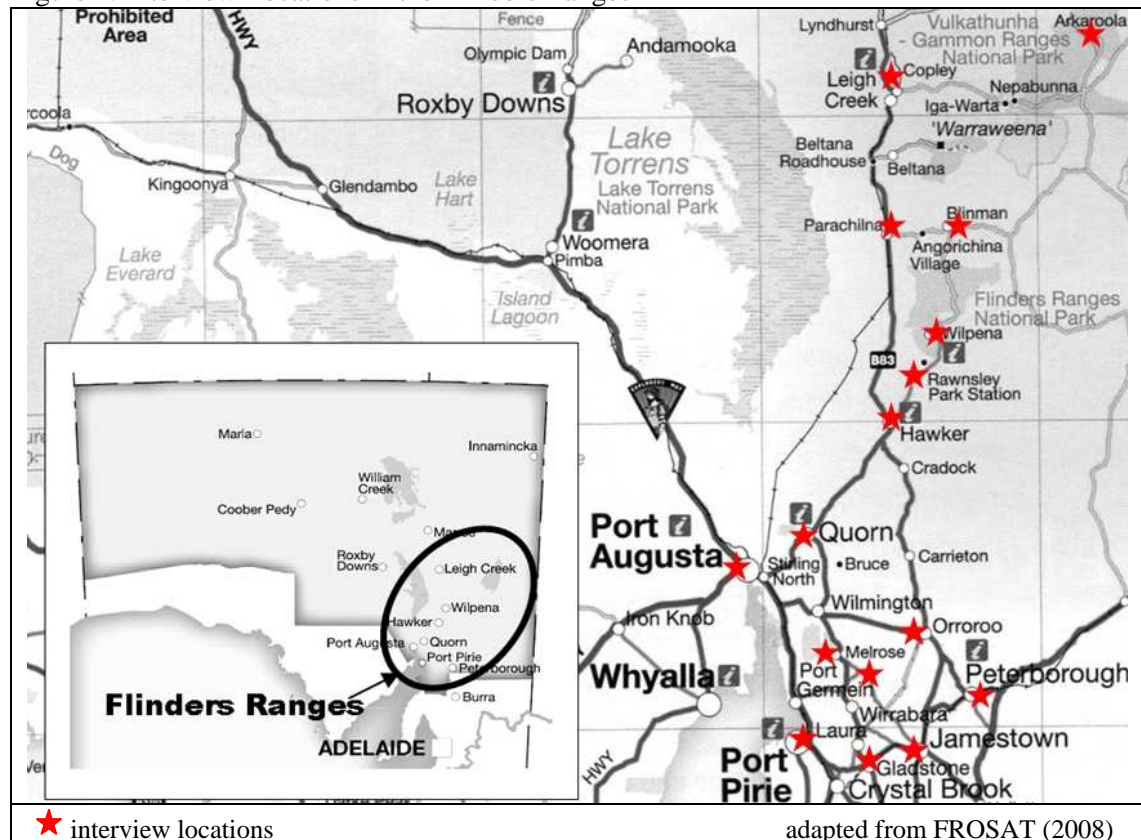
The Flinders Ranges are a large geographic area, stretching over more than 400 km in length (see Chapter Four for a more detailed description of the region). Due to budget and time reasons, not all interviews could be completed in one single fieldtrip. Instead, the researcher visited the region four times (for a minimum of one and a maximum of 4 weeks) to conduct interviews and collect other supplementary data. Fieldtrips were undertaken in March 2008,

May 2008, October 2008, and March 2009. The advantage of undertaking four separate fieldtrips was that interviews could be transcribed and analysed after each trip and interview questions refined for the next round of interviews.

Attempts were made to recruit interview participants from all major towns and communities in the Flinders Ranges, again to obtain the widest possible range of opinions and perspectives. Interviews were held in the following locations (see Figure 4):

- **Southern Flinders Ranges:** Port Pirie, Melrose, Jamestown, Peterborough, Orroroo, Booleroo Centre, Gladstone and Stonehut (20 interviews in total)
- **Central Flinders Ranges:** Port Augusta, Quorn, Hawker, Wilpena Pound, Parachilna, Blinman (and some of the surrounding pastoral stations) (24 interviews in total)
- **Northern Flinders Ranges:** Copley, Arkaroola (3 interviews in total)

Figure 4: Interview Locations in the Flinders Ranges



In towns where no interview participants could be recruited the researcher attempted to find local residents to talk to. Locals included people in pubs or public places and volunteers in local information centres. The aim of this exercise was to ‘get a feel’ for the place, collect brochures and community newsletters, and record complementary observational data in the form of field notes (for example through observations at local attractions, restaurants and pubs, or visitor information centres). In addition, seven interviews were held with stakeholders based in

Adelaide, including members of SATC, external project managers and consultants, and two tourism businesses who normally operate in the Flinders Ranges.

Interviews were conducted face-to-face with one individual person at a time. In five cases, interview participants preferred to be interviewed together with other participants. In six cases, the interviews started off as individual interviews but were later joined by the participant's husband or wife in the course of the interview. The joining partners were not included as separate interview participants as they usually made only sporadic and supplementary comments on the statements their partners had made before. Interviews typically lasted between 40 and 60 minutes. Some interviews took more than one hour, for example when interviews were interrupted (participants had to attend to customers or phone calls), when interviews involved a guided tour of the business venue, and when interviews included more than one participant at the same time.

Most interviews were audio-taped with the approval of the interview participants. These interviews were transcribed afterwards in the form of summary statements and verbatim quotes. In six cases, audio-taping was not possible because the interview took place in a situation or location not suitable for audio-taping (for example, during a dinner or lunch meeting in a noisy restaurant environment, or when operators chose to continue attending to customers at the same time). One interview had to be conducted by phone after the researcher could not make the arranged interview appointment. In these cases, the researcher had to take notes during the interviews, meaning that direct verbatim quotes were not recorded from the conversations to use as illustrative data examples. In five cases, follow-up emails were used to obtain additional information and clarifications on interview data not probed during the interview.

After conducting and analysing the first pilot interviews, a general interview guideline was developed with questions built around the analytical framework presented in Section 3.6.2 (Appendix B). The aim of the interview guideline was to make sure that all topics relevant to the RTIS framework were covered during the interviews and that the obtained information could be directly linked to the analytical framework. The interview guideline contained rather broad questions with the main objective to guide the conversations but to leave enough room for the participants to expand on topics and opinions that they thought would be of most relevance to the research.

It is important to note that not all interview participants were asked the exact same questions, as participants came from different backgrounds (e.g. private businesses versus public sector organisations) and were interviewed at different points in time. Interviews conducted at a later

stage of the research process included additional questions that had been derived from the outcomes of previous interviews. Information obtained from previous interviews was also discussed in subsequent interviews to test the findings or get alternative perspectives and explanations. This process, also commonly referred to as ‘probing’, is a widely accepted technique used in qualitative semi-structured interviews to validate interview data (Veal, 1997). In addition, a range of visual and informational stimuli were used in most interviews to encourage comments on specific topics of interest. For example, documentary evidence collected during fieldwork (such as community newsletters, newspaper and magazine articles, and brochures) was used during the interviews to ask participants for additional explanations or background information on certain events or marketing strategies.

3.6.3.2 Documents

Documentary evidence was an important source of qualitative data for this study. Documents were used to validate information from interviews and obtain alternative written evidence of various actions and processes within the tourism system (e.g. funding agreements for tourism projects, the development of tourism strategies, background information on various business owners, visitation trends). The study used the following types of documents as data sources:

- media articles
- public documents from various tourism organisations
- local government documents
- public documents from the two regional development boards
- promotional material

Media articles included newspaper articles and radio broadcast transcripts. They were very useful for identifying important events in tourism (such as new product developments, new marketing strategies, and new funding agreements), the various stakeholders involved in those events, and personal statements made by those stakeholders. Articles were available for the period 2000 to 2010 and were sourced online from the local newspaper website (The Flinders News - www.theflindersnews.com.au) and the online database ‘Australian & New Zealand Reference Centre’ (which hosts an online collection of all major Australian newspapers). In total, the online search obtained 107 media articles relating to tourism in the Flinders Ranges which were obtained from the following sources: The (Adelaide) Advertiser (49), The Flinders News (40), ABC News (9), Sunday Mail (7), The Australian and the Sunday Herald Sun (1 article each). Another 22 articles written by travel journalists for the travel sections of newspapers (e.g. The Sydney Morning Herald, The Weekend Australian, The Sun Herald) and lifestyle magazines (House & Garden, Gourmet Traveller, Life & Leisure Luxury, Luxury

Travel & Style, Outback Magazine) were sourced both online and in print. These articles were usually written in a very promotional way but included useful information on new product trends and additional background information on tourism businesses (especially on businesses that could not be recruited for an interview).

Public documents from tourism organisations included documents from SATC, FROSAT, and the regional operator association FRTOA (*Flinders Ranges Tourism Operator Association*). Documents from SATC included strategic tourism plans and regional destination profiles, all of which were sourced from the SATC website (www.tourism.sa.gov.au). Documents from FROSAT included annual reports and marketing plans from 2003 to 2009, minutes of board meetings from 2002 – 2008, the 2008 integrated strategic tourism plan, and newsletters from 2007 - 2010. FROSAT documents prior to 2002 (annual reports, marketing plans or minutes) could not be obtained because the FROSAT office did not keep an archive of records dating back more than five years. Only two ‘historic’ FROSAT documents (a tourism strategy from 1997 and a marketing plan from 1996) could be located in the library archives of the University of South Australia. Documents from the FRTOA were sourced from the FRTOA website (www.flindersrangesoperators.com.au) and from FRTOA members. They included annual reports from 2003 to 2009, quarterly newsletters from 2007 to 2009, the 2008 strategic plan, marketing and development strategies (branding, communication, interpretation, merchandising and training strategies), project summaries and proposals, and feedback forms from operators on training seminars.

Local government documents were collected both online and from council offices. Documents included council information guides and brochures (sourced from six councils), printed and online newsletters (sourced from three councils), council strategic plans and tourism strategies (sourced from three councils), minutes of council committee meetings (sourced from one council), reports from the OACDT, and a tourism consultancy plan developed for the OACDT. These documents were supplemented by documents sourced from the regional development boards (NRDB and SFRDB), which included annual reports from 2004 to 2009, regional economic profiles, strategic plans, various brochures of new regional tourism product streams promoted by the development boards, and the 2008 Southern Flinders Ranges cycle tourism strategy developed by the SFRDB.

Promotional material included FROSAT’s annual regional visitor guides for the period 2000 to 2010, as well as two ‘historic’ editions of the visitor guide from 1985 and 1993. Again, older versions of the visitor guide prior to 2000 were difficult to obtain as neither FROSAT nor SATC kept old visitor guides in an archive that was accessible to the researcher. In addition, a

total of 78 operator brochures and other local brochures (on local events or from local progress associations) were collected during the fieldtrips, either at visitor information centres or at operator venues.

3.6.3.3 Website Analysis

Prior to conducting fieldwork, a detailed analysis of tourism operator and destination marketing websites was conducted. This was done to get an understanding of

- the type of products and businesses available in the destination;
- the type of target markets and marketing strategies used;
- the number and type of product packages promoted; and
- the number and type of links to other businesses or networks.

In total, the analysis examined 90 websites – including local and regional marketing websites (6), websites from tourism operators based in the Flinders Ranges (67), websites from attractions and interpretation centres in the Flinders Ranges (5), and websites from externally based tour operators offering packaged tours to the Flinders Ranges (12). In addition, an analysis of consumer generated online content, such as travel blogs, travel review sites and travel forums (e.g. Tripadvisor, ExplorOz), was conducted to get an idea of common visitor itineraries and perceived destination images of the Flinders Ranges. The results from the consumer generated content analysis have previously been reported in Schmallegger and Carson (2009) and Schmallegger, Carson and Jacobsen (2010).

3.6.3.4 Archival Records

Archival records from the Australian Bureau of Statistics (ABS) and Tourism Research Australia (TRA) were used to develop an understanding of important contextual information relating to the performance of the destination. Data from the ABS included information on tourism and primary industry employment from the Census of Population and Housing (available online from 1996 – 2006) and information on tourism and primary industry businesses from the Australian Business Register and the National Regional Profiles. Data from TRA included regional visitor statistics from the National and International Visitor Surveys (available online from 1999 – 2009), such as information on visitor numbers, locations visited, or modes of transport used. The TRA visitor data have recently been used by a project team from the Desert Knowledge CRC to develop a geographic information system (GIS) that visualises visitor flows of independent travellers in regional Australia from 2000 to 2006 (Holyoak et al., 2009). This GIS was used to monitor and analyse visitor flows in the Flinders Ranges (Carson and Holyoak, 2010). Insights derived from these data sets are presented in the

case study description (Chapter Four). In addition, internal visitor statistics from the Wadlata Outback Centre (the visitor information centre in Port Augusta) were available for the period 1999 to 2009.

3.6.3.5 Observations

Observations were used as a complementary source of information to the data obtained from interviews, documents and online websites. Observations were made in a number of different situations and were recorded by the researcher in the form of field notes. These included, for example, notes from non-recorded and informal conversations with locals, members of progress associations², and volunteers at visitor information centres or local attractions. Notes were also taken from observations on business practices and customer service levels while the researcher was travelling in the region (for example, at visitor information centres or at various accommodation facilities, restaurants and cafés). Another important occasion for observation was the active participation of the researcher in two operator training forums organised by the FRTOA and one meeting of the Southern Flinders Tourism Association (SFTA). During these meetings, the researcher was able to obtain important insights into how operators were interacting with each other, what sort of comments they made on presentations from external guest speakers and the type of questions they asked.

Some important observations were made during the sampling and interview process itself. Observed levels of interest in or attitudes towards the research study were recorded, for example, through casual comments from participants before or after the start of the interview or from the types of questions asked by the participants about the study. Similarly, the ways in which interview invitations were declined by non-respondents (or scheduled interviews were cancelled or delayed) provided some useful insights into local attitudes and perceived business priorities. For example, two tourism operators cancelled an interview appointment at the last minute because it had rained the day before and they had to use this opportunity to undertake seeding on their farms.

3.6.3.6 Literature

Additional literature sources, such as books and websites on the economic and demographic history of the Flinders Ranges, were consulted to get a better understanding of the history of the place and the economic legacy of resource industries (Mincham, 1980 and 1983; Klaassen, 1991

² Progress association is a common term used in rural Australia to describe a community-based organisation that takes on various administrative tasks within in the community in the absence of a local council. Progress associations usually consist of elected volunteers.

and 2008; Parnell, 1975; the Quorn Centenary Book Committee, 1978; Anderson, 1988; Bott, 2001; Faull, 1979; Bullock, 1988). A number of Flinders Ranges guide books (Barker and McCaskill, 2005; Bonython, 2000; Moon and Moon, 2002; Cawood and Langford, 2000) helped to get more specific information on various locations, attractions and tourism operators in the Flinders Ranges. These publications were sourced from various community libraries in the Flinders Ranges. In addition, a number of academic publications were found that had looked at previous issues of tourism development in the Flinders Ranges (Delforce et al., 1986; Wong, 1996; Moskwa, 2008; Harvey, 1993). Findings from the review of public literature are presented in Chapter Four.

3.6.4 Data Interpretation

The data analysis approach applied in this study used a mix of pattern-matching and explanation building to answer the research questions. Both techniques have been described as common analytical tools in case study research (Yin, 2009). In pattern-matching, the researcher compares the empirical outcome of the case study with the outcome predicted by the theory to see whether the results coincide with the predicted results and whether they can be explained by the theory. If they do not coincide, alternative explanations have to be built from the observed pattern emerging from the collected data.

The collected data were analysed against the analytical framework described in Section 3.6.2. Research Question 1 aimed at identifying the impact of the inherited institutional environment on the dynamics of RTIS. The focus of this part of the analysis was to see if the observed pattern in the case study region matched the expected outcomes suggested by the theoretical proposition derived from the staples thesis – which suggests a range of limitations imposed on the tourism system by the impact of institutional lock-in from staples dependence (as discussed in Section 2.6.1). Research Question 2 aimed at identifying the ways in which the tourism system has been able to cope with those impacts. The focus of this part of the analysis was to derive new propositions from the obtained data to explain how a tourism system can operate as a RTIS despite the impacts of the inherited institutional environment.

The process of analysing and interpreting the qualitative data obtained for this study was based on the approach suggested by Neuman (1997) which involved three major steps: 1) a descriptive approach where the researcher focuses on discovering what has occurred; 2) an interpretive approach where the researcher extracts logical coherences and meanings from the data; and 3) an explanatory approach where the researcher establishes meaningful links from the data to general theory. In the first stage, the researcher focused on reading all interview transcripts, documents and field notes to be able to understand and summarise the content of the data. By

comparing data from different data sources the researcher then focused on identifying common patterns to examine whether or not different sources of evidence supported the same ideas and arguments and to develop a better understanding of the overall meaning of the data. The data were then analysed against the analytical framework by systematically assigning thematic codes to the data which corresponded to the RTIS indicators included in the analytical framework. This process of coding is a common technique in qualitative content analysis (Veal, 1997).

Examples for this process are given below. Table 6 shows a quote from an interview participant who lamented the lack of support from Leigh Creek residents for community-driven tourism projects. The participant thought that this lack of support was the result of a lack of community attachment and community spirit inherited from the temporary nature of mining populations. The developed code *‘Limited community attachment inherited from mining culture’* was grouped under the RTIS indicator *‘Level of attachment to regional and community identity’* of the RTIS component *‘Social, Political and Cultural Capital’* as a statement addressing the impact of the inherited institutional environment on RTIS dynamics (as emphasised by Research Question 1).


Table 6: Example of Coding Process for Research Question 1

	<i>“That’s a bit of a Leigh Creek mentality, it’s a different mindset. And I think it’s because of the temporary nature of the mining jobs. There are no permanent mining jobs anymore like in earlier days. They are all temporarily employed in Adelaide. So, people just come in for the work. They are all stuck in their own little world and don’t care about a community because in twelve months’ time they will be gone anyway.”</i>
Code:	Limited community attachment inherited from mining culture
RTIS indicator:	Level of attachment to regional and community identity
RTIS component:	Social, Political and Cultural Capital

Figure 5 provides an example of identified codes relating to the coping mechanisms employed by the tourism system, hence addressing Research Question 2. The example is drawn from a public document (the NRDB 2005-2006 Annual Report) which commented on the formation of the FRTOA operator association through the initiative of the NRDB, the new trend of networking and collaboration between tourism operators, and the new focus on operator training and capacity building. Codes developed for the document excerpt included: *‘New trend of networking and collaboration’* placed under the RTIS indicator *‘Presence of networking culture’* (section *‘Networking’*); *‘Public organisations encouraging networking and collaboration’* placed under the indicators *‘Presence of network facilitators’* (section *‘Networking’*) and *‘Initiatives to encourage clustering’* (section *‘Clustering’*); and *‘New focus*

on training and capacity building' placed under the indicator 'Efforts to enhance skills and learn' (section 'Economic Competence').

Figure 5: Example of Coding Process Addressing Research Question 2

<p>Geo Tourism and the continued growth of FRTOA</p>	<p>Code: New trend of networking + collaboration</p> <p>RTIS indicator: Presence of networking culture</p> <p>RTIS components: Networking</p>
<p>The emergence of fossil based tourism and more generally, geo tourism as a major new niche for tourism product development in the Flinders Ranges gathered pace during the year. The region's operator cluster, Flinders Ranges Tourism Operators Association (FRTOA) showed the value of working together on matters of mutual interest with an average attendance of 70 people at each of its four workshops held during the year.</p>	
 <p>Ediacaran fossil from the Flinders Ranges</p>	
<p>Given the distance that members need to travel to attend these workshops, coupled with the fact that in most cases, the operators are owner operators, this level of attendance demonstrates a very positive level of commitment to shared goals. The establishment of the association was an initiative of the Board three years ago and while the Board continues to support the group, its real strength comes from the members resolve to manage their own affairs. The Association championed a major submission to the Commonwealth to assist with a program of operator training and interpretation to roll this initiative across the Flinders. The Board along with SATC assisted this process.</p>	<p>Code: Public organisations encouraging networking + collaboration</p> <p>RTIS indicator: Presence of network facilitator Initiatives to encourage clustering</p> <p>RTIS components: Networking, Clustering</p>
	<p>Code: New focus on training and capacity building</p> <p>RTIS indicator: Efforts to enhance skills and 'learn'</p> <p>RTIS components: Economic competence</p>

Source: NRDB, Annual Report 2005/2006, p. 5

3.7 Reliability and Validity of the Research Design

Case study research has often been criticised in the past for its perceived lack of reliability and validity (Yin, 2009). Reliability relates to the consistency of the findings and the extent to which the study would produce the same results on repeated trials using the same methods. To demonstrate the reliability of case studies, several researchers (Yin, 2009; Merriam, 1998) argued that the case study researcher needs to provide detailed explanations and evidence of the

procedures followed, preferably in the form of a case study protocol, so that the case study can be replicated. The aim of Chapter Three was to provide a detailed description of the procedures followed in this case study, including an explanation of the research paradigm and the researcher's position, the selection of research participants, the use of data sources, and the data analysis process. In addition, a case study database and protocol (as suggested by Yin, 2009) were kept by the researcher (including data transcripts, the interview guideline, data analysis spreadsheets, a document and website analysis template, a document database, and a collection of recorded field notes) to help confirm the reliability of the case study findings.

Case study validity is commonly determined by its construct, internal and external validity (Yin, 2009). Construct validity refers to the establishment of correct methods and operational measurement of the concepts studied. Internal validity is concerned with the degree to which findings are congruent with 'reality' (depending on the perception of 'reality' in various paradigms) and the degree to which valid conclusions can be made based on the methods used in the specific research setting (Yin, 2009; Merriam, 1998). This requires a rigorous approach to the case study design, including the choice and conduct of measurements and the decision on what is going to be measured. External validity refers to the extent to which the internally valid results are generalisable or transferable to other situations.

In this case study, issues of construct validity and internal validity were addressed by using multiple sources of evidence to ensure that findings were supported by multiple sources and that they were not biased by the limitations of individual data sources (see Yin, 2009; Merriam, 1998). Findings from different data sources were constantly probed during and after data collection in discussion with research participants – a process also referred to as member-checking (Merriam, 1998). Data saturation was found to be another important indicator for the internal validity of the collected data (Strauss and Corbin, 1998). After having analysed all interviews collected during the first three field trips, the researcher found that information from interview responses, documentary evidence and observational data had become very repetitive. The researcher concluded that a point of data saturation had been reached where additional data collection was unlikely to result in any new information. A final fieldtrip was made in March 2009 to verify this assumption. As expected, the final round of interviews (five interviews in total) and additional documents and observations did not provide any new insights but merely confirmed findings from previous fieldtrips.

In addition, drafts of the case study results (in the form of papers and written reports) were presented to key informants to comment on the validity of the information presented. The research design, including data collection and analysis procedures, was repeatedly subjected to

'peer review' during regular meetings with supervisors, by presenting the case study results at one national and one international conference, and by publishing the research framework and parts of the case study results as peer-reviewed book chapters (Schmallegger, 2009 and 2010) and journal articles (Schmallegger and Carson, 2010a; Schmallegger et al., 2010; Schmallegger, Taylor and Carson, 2011 *in press*). External validity was established by the pattern-matching and explanation building logic used during the data analysis process. The aim was to establish 'analytic generalisation' of the case study findings (see Yin, 2009) by examining how the findings conform to the theoretical proposition and concepts derived from general theory.

3.8 Limitations of the Research Approach

During data collection and analysis, a number of limitations of the applied research approach were identified. These limitations are briefly outlined below:

Availability of 'historic' data: One of the main limitations of the data collection process was the difficulty in accessing 'historic' non-digitised data. In general, data sets from periods prior to 2000 were not available online and were very difficult to retrieve as hard-copies from libraries or public and private archives. For example, while newspaper articles could be easily sourced online for the period 2000 to 2010 through online search functions, articles prior to 2000 were only available on microfilm in a few newspaper archives of public libraries. Accessing older articles would have required a manual search, which was considered as too time consuming for the timeframe of this study.

Other documentary evidence (including annual reports, strategic plans, minutes of meetings from public organisations, or promotional material) was equally limited to documents produced since the early 2000s. Requests for public documents from the time prior to 2000 were repeatedly dismissed by public organisations (including FROSAT, SATC and the development boards) as they did not keep internal archives. Available visitor statistics were equally limited to the last ten years. For example, TRA's visitor statistics dated back to the year 1998 (for domestic visitors) and 1999 (for international visitors). Older visitor data (conducted by TRA's predecessor – the Bureau of Tourism Research) were not publicly available. In addition, there were almost no local records of visitor statistics available in the region. Only one visitor information centre had some fragmented visitor statistics from pre-2000.

Another problem in accessing historic information was identified in the high turnover of public sector employees as well as local tourism operators. Employees of public organisations had usually not been with the organisation for more than five years and so their knowledge about 'historic' events and processes in the case study region was often very limited. Similarly, many

of the interviewed private business owners were found to be relative newcomers in the region (see Chapter Five, Section ‘Entrepreneurship’) and had limited knowledge of events and processes prior to 2000. Insights into historic events and processes were therefore largely reliant on interviews with a small number of long-term operators and local government representatives, as well as complementary literature.

Fragmented nature of documents: Although a wide range of documentary evidence could be collected for the case study, these documents were often highly fragmented and inconsistent. For example, available council documents were not the same in each local council district, or documents provided by the NRDB were not the same as those provided by the SFRDB. In addition, public documents were (with a few exceptions such as community newsletters) mostly positive and in favour of described tourism developments. For example, the newspaper search found only a few articles that were critical of tourism development. Most articles presented tourism projects from a positive angle and included statements on how much (local, state or federal) government support was available for those projects. This limitation is quite common in newspaper analysis, as newspapers (particularly non-independent local/regional newspapers and tabloid newspapers) tend to report on ‘boosterist’ government press releases that usually seek to portray government involvement in a positive light (see, for example, Schmallegger and Carson’s (2010b) study on the media coverage of tourism in the Northern Territory). Careful probing and triangulation with other data sources (particularly interviews) had to be applied to put media articles into perspective and filter out potential bias induced by the media.

Non-response and interview refusal from key stakeholders: The research relied on the voluntary participation of business owners and other tourism stakeholders. The general rate of non-respondents or people refusing to be interviewed was relatively low (14 out of 68 interview invitations could not be recruited, either because of non-response (5), refusal (4) or because participants were not available at the time of the fieldwork (5)). Nevertheless, there were a few individuals among those ‘non-respondents’ who were considered as key stakeholders of the tourism system because they had been recommended by other participants or appeared to be doing something outstanding that would have been of interest to the study. These stakeholders included, for example, some of the pioneer tourism operators, Aboriginal operators, and members of progress associations in the northern mining towns (notably Leigh Creek). Hence, the research may have missed out on some important alternative perspectives and insider information from those individuals. To compensate for this potential lack of data, the researcher sought to collect alternative evidence, for example from documents, personal observations or by asking other research participants about the role and behaviour of those key stakeholders.

Issue of sensitive data: In some interviews it was difficult to talk about sensitive issues, such as internal conflicts or opinions about other system stakeholders. This was particularly the case in interviews with members of public organisations (notably local government) who often gave the impression that they wanted to give the ‘politically correct’ answer instead of their actual personal opinion. Four interview participants asked for the tape recorder to be turned off before they started talking about their real opinion (for example, about the perceived performance of other operators or tourism managers, the role and performance of Aboriginal tourism operators, and people who they thought caused internal conflicts in the system). Although it was not possible to use those statements as official data in the research it still provided some useful observational insights into the type of conflicts and tensions within the system. On the other hand, it was interesting to note that private business owners were generally more confident in talking about sensitive issues and they often admitted that they were happy to share some of the ‘local gossip’ with the researcher. Many of them were not hesitant to openly criticise the behaviour of other system stakeholders and gave detailed descriptions and explanations about various conflicts experienced in the system.

Potential sampling bias: The use of ‘snowballing’ as part of the sampling procedure for the interview process may have caused some bias in the interview data. As described above, key informants and perceived leaders of the system were contacted first and they provided contact details for additional interview participants who they thought should contribute to the study. In the course of the research process, it turned out that most of the operators recommended by other operators were actually part of the same operator networks and had close personal links with each other (e.g. personal friendships or ‘friends’ on Facebook). These operators were often keen to be interviewed because they knew that their ‘friends’ had been interviewed before and recommended them. It was therefore little surprising that those operators had similar opinions or tended to agree with each other on many of the issues raised during the interviews. To reduce the potential bias in the sample and to get different perspectives, the researcher tried to recruit operators from the regional operator listings who were not actively recommended by others. The researcher also sought to recruit participants who were described by other participants as the less social ‘movers & shakers’ in the region – operators who did not want to participate in local operator networks but who were repeatedly described as very successful and innovative business owners.

Remote location: Due to cost and time limitations the researcher could only undertake one field visit to the more remote locations in the Northern Flinders Ranges. As a result, operators interviewed in those areas could not be re-visited for face-to-face follow-up discussions or personal member-checking. More importantly, it did not allow the researcher to interview

additional interview participants who could not be recruited for the scheduled fieldtrip. Rental car restrictions did not allow the researcher to go off the sealed roads and so some of the remote station owners (who were accessible by unsealed and four-wheel-drive tracks only) could not be visited. However, some of them agreed to be interviewed at a more accessible location (e.g. when they had to do their shopping in the next larger town).

3.9 Conclusion

This chapter has described the methodological approach developed for this study and has provided a discussion of the selected research paradigm, the research strategy and the research design. The chapter has outlined the theoretical proposition and the research questions developed from the literature review in Chapter Two and presented the study's theoretical framework (Figure 3). An explanatory case study was considered as the most suitable research strategy to get an in-depth understanding of RTIS dynamics in a resource dependent periphery. Section 3.6.2 has introduced the analytical framework used for data collection and analysis (Table 4). Sections 3.6.3 and 3.6.4 have provided a detailed explanation of the case study methods, including data collection and interpretation procedures. The final section of the chapter has commented on the identified limitations of the applied research approach.

The following chapter will introduce the case study region – the Flinders Ranges in South Australia. The chapter seeks to provide important contextual background information on the Flinders Ranges region to help the reader better understand the findings of the RTIS analysis presented in Chapter Five. The case description includes information on the geographic, historic and economic characteristics of the Flinders Ranges and gives an overview of the institutional environment that has emerged from the traditional reliance on the region's three major staples industries: agriculture, pastoralism and mining (and basic mineral processing). The chapter will also give an overview of the history of tourism development in the Flinders Ranges and discuss the most important tourism trends, including consumer and industry trends, which have affected the destination over the past decade.

Chapter 4: The Case – the Flinders Ranges in South Australia

4.1 Introduction

This chapter introduces the case study region – the Flinders Ranges in South Australia. The aim of this chapter is to provide important background information about the case study region to ‘set the scene’ for the RTIS analysis presented in Chapter Five. First, the chapter gives an overview of the geographic location and the various organisational boundaries in the region. It continues with a review of the economic history of the area, with a special focus on how the region’s development path has been shaped by its dependence on staples industries (agriculture, pastoralism and mining). The chapter proceeds with a review of the major characteristics of the region’s staples industries and provides a summary of the institutional environment that has emerged from staples dependence in the Flinders Ranges. Understanding the characteristics of this inherited institutional environment is critical to be able to analyse and explain the capacity of the region to develop a well-functioning tourism innovation system.

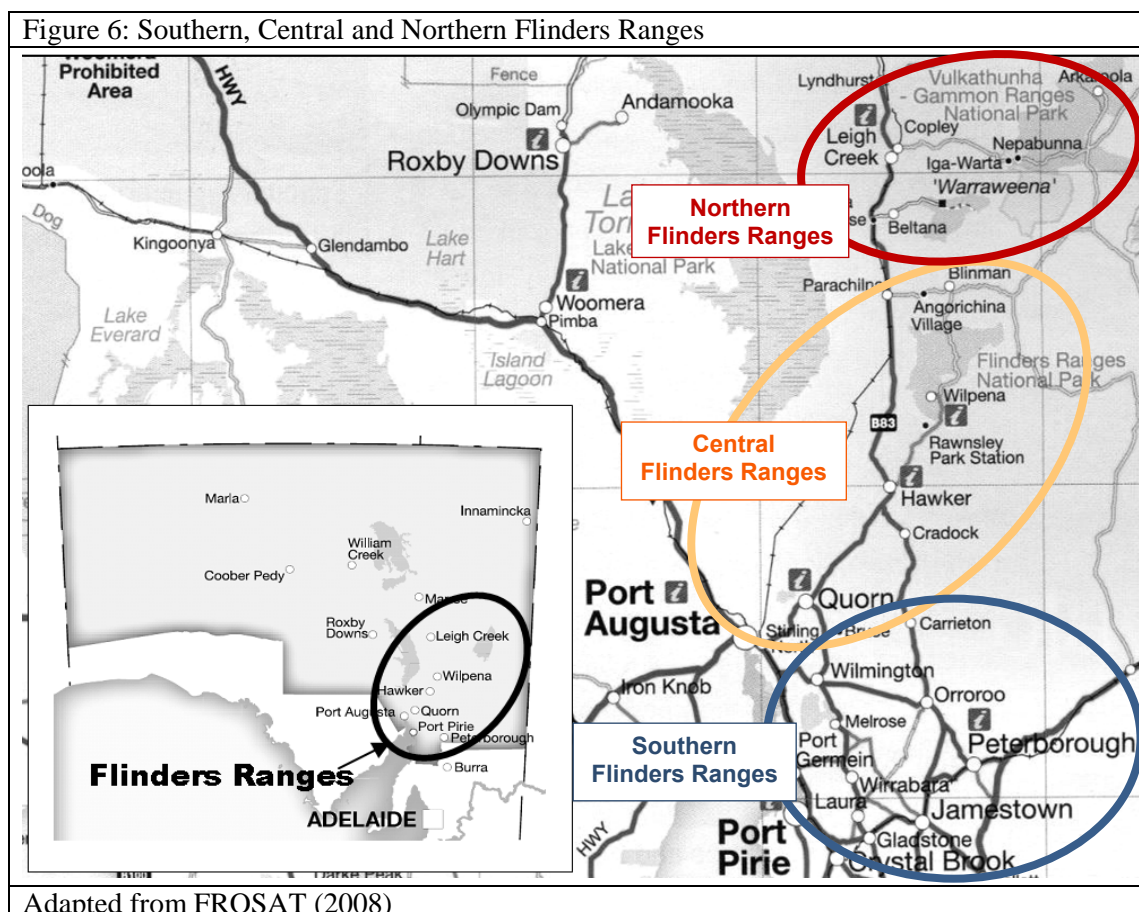
The final section of the chapter gives an overview of tourism in the Flinders Ranges, which has been considered as one of the most promising industries to diversify the staples based economy (NRDB, 2008; SFRDB, 2008; Moskwa, 2008). The section first provides a review of the history of tourism development in the Flinders Ranges. It then focuses on summarising the latest industry, visitor and product trends to comment on the performance of the Flinders Ranges tourism destination since the mid-1990s. In particular, the section will outline the major changes in the product and industry structures that have occurred in the Flinders Ranges over the past decade as a response to changing market characteristics. Knowing how tourism has developed over time and how the industry has performed over the past years is essential to analyse and understand the capacity of the tourism destination system to operate as a RTIS (Chapter Five).

4.2 Geographic Location

The Flinders Ranges are a range of mountains stretching some 400 km in length, commencing around 200 km north of Adelaide. According to the annual visitor guide published by FROSAT, the Flinders Ranges can be divided into three major sub-regions: the Southern, Central and Northern Flinders Ranges (Figure 6). The Southern Flinders Ranges are more densely populated than the northern parts and include areas south of Port Augusta: the Port Pirie Regional Council (with the main towns Port Pirie, Crystal Brook, Napperby and Redhill); the District Council of Mount Remarkable (Melrose, Booleroo Centre, Wilmington, Wirrabarra, Port Germein); the Northern Areas Council (Jamestown, Laura, Gladstone, Spalding); the Orroroo/Carrieton

Council (Orroroo, Carrieton, Pekina, Morchard); and the District Council of Peterborough (Peterborough, Yongala, Terowie).

The Central Flinders Ranges comprise the areas north of Port Augusta including the Flinders Ranges Council (Quorn, Cradock and Hawker), the unincorporated townships of Parachilna and Blinman and a number of pastoral stations outside the main towns (for example, Arkaba, Merna Mora, Rawnsley Park, Willow Springs, Alpana, Gum Creek, Moolooloo, Angorichina, Wirrealpa). A considerable part of the Central Flinders Ranges is encompassed by the Flinders Ranges National Park, which includes Wilpena Pound – a scenic crater-like rock formation – as its most iconic attraction. 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 townships of Copley and Beltana, the Aboriginal communities of Iga Warta and Nepabunna, the Warraweena Conservation Park, the Arkaroola Wilderness Sanctuary, and the Vulkathunha – Gammon Ranges National Park in the far northeast.



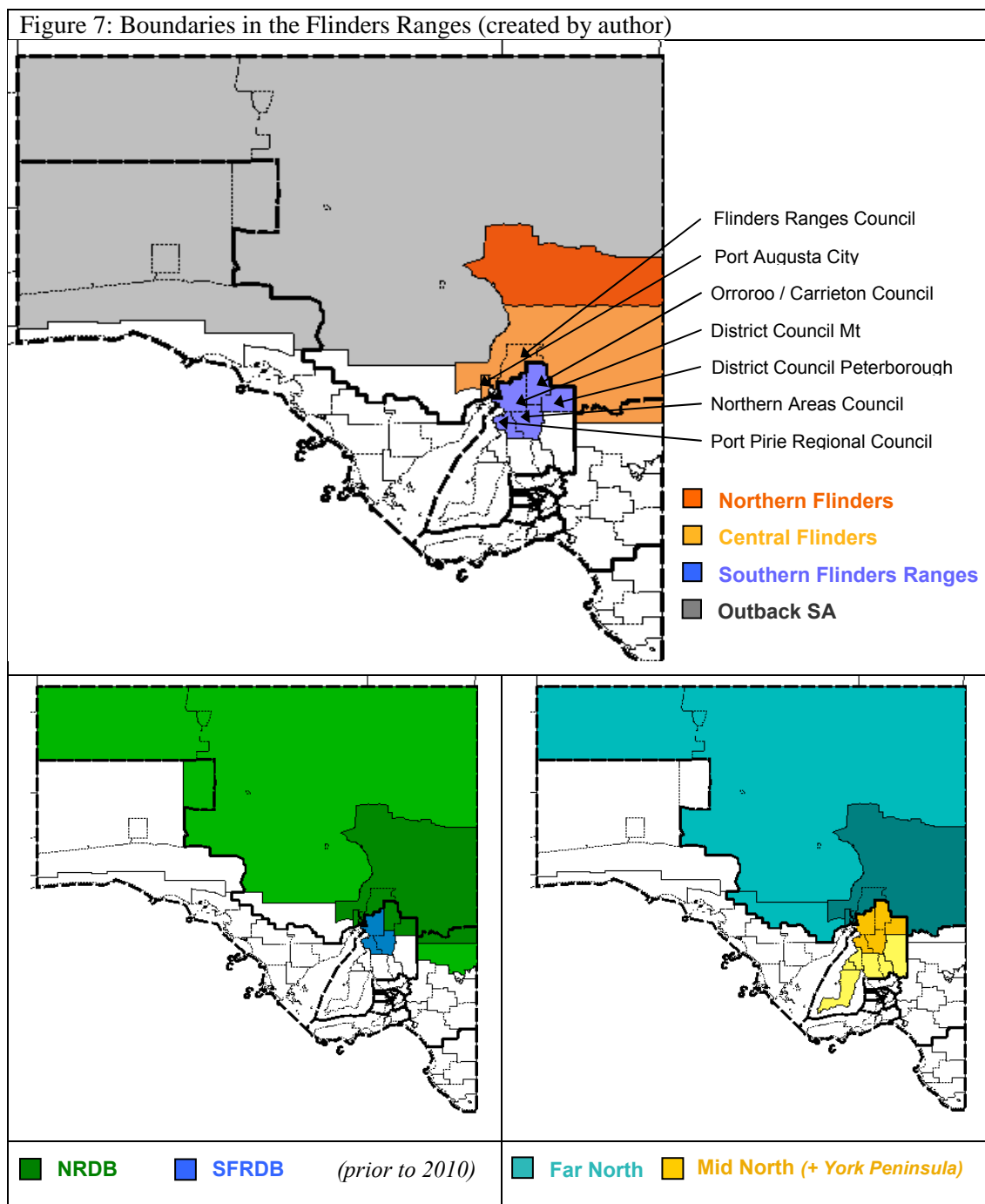
The regional boundaries between the three sub-regions are, however, not always quite as clear, as opinions on what exactly belongs to the Southern Flinders Ranges, and what to the Central/Northern Flinders Ranges, are often divided. According to the boundaries of the

Southern Flinders Ranges Development Board (SFRDB, 2008b), the Southern Flinders Ranges officially comprise the council districts of Mount Remarkable, Northern Areas and Port Pirie. The council areas of Peterborough and Orroroo/Carrieton used to be included within the boundaries of the Northern Regional Development Board (NRDB) and were therefore sometimes considered as part of the Central Flinders Ranges³ (NRDB, 2008).

The NRDB has traditionally looked after the northern parts of South Australia, also known as the Far North. The Far North region comprises the semi-arid and arid regions north of Port Augusta, including the local government areas of Port Augusta and the Flinders Ranges Council, the unincorporated areas of the Central and Northern Flinders Ranges, and large parts of the Outback SA (including the mining towns of Coober Pedy, Andamooka and Roxby Downs). On the other hand, the southern council areas (including Orroroo/Carrieton and Peterborough) belong to the Mid North region, which also encompasses the agriculture dominated areas of the Clare Valley and Goyder councils in the south. Figure 7 provides an outline of the different geographic areas and boundaries in the Flinders Ranges. Chapter Five (Section 5.4.1) will discuss how this overlap of boundaries has affected tourism development in the Flinders Ranges.

According to SATC's definition of regional tourism destinations in South Australia, the Flinders Ranges form together with the larger Outback SA region one tourism destination – the Flinders Ranges and Outback SA – which comprises almost two thirds of the whole State. The Flinders Ranges are often considered as part of the Outback, particularly by tourists who are not familiar with the area (e.g. international tourists) and for who the arid land and relative sparse populations in the Flinders Ranges are synonymous with Outback images (Schmallegger and Carson, 2009). However, the rhetoric used by locals and local public sector organisations (e.g. development boards or local government) suggests that the Flinders Ranges are a region in its own right, separate from the rest of the Outback (NRDB, 2008; Mincham, 1983). This impression was also confirmed during interviews with local tourism operators and local government representatives who were keen to emphasise that the Flinders Ranges are in fact the Flinders Ranges and not the Outback.

³ The structure of regional development areas (RDA) in Australia has changed as per the start of 2010. The Southern Flinders Ranges Development Board (SFRDB) has been integrated with the Yorke and Mid North RDA. This area now includes the council areas of Peterborough and Orroroo/Carrieton. The Northern Regional Development Board (NRDB) has been renamed RDA Far North and has lost Peterborough and Orroroo/Carrieton. This dissertation refers to the 'old' terms NRDB and SFRDB because they were the organisations in place at the time of the research.



4.3 Economic History

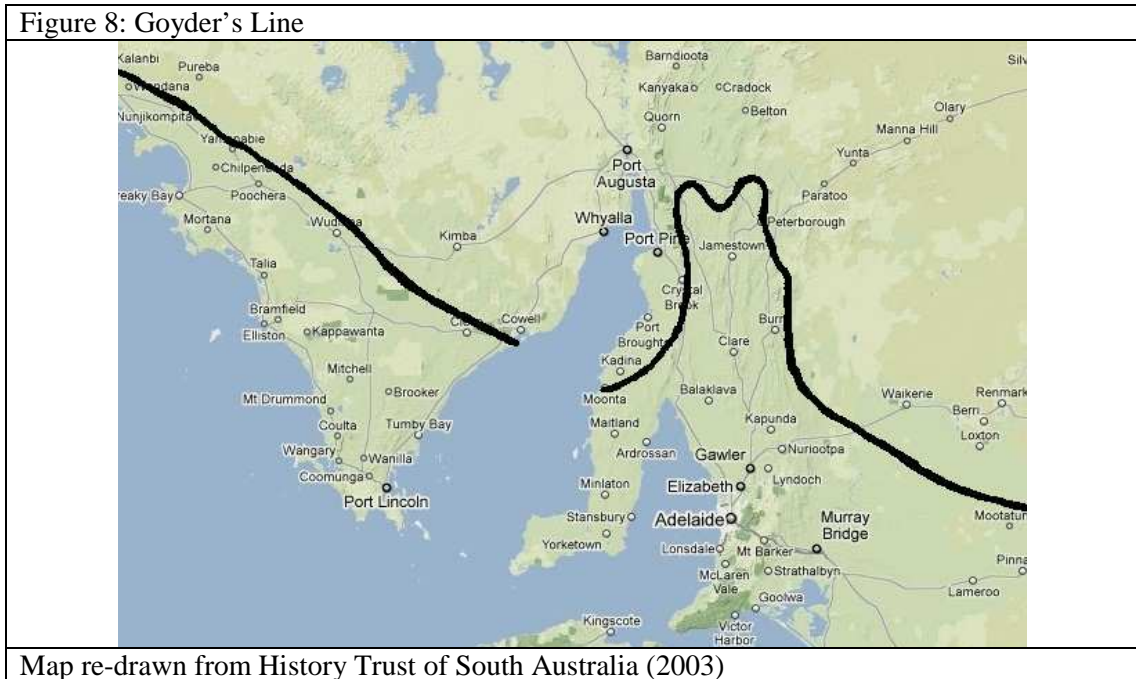
The area of the Flinders Ranges was originally home to a number of Aboriginal groups now collectively known as the Adnyamathanha, meaning hill or rock people (Mincham, 1983; Barker and McCaskill, 2005). The first European in the area was British explorer Matthew Flinders, who sailed up along the shores of the Spencer Gulf in 1802 and discovered the southern parts of the mountain ranges. Other famous explorers followed in the 1830s and 1840s, including Edward John Eyre, Charles Sturt and surveyor general Edward Charles Frome. Soon after, news spread south that the dry saltbush dominated land in the north offered great potential

for pastoralism and mining. During the 1840s, increasing numbers of pastoralists and miners were heading north in the search for new exploitable land, marking the colonisation of the Flinders Ranges (DEH, 2009).

“After the explorers, the ranges were opened up to migrant settlement by the pastoralists and miners. Farmers and their families followed, then the millers and brewers, the railway men and mechanics, bankers, dairy farmers, prisoners and keepers, publicans and poets and the many more who pioneered and developed this part of South Australia.” (SFRDB, 2008b, available online)

Wool production and cattle herding proved quite profitable in the early years of settlement and from the 1850s onwards official occupational licences and land leases were granted by the government to establish pastoral runs in the Flinders Ranges (Mincham, 1983). By the early 1860s, most of the Flinders Ranges crown land was under pastoral leases (DEH, 2009). However, early settlers soon discovered the peaks and troughs of pastoralism in the Flinders Ranges. After a few exceptionally good years with above average rainfall, severe droughts started to hit the region in the 1860s. From 1864 to 1866 no rain fell in the area resulting in huge stock losses and forcing many pastoralists to leave the area (Mincham, 1983).

Since then, the history of settlement and economic development in the Flinders Ranges has been a continuous cycle of economic boom and bust (Mincham, 1983). This was particularly the case with the development of agriculture in the late 19th and early 20th centuries. Deceived by the good rainfall during the early years of settlement, large areas of land were cleared for crop (most notably wheat) farming. After the first severe droughts in the 1860s, causing enormous crop failure and economic hardship, the government sought to put measures in place to prevent similar scenarios in the future. An invisible boundary line was drawn across South Australia to distinguish between land that was deemed suitable for agriculture and land that was considered as arid, prone to droughts and unsuitable for cropping (Mincham, 1983). This line became known as Goyder’s Line (named after the then surveyor general George Goyder who identified the line based on observed differences in rainfall and vegetation) which is still in use today. Goyder’s Line starts in the west near Ceduna, crosses the Eyre Peninsula, and goes from Moonta (Yorke Peninsula) north to Crystal Brook, Orroroo, Peterborough, Burra (in the Mid North), and then across to the Victorian border (Figure 8).



Following the establishment of Goyder's Line in 1865, farmers were discouraged from planting crops north of the line. However, several good years with strong rainfalls followed, and farmers started to ignore Goyder's warning and planted crops again further north (History Trust of South Australia, 2003). At the same time, public pressure on the government mounted to release land north of Goyder's Line for agriculture. In the 1870s, the South Australian Government decided to disregard Goyder's Line and allow crop farming in the north because wheat farming was considered more profitable than wool production or cattle herding (Klaassen, 2008). To facilitate the establishment of crop farming in the north, pastoral land was acquired by the government during the 1870s (basically meaning that pastoral leases were not renewed) and subdivided into agricultural blocks. This forced many pastoralists to move further north into the remote and arid regions of the Northern Flinders Ranges and Outback (Mincham, 1983).

