

PORT OF AIRLIE MARINA DEVELOPMENT

16. Economic

16.1 Existing Economic Conditions

16.1.1 Local, Regional and State Economies

Queensland is a highly decentralised state with an abundant supply of natural resources. The State's economy and its population are growing strongly. Queensland is seen as an ideal destination to live and is increasingly seen as providing a competitive business environment.

Queensland has consistently experienced a higher rate of population growth than the national average throughout the last decade. The State's population grew at an average rate of 2.05% per annum between 1991 and 2001, being significantly higher than the average national population growth rate of 1.15% per annum during the same period. The higher population growth rate in Queensland has been mainly due to high levels of interstate migration. Residents of the southern states, particularly retirees or near-retirees, have relocated to Queensland, in search of a warmer climate and a more relaxed lifestyle. The weaker economies in the southern states resulted in migration to Queensland for those seeking employment in the early 1990s.

Queensland's economy has consistently performed at levels exceeding the Australian average. The Queensland Economic Review for July and August stated that the Gross State Product (GSP) grew at 4.4% for the twelve months to March 2002, whereas the National Gross Domestic Product (GDP) grew at 4.2% over the same period. The Australian Bureau of Statistics (ABS) State Accounts reported that Queensland's GSP increased 25.6% between 1996 and 2001, or on average 3.9% per annum, compared with 21.2%, or on average 3.3% per annum, for the GDP.

The State's industries are focused on primary industries, in particular mining, beef and sugarcane, service industries, manufacturing and tourism. Through the Government's promotion of *The Smart State*, highly skilled industries are being developed in Queensland, including biotechnology, aquaculture and communication and information technology.

Coal mining is the highest earning export industry for Queensland, with an estimated \$7.0 billion in exports in 2000/01, with other significant export industries in Queensland being food, beverages and tobacco (\$4.0 billion), agriculture and associated services, forestry and fishing (\$1.8 billion) and metal ore mining (\$1.3 billion).

The Office of Economic and Statistical Research (OESR) of the Queensland Treasury conducted a study of the contribution of tourism to the GSP and at the regional level. It was estimated that tourism contributed 6.4% of the GSP in 1998/99. Tourism made the most significant contributions to the Gross Regional Product (GRP) of the Sunshine Coast (16.0%), the Gold Coast (14.5%) and Tropical North Queensland (14.4%). Tourism's contribution to the GRP of the Mackay/Whitsundays region was 6.1% in 1998/99.

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Mackay Statistical Division

The Mackay Statistical Division incorporates the City of Mackay as well as Bowen, Belyando, Whitsunday, Nebo, Mirani, Sarina and Broadsound. It is Australia's largest sugar and coal producing region and an important tourist destination. This Division is considered to be the relevant region within which the proposal is located.

The estimated resident population of the Mackay Statistical Division was 142,063 persons at June 2001, with 55.2% of the population living in the City of Mackay. The population growth rate between 1996 and 2001 averaged 1.26% per annum. The population growth was led by high population growth in Whitsunday Shire (2.66% p.a.) and the City of Mackay (1.87% p.a.), offset by negative population growth in the Shires of Broadsound (-1.64% p.a.), Nebo (-1.03% p.a.), Bowen (-0.76% p.a.) and Belyando (-0.33% p.a.).

The Mackay Statistical Division accounts for almost 70% of Queensland coal exports, generating an estimated \$4.5 billion in exports in 2000/01. Mining, of which coal is the principal product, contributed approximately 31% of the region's GRP, compared with 5.0% of the GSP. The region contributed 31% of Queensland's Mining State Product.

Sugarcane generated approximately \$230 million revenue in 2000 and is the largest agricultural industry in the region. The region has six sugar mills, a sugar refinery and the largest bulk sugar terminal in the world. Sugar is an extremely competitive industry, with world market prices falling 25% in the last year. This has placed undue pressure on this industry. Production of sugar in Queensland is expected to fall 15% in 2002/03.

Tourism in the region is dominated by the Whitsunday Shire. The City of Mackay is not seen as a major tourist destination but rather as a stopping off point along the way to the Whitsundays or Tropical North Queensland.

Whitsunday Shire

Whitsunday Shire is characterised by tourism, sugarcane and strong population growth, important characteristics of Queensland's economy. The Shire comprises the administrative, employment and services centre of Proserpine, the coastal towns of Cannonvale and Airlie Beach and the Whitsunday Islands. It is the relevant local area within which the proposal is located.

