



The Gascoyne Development Commission submission to the Joint Standing Committee on Northern Australia;

INQUIRY INTO OPPORTUNITIES AND METHODS FOR STIMULATING THE TOURISM INDUSTRY IN NORTHERN AUSTRALIA

“Complemented by the outstanding natural attributes of two World Heritage properties, Tourism is the largest industry contributing to the economy in the Gascoyne region of Western Australia”

Mr Gavin Robins
Chief Executive Officer

www.gdc.wa.gov.au

Committee Secretariat
PO Box 6021
Parliament House
Canberra ACT 2600

To the Joint Standing Committee on Northern Australia;

Re: Inquiry into opportunities and methods for, and impediments and challenges to stimulating the tourism industry in Northern Australia.

Tourism and the Gascoyne, Western Australia

Tourism is acknowledged as the leading industry by value and a major economic driver supporting the Gascoyne economy. With two World Heritage Areas – Ningaloo and Shark Bay, numerous National parks and inclusion in Tourism Australia's iconic National Landscape program, the region has the opportunity to enhance its tourism potential.

Packaging the region's diverse tourist attractions and natural amenities into an integrated, seamless and accessible offering is critical to the sustainability and growth of the tourism sector. This requires a collaborative approach, enhancement in region wide branding and marketing, and improvements in transport and accessibility infrastructure.

Through the National Landscapes program, the 'Ningaloo-Shark Bay' landscape has been identified for its ability to contribute to Australia's global tourism competitiveness and has a number of comparative advantages; 'Unexpected Encounters', 'Outback and Ocean Discovery' and 'Conservation through Participation'.

The whale shark swim experience and Humpback Whale in-water interaction tour within the Ningaloo Coast World Heritage area, accessible from Exmouth and Coral Bay and the Monkey Mia wild dolphin interaction experience within the Shark Bay World Heritage area, are recognised as 'signature Australian experiences' providing marketing content that creates national and international global appeal.

The Gascoyne Regional Investment Blueprint (Blueprint) establishes the evidence, framework and strategies for the Gascoyne to grow further through informed investment decisions and contribute to more in a national and global environment. The Blueprint visions visitor spend of \$686m by 2050. In 2015, visitor spend contributed \$242m to the Gascoyne economy. An extra \$12.7m per year needs to be generated by the tourism industry through visitor spend over the next 35 years to reach this goal. According to the Blueprint, Tourism will still be the largest industry contributing to the Gascoyne economy by 2050.

From March 2018 Qantas will begin direct flights from London to Perth. This new international connection enhanced further by the 'Walkabout Fare' (£35 o/w Perth Learmonth) represents a potential game changing factor for regional Western Australia's (WA) tourism destinations and the international profile of the Gascoyne as a tourist destination.

Carnival Australia's (CA) recent announcement of its withdrawal of homeported vessels from Fremantle will have an adverse economic impact on the state's capacity to capitalise on cruise spend. Deficiencies in reliable port infrastructure and navigation hazards at Exmouth and Broome have been cited as a key reason behind this unpopular decision.

The Gascoyne Development Commission

The Gascoyne Development Commission (GDC) is a State Government statutory authority created through the Regional Development Commissions Act of 1993. It is one of nine regional development commissions established in Western Australia's regions to facilitate economic and social development.

The Commission works directly with the office of the Minister for Regional Development and advocates for the priorities of the region in this and other State forums. The Chairman of the Commission's board is a member of the Regional Development Council and the Chief Executive Officer also advises this peak body representing the nine regions of Western Australia.

The Commission's function is to take necessary steps to promote, facilitate and monitor development in the region. This includes:

- Developing and broadening the economic base
- Identifying infrastructure and service needs
- Maximising job creation and improving career opportunities
- Providing information and advice
- Seeking to ensure access to government services is equitable in the region.

Our Vision

The Gascoyne will be recognised as providing a great lifestyle and visitor experience through its diversity, employment and investment opportunities, unique natural environment and climate.

Terms of Reference

1. Domestic and international tourism comprising: recreational, environmental, cultural, educational, and industrial tourism:

The settlement of Coral Bay is located approximately 1200km north of Perth and situated within the Ningaloo Coast World Heritage area. Coral Bay is a coastal tourist settlement attracting an estimated 79,434 overnight visitors in 2015. Accommodation capacity is limited and visitors are being turned away.

The Commission has prepared a Business Case for Coral Bay that requires \$12.5M worth of funding to upgrade Coral Bay's roads, paths, walk trails, visitor facilities and foreshore conservation to improve visitor amenity and enable an increase in visitor accommodation.