Another reason why the government encouraged crop farming was that it considered agricultural development as a way to increase the population in the remote northern region of the colony. Pastoral settlements usually did not lead to the establishment of major inland towns – firstly because of the vast amounts of land needed to sustain a single station or family from wool and/or cattle, and secondly because pastoralism was set up in a way that business and financial dealings were managed directly with Adelaide and Adelaide based wholesalers (Klaassen, 2008). By cutting up pastoral properties for agricultural development, the government simultaneously surveyed new towns in each agricultural block (Mincham, 1983). It was during that time that towns like Orroroo, Wilmington, Cradock, Carrieton and Johnburg were founded (Klaassen, 2008; Parnell, 1975).

The wheat boom of the 1870s was soon followed by a bust when repeated periods of drought struck the region again between the 1880s and early 1900s, causing severe crop failure and forcing many farmers to leave the area. Similarly, pastoralists who had to relocate further north during the wheat boom were very badly affected during the drought and many had to abandon their stations as their stock numbers plummeted (Mincham, 1983; Klaassen, 2008). Today, a number of abandoned farm ruins and ghost towns north of Goyder's Line (e.g. the ruins of the old Kanyaka Homestead near Hawker, the deserted township of Farina north of Lyndhurst, or the ghost town of Johnburgh north of Orroroo) are still reminiscent of the failing of farming and pastoralism ventures north of Goyder's Line (Figure 9). Goyder's Line and the predicted rainfall levels had proven remarkably accurate over the years and by the early 1920s farmers had come to accept that crop farming north of the line was not sustainable. They eventually retreated back to areas south of Goyder's Line (now known as the Mid North) where crop farming continues to be an important economic industry today.

Areas north of Goyder's Line, mostly around Quorn, Hawker, Parachilna and Blinman, were resumed for pastoralism. Pastoralism, and in particular wool production, turned out to be reasonably viable in the semi-arid and arid parts of the Central and Northern Flinders Ranges. Growing international demand for wool around the turn of the last century and during the post-war period led to a prospering pastoral industry in the area. However, economic 'bust' cycles caused by the collapse of export markets (for example during the Great Depression of the 1930s) or repeated periods of drought continued to affect wool growers in the Flinders Ranges throughout most of the 20th century (Mincham, 1983; Klaassen, 2008).

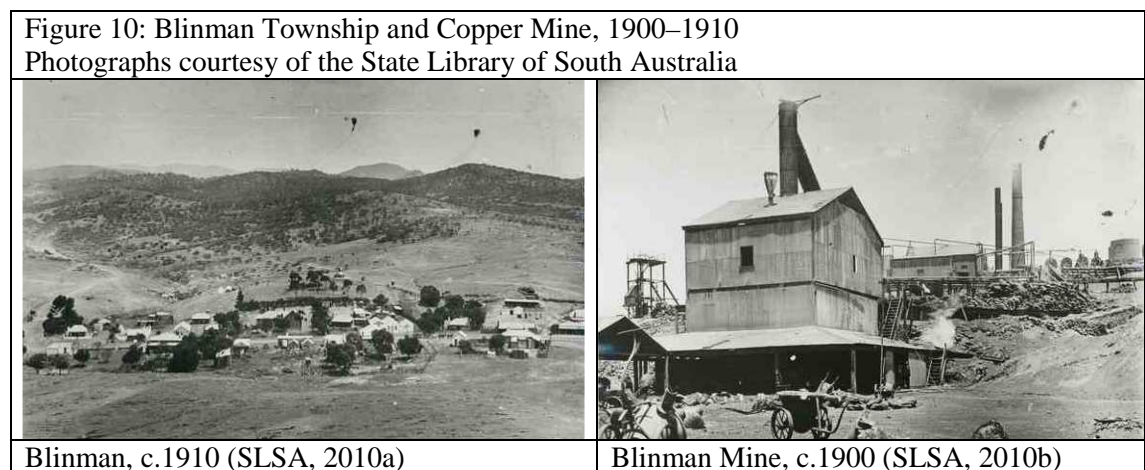
Figure 9: Abandoned Homestead Ruins Near Hawker



Photograph courtesy of Bruce Prideaux

Prospects for mining were another important reason for the exploration and settlement of the northern parts of South Australia, including the Central and Northern Flinders Ranges. In the late 1850s, copper deposits were discovered in the area of Blinman and mined (with intermittent breaks) until 1918 when copper ore finally ran out (Klaassen, 2008; Mincham, 1983). At the same time, other mining sites were opened in the Northern Flinders Ranges, such as Nuccaleena, Sliding Rock, Warra Warra and Yudnamutana, and copper became one of South Australia’s main export commodities (Klaassen, 2008). Apart from copper, coal and other minerals (such as silver, gold, lead, talc and barite) were discovered in the area and towns were subsequently set up to service those mines. For example, the discovery of coal in the late 1880s led to the foundation of Leigh Creek in the Northern Flinders Ranges.

In those early days, mining was still a very labour intensive industry and provided much needed employment for residents of the new colony of South Australia (Klaassen, 2008). The population of remote mining towns increased rapidly and additional housing and support infrastructure had to be built (Figure 10). Blinman, at its mining peak in the early 1900s, had an estimated population of over 1,500 residents (Klaassen, 1991; Blinman Progress Association, 2009). Similarly, Beltana developed into a service centre for nearby copper mines and by the early 1900s supported more than 500 people, a brewery, two hotels, a post and telegraph station, a railway station, a school, and a hospital (Aird and Klaassen, 1984). Mining was, however, a rather short-lived industry and particularly prone to boom and bust. Most mining ventures in the Northern Flinders Ranges were not profitable in the long term and were closed after a short period of intensive mining (Klaassen, 2008; Mincham, 1983). As a result, mining workers and their families left, townships dwindled and infrastructure deteriorated substantially. Today, the township of Blinman hosts a permanent population of only 22 residents (Blinman Progress Association, 2009). Similarly, the population of Beltana has declined to four residents (Beltana Online, 2009).



With the increasing production of wool and wheat, as well as the increasing extraction of mineral ores in the north, transport industries became important to transfer commodities in bulk from the place of extraction to the market. Industrial ports and shipping infrastructure were established in Port Augusta and Port Pirie, and railway lines were constructed to connect the interior staples country with those ports (Anderson, 1988). For example, the harbour in Port Augusta was surveyed in the 1850s on the initiation of one of the leading wool merchants in the area, Thomas Elder, to export wool. Jetties were built, a wool store was set up near the waterfront, and by the early 1860s “300-500 ton seagoing ships took wool to the London sales” (Wadlata Outback Centre, 2009). Port Pirie became an important industrial port for shipping bulk grain and minerals. In the 1870s and 1880s the port was recorded to load more wheat ships for international export than Port Adelaide (Port Pirie Regional Council, 2008). It also became the main sea link for the mines at Broken Hill and Silverton in New South Wales, following the construction of a railway link to New South Wales and the establishment of a major smelter refinery in the late 1880s to process lead (but also zinc and silver) for export (Port Pirie Regional Council, 2008).

Figure 11: Galloway’s Wheat Stack, Port Pirie, 1876 (SLSA, 2010c)



Photograph courtesy of the State Library of South Australia

Port Augusta became the main hub for a vast railway extension into Outback Australia to connect Adelaide with Alice Springs in the Northern Territory and with Kalgoorlie in Western Australia. Construction of the railway line north (which later became known as ‘the Ghan’) started in the late 1870s and reached the Northern Flinders Ranges and remote Outback SA areas (such as the towns of Farina, Marree and Oodnadatta) during the 1880s (Mincham, 1983; Anderson, 1988). The railway became a key facilitator in opening up and developing the remote

north. It brought supplies to northern towns and pastoral stations, transported bulk commodities (wool, minerals and cattle) from the north to the regional centres and Adelaide, and created additional employment in railway hubs along the way. The population of towns such as Quorn, Hawker, Beltana or Farina increased rapidly with the expansion of the railway (Mincham, 1980; Quorn Centenary Book Committee, 1978).

Similarly, towns in the Southern Flinders Ranges, such as Peterborough or Gladstone, benefitted enormously from the expanding railway, which sought to connect important mining locations (e.g. Broken Hill in New South Wales) and the major grain producing areas with the ports in Port Pirie and Adelaide. Different gauge standards (standard, narrow and broad gauge) in different parts of South Australia and the neighbouring states lead to the establishment of triple-gauge or 'break-of-gauge' railway junctions in Peterborough, Gladstone and Port Pirie. This required additional labour to manage and transload freight between trains of different sized gauges. For example, the South Australian Railways division in Peterborough recorded a workforce of around 1800 people by the late 1920s. Almost two thirds of them lived in Peterborough and contributed to the increasing provision of services and infrastructure in town (Peterborough Tourism Association, 2010).

However, the economic prosperity of the railway towns was inevitably bound to the boom and bust cycles experienced by the staples industries. In times of drought, for example, inland rail transport of wool and grain often stalled and caused economic decline in railway towns (Wadlata Outback Centre, 2009). In addition, rationalisation of railway operations (e.g. the upgrading and re-routing of rail lines), technological improvements (e.g. the conversion from steam to diesel locomotives), the general conversion to a standard gauge system, and the increasing competition from road-based transport fuelled the decline of the railway industry during the second half of the 20th century. Towns like Hawker, Quorn or Beltana, were bypassed and lost their railway connection when lines were upgraded to the standard gauge system (Quorn Centenary Book Committee, 1978). Other towns, such as Gladstone and Peterborough, lost their strategic role as a 'break-of-gauge' railway junction and suffered strong economic decline and population loss as a result (Peterborough Tourism Association, 2010; Mincham, 1980). For example, along with the final closure of Peterborough's railway depot in the mid-1990s, the population of the District Council of Peterborough has declined by more than 13 percent between 1996 and 2006 (ABS, 2010b - Appendix C).

4.4 Institutional Characteristics of the Flinders Ranges Staples Industries

The export of staples commodities, such as minerals, grain, and wool, has clearly shaped the cultural identity of the Flinders Ranges and continues to be considered as a mainstay of the regional economy. The following section summarises some of the major characteristics of the Flinders Ranges staples industries (agriculture, pastoralism and mining) and discusses how they have affected the region's institutional environment.

4.4.1 Agriculture

Agriculture, and in particular the grain industry, is still one of South Australia's major export industries, with grain export having contributed on average 15 percent to the total value of exports from South Australia since the early 2000s (PIRSA, 2009). Even though productivity and profitability have been badly affected by drought conditions over the past decade, agriculture continues to be the most important industry in rural South Australia, including large parts of the Southern Flinders Ranges. Data from the Australian Regional Profiles (ABS, 2010c) suggest that agricultural businesses still make up the majority of registered businesses in the Southern Flinders Ranges. For example in 2007, around 47 percent of businesses in the Southern Flinders Ranges were registered as primary industry businesses (which includes mainly agriculture but also forestry and fishing). In areas outside the regional centre of Port Pirie primary industry businesses accounted for well over 60 percent of all businesses (Appendix E). Agriculture is also one of the strongest sectors of employment in the Southern Flinders Ranges and therefore continues to be referred to as one of the key industries for the Southern Flinders Ranges in regional strategic plans (SFRDB, 2008). However, employment in agriculture seems to be declining. According to Australian census data (ABS, 2010b), employment in primary industries has continually declined in the Southern Flinders Ranges since the mid-1990s from 33.5 percent of total employment in 1996 to 26.7 percent in 2006 (Appendix D).

The agricultural sector in the Flinders Ranges consists mainly of small and family owned businesses. In 2007, about 77 percent of primary industry businesses in the Southern Flinders Ranges were small businesses that employed less than five staff (ABS, 2010b). Despite this 'small business culture', the industry has traditionally been controlled by large national (and more recently international) corporations. The various tasks along the value chain in the grain industry, including transport, storage, processing, packing, wholesaling, distribution and export, have usually been managed by cooperative bulk handling companies and grain pool marketing boards. The reason for this was that the commercialisation of grain, such as wheat and barley, used to be considered as an export industry of national importance and as such needed to be

protected and regulated by the government. The introduction of a ‘single desk’ trading legislation in the 1940s established the Australian Wheat Board as the single authorised body to market wheat on behalf of Australian wheat growers to domestic and overseas markets (Productivity Commission, 2010). The purpose of this act was to protect wheat growers from volatile commodity markets and stabilise wheat prices. The wheat board provided finance (at guaranteed prices) to growers at harvest or post-harvest time and well in advance of the actual sale of wheat in international markets (Productivity Commission, 2010). The barley industry was a similarly regulated commodity sector, and the Australian Barley Board was set up in South Australia as the single barley marketing authority.

Following the introduction of the ‘single desk’ regulation, single authorised receivers of wheat and other grain were established in each state, which were usually state-based bulk handling companies. In South Australia, this was done by the South Australian Co-operative Bulk Handling Ltd. (SACBH). According to the Bulk Handling of Grain Act 1955, the SACBH had the sole right of receiving, storing, handling and transporting wheat and other grain in bulk within South Australia (South Australian Government, 1997). In return for having the monopoly on grain bulk handling, the SACBH was committed to provide grain growers with adequate handling and storage systems. As a result, major silos (such as the one in Port Pirie, Figure 12) were progressively built throughout the 1950s and 1960s in all grain receiving centres (Quorn Centenary Book Committee, 1978).

Figure 12: Port Pirie Grain Silos



Port Pirie Regional Council (2008)

Grain handling, transport and marketing continued to be highly regulated by government legislation up until the 1990s. This situation has led to a centralisation of economic power in external core centres (Adelaide and/or national cores) and has limited local control over

decisions regarding marketing and commercialisation processes. During the 1990s, most of the bulk handling companies and grain marketing boards in Australia were privatised and the industry consolidated substantially as private companies decided to merge (Productivity Commission, 2010). In South Australia, for example, the Australian Barley Board became ABB Grain Ltd. and the SACBH became AusBulk. In 2004, both companies merged and became one of the largest companies in South Australia and one of the leading agriculture businesses in Australia specialising in transport, storage, handling, marketing and processing (e.g. flour, malt etc) of grain commodities (ABC News, 10 May 2004). In 2009, the company was taken over by Viterra, one of Canada's leading agribusinesses (ABC News, 10 September 2009; Business Spectator, 21 October 2009).

The long-term dominance of single desk trading schemes has kept competition within the grain industry artificially low. Grain growers had basically no other option than selling their grain to the wheat or barley boards and had no influence on marketing arrangements or on the final prices received for their products. Competition or cooperative agreements between individual farmers to become more competitive in the marketplace were virtually non-existent as the only trading partners were the marketing boards and bulk handling authorities, and constant 'demand' for grain (through pre-arranged prices agreements) was basically guaranteed. Even with the deregulation of the grain industry in the late 1990s, this situation has not changed much. The dominance of a few large multinational companies, such as Viterra in South Australia, suggests that the basic mechanisms of grain trading and commercialisation are still the same. There are only very few examples (such as the Flinders Ranges Premium Grain company in the Southern Flinders Ranges) where individual farming businesses have been successful in establishing their own trading entities and operate independently from the large grain companies.

Due to the perceived importance of the agricultural sector to Australia's economy, government policy (on both national and state level) has usually sought to provide support for the industry in times of economic crisis. Heathcote (2000), for example, emphasised that the state government of South Australia has provided regular economic support, material assistance, or other in-kind support (e.g. funding of research) to South Australian farmers and pastoralists since the second half of the 19th century. From the 1930s onwards, the federal government introduced a number of financial support schemes for farmers in areas affected by drought (Botterill, 2003; Heathcote, 2000). These included the introduction of a national drought policy, and a variety of support schemes such as the Rural Adjustment Scheme, the Farm Household Support Scheme, or the Drought Relief Payment Scheme (see Botterill (2003) for a detailed review on the history of drought policy in Australia).

Early drought support for farmers was usually available irrespective of whether or not farming ventures were considered sustainable or likely to be long-term profitable. This approach was later changed because it was argued that it would discourage farmers from developing independent self-help approaches and appropriate risk management strategies (Botterill, 2003; Heathcote, 2000). However, with increasing pressure from the public (and farming community), the federal government reintroduced general welfare payments in 1994, making drought relief payment available to all farmers in areas declared by the state to be in 'exceptional circumstances' (Botterill, 2003). The drought relief program has been extended in 2006 when the federal government allocated additional financial resources to help farmers in areas of such 'exceptional circumstances' (ABC Online, 24 October 2006). Even though there are one-off support payments available for farmers choosing to quit farming and retrain for another industry, most options within the drought relief program (such as grants for diversification, long-term low interest investment loans, or specialised farm management training packages) appear to be aimed at helping farmers to continue farming.

Education, training and research in the agriculture sector have traditionally been overseen by the government seeking to control and improve the industry. As outlined by Primary Industries and Resources SA (PIRSA, 2007), agricultural education and training opportunities in South Australia were introduced as early as in 1883 with the establishment of the Roseworthy Agricultural College (which later became part of the Faculty of Agricultural and Natural Resource Sciences of the University of Adelaide). In the early 1920s, the University of Adelaide also established the Waite Agricultural Research Institute, focusing on research and development for the agricultural sector in South Australia. A few years later, the Council for Scientific and Industrial Research (later known as the CSIRO) established its Division of Soils at the Waite Institute. Following extensive state sponsored research activities, the South Australian Research and Development Institute (SARDI) was created in 1993. SARDI is the state government's principal research institute and a major research arm of Primary Industries and Resources SA as it focuses mainly on research for primary industry sectors (PIRSA, 2007). Since the late 1990s, the private sector has become more engaged in the production and distribution of research-based industry knowledge. This has, however, been primarily limited to large-scale agribusinesses, such as Viterra in South Australia, who can afford to dedicate substantial financial resource to research and development.

The agricultural knowledge and education sector in South Australia is primarily concentrated at the core (in and around Adelaide) and does not really extend to the resource producing periphery. For example, a large part of Viterra's research activity is conducted in a joint

agreement with the University of Adelaide (Viterro, 2010). There are only few regional University campuses in South Australia, and even fewer (such as the regional campus of the University of South Australia in Whyalla) are located within the resource producing periphery, meaning that knowledge creation clearly remains a task for the core and not for the periphery. In the Flinders Ranges, for example, there are still no higher education and research outposts to date, emphasising the region's role as a resource periphery. A similar trend has occurred in secondary education for the primary industry sector. Although TAFE courses (for vocational training and education) are usually available in regional centres, the only comprehensive agriculture focused secondary school in South Australia is located in Adelaide (the Urrbrae High School), meaning that students from peripheral areas such as the Flinders Ranges have usually had to leave the area (and their family's farm) and attend boarding school in Adelaide.

The diffusion of industry-related knowledge has also been the task of centralised authorities. The Agricultural Bureau of South Australia (a volunteer support organisation for farmers supported by Primary Industries and Resources SA and the Department of Water, Land and Biodiversity Conservation), has traditionally been the main distributor of research based knowledge and practical education among farmers in rural South Australia (Guerin, 1988). The Bureau was founded in the late 1880s with the aim to increase agricultural (and pastoral) knowledge and education to better equip farmers in rural South Australia to be able to succeed in the harsh environment (Guerin, 1988). The Bureau has since established a number of local branches in outlying rural communities (including the Southern Flinders Ranges) and disseminated industry relevant knowledge and information through publications, exhibitions, rural shows and field days (PIRSA, 2007). Again, encouraging internal knowledge production within the staples producing region has usually not been considered as a priority. Instead, knowledge is typically imported from outside (Adelaide or other core centres) and channelled through by public sector agencies (e.g. the Agricultural Bureau or government funded research centres) or external wholesalers.

4.4.2 Pastoralism

Industry structures for pastoralism in northern South Australia are in many ways similar to the ones described for agriculture. In most of the Central and Northern Flinders Ranges, pastoralism (mainly for sheep but also some cattle) is still the most extensive land use with about 80 pastoral runs supporting pastoral families in the area (Soil Conservation Council of South Australia, 2004). Unlike grain production in the southern regions, however, wool and livestock in the north can no longer be considered a leading bulk export commodity in the Flinders Ranges. Pastoral stations in the Flinders Ranges support some of the lowest stocking rates per hectare in Australia and produce some of the lowest annual net primary production values (Moskwa,

2008). While the sheep industry is still regarded as a major industry within South Australia (PIRSA, 2009b), the most productive regions for the sheep industry are today concentrated further south (e.g. Yorke Peninsula, Fleurieu Peninsula, Limestone Coast, Murraylands, or Eyre Peninsula), indicating that the Flinders Ranges are no longer a key region for wool and lamb production. This has also indirectly been acknowledged by the NRDB, who emphasised that the times of the historically dominant pastoral industry in the Flinders Ranges are long gone. Instead, regional economic development strategies for the Central and Northern Flinders Ranges focus on mining and, more recently, on tourism (NRDB, 2008).

According to several pastoralists interviewed for this research, the profitability of pastoralism in the Flinders Ranges (in particular wool production) has decreased substantially over the past decades. The end of the last wool boom in the late 1980s (see below) caused a national slump in wool prices during the 1990s (Lee, 2001). Since then, international demands for wool have changed substantially. Wool has turned from a bulk export product into a niche product, with fine or superfine wool fibres now being generally favoured over broader types of micron wool which are commonly produced in the semi-arid inland parts of Australia (Lee, 2001). This means that the type of wool that has usually been produced in the Flinders Ranges is not necessarily the type of wool that currently attracts strong international demand and high prices.

Continuing lack of rainfall since the late 1990s and resultant lower production levels have further complicated the economic situation for pastoralists in the Flinders Ranges. According to census data, the percentage of residents employed in the primary industry sector in the non-urban areas of the Central and Northern Flinders Ranges (which is primarily pastoralism) has declined from 17.1 percent in 1996 to 13.0 percent in 2006, representing a decline of 37.4 percent (ABS, 2010b). The number of primary industry businesses in the same area has declined from 126 businesses (or 46.7 percent of the total business number) in 2004 to 99 businesses (or 39.3 percent) in 2007, representing a decline of 21.4 percent. Pastoralist families in the Central and Northern Flinders Ranges have often lived and worked in the region for several generations and have proven remarkably resilient to the boom and bust cycles of the pastoral industry (Holmes and Day, 1995). Nevertheless, many station owners found themselves forced to seek alternative income streams over the past ten to fifteen years, with tourism becoming one of the most common diversification options.

Similar to the grain industry, the wool industry has traditionally been dominated by large-scale centralised commodity brokers and government authorities. At the start of the 20th century, the Australian wool market was basically in the hands of an oligopoly of wool brokers who focused on selling wool to Britain and Europe and had a strong influence on wool prices (Australian

Wool Testing Authority, 2009). In South Australia, the most prominent wool traders and pastoral stock firms included companies like Elder Smith, Goldsbrough, Dalgety or Michell. Through a number of mergers and industry diversification (for example, into other agricultural products, supply products, real estate, financial services, and insurance), some of these companies developed into some of South Australia's largest businesses which are still dominating the industry today (Yelland and Brake, 2008). Wool commercialisation has also increasingly become part of other leading agribusinesses, with companies like Viterra (back then ABB Grain) acquiring major wool companies such as the Adelaide Wool Company (Department of Trade and Economic Development, 2007).

Throughout the early 20th century, the Australian economy was commonly referred to as 'riding the sheep's back', meaning that wool was one of Australia's most significant export commodities and a mainstay of its economy (Cashin and McDermott, 2002). As a result, governmental protection for the wool industry was a high priority (see AWTA (2009) for a detailed review on government involvement in the Australian wool industry). Just like grain farmers, pastoralists and wool growers were entitled to government funded disaster relief payments, such as the drought relief program described earlier. In addition, federal and state governments supported the wool industry by establishing centralised authorities, such as the Australian Wool Board (later the Australian Wool Corporation), designed to look after issues of international wool promotion and marketing, industry research, maintenance and administration of wool stores and so on (AWTA, 2009).

In response to declining wool prices in the 1960s and 1970s, the federal government introduced a minimum wool reserve price scheme which sought to provide growers a guaranteed minimum 'floor price' for wool to protect them from fluctuating market prices. The scheme was maintained until the late 1980s when the minimum guaranteed price for wool increased to a record high that caused important markets such as Russia and China to stop buying (AWTA, 2009). The scheme and general wool prices collapsed and oversupply of wool forced the government sponsored wool corporation to buy wool at auction without being able to sell it. The scheme was eventually abandoned in 1991 but wool prices only slowly recovered (Lee, 2001).

As with the grain industry, research and knowledge diffusion in the pastoral sector have long been the responsibility of government sponsored research institutes (such as the CSIRO or, more recently, the Australian Wool Innovation Ltd) and larger corporations, and not a task for individual pastoral businesses. Similarly, the focus on education and training of individual business owners to develop their own marketing or research strategies appeared to be low in the agriculture and pastoralism sectors. In their research on pastoral lifestyles, Holmes and Day

(1995) noted that pastoralists in rural South Australia had often grown up working on the family farm and had limited levels of education (e.g. no post-secondary education).

From a political point of view, pastoralism and farming still rank very high in the Flinders Ranges. According to interview participants in the Southern and Central Flinders Ranges, local government politics are still to a large extent dominated by pastoral and farming interests as the majority of councillors are farmers/pastoralists or have a strong farming background. Farming and pastoralism are closely associated with the region's cultural heritage and so community attachment to those industries, and the degree of resistance to new industries, is usually high. Holmes and Day (1995) described pastoralists in rural South Australia as a very cohesive group with closely knit networks of friends and families. Pastoralists identified strongly with their distinctive way of life in a challenging environment. They shared common value systems and a persistent perception that the values associated with their pastoral livelihoods need to be maintained (p. 207). Common values (for example, values relating to land use and management practices) are further reinforced by public organisations and lobbying groups (e.g. the Pastoral Board) who seek to protect the interests and sustainability of the pastoral industry.

4.4.3 Mining

Since the mid-1980s, mining (including mineral exploration, production and processing) has become a major economic priority in northern South Australia. There are several important uranium mines in the South Australian Outback, such as the Olympic Dam Mine near Roxby Downs – a company town set up in 1987 to service the mine. Other uranium mines are the Beverley and Honeymoon uranium mines in the Far North, and further uranium mining is currently planned for the area of Arkaroola in the Northern Flinders Ranges. Coal mining in Leigh Creek or gemstone mining (opals) in places like Andamooka and Coober Pedy are other prominent mining ventures in northern South Australia.

Mining is usually appreciated for its apparent potential to generate fast economic growth through investment in mega-projects driven by large-scale international mining companies (Bone, 2003). The same has been true for northern South Australia where the announcement of a planned multi-billion dollar expansion of the Olympic Dam Mine by the mining company BHP Billiton is seen by the government as a major boost for the South Australian economy (Government of South Australia, 2007; *The Age*, 17 June 2010). Both the NRDB and SFRDB have declared the Olympic Dam expansion a priority project for the Flinders Ranges and Outback in terms of expected infrastructure investment and additional job creation (NRDB, 2008; SFRDB, 2008).

Temporary commuting mining workers, including fly-in-fly-out commuters, have become the norm in the northern mining industry over the past decades (Mineral Council of Australia, 2010). Data from the Australian census (ABS, 2010b) indicate that mining employment among residents of the Central and Northern Flinders Ranges (i.e. areas that are generally closer to mining sites) has decreased since the mid-1990s. The percentage of residents employed in mining dropped from about 5.4 percent in 1996 to just 1.6 percent in 2006, representing a decline of 70.9 percent. At the same time, the percentage of residents in the Southern Flinders Ranges employed in mining more than quadrupled (Appendix D). Mining commuters have become an important population source for towns in the Southern Flinders Ranges, and several southern councils (in conjunction with the Southern Flinders Ranges Development Board) have sought to implement attractive commuter services (e.g. bus services or fly-in/fly-out services) to establish the Southern Flinders Ranges as a base for mining workers (SFRDB, 2008).

Most of the current mining activity within the Flinders Ranges is concentrated in the area of Leigh Creek. With the construction of a new coal-fired power station in Port Augusta in the 1980s, the government decided to extend coal mining at the Leigh Creek coalfield. The old township (which used to be located at the site of today's coal mine) had to be relocated further south, and the new purpose-built mining town of Leigh Creek was completed in 1982 (Collins Anderson Management, 2007). Since then, Leigh Creek has essentially been a company town, servicing the power stations of Flinders Power in Port Augusta. The power stations and coalfield were initially operated by the state government (through the Electricity Trust of South Australia) but were eventually fully privatised in 2000 when they were sold to the US based electricity giant NRG and became NRG Flinders (McIlwraith, 2000, Australian Mining, 2003). In 2006, NRG Flinders was taken over by Babcock and Brown Power (now Alinta Energy) and changed its name to Flinders Power again (Keane, 2006). Despite significant losses of employment caused by the privatisation of Flinders Power, the company continues to be one of the major employers in the region. It comprises the Northern and Playford power stations in Port Augusta and the Leigh Creek coalfield assets, which include the Leigh Creek township and the freight transport rail infrastructure (Collins Anderson Management, 2007).

The mineral sector in northern South Australia is clearly dominated by large-scale national and international companies. Apart from the major extraction and energy companies (such as BHP Billiton, Heathgate Resources, UraniumOne, Marathon Resources, and Flinders Power), there are a number of large-scale mineral processing companies that are key players in the region. For example, Port Pirie's economy relies to a large extent on its lead and zinc smelter. The smelter is operated by the multinational metal producer Nyrstar, who employs over 600 staff in Port Pirie (Nyrstar, 2010). Metal products are exported to overseas markets through a marketing

agreement with another multinational commodity trader (Trafigura). Similarly, the city of Whyalla (located on the nearby Eyre Peninsula), which forms together with Port Pirie and Port Augusta the 'Iron Triangle' of the Upper Spencer Gulf, has long been reliant on its mineral processing industry (dominated by the steel works of OneSteel, a former subsidiary of BHP).

Figure 13: Port Pirie Smelters, 1932 (SLSA, 2010d)



Photograph courtesy of the State Library of South Australia

Port Augusta, Port Pirie and Whyalla are the three largest economic and population centres in South Australia's resource periphery. Eastick and O'Malley (2005) described these cities as being similar to single-industry towns relying on employment from large resource processors, energy and transport companies, and a bloated public sector. All three centres experienced substantial losses in employment, population decline, and a climate of economic depression as a result of the restructuring and privatisation of the resource, energy and transport sectors during the 1990s and early 2000s (Eastick and O'Malley, 2005; McGarry, 2002). Economic diversification and the internal development of a private industry sector less dependent on those major external employers were found to be challenging due to the entrenched organisational culture. For example, Eastick and O'Malley (2005) argued that there used to be a very limited culture of networking and collaboration in the Upper Spencer Gulf region because local businesses had usually been competing as suppliers for the major companies and were not used to collaborating to build internal competitive advantage. In addition, the authors identified a lack of private sector leadership and a culture of relying on government and public sector organisations as barriers to internal development.

In response to the poor economic performance, the three city councils (in conjunction with their regional development boards) formed the Upper Spencer Gulf Common Purpose Group in 1999, which has since sought to increase the region's economic competitiveness by stimulating new investment, economic diversification, and internal collaboration and clustering (Eastick and

O'Malley, 2005; USGCPG, 2006). Some of their initiatives have included the creation of particular industry cluster groups, such as the Global Maintenance USG resource sector cluster or, more recently, the tourism operator cluster group in the Flinders Ranges (see Chapter Five).

Skills shortages and lack of education in the mining and mineral processing sector have been identified as some of the key weaknesses in the Flinders Ranges and the Upper Spencer Gulf region (USGCPG, 2006; SFRDB, 2008). This is not uncommon in peripheral and remote mining regions, which rely to a large extent on short-term imported labour and where staff turnover is usually high (Mineral Council of Australia, 2010). The need to increase the local skill base in the Flinders Ranges and the Upper Spencer Gulf region has only recently been officially recognised. There have been a number of initiatives to stimulate capacity building within the resource sector, such as the establishment of the Spencer Gulf Technical College in 2006 (which has since developed into a Resources and Energy vocational training program).

In addition, there has been a growing recognition of the need to increase the skill base and labour force participation among Indigenous people in the region. The unemployment rate for Indigenous people in the Flinders Ranges, like in many other resource dependent areas, has traditionally been very high. At the last census in 2006, the unemployment rate for Indigenous people in the region was at over 20 percent, which was significantly higher than the national average (around 15 percent) (Commonwealth of Australia, 2010). Private business ownership among Indigenous people is very limited in the region and many Indigenous families and communities are reliant on public sector employment (such as health or social service jobs which are usually available in the larger towns such as Port Augusta) and government welfare payments. Recent strategies to increase Indigenous labour force participation in remote communities, as identified in the latest regional employment plan (Commonwealth of Australia, 2010), are now targeting Indigenous employment and training programs to be delivered in conjunction with the mining industry.

The increasing dominance of temporary (particularly fly-in/fly-out) mining workers has changed community characteristics in remote mining towns substantially. As will be shown in Chapter Five, northern mining towns tend to have limited community spirit and place attachment due to a certain culture of 'coming and going' created by high staff turnover. These towns have few permanent residents and offer very limited opportunities for alternative population groups. In Leigh Creek, for example, it used to be a company policy that residents had to be working (either for the mine or for community services) in Leigh Creek to be allowed to live in the town. Residents retiring from the local workforce had to move on (Leigh Creek Regional Visitor Information Centre, 2003). Due to the restructuring of mining operations and

the downsizing of the workforce, the permanent mining workforce in Leigh Creek declined from over 750 in the early 1990s to less than 200 in 2005 (Collins Anderson Management, 2007; Leigh Creek Regional Visitor Information Centre, 2003). As a result, Leigh Creek's total population dropped from about 2,500 residents in the late 1980s to just about 650 in 2007 (Collins Anderson Management, 2007). This loss in population has resulted in a loss of local services, as well as the closure and removal of local infrastructure and houses. This has reinforced the town's reputation of being a place for temporary work-related residents.

4.4.4 Summary of the Inherited Institutional Environment

The discussion above has outlined the main characteristics of the Flinders Ranges staples industries. These characteristics have clearly shaped the regional institutional environment and economic climate over the years. Table 7 presents a summary of the institutional environment created by the long-term dependence on staples industries in the Flinders Ranges. The table summarises the region's institutional characteristics according to the institutional framework developed in Chapter Two (Section 2.6.1). The findings of this part of the case study analysis are then used in Chapter Five and Six to show how the region's capacity to operate as a RTIS has been affected by the inherited institutional environment.

Table 7: Institutional Environment of Staples Industries in the Flinders Ranges

Economic development policies
<ul style="list-style-type: none"> - Focus of political and commercial power continues to reside in the core (Adelaide and national cores) and centralist tendencies in government administration are still in place - State priorities for the region are still based on traditional large-scale export industries (particularly mining and agriculture) aimed at fast and strong economic growth - Traditional government protection for economic state priorities (e.g. industry protection and bail-out funding programs for grain and wool producers) - Strong focus on large-scale resource projects in regional development strategies due to expected increase in investment and employment - Only very recent regional focus on diversification options in farming areas because of declining industry value and employment (however, no call for diversification in mining towns) - Only very recent regional focus on internal capacity building and industry clusters to create a more competitive and independent regional economy
Network and collaboration structures
<ul style="list-style-type: none"> - Limited tradition of inter-business networking and collaboration because <ul style="list-style-type: none"> a) businesses in the resource sector had to compete for limited available linkages to large-scale corporations (e.g. in Port Pirie, Port Augusta, and the mining towns) b) farmers did not have to collaborate to commercialise their products (e.g. wool or grain) because they only had to focus on delivering bulk commodities (and often for guaranteed prices) to wholesalers - Networks for marketing, distribution, storage, transport, and research have traditionally been managed and directed (and in the case of government protected monopolies even imposed) by large-scale wholesalers - Regional segregation by industries (north = mining and pastoralism, south = agriculture) has created (and has been reinforced) by different boundaries for development boards and government administration zones. Only recent initiatives to have cross-regional industry clusters and organisational networks.

Education and training arrangements
<ul style="list-style-type: none"> - Traditional low internal skill base in the mineral sector because of high demand for semi/low-skilled workers and because specialised skills and knowledge positions used to be imported instead of developed internally - Similar low and narrow skill base in farming because focus has usually been on 'production only' (of grain or wool) and not on marketing, distribution, and research. - Limited traditional focus on internal education and capacity-building because education centres used to be firmly established at the core and skills transfer used to be directed by external corporations and government bodies
Arrangements for the production and distribution of knowledge
<ul style="list-style-type: none"> - Industry knowledge and technologies have usually been transferred to the producing regions by external corporations and/or government based research centres - Limited focus on the creation of internal knowledge centres or knowledge exchange mechanisms because of externally controlled knowledge transfer
Climate for entrepreneurship
<ul style="list-style-type: none"> - Dominance of government protected industry boards and large-scale corporations (in mineral, grain and wool production) - Small-scale farming businesses have limited entrepreneurial spirit because they used to concentrate on selling commodities to large-scale wholesalers (for almost guaranteed prices) - Limited culture of risk taking and independent entrepreneurship in agriculture and pastoralism due to dependency on government support and the market dominance of wholesalers - Limited culture of competition among farmers because of guaranteed prices for bulk commodities provided by government and wholesalers have reduced the need to become more competitive on an individual basis - Limited climate for independent entrepreneurship and economic linkages in company and single-industry towns (e.g. Port Pirie and Port Augusta, mining towns, former railway towns) - Traditional reliance on investment from government or large-scale wholesalers in required industry infrastructure (e.g. storage and transport facilities) or marketing
Labour provision strategies
<ul style="list-style-type: none"> - Temporary nature of mining populations reinforced by short-term commuting workforce - Farm businesses usually small-scale and reliant on family workforce – only limited import of external labour and skills - Very limited participation of Indigenous people in the local workforce
Social, political and cultural capital
<ul style="list-style-type: none"> - Very limited community sense in mining towns due to temporary nature of mining workers, limited social community infrastructure, and dominance of external investor/employers - Very high attachment to community, place and traditional industry among pastoralists - Strong embeddedness of farming in southern towns and strong representation of farmers on local government

The institutional characteristics outlined in Table 7 above are very similar to those that have been commonly identified in the staples thesis literature as characteristics of 'staples trapped' economies. As a result, it can be assumed that a certain degree of 'institutional lock-in' has occurred in the Flinders Ranges staples based economy. This thesis argues that understanding the characteristics of the inherited institutional environment from staples industries is critical to be able to analyse and explain the capacity of the region to diversify its economy into a service industry like tourism, and operate as a regional tourism innovation system (RTIS).

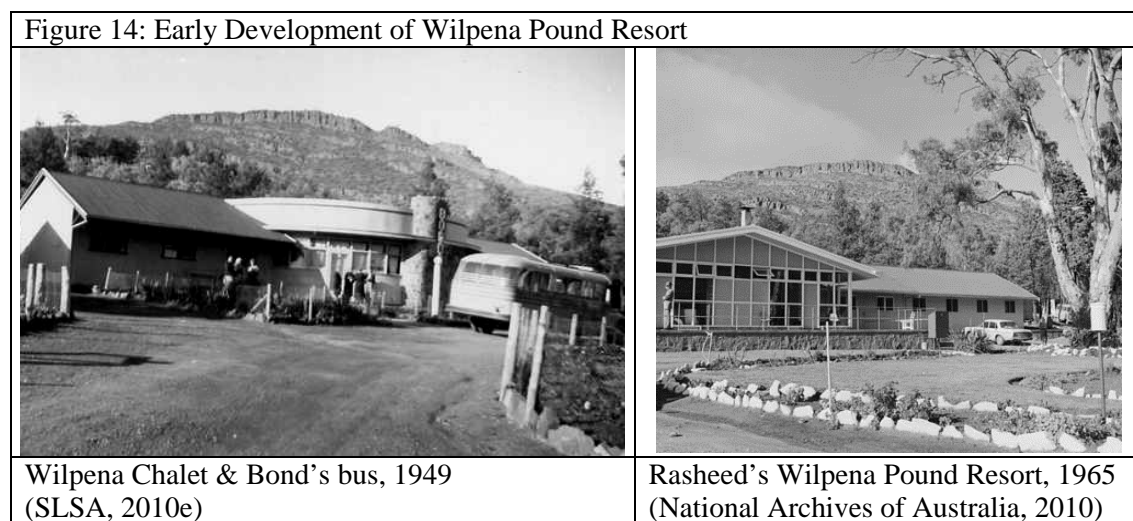
The following section demonstrates that tourism has been able to emerge as an alternative industry over the past decades *despite* the strong institutional legacy from staples industries. Tourism has contributed to economic diversification, particularly in the agriculture and pastoralism dominated areas of the Flinders Ranges (Delforce et al., 1986; Moskwa, 2008), and has recently become recognised as one of the main economic pillars in the Flinders Ranges economy (NRDB, 2008; SFRDB, 2008). The next section will briefly outline the history of tourism development in the Flinders Ranges and describe the major industry trends in tourism. It will discuss important consumer trends that have affected the Flinders Ranges as a tourism destination over the past decades and show that the destination system has been able to responded to such trends through the implementation of new market strategies. This indicates that the destination system must have developed a range of coping mechanisms to adopt RTIS dynamics despite the institutional legacy of staples dependence.

4.5 Tourism in the Flinders Ranges

Early forms of tourism in the Flinders Ranges emerged back in the 1880s when the railway line was extended north from Port Augusta to Marree and the South Australian Railways started to advertise scenic rail trips to the north (Klaassen, 2008). During that time, a number of accommodation options for travellers became available as hotels were opened in the new towns along the northern railway line (for example in Quorn, Hawker, Beltana). The first organised coach tours to the Flinders Ranges were advertised in the 1930s (before the sealing of roads north of Port Augusta) by two prominent tour companies – Bond’s Scenic Motor Tours and Bastin’s Flinders Ranges Tours (Mincham, 1983; Klaassen, 2008). They offered all-inclusive organised tours from Adelaide to the Flinders Ranges of up to a week and included visits to Melrose, Port Augusta, Quorn, Hawker, Parachilna, Blinman, Wilpena Pound, Cradock, Orroroo and Jamestown.

In 1945, the area around Wilpena Pound was acquired by the South Australian Government and declared a National Pleasure Resort, which was later converted to the Flinders Ranges National Park (South Australian National Parks and Wildlife Services, 1989). At about the same time, the Bond’s tour company established a chalet for tourists at the entrance to Wilpena Pound (Figure 14) and organised coach tours to the area became more frequent (Mincham, 1983; Dalton et al., 2009). In the late 1950s, the Wilpena chalet was taken over by the Rasheed family, who would become one of the key actors in the Flinders Ranges tourism industry over the following decades. They formed Flinders Ranges Tourist Services Pty Ltd in the late 1960s and replaced the original chalet building with larger motel and caravan park facilities (Mincham, 1983). Following the conversion of the Wilpena Pound area into a National Park in 1972, the enterprise

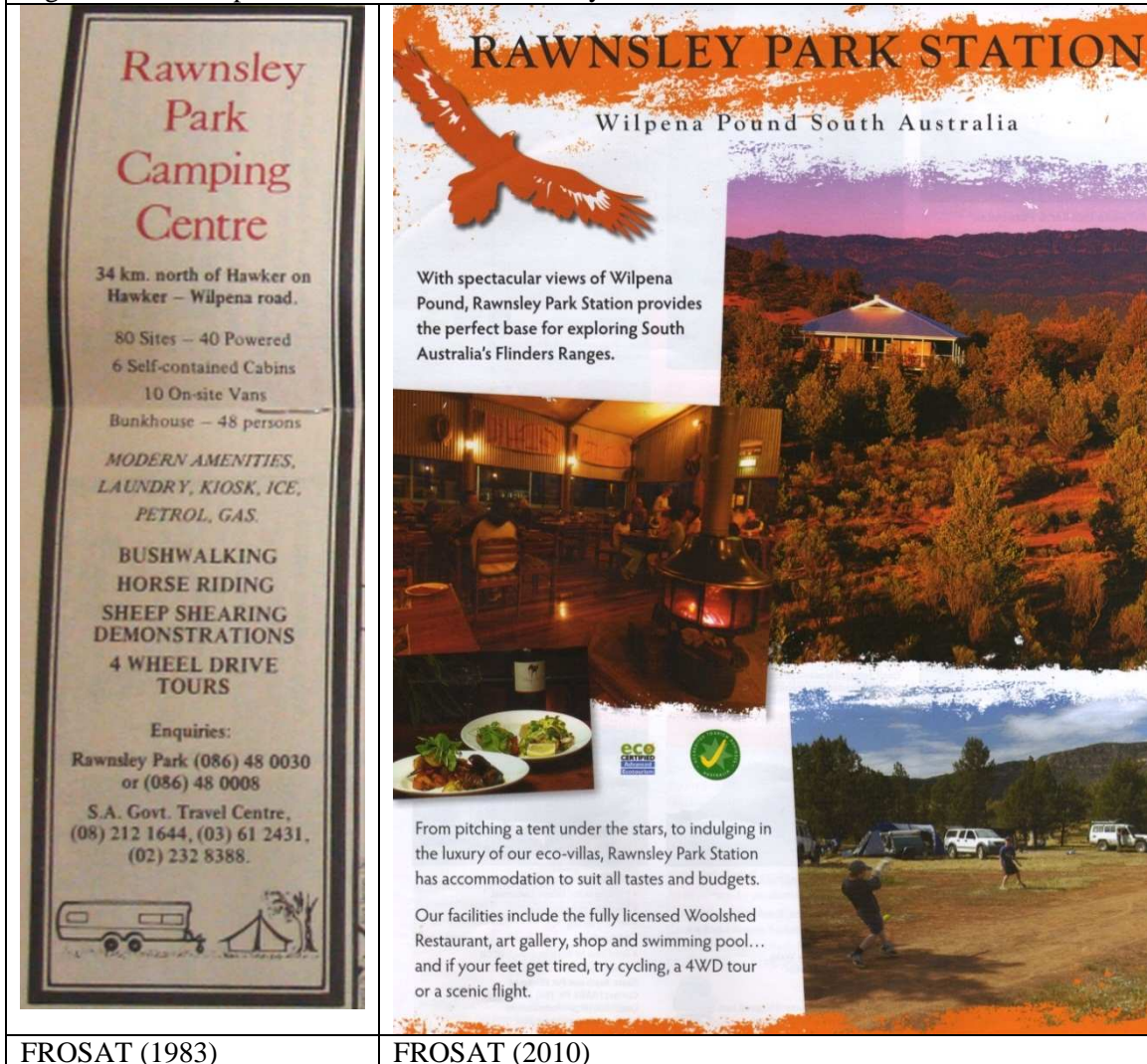
and land were purchased by the government and leased back to the Rasheed family to run tourism facilities within the National Park (Mincham, 1983; Dalton et al., 2009).



Other important pioneers in tourism included the Smith family at Rawnsley Park Station close to Wilpena Pound, the Sprigg family at Arkaroola, the Fels family at Merna Mora station in the Central Flinders Ranges, and the Teague family at Hawker. For example, Rawnsley Park Station introduced cabin accommodation and sheep shearing demonstrations for tourists in the late 1960s (Rawnsley Park Station, 2006). They have gradually expanded their tourism business from being a camping and budget cabin accommodation provider to become one of the larger tourism operators in the region, offering different types of accommodation, organised day tours, a shop, and a restaurant (Figure 15).

Merna Mora station started to diversify into tourism in the late 1960s by introducing self-contained holiday flats and camping facilities (Merna Mora Station, 2008). Also in the late 1960s, the Sprigg family purchased an unsustainable sheep station in the Northern Flinders Ranges for environmental and wildlife conservation purposes and built the Arkaroola Village (a tourist resort offering various types of accommodation facilities, a shop, a restaurant, a visitor information centre and organised day tours). The tourist village was further extended during the 1980s and developed into one of the bigger resort facilities in the Flinders Ranges (Arkaroola Wilderness Sanctuary, 2008). Another important tourism pioneer in the Flinders Ranges was Fred Teague in Hawker. He established 'Hawker Motors' (a service station that offered petrol, food, a small shop, and visitor information services) as a popular tourist service centre in the 1950s. During that time, he also established the first regional Flinders Tourism Committee with the aim to promote the region and increase tourism in the area (Hawker Motors, 2008).