The estimated resident population of Whitsunday Shire at June 2001 was 15,891 persons, with the Shire experiencing 2.66% per annum population growth since 1996. Whitsunday Shire is seen as an attractive destination for those wishing to relocate from the large cities. People are drawn by the climate, environment and relaxed lifestyle that Whitsunday Shire offers.

16.1.2 Commercial Fisheries

Queensland's extensive coastline and warm climate predisposes Queensland as an important fisheries location. Commercial fishing utilises the tropical and sub-tropical waters of Queensland.

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The Queensland commercial fishing industry had a gross value of production of approximately \$360 million in 2000. The major homeports in terms of gross value of production were Cairns (\$53 million), Bundaberg (\$37 million), Townsville (\$35 million) and Brisbane (\$33 million).

According to a report compiled by the Cooperative Research Centre (CRC) Reef Research Centre, there were an estimated 2,440 licensed and operational commercial fishing businesses in Queensland in 2000. Due to the seasonal nature of the fishing industry, the activity fluctuates, with the peak operating and associated employment season being February to June. The Queensland industry directly employs about 7,100 full-time equivalent employees during the peak season and 6,100 full-time equivalent employees in the off-peak season. Most operators are small businesses with two to three full-time employees, including the owner or operator.

The most common fishing types in Queensland are trawling and line fishing, with netting and crabbing also being significant. Most commercial fishing operators use more than one fishing type. This allows operators to dampen the effect of the seasonal nature of fishing through diversifying their operations and target species.

The major species caught by Queensland's fishing industry are prawns and other crustaceans, tuna, reef fish, sub-tropical fish and molluscs. Prawns contribute approximately 56% of the gross value of production with all crustaceans contributing approximately 67%. Total fish gross value of production was 26% and molluscs contributed 7%. The total tonnage of crustaceans was approximately 50% of the total catch.

Commercial fishing within Whitsunday Shire is limited to only a handful of owner/operator businesses. The gross value of production was estimated to be \$330,000 in 2000, or 0.1% of the State's commercial fishing revenue. Commercial fishing in the Shire employed an estimated 35 full-time equivalent employees during the peak season and 27 full-time equivalent positions during the off-peak season.

Mackay (\$28 million) and Bowen (\$11 million) have significantly larger commercial fishing industries. CRC Reef Research Centre identified 119 licensed and operational commercial fishers operating from Mackay and 70 from Bowen. Employment in Mackay and Bowen equated to 464 and 217 full-time equivalent positions respectively in the peak season and 440 and 175 full-time equivalent positions respectively out of peak season. The Mackay and Bowen industries are predominately line fishing and netting. Trawling is limited due to the restricted nature of fishing on the Great Barrier Reef. Further limitations have been proposed.

16.1.3 Tourism

Tourism is an important industry for Queensland in general and for Whitsunday Shire in particular. Queensland is seen nationally and internationally as a desirable tourist destination and tourism is one of the main features people associate with Queensland.

According to the National Visitor Survey in the year ending June 2002, there were 16.2 million domestic overnight visitors, staying a total of 74.4 million nights in Queensland in 2002. 11.0 million of the domestic overnight visitors originated from within the State, with 5.2 million interstate visitors. There were also 26.0 million day-trippers. According to Queensland Treasury data, domestic overnight visitors and

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day-trippers spent an estimated \$9.1 billion, and \$2.0 billion respectively, in Queensland in 1999.

There were approximately 2.0 million international visitors to Queensland in 1999/00, staying a total of 24.2 million nights. Expenditure from international visitors to Queensland in 1999 was \$2.4 million. According to the International Visitor Survey for 1999/00, Japan was the main visitor source market to Queensland with 24% of international visitors, followed by New Zealand (13%), United Kingdom (13%) and the United States of America (9%).

The world economic downturn, particularly in Asia, terrorist attacks in America and the collapse of Ansett have all adversely impacted upon the tourism industry during the past year. Preliminary data from the Australian Bureau of Statistics (ABS) relating to international visitors to Australia indicate a 6% decrease in visitor numbers from 2000/01 to 2001/02. The largest decrease in visitor numbers were from Japan (decrease of 71,200 persons), the United States of America (70,090 persons), New Zealand (29,100 persons) and Taiwan (27,300 persons). The emerging market of China contributed the largest increase in visitor numbers on the previous year with an extra 20,300 persons in 2001/02. Other markets to demonstrate an increase in visitor numbers were the United Kingdom (extra 16,700 persons), Korea (15,000 persons) and Singapore (14,000 persons). While the tourist market is likely to remain depressed in 2002, it is projected that international visitor numbers will increase in 2003.

