

Premium Ecotourism Products on Whitsunday Island

Feasibility study Executive
Summary

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Executive summary

The Queensland Government is committed to creating new opportunities for the State's burgeoning ecotourism market. Based on the 2013 Expressions of Interest (EOI) Program and benchmarking comparators from other states, the Queensland Government has decided that securing private sector ecotourism investment through government-led and site-specific approaches is the key to building Queensland's profile as a global ecotourism destination.

In the aftermath of Tropical Cyclone Debbie, a \$7.3 million capital investment package from various sources was committed to deliver new, alternative and upgraded visitor facilities within the Whitsunday Islands National Park. This initiative has already delivered walks in South Molle, Langford and Border Islands, with works underway in Hill Inlet and Whitehaven Beach. Construction work started on the \$2.78 million multi-day walk from Whitehaven Beach to Tongue Point in December 2018.

An additional \$5 million has been committed by the Queensland Government, through the Department of Environment and Science (DES), for the establishment of premium ecotourism facilities on Whitsunday Island to fulfil both purposes.

The Queensland Government, through DES sought the development of a feasibility study for potential premium ecotourism products, including eco-friendly accommodation options for Whitsunday Island (the Project).

This feasibility study aims to assess the viability of low-impact environmentally friendly accommodation facilities and linking walking tracks across the island, and to assess any other relevant ecotourism offerings. It will also outline the strategic, economic, ecological and commercial contexts of the Project, and undertake an analysis of the options and consideration of the preferred procurement process. The feasibility study will also involve an analysis of prevailing market conditions for these products and will make a series of final recommendations on the overall viability of the Project.

A Project team was assembled for the delivery of this feasibility study, led by Aurecon and supported by PwC, EarthCheck and Tulipwood Economics.

Needs assessment and proposed options

Strategic rationale

The vision of the Queensland Government is to create new ecotourism opportunities that not only provide economic benefit for Queensland but also preserve Queensland's natural and cultural assets for future generations. Despite Queensland's many opportunities for growth, much of Queensland's potential for tourism and sustainability remains untapped, particularly the ecotourism market.

A major focus of ecotourism for the Queensland Government is to educate and inform visitors, which contributes to both the local community and the conservation of natural areas. Business plans and modelling for ecotourism facilities must ensure that these needs are met, while also balancing the traditional considerations of tourism offerings.

The overarching Project objectives for this feasibility study are outlined below:

- A thorough options analysis which identifies a preferred option/s for the Project, including delivery model analysis and identification of private investment opportunities;
- A social, community, and key stakeholder engagement program which identifies and mitigates any risks and integrates feedback to ensure Project success;
- The production of an environmental and cultural heritage assessment that is fully aligned with the values of the DES, that follows legislative and planning requirements, and ensures ongoing sustainability and consultation with Traditional Owners; and
- A market demand, cost-benefit and economic impact analysis which strengthens the case for investment while also demonstrating tangible and relatable benefits associated with the Project.

DES are partnering with the Department of Innovation, Tourism Industry Development and Commonwealth Games (DITID) and Tourism Events Queensland (TEQ) to deliver new ecotourism infrastructure in the state's most iconic regions, including on and adjacent to Queensland's national parks.

EOI process

DITID conducted an EOI process commencing on 12 October 2018, which sought interest from the market on a number of trails in Queensland, including on Whitsunday Island, the Cooloola Great Walk on the Sunshine Coast and the Thorsborne Trail on Hinchinbrook Island National Park as part of a whole-of-government approach to trails and related ecotourism facilities, which include the Wangetti Trail and a new Gold Coast Trail. Applications for the EOI closed on 30 November 2018.

The Queensland Government intends to partner with the private sector, local governments and Traditional Owners to develop a series of world-class trails. The EOI process is the first step to engaging private investors and tourism operators to help the Queensland Government develop appropriate, sustainable, highly successful, best practice ecotourism experiences. The outcomes of this EOI process will inform further investigations that may be required to determine the most appropriate eco-accommodation proposition for Whitsunday Island.

Market demand considerations

As part of the feasibility study, the Project team assessed the market demand for premium ecotourism offerings and the likelihood of success for the proposed Project. Analysis indicates that the global tourism industry has grown significantly over the past decade, and that some of the highest value and growth sectors are the walking and outdoor adventure sectors. These sectors doubled in size between 2009 and 2014 and have continued to grow at comparable rates. They are estimated to reach a market value of \$1,336 billion in 2023.

The results of the market demand research indicate that there has been strong demand for appropriately located ecotourism offerings and eco-friendly accommodation in the Australian marketplace for several years, and significant demand for more ecotourism and adventure tourism offerings in the Whitsunday region.