Figure 15: Development of Facilities at Rawnsley Park Station between 1985 and 2010

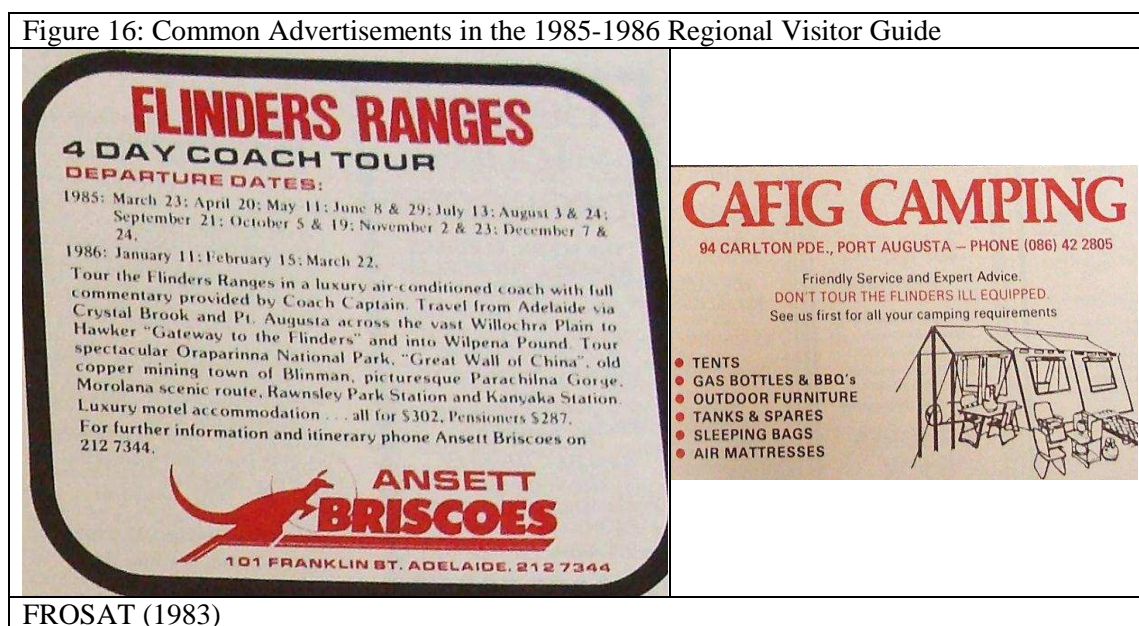


FROSAT (1983)

FROSAT (2010)

Tourism activity in the Flinders Ranges increased in the 1970s when the major roads north of Port Augusta were sealed (the road to Wilpena Pound was sealed in the 1970s and the road north from Hawker to Lyndhurst was sealed in the early 1980s), and the region became more accessible to independent tourists (Soil Conservation Council of South Australia, 2004). Independent tourists were primarily self-drive tourists from Adelaide (usually couples or families) who were on a camping holiday (Delforce et al., 1986). Non-commercial activities such as bushwalking and sightseeing around Wilpena Pound and the Flinders Ranges National Park dominated tourist itineraries. Other popular locations for independent camping tourists included some of the scenic gorges in the Central Flinders Ranges (e.g. Chambers Gorge, Parachilna Gorge, and Brachina Gorge) and the Vulkathunha-Gammon Ranges National Park in the Northern Flinders Ranges.

The independent camping market and the organised coach tour market were the dominant market segments for the Flinders Ranges up until the mid-1990s. Product listings in the regional visitor guides of the mid-1980s (edition 1985-1986) revealed that accommodation options were largely limited to camp sites, caravan parks, some basic hotel/ motel facilities, and the few bigger resorts at Wilpena Pound and Arkaroola that could accommodate larger bus groups. Advertisements from roadhouses, service stations, general stores and camping gear suppliers were prominent in the 1985-1986 visitor guide, emphasising the strong focus on the self-drive and camping market (Figure 16). In addition, the guide contained many ads from coach tour operators who ran organised tours from Adelaide to the Flinders Ranges or up to Central Australia with overnight stops in the Flinders Ranges and Outback SA.



FROSAT (1983)

Apart from the pioneer tourism operators described above, pastoralists were generally hesitant to support (or engage with) tourism. Research in the mid-1980s (Delforce et al., 1986) reported on considerable tensions among local pastoralists who considered increasing independent tourist traffic as a threat to their pastoral properties. Local pastoralists blamed tourists for damaging station tracks and vegetation, disturbing cattle and sheep, causing pollution, or dispersing stock by not shutting farm gates and so on. This situation persisted until the early 1990s, when declining commodity prices forced many pastoralists to diversify their incomes. Government sponsored farming support schemes and diversification programs, such as drought relief payments, encouraged many farmers and pastoralists in the area to diversify into tourism.

During the 1990s, an increasing number of station owners started to develop alternative tourist accommodation options (such as converted shearers' quarters, self-contained cabins, or campsites) on their properties. In 1993, for example, the number of station-based tourist

accommodation facilities had risen to seventeen (FROSAT, 1993). A few years later, several station owners started to open up their properties to the growing four-wheel-drive (4WD) market and promoted pastoral station tracks as 4WD adventure tracks. By 2000, the regional visitor guide listed 23 stations offering various types of tourism products (FROSAT, 2000). In 2010, this study identified 30 stations offering tourism products in the Flinders Ranges.

The Flinders Ranges tourism industry has so far been mainly characterised by locally based tourism operators. Unlike in other Outback destinations, such as Central Australia (Schmallegger and Carson, 2010a), external tourism investors did not consider the Flinders Ranges as an internationally renowned tourism destination that could host tourism as a major export industry. There have been only a few attempts by large external companies to invest in the region's tourism industry. One example of where a proposed large-scale external tourism investment project failed was the attempt to build a major tourism resort at Wilpena Pound in the late 1980s. In 1986, the state government identified the land around the old Wilpena station as a suitable site for a large-scale high-end accommodation facility. The Sydney based finance company Ophix Finance Corporation was given the approval to construct and operate the resort (South Australian National Parks and Wildlife Services, 1989; Harvey, 1993). The initial plan for the resort was to provide accommodation for up to 3,000 people and construct additional recreational facilities (including an 18 hole golf course), waste water treatment and special power supply infrastructure (Harvey, 1993). The project was strongly supported by the government (who sought to attract a major external investor into South Australia) and existing planning regulations were 'circumvented' by the government to fast-track the project (Harvey, 1993; Parnell, 2000).

Although the Wilpena development proposal was in principle supported by the local community and the adjacent District Council of Hawker, it encountered substantial resistance from South Australian conservation groups who were concerned about environmental impacts and disagreed with the way in which the government granted exemption from the regulations stated in the State Planning Act (Wong, 1996). After the final approval by the Supreme Court of South Australia, the Wilpena Station Tourist Facility Act was introduced in 1990 to facilitate the establishment of the Wilpena Station resort, the construction of an airport near Hawker and the construction of power lines to the resort and the airport (Government of South Australia, 1990). By the end of 1991, however, the developer Ophix aborted the project because it was unable to attract finance (Wong, 1996; Parnell, 2000). When the lease right of the station expired in 1994, the new state government gave their approval to a smaller scale development undertaken by the local Rasheed family, who was operating the motel facilities at Wilpena Pound (Wong, 1996).

Up until recently, most of the tourism related infrastructure and facilities in the Flinders Ranges (e.g. accommodation, restaurants, or attractions) have been owned and run by relatively small locally based operators. It was not until 2008 that large nationally renowned tourism companies started to invest in the Flinders Ranges by taking over some of the locally owned accommodation facilities. The most prominent example was the take-over of the Wilpena Pound Resort in 2008 by the Anthology group – an expanding Gold Coast based company operating luxury resorts in Tasmania and South Australia (Hurt, 2008). Another example was Arkaba Station (close to Wilpena Pound), which was sold to Sydney based company Wild Bush Luxury (who operates luxury accommodation facilities in the Northern Territory, Western Australia, and New South Wales). The third example was the historic Old Mill motel in Quorn, which was taken over by Adelaide based backpacker tour giant Adventure Tours Australia.

4.5.1 Recent Industry Trends in Tourism

A comparison of product listings in the regional visitor guides (2000 to 2008) suggests that the number of tourism businesses in the Flinders Ranges has increased over the past decade. In 2000, the regional visitor guide (FROSAT, 2000) included information on 98 local tourism businesses (accommodation, restaurants, cafés, tours), of which 57 (58.2 percent) were located in the Central/Northern Flinders Ranges and 41 (41.8 percent) in the Southern Flinders Ranges. In 2008, the visitor guide (FROSAT, 2007) contained information on 145 businesses, of which 79 (54.5 percent) were located in the Central/Northern Flinders Ranges and 66 (45.5 percent) in the Southern Flinders Ranges. Data from the ABS National Regional Profiles suggest a similar trend, with the total number of Flinders Ranges tourism businesses (including accommodation, restaurants and cafés but not tours) having increased from 111 in 2004 to 135 in 2007 (ABS, 2010c). However, the distribution of businesses between the Central/Northern and Southern Flinders Ranges was different (most likely because the ABS data did not include guided tour operators or 4WD track operators who are primarily located in the Central/Northern Flinders Ranges). In 2004, 51 businesses (45.9 percent) were in the Central/Northern Flinders Ranges and 60 businesses (54.1 percent) in the Southern Flinders Ranges. These percentages remained stable over the period 2004 – 2007 (44.4 percent of businesses in 2007 were in the Central/Northern Flinders Ranges versus 55.6 percent in the Southern Flinders Ranges).

The majority of tourism businesses in the Flinders Ranges are small owner-operator or family businesses employing less than five staff. Official statistics from the 2007 ABS Business Register (ABS, 2010a) suggest that two thirds of accommodation and food & beverage businesses in rural areas of the Flinders Ranges (i.e. excluding Port Augusta and Port Pirie) employ less than five staff (Appendix E). The data did not include information on other types of tourism businesses (e.g. tour operators) but an examination of tour operator listings in the

annual destination visitor guide, and a follow-up examination of their respective websites and brochures, revealed that almost all tour operators based in the Flinders Ranges fall into the category of small business operators with less than five staff.

Employment in the tourism sector (including the accommodation and food & beverage sectors) has also increased in the Flinders Ranges over the past decade. Data from the Australian census (ABS, 2010b) show an increase in tourism employment from 6.5 percent of total employment in 1996 to 7.3 percent in 2006. Tourism employment in the Southern Flinders Ranges has continuously increased (4.7 percent of total employment in 1996, 5.3 percent in 2001, 5.5 percent in 2006). Tourism employment in the Central/Northern Flinders Ranges increased from 7.9 percent of total employment in 1996 to 9.8 percent in 2001, but then dropped to 8.8 percent in 2006 (Appendix D).

4.5.2 Recent Visitor Trends

Tourism destinations in Outback Australia have experienced significant market changes over the past ten to fifteen years, which have clearly affected their market performance. According to a recent study by Carson and Taylor (2009), tourism in Outback Australia has seen much of its traditional market (most notably the organised coach tour market and the international backpacker market) disappear and key performance indicators, such as visitor numbers, visitor nights or market share, have declined substantially. Destinations like Central Australia in the Northern Territory, Outback New South Wales and also the Flinders Ranges and Outback SA region, were found to be among the worst performing tourism destinations in Australia (Carson and Taylor, 2009).

A closer look at Tourism Research Australia's National and International Visitor Surveys (NVS and IVS) suggest that the general picture of tourism in the Flinders Ranges and Outback SA area is indeed one of decline (TRA, 2010). Visitor statistics for the period 1999 to 2009 show a declining trend in total visitor numbers for both the Flinders Ranges and the Outback SA (Figures 17 and 18). Despite some considerable market fluctuations (particularly among the domestic market), the data suggest that total visitor numbers in the Flinders Ranges have declined by around 3.7 percent between 1999 (about 445,000 visitors) and 2009 (about 428,000). It appears that much of the decline in visitor numbers has occurred in the international visitor market, with international visitor numbers having decreased by about 33.7 percent between 1999 and 2009. International market share decreased from about 1.03 percent of the total international visitor market in Australia in 1999 to 0.55 percent in 2009 (Appendix F). Domestic visitor numbers have only declined by 0.5 percent for the period 1999 to 2009 and domestic market share has remained relatively stable at around 0.57 percent.

The picture looks worse for the Outback SA region, with total visitor numbers in the Outback having declined by around 14.6 percent between 1999 (238,000 visitors) and 2009 (203,000 visitors). Again, the strongest decline has occurred in the international market, with international visitor numbers having decreased by almost 25.5 percent between 1999 and 2009. International market share dropped from 1.1 percent of the Australian international visitor market in 1999 to 0.7 percent in 2009. Domestic visitor numbers decreased by almost 12 percent during the same period. Unlike the Flinders Ranges, the Outback relies much more on international visitors. While the international visitor market in the Flinders Ranges has on average accounted for around 8 percent of the total visitor market since 1999, the average percentage of international visitors in the Outback SA has been at around 19 percent. Another key difference between the two regions is that the intrastate visitor market (visitors from within South Australia) is much smaller in Outback SA than in the Flinders Ranges. The intrastate market in the Flinders Ranges has on average accounted for 64.4 percent of the domestic visitor market since 1999. Visitors from Adelaide (around 42 percent of domestic visitors) were the single largest visitor market for the Flinders Ranges. Conversely, the average percentage of intrastate visitors in Outback SA was only at about 45.8 percent, and the Adelaide visitor market accounted for only 27.2 percent of the total domestic market.

Figure 17: 1999 – 2009 Trend in Total Visitor Numbers for the Flinders Ranges (TRA, 2010)

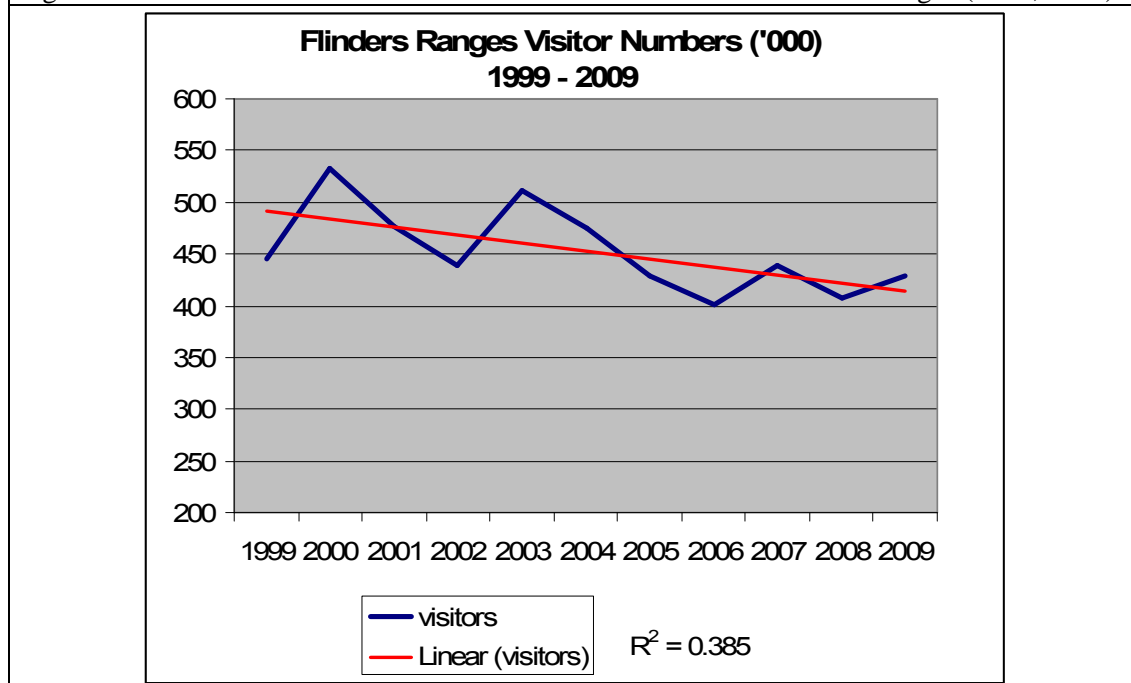
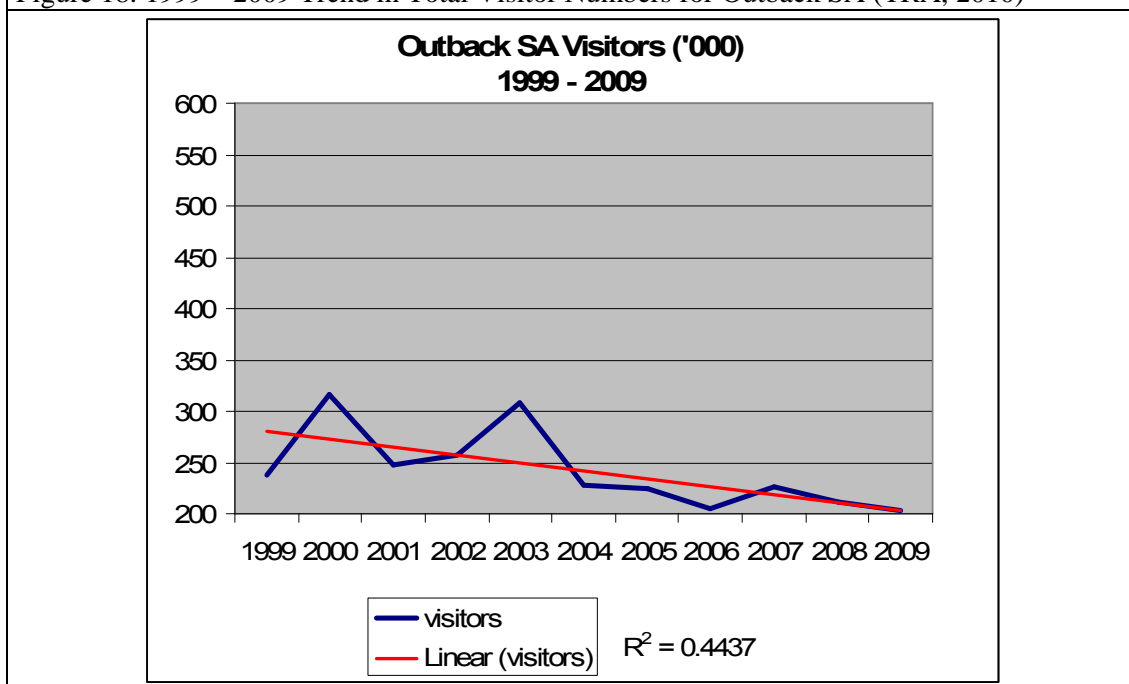


Figure 18: 1999 – 2009 Trend in Total Visitor Numbers for Outback SA (TRA, 2010)



The vast majority of Flinders Ranges visitors are self-drive travellers (including travellers in private or rented vehicles, camper vans and motorhomes, and 4WD vehicles). Between 1999 and 2009, an average of 86 percent of domestic visitors were self-drive travellers. On the other hand, there is strong evidence that coach travel (including organised coach tours and long distance coach travel) has declined since 1999. While domestic coach travel has declined from 7.5 percent of the market (~30,000 visitors) in 1999 to 5.8 percent (23,000 visitors), international coach travel has declined by over 14 percent from 31.7 percent of the market (13,600 visitors) in 1999 to 27.3 percent (7,700 visitors) in 2009. Again, the picture for the Outback is even more pronounced. While coach travellers (usually visitors on organised bus tours from Adelaide to Central Australia or vice versa) accounted for almost 47 percent of all international Outback travellers in 1999, this percentage had dropped to 38.3 percent by 2009, representing a decline of almost 18 percent. In absolute numbers, international coach travellers in the Outback have declined from 21,600 in 1999 to about 13,300 in 2009. Domestic coach travellers in the Outback have declined from about 26,000 visitors (13.5 percent of domestic visitors) in 1999 to about 10,000 visitors (5.9 percent) in 2009.

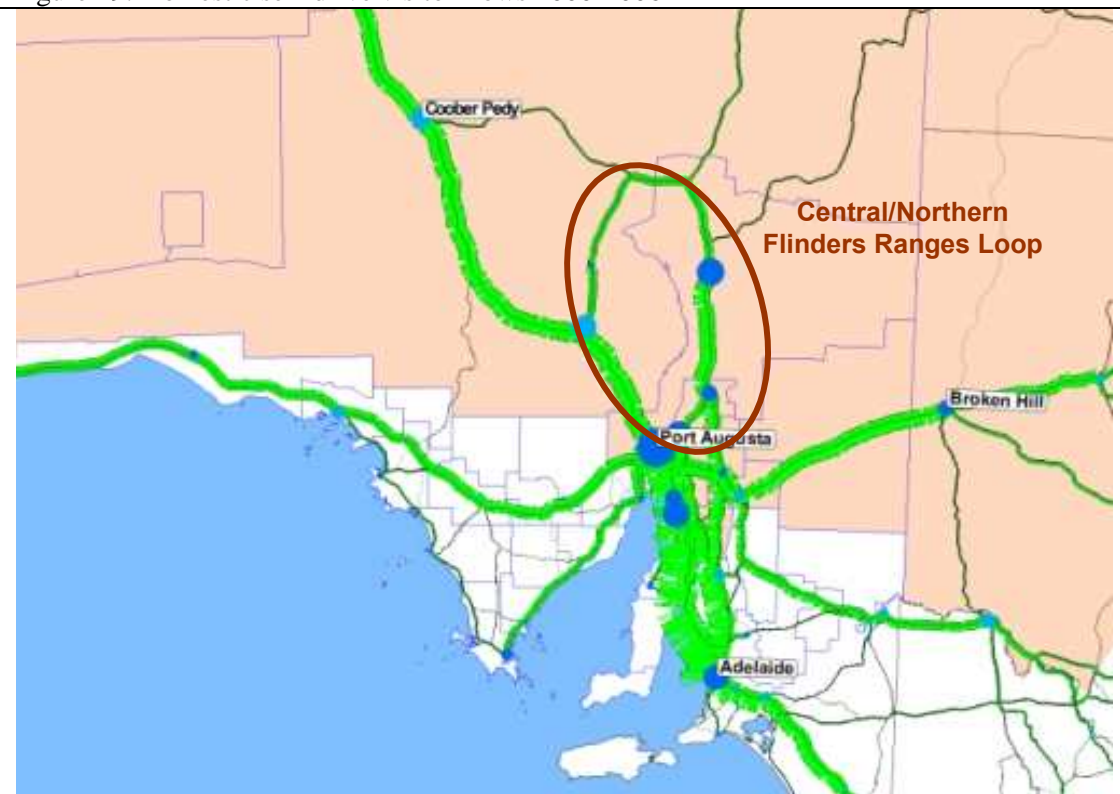
Although official visitor statistics prior to 1999 were not available, there is some evidence to suggest that the coach market in the Flinders Ranges and Outback SA has experienced its biggest decline during the 1990s. For example, internal visitor records from the Wadlata Outback Centre in Port Augusta showed a continuous strong decline in coach traffic from 1991 to 1998. During that time, the number of tourist coaches stopping at the centre every year

decreased by more than a third from 326 coaches in 1991 to 218 in 1998. In addition, several interview participants in the Flinders Ranges confirmed the strong decline of the coach market in the region while emphasising that self-drive tourism, particularly in the older and high-end oriented baby-boomer segment, has increased.

“There are more caravanners again. That’s been a bit of a change, I suppose. You know, big caravans. (...) The bus tours have collapsed, they collapsed a good number of years ago, they failed. It used to be a big market for this region. There used to be heaps of coaches coming through and the hotels and motels profited a lot, and especially Wilpena and Rawnsley, Merna Mora... But that era has seemed to slow down.” (Interview participant in the Central Flinders Ranges, 2009)

A recent project by the Desert Knowledge CRC – the VRUMTM project – has used the Flinders Ranges as a case example to demonstrate visitor flows of independent self-drive tourists in Outback Australia (Carson and Holyoak, 2010). Data from the NVS and IVS 2000 to 2006 were used to show access routes, travel directions, and prominent stopover locations of self-drive travellers visiting the Flinders Ranges for at least one night. Figure 19 shows a snapshot of this analysis. The results suggest that most visitors enter the Flinders Ranges from the south coming from Adelaide, either on the main highway (which bypasses most of the towns in the Southern Flinders Ranges) or inland up to the Clare Valley and then north through Jamestown or Gladstone/Laura. The Flinders Ranges link strongly with destinations in the north, including Outback SA and Central Australia (Alice Springs and Uluru). Other strong transit routes are from the east (for example from New South Wales and southeast Queensland where travellers enter through Broken Hill), and from the west (where travellers originating from Perth and Kalgoorlie travel across the Eyre Peninsula to Port Augusta).

The more prominent stopover locations in the Flinders Ranges include Quorn, Hawker and the collective of small settlements and tourist spots around the Flinders Ranges National Park. A smaller proportion of visitors completes a ‘loop’ through Marree, Roxby Downs and Woomera, or continues across to Coober Pedy or Marla (along the Oodnadatta Track). Port Augusta is clearly the most common overnight stopover in the Flinders Ranges, mainly because of its geographic location at the intersection of the south-north and east-west highways. Stopover locations in the Flinders Ranges had in general longer lengths of stay than locations on the classic transit routes (such as Coober Pedy, Woomera, Renmark, or Ceduna). This indicates that visitors are more likely to use these stopover locations as base camps for day trips to explore the surrounding attractions rather than just transit through (like on the Stuart Highway north).

Figure 19: Domestic self-drive visitor flows 2000-2006⁴

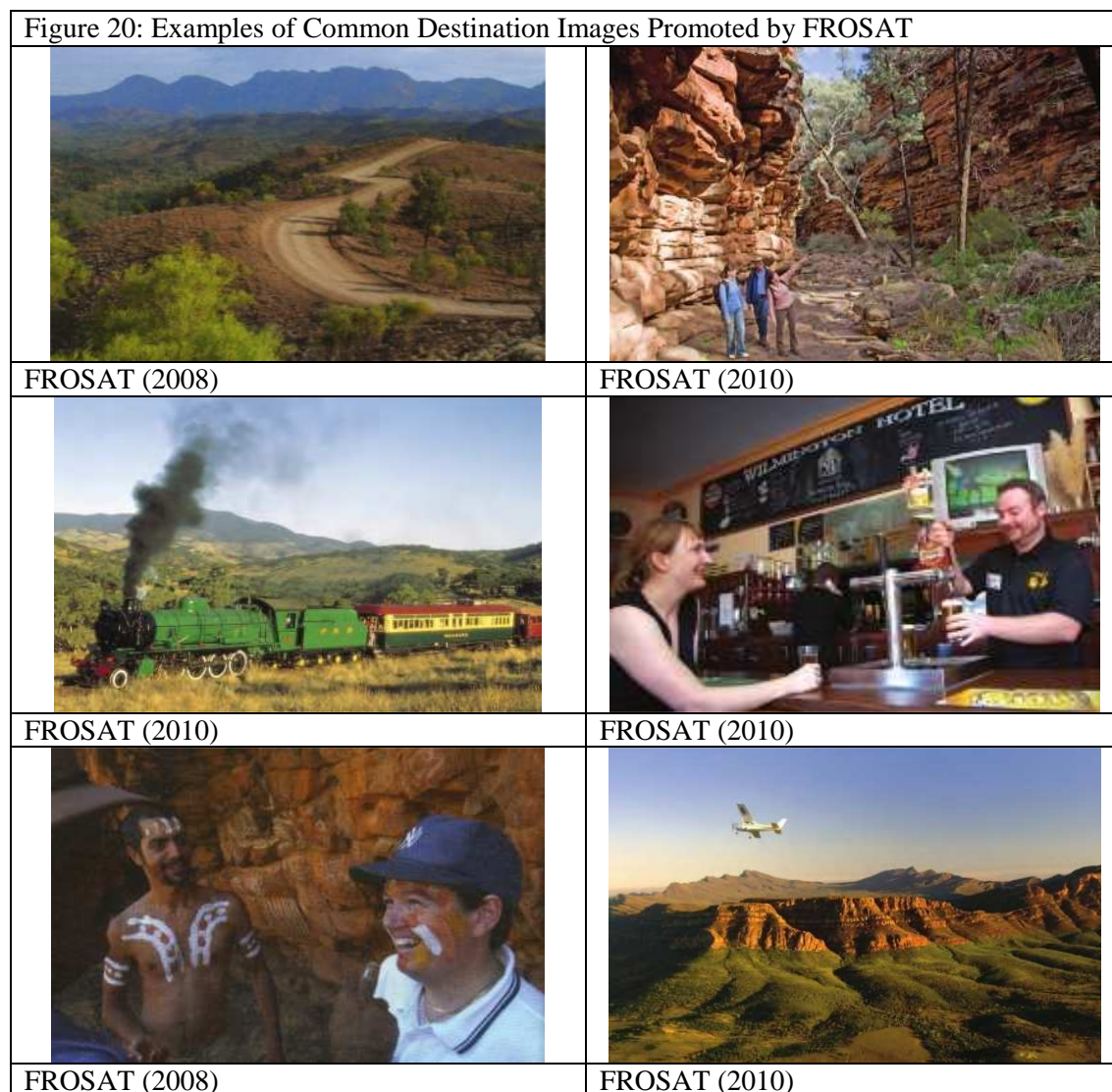
Carson and Holyoak (2010)

4.5.3 Recent Product Trends

Recent research by Carson and Taylor (2009) outlined the homogeneity of experiences promoted in Outback destinations around Australia, including the Flinders Ranges and Outback SA. The authors criticised that Outback destinations generally used the same or similar market messages focusing on images of adventure and exploration, captivating landscapes and natural attractions, plentiful wildlife, and spiritualism. This was confirmed in another recent study into the specific marketing messages and destination images promoted for the Flinders Ranges (Schmallegger and Carson, 2009; Schmallegger, Carson and Jacobsen, 2010). The most prominent features of the Flinders Ranges destination image promoted by FROSAT and SATC in 2008 included 1) abundant natural attractions (stunning mountain ranges, scenic gorges, unique wildlife and vegetation), 2) activities associated with experiencing those attractions (bushwalking, camping, scenic drives, cruises and flights), 3) rich cultural heritage (Aboriginal culture, mining heritage attractions, heritage trains, historic ruins), and 4) a typical country or Outback atmosphere (country town pubs, small charming country towns, friendly and laid-back

⁴ The thickness of the green lines indicates the volume of visitor flows (thicker lines mean a higher proportion of visitors travelled along those routes). Blue circles represent locations of overnight stops. The size of the circle indicates the proportion of overnight stays in that location (the bigger the circle the higher the proportion of overnight stays). The depth of colour of the circles represent length of stay (darker circles indicate longer length of stay).

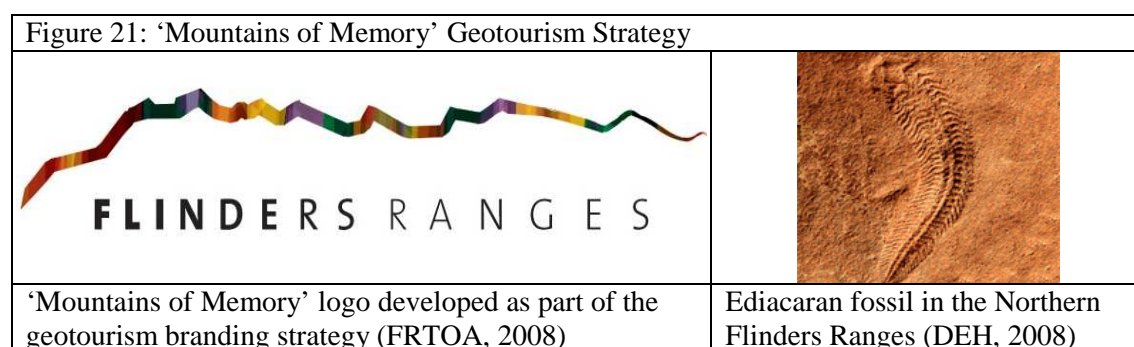
locals, tranquility, awe-inspiring vastness of the land) (Figure 20). These destination image components were essentially the same throughout the 1990s as emphasised by the images promoted in the regional visitor guide of 1993 (FROSAT, 1993) and by the experiences outlined in SATC’s ‘Flinders Ranges and Outback Tourism Development Strategy’ in 1997 (SATC, 1997).



With the recent major change in visitor markets, as evidenced by the decline of organised coach travel and the increase of independent wealthy baby boomers, visitor demands have changed and the destination had to find ways to redefine its image and diversify available experiences to remain competitive in the market place (Schmallegger, 2010). As will be described in more detail in Chapter Five, tourism operators and destination marketing bodies in the Flinders Ranges have actively sought since the mid-2000s to diversify their tourism images and differentiate the destination from the larger homogenous Outback (Schmallegger, 2009). The most prominent initiatives have been:

- the development of the ‘Mountains of Memory’ geotourism project;
- the development of a cycling tourism strategy for the Southern Flinders Ranges;
- increased marketing of the Flinders Ranges as a four-wheel-drive destination by clustering of station owners and 4WD track operators; and
- an increased focus on local food & wine experiences.

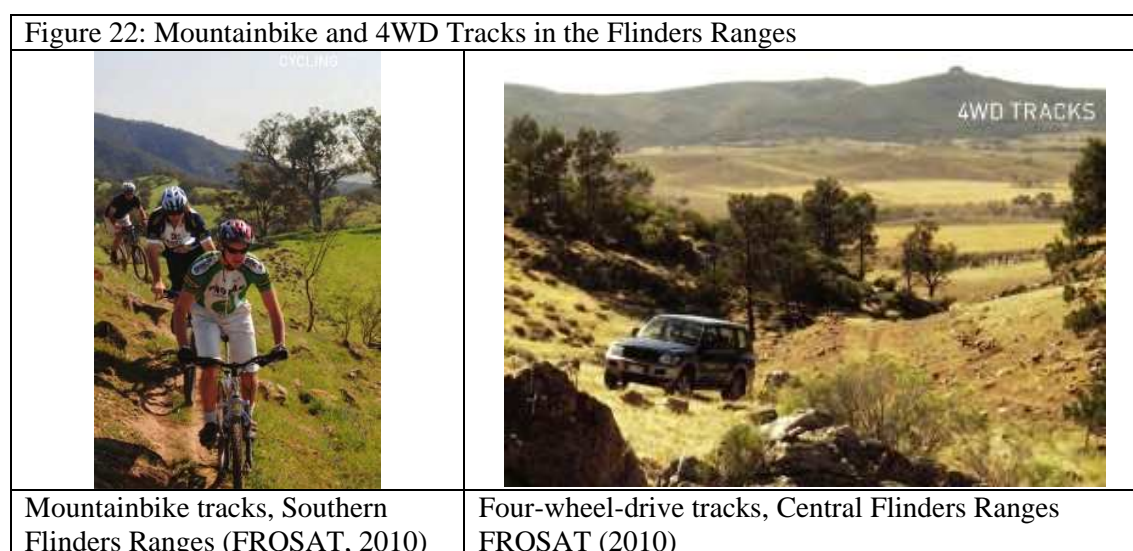
The ‘Mountains of Memory’ geotourism project from 2006 to 2008 (Figure 21) has arguably been the largest tourism development project in the region, receiving \$250,000 worth of external funding from the federal Australian Tourism Development Program. Additional funding and in-kind support was provided by SATC, FROSAT, FRTOA, and the NRDB. The idea for a regional geotourism project was initially inspired by the growing international recognition of the ancient Ediacaran fossil field in the Northern Flinders Ranges. The Ediacaran period (about 542 to 635 million years ago) was declared an official geological period in 2004 and was named after the fossils found in the Flinders Ranges. The geotourism project was funded to develop a new geotourism branding strategy for the Flinders Ranges, a communication and marketing strategy, a geotourism interpretation strategy, a merchandising strategy, and a training and capacity building program for local operators. Following the initiation of the geotourism project, the Flinders Ranges (represented by the FRTOA) applied to become one of Australia’s officially recognised ‘National Landscapes’. The National Landscape program is an international marketing initiative jointly developed by Tourism Australia and Parks Australia to promote Australia’s most iconic landscapes to international key markets (Tourism Australia, 2009). The Flinders Ranges were selected as one of the first seven National Landscapes which were officially launched by Tourism Australia in June 2008.



The development of cycling tourism in the Southern Flinders Ranges was another major tourism development project to diversify the tourism image of the region. The project started in 2001 when the Southern Flinders Regional Tourism Authority (SFRTA – a public organisation consisting of representatives of the southern district councils, the SFRDB, and the regional tourism development officer), SATC, National Parks and the Southern Flinders Ranges tourism operators association, started with the development of a cycle tourism strategy for the Southern

Flinders Ranges. The project was funded by the Department of Trade and Economic Development Upper Spencer Gulf and the Outback Enterprise Zone Fund with matching financial and in-kind contributions from SATC, the SFRDB and local government (SFRDB, 2007). The first stage of the 3-year strategy was implemented in 2006/7 and included the development of a cycle tourism masterplan, the construction of cycle trails and mountainbike tracks, and marketing material to promote the region as a cycling tourism destination. Future projects linked to the cycling tourism strategy include the development of more cycling trails, the development of a special interest cycling tourism website, and the organisation of a cycle tourism conference for industry stakeholders (SFRTA, 2010).

Another trend in market diversification was the increasing promotion of independent four-wheel-drive (4WD) tourism as a niche tourism product in the Flinders Ranges. The development of commercial 4WD adventure tracks started in the mid-1990s. One of the first tracks was the 'Skytrek' at Willow Springs Station in the Central Flinders Ranges, which was opened in 1994. To encourage the development of 4WD tourism as a new niche market FROSAT and the NRDB, in collaboration with the South Australian Pastoral Board, started to develop a special interest brochure for 4WD tourists in 2004/05. The aim was to promote the various 4WD tracks and experiences that were offered by station owners throughout the Flinders Ranges and increase 4WD tourism as a new product market (NRDB, 2005). This publication – now called the '4WD Tracks & Repeater Towers' brochure – has since been reproduced on an annual basis and promotes the growing cluster of 4WD track providers (there were eighteen station owners involved in 4WD tourism by 2008) in the Flinders Ranges.



Similarly, food & wine experiences have increasingly been developed and promoted over recent years (Figure 23). Although individual operators, such as the Prairie Hotel in Parachilna, have been promoting Outback-style culinary experiences ('feral food' such as kangaroo, emu, camel)

for more than a decade, it was not until recently that the food & wine theme has been picked up by the regional and state tourism organisations. For example, there were no promotional references to food & wine experiences in FROSAT’s regional visitor guides between 2000 and 2002. However, this situation has changed since the introduction of the annual ‘Tastes of the Outback’ festival in 2002. The festival was introduced as part of the Australian ‘Year of the Outback’ in 2002 and has been re-organised since as a collective of individual events held at different location in the Flinders Ranges (and Outback SA) featuring music, entertainment, high-quality regional cuisine, and local produce. Another stimulator for the promotion of food & wine tourism experiences was the official declaration of the Southern Flinders Ranges as a wine region in 2003. By 2005, the regional visitor guide included numerous photos and references to local produce outlets, Southern Flinders wine, or local restaurants and cafés, and this trend has continued until today (FROSAT, 2005-2010).



4.6 Conclusion

The purpose of this chapter was to set the scene for the RTIS analysis presented in Chapter Five. This chapter has provided an overview of the geographic characteristics of the Flinders Ranges and has given a detailed description of the economic history of the place. In particular, the chapter has focused on identifying the regional institutional environment that has been inherited from the long-term dependence on agriculture, pastoralism and mining as the main staples industries. Understanding this 'inherited' institutional environment is critical to be able to analyse and explain the dynamics of RTIS in staples dependent peripheries (and the limitations and opportunities that arise for tourism as a result).

The final section of this chapter has provided some background information on tourism in the Flinders Ranges. As previously discussed in Chapter Two, tourism is likely to require different institutions if it is to achieve successful economic diversification and internal development. As reviewed in this chapter, the history of tourism development in the Flinders Ranges and recent industry trends suggest that the organisation of tourism is markedly different to traditional staples industries. Unlike staples industries, tourism has not been imported by the government as a new major export industry for the region (to replace staples export). Instead, it has grown relatively slowly over the years to diversify the regional economy, particularly in agriculture and pastoralism dominated areas. It has been characterised by relatively small-scale and internally controlled development, independent from large-scale external investors and the almost paternalistic protectionism of the government.

This chapter has provided some important background information on market changes that have affected the region over the past decades. Recent product and industry trends in the Flinders Ranges destinations suggest that the tourism system has put considerable effort into developing new market segments and broadening the destination experience to adapt to changing market trends. These trends indicate that the tourism destination system must have developed a range of mechanisms to start operating as a RTIS. The question, then, is how a regional tourism destination like the Flinders Ranges that has emerged out of a staples dominated institutional environment can operate as a RTIS. The following chapter will report on the results of the RTIS analysis in the Flinders Ranges. It will document how the inherited institutional environment has impacted on the destination's capacity to operate as a RTIS and how the tourism system has coped with those impacts.

Chapter 5: Findings

5.1 Introduction

This chapter presents the findings of the Flinders Ranges case study described in Chapter Three. The case study used Carson and Jacobsen's (2005) framework for analysing the performance of regional tourism innovation systems (RTIS). By applying this framework to the analysis of the Flinders Ranges tourism system, the research obtained a detailed insight into how the various components of well-functioning RTIS operated in the case study region. The data analysis process then focused on 1) how the performance of the Flinders Ranges tourism system appeared to be influenced by the institutional environment inherited from staples industries; and 2) how the Flinders Ranges tourism system has coped with these impacts.

The following sections provide a concise description of how the Flinders Ranges tourism system performed as a RTIS according to Carson and Jacobsen's (2005) framework. The findings are structured according to the analytical framework presented in Chapter Three (Section 3.6.2) and address each component of the RTIS framework individually: entrepreneurship, economic competence, networking, clustering, critical mass, development blocks, production and distribution of knowledge, the role of government, institutional infrastructure, and social/political/cultural capital. Each section is headed by a table outlining the key findings with regard to 1) the identified impacts of the inherited institutional environment on the RTIS components, and 2) the identified coping mechanisms employed by the system. The tables throughout the chapter document and summarise how the detailed findings of the RTIS analysis relate back to the research questions. A detailed discussion of the findings in relation to the research questions will be presented in Chapter Six.

5.2 Entrepreneurship

This section describes the types of tourism entrepreneurs encountered in the Flinders Ranges and their performance in new product and process developments in tourism. The section identifies the entrepreneurial behaviour of the various types of tourism operators in terms of their pro-activeness and future orientation, and their willingness to take risks and make investments. The research found that the entrepreneurial leaders in the Flinders Ranges were operators with extensive external links and backgrounds, including in-migrants and 'returned locals'. Locally 'born and bred' businesses were often small-scale and part-time operators with limited entrepreneurial spirit and capacities in tourism.

Table 8: Key Findings on 'Entrepreneurship'

RTIS Indicators	Impacts of Inherited Institutional Environment	Coping Mechanisms
5.2 Entrepreneurship		
5.2.1 Types of tourism entrepreneurs	<ul style="list-style-type: none"> Few locally 'born and bred' operators who are committed to tourism on a full-time basis Very few long-term tourism operators, particularly in the agriculture dominated south Farmers diversify on a part-time basis - they seek to maintain traditional businesses and lifestyles 	<ul style="list-style-type: none"> Importance of operators with external backgrounds ('imported entrepreneurs' and 'returned locals') They have higher motivations in tourism than locals and are more professional and committed They are important driving forces for new products and operational processes They inspire and stimulate change among locals
5.2.3 Sense of pro-activeness + future orientation	<ul style="list-style-type: none"> Small local operators are not pro-active in tourism and do not plan much into the future Locals are resistant to change or do not see the need to change Small local operators are less imaginative because they have limited experience in tourism In the absence of private entrepreneurs, communities rely on local government for entrepreneurial activity Aboriginal communities struggle because they lack both private and public sector leaders 	<ul style="list-style-type: none"> Operators with external backgrounds are very pro-active in exploring new markets and adapting to change They are more imaginative because they have made extensive experiences with tourism outside the region They do not rely on public sector leadership
5.2.4 Willingness to invest + take risks	<ul style="list-style-type: none"> Small local operators are often 'constrained' or 'non-entrepreneurs' – they cannot and do not want to invest in a secondary business activity Small local operators are scared of business failure and rely on public funding and intervention Part-time operators adopt products that are 'easy' alternatives No tourism investment where mining is still strong 	<ul style="list-style-type: none"> Operators with external backgrounds have high entrepreneurial spirit – they are willing to invest and experiment with new ideas They do not rely on public sector investment

5.2.1 Types of tourism entrepreneurs

The research identified a range of different types of tourism entrepreneurs in the Flinders Ranges. They could be clearly differentiated from each other based on their size (large or small-scale businesses), their business life span (long-term operators or newcomers), their origin (locally bred, imported, or externally based), and their business motivation (diversification driven, business opportunity driven, or lifestyle driven). Most operators in the sample were small businesses. The majority (23 out of 35, or 65.7 percent) could be classified as owner-operators or family run businesses. Another eight businesses (22.9 percent) were small businesses that employed up to five staff, including seasonal and casual staff. One business could be classified as medium-sized with up to ten permanent staff, and three businesses (8.6 percent) were (at least for Flinders Ranges standards) large businesses that employed more than ten permanent staff. All of the larger tourism businesses were located in the Central and Northern Flinders Ranges, while the Southern Flinders were dominated by small businesses.

The three larger tourism operators were repeatedly described as the key ‘tourism pioneers’ in the region. These businesses included Wilpena Pound Resort, Rawnsley Park Station, and Arkaroola Resort. They had been operating in the region for several decades and provided resort facilities for a wide range of tourist markets, including coach tourists, self-drive tourists, campers and caravanners, and backpackers. The sample included another four long-term operators who had been running small tourism businesses (providing budget accommodation or basic hotel/motel facilities) since the 1970s and 1980s. The remaining tourism operators interviewed for this research were relatively new to tourism in the region. Of the 35 participating operators, ten operators had started their tourism businesses during the 1990s and 17 operators could be classified as ‘newcomers’ who commenced business after 2000.

Tourism in the Southern Flinders Ranges appeared to be a more recent phenomenon than in the Central and Northern Flinders Ranges. Eight out of 12 operators (66.7 percent) in the Southern Flinders Ranges were ‘newcomers’ and started their businesses after 2000. Conversely, only eight operators of 23 operators (34.8 percent) in the Central and Northern Flinders Ranges were ‘newcomers’ in tourism. Pioneer and long-term tourism operators were all located in the Central and Northern Flinders Ranges. The main reason for this was that agriculture in the south was still a much stronger economic sector during the 1980s and most of the 1990s than pastoralism in the north. As a result, economic diversification (for example into tourism) was not needed in the south to the same degree as in the north. This attitude slowly began to change in the late 1990s when income from agriculture in the Southern Flinders Ranges started to decline due to extended periods of drought and tourism became more accepted as an economic alternative.

The study identified two major, yet intrinsically different, groups of entrepreneurs – those who were locally ‘born and bred’ and those who migrated to the region. Fifteen out of 35 interviewed tourism operators (or 42.9 percent) were identified as locally ‘born and bred’. An equal number of operators were found to be ‘imported entrepreneurs’ who moved to the Flinders Ranges from other parts of Australia, either as amenity-led migrants or marriage migrants (i.e. external women marrying into local pastoralist families). Seven of these ‘imported entrepreneurs’ had started their tourism businesses before 2000 (five during the 1990s and two prior to 1990), while the remaining eight were newcomers (to the region and as tourism operators). Another three tourism operators described themselves as ‘returned locals’ who had migrated back to the Flinders Ranges after having spent most of their professional lives elsewhere (in Australia and/or internationally). The remaining two businesses were based externally and managed their operations from Adelaide. In sum, then, more than half of all interviewed tourism operators turned out to have a considerable personal and professional background outside the Flinders Ranges.

Operators were driven by a range of business motivations. Most interviewed farmers and pastoralists (8 out of 9), indicated that their tourism ventures were primarily an attempt to diversify their declining farm incomes and keep their families on the property. Tourism was repeatedly described as a good way to increase the available cash flow on the farm and generate some additional disposable income. Six station owners also mentioned that maintaining and utilising old buildings and infrastructure (e.g. shearers' quarters) was one of the main reasons why they decided to go into tourism. Station or farm work still represented a substantial (if not dominating) part of their businesses, and most of them considered themselves as 'part-time' tourism operators at best. Three local business owners converted from non-farm occupations (e.g. mechanics, teachers) to tourism because they were looking for a lifestyle change and thought that tourism would be a convenient and interesting new field of occupation.

Most 'imported entrepreneurs' and 'returned locals' (13 out of 18) were driven by business motivations. They had started a tourism business because they could see certain gaps in the existing tourism offer and sensed a unique business opportunity. In particular amenity-led migrants indicated that they wanted to pursue a business opportunity that allowed them to settle down in a highly attractive rural area. Three marriage migrants mentioned that they saw business opportunities in tourism that gave them the chance to be more independent and create a more interesting (and less vulnerable) business alternative to traditional station life. Similarly, the three 'returned locals' went into tourism because they could see a particular market opportunity in the region after having made experiences with tourism outside the Flinders Ranges. While some 'imported entrepreneurs' chose to convert personal hobbies and lifestyle interests (such as sports or art) into tourism businesses, only two operators mentioned that they set up their businesses purely for lifestyle reasons. Interestingly, the majority of 'imported entrepreneurs' were in the younger working age groups (13 out of 15 'imported entrepreneurs' were under 40 years of age when they started a tourism business in the Flinders Ranges). This means that tourism was not pursued as a retirement or semi-retirement option as it is often the case in amenity-rich peripheral areas (Ioannides and Petersen, 2003; Fountain and Hall, 2002).

5.2.2 Sense of pro-activeness and future orientation

As outlined in Chapter Four, the tourism product portfolio of the Flinders Ranges destination has seen a number of changes over the past decade – such as a higher quality and diversity of accommodation options and food & wine experiences, as well as the introduction of new activities (e.g. mountainbiking, camel safaris, water cruises, hot air ballooning, four-wheel-driving) and new events (*'Tastes of the Outback'*, *'A Brush with Art'*, *'Fat Tyre Festival'*, *'Rock the Mount'*). Many of these changes were the result of initiatives driven by 'imported

entrepreneurs' (and 'returned locals'). These operators generally appeared to be very pro-active in terms of upgrading facilities, keeping up to date with market trends, and pursuing new markets and product ideas. In most cases, these operators had clear plans for future development projects, or at least firm ideas of where they were going to invest in the following five years. At the same time, they criticised small local business and part-time operators for not being pro-active and not looking much into the future. Most of the interviewed part-time operators did not exhibit any signs of strategic thinking or long-term business planning for their tourism businesses. When asked about their plans for the upcoming five to ten year, 8 out of 9 part-time operators answered that they were not planning anything specific apart from minor renovation work. Other 'future plans' were centred on immediate short-term strategies, such as how to cut costs for marketing.