Whitsunday Islands

Tourism is the most important industry to Whitsunday Shire. The region is dominated by high profile tourist resorts such as Hamilton Island, Hayman Island and Daydream Island, providing easy access to the Great Barrier Reef Marine Park and National Parks.

Whitsunday and Bowen Shires define the Whitsunday Tourism Region. The Whitsunday Islands and Airlie Beach are the tourist focus for the region, with the towns of Proserpine and Bowen functioning as the region's services and commercial centres. The Whitsunday Tourism Region comprises island resorts offering budget, family or premium accommodation. The different island resorts have sought to target specific markets in order to provide a point of difference to competitive resorts in the region and along the Queensland coast. Many of the island resorts also cater to day-trippers.

Hamilton Island is the highest profile tourist resort island in the Whitsunday Tourism Region. A range of 3-5 star accommodation is available, including bungalows, hotel rooms, apartments and villas. The Reef View Hotel is the largest accommodation facility on the island with 386 rooms. The total number of rooms available on the island is 754 with a total capacity of over 3,000 persons. The facilities on the island include an airport, restaurants, retailing, 134-berth marina, chapel and a large variety of resort activities including water sports, mini golf, joy flights and go-karts. Most of the resort is family-oriented. However, the most recently developed accommodation, the 5-star Beach Club is exclusively for adults. The airport is one of two airports in the Whitsunday Shire that can accommodate jet aircraft and acts as a major entry and exit point for guests of all resorts and the mainland.

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Hayman Island is the premium island resort in the Whitsundays and the only Australian resort to be a member of the Leading Hotels of the World. The resort has 245 five-star rooms ranging in price from \$560-4,000 per night. The resort caters for the discerning tourist, seeking the finest accommodation and service available. While the resort does cater for children, its market position means that it is not a viable family holiday destination, but rather an exclusive getaway destination for affluent couples.

Daydream Island is a recently refurbished, upmarket island resort. The resort caters for families and has a 4-star rating. Daydream Island is the closest resort island to Shute Harbour and is popular with day-trippers. The resort has a variety of restaurants, bars, an open-air cinema, children's activities, water sports, chapel, marina, health spa and gymnasium. There are 296 rooms available, ranging in price from \$217 - \$530 per night.

South Molle Island is a family resort, targeting the medium price bracket. The resort provides a range of outdoor and sporting activities, restaurants and a large children's activity program. The resort is rated at 3.5 stars and provides 200 rooms with a price range of \$240 - \$370 per night. The island is close to Shute Harbour and is popular with day-trippers.

There are two resorts on **Long Island**, Club Crocodile and Palm Bay Hideaway. The 3.5-star Club Crocodile resort offers 180 rooms at \$200-430 per night. This resort is targeted at young adults and families with an activity-focused orientation. Palm Bay Hideaway offers a small, secluded resort, advertising itself as having no telephones, televisions or alarm clocks. The resort consists of 21 individual accommodation units, with a price range of \$380 - \$820 per night. The resort is targeted at couples. Like Daydream and South Molle Islands, Long Island is close to the mainland and is a popular day-trip destination.

Lindeman Island was the first island in the Whitsundays to be developed for tourism, with a resort on the island developed as early as 1923. Lindeman Island is now home to Australia's only Club Med resort, which provides 218 rooms with a 4-star rating. Club Med resorts are activity-based resorts appealing to young adults and families and offers a range of activities for children.

Brampton Island, whilst situated in the Whitsundays, is located furthest from Airlie Beach and is serviced from Mackay.

Airlie Beach

Airlie Beach is the premier mainland tourist precinct in Whitsunday Shire. It acts as a base for many tourists and tourism providers in the Whitsunday region. Airlie Beach provides a range of accommodation, retailing, restaurants and cafes and after-hours entertainment in a resort village atmosphere.

Abel Point Marina is located in Airlie Beach. It has 253 berths and reportedly has an occupancy rate of 90%. The Marina is a port for daily services to the island resorts, private vessels and a large number of both crewed and uncrewed charter vessels. Shute Harbour is about 15 minutes from Airlie Beach and serves predominantly as a ferry terminal for services to the islands and the Great Barrier Reef.