The project is consistent with recommendations in the Coral Bay Settlement Structure Plan (2014) and ensures tourism at Coral Bay can grow sustainably in keeping with the Ningaloo Coast's UNESCO's World Heritage listing.

The proposed upgrade is expected to trigger \$75-\$80m of private investment in visitor accommodation adding up to 800 short stay beds that will increase annual visitation by 22,753 overnight visitors (with an estimated 79,434 overnight visitors in 2015). The regional economy will gain an additional \$25M in visitor expenditure annually that will stimulate further investment and employment.

Such growth will allow Coral Bay to better utilise the existing and recently upgraded power, sewerage and water infrastructure whilst capturing visitor demand that is currently being turned away. RAC Parks and Resorts are currently progressing plans to upgrade the Ningaloo Reef Resort at Coral Bay. However, their final investment decision hinges on the implementation of the infrastructure upgrades proposed in the Business Case.

Recommendation 1

The Federal and State government assist the Commission through Business Case funding support and project delivery capacity.

The Industry has recognised the potential of Tourism in Shark Bay with four private investors planning to spend in excess of \$30 million on tourism infrastructure in the region. Adding strength to the Coral Bay Business Case, supporting a west-coast World Heritage itinerary and with a view to transformational economic change, the GDC has been working closely with regional stakeholders to identify opportunities to leverage from this private investment.

The Destination Shark Bay working group has identified demand driver attractions and air and road access infrastructure that requires development or rejuvenation to support this planned new accommodation capacity and address declining airport arrivals, ageing infrastructure and better meet the needs of international and higher yielding visitors.

Initial site prioritisation for potential development conceptualisation has been given to the World Heritage Drive Entry Statement, Monkey Mia Reserve, Hamelin Pool Marine Nature Reserve, Shell Beach Conservation Park, Peron Homestead within Francois Peron National Park and Monkey Mia Airport runway. A Tourism Demand Driver Infrastructure (TDDI) funding application for Monkey Mia Reserve by the Dept. Biodiversity, Conservation and Attractions is currently under review.

An investment video presentation has been prepared to communicate the project's aims;

<https://www.youtube.com/watch?v=GAdT1KUVF0k&feature=youtu.be>

Recommendation 2

Further funding applications by stakeholders are looked upon favourably by federal funding providers.

World Heritage values and the region's outstanding natural attractions, predominantly managed through Department of Biodiversity, Conservation and Attractions, have the capacity and responsibility to facilitate economic as well as conservation and social benefits.

In 2012 the State Government first invited Expressions of Interests (EOI) to activate the François Peron National Park (FPNP) Naturebank site. In 2015, Bill Marmion, then WA Environment Minister said again "Naturebank aims to position WA as a premier ecotourism destination by releasing land for eco-friendly accommodation, mainly in national parks and reserves," The most recent FPNP EOI submission by Sal Salis responding to the criteria has indicated a 12-month approval process.

The Ningaloo Coast Regional Strategy (2004) was prepared as a 30-year strategic land-use plan that sets the framework to plan for sustainable tourism and land use on the Ningaloo coast. It includes a regional land-use plan; coastal tourism framework; planning and environmental guidelines for sustainable tourism on the Ningaloo coast; and structure plans

for key settlements. It provisions for the dispersal of tourism away from unmanaged, potentially environmentally harmful camping, into, small scale, low impact, managed nodes along the coast.

One of the outcomes from the State Government's 2015 pastoral lease renewal process was the excision of a coastal strip from several pastoral leases along the Ningaloo coast. The ultimate tenure configuration of the excised strip includes a future 'A' class reserve to be managed by the Department of Parks and Wildlife. A management plan for this area is currently being prepared.

Recommendation 3

Federal government work with state agencies to adopt a case-by-case, fast-track, red tape reduction approach and actively pursue private investment opportunities supporting eco-tourism considered product development within National and Marine Parks and Conservation Reserves. Encourage the continued and strategic support to existing eco-tourism product and developments licensees.

2. The role of peak bodies, local communities, and all levels of government in developing and promoting tourism opportunities nationally and internationally, including regulations and workforce issues that may inhibit tourism development:

In 2014 the Commission engaged industry consultants and the Gascoyne Regional Tourism Strategy was completed by the October.