"I'll probably keep the same way as I am. Keep the cabin basically as it is now, and maybe just do some upgrading, like we have to change the floor boards. I don't want to overpublicise anything because I found years ago that it's just a waste of money."

(Small local operator, Central Flinders Ranges)

Local part-time operators appeared to be less creative in their business ideas because they had little prior experience with tourism. They were sometimes described as 'followers' and 'copy-cats' who were more likely to just replicate existing business ideas instead of coming up with their own ideas (further details in the section 'Clustering'). Four 'imported entrepreneurs' mentioned that locals were often a bit resistant to change and not interested in experimenting with new product ideas. Four local operators openly admitted that they did not consider change of their existing products and strategies as necessary.

"I don't reckon we change much, I don't reckon. We just do our things. (...) I don't think we really have to change so much with the market as what the major operators have to do. The major operators have to change more, like Rawnsley, Wilpena... or Arkaroola. But everyone south of them...well, we always benefit because people have to come through."

(Small local operator, Central Flinders Ranges)

According to tourism development officers and marketing managers, the tendency among local businesses to copy existing products and strategies has had some positive impacts on the quality of available tourism products in the region. Local businesses have become increasingly inspired by the success of new product strategies employed by 'imported entrepreneurs'. Many local businesses have embraced 'imported entrepreneurs' as the new role models in tourism and started to imitate their products and marketing strategies. For example, several locals have

upgraded their accommodation facilities or introduced new food & wine experiences that focus on Outback cuisine and local produce.

“Some of the smaller ones have been really influenced and inspired by what [Operator A] does, and they are now trying to do the same with what they have got and improve their standards. So, a lot of them are upgrading their accommodation now, and they are a lot more committed to it.”

(Regional tourism development officer)

In the absence of ‘imported entrepreneurs’ or externally based operators, some towns were quite constrained in their attempts to develop tourism. They often appeared to be lacking both fresh ideas and private-sector leadership. Towns like Peterborough, Gladstone and Blinman relied on local government or progress associations to compensate for the lack of private sector entrepreneurs (further details in the section ‘Role of Government’). Aboriginal communities in the Northern Flinders Ranges (Iga Warta and Nepabunna) even lacked local public sector leadership. Despite available state government funding and the engagement of external tourism consultants to identify opportunities for Aboriginal tourism development, self-sustaining Aboriginal tourism enterprises have so far failed to emerge in the region.

The community of Iga Warta, for example, has been running a tourism business (offering safari-camp accommodation and interpretive tours) for a number of years. However, according to several interview participants, the venture was only viable so long as the state government kept providing public funding and facilitated product demand by funding cultural awareness programs (where visitor groups stayed at the camp and participated in cultural awareness seminars). The community of Nepabunna was occasionally involved in hosting tour groups but due to a lack of internal leadership and entrepreneurial spirit commercial opportunities have not (or only hesitantly) been realised. Interestingly, the only successful Aboriginal tourism operator who has been promoted by the regional and state tourism organisations as the region’s Aboriginal ‘signature operator’ over the past few years is based in Adelaide. It was this external Aboriginal operator who has taken over the role as a leader in local Aboriginal tourism development and has recently started to engage Aboriginal people in Nepabunna in tourism.

“There are opportunities up at Nepabunna (...). We talked to Land’s Trust, we talked to some people in the community about all sorts of opportunities...it’s just not happening. I don’t know why. Again, somebody within the community actually needs to drive it. The people themselves up there would be enthusiastic enough but...yeah, I don’t know, there doesn’t seem to be champion up there.”

(Tourism consultant)

5.2.3 Willingness to invest and take risks

Most interviewed ‘imported entrepreneurs’ and ‘returned locals’ (16 out of 18) were full-time tourism operators who were very committed to their tourism businesses. They were the ones with the highest entrepreneurial spirit in terms of willingness to invest and take risks. These operators indicated that they had repeatedly experimented with different product ideas in the past and made substantial (and risky) financial investment to remain competitive in the marketplace. They were often successful in obtaining public development grants for their new product ideas. However, it was important for them to emphasise that they would have gone ahead with their ideas even if they had not received public funding support.

On the other hand, many small and local part-time operators could be described as ‘constrained’ or ‘non-entrepreneurs’ (Ioannides and Petersen, 2003). Some of them lacked a serious commitment to tourism because they considered tourism as a secondary business activity only. Although most of them acknowledged that income from farm-tourism products (e.g. hosted farm stays, self-catered accommodation in converted shearers’ quarters, and adventure 4WD tracks) was becoming more important as the long-term drought continued, they did not want to dedicate more resources (both financial and time) to their tourism businesses. They only decided to go into tourism because they considered it an ‘easy’ opportunity to complement marginal farm incomes that required little effort and investment.

“Other businesses might be more into [tourism] and invest a lot more. Like [Operator A] - they are running with the tourism so well that they are letting the farming a bit sort of second place, whereas we will always be farmers. Tourism is a sideline for us. I mean, it’s been really handy and the [4WD] track is just easy money. We’ve got the infrastructure here and the tourists just come, pay the money, and off they go.”

(Station owner, Central Flinders Ranges)

These operators were often resistant to making personal investments unless government grants and subsidies were available. Three station owners admitted that they only went into tourism because they received specific government support programs for farmers, such as ‘drought relief’ funding payments, which encouraged diversification into tourism. Another two station owners mentioned that they would love to expand or upgrade their facilities – “*if only there were grants around*”. This attitude of risk aversion was often criticised by ‘imported entrepreneurs’. They thought that part-time operators were relying too much on public funding and on local government to put the right infrastructure in place, instead of being proactive and making investments on their own.

“Our local government doesn’t really [support tourism]. But, you know, you can get so bulked out in that and so many times I hear from people ‘Why isn’t the tourism commission doing anything?’ or ‘Council should be doing this!’ And I just think ‘You know what? Why don’t you just get off your arse [sic] and just go out there and do it yourself?’ Support will come. It’s just too easy to sit back and wait for everybody to do it for you.”

(Imported entrepreneur, Central Flinders Ranges)

The willingness to invest in tourism was also clearly absent in the northern mining towns (e.g. Leigh Creek, Roxby Downs, Andamooka) where tourism has been somewhat ‘crowded out’ over the past ten years by the strong mining boom. While there was some investment in new accommodation and infrastructure in 2008 and 2009, this was primarily aimed at meeting the needs of mining workers, and not of tourists or tourism operators. In addition, existing pubs and restaurants abandoned the (less lucrative) tourist market and started to cater for the high-spending mining population instead. Leigh Creek, in particular, appeared to have very limited investment activity in tourism. This was primarily blamed on the heavy reliance on the operating mining company which used to be the main provider of infrastructure in the past. Several interview participants from the north also thought that the lack of private land ownership opportunities, the predominance of short-term workers, and the fact that Leigh Creek had initially been designed as a temporary mining town, deterred potential tourism operators to invest in tourism businesses.

“Leigh Creek was originally built in the early 80s with the plan to build it just for twenty years...so their infrastructure is deteriorating. The land is all leased, so there’s no private ownership and nobody is really investing there. (...) And there’s no people who would, it’s all just workers.”

(Local tourism operator, Northern Flinders Ranges)

5.3 Economic Competence

This section examines the level of economic competence among stakeholders involved in the Flinders Ranges tourism system. It documents the level of skills and experiences held by various types of tourism operators and their abilities to recognise and respond to market trends, implement and commercialise ideas, and access external capital. The findings suggest that ‘imported entrepreneurs’ and ‘returned locals’ had in general very good skills and experiences in tourism and business management. Small local operators were more limited in their economic competence due to a lack of education, training and previous experience in tourism. However, the research identified an increasing learning culture among small local operators. This new learning culture and willingness to improve has emerged out of the initiatives of local operator associations and public organisations.

Table 9: Key Findings on 'Economic Competence'

RTIS Indicators	Impacts of Inherited Institutional Environment	Coping Mechanisms
5.3 Economic Competence		
5.3.1 Skills and experience	<ul style="list-style-type: none"> • Small local operators lack skills and experience in tourism - they rely on existing knowledge and established practices • They have a limited tradition of seeking extra training and education 	<ul style="list-style-type: none"> • 'Imported entrepreneurs' and 'returned locals' have good skills and experiences in tourism or business management • They bring new skills, knowledge and ideas to the region
5.3.2 Ability to understand market trends	<ul style="list-style-type: none"> • Small local operators tend to not monitor market trends or act on observed changes • They wait for larger operators to 'test' new strategies • They rely on perceived 'experts' for instructions 	<ul style="list-style-type: none"> • 'Imported entrepreneurs' monitor and respond to market trends
5.3.3 Ability to implement + commercialise ideas	<ul style="list-style-type: none"> • Small local operators have limited commercial understanding of tourism and consider free natural assets as the main tourism drawcards • They have a mentality of 'build it and they will come' and do not understand what it takes to market products • They rely on larger operators or government to implement new products • Volunteer driven projects are large-scale projects but unrealistic and not commercially oriented 	<ul style="list-style-type: none"> • 'Imported entrepreneurs' have a better understanding of commercialisation processes • They introduce new ways of commercialising products • Small local operators start to imitate new commercialisation processes
5.3.4 Ability to access external capital	<ul style="list-style-type: none"> • Small local operators are little successful in obtaining external financial and human capital • They expect government to make external capital automatically available • Complicated bureaucratic procedures for funding are barriers for small businesses 	<ul style="list-style-type: none"> • 'Imported entrepreneurs' bring new links to external funding and knowledge sources to the region
5.3.5 Efforts to enhance skills and 'learn'	<ul style="list-style-type: none"> • Capacity building relied on a leader (e.g. 'social entrepreneurs', development boards) because local operators did not seek it themselves 	<ul style="list-style-type: none"> • Strong focus of operator association on training and capacity building of 'constrained' operators • Leading operators encourage training to improve the standard of tourism in the region • Regional development boards encourage operator training • Increasing 'learning culture' among small operators through participation in operator association

5.3.1 Skills and experience

'Imported entrepreneurs' and 'returned locals' were generally well educated and had considerable skills and experience in tourism or general business management. For example, eight of them mentioned that they had previously worked in tourism outside the Flinders Ranges (for example as tour guides, as chefs and waitresses in hotels and pubs, or as restaurant owners and managers). Another three had come from different industry sectors (e.g. education, consultancies, or information technologies) and demonstrated relatively high levels of education and management experience. Most of these entrepreneurs emphasised that they were fairly well travelled and had accumulated ideas and knowledge about tourism through their personal travel experiences. Three 'imported entrepreneurs' mentioned that they undertook regular personal travel to get new ideas and make observations on general product and market trends.

In contrast, most local and part-time operators did not have any background in tourism at all when they first started their tourism businesses. It was common for them to not only try and accommodate tourism within existing infrastructure and resources, but manage tourism operations based on their existing knowledge and business practices. Only two local operators had undertaken specific business training to prepare for their new tourism operations. Five local operators explicitly mentioned that their tourism ventures had been a complete leap in the dark and that they were primarily relying on ‘learning by doing’.

“[The] B&B was born out of a drought. (...) Not knowing anything about the B&B business other than visiting a couple of local ones, talking to other operators, we dived in feet first.”

(Statement on operator website, Southern Flinders Ranges)

5.3.2 Ability to understand market trends

In general, most interviewed tourism operators appeared to be aware of changing market trends. Most of them indicated that they had noticed enormous changes in market composition and travel behaviour since the start of their businesses. Observed changes included, for example, the demise of organised coach travel, the subsequent increase in independent drive tourists (e.g. caravanners and 4WD tourists), a drop-off in international backpackers tours, a transition from young families to older and wealthier ‘baby boomers’, an increase in demand for higher quality accommodation and food & wine experiences, and an increase in visitor online bookings and information search.

Despite the general awareness of changing markets, only some operators (usually ‘imported entrepreneurs’) constantly sought to adapt product and marketing strategies according to observed trends. For example, five operators (four of them were ‘imported entrepreneurs’) mentioned that they specifically invested in new high-end accommodation options, such as luxury self-contained villas or hosted farmstays, because they had noticed a change in consumer demand. One externally based operator mentioned that he designed his tours exclusively for the high-end market because he considered it a growing and profitable niche market. Another eight operators (five of them were ‘imported entrepreneurs’) had previously changed their marketing focus from print based brochures to online marketing tools because they had noticed a strong trend towards online booking and information search. Responding to such market changes was considered by these operators as a vital business success factor.

Many of the small local operators were more passive and only adapted their products once they could see that product changes from other operators had proven successful. Only three local

operators indicated that they actively monitored market trends (through targeted market observations and in-house research) to identify new product opportunities. In general, however, local operators often appeared to rely more on perceived experts, such as tourism development officers, marketing managers and consultants, to tell them what to do (further details in section ‘Production and Distribution of Knowledge’). Four local ‘part-time’ operators admitted that they were not planning to change their businesses at all, despite being aware of changes in the market. This was particularly the case with older operators who were approaching retirement and operators for whom farming and personal lifestyle interests were more important than tourism.

“I get very few 4WD club groups up here, and everybody tells me that I should because there’s more and more of them around. But there again, if the group gets too big... I don’t really want the ‘hoons’ [sic] who want the hard 4WD stuff, they just do more damage.”

(Station owner, Central Flinders Ranges)

It was interesting that most local operators had a pretty good idea of visitors’ travel itineraries based on personal experiences and informal conversations with tourists. They were usually aware of the locations tourists visited before or after stopping at their place. However, most of them did not actively use this type of knowledge for product marketing – for example, by creating joint product packages with other operators along the same itineraries or by placing marketing collateral at strategic access points. There was almost no liaising with businesses and destinations outside the Flinders Ranges, although operators were aware that self-drive travellers usually combined a visit to the Flinders Ranges with a visit to neighbouring destinations, such as Central Australia, Clare Valley, Eyre Peninsula, Outback New South Wales, or the Riverland (see Chapter Four, Section 4.5.2). Only seven out of 35 interviewed operators had established links for product packaging or marketing with operators in neighbouring destinations. This was particularly the case for the larger resort operators and ‘imported entrepreneurs’ who were catering to international high-end markets. They were more likely to liaise with operators from other destinations who were targeting the same market.

5.3.3 Ability to implement and commercialise ideas

Local and part-time operators often appeared to have a limited commercial understanding of tourism. Many of them did not seem to realise that beautiful landscapes and natural attractions alone were not enough to create a successful tourism destination. They did not really see a need for a greater variety of commercial products (e.g. accommodation, food, activities) to complement non-commercial experiences (e.g. scenic drives, bushwalking, sightseeing, ‘Outback atmosphere’). For example, when asked about ideas for new experiences and

attractions the majority of comments from local operators related to experiences with limited commercial potential, such as interpretation centres, new walking and cycling trails, new off-road scenic drives, and camping facilities in/around the National Park.

The lack of commercial understanding among small operators was also apparent in the final stages of the ‘Mountains of Memory’ geotourism project (see Chapter Four). This project received a major financial injection from the federal government to develop a new geotourism development strategy (including strategies for branding, marketing and communication, interpretation, merchandising, and operator training). Despite enormous support from government agencies and marketing experts, the final outcomes of the two-year project in terms of new commercial products were relatively weak. Apart from two tour operators indicating that they would use the outcomes of the geotourism interpretation training in their guided tours (see, for example, Figure 24), the research could not identify any new commercial geotourism products as per the end of 2009. Only one imported entrepreneur in the Central Flinders Ranges has started to use the fossil idea to produce merchandise and jewellery products. Local operators did not seem to have the capacity and creativity to come up with strategies to convert an essentially non-commercial natural asset (fossils, ancient rocks, geology) into a viable commercial product. Although there was wide-spread enthusiasm among small operators to be part of the geotourism project, actual product development appeared to be ultimately relying on the larger operators – an issue that was officially recognised by the project management committee during the planning phases for next stage of the project (Cahalan, 2009).

“Implementing it [Mountains of Memory] will be a pretty hard thing to do, though. (...) Because at the end of the day, tourism is always about a commercial product, so you need to find somebody who picks it up... unless it’s a government run project, like Steamtown which is run by the council, or the Blinman Mine, which got some further funding through their Progress Association. So, all these brilliant ideas that came out of Mountains of Memory are not yet commercial, they rely on being developed by somebody. It makes all these strategic plans and government agencies in the world a bit powerless!”

(Regional Tourism Development Officer)

Many local operators and volunteer groups had a certain ‘build it and they will come’ mentality in tourism. They repeatedly gave the impression that investment in built infrastructure (e.g. upgraded shearers’ quarters, picnic and barbecue areas, cycling and walking trails) and attractions (e.g. galleries and interpretation centres) would be enough to attract and increase visitor numbers. They did not seem to realise that investment in promotion and marketing, as well as networking and collaboration with other operators or tourism organisations, were equally important to stimulate product distribution. Three station owners, for example, indicated

that they refused to advertise their products through local booking agencies and visitor centres because they were not willing to pay commission to those agents. Four local station owners were resistant to spending money on brochures, websites or advertisements in the regional visitor guide because they were not sure if such investments would ever pay off. At least twelve local station owners and caravan park owners listed in the regional visitor guide and 4WD track brochure did not have their own website as per 2009. Many other local business websites were self-administered and long out of date. Similarly, marketing brochures of local businesses and local volunteer groups were often self-produced and of very poor quality.

“I don’t have a website, but I’m on the ATDW [Australian Tourism Data Warehouse] or whatever it is called, which is free...but I don’t know. I spoke to [a web designer] about the website, and the thing is, if you don’t invest enough money in it it’s probably not worth it. And then it’s another \$1500 and I’m just not sure if...you know...if it would be better to put the money in the website and not in the Flinders visitor guide, I’m just not sure...”

(Station owner, Central Flinders Ranges)

Another major issue associated with commercialising tourism products was identified in the dominance of volunteer driven projects in some parts of the Flinders Ranges. Towns like Blinman or Gladstone, for example, had very few private sector entrepreneurs. They had, however, very passionate progress associations and volunteers who were keen to build a major tourist attraction to stimulate tourism in their towns. This has led to project proposals like the Blinman Heritage Mine project or the Gladstone Information Centre and Panorama Gallery project, both of which required large-scale funding. Despite enormous levels of enthusiasm among volunteers, their sense of economic reality, as well as their actual capacity to implement these projects (e.g. come up with a viable business plan and raise the required funding), was very limited. Prospects for commercial benefits to sustain attractions in the long term were relatively poor, and implementation and management relied primarily on government funding.

“Yeah, the Blinman mine has been a bit of a weird project. They have been told up there by an architect to develop it into a huge interp centre, and now they’ve got this vision of it. So it was designed as a HUGE project for like \$6 million...and everybody got excited about it. (...) Then the development board and the tourism commission got together with that committee and tried to work out something...more like telling them ‘Are you serious??? Who’s gonna run this place? You’ve only got like six people in town!’ And they convinced them to get somebody to do a proper plan and come up with a reasonable proposal. In the end they went from a \$6 million to a \$300,000 project.”

(Regional Tourism Development Officer)

In general, ‘imported entrepreneurs’ appeared to be more experienced and capable of commercialising tourism products. They seemed to be more aware of the need to invest in professional web designers for their business websites and brochures. They were more likely to invest in going to domestic trade shows and collaborated more often with other operators to form joint product packages. They were also more likely to have strong links with external tour operators and wholesalers who facilitated product distribution for them. More recently, some of the small local operators and newcomers in tourism have started to implement similar distribution methods and commercialise products as part of a larger regional product package or through collaboration with external wholesalers and special interest clubs (e.g. 4WD clubs). They have come to realise that liaising with other local businesses for joint packages and business referrals helped them distribute their products (further details in sections ‘Clustering’ and ‘Networking’).

5.3.4 Ability to access external capital

The ability to access external financial capital was mostly restricted to larger operators and ‘imported entrepreneurs’ who were more successful in obtaining development grants and accessing external funding sources. Small local operators seemed to be less successful in obtaining grants. Four local operators complained about the lack of public funding and that funding support was only available for operators who were considered as government priorities (e.g. luxury product operators or Aboriginal operators). In addition, local operators were often not aware of funding opportunities because they were not specifically looking for grants. Three local operators criticised that government funding was always tied to enormous bureaucratic paperwork, which made funding applications too time consuming. Instead, they expected other agents, such as tourism development officers and regional marketing managers, to inform them about funding and development options and to help them obtain that funding.

“I find that all the money just goes to the big operators because they are looking at funding things that are going to affect the most people. So that’s automatically the big ones. (...) And I get the impression that if it was Rawnsley trying to get a new ecovilla then they would be helping them to fill out the application and it all kind of moves. Whereas if we ring up they go like ‘Oh well...’”

(Station owner, Central Flinders Ranges)

Access to external knowledge as a form of capital was equally limited to the larger operators and ‘imported entrepreneurs’ who had good relations with external knowledge brokers, such as external wholesalers and the state tourism organisation. Again, small businesses were often not looking for access to external knowledge sources (further details in section ‘Production and Distribution of Knowledge’). Similarly, access to external skilled staff was limited to a few

larger operators and the new externally headquartered companies (e.g. Anthology and Wild Bush Luxury), who could afford to hire external employees and who had good external connections to source qualified staff (especially for management positions). Yet, the majority of external staff was temporary and retaining skilled staff in a remote place like the Flinders Ranges was described as very difficult. For example, the few larger operators regularly employed backpackers as temporary staff to fill vacancies during peak seasons but also because they had particular skills (e.g. foreign language skills) that were difficult to source otherwise.

5.3.5 Efforts to enhance skills and ‘learn’

Although many of the interviewed small local and part-time operators appeared to be ‘constrained entrepreneurs’ with limited skills and resources, the research did identify an increasing ‘learning culture’ in the region. Many small and local operators appeared to be trying to improve their business practices and started to participate in public training seminars. This learning culture is a very recent phenomenon in the Flinders Ranges which, according to interview participants, had started to take off during the mid-2000s. The initial trigger for it was the formation of a destination-wide tourism operator association in 2003 – the Flinders Ranges Tourism Operators Association (FRTOA) (further details in section ‘Networking’). Training and capacity building were declared as some of the key objectives in the association’s strategic plan (FRTOA, 2007). The FRTOA group has since organised regular training seminars for small operators in various fields of tourism marketing, business management, interpretation, and event coaching.

“Event delivery training will improve both the systems and the professionalism of events staged across the region. Similarly, food and barista workshops delivered in-region will have the spin off of raising the benchmark across the Flinders Ranges & Outback.”

(FRTOA newsletter, November 2008)

The FRTOA was initially set up by the Northern Regional Development Board (further details in section ‘Presence of Network Facilitators’) and then taken over by a handful of initiative tourism operators (including ‘imported entrepreneurs’ and locals) who have since become the leaders of a new Flinders Ranges tourism operator community. These operators were repeatedly described by interview participants as ‘social entrepreneurs’ who were keen to lift the standard of tourism products across the whole destination and considered mentoring and capacity building for ‘constrained’ operators and newcomers as a key to improving the overall tourism performance in the Flinders Ranges. Some of these leaders had extensive experience in tourism and very good internal and external connections (e.g. with external consultants, external wholesalers, or the regional and state tourism organisations). They used these connections to

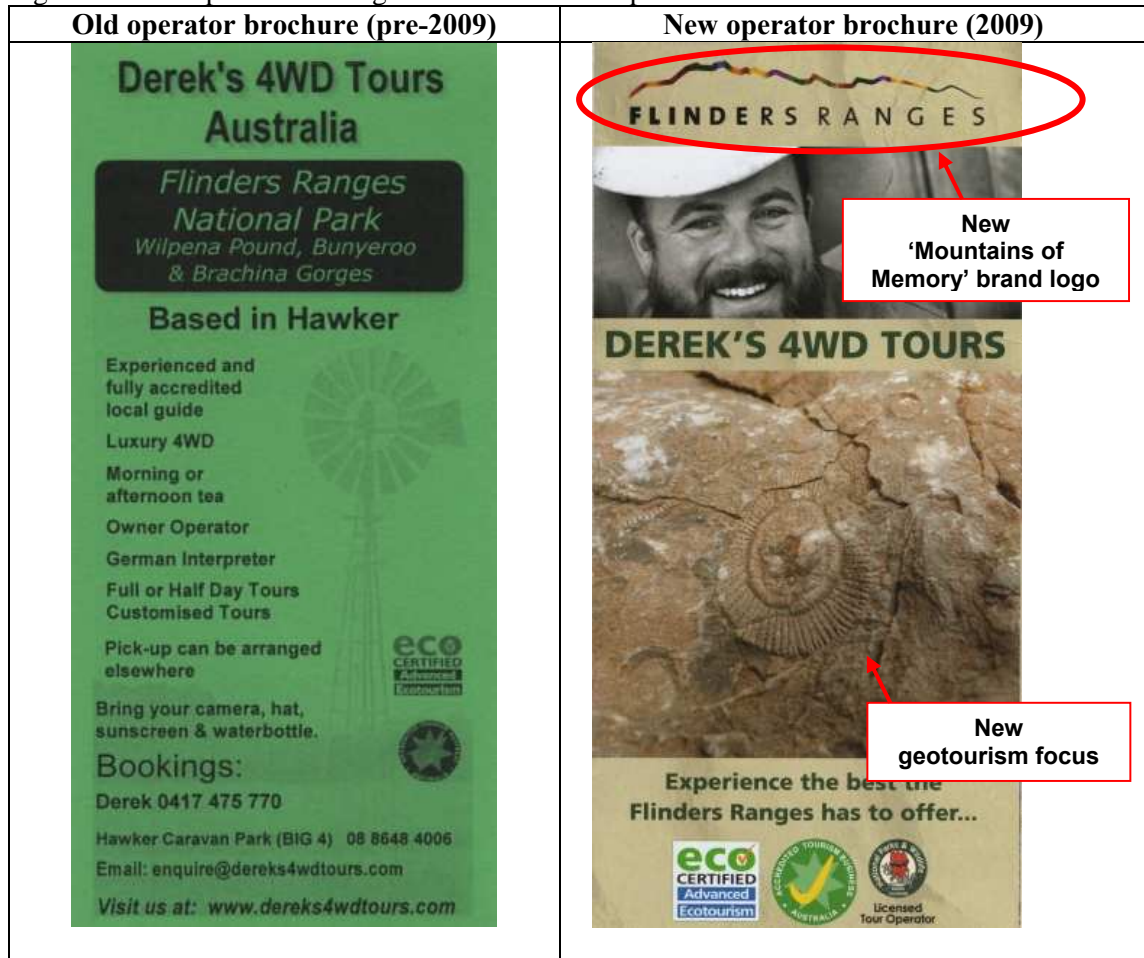
recruit external experts and guest speakers to deliver training modules and presentations (further details in section ‘Production and Distribution of Knowledge’). The Northern Regional Development Board (NRDB) was another key player in encouraging skills development and capacity building and repeatedly supported the FRTOA and its training seminars financially and in-kind.

“The team will continue on with the development of the draft training schedule and confirm with the NRDB and training facilitators on locations, venues and costings. The team will identify new online courses available for operators and their staff. The team will investigate training in interpretation and tour guiding. The team will work with the NRDB in developing the Know Your Flinders Training Program for 2004. The team will investigate the feasibility of joint traineeships.”

(Minutes of FRTOA’s Annual General Meeting, 2003)

Many small businesses acknowledged that the formation of the FRTOA and the implementation of regular training seminars have created unprecedented levels of enthusiasm among small local operators because they suddenly felt taken seriously and as part of a common movement in tourism. It has also stimulated higher levels of ambition among many ‘constrained’ and ‘part-time’ operators who started to try and increase their economic competence in tourism by learning from (and collaborating with) more professional businesses in the FRTOA network. Following coaching sessions on web design and online distribution mechanisms, several small businesses have since started to implement online booking facilities. A growing number of operators have adopted user generated content and Web 2.0 applications (e.g. blogs, Facebook, YouTube) as part of their promotion tools. Other small operators have started to upgrade their products and marketing collateral (e.g. brochures) and incorporated some outcomes of the new geotourism branding strategy (Figure 24). Additional operational improvements included the completion of eco-accreditation programs or the upgrading of general infrastructure (e.g. the installation of new solar panels, rainwater tanks, and wireless internet access for guests). Interestingly, it was mostly ‘imported entrepreneurs’ and ‘returned locals’ who were the first to introduce such new operational processes, whereas local operators were more likely to copy such changes after a while.

Figure 24: Example of Learning Process for Small Operators



5.4 Networking

This section documents the varying degrees of tourism networking throughout the Flinders Ranges and the different types of tourism networks that have emerged over the past decade. The research found that pastoral communities in the north had a much stronger networking culture than agricultural communities in the south. Conversely, mining towns in the north, as well as former railway towns and industrial towns in the Southern and Central Flinders Ranges, had a very limited networking culture. The research identified a range of different network constellations in tourism, including operator driven networks and public sector driven networks. These were set up for different purposes and usually required some sort of external or public sector facilitator.

Table 10: Key Findings on ‘Networking’

RTIS Indicators	Impacts of Inherited Institutional Environment	Coping Mechanisms
5.4 Networking		
5.4.1. Presence of ‘networking culture’	<ul style="list-style-type: none"> Pastoral communities in the north have a stronger networking culture because they used to depend on each other to survive in the harsh environment Agricultural communities in the south have a weaker networking culture because they used to be more independent and competitive Regional centres and railway towns have a weak networking culture because they always used to be ‘self-sufficient’ and did not need to network with other communities Mining towns have no networking culture because of the competitive nature of mining and the dominance of temporary populations Networking between Southern and Central/Northern Flinders Ranges has been hampered by the legacy of traditional boundaries 	<ul style="list-style-type: none"> Introduction of operator associations has increased cross-regional networking among operators Small local operators experience and ‘learn’ about benefits of networking by participating in operator associations Initiation of destination-wide tourism projects has increased sense of belonging together and willingness to network
5.4.2. Existence of formal network mechanisms	<ul style="list-style-type: none"> Locals join operator networks for lobbying purposes and to get more support from government and larger operators Networks around destination-wide projects rely on public sector leaders and coordinators due to a lack of local experience and capacity 	<ul style="list-style-type: none"> New networking culture has stimulated emergence of operator-driven networks and collaboration Public sector driven networks are based on destination-wide projects and stimulate cross-regional networking
5.4.3. Presence of network facilitators	<ul style="list-style-type: none"> Need for external or public sector network stimulator – even operator networks were initially encouraged by external agents 	<ul style="list-style-type: none"> Network facilitators (‘imported entrepreneurs’, public sector leaders) have good external links and facilitate access to external capital

5.4.1 Presence of ‘networking culture’

The research identified an increasing ‘networking culture’ which has developed within the Flinders Ranges tourism industry since the mid-2000s. According to several pioneer operators in the Central Flinders Ranges, networking and collaboration between individual tourism operators used to be very limited in the past. Networks were primarily localised and often limited to immediate family, friends, or neighbour based relationships. In addition, the few larger operators that existed were basically self-sufficient and did not really have to work with each other because they could attract sufficient numbers of tourists (usually organised groups) by collaborating with external tour operators. This situation has slowly changed over the past decade, as the organised bus tour market disappeared and the number of small operators catering to a more dispersed independent market started to grow. Operators slowly came to realise that they were depending on each other’s products and services to make the destination as a whole attractive to tourists.

There were some important difference between the Southern and the Central/ Northern Flinders Ranges in terms of their propensity to network. Pastoral families and communities in the Central and Northern Flinders Ranges were more likely to network and collaborate with other operators and communities across the region. They were often described as having a much stronger sense

of belonging together (and hence a stronger culture of working together) than people in the south because people in the north had to learn over the past hundred years how to support each other to survive in the harsh environment. On the other hand, the more densely populated Southern Flinders Ranges appeared to be more fragmented. Networking between tourism operators in different towns, and in particular beyond traditional council boundaries used to be very limited up until recently. This was explained by the fact that agricultural towns in the south have traditionally been much more independent and self-sufficient than northern communities. They never had to struggle as much as the northern communities because crop farming in the south used to be economically more prosperous and reliable than sheep farming in the north.

“And it’s sort of a tradition. They all get together and do these picnic races and raise funds for the flying doctor service and they all get together to do the schooling for the kids. So there has always been a lot of cooperation and collaboration for daily life just to survive out there. (...) The relationships between people in the south are different because these places are different, like farming or cereal cropping towns or railway towns. They are more class divided compared with pastoralists who used to share more and got together a lot more to work together.”

(Tourism consultant)

Even on a local government level, there used to be a limited degree of networking and collaboration for tourism between the various council districts in the Southern Flinders Ranges (further details in section ‘Role of Local Government’). Southern towns were described as being more ‘Adelaide centric’ rather than ‘local centric’ due to a stronger and more immediate connection with Adelaide as the main political and commercial centre. Two operators in the Southern Flinders Ranges described the lack of networking beyond council boundaries as the result of ‘small-town parochialism’ or long-term ‘local football club rivalries’. Towns in the south have traditionally been competing with each other a lot more (for example in sports, but also for general government funding) than the smaller communities and stations up north.

“You’ll find that the networking BETWEEN towns here is a bit limited. We are all a bit ‘suspicious’ – you can’t let the others know what you are doing. And then we go like ‘Oh, how did THEY get that signpost? Did THEY get a government grant?’... You work it out pretty quickly, there is just a lot of jealousy around. They always have been a bit competing, and that good old footy thing is still hanging in there somehow.”

(Small local operator, Southern Flinders Ranges)

The bigger towns and regional centres, like Port Augusta and Port Pirie, were described as having equally low levels of internal networking culture. These towns always used to be fairly ‘self-sufficient’ and therefore did not have to network and collaborate with businesses and towns outside their local boundaries. Interestingly, Peterborough – a town that used to rely on

the railway as its main industry – also had a very limited culture of networking and collaboration across local boundaries. Two interview participants described business owners in Peterborough as rather self-centric and not interested in liaising with other businesses in other places. In addition, two local operators in Peterborough indicated that networking with other places was not necessary because tourists “*have to come through Peterborough anyway*”⁵. Similarly, these operators described the local government in Peterborough as shutting itself off from the rest of the Flinders Ranges and criticised local government for not liaising with other council districts for product development and marketing in tourism.

Mining towns in the Northern Flinders Ranges (Leigh Creek) and in the larger Outback SA region (Coober Pedy, Andamooka, Roxby Downs) were often described by interview participants as having no networking culture at all. This was explained by their embedded tradition of relying on external short-term workers who only come for work and do not care much about community life. The highly competitive nature of mining, in particular gemstone mining in Coober Pedy and Andamooka, was identified as another reason for the lack of networking in mining towns. There was very limited networking and collaboration between operators in the Flinders Ranges and operators in Coober Pedy – the major tourism hub in Outback SA. The research identified only four operators with links to operators in Coober Pedy and Outback SA (for example, in the form of joint product packages, exchanging brochures or having links to each other’s products on business websites).

“Coober Pedy does not really network much with anybody else. It’s very competitive and that’s, I guess, the culture of the town (...) Opal miners are a bit of a different breed, they are not good at networking. Opal miners DO NOT network! And why don’t they? Because they mainly look after themselves. You pick a claim and that’s for you and from your hard work. You are not gonna share any of the information with the bloke next door or anybody else. So mining is very different because it’s like hunting for a treasure.”

(Tourism consultant)

The study revealed that networking and collaboration for tourism also used to be very limited between operators in the Southern and the Central/Northern Flinders Ranges. One of the main reasons for this lack of cross-regional networking was identified in the prevailing perception of traditional local boundaries. Until recently, communities in the south and in the north did not feel as though they belonged to the same tourism destination. As described in Chapter Four (Section 4.2), the boundaries of the Flinders Ranges tourism destination have been defined by the state tourism organisation to include the Southern, Central and Northern Flinders Ranges, as

⁵ Peterborough is the first major stopover location after Broken Hill along the only highway connecting Outback NSW with South Australia

well as the larger Outback SA region. These boundaries clearly did not correspond well with traditional local administrative boundaries. Local government areas in the Southern Flinders Ranges have traditionally been part of South Australia's agriculture dominated Mid North region, whereas the Central and Northern Flinders Ranges have traditionally been part of the Far North region (Figure 7, Section 4.2). As a result, southern towns considered themselves as belonging to the agriculture dominated Mid North and not to the more arid Central and Northern Flinders Ranges, which are part of the Far North. One of the most prominent examples was the case of the Northern Areas Council (the most southern local government district around Jamestown). The Northern Areas Council used to be included in what is now the Clare Valley tourism destination in the Mid North. It was only amalgamated with the Flinders Ranges destination by SATC in 2002 (FROSAT, 2002). Interview participants in this area indicated that they did not feel as part of the Flinders Ranges when they joined the Flinders Ranges destination. Two operators mentioned that they still considered themselves as belonging to the Clare Valley and Mid North.

“We were a lot more isolated in the past, we were a bit twatched in between. We have been classed for many years as part of the Mid North and nobody really knew where the Mid North started and ended. And because our area is a bit more diverse than the Flinders Ranges, which has Outback written all over it, that’s why I think we were isolated and not really part of it. (...) We haven’t been Southern Flinders Ranges for very long, that would have been five years ago. We used to be classed as part of the Clare Valley. When I started I was always wondering why I was in the Clare Valley section in SATC’s brochures. And I think that’s because it all started as the Mid North but then the Clare Valley became the Clare Valley and we are now part of FROSAT.”

(Imported entrepreneur, Northern Areas Council, Southern Flinders Ranges)

As outlined in Chapter Four, boundaries for regional development boards were slightly different again. For example, the NRDB used to look after the Far North region but also included the councils of Orroroo/Carrieton and Peterborough, while the SFRDB took over responsibility for the councils of Port Pirie, Northern Areas and Mount Remarkable. This caused some problems and confusion regarding the distribution of responsibilities for tourism development. For example, the council of Orroroo/Carrieton (considered as part of the Mid North but within the responsibility of the NRDB) decided to go with the SFRDB for tourism development. Interview participants in Orroroo indicated that, from a tourism perspective, they felt more as part of the Southern Flinders Ranges because their agriculture dominated landscape was perceived as being similar to that in other southern districts. They also believed that tourism initiatives in the Southern Flinders Ranges (e.g. the cycling tourism development) were better suited to their area than tourism initiatives in the north (e.g. 4WD and station based experiences).

The introduction of regional operator networks, such as the FRTOA and the Southern Flinders Tourism Association (SFTA – the equivalent to the FRTOA in the Southern Flinders Ranges), has significantly improved the degree of networking and collaboration between operators across the region. In particular, the initiation of the ‘Mountains of Memory’ project as a destination-wide geotourism development project was repeatedly described as a key factor in stimulating networking within the Flinders Ranges tourism system. Thirteen interview participants confirmed that the geotourism project had broken down intra-regional boundaries and increased networking and collaboration on a more regional level. By becoming part of the same project, they felt that they were all part of the same tourism destination, and not just a ‘disjointed bunch’ of individual districts and regions.

5.4.2 Existence of formal network mechanisms

The research revealed a variety of new formal tourism network constellations in the Flinders Ranges which have all emerged since the mid-2000s. They included operator driven networks and public sector driven networks. Operator driven networks were primarily set up as long-term or permanent network groups, while public sector driven networks were set up as temporary public-private partnerships that were built around specific projects, such as events or particular marketing and development projects.

The most prominent examples of operator driven networks included the FRTOA and the SFTA. Both associations had around 50 registered members by the end of 2009. As operators became more aware of the benefits of internal networking, several smaller tourism networks were created over the past years in various parts of the Flinders Ranges. These networks were formed around a specific purpose, such as creating and promoting joint product packages, organising joint participation in trade shows, and organising local events. One example was the Quorn Adventures group, which was founded as a joint marketing network for operators in and around Quorn and had around ten contributing members by 2009.

Local operators decided to join operator driven networks for a variety of reasons. The most commonly cited reason was that they sought to create a counterforce to some of the dominant larger operators in the region. These businesses were often described as ‘anti-social’ operators because they did not actively support smaller businesses and refused to join groups like the FRTOA or SFTA. These businesses were quite successful on their own and therefore did not feel the need to network with smaller businesses. In addition, they were perceived as receiving preferential treatment from the regional and state tourism organisations (FROSAT and SATC) in terms of marketing and funding support. Other reasons for small operators to support the local operator associations were the opportunity to share marketing costs, to get access to new

knowledge, and to get advice and mentoring support from more experienced and professional operators. Several ‘imported entrepreneurs’ mentioned that they joined the local operator associations to help them become established as new tourism operators in the region. They felt that joining local operator networks gave them the opportunity to get to know ‘important names and faces’ in local tourism, become familiar with local industry and community trends, and gain acceptance and support from local government and progress associations.

***“We joined everything straight away, every organisation we could think of.
Just for networking and to get support from the industry.”***

(Imported entrepreneur, Central Flinders Ranges)

One of the most prominent examples of public sector driven networks was the cycling tourism network in the Southern Flinders Ranges. The network included a consortium of public sector agencies, including the Southern Flinders Regional Tourism Authority, the SFRDB, SATC, National Parks, as well as the SFTA operator association. The aim of the network was to develop cycling tourism as a new product market for the Southern Flinders Ranges. The initiative was mainly reliant on public sector agencies, represented by a few proactive councillors, the regional tourism development officer and key contacts within the state cycling organisation (Bicycle SA). Active participation of private operators was initially limited. In 2008, a new bike shop was opened in Melrose in a joint venture between a ‘returned local’ and an ‘imported entrepreneur’. The bike shop owners have since taken on a leading role in promoting and organising cycling tourism in the area and have taken over the organisation of an annual mountainbike event, the Melrose ‘*Fat Tyre Festival*’. Similarly, a local station owner near Ororoo in the Bendleby Ranges started to host an annual mountainbike event (the ‘*Tour Up Over*’) in 2009. The ‘Flinders Ranges by Bike’ network in the Central Flinders Ranges was a similar, albeit much smaller, public-private partnership network. Again through the initiative and encouragement of Bicycle SA, five local station owners in the area between Hawker and Blinman and the Department for Environment and Heritage joined together in 2008 and created a 200 km round-trip mountainbike trail to stimulate cycling tourism in the Central Flinders Ranges (Tilbrook, 2009).

There were a number of smaller project-based networks that were set up around specific events (e.g. the ‘*Tastes of the Outback*’ and the ‘*Brush with Art*’ festivals – an annual art festival), or the creation of special interest marketing material (such as the development of the ‘4WD Tracks & Repeater Towers’ brochure and the most recent initiative to produce a food & wine brochure in the Southern Flinders Ranges). These networks were temporary in nature and usually involved a public sector coordinator and a number of private sector participants who could

decide each year whether they were going to participate or not. Operators mainly joined these networks because they considered them as convenient opportunities to get additional market exposure without having to organise and take responsibility of the projects on their own.

5.4.3 Presence of network facilitators

All of the tourism networks described above required specific network facilitators to get started as there was no strong pre-existing local networking culture in tourism. Even though operator driven networks were built around leading operators as the main driving forces, these networks were initially facilitated by external agents. In the case of the Quorn Adventures group, for example, it was an ‘imported entrepreneur’ who saw the need for a local network and cluster group to keep tourists in Quorn for longer and get more recognition from FROSAT and SATC. In the case of the FRTOA and the SFTA, it was public sector agents from the regional development boards and external consultants who kick-started the network formation process. For example, the FRTOA emerged out of tourism cluster workshops initiated by the NRDB, who engaged an external consultant in 2002 to identify the major barriers to tourism development in the region. The outcomes of this project included an identified need for increased networking and capacity building within the Flinders Ranges tourism industry. As a result, several ‘tourism cluster groups’ were set up for operators to work collaboratively on improving specified areas of need in tourism. These areas initially included tourism training, private sector collaboration, the use of online booking information systems, and the development of eco-tourism (FRTOA, 2003). In 2003, these cluster groups were merged to form one association and the management of the association was handed over to a committee of volunteering operators, including local and ‘imported entrepreneurs’.

“It actually goes back to 2002 when a bureaucrat came in and identified the need for a tourism cluster. There had been twelve to eighteen months of cluster meetings and out of that the FRTOA emerged. It might not have happened if it hadn’t been pushed from outside by the bureaucrats but from there on a handful of local operators have taken it from there and have made it a big important factor for tourism in the Flinders.”

(Regional marketing manager)

The SFTA was officially founded back in the mid-1990s when a few operators in the Southern Flinders Ranges felt a need to have an incorporated association to represent operator interests at local government meetings. However, the association was described by several participants as not very strong due to lacking leadership and limited operator interest in using the group for joint marketing and development initiatives. Many of the members were non-operator volunteers who were not really interested in tourism as a commercial business opportunity. With the increasing success and recognition of the FRTOA in the north, and the simultaneous

encouragement by the Southern Flinders Ranges Development Board (SFRDB) and its dedicated tourism development officer, the southern operator association has become more proactive and organised over the past few years. Southern operators became more actively involved in joint projects, such as cycling tourism and local events, and also tried to liaise more regularly with the northern FRTOA group for networking and access to training forums.

As indicated in the previous section, public sector driven networks, such as the cycling tourism network groups, event based networks, and networks formed around joint marketing initiatives, always depended on the leadership of public sector facilitators. These leaders included regional tourism development officers, members of the regional development boards, regional marketing managers, members of state government agencies, and members of local councils.

5.5 Clustering

This section comments on the spatial concentration and diversity of tourism products in the Flinders Ranges. It describes the extent to which products and resources have been integrated into an overall destination experience and what sort of efforts have been undertaken to increase clustering (in the form of product packaging and collaboration) in the region. The study found that clustering and product packaging have usually been limited due to the dominance of a few large operators, a limited understanding among small operators of the need for complementary products, and the barriers imposed by traditional local boundaries. ‘Imported entrepreneurs’, the regional operator organisations and public sector leaders were found to be key factors in encouraging more product diversity and product packaging.

Table 11: Key Findings on ‘Clustering’

RTIS Indicators	Impacts of Inherited Institutional Environment	Coping Mechanisms
5.5 Clustering		
5.5.1. Spatial concentration of products + resources	<ul style="list-style-type: none"> • Products used to be concentrated in a few ‘hubs’ • ‘In-house’ clusters among larger operators limit the development of internal linkages • Traditional isolation of small operators in the north from regional centres of decision-making 	<ul style="list-style-type: none"> • More active integration of isolated small operators through operator association
5.5.2. Integration into one destination-wide experience	<ul style="list-style-type: none"> • Low product diversity because of low perceived competition and tendency to copy • Small local operators do not see the need for complimentary products • Traditional local boundaries have limited coordination of products across the destination as a whole 	<ul style="list-style-type: none"> • ‘Imported entrepreneurs’ are instrumental in filling product gaps and diversifying the product portfolio • ‘Imported entrepreneurs’ have the capacity to develop new exclusive product clusters • Participation in operator associations encourages small operators to collaborate and form packages • Introduction of destination-wide projects and operator associations break down local boundaries
5.5.3. Initiatives to encourage clustering	<ul style="list-style-type: none"> • Need for ‘leader’ to increase collaboration and clustering among local operators 	<ul style="list-style-type: none"> • ‘Imported entrepreneurs’, the operator associations and public sector leaders are fundamental in stimulating the formation of joint packages

5.5.1 Spatial concentration of products and resources

As discussed in Chapter Four, tourism products in previous decades used to be concentrated around a few hubs, primarily in the vicinity of Wilpena Pound. These places were regularly visited by coach tour operators because they offered resort facilities that could cater to larger groups and a wide range of markets. Resorts developed into ‘in-house’ tourism clusters that offered different types of accommodation (motel rooms, self-contained units, or camp grounds), restaurants, guided tours, and shops. Other tourism products in the region were few and far between. It was not until the mid-1990s that more local farmers and ‘imported entrepreneurs’ started to open up small tourism businesses across the region. This trend has resulted in a more dispersed and small-scale type of tourism development, with several new B&Bs, cafés and restaurants being opened in places that had not seen many tourists in the past. Particularly in the Southern Flinders Ranges (for example Orroroo, Jamestown, Laura, Gladstone, Stonehut or Melrose), the number of tourism products has clearly increased over the past decade. Despite the increase in small tourism businesses, the dominance of a few larger operators in certain places (at Wilpena Pound and more recently also Parachilna) has made it very difficult for smaller operators in the same area to enter the market. Some small operators solved this problem by offering services to the larger operators (e.g. transport or guided tours). However, as the larger operators continued to expand and offer more products and services ‘in-house’, some of the smaller operators were driven out of the local product cluster.

“[Operator X] used to run the 4WD tours for them but now they’ve got their own guides and vehicles and run their own tours. And he was getting a lot of work through them but now this has dropped off. On the one hand you think ‘Fair enough, if you can do it yourself do it!’ But on the other hand the small ones say ‘Oh, but what about me?’”