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There are a range of accommodation facilities in Airlie Beach, including luxury resorts, apartments, motels, backpacker hostels and caravan parks. The main accommodation venues in Airlie Beach are the **Coral Sea Resort, Club Crocodile, Airlie Beach Hotel** and **Magnums Backpacker Resort**. Airlie Beach houses a particularly large numbers of backpackers. Most accommodation facilities are located in close proximity to the commercial centre of Airlie Beach. In this way, the accommodation venues in Airlie Beach differ from the isolated island resorts and it is not essential to provide a full range of activities for guests. Most facilities will take bookings from guests for day-trips to the Reef and the islands.

Coral Sea Resort is a recently redeveloped 77-room, 4-star boutique resort overlooking Pioneer Bay. The resort is alongside Abel Point Marina. It is the premier resort in Airlie Beach and targets discerning couples. Room prices range from \$160 - \$750 per night.

The Club Crocodile Resort has 160 rooms and is rated at 3.5 stars. Club Crocodile, like Long Island and the South Mole Resort, targets young adults and families by offering a range of resort activities and casual accommodation and dining. Room prices range from \$118 - \$180 per night.

The Airlie Beach Hotel was refurbished in 2000 and now comprises 60 rooms, restaurants, bars and shops. The hotel is located in the centre of Airlie Beach, with the restaurants and shops within the hotel complex being accessed by hotel guests and visitors to Airlie Beach. Considerable expansion plans to the hotel have been approved by Council, which will increase the Building to 7 storeys high.

Magnums Backpacker Resort is located in the centre of Airlie Beach and provides accommodation for up to 400 persons. The resort also provides a range of facilities including retailing, restaurants, nightclub and tourist information services. This resort provides a cheaper accommodation alternative than most of the island resorts, providing backpackers with a base from which to experience the Whitsundays.

Data published for the Whitsunday Tourism Region by the ABS for the twelve-month period from April 2001 to March 2002 indicate an increase in the tourist accommodation capacity within the region. The number of accommodation establishments identified increased from 24 to 27, with the number of bed spaces within the region increasing by 12.1% over the twelve-month period to 9,101 in March 2002. Guest arrivals to accommodation within the Whitsunday Tourism Region increased 3.3% to 79,200, with the total number of visitor nights increasing 9.6% to 276,400 nights over the twelve-month period to March 2002.

The Regional Tourism Activity Monitor (R-TAM) is a monthly survey of tourist accommodation throughout Queensland. The July 2002 R-TAM results for the Whitsunday region reveal occupancy rates of 54.3% and 39.6% in hotels, motels and serviced apartments over the previous twelve months for the Whitsunday Mainland and Whitsunday Islands, respectively. This corresponded to a 4.3% reduction from the previous year to the Whitsunday Mainland and 5.1% reduction for the Whitsunday Islands.

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16.1.4 Commercial and Business Enterprises

Proserpine functions as the administrative, employment, services and retailing centre of Whitsunday Shire, providing for the majority of the residents' needs. However, Proserpine is not a tourist destination. Airlie Beach is the commercial centre for tourism-related activities within Whitsunday Shire. As well as providing a starting point for a visit to the Whitsunday Islands, the majority of tourist business enterprises operate from Airlie Beach.

Airlie Beach has been developed in such a manner as to retain a village atmosphere. The central business district of Airlie Beach is characterised by outdoor eating areas, streetscaping, tourist services and retailing, and architecture that enhance the tourist village atmosphere. Airlie Beach provided 17,000 m² of commercial facilities (in 2000), of which almost 11,000 m² was occupied by retail uses.

Retailing in Airlie Beach is oriented towards tourism and the convenience needs of tourists and residents. The facilities available include fashion stores, souvenir shops, tourist agencies, internet cafes, restaurants and bars, as well as a range of stores and professional services that cater to the convenience needs of the tourists and residents including hairdressers, pharmacy, a medical centre, a convenience store and a bottle shop.

Cannonvale provides less tourist accommodation and is home to more residents than Airlie Beach. As such the retailing facilities are oriented to providing for the needs of residents rather than tourists. Cannonvale provides a range of services and retailing to meet the weekly shopping needs of these residents. However, for higher order services, Cannonvale residents would need to access Mackay. Whitsunday Shopping Centre is the main shopping centre in Cannonvale and is anchored by a Bi-Lo supermarket and a small Target. The 9,208 m² shopping centre also has some specialty shops that provide the opportunity for some comparison shopping.