Three key focus areas of the Strategy are;

1. **Visitor Experience** – optimising the visitor experience, share information, increase product knowledge, cross promote and package experiences
2. **Growing the Industry** – by building industry cohesion, collaboration and advocacy across the whole region. Promote investment, improve regional access and market to a higher yielding market
3. **Developing Products and Services** – to improve the diversity and alignment of the regions product offering to meet the needs and expectations of higher yielding visitors

Which has resulted in 3 themes – **Connect and Collaborate, Capacity Building and Contributing Value.**

Implementation of the Gascoyne Regional Tourism Strategy is a priority in the Gascoyne Regional Investment Blueprint. This initiative has resulted in an incorporated association, an administrative Board and employed a Tourism Development Officer to begin the implementation of the Gascoyne Regional Tourism Strategy for 18 months. The work of the GDC to produce the Gascoyne Regional Tourism Strategy and subsequent grant funding has enabled the commencement of dedicated and specialist tourism development activity, input and support.

Among initial results, efforts have identified an ongoing need to provide tourism expertise and support across the region through the continued implementation of the Strategy. This is necessary if the Gascoyne Regional Investment Blueprint target of a \$686m Tourism economic contribution by 2050 is to be achieved.

Opportunities to continue a dedicated Tourism Development role beyond the current finite funding model has been explored by the Tourism Board Chair and the Tourism Development

Officer over the past 3 months however to date no funding to support the continuation of the role has been sourced. It has therefore been suggested that upon the grant acquittal the role of the Board and Association to oversee the implementation of the Grant will conclude and the Association is wound-up in accordance with Department of Commerce processes.

A business case supporting a dedicated Tourism and Destination Development Role is currently being prepared by the Gascoyne Tourism Board Inc. for the GDC to provide further input and subsequent consideration by the Department of Primary Industry and Regional Development.

Recommendation 4

Encourage support for regionally based, tourism industry skilled professionals to drive regional collaboration between Industry, LGA's, Visitor Centres, Regional Tourism Organisations, Chamber of Commerce and Industries, Tourism Associations, State and Federal agencies to achieve strategic tourism and destination management outcomes.

The tourism industry and its distribution is complex. The industry also supports a large diversity of small businesses. The average tourism operator in the Gascoyne requires a Visitor Centre Membership, a Regional Tourism Association Membership, Australian Tourism Accreditation certification and National Parks licencing, at an industry level alone. This creates onerous financial and time considerations for new tourism operators entering the industry to ensure they can successfully conduct their business.

Due to the vast distances and cost prohibitive nature of travel throughout Northern Australia opportunities to network, share and learn from others in the industry is also challenging.

Earlier in 2017, the Gascoyne Tourism Industry Familiarisation (Famil) provided an opportunity for industry stakeholders to travel across the Gascoyne region. Strategically themed around connect and collaborate the goals were;

1. Get a better understanding of regional experiences to increase the ability to 'on-sell' the region
2. Build informal networking opportunities and develop through peer observation
3. Establish mutually beneficially business relationships to develop packaging opportunities

Intended to develop awareness, consideration and ultimately a decision to promote or sell one another for greater regional dispersal, increased length of stay and spend the Famil was successful in supporting industry growth.

Recommendation 5

Through the Building Better Regions Fund – Community Investment Stream, continued industry wide networking opportunities and leadership support that facilitates improved and regular face to face and e-conferencing communication and engagement between regional tourism stakeholders, i.e. from the Kimberley to the Gascoyne, from the Pilbara to the Northern Territory, from Alice Springs to Cape York etc.

The Commission was part of the lobby group responsible for the inclusion of the entire Gascoyne region in the *Northern Australia Infrastructure Facility Bill 2016*. This inclusion recognised that the Shires of Shark Bay, Upper Gascoyne, Carnarvon and Exmouth are all considered part of Northern Australia. Unfortunately, this definition does not seem to have extended to the other initiatives of the Office of Northern Australia - including the Northern Australian Tourism Initiative, which limits inclusion to those above the Tropic of Capricorn. The Commission therefore requests a standard definition of 'Northern Australia' to ensure the entire Gascoyne region is included.

Recommendation 6

That in respect of any program, policy or activity resulting from implementation of the White Paper on Developing Northern Australia, the definition of Northern Australia includes the Shires of Exmouth, Carnarvon, Shark Bay and Upper Gascoyne.

3. Communication and transport infrastructure (particularly air, sea, road and rail transport and port infrastructure) which may facilitate and grow tourism.

The geographic size of the Gascoyne, the dispersion of its population centres and the value of its economic assets necessitate the development of a quality, accessible and affordable network of air, sea and road transport infrastructure.

As part of its charter, the GDC is tasked with the economic and social development of the Gascoyne region. The monitoring and development of quality, accessible and affordable aviation services for the three civil aviation routes servicing the Gascoyne; that is Perth to/from Carnarvon, Monkey Mia and Learmonth (Exmouth), fits within this charter.

