

Destination Risk Management Modelling

Project 70119 B3

Final Report

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Rationale

Clearly, an improved and systematic approach to crisis and disaster preparedness, response, and recovery is a necessary and critical component of a sustainable tourism industry in Australia. When industry partners have an understanding of the longer view on possible future events and likely hazards of the future, financial and economic loss can be reduced.

With safety and security foremost in the eyes of international and domestic travellers, a responsible and sustainable tourism product must be based on thorough, clearly described risk management strategies for all levels of tourism businesses.

The initial stage of this project in 2004 is a starting point to then be able to address identified priorities that emerge from the proposed results described below. So then this project is a scoping (issue and needs identification) of risk related issues at this initial stage. It is hoped that the CRC will contribute further to the initiative over the following two to three years. The current research provides a solid basis upon which tourism risk management can be addressed in a systematic and practical manner to the benefit of tourism businesses throughout Australia.

Completion of Project Outcomes

Project Outcome 1: Risk Communications

The establishment of a publicly available web site will facilitate access to information, links to relevant resources, and downloadable documents, all relating to Tourism Risk Management. This will be the first step towards this site becoming a user-friendly, resourceful, and valuable access point for tourism businesses to learn and share risk related guidance and information.

- The web site has been completed and submitted to industry partners for review in order to establish priorities for the types of information that should be made available on the site as it expands.
- At present it is designed to accommodate the project related material but has been designed to accommodate future needs.

- **COMPLETION at 16 December 2004: 100%**
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Project Outcome 2: Managing Risk

Practical guidelines and working templates for risk management planning are necessary to reduce the impacts of natural and man-made hazards, and to facilitate more thorough preparedness for disasters of all kinds. Thorough and comprehensive Tourism Risk Management Guidelines should be developed over a longer period with considerable stakeholder contributions. The scoping exercise in this project will therefore flush out priorities and specific needs that Tourism Risk Management Guidelines should address. Two areas of scoping will be researched, namely; i) Risks to Tourism, and ii) Tourism Risk Management.

- Investigations have been completed in the three main areas described above. The research results are posted on the web site.
 - Results from the synthesis of this research will develop the basic requirements (in the form of a Table of Contents) of the proposed Tourism Risk Management Guidelines to be prepared at a later stage of the project.
 - **Research Documents posted on the website:**
 - i. Risks to Tourism (28pp.)
 - ii. Vulnerability Reduction (9pp.)
 - iii. Tourism Risk Management (40pp.)
 - iv. Proposed Tourism Risk Management Guidelines contents (2pp.)
 - **COMPLETION at 16 December 2004: 100%**
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Project Outcome 3: Long Term Risks to Tourism

A methodology will be developed to conduct a survey of experts from the tourism industry, insurance industry, and related fields to assess long-term tourism trends and forecasts with respect to future hazards and risks that tourism businesses and their support communities in tropical coastal areas will likely face in the coming two to five decades. This survey will be undertaken with a global perspective to test the potential of the methodology in view of conducting an Australia-specific survey to fully assess tourism risk management needs in Australia, during the next phase of the Destination Risk Modelling research.

- The survey has been completed, results tabulated, and an initial report prepared and posted on the web site. The report describes the development of the methodology, the application to qualitative long-term tourism futures investigations, and the results of the contributions of experts from 22 countries in Asia-Pacific, Europe, and North America.
 - As a follow-on activity of the research, the findings should be summarised and relevant information should be extracted that will be of value to further development of Risk Management Information to be made available to industry partners and tourism businesses throughout Australia.
 - **Research Documents posted on the website:**
 - i. Tourism Futures: Risk and Catastrophe Methodology and Results (28pp.)
 - **COMPLETION at 16 December 2004: 100%**
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Project Outcome 4: A Risk Management Model

An assessment of the range of existing risk management models currently employed in Australia and elsewhere will be undertaken in view of developing an appropriate model which can in future, be developed to guide risk assessments and risk analyses by using a 'total risk' approach to vulnerability, hazards, and the risk environment.

- This work on the model has developed a simple approach to modelling risk utilising material from two main

sources, emergency management practices and the insurance industry.