The proposed development will provide additional tourist-oriented retailing within Airlie Beach. The development will enhance Airlie Beach's reputation as a tourist destination in its own right.

16.2 Cost Benefit Analysis

This section briefly summarises the results of a cost/benefit analysis which has been undertaken in accordance with guidelines from the Queensland Department of Treasury. It considers the costs and benefits to the State (not to the proponent) of proceeding/not proceeding with the proposal.

The methodology involved identifying associated benefits and costs, assigning dollar values to the identified benefits and costs (this was not possible for some qualitative factors), calculating the net benefits and applying a discount factor (6%) to arrive at a net present value of the proposal to the State. A 20-year time frame has been selected.

Due to the difficulties involved in applying values to some items and the numerous assumptions made in respect of this analysis, the resulting net present value should be viewed as an "order of magnitude" quantum only.

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Table 16-1 sets out the calculations involved, showing a net present value of the net benefit at completion of \$67 million. The most significant benefit of the project is the increased level of tourism attracted to the State as a result of this project's ability to attract new tourists to the region. The increased levels of safety and convenience of the ferry services to Airlie Beach is also regarded as a significant public benefit from the proposal.

16.3 Potential Impacts on Economic Conditions

16.3.1 Local, Regional and State Economies

Employment and Economic Contributions

The potential impacts upon the local, regional and state economies have been derived by applying recognised national economic multipliers (Australian Bureau of Statistics Catalogue Nos. 5204.0 and 5209.0) to the capital costs and operational data derived from the Financial Feasibility. These multipliers have been adjusted downwards on the basis of experience to derive the state, regional and local multipliers, based upon the respective economic strengths of each geographical area and previous research studies undertaken for smaller areas. Due to a lack of data at the small area level, they have not been based upon an input-output study undertaken specifically for this project. The resulting economic benefits should be viewed as providing order of magnitude results, rather than definitive and accurate measurements. As can be interpreted from the analysis below, on any measure, the project will positively benefit the local, regional and state communities.

The project will contribute positively to the local, regional and state economic base by targeting two critical growth elements of each economic base: tourism and lifestyle residential.

Typically, the project will be of major significance to the local economy, but be of lower significance to the regional and state economies. The project involves a construction cost of \$125 million and will produce annual revenues of \$50 million, once operational. Employment on-site is expected to be 800 person years during the construction phase and 400-450 full-time equivalent positions during the operational phase.

At the State level, the project will contribute \$230 million to the economy during the construction phase and \$125 million per annum during the operational phase. Employment in the State would be boosted by 1,800 person years during the construction phase and 750 full-time equivalent employees operationally. Once operational, the project represents less than 0.1% of the State's economy.

At the regional level, the project will contribute \$170 million to the economy during the construction phase and \$100 million per annum during the operational phase. Employment in the region would be boosted by 1,350 person years during the construction phase and 600 full-time equivalent employees during the operational phase. Once operational the project represents approximately 1.5% of the region's economy.

At the local level, the project will contribute \$140 million to the economy during the construction phase and \$90 million per annum during the operational phase.

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■ Table 16-1 Cost Benefit Analysis

Years	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Benefits																						
GST	4,545	4,545	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Land Tax	0	0	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125
Payroll Tax	0	0	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170
Rates	0	0	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250
Public Boat Ramp	0	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional Tourism to Region	0	0	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Improved Accessibility to Jetty	0	0	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800
Safety Benefits from Marina	0	0	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?
Safety Benefits from Jetty	0	0	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?
Infrastructure Contributions	?	?	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-Total	4,545	4,595	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645	6,645
Costs																						
Local Infrastructure Provision	?	?	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Lost Shire Revenue from Shute Harbour	0	0	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
State Services	0	0	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Sub-Total	0	0	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Net Benefits	4,545	4,595	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045	5,045
Discount Factors 6.00%	1.060	1.000	0.943	0.890	0.840	0.792	0.747	0.705	0.665	0.627	0.592	0.558	0.527	0.497	0.469	0.442	0.417	0.394	0.371	0.350	0.331	0.312
Net Present Value of Benefits	4,818	4,595	4,759	4,490	4,236	3,996	3,770	3,557	3,355	3,165	2,986	2,817	2,658	2,507	2,365	2,231	2,105	1,986	1,874	1,767	1,667	1,573
Total Net Present Value of Benefits		67,278																				

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Employment in the Whitsunday Shire would be boosted by 1,100 person years during construction and by 530 full-time equivalent employees operationally. This project represents a significant addition to the local economy, particularly upon Airlie Beach's economy.

