

Cashing In On Koalas

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In 1997 I participated in a study of the contribution of koalas to the Australian tourism industry. The study was commissioned by the Australian Koala Foundation, which believed that governments and the public, while reasonably well informed about the threats to koalas, were unaware of the economic importance of this creature.

It had been understood for some years that Australia's unique and fascinating wildlife is a vital factor in attracting foreign tourists. A large and rapidly growing part of the Australian economy has been built on the promotion of images of exotic fauna and outback expanses. Despite recent calls for the Australian Tourist Commission to present a more cosmopolitan, post-Olympics image of Australia abroad, it has stuck to the outback and wildlife image, even wheeling out Paul Hogan for another round of shrimps on the barbie.

Koalas appear to play an especially important role in foreign images of Australia. While there has been considerable evidence of the importance of koalas to some segments of the inbound tourism market, the results of our study indicated that the iconic status of koalas is even greater than previously believed.

When asked which animals they particularly wanted to see in travelling to Australia, 72 per cent of respondents nominated koalas. Along with kangaroos (with 66 per cent), koalas were by far the most popular creatures. Parrots, emus, platypus and dingos were well behind, registering only 15-19 per cent.

The study was based largely on a survey of 419 departing foreign tourists. The survey was conducted at Sydney and Brisbane airports and included administration of a Japanese translation to 115 Japanese visitors. Among the results of the survey, we discovered that:

- 67 per cent of respondents said that nature-based activities were quite important or very important to their experience in Australia;
- 75 per cent of inbound tourists said that they hoped to see a koala when making the decision to come to Australia, and 70 per cent of departing tourists reported that they had actually seen one; and
- when asked whether they would have changed their decision to come to Australia if there were no unique wildlife, 11 per cent said 'yes'.

This last figure is very important. Eleven per cent of foreign tourists would have gone somewhere else were it not for the opportunity to experience Australia's unique wildlife. We used this figure to estimate the tourist revenue that would be lost in the absence of unique Australian wildlife, of which the koala is an extremely important

part. Applying this proportion to 1996 tourism revenue of \$16.1 billion gave \$1.8 billion, an upper bound on the contribution of koalas to the Australian tourism industry, a figure that would probably be significantly higher now, five years later.

The study also estimated the amounts spent on viewing koalas and 'koalabilia' in Australia – taking account of the costs of visiting zoos and wildlife parks, photographs with koalas, and a proportion of travel costs to Australia. Koala souvenirs are everywhere; for some years, wildlife parks in Queensland have been doing an excellent trade in koala scats encased in perspex, known as 'koaladoo-san'. Expenditure on all of these is only a partial evaluation of the 'koala industry' and so provides a lower bound on the economic contribution of koalas. The estimated expenditure is \$336 million per annum.

Based on these upper and lower bounds, our best estimate of the contribution of koalas to the Australian tourism industry and thus the Australian economy was around \$1.1 billion. Given the difficulties in a study like this, this figure should be regarded as an order of magnitude only. A figure of \$1.1 billion translates into around 9,000 jobs directly accounted for by koalas in 1996.

In the economic way of thinking, koalas in the wild can be regarded as a 'public good' in the sense that 'consumption' of a koala experience by one person does not diminish 'consumption' by another. To the extent that koalas (together with other aspects of Australia's unique natural environment) increase tourism expenditure in Australia, koalas might be thought of as an input into the tourism industry – one that tourist operators do not pay for.

Access to koalas can, however, be privatised, that is, made excludable, and indeed most tourists have their koala experiences in zoos and wildlife parks which are fenced off and charge an entrance fee. In this case the market works. Resources are expended in providing the koala experience which is then owned exclusively by the producer. To 'consume' the good customers must pay the price, the entrance fee.

However, that is not the end of the story. Staying within the economic framework, the availability of koalas in zoos and parks provides a very different set of benefits to the existence of koalas in the wild. Koalas in captivity and koalas in the wild are different 'goods'. In other words, the Japanese tourist who sees a koala in captivity does not have the same experience as the Australian who appreciates the fact that there are koalas out there in their natural habitat, even though they may never be seen. Environmental economists would distinguish between the recreation value and the existence value of koalas in these situations.

Tourism based on koala experiences is a very profitable commercial use of wildlife. Some prominent conservationists have been making cogent arguments for the extension of commercial exploitation of our unique fauna. They are persuaded by the argument that profiting from the sale of native animals also encourages their conservation. Michael Archer, the director of the Australian Museum, has been arguing for some time that the best way to save threatened species is allow everyone, including foreigners, to keep them as pets. The incentives to preserve them will be much greater if we can turn a dollar from them. Archer has said: "When we value an

animal because it is the basis for economic wealth, we will ensure that the things it requires to survive will be secured”.