In particular, the luxury end of the market and fully facilitated guided walks demonstrates the highest level of demand. The wide range of existing luxury accommodation and experiences in the Whitsunday region allows for many partnership opportunities, but also means that the premium ecotourism market already exists.

Preferred options

sch4 Deliberative process

Impacts analysis

Social impact considerations

The social impact assessment outlines all social impacts relevant to the feasibility study and identifies mitigation strategies to be implemented. The assessment focused primarily on regional and local strategic planning documents, as well as making use of demographic data gathered at state and national levels.

Key impacts identified for this feasibility study included:

- Improved employment opportunities in the local area;
- Competition for existing businesses who offer a similar product or operate a tourism activity within the vicinity of Whitsunday Island;
- Cultural and heritage impacts, particularly to the Traditional Owners of the Island; and
- Adverse environmental impacts on Whitsunday Island.

These impacts can be reduced by implementing the mitigation strategy identified for each impact and undertaking a comprehensive engagement program in the next stage of the Project, targeting Whitsunday Regional Council, Tourism Whitsundays and local industry will help identify stakeholder views and potential opportunities to leverage from the introduction of a new ecotourism operation.

Environment considerations

Whitsunday Island is also within the Great Barrier Reef World Heritage Area (GBRWhA) and its intertidal areas and surrounding waters are within the State Great Barrier Reef Coast Marine Park and Commonwealth Great Barrier Reef Marine Parks.

Desktop assessment

A desktop environmental assessment, undertaken using the Australian Government *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) Protected Matters Search Tool, covered the entire study

area and a buffer zone. The central point was defined in the middle of the study area, and the buffer zone measured 10km. This search identified several key factors:

- Ten threatened fauna species are known to occur in the study area and buffer zone;
- Eleven introduced flora species and four introduced fauna species occur within the study area and buffer zone; and
- Three high-risk protected plant areas on Whitsunday Island centred around Cairn Beach, the north-west side of the island and at Whitsunday Peak.

As part of this assessment, information was sought from Queensland Parks and Wildlife Service (QPWS) to gain an appreciation of park management activities, sensitive ecological areas and cultural heritage management of Whitsunday Islands National Park. A number of experts were contacted for consultation regarding particular species. It should be noted that while there is a general paucity of records on threatened species in the area, this dearth of material can be attributed more to limited survey effort than genuine absence. The Whitsunday Islands are likely to contain a greater level of endemism of flora and fauna than is currently known due to their isolation and limited previous survey effort.

The report has also mapped out a series of potential environmental constraints that could impede progress if they are not identified and given full consideration.

Detailed review

Following the high-level desktop assessment, and because of the limited records regarding endangered species, a detailed field study was undertaken to investigate the full scope of potential environmental constraints that could potentially delay further progress. The Project team conducted a series of ecological assessments and habitat surveys, with a particular focus on:

- Regional ecosystem verification, in accordance with the *Methodology for survey and mapping of regional ecosystems and vegetation communication in Queensland* (Neldner, et.al, 2012), to consider the impact of each site on the suitable foraging, shelter and breeding resources of native fauna;
- Landscape Classification, using the DES Landscape Classification System for visitor management, to characterise the biophysical, social and management attributes of each site from a visitor management perspective; and
- Matters of National and State Environmental Significance, which are environmental matters protected under the Commonwealth EPBC Act and Queensland's environmental legislation.

Ecological assessments delivered the following results:

Site 1 – Torres Herald Bay	Site 2 – Hill Inlet
<ul style="list-style-type: none"> ▪ The Regional Ecosystem (RE) mapping at this site was incorrect - the site was erroneously labelled 8.12.14a/8.12.14b but is actually consistent with 8.12.11. ▪ Both classifications have a <i>Vegetation Management Act 1999</i> (VMA) status of 'least concern' so while the error does not meaningfully affect the project, it is indicative of the need for further detailed environmental study on Whitsunday Island ▪ No significant impacts to matters of state or national environmental significance are likely if the mitigation measures proposed are implemented. 	<ul style="list-style-type: none"> ▪ Hill Inlet was correctly mapped as 8.12.14a, which has a VMA status of 'least concern.' ▪ None of the occurrences of threatened species or taxa groups which occur in this area are likely to represent important populations. ▪ No significant impacts to matters of state or national environmental significance are likely if the mitigation measures proposed are implemented.

Cultural heritage and Traditional Owner considerations

As part of the feasibility study, the Project team undertook a desktop review to identify any cultural heritage constraints. The report reviewed a series of Queensland Government online databases and relevant spatial information and compiled a heat map of the identified heritage constraints.