The more significant impacts upon the local economy include:

- ❑ housing approximately 210 permanent residents. This impact would be absorbed by the high population growth rate being achieved by Whitsunday Shire;
- ❑ accommodating an average of 400 tourists per night. The development of the serviced apartments and hotel will provide a much needed boost to the stock of quality mainland tourist accommodation, which would allow Airlie Beach to create a greater marketing presence and improve its share of the tourism market;
- ❑ the transfer of a significant volume of boat and ferry passengers from Shute Harbour to Airlie Beach. The ferry terminal and jetties at Shute Harbour are old, and of poor standard. The transfer of some vessels to the Port of Airlie would reduce the volume of tourists accessing Shute Harbour. However, the public will benefit from having access to a purpose-built safe terminal, from having the terminal located closer to the mainland accommodation establishments and from a consolidation of tourist activities at the popular Airlie Beach.
- ❑ An influx of construction workers to Airlie Beach and Cannonvale during the construction period. This will place increased demand pressures on accommodation and significantly improve the turnover of many local businesses. Unless the Shire can create further major construction projects following completion of Port of Airlie, the loss of construction workers may cause a temporary reduction in the turnovers of businesses in the Shire relying upon this group of workers. The challenge for the Shire is to create further momentum in the development of tourism projects, using Port of Airlie as a catalyst.

Local Industry Participation

While the *Local Industry Policy*, (Department of State Development, December 1999) does not apply specifically to this project, the proponent is committed to ensuring that the intent of the policy is implemented.

In order to maximise benefits to the local economy and specifically local industries, contractors and suppliers, the proponent will adopt a strategy to ensure that local industry has the same opportunities to benefit from the project as regional and State counterparts.

Key elements of this strategy are as follows:

- ❑ Development and maintenance of a register of local businesses, contractors and suppliers who have an interest in involvement with the project,
- ❑ A portion of total contracts to be prepared such that smaller, local and regional businesses can submit tenders on an equal footing with larger businesses external to the region;
- ❑ Consideration be given to advantages of using local businesses, such as ongoing availability of service and maintenance, when awarding contracts.

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Impact of Financial Failure

A question has arisen as to the likely impact upon the local economy in the event that the project is a failure. Whilst this situation is not contemplated by the proponent, it is relevant to examine the history of similar failures.

There are a number of examples in Queensland where the developer of major tourism ventures has failed (e.g. Quintex, Aqua Del Ray, Sanctuary Cove). In the vast majority of situations, the asset has been purchased for a low price by another operator, such that the legacy of the development continues to benefit the local region. The local economy is only likely to be adversely affected in circumstances where the project fails at a very early stage in the construction process (leaving no operational asset) or where the developer has been unable to pay local contractors. These are rare events and not considered likely to occur at Port of Airlie.

16.3.2 Real Estate

Local property markets are affected by both local supply/demand pressures and the state of the overall property industry in Australia. National issues, such as interest rate movements, inflation expectations, the labour market, are arguably of greater significance upon local property markets than local issues. An example is the interest rate increases which occurred late in 1995, which depressed the national property market for several years.

The property market therefore reflects a cyclical pattern which is much shorter than the seven to ten year pattern of the general economy. Typically, the property market has a cycle of between three and five years.

At this point in time, it is difficult to predict the actual state of the local property market in two to three years time, when the residential component of the project may be completed. Developers seek to release their projects onto the market when conditions are deemed to be most suitable in order to maximise return. This necessarily involves consideration of and/or an adjustment to the timing elements of a project in order to release the product into a favourable market.

It is not expected that the project would lead to a glut in the permanent or tourist accommodation markets in Airlie Beach. This is primarily due to the scale of the project having been significantly reduced. A total of only 210 tourist and residential dwelling units will now be released to market over a projected five year period, with a further 150 hotel rooms.

Port of Airlie will bring a quality of development which has not been developed to date on the mainland in that region. The development would be seeking to target markets not yet catered for by the island or mainland facilities and would therefore complement the existing range of facilities.