(Imported entrepreneur, Central Flinders Ranges)

In addition to the dominance of large resort operators, physical isolation and long distances to regional centres and the main tourism hubs were considered as major issues for small businesses in the remote parts of the Central and Northern Flinders Ranges (e.g. towns and communities north of Parachilna and across to Arkaroola, and stations located on the unsealed back road from Arkaroola to Blinman and Hawker). These places were generally considered as too remote to access the main visitor flows (around the Flinders Ranges National Park, Parachilna and Blinman) and become part of the product cluster in that area. Another issue for remote operators was the distance from regional centres and decision-makers. Public agencies involved in tourism (including FROSAT, the NRDB, or the OACDT) were all located further south in Port

Augusta and the enormous distances⁶ did not allow remote operators to have regular personal contact with public agencies. As a result, remote operators often felt excluded from marketing and development decisions and mentioned that they were usually the last to find out about new campaigns, development opportunities, available grants and so on. More recently, the FRTOA group has started to address the concerns of remote operators by hosting forums in more isolated locations (e.g. Blinman, Leigh Creek, Oraparinna, Hawker, Merna Mora) to give remote operators the chance to become more actively involved.

5.5.2 Integration into one destination-wide experience

There have been a number of attempts since the mid-2000s to diversify the product portfolio and differentiate the Flinders Ranges from other Outback-type destinations. The drive for geotourism and cycling tourism, or the relatively recent focus on high-end accommodation and food & wine experiences were the most obvious examples. Nevertheless, several interview participants thought that tourism in the Flinders Ranges had still a long way to go to overcome issues of product homogeneity and the lack of commercial experiences. Regional marketing managers and tourism development officers agreed that there were some severe gaps in the Flinders Ranges product structure, for example in the range of high quality dining options, local produce outlets, activities other than bushwalking and four-wheel-driving, or Aboriginal cultural experiences.

“There needs to be more experiences that people can sort of package up. If they are opening up their 4WD tracks or converting their shearers cottages into B&Bs or whatever, that’s fine, but it still needs to be more happening than just providing access and converting some buildings. It’s got to provide some core experiences. Or do what Rawnsley was doing. They provided access to a completely different market with their new ecovillas, rather than just doing the same that everybody else is doing.”

(Member of SATC)

‘Imported entrepreneurs’ and ‘returned locals’, as well as externally based companies appeared to be much more likely to recognise gaps in the regional product structure and address those gaps by developing new products and experiences (e.g. luxury accommodation, new cafés and restaurants, water cruises, camel safaris, mountainbike tours). Seven ‘imported entrepreneurs’ mentioned that they saw a specific gap in the region’s product portfolio which they tried to fill. Some of them had visited the Flinders Ranges as tourists before moving to the region. Hence, they had a much better understanding of what it was like to be a tourist in a remote place like

⁶ Examples of distances: Arkaroola – Port Augusta: ~400 km; Copley – Port Augusta: ~270km; Parachilna – Port Augusta: ~200km

the Flinders Ranges and what types of products and services were required to create a better experience for visitors.

“When we first came here (...) I just noticed that the food generally became more boring the further north you went. You get burger or schnitzel but nothing else. (...) So, I knew I had to do something in this direction. Same with coffee! You couldn’t get a good cappuccino or a good latte up here when I was a tourist.”

(Imported entrepreneur, Central Flinders Ranges)

Products from most local and part-time operators, however, appeared to be very homogenous and there was a clear lack of complementary products. Particularly in the 4WD tourism cluster, operators were found to be mainly imitating each other and replicating existing products – usually a combination of 4WD tracks, converted shearers’ quarters, and camping facilities. While some of the remote station owners were lamenting low visitor numbers they could not explain why their businesses were performing worse than others. They did not seem to realise that they were not providing anything unique that would convince 4WD travellers to travel the extra distance to visit their remote station instead of more accessible stations further south.

Part of the reason for the low product diversity was the apparent low level of competition among station owners. They often did not see a need to diversify their products to gain competitive advantage over other operators. Instead, they considered each other as fellow business owners who shared a common destiny in primary resource production. Most of them seemed to empathise strongly with each other and motivations to outperform other tourism operators were rather low. Three station owners considered this lack of competition as an advantage for tourism in the region. They thought that more station owners offering (similar) products for the 4WD market helped them to establish a reputation as a 4WD destination.

“I suppose it’s good that more of these sorts of things [converting old shearers’ quarters] happen around here because we’ve had some really bad years out here, which were really tough for all of us. (...) And now there’s more of us doing it, and we all show support for each other. I don’t think we see each other as competitors.”

(Station owner, Central Flinders Ranges)

Many small local operators did not seem to understand that creating a holistic destination experience for visitors required a range of complementary products and experiences that can be combined to an overall destination itinerary. Products between individual towns were little coordinated and there used to be very few product packages between small operators that combined different products to a larger integrated experience. This explains why towns often had a range of accommodation options available but did not provide dining options or

complementary activities that could keep tourists in town for longer. Small operators often did not monitor the market strategies of other operators in the region and many of them were not aware of what sort of products ‘other businesses down the road’ were offering. They were therefore not aware of any product gaps.

The lack of product coordination appeared to be mainly the result of the perceived traditional local boundaries (see section ‘Networking culture’), which had limited locals’ interest in monitoring and working with operators beyond the immediate neighbourhood. The introduction of destination-wide development projects (e.g. geotourism or cycling tourism) and the increasing popularity of regional operator networks such as the FRTOA were described as a key factor in changing such local attitudes. Operators started to see themselves as belonging to one and the same tourism destination. By getting to know operators from other parts of the region during FRTOA’s operator forums and training sessions, small operators started to learn more about general product structures in the region and discovered the advantages of forming joint product packages with other operators.

Operators catering primarily to the high-end international market (mostly ‘imported entrepreneurs’) had different strategies to create an integrated destination experience for visitors. They were generally not too concerned about what products other operators in the region were offering because they considered their internationally oriented high-end products as largely incompatible with other local products directed at domestic (intrastate) travellers. Instead, they formed their own exclusive product clusters through links with other high-end operators (including operators in neighbouring destinations such as the Clare Valley, Eyre Peninsula, or the Riverland). These clusters were usually mediated through external tour operators who created exclusive ‘fly-in fly-out’ packages for high-spending international tourists. Such packages simply omitted towns and regions from their itineraries that did not add to the high-end experience promoted in the packages.

“We are looking at tailored air flights which bring people into the state and then take them to Kangaroo Island, Baird Bay and then maybe here and then to the Flinders, so it’s very targeted. And we are catering to individuals who have got plenty of money to travel quickly from one place to another. (...) [We] work with an agent who brings the clients into Adelaide and we pick them up from Adelaide and drive them up here via the Clare Valley, so they would then have lunch in the Clare Valley, meet the winemaker, then they will stay here and maybe explore this area the next day. And then we’ve got other people, like from Angorichina Station, they come down and pick them up by plane and take them up to the Outback.”

(Imported entrepreneur, Southern Flinders Ranges)

5.5.3 Initiatives to encourage clustering

Several tourism stakeholders (including FROSAT, members of the FRTOA board, the regional development boards and tourism development officers) recognised the previous lack of clustering through joint product packages as one of the destination's biggest weaknesses. As a result, there has been a clear push from these agencies to increase collaboration and clustering over the past years.

“People have to link their products and become a bit better with packaging. It seems kind of basic but it hasn't been a big thing in this area. There has only been a casual sort of intermixing of businesses (...) but in terms of packages and being a bit more sophisticated in entering the market with combined packages...it maybe exists within some of the bigger businesses but it is certainly not a culture out here.”

(Regional tourism development officer)

As described in Section 5.4.3, the NRDB initiated cluster workshops in the early 2000s to make the industry more collaborative, which eventually lead to the foundation of the FRTOA. The region's latest strategic plan also officially advocated for more collaboration and intra-regional packaging (URPS, 2008). The FRTOA itself started to address the issue by actively encouraging intra-regional collaboration and organising training seminars for operators on how to create and commercialise joint packages. Similarly, the Quorn Adventures group sought to create a cluster of products in and around Quorn to keep tourists longer in their district and to integrate smaller operators who could not compete with the larger resorts on their own. Advertisements in the latest regional visitor guides (edition 2009 and 2010) suggest that several members of these operator groups have indeed started to create and promote such joint product packages.

“Another good thing is that it [FRTOA] encourages that sort of cohesion within the region. They have now started to think about ‘How can we package things? How can we say ‘Come to the Flinders for three days and stay here, do this, eat there, and do that!’”. Instead of just all pushing their own barrels. So, collaboration and clustering, or whatever you might want to call it, has become much stronger in this terms.”

(Tourism consultant)

5.6 Critical Mass

This section comments on the density of tourism products in the Flinders Ranges. Although more products would be needed in some areas, new development is often stifled by official restrictions, other dominant industries or the lack of local services. Existing operators can often not afford to experiment with new products because they lack the resources to cope with failure. Instead, the industry largely relies on government or larger operators. There have been some

recent efforts to increase critical mass in tourism, for example by integrating ‘imported entrepreneurs’, introducing mentoring support for constrained operators, and employing dedicated tourism development officers.

Table 12: Key Findings on ‘Critical Mass’

RTIS Indicators	Impacts of Inherited Institutional Environment	Coping Mechanisms
5.6 Critical Mass		
5.6.1. Sufficient number of products + resources	<ul style="list-style-type: none"> • New tourism development is hampered by restrictions from government and other industries • Lack of non-tourism services in ‘failed peripheries’ limits increased tourism development – locals cannot fill gaps locally • Tourism industry becomes ‘crowded out’ as mining increases in remote mining towns 	<ul style="list-style-type: none"> • see 5.6.3.
5.6.2. Ability to experiment + allow for failure	<ul style="list-style-type: none"> • Small local operators cannot afford experiments and failure • They think that experimentation with new products is the task of government or larger operators • They expect government support to prevent business failure 	<ul style="list-style-type: none"> • Successful product experimentation of ‘imported entrepreneurs’ leads to new product streams • Small operators increasingly ‘learn’ from other operators’ experiments and get inspired
5.6.3. Efforts to increase critical mass	<ul style="list-style-type: none"> • Reliance on ‘leaders’ (government or larger operators) to increase product development • Local government acts as investor to increase critical mass – preference for big investment projects 	<ul style="list-style-type: none"> • ‘Imported entrepreneurs’ are welcome and integrated in the communities because they increase critical mass of businesses • Operator associations aim to increase critical mass by mentoring constrained operators and newcomers • Regional development boards and local councils employ tourism development officers to increase product development

5.6.1 Sufficient number of products and resources

Many small towns, especially in the remote parts of the Central and Northern Flinders Ranges, were clearly struggling with a lack of critical mass in tourism products. Interview participants in towns like Blinman or Copley, for example, mentioned that they could not afford to lose any of their small tourism (or tourism related) businesses because there would be no local alternatives left and tourists would have to go somewhere else to get the same product or service. At the same time, locals indicated that new development was sometimes constrained by official government restrictions and regulations. Examples included water restrictions in Blinman (which did not allow for the construction of new buildings with new water connections), general building restrictions in Melrose, and pastoral land use restrictions for stations that are not under a ‘perpetual lease’ agreement (further details in section ‘Institutional Infrastructure’). As a result, business opportunities for new tourism operators were described as limited and development remained dependent on the few operators who already owned buildings and assets in these areas. Two local station owners in the Central and Northern Flinders Ranges mentioned that new tourism development outside the main towns and communities was constrained by a

lack of government funding support. For example, funding support from the OACDT was only available for the larger communities with incorporated progress associations but not for outlying stations that did not belong to a community.

Some places were struggling to increase tourism because their services and amenities had deteriorated a lot since the collapse of resource industries. Local communities in towns like Blinman, Copley or Beltana, for example, were keen to develop into bigger tourism nodes. However, they often lacked essential complementary services and amenities, such as petrol and service stations, shops with fresh and regular grocery supplies, public transport links, and medical services. Locals repeatedly complained about the lack of such services (and a lack of government support to guarantee service supply in remote areas), but were apparently not able to fill identified service gaps by themselves.

Critical mass of tourism products was extremely limited in places that were still dominated by mining, including Leigh Creek (and Roxby Downs or Andamooka in the Outback). Several interview participants confirmed that tourism was just not a priority anymore in those places. As described in Section 5.2.3, business that had previously operated as tourism businesses (e.g. caravan parks, hotels, restaurants) converted into businesses catering to the mining industry. In Leigh Creek, for example, the local caravan park was taken over by the progress association to provide much needed accommodation for temporary mining workers. Similarly, new accommodation in Roxby Downs was built for the mining industry and not for tourists. As a result, other tourism operators (e.g. those providing guided tours) had to leave the area as tourists (and tourism) were no longer welcome.

“Flinders Power’s principal interest in the Leigh Creek Township is the provision of housing, services and infrastructure for mine workers. Tourism is not seen as a core role and the primary focus on accommodation for visitors is catering for contractors and business people.”

(Regional Service Centre Report for Leigh Creek; Collins Anderson Management (2007), p. 6)

“The mining company up there is just driving out the tourism. Operators can’t compete with the mining company. And there is no accommodation available in Roxby at the moment, so there is no tourism either. (...) The mine has got a very long life and from an economic point of view, they don’t need tourism.”

(Tourism consultant)

5.6.2 Ability to experiment and allow for failure

Only a few operators (usually the larger operators and ‘imported entrepreneurs’) were found to be regularly experimenting with new product ideas. They were the ones who had enough resources and commitment to tourism to keep trying out new ideas even if some ideas failed.

These operators were not discouraged by failed ideas but instead considered them as a 'learning process' which ultimately resulted in enhanced products or business operations.

“You have to accept that the market is very unpredictable out here and you have to learn how to deal with it. So for example, I started off by marketing to bus companies a few years ago, but I didn't pick up much of this business at all! (...) So I knew I had to change my approach and that's when I renovated my units and went for the bit more independent and higher end market.”

(Imported entrepreneur, Central Flinders Ranges)

Small local and part-time operators, on the other hand, were quite constrained in their capacity to experiment with new ideas because they were running on tight budgets. Part-time operators were often not interested in experimenting with new products because tourism was only a minor side income and they wanted to invest their resources in the farm instead. In most cases, though, small and part-time operators thought that new product development was primarily the task of (local and state) government or larger operators. They also expected government to provide constant financial support for tourism (for marketing and tourism infrastructure) to avoid business failure among small businesses.

“If you ask how local government is getting involved in tourism, I would say they aren't. They should be more, though, they should be more proactive and invest more because tourism is now a big thing. There should be a lot more support and they should be more encouraging that as a niche in such a small town.”

(Small local operator, Southern Flinders Ranges)

5.6.3 Efforts to increase critical mass

There have been a number of attempts over the past decade to stimulate more product development and increase a critical mass of tourism businesses throughout the region. The regional operator associations, particularly the FRTOA, were key actors in encouraging the development of critical mass in tourism. Some of the officially declared objectives in FRTOA's strategic plan included “to provide mentoring in new tourism developments” and “to create a vibrant business environment that will encourage investment in the region” (FRTOA, 2007). Mentoring and providing advice for newcomers who were interested in starting a tourism business was one of the perceived priorities to reduce the level of uncertainty in the creation of new businesses. The group had a welcoming attitude towards new operators and 'imported entrepreneurs' and sought to integrate them quickly within the local industry to increase the number and quality of tourism products.

The regional development boards were another key player in encouraging the development of critical mass in tourism. Together with the support from local councils and SATC they funded the positions for dedicated tourism development officers to assist operators (e.g. with business advice or support for grant writing) and increase the number of products in the region (NRDB, 2004 and 2005). It is important to note that these tourism development officers were often ‘imported’ to the region and based in the region on a temporary basis. Current and past development officers were either recruited from outside the region or had obtained high levels of education and experience in tourism and economic development outside.

In places like Peterborough, Blinman and Gladstone, it was either local government or local progress associations who sought to stimulate a critical mass of tourism products to combat economic and social decline in the towns. Interestingly, these organisations seemed to have the attitude that new attractions and products had to be big and investment intensive to be viable in the long run (and provide sufficient local employment). Examples included the Blinman Mine project, the Steamtown project in Peterborough or the panorama art gallery in Gladstone.

“For too many years, since the railway has closed down, Peterborough has been going backwards. And we now have an opportunity to change that around with the development of Steamtown. So, we as a council and a community are developing Steamtown as a tourism destination. We will be spending initially at the order of about \$1.1 million to get it up and running.”

(Representative of the District Council of Peterborough)

5.7 Development Blocks

This section looks at the composition of the Flinders Ranges regional tourism identity and the ways in which the system has tried to diversify the image of being a destination characterised by homogenous and passive nature-based experiences. The section comments on disequilibria identified within the Flinders Ranges tourism system and how such tensions in the system have been used to stimulate new development. The study found that new development blocks always relied on a particular facilitator, such as external agents, government agencies, and ‘imported entrepreneurs’.

Table 13: Key Findings on ‘Development Blocks’

RTIS Indicators	Impacts of Inherited Institutional Environment	Coping Mechanisms
<i>5.7 Development Blocks</i>		
5.7.1. Presence + composition of regional tourism identities	<ul style="list-style-type: none"> Homogenous destination image has been caused by traditional reliance on homogenous commercialisation of natural assets 	<ul style="list-style-type: none"> Tourism development officers see the need to diversify the nature-based tourism identity ‘Imported entrepreneurs’ recognise need for new non-nature based’ product streams Implementation of destination-wide projects have differentiated the Flinders Ranges from other Outback destinations
5.7.2. Existence of disequilibrium in the system	<ul style="list-style-type: none"> Dissatisfaction with ‘anti-social’ operators – perception that large operators should support small operators Limited capacity of locals to exploit disequilibria – traditional reliance on government to solve problems 	<ul style="list-style-type: none"> ‘Imported entrepreneurs’ and externally based operators are more successful at exploiting disequilibrium ‘Anti-social’ operators make small operators become more ambitious and competitive Dissatisfaction with previous destination marketing fuelled joint projects and operator networks
5.7.3. Existence of development block facilitators	<ul style="list-style-type: none"> Reliance on external agents, internal ‘leaders’, and government for new development blocks Local government is a key facilitator in areas that lack private sector leaders 	<ul style="list-style-type: none"> Access to external knowledge and resources are fundamental in fostering new development blocks Regional development boards, tourism development officers and ‘imported entrepreneurs’ are key facilitators

5.7.1 Presence and composition of regional tourism identities

As discussed in Chapter Four, the Flinders Ranges ‘tourism identity’ used to be primarily built on its unique landscape features, passive nature-based experiences (scenic drives, sightseeing, bushwalking, camping), and a strong cultural heritage created by the region’s traditional staples industries – pastoralism, agriculture, mining, and transport industries (e.g. railway) linked to those industries. Several interview participants agreed that the Flinders Ranges needed to get away from the monotonous nature and culture experience and differentiate its image from other (similar) Outback destinations. The regional tourism development officers, for example, saw a clear need for new signature activities, better service, and better food. There have been some notable attempts since the mid-2000s to diversify the Flinders Ranges tourism image away from being just a nature-based destination to include additional ‘non-passive’ and ‘non-nature-based’ development blocks. Examples included the increasing focus on food & wine experiences, art events and galleries, and a range of new soft-adventure activities which, despite being dependent on the natural environment, focused on new active uses of those natural assets (e.g. mountainbiking, four-wheel-driving, camel safaris, water cruises, hot air ballooning). Some locations started to focus on the attraction of the film industry (Parachilna and Quorn) and on the meeting and conference market (Orroroo and Melrose) as new alternative markets.

Several operators and local government representatives agreed that it was important for the Flinders Ranges to become recognised as a unique destination and not as yet another Outback destination. They considered the recent focus on geotourism and the destination-wide

‘Mountains of Memory’ project as an important step towards differentiating the Flinders Ranges from the larger Outback SA region. Similarly, the Southern Flinders Ranges were keen to create their own regional tourism identity. By investing in the development of the cycling tourism strategy, the SFRTA board sought to set the Southern Flinders Ranges region apart from the rest of the Flinders Ranges and other rural areas in South Australia.

“Something that we probably have to work on in the Southern Flinders Ranges, especially when you get away from the Ranges as such, is to be different. People are starting to develop food & wine [tourism] but I think in South Australia there is enough of that. You’ve got the Barossa, the Clare Valley, the Fleurieu Peninsula, the southeast coast etc. There are so many wine regions and places where you can buy regional produce (...). So really we have to make a point of difference. And what the Southern Flinders Ranges is trying to do is cycle tourism as a point of difference.”

(Local government representative, Southern Flinders Ranges)

5.7.2 Existence of disequilibrium in the system

A range of disequilibria within the Flinders Ranges tourism system were identified which preceded the initiation of new development blocks. The reported need to become a destination recognised in its own right and dissatisfaction with previous ways of marketing the Flinders Ranges (as part of the larger Outback) were important reasons why a large number of operators and organisations in the Flinders Ranges were keen to support the geotourism and cycling tourism projects. In addition, there used to be major tensions among small operators and communities who thought that FROSAT and SATC were always just promoting iconic locations (Wilpena Pound, Parachilna, and Coober Pedy) and neglecting smaller towns and communities. Small operators therefore increasingly decided to join FRTOA and support the ‘Mountains of Memory’ project because they felt that they could get more recognition as small operators and communities by becoming part of a larger project.

“Because FROSAT or SATC, they are always over-promoting certain places and really just pushing particular spots and operators. They shouldn’t be pushing individual operators so much but rather the area as a whole and the small communities, because the Flinders Ranges really is a lot of small businesses and they are the people who would need the support from the tourism commission. And that’s where FRTOA is so good for us.”

(Small local operator, Central Flinders Ranges)

Another considerable tension among smaller operators was related to the behaviour of some of the perceived ‘anti-social’ entrepreneurs (including some of the larger operators and externally based businesses) who did not actively support other small businesses in the region. These operators were repeatedly criticised for excluding smaller operators from tourism in the area.

There was evidence that this particular tension has stimulated a higher degree of competition among smaller and local operators. Some operators (for example, members of the Quorn Adventures group) joined together to form a larger cluster of products to be able to compete with the larger ‘anti-social’ operators. Other operators started to upgrade their products as they could see the potential for new market opportunities arising from the success of the ‘anti-social’ operators. Although in some cases operators again just tried to replicate and imitate existing product ideas, it seemed that the tensions (and jealousies) created by the success of ‘anti-social’ entrepreneurs had some cumulative effects on the rest of the industry.

One particularly pronounced conflict emerged over the use of the visitor information centre at Wilpena Pound. Several small operators from the same area complained that the centre had been somewhat ‘hijacked’ by the Wilpena Pound resort owners because it was staffed by the resort and therefore promoted mainly products offered by the resort (and not those of other operators in the surrounding area). This issue was also frequently brought up in the FRTOA forums. However, there was no evidence that operators have been able to work out a solution. Instead, they appeared to be waiting for SATC or some of the larger operators (including the new owner of the resort) to facilitate change.

“[They] play their own game. They have their own personal visitor centre, which I would absolutely LOVE to have because then I would get them to book all of MY tours and all of MY scenic flights, you know what I mean? That’s a very sore point that one. I live within 52 km of a visitor centre that doesn’t exist because to me it has never sold a tour of mine. And I think this is a big let down of the government of tourism in South Australia that they let something like that happen.”

(Small local operator, Central Flinders Ranges)

The investment of large externally based tourism businesses in the Flinders Ranges was seen with mixed feelings. It was generally acknowledged that the take-over of the Wilpena Pound resort by the Anthology group or the investment of Adventure Tours in Quorn was good in terms of maintaining products in the area and lifting the standard of facilities. There were, however, concerns that those external investors would turn out to be yet another ‘in-house cluster’ that would exclude the local industry. Local employment opportunities were limited as external investors (such as Wild Bush Luxury at Arkaba Station) preferred to import skilled staff from outside. In the case of Adventure Tours buying the motel facilities in Quorn, backpacker tour groups stopped using local accommodation facilities. Also food and drinks for tour groups were provided in-house, leaving little room for local pubs and restaurants to tap into the backpacker tour market. Although some local operators were optimistic and indicated that they would seek collaboration opportunities with the new investors in the area, the research (as

of the end of 2009) could only identify one operator (a guided tour operator based in Adelaide) who was successful in liaising with the new operator of the Wilpena Pound resort for joint product packaging (Anthology, 2009).

5.7.3 Existence of development block facilitators

New development blocks in the Flinders Ranges were generally dependent on the initiatives of individuals or organisations with substantial external backgrounds. In some cases it was external agents, such as consultants or wholesalers, who were seen as triggers for new development projects. For example, the initial idea for the geotourism project was born out of external consultants and geology experts encouraging local operators to convert their unique geological asset into a tourism experience. Similarly, some of the pioneer 4WD track operators mentioned that the initial idea to open up 4WD tracks for tourists was the result of external agents (e.g. track grading companies, 4WD clubs, tag-along tour operators) suggesting to convert station tracks into tourist tracks. One operator mentioned that their luxury hosted farmstay product was the result of an external wholesaler asking them to develop a high-end product for their international clientele.

As described above, ‘imported entrepreneurs’ were important facilitators for new development blocks in the food & wine and high-end accommodation sectors. Other key facilitators were the regional development boards, who (in conjunction with other local or state government organisations) co-facilitated development projects such as the cycling tourism strategy, the development and marketing of the 4WD tourism cluster, the improvement of food & wine tourism experiences, and the promotion of art groups and art festivals (NRDB, 2004 and 2005; FROSAT, 2006a). The most important driving forces within the regional development boards were the (imported) regional tourism development officers. For example, operators in the Southern Flinders Ranges agreed almost unanimously that their regional tourism development officers were key leaders in stimulating new product development and coordinating joint efforts for the cycling tourism strategy.

5.8 Production and Distribution of Knowledge

This section reports on the strategies the tourism system has used to produce internal knowledge, get access to external knowledge, and facilitate knowledge exchange within the system. The region used to have a very limited tradition of seeking and sharing knowledge. While there has been a strong focus on improving access to external knowledge and encouraging internal knowledge sharing in recent years, the active production of internal knowledge is still not regarded as a priority. With the exception of some larger and ‘imported

entrepreneurs’, the local industry tends to rely on government and external agencies to provide them with relevant knowledge.

Table 14: Key Findings on ‘Production and Distribution of Knowledge’

RTIS Indicators	Impacts of Inherited Institutional Environment	Coping Mechanisms
5.8 Production and Distribution of Knowledge		
5.8.1. Mechanisms for internal knowledge production	<ul style="list-style-type: none"> • Small local operators do not see knowledge creation as a business priority • Reliance on government or project managers for knowledge production 	<ul style="list-style-type: none"> • ‘Imported entrepreneurs’, tourism development officers, and external consultants recognise need for knowledge and are capable of generating knowledge
5.8.2. Access to external knowledge	<ul style="list-style-type: none"> • Small local operators have limited external links for knowledge access • They have limited abilities to process available external information • They rely on government or project managers to make external knowledge accessible 	<ul style="list-style-type: none"> • Import of external knowledge through in-migration of ‘imported entrepreneurs’ and tourism development officers • Operator association seeks to increase access to external knowledge in training forums
5.8.3. Mechanisms for knowledge distribution	<ul style="list-style-type: none"> • No tradition of knowledge sharing among small local operators • Limited distribution of knowledge through state tourism organisation –knowledge exchange with large priority businesses only 	<ul style="list-style-type: none"> • Operator driven networks facilitate informal knowledge exchange, access to external knowledge, and sharing of ‘tacit’ knowledge • Formalised operator network communication has become a new medium to disseminate information

5.8.1 Mechanisms for internal knowledge production

The need to create and access internal market knowledge appeared to be only poorly understood by most small and part-time operators. Conducting market research and actively monitoring changing market trends was usually not regarded as a business priority. The relatively limited sense of competition within the destination seemed to have limited internal benchmarking. For example, many small and part-time operators did not know what operators in other towns were doing and were not interested in comparing their own market performance or strategies with those of other businesses. Instead, many local operators (especially those for whom tourism was not a priority) relied on personal impressions as their main sources of knowledge.

Only four operators (three of them ‘imported entrepreneurs’) mentioned that they analysed their own visitor statistics on a regular basis and used this type of information to improve their marketing strategies. It was primarily the larger operators and ‘imported entrepreneurs’ who indicated that they were active in benchmarking and comparing their own business performance with intra- and extra-regional competitors. Two ‘imported entrepreneurs’ mentioned that they monitored online travel forums and review sites such as Tripadvisor to get unbiased customer feedback and find out about consumer preferences. One local operator mentioned that on-the-ground observations of natural tourist behaviour in visitor information centres or in restaurants was a useful source of market knowledge. Creating market knowledge by conducting formal consumer research, for example through proper visitor surveys, was generally very limited.

Only six out of 35 interviewed operators (and again usually the larger and ‘imported entrepreneurs’) had their own visitor surveys to ask visitors about their place of origin, information sources used, or general visitor satisfaction. However, four of them admitted that they hardly ever had the time to actually analyse the results of these surveys.

The role of local visitor information centres in collecting visitor data and producing market knowledge for local operators was equally limited. Only one visitor information centre was found to analyse visitor statistics on a regular basis. Three other visitor centres confirmed that they were collecting visitor information because it was part of their funding agreement with SATC. However, most of them did not analyse or use the data for their own purposes. Instead, they sent the data on to SATC and waited for them to communicate new trends or results back to local towns. Similarly, most local tourism organisations (including FROSAT, FRTOA, and the SFRTA) acknowledged that they relied on SATC for conducting market research and feeding knowledge into the region. Although these organisations actively encouraged knowledge sharing and the improvement of access to external knowledge sources, they did not consider internal knowledge production as a priority task. It was not until the final stages of this research in mid-2010 that the new regional tourism development officer in the Southern Flinders Ranges (who had only previously moved to the Flinders Ranges) started to design and run their own visitor survey because he had recognised a lack of detailed and targeted ‘quality data’ in the region (SFTA, 2010).

A few tourism consultants and project managers seemed to recognise the importance of creating market knowledge and getting an in-depth understanding of specific target markets. They were also more experienced and capable of generating and accessing the required information, interpreting available data, and applying new insights in a specific context. For example, members of the ‘Tastes of the Outback’ organising team conducted their own visitor survey in 2008 and used the outcomes of the survey to facilitate the recruitment of new sponsors and design better targeted promotion strategies.

“We did a good survey this year with ‘Tastes’. (...) We found that something like 36 percent of our Adelaide market were from the eastern suburbs, which is our high disposable income market, and like 48 percent were travelling in a 4WD. (...) So that’s really helped us in trying to find new partners for these events and sponsors. But also, we can target our market now a bit better. I mean, we WANT those people with a bit more disposable income! So that was some good research and that went back out to all of the Tastes operators.”

(Tourism consultant)

5.8.2 Access to external knowledge

In addition to limited internal knowledge creation, access to external knowledge sources was quite limited for small and local businesses. As described in Section 5.3.4, these operators were usually not looking for external knowledge but appeared to be relying on other agents to automatically provide them with essential knowledge and information. For example, three part-time operators were complaining that they often found out late about new projects, grant options, or product and marketing opportunities. They blamed FROSAT, SATC or the regional tourism development officers for not communicating new opportunities to them.

“FROSAT, the girls in Port Augusta, tend to look after the big businesses, also the ones on the [FROSAT] committee, and I guess it’s also because they see them more often. And I remember I sent them an email and said: ‘We would like to do this, is there a grant available?’ And they just sent back: ‘No. That one has just closed. You missed that.’ I don’t know, but I think not everybody can attend these meetings... But THEY are the ones who know all that stuff, so why can’t they just make that available to everybody? Especially for us small businesses, because we are the ones who need that kind of support! Perhaps they put that in their newsletters, so they might very well do that, too, but it doesn’t seem to filter through as much.”

(Station owner, Central Flinders Ranges)

Larger and ‘imported entrepreneurs’ appeared to have a better understanding of the need for external connections and market knowledge. For example, the larger resort operators had excellent relationships with FROSAT and SATC and were regularly kept in the loop by those organisations about new strategies and campaigns. They were usually the ones who could afford going (or sending their staff) to external industry meetings, conferences and trade shows (such as the Australian Tourism Exchange – an annual trade show for Australian operators catering to the international visitor market) to get new external information and contacts. They were also the ones who could afford recruiting external staff with specialised skills. In addition, they had good links with external operators and wholesalers who provided them with information on external trends and industry news.

“Keeping abreast of our industry trends and best practices, our guests’ developing expectations and our responsibilities for eco sustainability and conservation means attending several worthwhile conferences and seminars each year. While Tony and Julie attend as many as possible themselves often clashing dates requires sending staff around the country or even overseas. This year Tony and Julie attended the Aust. Tourism Exchange in Melbourne while sending Tim & Marg to NZ for Oztalk. Later they visited tour operators in Germany. This month (Nov) they attended a National Landscapes Seminar in Alice Springs while sending Les and Robyn to the Top Tourist Park Convention in Darwin.”

(Excerpt from operator newsletter, Rawnsley Park Station - http://www.rawnsleypark.com.au/content/docs/newsletters/newsletter_summer_2009_2010.pdf)

Some of the smaller operators did show interest in getting external visitor information to find out more about new target markets. However, their ability to access and process such information was very limited. For example, the only external information sources on regional tourism trends that were easily accessible were annual regional destination profiles and tourism fact sheets published by SATC (www.tourism.sa.gov.au/publications). Two operators complained that they could not use this type of information because fact sheets always contained information on the whole of the Flinders Ranges and Outback SA destination, whereas they needed more targeted information on the Flinders Ranges only (and within the Flinders Ranges on the Southern or Central Flinders Ranges only).

The ‘import’ of external or externally trained tourism development officers brought new tourism knowledge and expertise to the region. Similarly, regional marketing managers, tourism consultants and employees of the regional development boards were often ‘imported’ from outside or had previously gained higher education and experience outside the region. These public sector leaders were often keen to access external knowledge and recruit external experts to use their knowledge and expertise for new product strategies. For example, in the case of the cycling tourism strategy, the committee members travelled to Europe and the United States to consult with overseas cycling tourism experts and investigate opportunities for cycling tourism in the Southern Flinders Ranges. In 2010, the board also decided to host a two-day cycling tourism conference in the Southern Flinders Ranges to exchange knowledge on cycling tourism with experts from other regions and countries.

“It all started when the Southern Flinders Ranges Development Board, South Australian Tourism Commission and Bike SA obtained a study grant to travel to the US to meet Troy Rarick, an inspirational character who turned a sleepy Colorado town of about 3000 people into a thriving cycling hub. It now attracts up to 50,000 riders a year. His philosophies and vision were incorporated into Melrose, where cycle tourism today is one of the biggest income sources for the region.”

(Flinders News, 5 June 2008)

5.8.3 Mechanisms for knowledge distribution

As knowledge creation was not seen as important by most small local operators, it was not surprising that information sharing and systematic knowledge diffusion used to be equally limited among those operators in the past. Knowledge exchange was mostly highly localised and limited to informal face-to-face exchange, usually between family members, neighbours and friends. Larger operators and ‘imported entrepreneurs’, particularly those who were on the regional marketing board and went to trade shows together, were more likely to share market information among each other. For example, minutes of the FROSAT board meetings suggest

that board members were discussing their visitor statistics and general market trends during board meetings (FROSAT, 2007b).

Although many local operators and organisations relied on knowledge transfer from the state tourism organisation, the top-down diffusion of codified knowledge from SATC to the region (especially to small operators) was very weak. According to a member of SATC, knowledge support for small businesses was not a priority. Research produced by SATC (such as information on industry news, new marketing opportunities, or commissioned in-house research studies) was often reserved for contracted clients and was not passed on to regional marketing managers or smaller businesses. Similarly, research from other external knowledge brokers (e.g. universities, research centres or consultancies) often seemed to stay within SATC and did not filter through to smaller businesses.


This situation has started to change with the introduction of operator training forums. Guest speakers from SATC and other tourism or marketing experts have increasingly been invited to talk to small operators about new trends and make them aware of available knowledge resources. For example, in the course of the 'Mountains of Memory' project experts from the South Australian Museum in Adelaide were contracted to run interpretation training forums and produce a DVD and interpretation manual for operators. In one of the FRTOA forums in 2009 the digital marketing manager of SATC gave a presentation on online marketing strategies and presented an online tourism 'e-kit', written as a plain language information source for operators. In one of the FRTOA forums in 2010, an expert speaker on climate change was invited to talk about opportunities for better energy, water and waste management. A user manual was then circulated among operators which contained information and links to external research reports and information guides (such as reports from Tourism Australia, the Sustainable Tourism CRC, and the Federal Government's Department of Resources, Energy and Tourism).

Figure 25: External Expert Speakers at FRTOA Forum 2009
(photo taken by author with permission of the FRTOA)



The introduction of regular operator meetings has increased face-to-face exchange between operators and the distribution of knowledge within the group. Another new mechanism for distributing new knowledge within the FRTOA group was by disseminating regular newsletters and industry updates to their members. The example in Figure 26 is an excerpt from a recent FRTOA newsletter in which one of the group members described her experiences made with social online media and promoted the advantages of using Facebook as an easy and cheap way of marketing. Interestingly, an increasing number of FRTOA members have since started to use Facebook not only to promote their businesses but to communicate and exchange information with other operators in the region. Figure 27 shows an example of how operators from the Southern and Central Flinders Ranges (including local operators and ‘imported entrepreneurs’) discussed the announcement of a National Landscape committee meeting and the opportunity to exchange business brochures at the meeting on Facebook.

Figure 26: Example of FRTOA Newsletter, January 2010



FLINDERS RANGES
Tourism Operators Association Inc
 www.flindersrangesoperators.com.au

January 2010

Please note:
 2010 Memberships
 are now due.

FRTOA VISION
"The Flinders Ranges Tourism Operators will provide for the visitors a memorable experience that is environmentally responsible, socially sustainable, culturally aware and economically viable."

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Into the Future... January 20 Gladstone Gaol.

From the Chair
 Hi all & Happy New Year. I hope you have all had an enjoyable Christmas & wish you all a safe, happy & prosperous 2010.

It has been an active few months since the AGM. The executive committee are continuing to focus on future directions for FRTOA. We are really keen to deliver on what you, as a member, would like to gain out of your FRTOA membership and what topics you would like included in future forums & two day workshops. I would encourage you all to think about this so we can deliver to you the absolute best in terms of your membership with FRTOA Inc.

Please come along to the January 20th forum (Gladstone Gaol, you should have received an invitation, if not please let us know).

The entire afternoon is dedicated to brainstorming "where to from here". We really need a wide range of members with a variety of ideas - no matter how large or small - so we can ensure we get the thoughts & ideas of the "on the ground" operators & not just head in a direction that we think is best.

From a personal perspective, I have been exploring the world of social media, I truly believe that this is both the way of the future & a cost effective means of alternative marketing - in fact, you can't get more cost effective.

I have created a Facebook "business page", which I promptly lost but a very kind Facebook friend found it for me again. My point is, if I can do it truly anyone can & you don't have to get it absolutely right first time! The world does have a sense of humour - & if they don't, do I really want them as a customer anyway?

So please, I invite you all to become my Facebook friend and a fan of my business page. If you're not on Facebook already, Google it & follow the prompts - it really is worth it.

I look forward to seeing you all on Jan 20th. Until then.....
 Jannene Cannard

Figure 27: Example of Operator Networking on Facebook



Rawnsley Park Station Just a reminder for all Flinders operators that there is a National Landscapes meeting at Arid Lands, Port Augusta this Friday 14th May at 10am. Jill - would you mind checking if there are any others from the south that may like to come. Bruce Leaver (NL Reference committee/Parks Aust and Steve Kernaghan GM Marketing SATC will be speakers)
 May 12 at 9:48am · Comment · Like

Jill Sanders will do
 May 12 at 9:54am · Like · Flag

Jill Sanders do you have an supply of the differnt brochures up there? I need yours and warraweenas in particular. I have run right out. Still have enough of the woolsheds
 May 12 at 9:56am · Like · Flag

Rawnsley Park Station yes, will bring some on Friday
 May 12 at 5:11pm · Like · Flag

Jannene Cannard Jill, do you need any of ours?
 May 13 at 1:42pm · Like · Flag

Jill Sanders yes please.....I need lots and havent taken the time to email every one..... blahhhhhhhhhhhh should have made time.....2 inch stack would be good
 May 13 at 3:34pm · Like · Flag

Jannene Cannard Consider it done! :)
 May 13 at 4:30pm · Like · Flag

Mechanisms for sharing ‘tacit’ knowledge were more difficult to identify. Again, the operator networks provided a useful platform, particularly for ‘imported entrepreneurs’, to get access to local ‘encultured’ knowledge – for example by accessing local social networks and learning more about local practices, hierarchical structures, and unspoken rules. For small operators the training forums provided a platform to absorb un-codified knowledge to improve their business practices – for example by observing business strategies of more professional operators or by participating in ‘learning by doing’ workshops (e.g. workshops on how to design brochures and websites or on how to engage with the media).

5.9 The Role of Government

This section documents the role of both local and state governments in tourism development in the Flinders Ranges. Local government support for tourism used to be very localised and varied tremendously across the region. Local governments dominated by mining or a reasonably strong agricultural sector provided only minimal support for tourism, whereas local governments in areas of ‘failed peripheries’ started to embrace tourism as a new industry. In some areas ‘imported entrepreneurs’ played a key role in increasing local government support for tourism. In addition, state government funding has been critical for implementing major tourism projects in the region. However, such projects usually had to comply with state government priorities and procedures which did not correspond well with the small-scale industry structure in the Flinders Ranges.

Table 15: Key Findings on ‘Role of Government’

RTIS Indicators	Impacts of Inherited Institutional Environment	Coping Mechanisms
5.9. The Role of Government		
5.9.1. Local government involvement in tourism	<ul style="list-style-type: none"> Farming dominated councils are very conservative and do not support tourism as a ‘female industry’ Mining dominated councils focus on mining and do not encourage tourism at all Local government in ‘failed peripheries’ seek to attract large-scale external investment in tourism Local government support for tourism used to be very localised – councils did not think within tourism destination boundaries 	<ul style="list-style-type: none"> ‘Imported entrepreneurs’ improved local government support for tourism Support for tourism increased when local governments realised that tourism could help attract new residents (and entrepreneurs) and retain local services
5.9.2. State government involvement in tourism	<ul style="list-style-type: none"> Reliance on state (and federal) funding for major tourism project because of limited local investment capacity State government priorities in tourism are focused on large-scale ‘signature developments’ – inherited focus on large-scale export industries Legacy of bureaucracy presents barrier for small tourism operators 	<ul style="list-style-type: none"> Lack of state government support for small-scale development has encouraged small businesses to join operator associations and support destination-wide projects

5.9.1 Local government involvement in tourism

Support from local government for tourism development varied substantially between individual council districts. Some councils were described as actively embracing tourism as a way to revitalise towns that had been severely affected by drought or economic restructuring over the past decades. Examples included the Orroroo-Carrieton council, where council was repeatedly involved in supporting new local tourism projects (e.g. local events or the construction of new cycling trails), and the district council of Peterborough, where council took ownership of the Steamtown railway precinct to convert it into a major tourism asset for the town. The Blinman mine was a similar example, although it was the local progress association that took over ownership of the project in the absence of a local council. A very interesting case was the city of Port Augusta: two local operators mentioned that the Port Augusta City Council (PACC) made big investments in trying to recruit larger external tourism companies to Port Augusta, while simultaneously not supporting local small-scale operators. For example, PACC provided substantial financial and in-kind support to attract a large Adelaide-based sailing ship company to run cruises from Port Augusta (PACC, 2007 and 2008). However, the investment was not successful as the external company had to pull out after a short period of time due to navigation difficulties.

“They [Port Augusta City Council] were paying like \$50,000 a year to get this big sailing ship company into Port Augusta and then those guys just left after two cruises. What they were trying to bring in isn’t what is needed and what’s successful. And then seeing that they don’t invest in our infrastructure but put money into other businesses, that gets really really frustrating.”

(Small local tourism operator, Central Flinders Ranges)

In areas where other industries were still dominant (agriculture in the south and mining in the north) there was very little support for tourism ventures. For example, councils and progress associations in the northern mining towns (Leigh Creek, Roxby Downs and Andamooka) did not support the latest regional strategic tourism plan, indicating that tourism was not needed or welcomed in their communities. Similarly, in some parts of the Southern Flinders Ranges (where local councils were still dominated by farmers) operators lamented a lack of interest in supporting tourism. Tourism operators in these areas repeatedly complained about a lack of support for local visitor centres, funding applications for non-for-profit attractions, and general marketing activities. For example, four ‘imported entrepreneurs’ described councils dominated by farmers as very conservative and not susceptible to new ideas and industries (like tourism). Two participants blamed the lack of women on local councils in agriculture dominated areas for the relatively limited representation of tourism interests on local government agendas.

“Council would always SAY they are interested in tourism. But when you look at it, there are nine councillors, seven of them are farmers (...). And there is no women on the council. So you can see what the real role of tourism on the council board is. I think if you just had two girls on the council, things for tourism would change, absolutely. One would be a waste of time, she would just get run over by the farmers!”

(Member of local progress association, Southern Flinders Ranges)

Several council representatives, on the other hand, mentioned that locals often had a certain ‘whinging mentality’ and just did not realise local government support for. Some councils did not invest in tourism specific projects but instead provided financial support for community projects, such as: public infrastructure (e.g. roads, public toilets, signage), community space (e.g. playgrounds, skate parks or public barbecue areas), beautification programs of main streets and waterfronts, or local community events (e.g. folk fairs, rodeos, gymkhanas⁷). Other ways in which local government supported tourism were by contributing financially to the funding of FROSAT and the regional tourism development officers. However, small operators were often not aware of these funding agreements and seemed to demand more ‘visible’ local government contributions in the form of direct funding for projects, events and brochures.

Interview participants in the areas of Orroroo/Carrieton, Quorn, and Mount Remarkable admitted that local government support for tourism has increased substantially over the past few years, particularly since a number of ‘imported entrepreneurs’ have moved in and taken over representative roles on local councils and tourism boards. Some ‘imported entrepreneurs’ became council members and started to lobby for tourism within local government. In return, local governments and communities started to accept and support tourism as a new economic alternative because they realised that tourism helped combat economic and population decline.

“When we started here with stars in our eyes and thinking that we could change the world, I saw that: One – tourism was not being utilised. And two – that it’s actually ready made. So people are already coming through the town – we just have to get them something to do and to stop or to eat because none of this was happening. Not many of the other councillors were interested. A lot of them were just farmers, you know ‘that’s all what we do’, and they were quite narrow-minded. And then we had a few drought years and some farmers like [Operator X] – he was on the council too and was very supportive, and at about the same time they started [their business]. And these people saw that maybe tourism is an option. Mind you, when you talk to any of the councillors who were there before I got there they would now all say: ‘We always knew that tourism was important’. But it has actually been a slow and gradual development. We’ve had untold numbers of council and public meetings in town debating tourism and we’ve also had image campaigns from our tourism group.”

(Imported entrepreneur, Southern Flinders Ranges)

⁷ The term ‘gymkhana’ is commonly used in rural South Australia to describe equestrian sports events that include horse races, show jumping, and other activities associated with horseback riding.

Some local government districts in the Southern Flinders Ranges (including Mount Remarkable, Northern Areas and Peterborough) were described as reasonably keen to support tourism, but only locally relevant projects. Former marketing managers and tourism consultants mentioned that the southern councils had often been reluctant in the past to contribute funding to all-of-destination tourism marketing. Council CEOs repeatedly argued for a stronger focus on southern towns instead of ‘wasting money’ on Outback areas where tourism had been on decline for several years (FROSAT, 2006b). They also argued that FROSAT had to provide them with hard evidence (in the form of explicit key performance indicators) that their local government district received sufficient return on investment from funding contributions to FROSAT (FROSAT, 2006a).

The previous lack of local government support for destination-wide tourism initiatives was clearly the result of the traditional competitive nature of towns in the south, as well as the legacy of traditional regional boundaries (see section ‘Networking culture’). Interestingly, collaboration between the various southern councils has improved considerably over the past few years as a result of cross-regional tourism projects. For example, councils in the Southern Flinders Ranges realised that they could leverage more funds from state and federal government if they applied for projects together. As a result, southern councils formed the Southern Flinders Tourism Authority in the early 2000s, which allowed them to obtain funding for the joint development of the regional cycling tourism strategy.

“More than \$1 million has been injected into tourism in the southern Flinders Ranges. This comes after a partnership between the Port Pirie Regional Council, Mount Remarkable District Council, the Northern Areas Council, the Port Pirie Regional Development Board, the South Australian Tourism Commission, National Parks and Wildlife and the Southern Flinders Tourism Association. (...) Community project development manager with the Northern Areas Council, Keith Hope, said he had always supported the authority. ‘I see it as an important opportunity to work together to achieve bigger projects than if we just tried to tackle them by ourselves,’ he said. ‘At the end of the day, tourists do not recognise council boundaries. It is important to have good infrastructure throughout the region.’”

(Flinders News, 19 September 2003)

5.9.2 State government involvement in tourism

The initiation and feasibility of major tourism development projects over the past five years were dependent on significant funding support from the state government. Examples included the ‘Mountains of Memory’ project, the cycling tourism strategy, the Peterborough Steamtown development, the Blinman Mine project, the Ikara Aboriginal cultural display near Wilpena Pound, as well as a range of tourism infrastructure upgrades (e.g. the waterfront upgrade in Port

Pirie, the airport upgrade in Coober Pedy, and the sealing of the road between Wilpena Pound and Blinman). Additional funding for such developments was usually obtained through federal government funding programs (such as the 'Regional Partnerships' program or the 'Australian Tourism Development' program). Six participants, however, lamented that state and federal government funding for tourism had generally declined over the past few years. They were concerned that a reduction in state and federal government funding would stifle new development due to a lack of local investment capacity.