- The model has resulted in tourism risk triangles diagram and a quasi-mathematical equation to represent total risk in terms of vulnerability, hazards, and the risk environment.
 - Specific definitions have been developed for all relevant terminology, again drawing on a number of Australian and international precedents in various fields of risk management

 - **Research Documents posted on the website:**
 - i. Tourism Risk Management Model (7pp.)
 - ii. Defining Key Risk Terms (29pp.)
 - iii. Summary of Key Terms (4pp.)

 - **COMPLETION at 16 December 2004: 100%**
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Project Outcome 5: Hazards and Risk Needs Analysis

An assessment of existing disaster management plans in North Queensland will further identify the 'gaps' in existing planning and management strategies, a first step in effective risk management.

- Field work was carried out in three locations (Cairns, Townsville and the Whitsundays).
- NOTE: THIS COMPONENT OF THE SCOPING PROJECT WAS INCOMPLETE AT TIME OF WRITING (16 DECEMBER) AND WILL THEREFORE BE COMPLETED AND POSTED ON THE WEBSITE IN FEBRUARY 2005.
- The report arising from this project component will be posted on the web site in February.

- **Research Documents posted on the website:**
 - i. Fieldwork Objectives (3pp.)
 - ii. Hazards and Risks to North Queensland Tourism - Needs Analysis Report (? pp.)

- **COMPLETION at 16 December 2004: 90%**
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Project Outcome 6: Risk Management Information

In future, this is where a variety of relevant risk and risk management documents and resources will be posted in view of this specific area becoming a much expanded main component of the web page once the initial scoping project has been completed. The overall objective of the website in future will be to provide risk and risk management information to industry partners and tourism businesses throughout Australia.

The initial research developed a number of relevant risk management templates that are contained in a document titled "The Practice of Tourism Risk Management".

- A number of documents will be posted here as a 'clearing house' of sorts for the future. It should in future be accessed from an additional page where a full hierarchy of risk management information and best practices examples can be viewed and downloaded if possible.
 - **Research Documents posted on the website:**
 - i. The Practice of Tourism Risk Management (40pp.)
 - **COMPLETION at 16 December 2004: 100%**
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Project Tasks and Methodology

The initial stages of scoping required the following tasks to be completed by December 2004 (these are in no specific order, they are of equal priority and importance):

Scoping - Year One 2004

1. *Establishment of a review board for the project titled "Industry Reference Group".*

Contact has been established between all members who include

representatives from the Bureau of Meteorology, Tourism Queensland, Tourism Tropical North Queensland, Cairns City Council, Parks Victoria, Emergency Services (Queensland), and Emergency Management Australia. The Industry Reference Group will review all material prepared for the project and contribute recommendations on priority areas to be further addressed.

2. *Design and build a professional web site to provide access to information and resources relevant to the project, on 'Tourism Risk Management'.*

The web site was designed and built by staff at the Centre for Disaster Studies at James Cook University, and was launched in October 2004. The web site currently hosts a description of the project, copies of all project outcomes, and a variety of links to information and resources relevant to tourism risk management.

3. *Determine priorities and specific needs for risk management planning, that practical Tourism Risk Management Guidelines and working templates should address.*

Thorough and comprehensive guidelines preparation is a priority for further stages of the project. At this stage, a range of templates have been prepared to test appropriateness of format and content. A draft Table of Contents have been developed to investigate priorities for the overall approach to the development of tourism risk management guidelines.

4. *4. A methodology will be developed to conduct a survey of experts from the tourism industry, insurance industry, and related fields to assess long-term tourism trends and forecasts with respect to future hazards and risks that tourism businesses and their support communities in tropical coastal areas will likely face in the coming two to five decades.*

This survey was undertaken with a global perspective to test the potential of the methodology in view of conducting an Australia-specific survey to fully assess tourism risk management needs in Australia, during the next phase of the Destination Risk Modelling research.

5. *Carry out an assessment of the range of existing risk management models currently employed in Australia and elsewhere, in view of developing an appropriate model which can in future, be developed to guide risk assessments and risk analyses by using a 'total risk' approach to vulnerability, hazards, and the risk environment.*

This component was central to the Destination Risk Management Modelling project. Concepts and models relating to risk and risk management were reviewed from the insurance industry and disaster management literature to determine an appropriate approach to tourism risk management.

