

Submission to the Joint Standing Committee on Northern Australia

Inquiry into Opportunities and Methods for Stimulating the Tourism Industry in Northern Australia

February 2017



For the better

About the RAC

RAC represents the interests of more than 850,000 Western Australians, approximately 160,000 of whom live in regional WA. Drawing on our heritage, a key role for the RAC is to act as a voice for our members and as a strong public advocate on the mobility issues and challenges facing Western Australia. RAC collaborates with Government and other organisations to ensure safe, accessible and sustainable mobility options are available for our members and the community. We also advocate to protect and enhance the lifestyle of our members with a focus on reinvesting profits to benefit members and the WA community.

Our vision is to be Western Australia's most valued organisation by 2020. In addition to being a member organisation, RAC also provides a number of services to members through Roadside Assistance, Insurance, Travel, Tourism and Finance, Auto Services, Batteries, Tyres, and Security.

To enhance tourism services to members, RAC established RAC Parks & Resorts in 2015.

Today, RAC Parks and Resorts includes:

- » RAC Cervantes Holiday Park
- » RAC Monkey Mia Dolphin Resort, Shark Bay
- » RAC Exmouth Cape Holiday Park
- » RAC Busselton Holiday Park
- » Ningaloo Reef Resort, Coral Bay



Background

RAC Parks and Resorts vision is to create a portfolio of tourism accommodation properties in WA's key tourism destinations, providing a new standard of consistent and reliable quality tourism experiences for our members and broader tourism markets.

Three of the five properties currently owned and operated by RAC Parks and Resorts are located in the north of Western Australia and offer unique nature based tourism experiences including two in World Heritage listed locations. The north of Western Australia offers a wide range of tourism offerings from the rich marine experiences of Shark Bay, Australia's only fringing coral reef at Ningaloo, the dramatic landscapes and gorges of the Pilbara and the rugged landscapes and spectacular coastline of the Kimberley. All these regions are rich in Aboriginal cultural experiences as well as European heritage with both affordable, and an increasing range of high end safari style accommodation options.

The level of private investment in tourism in WA has been low for many years as the industry has existed in the shadow of the resources sector for allocation of both capital and staff.

RAC believes tourism has a major role to play in the future economic development of the State and, with new investment in accommodation, can encourage our members and the WA community to rediscover the traditional 'Aussie holiday' and retain tourism spending in the State. RAC is investing in the State's tourism future and in December 2016, RAC completed its first park redevelopment at RAC Cervantes Holiday Park. This included 11 new cabins and new landscaped pool, ablutions, recreation room, camp kitchen and kids play spaces. The redevelopment sets the standard of accommodation RAC intends to roll out throughout its tourism portfolio.



photos: RAC Cervantes Holiday Park



photos: RAC Cervantes Holiday Park

Opportunities for Stimulating the Tourism Industry in Northern Australia

The need to ensure private investment in tourism is sustainable is vital and is directly linked to quality tourism facilities in regional Western Australia. Accommodation is important but so is the quality of attractions, transport infrastructure, local amenities and town infrastructure.

At both our Shark Bay and Coral Bay properties, service infrastructure is in place (power/water/sewer) but RAC is facing the dilemma of creating a new driver of visitor demand in the face of low quality and in some cases, aged tourism facilities.

RAC Monkey Mia Dolphin Resort

Shark Bay is an iconic World Heritage listed tourism destination with a range of unique natural attractions, including dolphin interactions at Monkey Mia, Aboriginal and European heritage. It is also a difficult and costly place to access, either by road or air and therefore faces considerable competition from a wide variety of competing destinations around WA, Australia and beyond. The air service faces issues including cost, aging aircraft and lack of daily flights. Flights are also not listed on the Global Distribution System for airline bookings for the worldwide travel industry.

The property and the immediately adjacent dolphin interaction experience is Shark Bay's premier tourism drawcard, recognised as an international standard eco-tourism attraction. The property offers a range of accommodation types and facilities but is in need of significant capital investment and improvement. RAC is well advanced in planning for this redevelopment to expand the caravan and camping facilities, provide new self-contained family accommodation units, improve the arrival and reception area and a range of other much needed improvements.

The dolphin visitor centre operated by the WA Government's Department of Parks & Wildlife (DPAW) is immediately adjacent to the resort and both share a common public entrance and exit. The current entrance facilities and infrastructure need urgent investment to truly showcase the unique world class tourism experience.

The redevelopment of Monkey Mia Dolphin Resort would ultimately double the capacity of the property which would significantly increase visitation to both the dolphin experience and DPAW's visitor facilities. The capacity of both the beach area used for the dolphin feeding and the DPAW facilities is already insufficient in both size and quality for current visitor numbers, and will be significantly stretched post redevelopment of the resort. It is RAC's view that improving the quality of the resort will also directly highlight the disparity between the neighbouring properties. Without significant and timely investment in the DPAW facilities RAC believes the quality of the overall experience for visitors to Monkey Mia, the premier Shark Bay attraction will be negatively impacted.