16.3.3 Fisheries

Reclamation and dredging for the Port of Airlie Development will involve disturbance to approximately 13 ha of tidal mudflats. These mudflats are not presently utilised for commercial fishing operations, although they form a small part of an extensive nursery area for fish and crustaceans.

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The Shire supports only a very minor commercial fishing industry.

Accordingly, the proposal poses an insignificant impact upon the commercial fisheries.

16.3.4 Tourism

The Port of Airlie Development will reinforce the *Vision Airlie* strategy for Airlie Beach by:

- ❑ contributing to a pedestrian-orientated village and by increasing the number of permanent residents and tourists staying within walking distance of Airlie Beach's central business area;
- ❑ Enhancing the visual amenity of the eastern end of Airlie Beach;
- ❑ Contributing to a focus by commercial facilities on the water aspects of Airlie Beach; and
- ❑ Increasing the range of tourist facilities available in Airlie Beach, as opposed to Shute Harbour.

As mentioned earlier, the proposed development will attract some major boat and ferry operators from Shute Harbour to Airlie Beach. While this will reduce the number of boat and passenger movements at Shute Harbour, the public will benefit overall from improved safety levels, more convenient access to Port of Airlie and a broadening of the range of tourist activities able to be undertaken from Airlie Beach.

Port of Airlie will add 150 hotel rooms and 110 serviced apartments to the stock of tourist accommodation in Whitsunday Shire. This represents approximately a 9.6% increase. However, it is not expected that this will create an adverse impact of 9.6% upon the operations of existing establishments. This is due to:

- (a) positive growth rates being achieved by Whitsunday tourism, particularly from the overseas market;
- (b) increased marketing efforts by the proposed tourism elements contributing to the Whitsundays' ability to increase its market share; and
- (c) the complementary nature of the proposed facilities, being aimed at a gap in the market. The proposed facilities will be pitched at a price and quality level below that of the majority of island resorts, but above that of the mainland accommodation establishments.

16.3.5 Commercial and Business Enterprises

It is noted that the Shire's Retail Development Strategy (2000) provides a detailed prescriptive analysis of future growth in the Shire's retail facilities. The Strategy identifies that resident and tourist expenditure will increase to a sufficient level to justify an additional 15,000 m² of retail space by 2011.

Cannonvale has been identified as the principal focus for resident shopping trips in the coastal part of the Shire. The Strategy supports the further growth of this centre in

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accordance with this focus, with the majority of new tourism retail facilities to be constructed at Airlie Beach, estimated at 4,000 m².

The Port of Airlie Development proposes the development of 3,700 m² of retail space and 1,200 m² of transport terminal facilities and associated offices. Of the retail facilities, 2,200 m² is proposed to be located within the transport terminal and 1,500 m² on the ground floor of the serviced apartment complex. The first-mentioned component would target the tourists attracted to the development, with the second-mentioned component targeting the on-site population of tourists and residents.

It is noted that the 3,700 m² of retail facilities effectively absorbs the total allocation of new retail floorspace at Airlie Beach. However, the proposed development is not expected to lead to an oversupply of retail facilities for the following reasons:

- ❑ a significant component of retail targets the transport terminal traffic which involves a transfer of traffic from Shute Harbour to Airlie Beach. This transfer of activity was not contemplated by the Strategy; and
- ❑ the Port of Airlie development will house an average daily population of residents and tourists numbering just over 600. This population supports a retail floorspace of approximately 1,200 m², significantly ameliorating the impact of the proposal's retail space upon the existing retail network.

However, it is acknowledged that the proposal would contribute to a stretching of Airlie Beach's retail precinct in an easterly direction. On its own, this action would seem to be undesirable, with compact centres usually achieving higher levels of vibrancy and energy. However, the subject site presents as the closest site to the Airlie Beach central business area where a marina and ferry terminal can be located. The resulting benefits to the community of these much needed improvements are considered to outweigh any disbenefits that may result from an elongation of Airlie Beach's commercial business area.

Section 16.3.1 quantifies the proposal's contribution to the local economy. The extent to which local businesses will capitalise upon this opportunity will depend upon the range of skills available and the number of other construction projects underway in the Shire at the same time. The proponent intends to call for tenders for the various sub-consultant stages required. Local business will have an opportunity to pursue these.

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