The greater Whitsunday region holds cultural heritage values for three groups of Traditional Owners, the Gia, Juru and Ngaro people. The Project team prepared a cultural heritage consultation plan and undertook

consultation accordingly with representatives of these Traditional Owners in accordance with this plan. This consultation highlighted the following key themes:

- Lowest impact options were preferred;
- Options should 'blend' into the environment as much as possible;
- Major infrastructure, for example, resort or motel style, is unacceptable;
- A Traditional Owner cultural and ecological knowledge component would be welcome;
- Involvement in on-ground cultural heritage impact assessment of proposed sites is essential;
- Involvement in investigations into potential Traditional Owner cultural experiences is requested;
- A desire to explore the possibility of employment and/or training opportunities for Traditional Owners associated with any ecotourism ventures that proceed; and
- The inclusion of a Traditional Owner cultural heritage component as part of the induction process for staff and contractors engaged to work on implementation of ecotourism options and any subsequent maintenance activities.

Risk assessment

The Project utilises a risk register that was developed by DITID and adapted for use by DES, which describes the risks and associated mitigation measures to be applied when completing a feasibility study for the Project, with additional commercial and financial risks added by the Project team. Two risks were rated 'extreme' upon initial assessment, and once treatment for these risks was applied, only one risk was residually rated 'high' and no risks were residually rated 'extreme'.

The high residual risk item relates to potential Australian Government approvals not being obtained in a manner consistent with Project needs, for example, adverse conditions or delayed approvals. With the implementation of appropriate controls to mitigate consequences to the delivery of the Project, the original risk rating was reduced from 'extreme' to 'high'. These controls include:

- Initial engagement with the relevant Australian Government agency;
- Lessons learnt from previous ecotourism development applications;
- Established internal DES Steering Committee (Visitation and Ecotourism Steering Committee) which oversees Project development and approvals; and
- Established partnerships with independent subject matter advisors to provide professional advice.

Stakeholder and community considerations

A stakeholder and community consultation plan was developed to identify relevant stakeholders and to set out the purpose, process and timelines for engagement on the Project. The aim of this engagement is to establish a vision for ecotourism on Whitsunday Island and inform engagement for future project phases.

The Project team's approach in stakeholder analysis was to engage with a broad range of stakeholders, and to integrate the feedback received, thereby improving the feasibility study. The feedback was obtained primarily through an online survey.

The following key observations were drawn from the results of this survey:

- There is a perception that the Whitsunday Island has many special and renowned locations, and that the majority of participants believed the whole island required strong environmental protection.
- Respondents believed that the Traditional Owners required increased protections and should be consulted on all issues.
- The stakeholders value highly environmental and cultural heritage.

These results coincide with legislative obligations. The *Aboriginal Cultural Heritage Act 2003* provides for recognition, protection and conservation of Aboriginal cultural heritage, such as significant areas, and/or evidence of archaeological or historic significance of Aboriginal occupation of an area.

Construction and operational costs

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Cost benefit analysis

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Implementation

Delivery model and private investment assessment

Market sounding on the Project proposition was undertaken with a variety of participants in this market, including operators and tourism organisations.

The feedback received during market sounding identified that the private sector led models are the most likely to get the best outcome from the Project and for the Queensland Government. Participants generally agreed that while the Queensland Government is proficient in delivering public infrastructure in national parks, it may not be best placed to maximise the potential benefits through delivering the eco-accommodation itself. The private sector has the capital and the expertise to deliver innovative and commercial solutions for premium eco-accommodation.

However, due to the risks associated with the private sector delivering eco-accommodation in a national park setting, the Queensland Government should de-risk as many Project elements as appropriate. As de-risking through the facilitation of infrastructure was raised by a number of participants, it is recommended that some optionality is retained for the accommodation base infrastructure in terms of physical delivery by the Queensland Government or the private sector. This will be tested during the EOI process to determine the preference of the market.

As a result of the unique nature of the product offering, three criteria have been formulated for testing the ideal delivery model:

- The business model (the overarching model responsible for delivery and operations)
- The delivery model (the procurement process and overall delivery strategy for the accommodation base infrastructure and for the design and construction of the premium eco-accommodation)
- The operating model (the proposed operational and maintenance arrangements)

The operating model of both the premium eco-accommodation and the base infrastructure should both be undertaken by the private sector. This will be the simplest and most efficient model. Alternatively, the Queensland Government or other contractors could fulfil this part of the project, but this could lead to unnecessary interfaces and potential for conflict.

Conclusions

Aurecon has now completed the feasibility study to determine the viability of a premium ecotourism offering on Whitsunday Island. Overall, the project is clearly feasible and will be a significant benefit to the Whitsunday region and to Tropical North Queensland.

In proceeding, some actions will be required to manage the high-risk flora and fauna populations and areas of significant cultural value to the Traditional Owners. The environmental assessment found ten threatened fauna species that are known to occur in the study area and the buffer zone around it, along with eleven introduced flora species and four introduced fauna species in the same area. Three high-risk protected plants are also located on Whitsunday Island. It is possible for the presence of these species to impede progress if full care is not given to mitigating potential ecological damage, but with careful application of the recommended mitigation strategies there should be a low risk of environmental harm. Most notably, a further

detailed assessment will be required in order to fully construct a detailed environmental strategy for preventing damage.