“To actually implement [the ‘Mountains of Memory’ project] we’d love another million bucks but it’s just impossible to get and funding is rather going backwards. Initially, we’d thought that we could go to the government again, show them that we’ve completed Phase One and then ask for more money to get Phase Two under way. But the new federal government has now cut that funding, and also the ‘Regional Partnerships’ funding. So that has now really left us with not much in terms of available financial resources.”

(Regional Tourism Development Officer)

Official state government priorities in tourism presented substantial challenges for the relatively remote, small and fragile tourism industry in the Flinders Ranges. For example, in its latest strategic tourism plan SATC identified a focus on 'signature developments' as one of its new key priorities. 'Signature developments' are new tourism development projects that are competitive on an international level, draw high volumes of (interstate and international) tourists into the state, and are focused around 'high-yield' products that can increase tourist expenditure. The reason for this strategic shift was that the South Australian government had set the goal in its latest strategic plan to increase tourist expenditure in the state from \$3.7 billion in 2002 to \$6.3 billion by 2014 (SATC, 2009).

According to SATC's strategic tourism plan, funding priorities for the state government were focused on increasing large-scale, internationally-oriented, and 'high yield' products (which often had to be attracted from external investors) – not on supporting dispersed small-scale development for relatively low volumes of domestic tourists (which is now the main market for the Flinders Ranges). Apart from the few larger operators, there was very limited capacity in terms of 'signature developments' within the Flinders Ranges tourism industry unless projects were funded and managed by external investors. Press releases from SATC suggest that the state government has sought to encourage large external tourism companies (e.g. Anthology and Wild Bush Luxury) to invest in the region (SATC, 2008). At the same time, several local businesses complained that the support from state government for small businesses (e.g. for marketing or funding support) was rather limited.

“They [SATC] just focus on where all the big dollar infrastructure is. They’ve got this idea about...what is it...get 6 billion dollars from tourism in a few years? And that means that the inside country here, where it’s all small stuff, doesn’t get any help at all, not even any recognition. So our only chance would be if somebody with a lot of money came in and put up a multimillion dollar project south or north of Melrose. (...) But I just can’t see any of this happening right now.”

(Small local tourism operator, Southern Flinders Ranges)

Another state priority in tourism was the development of high-profile Aboriginal tourism experiences (again mainly for the international market). Five interview participants confirmed that there had been a substantial and well-funded push from state government in recent years for a few selected Aboriginal tourism businesses and communities in the Central and Northern Flinders Ranges. However, these products were often described as badly run and as not well integrated with the rest of the Flinders Ranges tourism industry. They were considered as only viable because they received continuous support (financial and in-kind) from the state government who sought to develop these products into Aboriginal signature products.

“Unfortunately, [Aboriginal tourism business X] is not viable and the only reason why it’s been floating for so long is that it’s got government help. And that’s one of the frustrations that I have, you know, they will give one particular group quite a lot of money. They’ve had, I’d say over a ten year period, in a vicinity of almost a million dollar worth of funding, and I’m struggling to get twenty bucks out of them, and that’s what really annoys me.”

(Small tourism operator, Central/Northern Flinders Ranges)

Another major complaint from operators relating to state government procedures for tourism funding was about the increasingly bureaucratic hurdles involved in lodging applications or qualifying for grants. For example, three operators mentioned that complicated and non-transparent paperwork requirements made it very difficult for small operators to complete applications. In addition, two operators criticised that government funding was ‘wasted’ on multiple strategy development and consultancy reports. Funding support was often tied to the requirement to engage (external) consultants or service providers, so that operators ultimately received only a fraction of the initial allocated funds.

“A few years ago, they were giving out like \$15,000 for new development but you had to fulfil the requirements. And someone up north got the \$15,000 but he ended up having to spend it on an architect to draft the plan whereas he could have just done the plans himself... Well, there it is – it’s the bureaucracy, they don’t want to give any money just to help YOU out, they are giving it to the next layer of people!”

(Station owner, Central Flinders Ranges)

5.10 Institutional Infrastructure

This section shows how the tourism system has been affected by the region's explicit formalised institutional infrastructure (such as official policies, regulations and development strategies). It comments on how the wider economic policy environment has impacted on tourism in the region. Although tourism has officially become recognised as an important new export industry for the state, it is still mainly considered as a diversification tool in resource peripheries like the Flinders Ranges. Tourism therefore continues to be subordinate to other priority industries (like mining). The research found that the institutional presence of tourism in the Flinders Ranges has clearly improved over the past decade, as evidenced by an increasing number of organisations involved in tourism and strategic documents addressing tourism issues. Still, regional organisations and strategies are limited in their competencies by state government priorities. Local operator associations and new destination-wide projects have helped the system to circumvent state imposed strategies and pursue internal strategies instead.

Table 16: Key Findings on 'Institutional Infrastructure'

RTIS Indicators	Impacts of Inherited Institutional Environment	Coping Mechanisms
5.10. Institutional Infrastructure		
5.10.1. The role of tourism within the wider policy context	<ul style="list-style-type: none"> • Tourism recognised as export industry but cannot compete with mining and agriculture in the periphery - tourism only seen as a means of 'diversification' • Resource industries take precedence over tourism in land use, planning and natural resource management 	<ul style="list-style-type: none"> • n/a
5.10.2. Presence of local institutional organisations involved in tourism	<ul style="list-style-type: none"> • Legacy of bureaucracy noticeable in the multiplicity of institutional organisations involved in tourism 	<ul style="list-style-type: none"> • Increasing number of institutional organisations improved lobbying power for tourism • Popularity of operator associations improved representation of operator interests within public sector organisations
5.10.3. Presence of local and state-driven tourism strategies	<ul style="list-style-type: none"> • State government priorities in strategic tourism plans do not consider small-scale development in the periphery • Regional tourism organisation and strategic tourism plan have to adhere to state tourism priorities • Problem of imposed destination boundaries for sparsely populated frontier regions • Legacy of bureaucracy noticeable in the tendency of organisations to 'over-strategise' 	<ul style="list-style-type: none"> • Introduction of operator associations has circumvented imposed state and regional strategic plans • Implementation of destination-wide projects have ignored imposed boundaries and have differentiated the Flinders Ranges from the rest of the Outback

5.10.1 The role of tourism within the wider policy context

Tourism was explicitly recognised in South Australia's latest Strategic Plan as an important export industry for the state (Government of South Australia, 2007, p. 15). Nevertheless, several interview participants thought that traditional resource industries, at least in the context of rural and remote regions like the Flinders Ranges, still retained priority over tourism in government

investment decisions. The regional development boards, for example, were claimed to provide considerably more support for mining, mineral processing and agriculture than for tourism. Even development boards themselves confirmed that mining in the Far North and agriculture in the south were dominating their support activities. Tourism was mainly considered a small, albeit important, industry to stimulate economic diversification in places where resource industries are struggling or have previously collapsed. Similarly, the OACDT indicated that, while tourism projects continued to receive some funding assistance, it was not considered as a major priority in the unincorporated Far North region (which includes parts of the Central and Northern Flinders Ranges).

“Tourism is obviously a much smaller industry than resources, especially at the moment, so we throw a lot more effort into resources. But relative to that a fair amount goes into tourism, simply because of the need for diversification.”

(Representative of the OACDT)

“Agriculture will ALWAYS be the most important industry around here. Tourism is just an extra.”

(Representative of the SFRDB)

Traditional resource industries often took precedence over tourism in decisions relating to land use, planning and natural resource management. For example, three participants described new tourism development on pastoral properties as difficult when stations were leased on temporary pastoral (and not ‘perpetual’) lease agreements. This was also recognised as an issue in the latest strategic tourism plan (URPS, 2008). Any change in land use on pastoral land depended on the approval of the Pastoral Board, which usually only supported proposals that were ‘ancillary’ to pastoral land use and perceived as not threatening the pastoral industry. This means that part-time diversification into tourism (by converting old station buildings into tourist accommodation or using station tracks for 4WD adventure tracks) was accepted and encouraged. However, a more full-time commitment to tourism (for example, by constructing new purpose built tourism infrastructure) that could potentially lead to pastoralists abandoning pastoral duties was less likely to be accepted (URPS, 2008). In addition, local Development Plans (which are dependent on planning policy defined by the state) were still out-dated in many places and were only hesitantly updated. Local Development Plans used to focus on town planning characteristics that met the needs of traditional industries and did not specifically address or support tourism related development (URPS, 2008). Under these plans, new and innovative tourism proposals (for example by new ‘imported entrepreneurs’) could be declined if they were considered as non-complying within the zone or the ‘Desired Character Statements’ of towns that have been dominated by traditional farming (and/or railway) industries for more than a century (URPS, 2008).

The research also found that tourism was highly vulnerable to the predominance of the mining industry. According to government legislation, natural landscapes that are recognised as important tourism assets (e.g. wildlife sanctuaries and even National Parks) could in theory be resumed for mining activity if state or federal government decided that mineral exploration was 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 decision to allow uranium mining within the Arkaroola Wilderness Sanctuary (which is essentially private land set aside for conservation purposes and considered as a major tourism attraction in the Northern Flinders Ranges). Despite severe protests and lobbying from tourism and environmental conservation groups, a ban of mining in the wilderness sanctuary has not been achieved as per July 2010 and debates in parliament as to whether or not allow mining at Arkaroola continue (ABC News, 14 May 2010; ABC News, 15 July 2010).

5.10.2 Presence of local institutional organisations involved in tourism

The number of institutional organisations directly involved in tourism in the Flinders Ranges has clearly increased over the past decade. On a local government level, some councils officially started to support tourism by employing local tourism coordinators within council or by introducing tourism specific committees and progress associations to look after tourism. Examples include the Orroroo Regional Tourism Committee, the Flinders Ranges Tourist Association in Quorn, or the Community Development and Tourism Associations in Laura, Gladstone or Booleroo Centre. In addition, the various district councils in the Southern Flinders Ranges joined together to form the Southern Flinders Ranges Tourism Authority (SFRTA) to coordinate tourism development in the Southern Flinders Ranges. Similarly, both regional development boards (NRDB and SFRDB) have become more engaged in assisting tourism development by employing regional tourism development officers and being represented on tourism project committees.

As described in Section 5.4.3, the past decade has seen the emergence of two incorporated regional tourism operator associations (the FRTOA and the SFTA). These associations have increased the representation of (small) operator interests on other committees, including FROSAT, the SFRTA, and various project based committees (e.g. committees for the cycling tourism strategy and the geotourism strategy, the project steering committee for FROSAT's integrated strategic tourism plan, or the Flinders Ranges National Landscape Project Management Committee). Two of the long-term tourism operators indicated that the relationship between operators and FROSAT has improved a lot since the emergence of the operator associations, particularly FRTOA. Part of the reason for this was that FRTOA sought

to link in more actively with FROSAT to get more support from the regional and state tourism organisation. As a result, smaller operators and members of the FRTOA were increasingly admitted on the FROSAT marketing board, and members of FROSAT and SATC participated more regularly in FRTOA meetings.

Five interview participants acknowledged that the main advantages of having multiple organisations involved in tourism were the growing local acceptance of tourism as an economic industry and the increased lobbying power for tourism related interests on government level. However, there appeared to be a tendency towards an increasing bureaucracy in tourism and a certain mindset that tourism required multiple incorporated organisations (with executive chairs, elected committees, boards, secretaries, and treasurers) if it was to be seen in public as a serious and professional industry. Four interview participants criticised that there were too many different organisations and strategies around that were basically working on similar things but without communicating and coordinating tasks very well. Another major concern about the emergence of multiple organisations and strategies was that, despite enormous financial and time investment, actual outcomes in terms of commercial products have so far been limited. Three interview participants criticised the Flinders Ranges tourism system for spending too much time on planning and strategising, instead of actually ‘doing something’.

“I think the work that all these committees and groups and associations are doing is a bit overlapping sometimes. I mean, a lot of it could be done just within one group. (...) Like for example, the strategic plan committee was sort of operating in a bubble and it did not really take into account what all those other groups have done, like for example the FRTOA.”

(Regional Tourism Development Officer)

“I was being frustrated at going to meetings for tourism development in Port Augusta, where some great strategies were discussed by all sectors of the community. (...) Then, after the talk fest, everyone who had good intentions would go back to their jobs and do nothing more about tourism until the next meeting or forum.”

(Small local operator,
Central Flinders Ranges)

5.10.3 Presence of local and state-driven tourism strategies

The research identified a number of strategic plans with direct impact on tourism in the Flinders Ranges. Relevant plans included SATC’s ‘South Australian Tourism Plan’ (2009-2014), FROSAT’s ‘Integrated Strategic Tourism Plan’ (2008-2014) and its annual marketing plan, FRTOA’s strategic plan (2007-2010), the Southern Flinders Ranges Cycle Tourism Masterplan, the ‘Mountains of Memory’ geotourism strategy (including a branding, communication, interpretation, training, and merchandise strategy), and individual council strategic plans (such as the Flinders Ranges Council Strategic Management Plan 2006-2011). Other strategies that were described as having an impact on tourism in the Flinders Ranges were Tourism Australia’s

National Landscapes program, the South Australian Cycle Tourism Strategy (2005-2009), South Australia's Nature-based Tourism Strategy (2004-2009), the Flinders Ranges Trail Master Plan developed by the Department of Environment and Heritage, and Planning SA's Tourism Planning Policy Review (URPS, 2008).

In particular, directions and priorities imposed by SATC's strategic plan were found to cause some tensions within the Flinders Ranges. Apart from the new focus on 'signature developments' described in Section 5.9.2, SATC's focus appeared to be clearly on pushing the state capital Adelaide as the major tourism destination to achieve the state's main objective: increase the number of international and interstate arrivals and increase tourist expenditure. Six participants mentioned that regional destinations benefiting from this approach were automatically those located in the vicinity of Adelaide (e.g. Adelaide Hills, Barossa Valley and Kangaroo Island) and not peripheral ones like the Flinders Ranges.

Another major problem associated with SATC's strategic directions in tourism was the definition and enforcement of destination boundaries (see section 'Networking culture'). According to SATC's definition of regional tourism destination boundaries, the Flinders Ranges and Outback SA area form one official tourism destination marketed by FROSAT. Five interview participants indicated that this area was way too big to be marketed as one destination. Experiences available in the Flinders Ranges were seen as being substantially different from those in the Outback SA. In addition, tourists visiting the Flinders Ranges were considered as being a different market from those visiting the Outback (apart from tourists transiting through the Flinders Ranges on their way to the Outback). Some operators and council members felt that the Flinders Ranges needed to be marketed separately. They thought that the somewhat enforced joint marketing with the Outback confused the general market message and diverted valuable marketing resources away from the Flinders Ranges.

The recent geotourism strategy with its focus on re-branding the Flinders Ranges was clearly an attempt on behalf of operators in the Flinders Ranges to differentiate the region from the larger Outback SA area. However, integrating the new Flinders Ranges brand with general marketing efforts from FROSAT and SATC has been difficult. There were a number of comments from operators and tourism consultants that FROSAT's general influence on regional tourism marketing was limited because the organisation was ultimately the regional representative of SATC and as such had to adhere to SATC priorities. The design of the destination website and the annual regional visitor guide, for example, were bound to follow SATC's branding and marketing guidelines and could therefore not explicitly consider the new Flinders Ranges brand. Similarly, FROSAT's Integrated Strategic Tourism Plan was directed by SATC guidelines and

had to integrate both the Flinders Ranges and the Outback SA into one destination-wide plan. Although the plan did acknowledge the Flinders Ranges geotourism strategy and brand, it had to expand the new brand to also reflect the characteristics of the larger Outback area. This required the formulation of a new brand message, which caused some discontent among operators who felt that the various strategies were too confusing and undermining FRTOA's efforts.

“South Australia Tourism doesn't really want another brand around in the market. They've got their 'Brilliant Blend' logo and they use that for their boundaries. But the FRTOA certainly see the Flinders as a significant and separate product. (...) FROSAT is not interested in the stuff that has come out of the 'Mountains of Memory' branding strategy. They have to cover the Outback as well. (...) FROSAT is compelled to do things across the regions so it won't do just purely Flinders stuff. If we want purely Flinders stuff we have to do it ourselves.”

(Tourism consultant)

5.11 Social, Political and Cultural Capital (SPCC)

This section reports on the level of attachment to regional and community identities and the resultant community support for tourism. Apart from mining towns and the larger industrial towns, pastoralist and farming communities exhibited very strong levels of attachment to their communities and had developed strong internal support structures. However, there used to be a limited sense of internal cohesion beyond traditional boundaries and towns in the south did not associate themselves with pastoral areas in the north. The introduction of destination-wide projects and operator associations has helped to stimulate a sense of belonging together and increased the willingness of locals to work together. Despite some previous resistance, local community support for tourism in farming dominated areas has improved with the increasing in-migration of new community members and the integration of 'imported entrepreneurs' within the local community. Tourism was generally supported because locals were involved in decision-making, development remained mostly small-scale and did not threaten local values, and locals could see that tourism helped retain or increase local services and amenities.

Table 17: Key Findings on ‘Social, Political and Cultural Capital’

RTIS Indicators	Impacts of Inherited Institutional Environment	Coping Mechanisms
5.11. Social, Political and Cultural Capital (SPCC)		
5.11.1. Level of attachment to regional + community identity	<ul style="list-style-type: none"> • Strong attachment and community spirit in pastoral and farming communities • Limited attachment and community spirit in temporary mining towns, industrial towns and railway towns • Legacy of traditional boundaries has reduced attachment to regional identity 	<ul style="list-style-type: none"> • Destination-wide projects and operator associations have created a new feeling of ‘belonging together’ across the region
5.11.2. Level of community support for tourism	<ul style="list-style-type: none"> • Limited initial support for tourism in pastoral and farming areas - tourism considered as a threat • Limited initial support for tourism in industrial and railway communities – no willingness to change • Limited local support for ‘imported entrepreneurs’ if they are seen as competing with locals 	<ul style="list-style-type: none"> • Increasing amenity in-migration has changed community composition – new population structures accept and support tourism • ‘Imported entrepreneurs’ made substantial efforts to get tourism accepted • Strong local desire to sustain communities helped to integrate ‘imported entrepreneurs’
5.11.3. Level of community control over tourism	<ul style="list-style-type: none"> • Limited community control in mining towns dominated by the interest of mining companies 	<ul style="list-style-type: none"> • Few conflicts over tourism development as communities were involved in decision-making • Small-scale tourism development did not interfere too much with local values and lifestyles and encouraged local participation

5.11.1 Level of attachment to regional and community identity

Communities throughout the Flinders Ranges were found to have strong attachment to the place, its history and cultural heritage. Most towns and settlements had very high levels of community spirit and internal cohesion. Comments from interview participants and a range of community newsletters suggested that community members showed generally very strong volunteer support for local progress associations, local visitor information centres, community events (e.g. folk fairs, rodeos, gymkhanas, music events), sports clubs, historic societies and so on. The big exceptions were the northern mining towns which seemed to have only limited community spirit due to the temporary nature of the mining population. Three participants mentioned that the larger towns (Port Augusta and Port Pirie) had also low levels of community attachment because they had the ‘stigma’ of being industrial towns with few social amenities. Similarly, Peterborough was described by two participants as having previously suffered from low levels of community pride due to the collapse of the railway industry, subsequent outmigration, and a lack of amenities to attract alternative resident groups.

“Generally, we’ve got to change people’s attitudes and the reputation that Peterborough has got. Unfortunately it’s got a very bad reputation. (...) I’m not sure why, I think it’s because the prices of houses for many years were at about \$10,000 when the rest of the world, you know, was at about \$100,000. So those who couldn’t afford houses further south eventually made their way up to Peterborough. Peterborough is considered the second lowest socio-economic town in South Australia. (...) We have to increase the image of the town and the self esteem of the people who live here, and create a more positive attitude.”

(Local government representative, Peterborough)

As described in the Section 5.4.1, the sense of ‘belonging together’ on a regional level used to vary a lot between the south and the north. Operators in the Central and Northern Flinders Ranges gave the clear impression that they were proud of being part of the Flinders Ranges. Their common history in pastoralism – a history of ‘pioneerism’, survival and constant struggle – made them feel as belonging together, and support for other pastoral stations and communities was generally strong. This used to be quite different in the Southern Flinders Ranges, where small town parochialism and a higher sense of competition between individual towns had limited a sense of intra-regional cohesion. In addition, southern communities did not associate themselves with the Flinders Ranges but with the larger southern agricultural zone. It was not until the initiation of cross-regional tourism projects (e.g. the geotourism or cycling tourism project) in the mid-2000s that operators from both areas started to develop as sense of ‘belonging together’ as one tourism destination.

5.11.2 Level of community support for tourism

Local community support for tourism was often described as minimal when tourism first started in the region. Recounts of ‘pioneer’ tourism operators in the Central Flinders Ranges indicated that they received little support from the local population when they first started their businesses. During the 1980s, local pastoralists often disliked tourists for their alleged environmental impacts and inconsiderate behaviours (see Delforce et al., 1986), and new tourism development was sometimes met with resistance. Although this attitude has slowly changed over the past decades, older generations of pastoralists who were not involved in tourism were still a bit concerned and suspicious about the increasing popularity of tourism. For example, the ‘Mountains of Memory’ project and the announcement of the Flinders Ranges becoming a National Landscape still caused some concerns among pastoralists that these tourism projects could impose new environmental restrictions or heritage conservation rules on pastoral land.

“There have been a couple of pastoralists that have been a bit negative about the project. They don’t believe, when we are talking about National Landscape, that it wasn’t gonna be a grab for their land. They didn’t understand that it was JUST a marketing thing. (...) And so what we’ve done is we put in articles in the local newspaper, you know, just to reassure the local pastoralists. But generally, across the region it’s being reasonably well received, because people can see the benefits that more tourism would bring.”

(Tourism consultant)

Community support for tourism in agriculture dominated towns of the Southern Flinders Ranges was described as still dragging behind that of pastoral communities in the Central and Northern Flinders Ranges. The main reason for this was that tourism started off later in the south (see

Section 5.2.1), mainly because southern communities did not ‘need’ tourism in the past as much as northern communities to diversify their economies. Support for tourism used to be equally limited in Port Augusta and Port Pirie, simply because tourism was not ‘needed’ in those towns. Still, Port Augusta was a very interesting case in this respect. As described by two interview participants, the city experienced strong economic decline and loss of local employment after the collapse of the railway industry and the privatisation of the energy sector in the 1990s. When ‘imported entrepreneurs’ started to push tourism in the late 1990s as a new economic alternative, locals did not support the idea at all and were opposed to accepting change.

“[W]e came in when everyone was sort of down and low and people losing their jobs and stuff. And then we said, you know, ‘Tourism at the ‘Crossroads of Australia’ – we can do something here!’ But they just didn’t seem to understand tourism around here. They just saw the train and the power station. But there’s so much in Port Augusta that’s just like that. So, for example, they knocked down the old hotel and they are building a new tavern...and everybody’s like ‘I don’t like that’. So I think they don’t like change very much. They are sort of trying to stop everything.”

(Imported entrepreneur, Central Flinders Ranges)

Generally, however, interview participants from the Southern Flinders Ranges acknowledged that community support for tourism has slowly improved over the past five years. One of the major reasons for this change in mindset was that more ‘imported entrepreneurs’ moved in and developed local tourism businesses. They often made considerable efforts to integrate with the local population and get tourism accepted as a serious new industry. For example, three ‘imported entrepreneurs’ indicated that they sought to actively liaise with locals or become part of local councils to lobby for tourism. They founded or supported local tourism interest groups and organised community awareness campaigns and public forums for locals to discuss tourism development. Two ‘imported entrepreneurs’ indicated that they deliberately tried to integrate local businesses (and employ local staff), or let the community benefit from their tourism operations by making donations to local events and organisations.

“Oh, it [support from local community] was fantastic, absolutely. (...) And I mean, we did work at it, we did things which we knew would assist in helping the community to see that we were acting in their interest as well as ours, and that probably helped us. For example, we had a couple of open days and local charities. So, people would just come along to look at the place. And the first time we had it, 850 people with \$7.50 each walked through the house. So, we donated that.”

(Imported entrepreneur, Southern Flinders Ranges)

Most ‘imported entrepreneurs’ in tourism became well accepted community members – as long as they were not perceived as threatening ‘locally born and bred’ businesses or trying to

implement radical change that locals did not approve of. For example, a few ‘imported entrepreneurs’ who were operating in the gastronomy sectors faced some resistance from locals because they were seen as competing directly with local pubs and eateries. They were seen as not acting in the interests of locals as they were designing their products and prices for tourists rather than locals. Other than that, ‘imported entrepreneurs’ did not cause any noticeable tensions among locals. Three recent cases were identified where ‘imported entrepreneurs’ (who used to be based in the Central Flinders Ranges) left the region because of personal or business related reasons. While some locals lamented the loss of these entrepreneurs, it did not affect locals’ perception of the general commitment of amenity-led migrants in the region. There were no concerns among locals that ‘imported entrepreneurs’ were only exploiting local assets on a temporary basis.

The increasing in-migration of amenity-led migrants, as well as young mining families (choosing to relocate to the Southern and Central Flinders Ranges and commute to the northern mining towns), has caused some gradual but significant changes in local population structures over the past ten years. New community members, as well as younger generations of locals, have accepted that farming and pastoralism can no longer sustain communities. According to members of local councils and progress associations, their communities have slowly come to realise that having tourism in town helped them retain local services and community infrastructure. They also realised that tourism helped them increase the local population because it attracted ‘imported entrepreneurs’ and made the place more attractive for other in-migrants, particularly for professionals that used to be difficult to recruit (e.g. teachers, nurses, doctors).

5.11.3 Level of community control over tourism

Another reason why tourism has become increasingly accepted in the region is that communities have so far been able to retain control over tourism development and limit negative impacts from tourism. As tourism was mostly characterised by small businesses and small-scale development, locals did not feel that it was interfering too much with their lifestyles or posing any particular threats to traditional community structures. The research could not identify any issues relating to gentrification caused by the increasing size of the tourism industry. For example, housing affordability, general cost of living, and the socio-cultural fabric of communities were not perceived as having deteriorated as a result of tourism. There have not been any notable conflicts so far about external and temporary tourism staff snatching away local employment opportunities – probably because the number of externally owned businesses who tend to import their own skilled staff has been very limited thus far. Instead, many communities were grateful when they could attract external staff to take on jobs that could not be filled locally.

Similarly, there were no conflicts within communities that external companies were dominating tourism or that locals were not involved in tourism planning and decision-making. There were plenty of examples where local government and tourism organisations tried to integrate the local population in the development of tourism projects and strategies, usually in the form of community consultations and public workshops (Flinders News, 24 November 2005 and 19 October 2006). In many cases, local tourism projects and events were actually the result of local community groups driving the projects. In the context of larger cross-regional projects (e.g. geotourism, cycling tourism, or the integrated strategic tourism plan), local councils and progress associations were represented on project committees or participated in project workshops to ensure that local interests were being looked after.

The case of Copley in the Northern Flinders Ranges was the only notable exception where the combination of tourism and in-migrants caused community conflicts – albeit in a very different way. Over the past years, Copley has experienced internal social conflicts between a group of local business owners (who were running tourism businesses in town) and a group of interstate and international lifestyle migrants. Lifestyle migrants were mostly involved in conservation work and considered tourism as interfering with such interests. Business owners, on the other hand, were interested in using the town's natural and cultural assets for business purposes to attract the tourism dollar and boost the local economy. They complained that attempts to implement new tourism projects (for example commercialising local Aboriginal mural paintings) were repeatedly halted by the lifestyle community or that the lifestyle community boycotted local businesses. Lifestyle migrants, on the other hand, complained that business operators were not working in the interest of the larger community (including Aboriginal community). They also blamed the local progress association (which was dominated by business owners) for excluding them from important community decisions and for sabotaging community projects driven by the lifestyle community.

5.12 Conclusion

This chapter has presented the findings of the Flinders Ranges case study and has documented how the Flinders Ranges tourism system functions according to Carson and Jacobsen's (2005) framework for regional tourism innovation system (RTIS). The chapter has provided a detailed description of how the various elements of well-functioning RTIS as described in Chapter Two (Section 2.5.5) manifest in the specific context of a tourism destination located in resource dependent periphery.

The systems analysis has demonstrated that the performance of the Flinders Ranges tourism system as a RTIS has been limited in the past by a range of factors, such as:

- 1) limited entrepreneurship and economic competence in tourism among small local operators seeking diversification;
- 2) limited degrees of cross-regional networking and collaboration for product clusters;
- 3) limited local tradition of internal knowledge creation and exchange;
- 4) the over-reliance on government or larger operators for investment and leadership;
- 5) the dominance of state government priorities and procedures over regional interests; and
- 6) the limited acceptance of tourism in areas where other industries still dominated.

The analysis also identified a number of regional strengths that have helped the system to cope with these limitations, such as:

- 1) strong levels of local social, political and cultural capital;
- 2) the region's ability to import and integrate external entrepreneurs, public sector leaders and knowledge; and
- 3) the ability to change previous attitudes as evidenced by the increasing learning and networking culture.

The following chapter will discuss the findings of the RTIS analysis presented in this chapter in relation to the theoretical framework developed in Chapter Three (Section 3.6.1). It will show how the findings presented in this chapter confirm the study's initial theoretical proposition derived from the staples thesis and establish how the findings answer the study's research questions. The chapter will demonstrate how the limitations and constraint factors of the Flinders Ranges tourism system can be explained as the direct results of the region's inherited institutional environment. The chapter will also discuss how the coping mechanisms employed in the Flinders Ranges have started to change the institutional environment and 'de-lock' previously trapped development paths.

Chapter 6: Discussion of Findings

6.1 Introduction

The purpose of this chapter is to discuss the findings of the RTIS analysis presented in Chapter Five in relation to the theoretical framework developed in Chapter Three (Section 3.6.1). The theoretical framework for this study was based on the proposition that the prospects for well-functioning RTIS in staples dependent regions like the Flinders Ranges would be constrained due to institutional lock-in caused by historic staples dependence. As described in Chapter Four, the institutional environment in the Flinders Ranges exhibited similar characteristics to those common in ‘staples trapped’ economies, suggesting that the Flinders Ranges economy had become subject to a certain degree of institutional lock-in. This chapter shows how the findings confirm the study’s theoretical proposition and how they answer the study’s research questions.

The findings for both research questions are summarised and explained within the context of this research and the theoretical concepts presented in the literature review (Chapter Two). Research Question 1 sought to identify how the institutional environment inherited from long-term staples dependence has impacted on the dynamics of RTIS in the case study region. This chapter (Section 6.2) discusses how the experiences of the Flinders Ranges tourism system in trying to operate as a RTIS can be explained by the theoretical propositions of the staples thesis. Research Question 2 sought to identify how the tourism destination system in the Flinders Ranges has coped with the impacts caused by the inherited institutional environment. Section 6.3 discusses how the identified coping mechanisms extend our knowledge on how to ‘de-lock’ (Martin and Sunley, 2006) ‘staples trapped’ institutional environments to facilitate RTIS development in resource dependent peripheries. The conclusions for both research questions are presented in the final section of this chapter.

6.2 Findings from Research Question 1 – Impacts of the Inherited Institutional Environment on RTIS Dynamics

The findings of the case study suggest that the strong institutional legacy of the region’s traditional staples industries as discussed in Chapter Four has clearly stifled the ability of the *local* economic system (including local businesses, local communities and local governments) to form a well-functioning RTIS from within the system. The long dependence on mining, pastoralism and agriculture has created an entrenched staples export mentality in the region which has embedded traditional government and private sector practices and attitudes. These embedded practices and attitudes have reduced the system’s ability to develop a local entrepreneurial spirit and economic competence in tourism, explore new and alternative tourism

development blocks, form new tourism networks and product clusters, and stimulate the internal production and distribution of knowledge. The following sections discuss these impacts in greater detail. As will be shown in the discussion of the findings from Research Question 2, this situation of regional 'lock-in' has only recently started to change. This means that many local system stakeholders, despite recent improvements in the system's innovation capacity, still exhibited signs of 'locked-in' attitudes and business practices.

6.2.1 Impacts on Local Tourism Entrepreneurship

Entrepreneurship is one of the key components of successful innovation systems (Carlsson and Stankiewicz, 1991) and has been recognised as fundamental in stimulating innovation dynamics in regional tourism destinations (Carson and Jacobsen, 2005; Hall and Williams, 2008; Hjalager et al., 2008; Russel and Faulkner, 1999). The findings of the case study revealed that innovative entrepreneurial behaviour was more common among in-migrants than among locals. Local business operators had very limited entrepreneurial capabilities in tourism when they started their tourism businesses. This might not be surprising as previous peripheral tourism studies have repeatedly commented on the lack of entrepreneurial skills as a common characteristic of peripheral tourism destinations (see Wanhill, 1997; Hjalager, 1996; Hohl and Tisdell, 1995; Gladstone and Morris, 2000; Ioannides and Petersen, 2003; Hall and Boyd, 2005).

With the exception of a few larger tourism operators, many local business owners were identified as 'constrained' or 'non-entrepreneurs' (Ioannides and Petersen, 2003) whose willingness to invest and become committed to tourism on a full-time basis was limited. In particular, farmers and station owners diversifying into tourism often considered tourism as a part-time secondary business activity which was clearly subordinate to farming interests. Comments of station owners indicating that they did not want to invest any more in tourism infrastructure (or marketing) to not upset or compromise farm activities emphasised this perceived hierarchy. These operators showed very limited signs of pro-activeness and strategic thinking and a limited willingness to change existing business practices. They had fewer creative business ideas, and often appeared to opt for the easiest (and least investment intensive) tourism products which they copied from other businesses. Some of them expected government grants and funding, such as drought relief funding, to help them develop tourism products. Others appeared to rely on larger tourism operators or the government to develop or test out new product strategies. This was, for example, the case in the development of the geotourism strategy where product development was still clearly relying on the initiatives and investment of the government and a few larger (imported) operators.

From a staples thesis perspective, this lack of internal entrepreneurship is primarily the result of the institutional legacy created by staples dependence. A long-term reliance on staples industries can create a certain culture of dependency among the local population as locals become used to relying on government agencies or large external companies for investment, jobs and the control of production and distribution (Howlett and Brownsey, 2008; Markey et al., 2006; Watkins, 1963). This culture of dependency reduces the ability and willingness of locals to take risks, make investments, and take responsibility and leadership in a new industry such as tourism (Baum, 1999; Kneafsey, 2000; Jussila and Järviluoma, 1998).

The findings of the case study suggest that this phenomenon has occurred in many parts of the Flinders Ranges. As discussed in Chapter Four, the previous dominance of government protected industry boards and commodity wholesalers has markedly reduced the entrepreneurial spirit and capabilities of the local private sector. In the farming sector, investment in support infrastructure (transport or storage facilities) and commodity marketing was usually available from state and/or national government and the associated single-desk grain boards or wool corporations. This mindset seems to have transferred to tourism, which explains the wide-spread risk aversion among local tourism operators and their reliance on public sector organisations and larger operators to take leadership in tourism. It also explains the tendency among local operators to expect government investment or public sector grants to facilitate private sector development.

The willingness to change and become more committed full-time tourism entrepreneurs was further limited among many farmers and pastoralists due to their strong attachment to traditional industries. Such strong attachment to traditional occupations and lifestyles can create a form of strong social dependency, making resource users resistant to change as they fear the loss of an important part of their self-identity (Marshall et al., 2007; Freudenburg, 1992). Social dependency is a common phenomenon in regions dominated by less temporary staples industries, such as agriculture, pastoralism or fishing. Unlike the more transient staples industries (such as mining or logging), these industries are based around permanent community structures where traditional occupations, lifestyles and values are passed on from generation to generation (Marshall et al., 2007).

As discussed in Chapter Four, the long-term dependence on pastoralism (in the Central Flinders Ranges) and agriculture (in the Southern Flinders Ranges) has created a strong local attachment to these industries and their associated socio-cultural values. Local farmers did not want to give up their traditional businesses and lifestyles and were often opposed to change. As a result, tourism struggled to gain acceptance as a new alternative industry up until the 1990s and

tourism pioneers found it very difficult to get support from communities and local governments prior to the decline in agriculture and pastoralism. In many agriculture dominated communities, where the decline was rather recent, tourism operators (and in particular in-migrants) still faced some resistance from long-term locals. This is in line with previous rural and peripheral tourism studies in Europe and North America (Hjalager, 1996; Kneafsey, 2000; Marshall, 2001; Luke, 2003) which found that locals frequently did not support tourism because of the perceived threat to historically rooted values and lifestyles. Similar to previous comments in the peripheral tourism literature (Lundmark, 2005; Müller and Jansson, 2007; George et al., 2009; Luke, 2003), tourism was (and still is) mainly considered as a 'female' industry in the Flinders Ranges. As such it received little support and attention from local councillors who were mostly long-term farmers and highly protective of their traditional industry.

There was very limited entrepreneurial spirit and government support for tourism in the northern mining towns (e.g. Leigh Creek, Roxby Downs or Andamooka). They were the only towns in the region which did not support the development of a regional tourism strategy and provided limited opportunities for tourism businesses. Essentially run as company towns, these places exhibited an exceptionally strong dependency culture which stifled private sector entrepreneurship and business activity in tourism. The northern mining towns rely on the operating mining companies and/or the government for providing employment, infrastructure, and relevant services and amenities. Local residents had therefore limited ambitions to become self-employed and make a living through private entrepreneurial ventures. There were few private sector businesses in these towns which were not dependent on providing services to the mining company. Accommodation facilities, such as the caravan park in Leigh Creek, were even run by the local progress association to provide services to the mining company (e.g. accommodation for mining workers) and not to make profits from an alternative (leisure tourism) market.

As is common of remote resource extractive company towns (Storey, 2010; Markey, 2010; Hayter, 2000; Halseth, 1999), the northern mining towns were characterised by short-term temporary workers and a certain culture of 'coming and going' among residents. This culture was further reinforced by company policies (such as the one in Leigh Creek described in Section 4.4.3) that restricted private land ownership (and hence investment opportunities) for residents and did not allow for alternative non-mining populations to settle in town. Laid-off workers were consequently more likely to leave the town instead of trying to develop alternative income streams locally. At the same time new entrepreneurial population groups, such as amenity-led migrants (Jackson et al., 2008; Luke, 2003), were discouraged from moving in, and so a more diversified private sector failed to emerge. This situation will most likely persist as

long as the mining boom continues and mining towns are controlled by the interests of major mining companies.

Other single-industry towns such as Peterborough and Gladstone (previously reliant on the railway industry) were equally struggling with a lack of internal private sector entrepreneurship in tourism. Again, the tradition of relying on a state run transport industry appears to have stifled the emergence of local entrepreneurs in new industries such as tourism. In the case of Peterborough, the local government had to step in and act as entrepreneur to create a major tourist attraction (the Steamtown railway precinct) to generate local employment and create a replacement industry for the town. In the case of Gladstone, the local volunteer progress association was keen to create a major tourist attraction in town (the Gladstone panorama gallery) to replace the collapsed railway industry. However, local volunteers had very limited entrepreneurial capabilities and were almost exclusively reliant on local and state government funding to implement the project.

Entrepreneurial spirit in tourism was also clearly absent in the Aboriginal communities in the Northern Flinders Ranges. Just as in most staples dependent economies (Abele and Stasiulus, 1989; Kassam, 2001; Bone, 2003), the Indigenous population in the Flinders Ranges has been only marginally involved in the regional economy thus far. As discussed in Chapter Four, Aboriginal communities in the north had no previous history of private sector development and tend to be primarily dependent on government welfare payments and public sector employment (e.g. health and social services). While the recent government focus on employing Indigenous people in the northern mining industry has started to diversify Indigenous employment opportunities in the region, it has mainly transferred the reliance on government sponsored employment to a new reliance on external resource companies. As a result, entrepreneurial thinking and the capacity to develop self-help approaches to secure economic benefits are still limited among Aboriginal communities in the north. Government and economic development agencies have repeatedly sought to develop Aboriginal tourism in remote Aboriginal communities to help them create their own business ventures and become more independent – however, so far without success. Tourism development in Aboriginal communities in the Northern Flinders Ranges (such as the case of Iga Warta) was only ‘successful’ so long as government funding was available and government agencies facilitated visitor demand for those products.

6.2.2 Impacts on Local Economic Competence and Knowledge Structures in Tourism

Much of the peripheral tourism literature emphasises the general lack of skills and economic competence among small tourism businesses as one of the major challenges for tourism in rural and peripheral areas (Wanhill, 1997; Getz and Carlsen, 2000; Fleischer and Felsenstein, 2000; Pizam and Upchurch, 2002; Moscardo, 2005). This case study has identified similar weaknesses within the Flinders Ranges tourism system. Small local tourism businesses, and in particular part-time tourism operators, had only minimal skills, knowledge and experience in tourism when they started their tourism businesses. This lack of skills and economic competence in a new industry is not surprising given the long neglect of internal education and capacity building within the region (see discussion in Chapter Four).

It is a common argument in the staples literature that resource dependent regions tend to have low levels of internal human capital due to underinvestment in local education and a tendency to import human capital from the core (Stedman et al., 2004; Gylfason, 2001; Joshi et al., 2000). As new skills, knowledge and technologies are transferred by government agencies and external resource companies from the core to the producing region, local workers and producers develop only a narrow set of skills and knowledge based around the production of staples commodities. These narrow sets of skills and knowledge are passed on from generation to generation and become reinforced over the years through informal learning processes, particularly in regions dominated by less temporary staples industries such as agriculture or fishing (George et al., 2009). As a result, locals do not develop the capabilities to transfer skills and knowledge to a new industry and adapt to new circumstances. They remain dependent on staples production and traditional ways of operating and so become locked into traditional occupations and practices (Marshall et al., 2007; Siemens, 2007; Joshi et al., 2000).

The findings of the case study suggest that the limited local economic competence in tourism is the direct result of such ‘occupational lock-in’ (Marshall et al., 2007). Similar to Saxena and Ilbery’s (2008) research findings, comments from local tourism operators presented in Chapter Five revealed that most of them did not seek training, education or business advice prior to starting their tourism businesses. They considered tourism as an easy ‘learn by doing’ business activity and relied on established skills and practices. They had a very limited understanding of how and where to access external knowledge sources and how to process and apply available information in their daily business operations. Instead, they expected ‘perceived experts’ (such as consultants, external project managers, tourism development officers and government agencies) to automatically provide them with new information, knowledge and advice. Complaints from small local operators about the lack of information and support from FROSAT

and SATC (for example, Sections 5.3.4 and 5.8.2) emphasise local expectations that knowledge support should normally be provided by government agencies and external experts. This attitude seems to be the result of procedures inherited from the past when government agencies and external wholesalers used to transfer required knowledge and skills to the individual grain or wool producers (see Chapter Four). Not surprisingly, then, local operators were not accustomed to practices such as monitoring market trends, conducting research into new market opportunities, and testing out the feasibility of new product and marketing strategies. They did not consider knowledge creation as a business priority because such tasks had always been looked after by government agencies and commodity wholesalers.

In addition, many locals appeared to have what Carson and Harwood (2007) referred to as a 'build it and they will come' mentality in tourism – the belief that the creation of infrastructure and built attractions would be enough to automatically attract visitors (Ramaswamy and Kuentzel, 1998). Because farmers and pastoralists were never involved in the commercialisation process of staples commodities (including marketing, distribution, transport, and processing), they used to have a very limited understanding of how to commercialise products in tourism. Many of them did not know how to design their own promotion and communication strategies, as emphasised by the low quality (or non-existence) of brochures and websites. In addition, they did not know how to optimise product distribution through joint product packages with other operators, or how to establish links with external tour operators, marketing bodies and the media. The situation was even more extreme in communities where tourism development was driven by volunteer groups. Although local volunteers and progress associations were often keen to build new tourist attractions (for example, the Blinman Mine project or the Gladstone panorama gallery project), they usually lacked a sense of commercial realism and always expected public agencies to assist with marketing and large-scale funding. As will be shown in Section 6.3, this situation has only recently started to improve since the formation of network groups like the FRTOA, the introduction of training forums, and the gradual development of a willingness to 'learn'.

6.2.3 Impacts on Clusters and Development Blocks in Tourism

The traditional focus on producing homogenous bulk commodities (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. Locals often appeared to have limited creativity in their product and marketing strategies. They considered natural attractions (and to a lesser degree cultural heritage) as reason enough for tourists to visit the area. As shown in the review of 'historic' visitor guides of the 1980s and

1990s (Chapter Four, Section 4.5), past tourism products were primarily focused on nature-based attractions and experiences (bushwalking, scenic drives, sightseeing, camping). These experiences offered limited opportunities for commercial development other than accommodation and some basic food and service facilities. Local operators mostly lacked an understanding of how to develop a cluster of complementary products and experiences that were somewhat independent from the natural environment (for example, restaurants and cafés, guided tours and activities, arts and craft, entertainment, events, meeting and convention facilities).

Product diversity in tourism was further constrained by the low degree of competition between local operators, a phenomenon that has also been observed in other peripheral tourism destinations (Ioannides and Petersen, 2003). The geographic dispersal of farmers and pastoralists, in conjunction with their traditional reliance on delivering bulk commodities to national wholesalers for almost guaranteed prices (see Chapter Four), meant that farmers never had to compete with each other for their end markets. Hence, 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. As farmers were used to producing just wool or wheat in the past, they seemed to apply a similarly narrow product focus to their tourism businesses by providing just one type of tourism product (for example, converted farm accommodation). This was particularly the case for station operators in the 4WD tourism cluster, as most of them provided the exactly same products and indicated that they did not see each other as competitors (Section 5.5.2).

In line with the lack of competition, locals appeared to have limited experience with exploiting tensions and disequilibria within the system to their advantage by developing new strategies and seeking tension release (Dahmén, 1989; Carlsson and Stankiewicz, 1991). The research identified a number of structural tensions in the Flinders Ranges tourism system (e.g. conflicts with 'anti-social' operators or the perceived lack of support from state or local government). However, many small local operators were not able to identify ways to resolve such conflicts. As observed by some 'imported entrepreneurs', the common local reaction was instead to 'whinge' and complain (Section 5.2.3). They constantly appeared to expect government, public sector agencies and larger operators to solve problems for them – because this was how conflicts were usually dealt with in the staples dominated environment. New development blocks in tourism (for example, the FRTOA movement, the 'Mountains of Memory' project, or the cycling tourism strategy) did only emerge when those perceived leaders made an effort to develop new strategies which were then joined and supported by local businesses.

6.2.4 Impacts on Local Networking and Collaboration in Tourism

Following the argument of Markey et al. (2006), who suggested that staples dependence can stifle the formation of a networking culture, the case study expected to find low levels of internal networking and collaboration for tourism in the Flinders Ranges. Indeed, interview participants generally confirmed that practices such as networking, collaboration and knowledge sharing used to be very limited in the region up until the mid-2000s. The focus on producing just a single type of raw material and the reliance on external wholesalers for commercialisation meant that farmers and pastoralists never had to care much about forming internal networks and linkages for production, marketing, distribution, storage, transport and processing of natural resources. Such linkages were primarily imposed and directed by government protected marketing boards and external wholesalers. It is not surprising, then, that internal forward and backward linkages largely failed to emerge in the region (see Watkins, 1963; Gunton, 2003; Wellstead, 2008), which constrained the development of a both collaborative and competitive self-organising system.

There were, however, some important differences in the observed networking behaviour among farming and pastoralist communities. Pastoral communities in the Central/Northern Flinders Ranges generally showed stronger signs of networking and collaboration potential than farming communities in the south. Northern 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 environment (Section 5.4.1). They 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).

The southern agricultural communities, on the other hand, had a weaker tradition of networking and collaboration between individual communities. They had always been more independent and self-focused than communities in the north. They always had to compete with other towns for government support due to the higher density of settlements and towns. This explains why networking and collaboration between operators of various local government districts in the Southern Flinders Ranges has been very limited up until recently. It also explains why local councils in the Southern Flinders Ranges had limited ambitions in the past to work with other surrounding councils on joint projects in tourism. As argued by Saxena and Ilbery's (2008), such narrowly embedded parochial networks can have stifling effects on tourism development on a wider regional level. These trends have only slowly started to change since the mid-2000s as a result of increased in-migration of tourism entrepreneurs and public sector leaders who

recognised and promoted the need for cross-regional networks (see further details and explanations in Section 6.3.3, p. 223).

Despite the lacking tradition of networking and collaboration in the Southern Flinders Ranges, local operators and local governments did not appear to have developed a capacity to apply competitive thinking in a tourism context to increase a higher diversity and quality of tourism products. As outlined in Section 6.2.3, local farmers were apparently not used to thinking competitively on a business level because they never had to compete with each other to sell grain to national commodity wholesalers. On the other hand, local governments in the south appeared to be quite protective of the use of financial resources within their local government boundaries and they competed with other local government areas for public funding. However, there was no evidence that the various southern council districts tried to outperform each other and differentiate their products and experiences from other towns. Again, this has only recently started to change as a result of the new strategies employed by in-migrants. The positioning of Melrose (and the Mount Remarkable Council) as a mountainbike destination, or the creation of new signature attractions such as Steamtown in Peterborough, are indicators that the various districts in the Southern Flinders Ranges have started to create differentiated tourism identities.