Air services are integral to the growth, liveability and sustainability of regional Australia. They play a pivotal role in transport networks, generate employment and training opportunities and support economic development with synergies across tourism, resource and agricultural industries.

In regions such as the Gascoyne, aviation is often regarded as the preferred travel option because of its expediency and relative economy. It is also a major contributor in growing prosperity, expanding opportunity and building communities. The aviation industry supports existing business, tourism, evolving market opportunities, job creation, training and capacity building, and has the potential to increase the efficiency of trade and social development.

Unfortunately, aviation within the Gascoyne is identified as a primary constraint on growth. Accessibility and connectivity has been identified as one of the six Transformational Pillars in the Gascoyne Regional Investment Blueprint because it represents one of the most significant challenges for the region. The region's aviation services are currently regarded as incompatible with sustainable economic and social development; they are deemed to be inadequate and fragmented, impeding growth and competition and unaffordable for many.

Currently intrastate tourism is constrained by perceptions of high airfares. The cost of travel on the Carnarvon – Monkey Mia air route is prohibitive, resulting in local residents, tourism and leisure travellers often choosing to drive, with lower cost to the consumer outweighing the convenience of shorter air travel times. Similarly, the influence of price on consumer behaviour can lead to the comparison of cost vs location/experience (visitors choosing cheaper locations to visit).

The Carnarvon –Monkey Mia route is highly vulnerable and considered to be “thin”, thereby generating limited revenues for the airline operator and high airfares for consumers. The cost of travel on the Carnarvon – Monkey Mia air route is prohibitive and passenger movements have dramatically declined reaching their lowest in a decade; placing increasing pressure on the viability of the route itself. It is notable that the decline in tourism and passenger numbers to Shark Bay/Monkey Mia directly correlates with the withdrawal of SkyWest from the route. SkyWest was part of the Global Distribution System (GDS), whereas the current carrier is not.

An airline that does not participate in the GDS is largely invisible to travel agents. Without connectivity to this system, crucial for tourism and economic development, Carnarvon and Monkey Mia will remain disconnected from major sections of the intrastate, interstate and international tourism markets.

Competitive and affordable airfares are essential to sustain the appeal of flying for Exmouth’s holiday/leisure market. Exmouth airfares are currently deemed competitive, however this is vulnerable given reliance on the resource sector and services by a sole operator (limited competition).

Facilitating faster travel (vs road) between iconic destinations fits with the desire to increase high yield visitation, match the growing trend by visitors taking shorter more 'punchier' holidays and accommodating the emerging Asian traveller who typically has shorter leave entitlements. Operators on restricted / protected routes should be contractually required to be registered and operating on the GDS.

Recommendation 7

Support efforts to upgrade the Monkey Mia runway to attract larger aircraft that are GDS and code share enabled and contractually require operators on restricted / protected routes to be registered and operating on the GDS.

While the WA State Government’s investment in attracting cruise lines has resulted in greater numbers of cruise ships transiting and seasonally home-porting in WA, two critical cruise destinations are unable to provide reliable berthing, resulting in a high number of aborted visits. CA has identified Broome and Exmouth as aspirational ‘marquee ports’. Exmouth is widely acknowledged by cruise lines as being WA’s transformational destination given its pristine marine tourism experiences, strategic position on the WA coastline and its vicinity to South-East Asia. However, both Exmouth and Broome are currently considered unreliable port destinations.

Exmouth is an anchor and tender transit destination experiencing challenging wind conditions resulting in numerous aborted visits. At the Port of Broome, a rock mass, known as Channel Rock, located in the port channel limits the entry/exit window available to CA’s vessels for portside berthing. Consequently, the shore-time experience for passengers is significantly reduced. The restricted time in port negatively affects customer satisfaction and revenue generation for all stakeholders due to the time sensitive nature of shore-excursions and capacity of visitors to access all chosen sites.

The negative impacts of aborted destinations undermines itineraries purchased by passengers and exposing the shipping companies to breach claims, while the destinations become reputed for their uncertainty. And the destination does not derive the potential economic benefit available.

In April 2017, CA advised the State Government that the 2017 home-porting season would be the last for the company until Broome and Exmouth are able to provide reliable berthing. Tourism WA estimates that the loss of CA seasonal homeported vessels has a negative annual economic impact to the State of \$120 - \$130 million and 402 FTE's. CA is prepared to return in 2019 and requires advice before October 2017 about plans to address marine infrastructure issues in these two key destinations. The primary reason for this timing relates to the preparation of cruise itineraries; cruise companies book berths, forward purchase fuel and provisions and book advertising up 2 and 3 years in advance of a cruise season.