6. *Conduct initial needs analysis (including a comprehensive hazards identification, vulnerability assessment, and overall hazards exposure for specific destination types) in North Queensland.*

The aim was to assess the preparedness of tourism businesses to cope with a variety of hazards that may or may not have an (negative) impact on future business viability. In order to find out how well tourism businesses were able to cope with disasters, and what preparations they currently have in place, primary research was undertaken in various North Queensland destinations (Cairns, Townsville and the Whitsunday Islands) to determine what tourism businesses perceive as their priority needs to cope with disasters.

7. Review and revise overall project objectives and scheduling.

Long Term Benefits of the Project

** NOTE: The following description is aimed at the long-term implementation of the Destination Risk Management Modelling project and is contingent upon further assistance from the Sustainable Tourism Cooperative Research Centre, and partnership funding established in further stages of the project.*

Based on thorough research done for the APEC Risk Management Manual¹, this project will build on that material with Australia specific examples of emergency management strategies and hazard mitigation measures, attuned to the tourism industry, the protection of infrastructure investment, and visitor safety and security in general. Destination managers around Australia will have the opportunity to access information (from the project web site) on a variety of risk related issues that are likely not a part of current business plans, corporate strategies, or disaster planning in general.

Benefits will include: minimising potential loss due to disaster or catastrophic events (life, real property, business interruption, reputation, insurance premiums); knowledge of the value of risk management strategies and disaster preparedness to sustainable and responsible best business practices; access to resources and training to assist tourism managers' capacity and ability to respond to risk events in a coordinated and systematic manner.

The project must be inclusive of all levels of industry representation to be able to provide an effective, practical application of risk management models to the variety of businesses directly and indirectly contributing to the tourism industry. This can only be achieved with a variety of communication tools including (but not restricted to) the

¹ Wilks, J. and S. Moore (2003). Tourism Risk Management For The Asia Pacific Region: an authoritative guide for managing crises and disasters. Brisbane, APEC.

following:

1. Announcing nationally the intent and scheduling for the project through industry partners, academic journals and all possible electronic communications
2. Making direct contact with a wide representation of tourism leaders.
3. Providing introductory presentations at relevant gatherings conferences and seminars on tourism related topics.
4. Supplementing the CRC newsletter with project specific material for dissemination through existing networks.
5. Summarising key project findings and progress statements regularly into small downloadable (pdf format) brochures to be made available to interested parties through the web site and in hard copy.
6. Providing regular press releases to the media on key issues and findings as they become available to the Team.
7. Providing an adequate opportunity for feedback from all businesses and individual stakeholders.
8. Publishing material regularly throughout the project in accordance with a publication plan prepared as part of the initial Scoping exercise, and
9. ... other means of maintaining a continued communications relationship with industry partners

Contents of Final Report Submission

While all documents prepared for this research project have been posted on the website, as a final submission to the STCRC, copies of these document have been compiled into a hard copy which is made up of the following documents:

Project Outcome 2: Managing Risk

Risks to Tourism (28pp.)

Vulnerability Reduction (9pp.)

Tourism Risk Management (40pp.)

Proposed Tourism Risk Management Guidelines Contents (2pp.)

Project Outcome 3: Long Term Risks to Tourism

**Tourism Futures: Risk and Catastrophe
Methodology and Results (28pp.)**

Project Outcome 4: A Risk Management Model

Tourism Risk Management Model (7pp.)

Defining Key Risk Terms (29pp.)

Summary of Key Terms (4pp.)

Project Outcome 5: Hazards and Risk Needs Analysis

Fieldwork Objectives (3pp.)

**Hazards and Risks to North Queensland Tourism - Needs
Analysis Report (incomplete at 16 December 2004)**

Project Outcome 6: Risk Management Information

The Practice of Tourism Risk Management (40pp.)

**** PLEASE NOTE:**

1. ALL MATERIAL POSTED ON THE WEB SITE AT PRESENT IS DRAFT MATERIAL FOR REVIEW BY THE INDUSTRY REFERENCE GROUP AND PERSONNEL FROM STCRC.
2. THIS SITE IS NOT ACCESSIBLE TO THE PUBLIC AS YET.
3. ONLY AFTER STCRC APPROVAL HAS BEEN GRANTED WILL THE SITE GO PUBLIC.

End
16 December 2004