Networking and collaboration for tourism related purposes were particularly weak in former single-industry or company towns, such as Port Pirie, Port Augusta, and Peterborough. These towns had traditionally been reliant on a single employer (e.g. mineral processing, energy or transport companies) and therefore used to be much more self-contained in nature. Essential services and infrastructure were usually provided by the company (and/or government) in the past and so the communities did not have to liaise with other surrounding towns for employment, infrastructure, and service provision. In fact, the few available internal economic linkages generated by the dominating resource and transport companies meant that local businesses were very protective of their unique status as local service providers (Eastick and O'Malley, 2005). Hence, businesses in these towns did not encourage other businesses or communities to collaborate and join the pool of local service providers (see Chapter Four). This situation started to change in the aftermath of economic shocks (e.g. the collapse of the railway in Peterborough or the privatisation of the energy sector in Port Augusta), as the regional development board commenced to introduce business network and cluster groups (such as the FRTOA in tourism) to increase networking and collaboration in the region (Eastick and O'Malley, 2005).

Networking and collaboration for tourism was (and still is) very weak in the northern mining towns. Interview participants in the Northern Flinders Ranges agreed that the dominance of

temporary workers and the lack of a permanent community had reduced internal networking behaviour in places like Leigh Creek. Temporary workers came for work related reasons and had very limited attachment to local communities. As found by other researchers (Storey, 2010; Markey et al., 2006; Halseth and Sullivan, 2003), temporary workers in single industry towns do not necessarily develop a need for internal networks and social capital. Their main motivation is to exploit temporary monetary benefits provided by the operating resource company and they are likely to leave the place when these benefits become unavailable. As a result, the temporary mining population in Leigh Creek had limited incentives to work with surrounding communities to promote tourism in the region.

The relative embeddedness of traditional regional boundaries in the minds of local communities has also had significant impacts on the tourism networking culture in the Flinders Ranges. As discussed by Barnes (2005), staples economies tend to develop their own peculiar spatial geographies, meaning that each staple defines particular regional boundaries which are usually politically reinforced to demarcate one staples region from another. Politically drawn boundaries around different staples become further reinforced over time as particular forms of 'institutional thickness' (Amin and Thrift, 1995; Martin, 2000) emerge in each region as a result of embedded relations, reciprocal trust and specific sets of common values that facilitate commitment to the place (Markey et al., 2006). Hence, the 'institutional thickness' developed around each staple creates a different sense of regional identity and belonging and naturally reinforces the boundaries within which the staples based system operates. This has been clearly the case in the Flinders Ranges where areas south of Goyder's Line became known as the agricultural zone (notably for grain farming), while areas north of the line developed into pastoral land. These boundaries are still in use today as areas south of Goyder's Line belong to the Mid North region and areas north of Goyder's Line to the Far North region. Boundaries for mining land were different. They were highly localised (centred around a mining town rather than a region) and characterised by their temporariness as they disappeared as soon as mining operations stopped.

The issue with embedded boundaries is that, once the nature of the staples industry changes, they may become inappropriate for alternative uses of space (Barnes, 2005). The findings of the case study suggest that a similar scenario has occurred in the Flinders Ranges. The boundaries of the Flinders Ranges tourism destination (FROSAT) were defined by the state government in a top-down 'regionalisation' approach (Carson and Jacobsen, 2005) to encompass parts of the Mid North (i.e. the Southern Flinders Ranges) as well as the Far North (i.e. the Central/Northern Flinders Ranges and the larger Outback SA). This top-down creation of FROSAT has combined

different regions with different economic legacies and a lack of common history of working together to one large tourism destination.

The legacy of the perceived traditional boundaries caused by different economic histories in the north and the south has clearly limited a sense of belonging to one and the same tourism destination. There used to be no sense of internal cohesion between the Southern and Central/Northern Flinders Ranges, which explains why networking and collaboration for tourism have long been limited between southern and northern operators and local governments. Again, this situation has only recently started to change since the mid-2000s with the introduction of operator networks like the FRTOA and the implementation of cross-regional tourism development projects like the 'Mountains of Memory' project (Section 6.3). The study confirms that traditional boundaries created around individual staples economies are not suitable for alternative industries, in particular tourism. It also confirms arguments in previous tourism studies which suggested that state-driven production of tourism destinations can constrain local industry dynamics (Dredge, 2005; Dredge and Jenkins, 2003). State-driven production of tourism destinations can impose artificial boundaries and inorganic institutional frameworks which override locally embedded boundaries and network dynamics (Lovelock and Boyd, 2006; Saxena and Ilbery, 2008).

6.2.5 Impacts of Inherited Government Priorities on Critical Mass in Tourism

The top-down creation of tourism boundaries by the state government reflects the inherited centralist tendencies of government administrations in staples dominated economies. In the case of the Flinders Ranges, the focus of political and economic power has always resided in Adelaide (the core) which used to retain administrative control of its resource periphery (see Chapter Four). The same situation applies now to tourism. The state tourism organisation retains control over regional tourism organisations (e.g. regional tourism managers are employed by the STO, strategic plans and marketing material have to conform with STO standards) and enforces state tourism practices and priorities which seem to be tailored to benefit the core (or destinations near the core) rather than the periphery. The transfer of a staples export mentality to tourism development, as will be discussed in the following section, is one important example of how inherited government practices can affect the development of critical mass (of products and entrepreneurs) in a peripheral tourism destination like the Flinders Ranges. Other inherited government practices and priorities, such as an entrenched prioritisation of resource extraction (Section 6.2.5.2) or an embedded legacy of bureaucracy (Section 6.2.5.3), have emerged from the research as additional factors constraining the development of critical mass in tourism.

The findings from the case study suggest that the traditionally dominant and interventionist role of state government in staples dependent economies can have significant impacts on the structure and dynamics of regional tourism destination systems in the periphery. This is an important issue that has not been explicitly recognised by Carson and Jacobsen (2005) in their RTIS framework. While they recognised (albeit in a more passing way) that state and national policies, laws and regulations can influence the institutional infrastructure in a regional tourism destination, their framework focused primarily on the role of local government in influencing RTIS dynamics. Similarly, other researchers in the field of regional tourism innovation systems (Hjalager et al., 2008; Nordin and Svensson, 2007; Mattsson et al., 2005; Jacobsen, 2005) have so far neglected the role that state (or national) governments, and their inherited policy priorities, can have on regional innovation dynamics.

6.2.5.1 Impacts Caused by an Inherited Export Mentality

Having become used to the reliance on export industries for economic growth, the South Australian Government has started to encourage and support tourism as one of the state's new export industries. The STO's declared strategic focus on increasing the volume of visitor expenditure by investing in large and internationally competitive 'signature developments' (Section 5.9.2) was one example for this inherited export mentality in tourism. However, the Flinders Ranges tourism industry, apart from a couple of larger operators, does not have the capacity to generate large investment intensive tourism development. The risk is that local and state governments start to fill these gaps by seeking to attract large external investors. Despite substantial lobbying from state government, this strategy has failed in the past due to a lack of interest on behalf of external investors (see Chapter Four for a review of the failed Ophix investment near Hawker which was heavily backed by state government). Yet recent trends in the wake of the Flinders Ranges being declared a National Landscape have shown that large external tourism companies have now started to consider the region as a place for investment (as evidenced by the recent external take-over of the Wilpena Pound Resort, Arkaba Station, and the Quorn Mill in 2008/09).

Although such external investment might be considered as a positive trend for the region from a short-term economic point of view, it seems that this form of development primarily replicates past patterns of staples investment. As argued by Schmallegger and Carson (2010a) in their study on Central Australia, tourism can indeed become similar to a new staples industry and develop similar patterns of external dependence and limited internal capital development. As a result, 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. These 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.

The idea that only 'big is beautiful' also appears to have affected local government actions in tourism. There seemed to be a certain mindset among some local governments and progress associations that new tourism development projects had to be big (in terms of size and investment) to create the necessary critical mass and generate sufficient visitor traffic. The investment in the Steamtown project, the Blinman Mine project, and the proposed Gladstone panorama gallery project were the most obvious examples. Also the example of the Port Augusta city council preferring to fund a big external sailing company instead of small and locally based cruise businesses emphasises the ongoing preference for big ticket projects. This approach is quite common in staples dependent economies where the local system becomes locked into the mindset that large-scale investment in 'showy projects' (mainly through government or external financiers) is required to trigger fast economic growth (Bone, 2003; Gylfason, 2001). The idea of attracting external investment into large projects is not inherently bad as past experience has shown that projects like Steamtown or the Blinman Mine do in fact inject fresh money into local economies and create jobs during the construction and development phases. As argued by Schmallegger et al. (2010), however, such growth is often temporary in nature and if not adequately managed these developments are likely to remain dependent on government and external investors (because small local businesses do not have the required financial capacity). As a result, they fail to create internal economic linkages and do not contribute to the development of local capital.

A similar scenario has recently taken shape in the case of the Northern Territory of Australia (Schmallegger and Carson, 2010a and 2010b; Schmallegger et al., 2010; Carson et al., 2010) where the Northern Territory Government chose to invest in large 'showy' tourism infrastructure projects to artificially induce a new staples-like industry and boost fast economic growth. Previous studies in northern Finland (see Jussila and Järviluoma's (1998) study on the development of a skiing resort in a former mining dominated community), as well as remote Alaska (see Cerveny's (2005) study on the development of cruise tourism in a former forestry dependent community) have identified similar industry structures and government approaches to tourism. The results of this approach have been limited local entrepreneurial activity, low levels of internal diversification, a lack of local capacity and critical mass outside the main tourism hubs, a continued dependence on government and external companies, as well as a continued vulnerability to externally caused boom and bust cycles.

6.2.5.2 Impacts Caused by an Entrenched Prioritisation of Resource Extraction

While tourism has officially been recognised by the South Australian Government as a new export industry, traditional staples industries like mining and farming continue to be given priority in decisions regarding land use, planning and natural resource management. This is not unusual in staples-based economies where political activity becomes focused on defending the economic status-quo of staples industries due to the large sunken costs involved (Watkins, 1963; Barnes et al., 2001; Wellstead, 2008). In the case of the Flinders Ranges, the development of critical mass in tourism was often hampered by traditional regulations and restrictions from government and industry boards to protect locally embedded staples industries – even when these industries were no longer profitable (for example pastoralism in the Central Flinders Ranges). This emphasises an entrenched perception of the region as a classic resource periphery that warrants government protection. As a result, alternative land uses were usually not (or only hesitantly) promoted. Although pastoralists have been increasingly encouraged by the government to diversify their pastoral incomes with small tourism operations, the strongly embedded pastoral lease system in the Flinders Ranges does not support station owners to give up pastoralism and convert fully into tourism. Financial support schemes, such as the drought relief program discussed in Chapter Four, also contribute to the maintenance of farming (even when farming has turned out to be unsustainable) and do not encourage farmers to convert to other industries.

Moreover, the strong dominance of mining on a state-wide economic and political level has constrained the development of a critical mass of tourism operators in the Northern Flinders Ranges. Mining was (and still is) the main reason for existence of the northern mining towns. Similar to what has been argued by staples researchers (Bunker, 1989; Altman, 2003; Bone, 2003), infrastructure built to service the needs of the mining industry has become highly monopolised in the sense that alternative industries like tourism were not supported by local government bodies and the operating mining companies. The few local tourism businesses that existed in the past in places like Leigh Creek or Roxby Downs found it very difficult to co-exist with the mining industry. Tourism operators were either ‘crowded out’ or had to adjust their operations to provide services to temporary mining workers instead of tourists. The Arkaroola Wilderness Sanctuary (initially set up for eco-tourism) was equally struggling with the predominance of mining in state and federal economic policies. In theory, places like Arkaroola can be ‘overrun’ by the mining industry because legislation allows mining companies to proceed with mining (even in protected areas) when the extraction and export of minerals is considered to be in the national or state interest.

The ability of a local tourism industry to compete or co-exist with the mining industry in a traditional remote resource frontier appears to be very limited given the sheer scale of investment generated by mining. This issue has not been well explored in the tourism literature as yet. Previous studies have mainly commented on the opportunities and challenges for tourism in locations where mining had previously declined or disappeared (see, Prideaux, 2002b; Johansen, 1998; Jussila and Järviuoma, 1998). The literature has so far not questioned what would happen to existing tourism industries if mining industries suddenly recovered in failed resource peripheries, or if new mining deposits of national interest were found in an existing tourism destination (or national park). The findings of this study suggest that, as long as mining is booming, mining towns are unlikely to build up local capacity in tourism. This automatically limits the prospects for tourism to diversify or replace mining at a later stage when the mining disappears.

6.2.5.3 *Impacts Caused by the Legacy of Bureaucracy*

Another significant impact factor on the region's innovation capacity and the development of critical mass was identified in the strong legacy of bureaucracy. The long-term dependence on staples industries seems to have embedded a range of strong bureaucratic structures and institutions in rural South Australia which have impacted on the ability of regions to adapt and diversify their economy. High levels of bureaucracy are quite common in staples-based economies. Due to a lack of alternative private sector industries and employment, governments in staples-based economies tend to invest heavily in the public service sector to 'diversify' their resource economies and boost employment, especially during economic 'bust' periods (Auty, 2001; Howlett and Brownsey, 2008; Carson, 2010). Hence, the economic system often ends up with a bloated and rigid bureaucratic apparatus and highly regulated governance procedures (which warrant the creation of multiple public sector positions to oversee such procedures).

The findings of the case study suggest that this strong legacy of bureaucracy can slow down innovation dynamics in new industries like tourism. New project and development proposals had to go through multiple authorities and required the consent from multiple organisations (e.g. local government, the pastoral board, National Park authorities, and the state tourism organisation) before they could be implemented. In addition, funding applications from the private sector usually required complicated paperwork which relied on the assistance of consultants or economic development officers as local operators lacked the experience and resources to complete such procedures themselves.

There was a certain tendency in the region towards ‘over-strategising’ and having government employees (or government funded consultants) work on multiple government funded tourism development strategies. Public funding was often available for the development of strategies, even though immediate commercial outcomes from these strategies were expected to be limited (as it was the case in the geotourism project, the cycling tourism strategy, the development of the regional integrated strategic tourism plan, and the evaluation of the National Landscapes project). There was also a noticeable trend towards having multiple public and incorporated organisations involved in the development of such new strategies (FROSAT, SFRTA, FRTOA, SFTA, NRDB, SFRDB, OACDT). Again, this indicates that locals were still used to relying on public organisations to take responsibility and leadership. Individualism and private initiatives on behalf of individual entrepreneurs were more the exception than the norm (and usually limited to initiatives from imported entrepreneurs).

6.3 Findings from Research Question 2 – Coping Mechanisms Employed by the Tourism Destination System

Research Question 2 sought to identify how the tourism destination system in the Flinders Ranges has coped with the impacts caused by the institutional environment inherited from its staples industries. The research found that the Flinders Ranges tourism system has undergone a number of slow but significant changes which have increased its capacity to operate as a RTIS since the early 2000s. Many of the identified barriers to systemic innovative behaviour (caused by the region’s embedded institutional staples legacy) have been in part mitigated by harnessing external human capital for local tourism development. The Flinders Ranges tourism system has been able to boost its innovation capacity in tourism 1) by attracting external entrepreneurs, leadership, knowledge and skills, and 2) by integrating those external resources with the existing local tourism base. The introduction of new people has been instrumental in starting to change past constraining patterns of production, networking and knowledge exchange, capacity building and learning, and public-private interactions.

6.3.1 The Import of Entrepreneurs

One of the key factors in the process of enhancing the system’s innovation capacity in tourism was the increasing attraction of amenity-led and marriage migrants who became new tourism entrepreneurs in the region and increased the local base of human capital in tourism. The fact that in-migrants represented an important part of the local tourism entrepreneur base was not surprising, as several studies in the past have discovered that in-migrants in peripheral regions were likely to choose tourism as a self-employment option in peripheral regions (Fountain and Hall, 2002; Müller, 2006; Siemens, 2007; Luke, 2003; Kneafsey, 2000; Saxena and Ilbery,

2008). What was surprising, though, was the sheer volume of imported tourism entrepreneurs in the Flinders Ranges, with more than half of all tourism operators in the sample having previously moved to the area from outside.

It was also surprising that imported entrepreneurs were (with a few exceptions) highly professional and committed to their tourism operations. The literature suggests that in-migrants who become tourism operators in peripheral regions often fall into the category of ‘non-entrepreneurs’ (Ioannides and Petersen, 2003). They become involved in tourism mainly for lifestyle reasons and tend to be relatively uncommitted tourism operators. In addition, amenity-led in-migrants often consist of older people, including retirees and semi-retirees, who lack essential skills in tourism marketing and business management (Fountain and Hall, 2002; Ioannides and Petersen, 2003). This was not the case in the Flinders Ranges. In-migrants, including marriage and amenity-led migrants, were usually in the younger and working age groups. Many of them had high levels of entrepreneurial spirit and were very committed to having tourism as a main source of income. Marriage migrants who married into local pastoralist families were often experienced in tourism and saw it as a chance to create their own self-identity on the farm by dedicating themselves to tourism. Amenity-led migrants – despite being initially drawn to the region for its natural and cultural amenities – generally chose to start a tourism business because they saw particular business opportunities in the region. Even the few entrepreneurs who opted for tourism to pursue personal hobbies such as arts and sports were committed to their tourism operations. They have since developed their own leisure interests into new niche products (for example, the development of mountainbike tours, water cruises, camel safaris, or art galleries).

Imported entrepreneurs in the Flinders Ranges were generally well educated and had good business management skills. Many of them had a background in tourism and hospitality management or were experienced in working in a service industry. Returned locals – who moved back to the area to start up a tourism business after having gained external training and experience – had similar characteristics. Confirming previous studies in peripheral tourism (Kneafsey, 2000; Siemens, 2007; Luke, 2003; Müller, 2006), the results suggest that in-migrants (including return migrants) were more likely to recognise product gaps and identify new ways of commodifying the region’s natural assets in the form of new tourism products (particularly in the food & wine sector and the activities sector). They were frequently experienced travellers themselves and had a good understanding of visitor demands. They were more likely to monitor and respond to market trends, and they were more familiar with the use of new information and communication technologies for tourism marketing. They appeared less risk-averse than local operators and less likely to rely on public sector leadership and investment for the development

of new product ideas. They had better external connections for promotion, product distribution, and better access to external funding and knowledge sources.

In sum, imported entrepreneurs introduced new product ideas and business practices to the region. They were somewhat free from the legacy of staples industries and so could operate wholly within tourism. Imported entrepreneurs gradually became new role models for local operators and started to provide a new forum for local operators who were willing to take tourism more seriously. Many local operators, driven by their inherent ‘copying mentality’, started to imitate and adapt new product ideas and business practices introduced by imported entrepreneurs – a trend that has clearly lifted the standard and diversity of tourism products in the area.

6.3.2 The Development of Tourism Leadership through Imported Human Capital

A second key factor in stimulating a higher quality and diversity in tourism products was the emergence of public sector leadership in tourism since the early 2000s. Public sector leaders included tourism and economic development officers of the regional development boards, regional marketing managers, and tourism project managers. Interestingly, most of these public sector leaders were also ‘imported’ from outside. They were in-migrants or return migrants who were trained and educated externally and had worked in leading positions in the tourism industry elsewhere before moving to the Flinders Ranges. They had the knowledge and experience to manage more complex tasks such as strategic planning, grant writing, or obtaining knowledge from external experts. They had a good understanding of market dynamics and had the ability to recognise gaps in the regional product offer.

The emergence of new public sector leaders with skills and experience in tourism has changed the nature of public-private interactions in the region substantially. Up until the 1990s, the main role of the public sector in tourism was seen in providing funding to marketing and infrastructure investment. The new public-private partnerships that have evolved since the early 2000s have focused more on harnessing the public sector as a facilitator who had the ability to identify and kick-start new development blocks in tourism. Public sector leaders were fundamental in stimulating new product development initiatives, such as the cycling tourism development, the increased focus on food & wine products, the implementation of new events, or the promotion of the 4WD cluster (Section 5.7.3). These projects then provided a platform for private operators to participate and make use of available resources (e.g. infrastructure, promotional material, market knowledge) to commercialise their products.

The literature generally agrees that tourism development in peripheral areas relies to a large extent on visionary leaders who can motivate others (Koster, 2008; Moscardo, 2005; Blackman et al., 2004; Wilson et al., 2001; Long and Nuckolls, 1994). However, most tourism studies have so far not really questioned how such leadership can be developed or encouraged in resource dependent peripheries. Instead, the literature often settles for acknowledging the absence of local leadership as a barrier to development. This absence of local leadership is little surprising given the fact that local businesses and workers in staples industries always used to rely on leaders for development, production, marketing and distribution. Hence, the emergence of tourism leaders from a local pool of businesses and organisations (who are not used to 'lead', take responsibilities and motivate others) seems highly unlikely and the case study in the Flinders Ranges has confirmed this. Even local operators who would later grow into the role of leaders in the private sector initially needed the support from imported public sector leaders to learn about new practices and adopt new leadership structures.

A clear example was the initiation of the FRTOA operator association which was the result of public sector leaders encouraging local operators to form a cluster group in tourism (Sections 5.4.3 and 5.5.3). While the organisation was later taken over by a group of private operators, the initial idea and effort to create the association came from the regional development board and external consultants. In addition, imported entrepreneurs (and returned locals) played an essential role in keeping the early momentum of the operator group going. While local operators increasingly joined the group, the driving group leaders were (and still are) imported entrepreneurs. Smaller operator networks (like the Quorn Adventures Group) also relied on imported entrepreneurs as the main driving force. These findings suggest that, in the absence of local leadership capacity, the emergence of tourism leadership relies on the import of entrepreneurs and public sector employees who are not constrained by an inherited dependency culture that normally expects other players to take over responsibility.

6.3.3 The Development of a New Networking Culture

The introduction of regional operator associations (FRTOA and SFTA) and the growing number of imported entrepreneurs has started to gradually create a new networking culture among local operators since the mid-2000s. Newly arriving imported entrepreneurs joined the regional operator networks because they were familiar with networking practices and felt the need to establish new internal networks for product commercialisation and knowledge exchange in tourism. With the operator networks gaining more momentum, small local operators increasingly got to experience the benefits of networking and collaborating with other (more experienced and professional) operators. As new knowledge and ideas were not automatically forthcoming from government and external wholesalers, local operators started to appreciate the

new knowledge and external network connections that were brought in by imported entrepreneurs and public sector leaders.

The creation of the operator associations in conjunction with the implementation of destination-wide tourism development projects (such as the cycling tourism or geotourism projects) also increased the networking behaviour on a cross-regional level. By joining the associations and participating in joint projects, operators started to feel as a part of the same region and as working towards a common goal. Local operators became aware of the benefits of networking and collaboration beyond the immediate community and neighbourhood. They became more interested in what operators in other parts of the destination were doing and started to engage in joint product promotion (e.g. swap brochures, participate together in trade shows, and create joint product packages). Local operators also started to 'learn' about other benefits of cross-regional networking, such as the ability to raise more funding for joint projects. These were all practices that local operators had not really been familiar with in the past when production and distribution were controlled by external wholesalers and government agencies.

The new emerging networking culture in tourism has certainly increased the presence of tourism on the agendas of local governments and regional economic development boards. It has therefore increased the institutional presence of tourism in the Flinders Ranges. This institutional presence had been rather weak in the region up until the early 2000s due to the lack of local interest and commitment to tourism on a private and public sector level – an issue that has been identified as a common challenge for tourism in peripheral regions (Wanhill, 1997; Ioannides and Petersen, 2003). The new networking culture and the stronger institutional presence have since given the tourism system more confidence to address perceived tensions and conflicts within the system and develop more dynamic self-help approaches to relieve tensions. For example, the perceived lack of state government support for small businesses and small-scale tourism development encouraged small businesses to network more with each other (by joining associations like the FRTOA) in an attempt to lobby for their small-business interests. The growing momentum of operator networks like the FRTOA also made it possible to circumvent tourism strategies imposed by the state government (e.g. strategic plans, artificial tourism boundaries) and focus on projects that the local system believed to be more suitable for 'their' region (Section 5.10.3). The most prominent examples were again the geotourism or cycling tourism projects which were perceived as projects for the 'Flinders only' – and not for the Flinders AND Outback SA.

6.3.4 The Development of a New Learning Culture

The new networking movements in the region have also triggered the emergence of a new 'learning culture' among local operators since the mid-2000s. Small local operators started to liaise with larger and imported entrepreneurs and so gained more self-confidence and ambition as small tourism operators. Because locals could see how much more they could achieve in their businesses by becoming more professional and by learning more about tourism from other operators, they became more willing to improve their knowledge and practices in tourism. It was this change in mindset that allowed the various training initiatives in the region gain some traction. There was increasing enthusiasm for training forums and skill development workshops organised by the FRTOA or the regional development boards because operators were willing to learn. This was not necessarily the case in the past up until the late 1990s when tourism was only seen as a secondary economic gap filler and locals were resistant to changing traditional lifestyles and practices.

Stimulating the willingness to learn new (and 'un-learn' past) ways of operating was a key factor in facilitating local capacity building in tourism. This issue has often been ignored in the tourism literature. It has repeatedly been argued that local training and capacity building is essential to create sustainable tourism industries in rural and remote communities (Moscardo, 2008; Hall, 2007; Pizam and Upchurch, 2002; Keller, 1987). However, training and capacity building cannot simply be imposed on local communities by government or regional development agencies and be expected to come to fruition without further efforts. Before any initiatives for local re-training and up-skilling can be successful, locals first need to develop a willingness to be re-trained and learn new practices. This willingness to change and learn is often not available in resource dependent peripheries where locals have become affected by occupational lock-in (Marshall et al., 2007). The Flinders Ranges case study suggests that this willingness has gradually developed over the past decade as a result of increasing networking and interaction with imported entrepreneurs and the increasing enthusiasm generated by the implementation of cross-regional tourism development projects.

Both public sector leaders and the FRTOA leaders have recognised that mentoring, training and capacity building for local operators present an opportunity to improve the performance of the tourism destination and increase the development of critical mass in tourism. They have also recognised that increasing the local knowledge base in tourism requires well-functioning internal communication and knowledge exchange mechanisms (for example through the introduction of formal newsletters or informal face-to-face forum meetings). They have recognised the importance of access to external knowledge sources and have started to import external knowledge (for example by recruiting external experts to share knowledge with local

operators at training forums). More recently, imported public sector leaders (such as the new regional tourism development officer in the Southern Flinders Ranges) have also started to recognise the need to create knowledge internally (e.g. by running their own visitor surveys) given the experienced lack of knowledge transfer forthcoming from the state tourism organisation. While internal knowledge production was identified as one of the weaker points in the tourism system, the recent actions of imported public sector leaders suggest that the system has now started to recognise and address this internal weakness.

The findings suggest that the gradual build-up of imported human capital has increased the local knowledge base in tourism over the past decade. The recent focus on enhancing local knowledge and skills to stimulate local capacity in tourism emphasises that the tourism system has started to implement different knowledge structures than the ones that used to be prevalent in staples dominated industries. However, it needs to be considered that the region still lacks internal knowledge and/or education centres in tourism that would allow the system to become less reactive and less dependent on knowledge brokers and decision-makers at the core. Apart from elementary TAFE courses, there are no advanced training and education opportunities for tourism in the region, meaning that the region will most likely continue to struggle to build home-grown tourism expertise. It also means that entrepreneurial skills and economic competence in tourism, as well as the production of tourism relevant knowledge, will continue to rely on the in-migration of external people (or the return of externally trained locals).

6.3.5 Harnessing Local Social Capital to Embed a New Industry

Despite early resistance from local farming and pastoralist communities to support tourism as an alternative industry up until the mid-1990s (as described by Delforce et al., (1986) and several tourism pioneers), tourism has now become increasingly accepted by locals over the past decade. This was evidenced by the growing number of locals becoming tourism operators and joining local tourism networks, as well as by the growing support from local government for local tourism initiatives. The findings suggest that this change in mindset has been facilitated by the strong social (as well as political and cultural) capital that has developed over the years in most of the farming and pastoralist communities. Unlike the highly temporary mining populations in the northern mining towns, farming and pastoral communities had high levels of community spirit and a long history of strong local government presence. These communities showed strong support for volunteer organisations, cultural events and community projects in an effort to sustain their communities in times of economic and social decline. Once locals realised that tourism could potentially help reduce outmigration and maintain community infrastructure and services (as demonstrated by the ‘success’ of imported entrepreneurs in their communities), volunteer groups and local governments started to support tourism (Section 5.11.2).

This study confirms previous observations (Jackson et al., 2008; Johannesson et al., 2003; Kneafsey, 2000; Johansen, 1998) that social capital and the willingness of the community to work towards common goals is a key factor in facilitating the transition from extractive to attractive (tourism) industries in resource dependent peripheries. The availability of social, political and cultural capital (SPCC) determines the capacity of communities to embrace change and take advantage of new development opportunities (Macbeth et al., 2004; Carson and Jacobsen, 2005). In the Flinders Ranges, the strong SPCC in traditional farming and pastoral communities is the one outstanding feature of the inherited institutional environment that has had positive impacts on the region's capacity to adopt tourism. Similar to Kneafsey's (2000) argument, this capacity was highly dependent on the willingness of locals to admit external in-migrants and entrepreneurs, and to subsume new imported social relations and practices into historically grown local relations and practices.

The literature suggests that in-migrants are often not well accepted by local communities as they are perceived to threaten local lifestyles, costs of living and more generally embedded community identities (Müller, 2006; Fountain and Hall, 2002; Marshall, 2001). In particular, amenity-led in-migrants are often despised by locals as temporary residents who, despite good intentions, never stay long enough to make lasting contributions to local communities (Fountain and Hall, 2002). This has so far not occurred in the Flinders Ranges. Imported entrepreneurs did not find themselves marginalised from the local community but integrated quickly with local community structures. One of the reasons for this was that a considerable number of imported entrepreneurs were marriage migrants who made a permanent move and commitment to the region. By introducing tourism to local farming or pastoralist families they contributed enormously to the process of tourism becoming more accepted as an economic alternative in a farming dominated environment. Amenity-led migrants were also quickly integrated as locals realised the benefits of an increasing base of tourism operators in the region. Amenity-led migrants often made considerable efforts to become accepted in the community (for example by supporting local volunteer groups and charity events or by becoming involved in local government and progress associations) because they realised the need to get access to local resources and network structures. Once accepted, in-migrants then started to lobby for tourism on a community level to increase local government and community support for tourism.

It needs to be considered, though, that the in-migration of amenity-led migrants as tourism entrepreneurs is only a very recent phenomenon in the Flinders Ranges. Hence, relatively little can be said about the likelihood of future tensions arising from the in-migration of amenity-led tourism entrepreneurs. There was evidence in the data that some of these entrepreneurs only

stayed on a temporary basis. However, this has so far been the exception rather than the rule, which is probably why imported entrepreneurs have generally become well accepted as part of the community. It remains to be seen whether amenity-led migrants will stay in the Flinders Ranges on a long-term basis and make lasting contributions to the local tourism industry, or whether they will become a cohort of uncommitted temporary migrants who will be rejected by the local community (as described by Fountain and Hall, 2002).

Another reason why tourism has become more accepted and embedded as a local industry in the Flinders Ranges is that tourism development has so far remained relatively small-scale and has not upset local hierarchies and governance structures. Although some local governments and progress associations showed a certain preference for big 'showy' projects in tourism, development has largely remained within the control and capacity of local residents. This retention of control over tourism related decisions has been widely recognised as critical if the aim is to harness tourism for regional development in peripheral areas (Keller, 1987; Hohl and Tisdell, 1005; Butler, 1996; Hall and Boyd, 2005; Botterill et al., 2000; Moscardo, 2008). Most importantly, the Flinders Ranges tourism system has been able to avoid falling into a 'tourism staples trap'. Unlike in Schmallegger and Carson's (2010a) study of tourism in Central Australia, there was no need to artificially induce tourism as a large-scale staples replacement in the past because traditional staples industries were reasonably strong until the 1990s. Instead, tourism gradually evolved as a small-scale industry. It was generally seen by locals as a diversification tool and not as a major new industry in its own right that would replace traditional industries.

The small-scale nature of tourism did not interfere too much with inherited local values and lifestyles and therefore encouraged local participation. The dominance of small tourism businesses did not lead to massive import of external temporary staff, which has often been described as a major cause of economic leakage and local tensions (Lundmark, 2005; Müller and Jansson, 2007; Schmallegger and Carson, 2010a). The import of tourism 'labour' in the Flinders Ranges has mainly been restricted to imported entrepreneurs who have become local residents. Instead of causing economic leakage, they have helped retain local services and create final demand linkages (by using local services themselves). Yet the import of entrepreneurs remains a fine balancing act. The Flinders Ranges tourism system has so far managed to integrate imported entrepreneurs and convert them into local human capital. However, there is a risk that this integration process will come to a halt if imported entrepreneurs become too big (in terms of business size), too numerous, or too externally oriented.

Even though it seemed that general enthusiasm for tourism has been growing in the region over the past decade, tourism was still far from being embedded enough to allow the system to operate as a mature and professional RTIS. It needs to be considered that tourism in the Flinders Ranges is still in its infancy stages and any expectations for it to be more advanced and embedded at this stage would be unrealistic. Most tourism businesses are still newcomers and have just recently started to learn how to operate in tourism. There are very few tourism businesses in the region that are run by 'second generation tourism entrepreneurs' who have taken over the tourism business from their parents. Similarly, the increasing in-migration of well-trained imported entrepreneurs and public sector leaders has only occurred recently. Therefore the diffusion of new imported attitudes and practices to the wider local community has been a quite recent incremental process.

This study has confirmed that 'time' is an important factor in facilitating institutional change and diversifying peripheral resource dependent economies. This factor has so far largely been ignored in the peripheral tourism literature. While government agencies often dedicate substantial public funding to peripheral tourism development and expect to generate immediate economic benefits, they tend to neglect that developing a new self-sustaining tourism industry requires more than just government funded infrastructure, marketing and short-term tourism development plans. As argued by Arell (2000), embedding a new industry like tourism in a previously resource dependent periphery needs time and cannot occur over night. Instead, it requires the gradual development of a favourable institutional environment that can accommodate new industry practices and encourage innovation dynamics. In the case of mining, pastoralism and agriculture, this 'process of embedding' has taken more than a century and has extended over several generations. It would be unrealistic to expect tourism to complete that same process within a period of just a few decades.

Exactly how long it takes to complete this process of institutional change in resource dependent peripheries is difficult to predict and generalise. In the case of the Flinders Ranges it has taken at least thirty years (since the creation of the first local tourism businesses in the late 1960s) for the tourism system to develop appropriate coping mechanisms and adopt characteristics of tourism *innovation* systems. Still, there was evidence in the data that pastoral communities in the Central Flinders Ranges were much more advanced in their capacity to operate as a RTIS (as demonstrated by their greater willingness to network, exchange knowledge, make private investments and create local clusters of tourism products) than farming communities in the agricultural Southern Flinders Ranges. The main reason for this was that communities in the Central Flinders Ranges had more time to adjust their institutional environment because they

had started to develop tourism a lot earlier than communities in the south due to the earlier collapse of pastoralism.

These findings emphasise that the capacity to innovate and manage change is strongly dependent on place-specific circumstances and economic histories (North, 1990; Martin, 2000). As suggested by Saxena and Ilbery (2008, p. 250), deeply embedded local behaviours and attitudes can result in drastically different industry dynamics, even within communities that are only a few miles apart in geographical terms. This means that understanding the innovation capacity of an individual resource-dependent region or community requires careful consideration of past development paths and how they have shaped local institutions. It also means that no two regions or communities are the same and that more comparative in-depth research is needed in the future to identify whether different regions and communities are likely to manage institutional change in different ways (see Section 7.5).

6.4 Conclusion

The purpose of this chapter has been to answer the study's research questions and discuss the findings of the case study in relation to the literature and theoretical concepts presented in Chapter Two. By analysing the characteristics of the Flinders Ranges tourism destination from a systems perspective, the research identified a number of constraint factors that have limited the capacity of the region to operate as a well-functioning RTIS. Most of these constraint factors were not unique to the Flinders Ranges but have repeatedly been identified in the tourism literature as common barriers for peripheral tourism development. This study has gone a step further and added an explanatory angle to the study of innovation dynamics in peripheral tourism destinations.

The research started from the proposition that the Flinders Ranges would struggle to become a successful RTIS due to a certain degree of institutional lock-in caused by the region's long-term dependence on staples export. The discussion of the findings in Section 6.2 has demonstrated that the factors limiting the region's capacity to operate as a RTIS can indeed be linked to the wider inherited institutional environment that has become subject to institutional lock-in. From a staples thesis perspective, then, the region's systemic limitations in tourism can be explained as follows:

- 1) The identified lack of local entrepreneurship in tourism can be explained by an inherited culture of dependency which has evolved around historic reliance on government and

large-scale external wholesalers for investment, employment and control of production and distribution.

- 2) The lack of local economic competence in managing a new (service oriented) tourism industry can be explained by several factors: a high level of occupational lock-in caused by strong local attachment to traditional occupations; the traditional neglect of internal education and capacity building in a staples dominated environment; and the inherited tradition of relying on government and wholesalers for skill and knowledge transfers.
- 3) The inability to develop diverse product clusters and explore new development blocks in tourism can be explained as a result of local business habits having become trapped in past practices of homogenous commodity production.
- 4) The limited tradition of internal networking, collaboration and knowledge exchange can be explained by the fact that such practices were usually not required in a highly protected economic monoculture where production and distribution used to be controlled by external agencies.
- 5) Government's new preference for 'big business' and large-scale projects in tourism can be explained by an inherited export mentality that has transferred past government procedures and priorities into a new industry.

The research identified additional constraint factors caused by the inherited institutional environment which have not been sufficiently explored in the peripheral tourism literature:

- 6) The limited tradition of internal networking, collaboration and knowledge exchange can be further explained by the legacy of historic boundaries which have (more or less) organically grown around the availability of staples resources and do not align with artificially created tourism boundaries imposed by the state.
- 7) The entrenched government perception of the region as a resource periphery limits the development of critical mass in tourism as staples industries continue to be given priority in government regulations and legislation. The inability of tourism to compete or co-exist with mining in remote areas is a primary example of the perceived economic priorities on both regional and state level.

In sum, then, the findings under Research Question 1 confirm the general tenets of the staples thesis in the sense that the institutional lock-in caused by staples dependence hinders the development of innovation dynamics in a new service-oriented industry like tourism. The findings under Research Question 2 have extended the theoretical proposition offered by the staples thesis. They have demonstrated how a staples dependent regional economy can ‘de-lock’ its trapped institutional environment and create a new diversified economic development path that includes tourism as a new industry. The research identified a number of coping mechanisms that the emerging tourism destination system in the Flinders Ranges has employed to mitigate the constraining effects of institutional lock-in. The most critical coping mechanisms have included:

- 1) The import of external tourism entrepreneurs (marriage, amenity-led and return migrants) to compensate for the lack of local tourism entrepreneurship;
- 2) The development of new tourism leadership driven by the initiatives of imported entrepreneurs and externally trained public sector leaders;
- 3) The development of a new networking culture as a result of initiatives driven by imported entrepreneurs and externally trained public sector leaders;
- 4) The import of new knowledge and external network connections through imported entrepreneurs and externally trained public sector leaders; and
- 5) The development of a new learning culture among local operators encouraged through increased networking dynamics, the effects of imported entrepreneurs as new role models, and the new initiatives for local training and capacity building driven by the public sector and operator associations.

The findings have shown that the Flinders Ranges tourism system has successfully started to introduce new institutions to the region which have allowed the tourism system to develop RTIS dynamics and better position tourism within the overall regional economy. This institutional change has been primarily inspired by the import and integration of external (or externally trained) people who introduced new knowledge, practices and attitudes to the region. It has been further facilitated by the region’s strong inherited social, political and cultural capital which has encouraged the system to integrate imported human capital with local human capital to increase local capacity building. It may well be argued that this ‘import’ of people and human capital was coincidental rather than planned, as the local economic system did not develop strategies to deliberately attract and import new people and knowledge for tourism. Still, the local system has come to recognise over the past decade that harnessing in-migrants, and the human capital

they bring with them, can facilitate economic diversification and create benefits for local communities.

The research suggests that the import of external capital is indispensable for the development of tourism in former staples dependent regions. However, focusing on the import of temporary high-volume capital (financial and human) to achieve fast economic growth, as it has been the case in Central Australia (Schmallegger and Carson, 2010a), is likely to just replicate previous forms of external dependence and perpetuate institutional lock-in. The case of the Flinders Ranges indicates that the strategy to import low-volume human capital on a long-term basis is more likely to facilitate internal (and incremental instead of radical) institutional change that can lead to more embedded and sustainable industry dynamics.

The final chapter of this dissertation concludes the research and summarises the purpose, process and findings of the study. It discusses the applicability of the staples thesis to peripheral tourism research and examines the utility of the theoretical framework developed in this study to enhance our understanding of RTIS dynamics in resource dependent peripheries. The chapter critically reflects on the theoretical and practical contributions of this research and outlines the implications for future research.

Chapter 7: Conclusions and Implications

7.1 Introduction

The aim of this chapter is to summarise the research undertaken for this dissertation and discuss its contribution to our understanding of tourism destination systems in resource dependent peripheries. The chapter commences with a brief review of the research purpose, the theoretical framework, as well as the theoretical proposition and research questions developed for this research. It summarises the research approach and outlines the conclusions about the research questions and the main research problem. The chapter then critically reflects on the theoretical and practical implications of the research and identifies directions for future research.

The purpose of this research was to use the theoretical foundations of the ‘staples thesis’ to analyse and explain how the institutional environment inherited from resource dependence influences the capacity of peripheral tourism destinations to operate as regional tourism innovation systems (RTIS). The fundamental research problem of this dissertation, as outlined in Chapter One, was to examine the utility of staples thesis in providing an enhanced theoretical framework for analysing and explaining the dynamics of RTIS in resource dependent regions.

The need to better understand whether and how tourism destinations in resource dependent peripheries can operate as RTIS was established in Chapter One of this dissertation. Chapter Two provided a detailed review of the peripheral tourism literature and outlined the major barriers to innovation capacity in peripheral tourism destinations. The chapter found that, while the literature generally agrees on the numerous challenges for peripheral tourism, it lacks theoretical approaches towards analysing and explaining the dynamics of peripheral tourism destination systems. In particular, the literature review revealed a lack of institutional approaches to peripheral tourism research. It identified the need to distinguish more systematically between different types of peripheries with different economic histories and institutional legacies which influence the ways in which economic systems (including tourism systems) operate.

Chapter Two established the need for a new theoretical framework to better understand and explain the dynamics and development paths of tourism destination systems in resource dependent peripheries. The chapter introduced the theoretical foundations of the ‘staples thesis’ to provide a more holistic (and theoretically founded) understanding of the processes influencing economic change and innovation dynamics in resource dependent peripheries. A review of the staples-thesis literature identified a number of factors that can cause resource dependent economies to become caught in a ‘staples trap’. This particular form of institutional

lock-in makes the institutional environment developed around long-term staples dependence rigid and uncondusive to change so that the economic system struggles to engage in processes of innovation and diversify. Chapter Two demonstrated how the theoretical propositions of the staples thesis might help explain why resource dependent peripheries often struggle to diversify their economies with tourism and develop well-functioning RTIS. More specifically, the chapter discussed how staples thesis could add an additional analytical layer to conventional systems-of-innovation frameworks in tourism, such as Carson and Jacobsen's (2005) RTIS framework, to deepen our understanding of systems-of-innovation dynamics in peripheral tourism destinations.

Chapter Three identified a suitable methodological framework for research into how the institutional environment inherited from staples dependence influences the capacity of peripheral tourism destinations to operate as RTIS (Section 3.6.1). Based on the findings from the literature review, the following theoretical proposition was developed:

The prospects for well-functioning RTIS in staples dependent peripheries are constrained because institutional lock-in resulting from historic staples dependence makes the institutional environment uncondusive to change and hampers the emergence of institutions required in RTIS.

The research aimed to test this proposition by addressing the following research questions through the analysis of an explanatory critical case study:

- 1) How does the inherited institutional environment impact on the dynamics of RTIS in a peripheral staples dependent region?
- 2) How does the peripheral tourism destination system cope with the impacts caused by the inherited institutional environment?

Chapter Three presented the analytical framework developed for the research (Section 3.6.2). This framework was based on the systems-of-innovation components outlined in Carson and Jacobsen's (2005) RTIS framework. It was extended by adding an evolutionary institutional perspective to the framework to identify 1) how the individual RTIS components have been affected by the institutional legacy of staples dependence; and 2) how the tourism destination system has coped with the impacts of the institutional legacy. Finally, Chapter Three described how a suitable critical case study was selected and introduced the methods for data collection and analysis.

Chapter Four presented essential background information on the case study region. It provided a detailed review of the economic history of the Flinders Ranges and identified the institutional legacy of the region's traditional staples industries (agriculture, pastoralism and mining). The review suggested that the institutional environment in the Flinders Ranges exhibited similar characteristics to those common in 'staples trapped' economies, suggesting that the regional economy had been affected by 'institutional lock-in'. The chapter also provided an overview of tourism in the region to set the scene for the RTIS analysis presented in Chapter Five. The chapter presented a historic review of tourism development in the Flinders Ranges and summarised latest industry, visitor and product trends in the region. This review revealed that the tourism system in the Flinders Ranges has been able to adapt to changing trends in the tourism marketplace over the past decade, suggesting that the system must have been able to develop a number of coping mechanisms to adopt RTIS characteristics despite the institutional legacy of staples dependence.

Chapter Five presented the detailed findings of the RTIS analysis and described how the case study region was performing as a RTIS according to the analytical framework developed in Chapter Three (Section 3.6.2). Chapter Six then discussed the findings in relation to the study's theoretical framework and the theoretical concepts introduced in Chapter Two. The chapter examined how the findings of the case study confirmed the study's theoretical proposition and how they answered the two research questions. The conclusions about both research questions were outlined in the final section of Chapter Six. The discussion confirmed that the factors limiting the region's capacity to operate as a RTIS could indeed be explained by the inherited institutional lock-in. The research also identified a number of coping mechanisms that helped 'de-lock' the trapped system and encouraged institutional change which stimulated new innovation dynamics in tourism. This institutional change was primarily the result of the import and integration of external (or externally trained) people who introduced new knowledge, practices and attitudes to the region.

7.2 Conclusions about the Research Problem

The main research problem of this dissertation was to examine if the theoretical foundations of the staples thesis can provide an enhanced theoretical framework for analysing and explaining the dynamics of RTIS in resource dependent peripheries. The research did not seek to build new theory but to introduce the institutional perspectives of the staples thesis to systems-of-innovation research in peripheral tourism destinations. The research confirmed that adding the institutional perspectives from staples thesis to tourism analysis increases our ability to understand and explain why tourism destinations in resource peripheries function the way they

do. The research extended the approach by Schmallegger and Carson (2010a), who demonstrated that the theoretical foundations of the staples thesis can help explain the development paths of peripheral and remote destinations. They used the ideas of the staples thesis to show how and why the tourism destination system in Central Australia has become locked into a 'tourism staples trap'. Their approach demonstrated that the Northern Territory government, driven by its inherited export mentality to boost fast economic growth, sought to develop tourism as an alternative staple. The result was that the system became stuck in a continuous cycle of seeking volatile connections to large-scale external sources of markets, capital and labour and failed to develop internal innovation capacities (Schmallegger and Carson, 2010a; Schmallegger et al., 2010).

The case study of the Flinders Ranges has further confirmed the applicability of the staples thesis in a peripheral (and less remote) tourism destination. As outlined in Chapter Two, peripheral regions may experience the impacts of the staples trap on tourism in ways that differ from remote regions. While remote regions may be at risk of treating tourism as a staples export replacement (and hence get caught in a 'tourism staples trap'), peripheral regions tend to use tourism as a means to diversify (and thus sustain) declining resource economies. However, peripheral resource economies may have become 'trapped' over time in their strong embedded dependency relationships with the core. Critical components of the local economic system (for example infrastructure but more importantly local skills, practices, attitudes and political will) become so focused on maintaining those embedded economic relationships that new forms of economic activity are difficult to implement. As a result, the local economic system will most likely fail to develop the capacity to diversify the economy and create a well-functioning tourism system (i.e. tourism innovation system) from within the local system. When traditional staples industries break down and resource peripheries become 'failed resource peripheries' (Schmallegger et al., 2010), tourism may be more seriously embraced as an export replacement. In this case, governments and communities are likely to transfer their inherited export mentality and 'big business' investment strategies to tourism.

The research concludes that understanding the characteristics of the inherited institutional environment in resource dependent peripheries is critical to assess and understand their capacity to create well-functioning and innovative tourism destinations. Using a systems-of-innovation framework like that developed by Carson and Jacobsen (2005) has proved to be a good analytical tool to assess the RTIS characteristics of a particular tourism destination. The framework is useful for obtaining and analysing information on a whole range of factors and complex relationships that determine a region's performance as a RTIS. It may also be useful to identify the strengths and weaknesses of the tourism destination system at a given point in time.

Yet, Carson and Jacobsen's (2005) framework lacks the capacity to account for evolutionary perspectives on system dynamics. It does not offer explanations of why certain strengths and weaknesses in the system exist or how they have emerged over time.