There are other significant tourism opportunities in the Shark Bay region including Bush Heritage plans for Hamelin Station, a safari tent eco tourism project in

Francois Peron National Park, improvements to facilities on Dirk Hartog Island and the recent investment in the region to mark the Dirk Hartog 400th anniversary. There would therefore appear to be a significant opportunity to both deal with the issue at Monkey Mia and leverage demand for these other tourism opportunities into a significant improvement in the Shark Bay tourism economy. Shark Bay is increasingly reliant on tourism economically with very little other employment drivers. The opportunity currently exists to facilitate transformational change for Shark Bay's tourism industry and the broader employment and social benefits this brings to the community.

Ningaloo Reef Resort, Coral Bay

Coral Bay is a tourism destination with some unique qualities and challenges. It is one of the State's most iconic, unique and marketable tourism destinations due primarily to the immediate proximity the town has to the pristine waters and marine experiences of the World Heritage Ningaloo Reef. Like Monkey Mia it is also difficult and costly to access and faces the same issues. RAC's Ningaloo Reef Resort is nearly 50 years old and in need of complete redevelopment. Coral Bay is also reliant on tourism as nearly all its employment is directly or indirectly related to the sector.

Coral Bay has the essential services infrastructure (power, water, sewer) needed to facilitate private investment. However, improvements and investment in town infrastructure is needed to provide current and future private investors with confidence to develop modern accommodation and guest services. It is critical the guest experience beyond the property is commensurate with the outstanding natural experiences that attract guests to Coral Bay.

Town infrastructure improvements for Coral Bay should include better access for both cars and pedestrians, improvements to the foreshore and the quality and range of amenities in public spaces around the town. In addition, the main road needs realignment behind the accommodation to allow for an improved foreshore environment. The town's businesses also suffer from a severe shortage of quality workers accommodation. Private investment into new accommodation in Coral Bay has not happened for a long time and will therefore continue to be very challenging without these additional town infrastructure improvements.

General

Government and investors face serious challenges with the viability of developing new tourism property in northern Western Australia.

Compared to metropolitan property investment, which has had a significant boost over recent years, regional tourism investors face a range of challenges, including higher construction costs, project delivery risk due to accessibility and higher levels of regulation, environmental approvals and heritage clearances.

Development approvals, often required from three levels of government, also present a considerable challenge in managing the cost and delivery timeframe for redevelopment projects. In many cases there are opportunities for regulatory authorities to manage development proposals in a more timely and responsive manner that supports much needed

tourism investment into northern Western Australia. Even where a regionally-based project can overcome these issues it then faces a set of operational challenges from uncontrollable issues such as weather events, accessing staff, costs of goods, high repairs and maintenance costs, high seasonality of leisure market demand and a lack of corporate, conference and education sector demand.

Tourism in general then faces the impact of unforeseen events that stop leisure travel demand overnight, such as terror attacks, disease outbreaks and pilot strikes.

In addition, utility costs, particularly for water, sewer and power are significantly higher in regional Western Australia. The table below outlines a cost comparison of three RAC properties.

Location	Power cost per unit (average)	Water price per KL
Exmouth (1,250km north of Perth)	\$0.317	\$5.76
Coral Bay (1,125kms north of Perth)	\$0.317	\$7.13
Cervantes (200kms north of Perth)	\$0.211	\$4.86
Busselton (220kms south of Perth)	\$0.266	\$1.70

Conclusion

Public funds are regularly invested in tourism attractions on the basis of 'build it and private investment will follow'. A new attraction draws more visitors to an area which creates more demand for tourism support services including accommodation, hospitality services, local ground transport services and the like. This also supports existing air routes and as tourism is labour intensive, enhances local employment as well as supporting local communities with better restaurants, bars and cafes and a range of indirect benefits from increased demand for other services. This has been a tried and proven method of supporting regional economic development throughout regional Australia for decades. However, in this case the private investment has already arrived. RAC wants to invest in these locations and create a new standard of accommodation. New attractions themselves are not needed but rather existing ones, and town infrastructure, needs improvement. Such investment would of course benefit not just RAC Parks and Resorts but that of all private businesses. It would also benefit the local communities.

WA is a large and remote State and most tourism investors in northern Western Australia are small scale businesses taking considerable risks in a challenging economic environment. Delivering a quality competitive tourism product requires a collaborative approach between business and all levels of government. Public sector co-investment is critical to ensure the tourism experience in northern Western Australia is competitive in the domestic and international tourism marketplace.

Recommendations

1. Provide Government funding to support tourism infrastructure at the Monkey Mia reserve and tourism attractions and facilities throughout Shark Bay to ensure the current level of private investment being planned is delivered and sustainable.
2. Consider opportunities to reduce the high costs of airfares to regional Western Australian destinations.
3. Provide Government funding to town infrastructure at Coral Bay to support private investment of accommodation and related tourism support businesses.
4. Review approval processes for tourism investors in regional Western Australia to ensure a timely and outcomes focused approach.

A submission by the RAC

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