This way of thinking can be extended to tackle other aspects of koala management. Over the last decade or two, the demand for koala experiences has been dominated by the desire by Japanese tourists to have close and friendly encounters with these animals. I think there is an opportunity to expand the market for American visitors in particular in search of koala experiences.

Of course, the preferences of American tourists are likely to be somewhat different. But this difference may provide a unique opportunity to, at the same time, promote tourism and address one of the most serious koala management problems in Australia, the overpopulation of Kangaroo Island. It is fairly apparent that the South Australian Government will need to cull the koala population of Kangaroo Island, reducing it from around 30,000 to around 10,000. This will be an expensive operation, costing perhaps \$1 million.

One approach worthy of serious consideration would be to charge a fee for visitors to Kangaroo Island to hunt koalas. In this way, we could enhance koala conservation while also providing a worthwhile tourist experience that would help us break into the lucrative American market. Of course, the operation would need to be properly managed by reputable people. Professionals would closely supervise hunters as they track, spot, shoot and bag the animals. As in African big-game safaris, koala hunters would need to demonstrate that they are good shots so that there is a high probability that they will achieve a clean head-shot on a koala that may be 30 metres up in a tree.

For inexperienced hunters and children learning to use guns, it may be feasible to capture some koalas and place them in enclosures so that hunters can shoot them at close range.

There is little doubt that the koala hunting operation on Kangaroo Island would be commercially viable. The spread of the hunting ranches in the USA demonstrates that there is strong demand for the opportunity to hunt and kill animals in the wild as well as in captivity. The shooting of animals in enclosures is known as ‘canned hunting’, although this is generally used as a derogatory term. There are over a thousand canned hunting operations in America with a disproportionate number in Texas. The profits are considerable. At the *777 Ranch* in Texas the trophy fee for a Barbarossa Sheep is US\$1,875 (around A\$3,500) and for an Addax Antelope the fee is US\$3,500 (A\$7,000). According to its advertisement on the internet, the fees for a range of rare species, including the Persian Ibex and Grant’s Gazelle, are ‘priced upon availability’. The price list at the *777 Ranch* notes that: ‘Trophy fees [must be] paid in full for any wounded game’, and the same would apply on Kangaroo Island. Hunters can use a bow and arrow instead of a gun if that’s their weapon of choice.

The key question is how much could be charged for the opportunity to shoot a koala on Kangaroo Island. A fee of \$1000 per koala would be a very conservative estimate, with at least \$1,500 for a mother and baby. American tourists could be offered complete packages for several thousand dollars including airfares, accommodation, gun hire, trophy fees and taxidermy. Taxidermy would of course be a critical part of the experience, and an important promotional device, as many homes would be

adorned with stuffed koalas clinging to eucalypt branches – an ideal conversation starter about the wonderful time the hunters had in Australia.

Allowing for administrative costs, the Kangaroo Island cull could yield at least \$20 million, revenue that should be devoted to koala conservation measures throughout Australia, including support for non-government organisations. The Australian Koala Foundation should receive at least \$1 million to support its admirable conservation efforts.

The initial Kangaroo Island cull would only last two to three years. But in that time it is likely that a strong and continuing demand for koala hunts would develop, along with a new industry that would lobby vigorously to protect its revenue streams. It may therefore be necessary to establish a captive breeding program in order to sustain the supply of koalas to satisfy the demand for hunting. The breeding program would become an important segment of the koala hunting industry.

I have had exploratory discussions about this proposal with the Australian Tourist Commission and a number of ideas have been put forward for promotional themes, including a TV campaign using Rex Hunt with a message along the lines of “Come to Australia and bag a koala”. Another idea is a feature film about an intrepid larrikin who leads Americans on hunting expeditions. It has the working title “Koala Dundee”.

Last month, I put the koala hunt proposal to the Federal Minister for Forests and Conservation, Wilson Tuckey. His initial reaction was very positive, saying that it is an idea that fits perfectly with his approach to wildlife conservation. He has given me an undertaking that, if the Coalition is returned to power, he will commission my Institute to carry out a feasibility study.

So you can see that economics can contribute a great deal to koala conservation. The economic approach to conservation suggests ways we can combine conservation with commercial opportunities, so that we can have both a better environment and faster economic growth. Everyone is a winner – conservationists, foreign visitors, the tourist industry and, of course, the koalas themselves.

Thank you.