The detailed environmental assessment revealed that in both of the proposed sites there is a strong likelihood that no significant impacts to matters of state or national environmental significance will be caused, so long as appropriate mitigation strategies are implemented.

The Project team also conducted a desktop review to identify any cultural heritage constraints, utilising Queensland Government databases and other resources to do so. Three groups of Traditional Owners have close cultural ties to the region: The Gia, Juru and Ngaro people. It will be crucial to gain the cooperation of these groups and to consult with them in accordance with the consultation plan prepared by the Project team. The social impact assessment indicated that key stakeholders consider cultural heritage to be an extremely high priority for this project, and so every effort should be made to ensure that the Traditional Owners are included at all stages.

These challenges are potentially significant but can be overcome through careful planning and appropriate mitigation strategies. The significant market demand for this product indicates the potential for strong commercial returns that will benefit both the local region and the state as a whole. The market demand analysis undertaken by the project team indicated massive growth in the global tourism industry, especially in the walking and outdoor adventure sector. Having doubled in size between 2009 and 2014, this sector is ripe for further investment.

The results of the market demand analysis indicate that there is strong demand for ecotourism offerings and eco-friendly accommodation. This project is expected to fill a key niche in the current market for luxury eco-accommodation and fully facilitated guided walks. There is also significant potential for this project to partner with existing luxury accommodation and experiences in the Whitsunday region to maximise the potential benefits.

The overarching benefits to the region are significant. The cost-benefit analysis conducted by the project team concluded that the potential benefits to the region, both monetisable and non-monetisable, are substantial. While the BCR for both of the proposed options is relatively low, there is still clear potential for commercial benefit to the local community. Furthermore, the analysis of the non-monetisable benefits indicates that community and social benefits are also significant, a factor which should be weighed equally with the direct commercial benefits.

The outcome of the feasibility study shows that there is both clear demand for, and benefit to be gained from, ecotourism offerings on Whitsunday Island. The ideal offering of a luxury ecotourism experience working in conjunction with existing accommodation and experiences on the island will provide significant economic benefit to both Tropical North Queensland and the State.

Key recommendations

The key recommendations arising from this study are set out below.

- Undertake a review of the potential environmental approvals to identify application triggers, and a review of the siting and concept design against the relevant Queensland Government policy in relation to ecotourism in protected area.
- Further detailed assessments should be identified based on the 'heat map', which will inform any known constraints and will guide the type of desktop and field assessments that will need to be undertaken.
- Ensure Traditional Owners are fully briefed in relation to the number and location of ecotourism sites when decided and conduct discussions to establish process and costs associated with site assessments.
- Deliver a comprehensive engagement program, targeting Council, Tourism Whitsundays and industry sources.
- DES to consider what aspects of the provision of premium eco-accommodation on Whitsunday Island are non-negotiable; what aspects are still being shaped through market and stakeholder engagement; and what the ultimate purpose of engagement will be (either to inform or consult).

- Focus on the luxury fully facilitated segment of the market to achieve the most productive use of planned infrastructure and give strong consideration to seeking formal positioning as a Great Walk of Australia.
- Explore opportunities to make pre and post trip experiences available as package options, to drive average length of stay and economic benefits.
- Consider that a combination of glamping and light frame 'hut/cabin' construction types is the most appropriate accommodation options and a group size of up to twelve will be optimal in meeting with market expectations.
- Consider the proposition that the preferred business model comprises accommodation base infrastructure designed and constructed by the Queensland Government, and the premium eco-accommodation opportunity would be offered to the private sector and would be entirely designed, constructed, maintained and operated by the successful proponent. The maintenance responsibility for the accommodation base infrastructure would also be transferred to the proponent.
- Deliver the eco-accommodation by an operator identified through the EOI and Request for Detailed Proposal process, who would then be engaged through a form of development lease agreement.
- If a Queensland Government-led model is chosen for the accommodation base infrastructure the recommended delivery is through a Design & Construct model.

Next steps

With the conclusion of this feasibility study, the Queensland Government can commence the following next steps:

- Complete the EOI process for this undertaking and consider the inputs of the market provided during that process.
- Undertake the further detailed environmental, cultural heritage and stakeholder analysis recommended by this report, in order to ascertain the most appropriate ecotourism offering for the region. This should include:
 - o Further detailed environmental assessments, based on the market proposals made during the EOI process.
 - o Further consultation with the Traditional Owners, seeking direct involvement and consultation from those communities on the project.
 - o Further detailed assessment of the region to locate any areas of significant cultural heritage not yet identified in the desktop assessment.



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