Carson and Jacobsen (2005), along with other tourism innovation researchers (Hjalager et al., 2008; Hall and Williams, 2008), recognised that 'history matters' in the way regional tourism destinations operate. However, their framework does not include a more integrated view on how the conditions for systemic innovation have been shaped by the historic evolution of the regional economic system and the inherited institutional environment guiding its behaviour. This limitation has been common in general systems-of-innovation research and has been criticised by researchers including Iammarino (2005) and Carlsson (2003). What this thesis has added to generic systems-of-innovation research in tourism is an evolutionary institutional perspective on RTIS dynamics in peripheral regions that have had historic dependence on natural resource export. It has extended Carson and Jacobsen's (2005) RTIS framework by adding an additional analytical layer that recognises the role and impact of the inherited institutional environment in shaping tourism innovation dynamics in resource dependent peripheries. The framework was built around a common case study methodology that can be applied in future peripheral tourism research and facilitate ongoing comparative research.

The research has examined the characteristics of one peripheral tourism destination from an evolutionary institutional angle provided by the staples thesis to assess how the specific case study findings can be explained by the generalised theoretical tenets of the staples thesis. It was not the intent of this research to generalise the case study findings and make the specific experiences identified in the case study representative of other peripheral destinations with similar conditions and environments. Instead, the research sought to make the case study findings generalisable to theory and test the generalised tenets of the staples thesis with new evidence from the case study. By analysing the RTIS characteristics of the case study region through a staples thesis lens the research was able to explain why certain systemic weaknesses existed in the destination, how they have developed over time as a result of institutional lock-in, and how they can be mitigated.

7.3 Implications for Theory

In addition to emphasising the need to consider RTIS from an evolutionary institutional perspective, this research has shown that RTIS research needs to consider more systematically the impacts of inherited state (or national) government policies and priorities on regional tourism dynamics. Considering tourism within the larger economic and policy environment has previously been identified as critical to better understand the potential of tourism to contribute to regional development in peripheral areas (Hall, 2007). Generally, however, research into regional tourism innovation systems (Carson and Macbeth, 2005; Hjalager et al., 2008; Nordin and Svensson, 2007; Mattsson et al., 2005) has so far primarily concentrated on local and regional government structures and has neglected the role of the state in shaping the regional institutional environment. Although the various roles and tasks of state government in tourism innovation have been recognised in the literature (Hall and Williams, 2008), tourism research to date has not specifically examined how the behaviour of state government itself is influenced by the wider policy environment and its inherited traditions and priorities.

This research has shown that the impact of state and/or national government on regional tourism is particularly problematic in states and countries whose economies have been dependent on staples export. State and/or national governments in staples based economies have traditionally assumed greater interventionist power and control over their resource peripheries through centralised and export-oriented investment, labour and economic policy development. The research revealed that a ‘national innovation system’ built around staples export, with its traditional export and growth oriented policy priorities and embedded approaches to centralised education and knowledge transfer, can have significant impacts on the development of regional innovation systems in tourism. This research, in conjunction with recently published studies about tourism in the Northern Territory by Schmallegger and Carson (2010a and 2010b; and 2010 with Tremblay), has emphasised that inherited state government practices and priorities can have profound effects on the dynamics and innovation capacities of peripheral tourism destinations.

This research also makes some important contributions to the ‘post-staples’ development discourse in the staples thesis literature. It has been increasingly recognised in the staples literature that staples dependent economies need to engage in processes of innovation and economic diversification to make a transition from a staples to a post-staples economy (Hutton, 2008; Wellstead, 2008; Howlett and Brownsey, 2008). However, there have been very few studies in the staples literature to date that have specifically examined systemic processes of (and requirements for) innovation in staples dependent peripheries (for example, Markey et al.,

2006; Halseth et al., 2010). This research suggests that the confluence of systems-of-innovation research and the theoretical foundations of the staples thesis offers considerable potential to enhance our understanding of innovation dynamics in staples dependent peripheries. It provides a useful framework for examining the capacity of staples dependent regions to take advantage of changing circumstances and engage in processes of post-staples diversification.

This dissertation has focused on tourism as one potential industry for post-staples diversification. Yet the basic idea of analysing systems-of-innovation dynamics from a staples thesis perspective can be applied to other potential industries in staples dependent peripheries, such as education, creative and technology based industries (Bruce, 2010; Doloreux and Dionne, 2008). The research suggests that any study looking at the potential for post-staples diversification in staples dependent peripheries needs to consider issues of institutional lock-in and the impacts of the inherited institutional environment on general system dynamics.

The idea of post-staples diversification suggests that economic spread effects of staples industries are re-invested in industries that are independent from the existence of natural resources to help the system break out of continuous staples dependence. From this perspective, tourism might not be an ideal option to diversify staples dependent peripheries. Unlike knowledge based post-staples industries (including education, creative, and technology based industries), tourism in peripheral regions usually relies itself on the existence of immobile natural assets, such as iconic natural attractions, scenic landscapes and wilderness attributes (Schmallegger and Carson, 2010a). Just like traditional staples industries, then, tourism in peripheral regions is fixed in space and time and is bound to specific geographic characteristics and boundaries that determine where the system has to be located.

Regional innovation systems built around knowledge based industries do not face the same constraints as systems reliant on natural resource endowments. They evolve around intangible, mobile and flexible knowledge assets that are not place bound and can emerge wherever human capital (knowledge, skills and people) accumulates in sufficient critical mass to form clusters and networks which stimulate processes of collective learning (Doloreux, 2003). Knowledge based systems evolve around a culture of taking advantage of flexible and mobile knowledge resources. They are therefore not so much affected by the inherent natural and socio-institutional characteristics of the place.

In most cases, peripheral tourism systems do not have access to such a flexible knowledge-based culture. Tourism is usually implemented in the belief that it can develop from within the existing local system and prosper by using existing local capital and resources. The research for

this dissertation has shown that the dependence on the place and local resources stifles the development of systemic innovation dynamics. Natural assets suitable for peripheral tourism development are likely to be located where there is either insufficient pre-existing human capital to exploit them (like in remote regions such as Central Australia) or where the existing human capital has become locked-in and unable to take advantage of new industry opportunities (like in traditional resource peripheries such as the Flinders Ranges). Unlike knowledge based innovation systems, peripheral tourism destination systems are not mobile and geographically flexible to select their preferred location and avoid local conditions that are unconducive to the needs of well-functioning tourism innovation systems.

Important exceptions to this are tourism innovation systems which are not dependent on the geographic characteristics of the place or which are set up in a way that does not require the involvement of constrained local human capital. Examples include large-scale tourism development such as resort towns run by (multi-) national corporations. They can import the required financial and human capital from external sources and later extract (or relocate) these resources if local conditions for the system worsen (Schmallegger and Carson, 2010a). Another example is the creation of ‘artificial’ destinations, such as major theme parks or entertainment and gambling hubs (e.g. Las Vegas). They do not rely on the existence of specific natural assets and are big enough to attract and generate their own critical mass of people and firms. Again, however, this type of tourism development is likely to become a new dominant export industry in its own right and contribute little in terms of regional development and post-staples diversification. If developing local innovation capacity and self-sustaining internal growth is the goal, peripheral destinations need to be able to import fresh human capital (knowledge, skills, attitudes and most importantly people) which can gradually facilitate institutional change. Institutional change can then build local human capital over time that is able to take advantage of new (post-staples) opportunities in tourism.

7.4 Implications for Policy and Practice

This research has highlighted the importance of human capital development in the creation of well-functioning post-staples industries such as tourism. While calls for an increased focus on local capacity building in peripheral tourism destinations are not new (Moscardo, 2008; Hall, 2007; Blackman et al., 2004; Keller, 1987), this research suggests a need to re-think common government strategies to stimulate tourism in resource dependent peripheries. The study has unveiled a number of systemic constraint factors and has been able to show that these constraint factors have been caused by a certain degree of institutional lock-in resulting from the region’s historic staples dependence. Understanding this ‘root of the problem’ can provide a better

starting point to identify appropriate solutions and coping mechanisms that do not just address the symptoms but the actual causes of the problem. As shown in this research, it is not enough to know that peripheral tourism destinations have, for example, limited entrepreneurial spirit, limited economic competence, or a limited networking culture in tourism. It needs to be understood that the lack of entrepreneurial spirit and economic competence is the result of an inherited culture of dependency and occupational lock-in, or that limited networking is the result of traditional embedded boundaries and a lacking sense of belonging together.

Such problems are unlikely to be solved by combating the symptoms and introducing remedy actions such as new government imposed training, network or development initiatives. If remedy actions address the symptoms of the problem only they will find it difficult to gain traction within a local system that is 'locked-in' and unable to embrace such actions. Instead, remedy actions need to address the deeper causes of the problems and build new institutions that can stimulate, for example, the willingness to learn, network and take leadership. In this case study, institutional change was only possible by importing external human capital and harnessing the strong local social capital to integrate external human capital in the local system. New training and tourism development initiatives could only gain traction as local constrained and non-entrepreneurs accepted imported entrepreneurs and public sector leaders as the new role models in tourism and developed the willingness to change and learn. This change in mindset has in turn facilitated the development of new networking dynamics and attitudes that appreciated access to and exchange of new knowledge.

The research also emphasised that importing external people and knowledge was required to identify and exploit new alternative development blocks in tourism and to enhance the overall destination experience. External human capital sources can bring new perspectives and attitudes to a 'locked-in' region and find new ways of commodifying and commercialising local resources (Kneafsey, 2000). Hence, if importing human capital is a solution to 'de-lock' local systems and increase local capacity for innovation, local and state governments need to more systematically address ways to attract external human capital to peripheral regions. Attracting amenity-led migrants appears to offer considerable potential to stimulate institutional change and establish a new creative knowledge base in resource dependent peripheries (see Müller, 2006; Jackson et al., 2008; Luke, 2003). However, the potential to harness amenity-led migration for the development of new innovation dynamics has so far received surprisingly little attention in the literature and warrants further investigation. Amenity-led migration might well be an option for rural areas that have a reasonably strong connection to core population centres and a range of non-nature based amenities (such as transport, health and social infrastructure, cultural assets, small town community spirit and traditions). On the other hand, remote locations

with more hostile living conditions, such as remote mining towns in desert Australia or arctic Canada, will most likely face more difficulties in attracting alternative population groups to diversify their economies.

Another important implication from this research is the need for state tourism organisations to consider traditional historic boundaries that are ‘in the land’ (Barnes, 2005) when defining the boundaries of regional tourism destinations for marketing purposes. The common practice in rural and remote Outback Australia has been to combine the ‘leftovers’ – usually regions that are too sparsely populated and not attractive enough to form a destination of their own – to one large tourism destination to save costs for marketing and administration (Schmallegger, 2009). This is the reason why single large tourism destinations like the ‘Flinders Ranges and Outback SA’ exist in Australia. Other examples in Australia include Outback New South Wales, Outback Queensland, Western Australia’s Golden Outback, and Central Australia in the Northern Territory. These destinations cover the majority of the state landmass despite being characterised by enormous internal diversity and a lack of internal cohesion. This regionalisation approach stifles the potential to have productive networks (for knowledge sharing and collaboration) emerge in the destination from the very beginning.

Finally, local and state governments need to be aware of the conditions under which tourism itself can become caught in a ‘tourism staples trap’. Governments may be tempted to support large-scale tourism investment in peripheral and remote regions in an effort to create an effective replacement industry for failing staples industries, or induce tourism as a new artificial staple industry in the absence of other export options. As argued by Schmallegger and Carson (2010a) and Schmallegger et al. (2010), opting for ‘staples tourism’ development is not categorically bad if fast economic ‘growth’ is the first priority for the region (and the state). However, the outcomes of such an approach are likely to be continued marginalisation of local (and Indigenous) interests, persistent economic leakages to external investors, and intermittent but frequent ‘boom and bust’ cycles. The ‘staples tourism’ approach consisting of high levels of government investment and arguably limited development of local capital can, of course, be sustained in the long run given political will to do so. Governments need to be aware, though, that under these conditions tourism is unlikely to ever become a truly embedded local economic activity that can generate internal development dynamics and provide a stable base for diversified economic growth.

7.5 Implications for Further Research

It needs to be considered that the theoretical perspectives on peripheral economic growth and development provided by the staples thesis have been primarily developed within the context of resource economies in 'New World' countries, such as Canada, Australia, New Zealand or the USA. These countries have had similar histories in terms of human settlement, colonial dependency and economic development, as they have been assigned the role of resource peripheries for their settling home countries and other higher developed metropolitan cores. Peripheral regions of 'New World' countries with historic dependence on staples export are likely to have developed similar institutional legacies. Hence, the case study findings reported in this dissertation are likely to reflect experiences that are common in 'New World' countries such as Canada, Australia, New Zealand or the USA (see, for example, Luke, 2003; Che, 2003; Siemens, 2007; Moscardo, 2005; Hohl and Tisdell, 1995; Keller, 1987).

Different conditions may, however, apply in the context of European peripheries due to different historic development paths. The findings of this case study should not be seen as automatically applicable to European peripheries without investigating their unique and specific institutional legacies. As argued by Schmallegger et al. (2010), European peripheries have had much stronger long-term social, cultural and economic ties with their national centres of economic and political power than peripheries in 'New World' countries. Perhaps apart from the most isolated arctic regions in Northern Europe, European peripheries have not evolved as classic resource export peripheries for their national cores, at least not to the same extent as their 'New World' counterparts. As a result, they may have developed a different institutional environment and a much weaker export mentality than 'New World' peripheries.

European peripheries are likely to have inherited different traditions in terms of external connection-seeking for skills and investment, internal economic development approaches, and government intervention. These inherited traditions might influence their capacities to develop and operate regional tourism innovation systems in different ways. With the exception of Baum's (1999) study on tourism development in Atlantic fishing communities of Canada and Iceland, comparative studies looking at the impacts of institutional legacies on tourism in different countries and jurisdictions have so far been absent in the literature. In particular, more systematic comparisons between peripheral tourism destinations in 'Old Settler' and 'New World' countries are needed. Such comparisons can provide new insights into whether issues for peripheral tourism development are the same in other developed countries or whether researchers need to distinguish more clearly between countries with different economic histories and institutional legacies.

Furthermore, the theoretical angle provided by the staples thesis is primarily applicable to the analysis of economies that have had historic dependence on *resource* industries, and more specifically *staples* industries (those based on bulk export of natural commodities). Peripheral regional economies dependent on other industries, such as transport, defence, manufacturing, and the public sector, will have different preconditions for RTIS development. Regions with a history in manufacturing may create a higher entrepreneurial culture among small and medium businesses (Doloreux and Dionne, 2008) than regions with a history of reliance on government sponsored industries and public sector services (Schmallegger and Carson, 2010b). Similarly, the Flinders Ranges case study has identified differences in entrepreneurial and networking behaviour between towns that used to be dependent on railway or mineral processing industries and towns that have been exclusively dependent on resource production. This was despite the fact that the railway and mineral processing industries were ultimately reliant on the existence of staples industries (mining, agriculture and pastoralism) in the region. The literature has so far not examined how peripheral regions with reliance on different economic industries compare in terms of their innovation capacities. This thesis suggests the need for further research into the specific impacts of specific economic and institutional legacies on peripheral tourism.

Future research will also have to look more closely into whether and how the institutional characteristics of specific staples industries (e.g. agriculture, mining, fishing, forestry) impact on peripheral tourism development in different ways. The research in the Flinders Ranges has provided some clues that there are important differences between the institutional environments found in the very remote and isolated mining towns, the small and closely knit pastoralist communities in the Central and Northern Flinders Ranges, and the more densely populated and independent rural farming districts in the Southern Flinders Ranges. Each of these industries and geographic localities has shown different attitudes and approaches towards tourism development, general networking, information exchange, and public-private partnerships. These differences appear to be the result of different institutional characteristics of the respective industries (mining is extractive and highly temporary while farming is productive and more permanent). There may even be important institutional differences between individual sectors of particular staples industries (for example, grain versus sugar cane farming, mineral ore versus gemstone mining, or tuna fishing versus shrimp fishing). A better understanding of these differences would allow for more in-depth insights into the specific innovation and diversification capacities of particular resource dependent economies and could provide for better targeted economic (and tourism) development strategies.

The impacts of recovering or newly emerging staples industries on existing peripheral tourism systems are another important research angle that needs to be addressed in the future. The

entrenched role of these regions as resource peripheries for their cores means that industries developed for economic diversification may disappear if new resource endowments of national interests are discovered, or if declining staples industries recover again. This has been the case with the re-emergence of mining in the northern areas of the Flinders Ranges and Outback SA, where the sheer size and scale of mining investment had a strong ‘crowding-out’ effect on tourism. However, a similar scenario could happen in agriculture dominated places if national and global demand for agricultural commodities, such as wheat, suddenly increased to make wheat export a national priority again (for example due to global food crises or natural disasters). While the research undertaken for this dissertation found that a new institutional environment for tourism has started to emerge in the Flinders Ranges, it is not clear how well this new institutional environment is equipped to survive or adapt to a recovery in staples industries.

Finally, future research will have to examine more closely the importance of time in diversifying resource dependent peripheries to develop a better understanding of the temporal dimension of institutional change in regional economic systems. This study has demonstrated that institutional change requires considerable time to convert a previously resource oriented system to a tourism oriented system. Time is a crucial factor in economic path-dependence and clearly needs to be taken into account in economic systems analyses (Carson and Macbeth, 2005; Iammarino, 2005). This research did not specifically set out to test and measure the time component in changing system dynamics. Yet the research findings suggest that applying a historic perspective to the analysis of RTIS development can shed some light on the approximate timeframes required to establish RTIS dynamics in a particular resource dependent periphery.

Further comparative research in other resource peripheries will be required to explore and compare the temporal dimensions of institutional change in different types of peripheries. It generally needs to be understood how long it takes until local economic systems start to develop appropriate coping mechanisms to ‘de-lock’ previously trapped development paths. More specifically, it needs to be understood how long in advance imported human capital has to be in place until local systems can start to develop internal capacity for innovation and adopt new practices, such as networking, collaboration, knowledge exchange, and learning. Longitudinal studies that monitor the process of diversification over a longer period of time or repeated studies that re-assess the system’s progress after a certain number of years would be useful to deepen our understanding of the temporal component involved in economic diversification.

Another potential research angle involving the factor of time is to examine how well the new institutional tourism environment itself might be equipped to persist in time and manage issues of continuing institutional change, particularly intergenerational change. As tourism has been such a recent development in resource dependent peripheries, most research to date has been limited to analysing the challenges and opportunities for the current generation of businesses and communities involved in tourism. The findings of the Flinders Ranges study suggest that, although the current generation of local farmers and amenity-led migrants has now started to embrace tourism as a new industry, there is no guarantee that the next generation will carry on their parents' tourism legacy. Little is currently known about the future career paths of the next generation and what role tourism might play in their future plans. It is therefore not known whether tourism will ever become a truly embedded local industry (like farming was in the past) or whether it will continue to rely on in-migrants to sustain the entrepreneurial base.

7.6 Concluding Statement

This dissertation has made an important contribution to the understanding of innovation capacities of tourism destinations in resource dependent peripheries of developed countries. The research has introduced the theoretical foundations of the 'staples thesis' to peripheral tourism research and has proposed an evolutionary institutional approach to analysing the dynamics of regional tourism innovation systems. By doing so, the research has provided an enhanced theoretical framework for analysing and explaining how the institutional environment inherited from staples dependence impacts on the capacity of peripheral tourism destinations to operate as RTIS.

There is clearly more research required to better understand the role of institutional legacies in diversifying peripheral resource dependent economies with tourism. This research has documented the experiences of a peripheral region in Australia which has sought to diversify its staples based economy with tourism. Yet different political jurisdictions, different political and economic histories, as well as different degrees of geographic 'peripherality' (for example rural versus remote settings) may create different institutional environments that can impact the development of peripheral tourism destinations in different ways. This research has been a first step towards introducing new theory to the field of peripheral tourism research, which has so far been highly descriptive and short on theoretical models and frameworks. It has provided a promising starting point for ongoing comparative research which has the potential to create a more solid foundation for further theory building in the field of peripheral tourism studies.

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Appendices

Appendix A: Data Sources and Triangulation

Appendix B: Interview Guideline

Appendix C: Populations Statistics: Resident Population, 1996-2006

Appendix D: Employment Statistics: Employment by Industry, 1996-2006

Appendix E: Business Statistics: Number of Businesses by Industry, 2004 – 2007
Size of Tourism Businesses in 2007

Appendix F: Visitor Statistics: Visitor Numbers and Market Share, 1999 – 2009
Mode of Transport, 1999 – 2009, Source: NVS and IVS

Appendix G: Copyright Permission, State Library of South Australia

Appendix A: Data Sources and Triangulation

RTIS Indicators	Data Sources	
Entrepreneurship		
Types of tourism entrepreneurs	<ul style="list-style-type: none"> ▪ interviews ▪ operator websites and brochures 	<ul style="list-style-type: none"> ▪ regional visitor guides ▪ newspaper articles
Sense of pro-activeness and future orientation	<ul style="list-style-type: none"> ▪ interviews ▪ newspaper articles 	<ul style="list-style-type: none"> ▪ local government documents ▪ observations
Willingness to invest and take risks	<ul style="list-style-type: none"> ▪ interviews ▪ newspaper articles 	<ul style="list-style-type: none"> ▪ observations
Economic Competence		
Skills and experience	<ul style="list-style-type: none"> ▪ interviews ▪ newspaper articles 	<ul style="list-style-type: none"> ▪ operator websites
Ability to understand market trends	<ul style="list-style-type: none"> ▪ interviews ▪ operator websites and brochures 	<ul style="list-style-type: none"> ▪ newspaper articles ▪ observations
Ability to implement and commercialise ideas	<ul style="list-style-type: none"> ▪ interviews ▪ operator websites and brochures ▪ local government brochures 	<ul style="list-style-type: none"> ▪ FRTOA documents ▪ newspaper articles
Ability to access external capital	<ul style="list-style-type: none"> ▪ interviews ▪ operator websites 	<ul style="list-style-type: none"> ▪ newspaper articles ▪ observations
Efforts to enhance skills and 'learn'	<ul style="list-style-type: none"> ▪ interviews ▪ FRTOA documents ▪ NRDB annual reports 	<ul style="list-style-type: none"> ▪ newspaper articles ▪ operator websites and brochures ▪ observations
Networking		
Presence of 'networking culture'	<ul style="list-style-type: none"> ▪ interviews ▪ minutes of FROSAT board meetings ▪ newspaper articles 	<ul style="list-style-type: none"> ▪ local government documents + websites ▪ observations
Existence of formal network mechanisms	<ul style="list-style-type: none"> ▪ interviews ▪ NRDB and SFRDB documents ▪ operator networks websites 	<ul style="list-style-type: none"> ▪ event and project brochures ▪ newspaper articles
Presence of network facilitators	<ul style="list-style-type: none"> ▪ interviews ▪ NRDB and SFRDB documents 	<ul style="list-style-type: none"> ▪ FRTOA documents ▪ newspaper articles
Clustering		
Spatial concentration of tourism products and resources	<ul style="list-style-type: none"> ▪ interviews ▪ regional visitor guides ▪ NVS/IVS visitor data ▪ ABS statistics ▪ operator websites and brochures 	<ul style="list-style-type: none"> ▪ regional visitor guides ▪ FRTOA documents ▪ consumer generated online content ▪ observations
Integration into one destination-wide experience	<ul style="list-style-type: none"> ▪ interviews ▪ operator websites and brochures ▪ regional visitor guides ▪ FRTOA documents 	<ul style="list-style-type: none"> ▪ FROSAT marketing + strategic plans ▪ newspaper articles ▪ observations
Initiatives to encourage clustering	<ul style="list-style-type: none"> ▪ interviews ▪ FROSAT marketing + strategic plans ▪ FRTOA documents 	<ul style="list-style-type: none"> ▪ NRDB annual reports ▪ observations
Critical Mass		
Sufficient number of products and resources	<ul style="list-style-type: none"> ▪ interviews ▪ consumer generated online content ▪ OACDT documents 	<ul style="list-style-type: none"> ▪ FROSAT marketing + strategic plans ▪ NRDB annual reports ▪ observations
Ability to experiment and allow for failure	<ul style="list-style-type: none"> ▪ interviews ▪ operator websites and brochures 	<ul style="list-style-type: none"> ▪ observations
Efforts to increase critical mass	<ul style="list-style-type: none"> ▪ interviews ▪ FRTOA documents ▪ NRDB and SFRDB documents 	<ul style="list-style-type: none"> ▪ newspaper articles ▪ minutes of local govt meetings ▪ community newsletters
Development Blocks		
Presence and composition of regional tourism identities	<ul style="list-style-type: none"> ▪ interviews ▪ regional visitor guides ▪ operator websites and brochures 	<ul style="list-style-type: none"> ▪ consumer generated online content ▪ FRTOA documents
Evidence of disequilibrium in the system	<ul style="list-style-type: none"> ▪ interviews ▪ operator websites and brochures 	<ul style="list-style-type: none"> ▪ observations
Existence of development block facilitators	<ul style="list-style-type: none"> ▪ interviews ▪ FRTOA documents ▪ NRDB and SFRDB documents 	<ul style="list-style-type: none"> ▪ newspaper articles ▪ operator websites and brochures

RTIS Indicators	Data Sources	
Production and Distribution of Knowledge		
Mechanisms for internal knowledge production	<ul style="list-style-type: none"> ▪ interviews ▪ operator and VIC survey forms ▪ minutes of FROSAT board meetings 	<ul style="list-style-type: none"> ▪ FROSAT marketing + strategic plans ▪ observations
Access to external knowledge	<ul style="list-style-type: none"> ▪ interviews ▪ minutes of FROSAT board meetings ▪ SATC documents 	<ul style="list-style-type: none"> ▪ newspaper articles ▪ observations
Mechanisms for knowledge distribution	<ul style="list-style-type: none"> ▪ interviews ▪ minutes of FROSAT board meetings 	<ul style="list-style-type: none"> ▪ FRTOA documents ▪ observations
The Role of Government		
Local government involvement in tourism	<ul style="list-style-type: none"> ▪ interviews ▪ local government documents ▪ newspaper articles 	<ul style="list-style-type: none"> ▪ community newsletters ▪ minutes of FROSAT board meetings ▪ FROSAT strategic plan
State government involvement in tourism	<ul style="list-style-type: none"> ▪ interviews ▪ newspaper articles ▪ NRDB and SFRDB documents 	<ul style="list-style-type: none"> ▪ SATC strategic plans ▪ SATC + FROSAT marketing material (brochures and websites)
Institutional Infrastructure		
The role of tourism within the wider policy context	<ul style="list-style-type: none"> ▪ interviews ▪ state government documents ▪ NRDB and SFRDB documents 	<ul style="list-style-type: none"> ▪ newspaper articles ▪ FROSAT strategic plan
Presence of local institutional organisations involved in tourism	<ul style="list-style-type: none"> ▪ interviews ▪ local government documents ▪ NRDB and SFRDB documents 	<ul style="list-style-type: none"> ▪ SATC documents ▪ FROSAT documents ▪ FRTOA documents ▪ newspaper articles
Presence of local and state-driven tourism strategies	<ul style="list-style-type: none"> ▪ interviews ▪ SATC documents 	<ul style="list-style-type: none"> ▪ FROSAT documents ▪ FRTOA documents
Social, Political and Cultural Capital (SPCC)		
Level of attachment to regional and community identity	<ul style="list-style-type: none"> ▪ interviews ▪ newspaper articles 	<ul style="list-style-type: none"> ▪ community newsletters ▪ observations
Level of community support for tourism	<ul style="list-style-type: none"> ▪ interviews ▪ newspaper articles ▪ community newsletters 	<ul style="list-style-type: none"> ▪ FROSAT documents ▪ FRTOA documents ▪ Observations
Level of community control over tourism	<ul style="list-style-type: none"> ▪ interviews ▪ newspaper articles ▪ community newsletters 	<ul style="list-style-type: none"> ▪ FRTOA documents ▪ NRDB and SFRDB documents ▪ Observations

Appendix B: Interview Guideline

Interview guideline for operator interviews

General information about business

- Description of current state of the business
 - o products/services
 - o size, number of employees/departments
 - o seasonality
- Could you give a short description of how the business developed over the years
 - o how/why/when it started
 - o major milestones incl. expansion and renovation
 - o introduction of new products
 - o any crisis events
- How would you describe your personal background?
 - o Education and training
 - o Experience in tourism and business management

Information on product development and marketing strategies

- What plans do you have for future product development?
 - o Are you planning to change anything about your product? And if yes, why?
 - o What are your plans for the next 5 or 10 years? Any specific long-term plans?
- How are you currently promoting your business? (web, print, other)
 - o Why have you chosen these strategies?
 - o Are you planning to change anything about your marketing activities
- Is there anything you think needs to be changed about your current business model?

Information on destination strategies

- What do the Flinders Ranges stand for in terms of tourism?
 - o What images do people have of the area? What experiences are they after?
- Where do you see the strengths of the destination?
- Are there any weaknesses or challenges for tourism in the Flinders Ranges?
 - o Are there any product gaps?
 - o Infrastructure?
 - o Destination marketing?
- How would you describe the marketing activities carried out by the RTO / STO?
- Which destination marketing and development initiatives are currently happening in the region? What do you think about them?
- Are you aware of any tourism development plans or strategies?
 - o Do you know who the driving forces are behind these strategies?

Information on networks and collaboration

- Which official networks are you part of?
 - o What are your reasons for joining / not joining these networks?
- Which other tourism networks in the region are you aware of? What is your opinion on them?
- Which other businesses do you work with?
 - o Joint packages, brochures, informal referrals...
- How would you describe your relation to the RTO / STO / other public organisations involved in tourism?
- Have there been any occasions where there were conflicts or disagreements between you, other businesses and/or public organisations? If yes why...?
- How would you evaluate the general business climate within the destination?
 - o competition, rivalries between towns, 'team spirit' etc

Information about target markets and knowledge

- What are the main target markets for the Flinders Ranges?
- What do you know about your target markets?
 - o Where do they come from? How long do they stay? What do you know about their modes of transport? What do you know about their product preferences?
- How do you get information about your target markets?
- How do you keep up to date with market trends?
 - o Do you collect any data / information?
 - o Where do you look for information on market trends?
 - o How helpful are STO / RTO and other tourism organisations?
- Do you discuss or share your ideas or market information with other businesses / organisations?

Information about local government and community

- How would you describe local government support for tourism?
 - o How does local govt support tourism? (infrastructure, marketing, planning etc)
 - o How important is tourism for your town / local govt area?
 - o Does council employ any staff responsible for tourism services?
- Does your local govt work with other local govt areas on joint tourism projects?
- How would you describe local community support for tourism?
 - o Are there any problems with tourism in the community?
 - o What kind of volunteer / community organisations exist in your community and how are they involved with tourism?
- How does the community get involved in decisions relating to tourism investment
 - o Any public consultations, lobbying activities, complaints/objections...

Interview guideline for public sector interviews (and others)

General information about organisation

- Description of organisation
 - o Purpose, services
 - o Type of members
- Could you give a short description of what your role in the organisation is?
- How would you describe your personal background?
 - o Education and training
 - o Previous work experience in tourism

Information on destination strategies

- What do the Flinders Ranges stand for in terms of tourism?
 - o What images do people have of the area? What experiences are they after?
- Where do you see the strengths of the destination?
- Are there any weaknesses or challenges for tourism in the Flinders Ranges?
 - o Are there any product gaps?
 - o Infrastructure?
 - o Destination marketing?
- How would you describe the tourism industry in the Flinders Ranges?
 - o How pro-active and innovative are individual businesses?
 - o Do you see any problems in the current structure of the tourism industry?
- How would you describe the marketing activities carried out by the RTO / STO?
- Which destination marketing and development initiatives are currently happening in the region? What do you think about them?
- Are you aware of any tourism development plans or strategies?
 - o Do you know who the driving forces are behind these strategies?

Information on networks and collaboration

- What tourism networks in the region are you aware of? What is your opinion on them?
- How would you describe your relation to the RTO / STO / other public organisations involved in tourism?
- Have there been any occasions where there were conflicts or disagreements between businesses and/or public organisations? If yes why...?
- How would you evaluate the general business climate within the destination?
 - o e.g. competition, rivalries between towns, 'team spirit' etc

Information about target markets and knowledge

- What are the main target markets for the Flinders Ranges?
- What do you know about your target markets?
 - o Where do they come from? How long do they stay? What do you know about their modes of transport? What do you know about their product preferences?
- How do you get information about your target markets? How do you keep up to date with market trends?
 - o Do you collect any data / information?
 - o Where do you look for information on market trends?
 - o How helpful are STO / RTO and other tourism organisations?
- Do you discuss or share your ideas or market information with other businesses / organisations?

Information about local government and community

- How would you describe local government support for tourism?
 - o How does local govt support tourism? (infrastructure, marketing, planning etc)
 - o How important is tourism for your town / local govt area?
 - o Does council employ any staff responsible for tourism services?
- Does your local govt work with other local govt areas on joint tourism projects?
- How would you describe local community support for tourism?
 - o Are there any problems with tourism in the community?
 - o What kind of volunteer / community organisations exist in your community and how are they involved with tourism?
- How does the community get involved in decisions relating to tourism investment
 - o Any public consultations, lobbying activities, complaints/objections...

Appendix C: Populations Statistics

Resident population, 1996 – 2006, Source: Australian Census (ABS, 2010b)

	1996	% of total	2001	% of total	2006	% of total	Change 1996-2006
Central + Northern Flinders Ranges							
Port Augusta	14,244	77.5%	13,516	78.8%	14,024	80.5%	-1.5%
Flinders Ranges Council	1,942	10.6%	1,869	10.9%	1,750	10.0%	-9.9%
Unincorporated Flinders Ranges	2,196	11.9%	1,777	10.4%	1,655	9.5%	-24.6%
Total	18,382		17,162		17,429		
Southern Flinders Ranges							
Port Pirie	3,548	31.0%	3,499	32.8%	3,463	32.9%	-2.4%
Mt Remarkable	3,037	26.5%	2,904	27.2%	2,823	26.9%	-7.0%
Orroroo	1,045	9.1%	934	8.7%	898	8.5%	-14.1%
Peterborough	2,177	19.0%	1,945	18.2%	1,892	18.0%	-13.1%
Northern Areas	4,822	42.1%	4,555	42.7%	4,532	43.1%	-6.0%
Unincorporated Pirie	367	3.2%	340	3.2%	367	3.5%	0.0%
Total	11,448		10,678		10,512		

Appendix D: Employment Statistics

Employment by Industry, 1996-2006, Source: Australian Census (ABS, 2010b)

Southern Flinders Ranges (Port Pirie, Northern Areas, Mount Remarkable, Peterborough, Orroroo/Carrieton, unincorporated Pirie)						
	1996	%	2001	%	2006	%
Agriculture, forestry & fishing	1916	33.5%	1689	30.6%	1525	26.7%
Mining	28	0.5%	39	0.7%	147	2.6%
Manufacturing	370	6.5%	384	7.0%	373	6.5%
Electricity, gas, water & waste services	100	1.8%	66	1.2%	67	1.2%
Construction	217	3.8%	275	5.0%	276	4.8%
Wholesale trade	248	4.3%	243	4.4%	173	3.0%
Retail trade	432	7.6%	488	8.9%	530	9.3%
Accommodation & food services	270	4.7%	291	5.3%	316	5.5%
Transport, postal & warehousing	234	4.1%	240	4.4%	217	3.8%
Information media & telecommunications	50	0.9%	46	0.8%	18	0.3%
Financial & insurance services	103	1.8%	72	1.3%	72	1.3%
Rental, hiring & real estate services	23	0.4%	27	0.5%	38	0.7%
Professional, scientific & technical services	63	1.1%	66	1.2%	101	1.8%
Administrative & support services	49	0.9%	98	1.8%	96	1.7%
Public administration & safety	187	3.3%	215	3.9%	289	5.1%
Education & training	470	8.2%	419	7.6%	477	8.3%
Health care & social assistance	485	8.5%	537	9.7%	681	11.9%
Arts & recreation services	21	0.4%	27	0.5%	12	0.2%
Other services	168	2.9%	163	3.0%	171	3.0%
Inadequately described/Not stated	279	4.9%	126	2.3%	139	2.4%
TOTAL	5713		5511		5718	

Central / Northern Flinders Ranges (Port Augusta, Flinders Ranges, unincorporated Flinders Ranges)						
	1996	%	2001	%	2006	%
Agriculture, forestry & fishing	365	5.3%	331	4.9%	245	3.4%
Mining	377	5.4%	248	3.6%	114	1.6%
Manufacturing	187	2.7%	299	4.4%	306	4.2%
Electricity, gas, water & waste services	288	4.1%	300	4.4%	442	6.1%
Construction	359	5.2%	446	6.6%	443	6.1%
Wholesale trade	187	2.7%	181	2.7%	117	1.6%
Retail trade	773	11.1%	765	11.3%	881	12.2%
Accommodation & food services	550	7.9%	663	9.8%	631	8.8%
Transport, postal & warehousing	733	10.5%	403	5.9%	413	5.7%
Information media & telecommunications	121	1.7%	79	1.2%	55	0.8%
Financial & insurance services	122	1.8%	109	1.6%	112	1.6%
Rental, hiring & real estate services	56	0.8%	70	1.0%	52	0.7%
Professional, scientific & technical services	132	1.9%	127	1.9%	134	1.9%
Administrative & support services	174	2.5%	237	3.5%	239	3.3%
Public administration & safety	397	5.7%	617	9.1%	854	11.8%
Education & training	633	9.1%	578	8.5%	627	8.7%
Health care & social assistance	903	13.0%	871	12.8%	1055	14.6%
Arts & recreation services	58	0.8%	46	0.7%	51	0.7%
Other services	260	3.7%	275	4.0%	240	3.3%
Inadequately described/Not stated	274	3.9%	153	2.3%	200	2.8%
TOTAL	6949		6798		7211	

Employment by Industry, 1996-2006, Source: Australian Census (ABS, 2010b)

Total Flinders Ranges						
	1996	%	2001	%	2006	%
Agriculture, forestry & fishing	2281	18.0%	2020	16.4%	1770	13.7%
Mining	405	3.2%	287	2.3%	261	2.0%
Manufacturing	557	4.4%	683	5.5%	679	5.3%
Electricity, gas, water & waste services	388	3.1%	366	3.0%	509	3.9%
Construction	576	4.5%	721	5.9%	719	5.6%
Wholesale trade	435	3.4%	424	3.4%	290	2.2%
Retail trade	1205	9.5%	1253	10.2%	1411	10.9%
Accommodation & food services	820	6.5%	954	7.8%	947	7.3%
Transport, postal & warehousing	967	7.6%	643	5.2%	630	4.9%
Information media & telecommunications	171	1.4%	125	1.0%	73	0.6%
Financial & insurance services	225	1.8%	181	1.5%	184	1.4%
Rental, hiring & real estate services	79	0.6%	97	0.8%	90	0.7%
Professional, scientific & technical services	195	1.5%	193	1.6%	235	1.8%
Administrative & support services	223	1.8%	335	2.7%	335	2.6%
Public administration & safety	584	4.6%	832	6.8%	1143	8.8%
Education & training	1103	8.7%	997	8.1%	1104	8.5%
Health care & social assistance	1388	11.0%	1408	11.4%	1736	13.4%
Arts & recreation services	79	0.6%	73	0.6%	63	0.5%
Other services	428	3.4%	438	3.6%	411	3.2%
Inadequately described/Not stated	553	4.4%	279	2.3%	339	2.6%
TOTAL	12662		12309		12929	

Appendix E: Business Statistics

Number of Businesses by Industry, 2004 – 2007

Source: Australian Regional Profiles (ABS, 2010c)

Southern Flinders Ranges (Port Pirie, Northern Areas, Mount Remarkable, Peterborough, Orroroo/Carrieton, unincorporated Pirie)									
	2004	%	2005	%	2006	%	2007	%	change in %
Agriculture, forestry and fishing	1161	47.1%	1161	46.8%	1182	48.6%	1161	47.4%	0.0%
Mining	18	0.7%	18	0.7%	18	0.7%	21	0.9%	16.7%
Manufacturing	72	2.9%	63	2.5%	60	2.5%	54	2.2%	-25.0%
Electricity, gas and water supply	3	0.1%	3	0.1%	3	0.1%	3	0.1%	0.0%
Construction	213	8.6%	216	8.7%	225	9.3%	225	9.2%	5.6%
Wholesale trade	54	2.2%	60	2.4%	60	2.5%	66	2.7%	22.2%
Retail trade	267	10.8%	270	10.9%	252	10.4%	261	10.6%	-2.2%
Accommodation, cafes and restaurants	60	2.4%	57	2.3%	63	2.6%	75	3.1%	25.0%
Transport and storage	135	5.5%	123	5.0%	99	4.1%	105	4.3%	-22.2%
Communication services	30	1.2%	36	1.5%	30	1.2%	27	1.1%	-10.0%
Finance and insurance	42	1.7%	45	1.8%	42	1.7%	36	1.5%	-14.3%
Property and business services	201	8.2%	237	9.6%	222	9.1%	231	9.4%	14.9%
Education	0	0.0%	3	0.1%	0	0.0%	0	0.0%	-
Health and community services	90	3.6%	87	3.5%	84	3.5%	81	3.3%	-10.0%
Cultural and recreational services	48	1.9%	45	1.8%	45	1.9%	57	2.3%	18.8%
Personal and other services	72	2.9%	57	2.3%	45	1.9%	48	2.0%	-33.3%
Total businesses	2466		2481		2430		2451		

Central / Northern Flinders Ranges (Port Augusta, Flinders Ranges, unincorporated Flinders Ranges)									
	2004	%	2005	%	2006	%	2007	%	change in %
Agriculture, forestry and fishing	204	23.1%	177	20.9%	186	21.5%	174	19.5%	-14.7%
Mining	3	0.3%	3	0.4%	3	0.3%	3	0.3%	0.0%
Manufacturing	33	3.7%	24	2.8%	24	2.8%	21	2.3%	-36.4%
Electricity, gas and water supply	0	0.0%	0	0.0%	0	0.0%	0	0.0%	-
Construction	93	10.5%	102	12.1%	108	12.5%	111	12.4%	19.4%
Wholesale trade	27	3.1%	30	3.5%	30	3.5%	36	4.0%	33.3%
Retail trade	180	20.4%	168	19.9%	171	19.7%	162	18.1%	-10.0%
Accommodation, cafes and restaurants	51	5.8%	48	5.7%	51	5.9%	60	6.7%	17.6%
Transport and storage	84	9.5%	90	10.6%	93	10.7%	96	10.7%	14.3%
Communication services	6	0.7%	6	0.7%	6	0.7%	3	0.3%	-50.0%
Finance and insurance	21	2.4%	18	2.1%	15	1.7%	30	3.4%	42.9%
Property and business services	108	12.2%	108	12.8%	108	12.5%	117	13.1%	8.3%
Education	3	0.3%	6	0.7%	3	0.3%	3	0.3%	0.0%
Health and community services	42	4.8%	48	5.7%	48	5.5%	54	6.0%	28.6%
Cultural and recreational services	12	1.4%	6	0.7%	9	1.0%	12	1.3%	0.0%
Personal and other services	15	1.7%	12	1.4%	12	1.4%	12	1.3%	-20.0%
Total businesses	882		846		867		894		

Size of Tourism Businesses in 2007 (incl. accommodation, cafe and restaurants)

Source: Australian Business Register (ABS, 2010a)

Statistical Areas	Non employing	1-4	5-19	20-49	50+	Total
Northern Areas (DC)	6	3	3	0	0	12
Orroroo/Carrieton (DC)	0	0	0	0	0	0
Peterborough (DC)	6	0	3	0	0	9
Port Pirie C Dists (M) Bal	0	0	3	0	0	3
Unincorp. Pirie	0	0	0	0	0	0
Flinders Ranges (DC)	0	6	3	0	0	9
Mount Remarkable (DC)	12	6	9	0	0	27
Unincorp. Flinders Ranges	6	3	3	0	0	12
Port Augusta (C)	3	6	15	12	3	39
Port Pirie C Dists (M) - City	3	3	9	6	3	24
Total Flinders Ranges	36	27	48	18	6	135
% of total businesses	26.7%	20.0%	35.6%	13.3%	4.4%	
Total Flinders Ranges without Port Augusta + Port Pirie	30	18	24	0	0	72
% of total businesses	41.7%	25.0%	33.3%	-	-	

Appendix F: Visitor Statistics

Visitor Numbers and Market Share, 1999 – 2009, Source: NVS and IVS (TRA, 2010)

Flinders Ranges - Visitor Numbers and Market Share 1999-2009								
Year	Domestic	Intrastate	Adelaide	% of total domestic market share	Inter-national	% of intl. market share	Total	% of total market share
1999	402	239	145	0.6%	42.8	1.0%	444.8	0.6%
2000	490	333	218	0.7%	42.8	0.9%	532.8	0.7%
2001	419	255	172	0.6%	58.1	1.3%	477.1	0.6%
2002	400	261	182	0.5%	38.6	0.9%	438.6	0.5%
2003	475	282	187	0.6%	36.7	0.8%	511.7	0.7%
2004	432	307	212	0.6%	43.4	0.9%	475.4	0.6%
2005	401	260	152	0.6%	27.6	0.5%	428.6	0.6%
2006	372	250	164	0.5%	28.8	0.6%	400.8	0.5%
2007	410	263	168	0.6%	28.9	0.6%	438.9	0.6%
2008	378	250	136	0.5%	28.9	0.6%	406.9	0.5%
2009	400	249	167	0.6%	28.3	0.5%	428.3	0.6%
Outback SA - Visitor Numbers and Market Share 1999-2009								
Year	Domestic	Intrastate	Adelaide	% of total domestic market share	Inter-national	% of total intl. market share	Total	% of total market share
1999	192	78	45	0.3%	46.4	1.1%	238.4	0.3%
2000	257	125	69	0.3%	59.3	1.3%	316.3	0.4%
2001	181	80	44	0.2%	66.9	1.5%	247.9	0.3%
2002	206	96	66	0.3%	51.1	1.1%	257.1	0.3%
2003	266	122	72	0.4%	41.4	0.9%	307.4	0.4%
2004	178	87	43	0.2%	49.5	1.0%	227.5	0.3%
2005	189	78	49	0.3%	35.1	0.7%	224.1	0.3%
2006	170	81	42	0.2%	34.5	0.7%	204.5	0.3%
2007	187	94	65	0.3%	38.8	0.7%	225.8	0.3%
2008	177	93	54	0.3%	35.2	0.7%	212.2	0.3%
2009	169	63	36	0.3%	34.6	0.7%	203.6	0.3%

Mode of Transport, 1999 – 2009, Source: NVS and IVS (TRA, 2010)

Flinders Ranges - Self-drive vs. Coach/Bus								
	Domestic Visitors				International Visitors			
Year	Self-drive	% of total visitor nr	Bus/Coach	% of total visitor nr	Self-drive	% of total visitor nr	Bus/Coach	% of total visitor nr
1999	330	82.1%	30	7.5%	26.4	61.8%	13.6	31.7%
2000	410	83.7%	32	6.5%	30.7	71.7%	12.3	28.7%
2001	346	82.6%	23	5.5%	43.7	75.3%	14.4	24.8%
2002	350	87.5%	25	6.3%	21.9	56.8%	15.6	40.5%
2003	393	82.7%	35	7.4%	26.1	71.1%	11.0	30.1%
2004	380	88.0%	10	2.3%	28.7	66.1%	13.7	31.5%
2005	353	88.0%	23	5.7%	18.1	65.6%	9.2	33.4%
2006	326	87.6%	26	7.0%	20.0	69.4%	7.6	26.2%
2007	353	86.1%	33	8.0%	20.7	71.4%	6.7	23.1%
2008	321	84.9%	23	6.1%	19.6	67.8%	8.6	29.6%
2009	348	87.0%	23	5.8%	20.3	71.5%	7.7	27.3%
Outback SA - Self-drive vs. Coach/Bus								
	Domestic Visitors				International Visitors			
Year	Self-drive	% of total visitor nr	Bus/Coach	% of total visitor nr	Self-drive	% of total visitor nr	Bus/Coach	% of total visitor nr
1999	110	57.3%	26	13.5%	20.7	44.5%	21.6	46.6%
2000	198	77.0%	26	10.1%	26.2	44.2%	30.9	52.2%
2001	116	64.1%	21	11.6%	37.3	55.8%	25.7	38.5%
2002	169	82.0%	20	9.7%	21.4	41.8%	26.8	52.5%
2003	188	70.7%	21	7.9%	23.2	56.1%	14.6	35.3%
2004	137	77.0%	7	3.9%	23.4	47.3%	24.8	50.1%
2005	127	67.2%	15	7.9%	17.6	50.2%	16.6	47.4%
2006	134	78.8%	11	6.5%	17.2	49.8%	16.1	46.5%
2007	108	57.8%	12	6.4%	18.9	48.7%	15.5	40.0%
2008	105	59.3%	14	7.9%	16.1	45.9%	16.3	46.3%
2009	112	66.3%	10	5.9%	19.2	55.5%	13.3	38.3%

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30 September 2010

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Dear Ms. Schmallegger,

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Yours sincerely,

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