With respect to a solution for Exmouth, a land-based wharf facility is both time and funding constrained. As a result, Floating Deck (FD) infrastructure has been investigated as an alternative solution; it provides the necessary infrastructure required by cruise shipping; will assist in securing long-term development from the resource sector and contribute significantly to regional employment opportunities.

FD infrastructure is a realistic and innovative solution with low capital costs, a fast construction time, operational adaptability, environmental sustainability and high flexibility (being readily adaptable and mobile to be used elsewhere). Investigations into FD infrastructure, conducted in consultation with CA and other maritime operators, has provided Government agencies and commercial operators with confidence that a FD can meet the operational demands of the cruise shipping industry.

FD infrastructure can be implemented within a two-year timeframe and has an initial capital and associated works cost estimate of \$30 million. Estimates indicate the employment of up to 158 people throughout the project's design, fabrication and installation.

An Economic Market Analysis has been undertaken to quantify the 'benefits' of FD infrastructure, and identify quantifiable impacts on industry, community and the economy. The **draft** report estimates that the cruise shipping industry in WA may generate up to \$440 million and create a further 2,969 jobs, if there is sufficient FD infrastructure available for cruise ships to berth reliably in Exmouth.

The FD project is proposed as a short term solution that can be implemented whilst work continues on the longer term goal of constructing the land-backed Exmouth Deep Water Wharf. The delivery and implementation of the FD project will complement Exmouth's advantageous geographical location and create a vibrant new business environment for northern and Western Australia; capitalising on tourism, defence, resource and agricultural industries.

Recommendation 8

Support Regional and State efforts to build cruise ship supported infrastructure at Exmouth including the provision of funding towards a Floating Deck for Exmouth.

Supporting the continued development of the burgeoning self-drive and road touring market through road infrastructure upgrades would benefit significantly from sealed road access between the North West Coastal Highway and the Great Northern Road through the Gascoyne. The nearest sealed road access between these two state arterials is in Mid-West and the Pilbara. Sealing of the road between Meekatharra and Gascoyne Junction will

dramatically increase the number of tourists passing through the inland Gascoyne and also provide pastoral properties and mining operations with greater transport access to markets.

Linking Kennedy Range, Mt Augustus and Karijini National Parks through aligned road access creates a hinterland experience complimenting the coastal experience. Work is currently underway into the detailed design of the proposed route and commencement of associated environmental approvals. The proposed route will improve connectivity, reduce travel distance by approximately 200km and allow two wheel drive vehicles, caravans and motorhomes to utilise the road. Funds for project implementation have not been identified. However completion of the project will allow easier access between Mt Augustus and Paraburdoo and enable a tourism loop road to be marketed linking Mt Augustus, Karijini, Ningaloo and Shark Bay World Heritage Areas. Currently the lack of a suitable road between Paraburdoo and Mt Augustus is constraining development and therefore the proposed project will deliver road infrastructure critical in supporting the tourism industry.

Recommendation 9

Support cross-regional efforts to seal the road between Gascoyne Junction and Meekatharra and align the road network between Mt Augustus and Karijini National Parks.

The Coastal strip between Carnarvon and Exmouth has long been a source of significant tourist activity, however this activity and development is limited by the current road conditions. It has been a long-term goal of the region to improve access along the gazetted road from Blowholes to Coral Bay, where coastal views are readily obtained along the southern portions of the road. In the north, the road deviates inland and short access tracks exist to points of scenic beauty, surfing excellence and favourite fishing spots. Improved access is likely to benefit both tourism and mining operations in the region, with associated increases in employment prospects in Gascoyne settlements. There are however, economic costs associated with the need for increased management and maintenance of the coastal stretch. Pastoral leases and local Shires will need to provide more resources for road maintenance, and managing the effects of illegal camping, four wheel driving, rubbish disposal and safety policing. Provision of picnic areas and amenities, with the possibility of additional ranger allocation will be extremely difficult without any increase in the Shire rate base.

Recommendation 10

Support efforts to improve access along the gazetted road from Blowholes to Coral Bay, and other road infrastructure upgrades necessary to support improved tourism experience and opportunity along the Ningaloo Coast.

Conclusion

The Commission will continue to reinforce its lead role in further developing and supporting a world-class and resilient Gascoyne Tourism Industry and Experience. We look forward to working with the Committee through the inquiry, reporting and implementation of recommendations from the Committee's findings.

Yours sincerely

Gavin Robins
Chief Executive Officer
Gascoyne Development Commission

3 August 2017