

Inquiry into the economic and regulatory frameworks for Queensland island resorts

Submission No:	40
Submitted by:	Hamilton Island Enterprises Limited
Publication:	Making the submission and your name public
Attachments:	See attachment
Submitter Comments:	
Submitter Recommendations:	No Recommendations

Mr Shane King MP
Chair, Transport and Resources Committee
Member for Kurwongbah
c/o Committee Secretary
Transport and Resources Committee
Parliament House

E: trc@parliament.qld.gov.au

7 April 2022

Dear Mr King MP and Committee Members,

Submission to Transport & Resources Committee inquiry into the economic and regulatory frameworks for Queensland island resorts

We sincerely thank the Committee and the Queensland Parliament for taking an interest in this important matter.

Queensland's resort islands play an important role in our state and national economies, showcasing some of Queensland's most spectacular natural assets to both domestic and international visitors. Additionally, we serve as custodians of the islands themselves, preserving their natural wonders, while also carefully developing and maintaining the infrastructure and amenities necessary that support world-class tourism destinations.

Queensland Resort Islands, in particular those in the Great Barrier Reef Park, face many challenges not experienced by mainland operations of a similar nature. The issues noted below are challenges Hamilton Island has experienced, and may not have been experienced by all.

Council Rates and Other Regulatory Expenses

Since 2015, Hamilton Island's Council rates have grown substantially year on year yet, Hamilton Island does not receive any services in return for these rates. On the Island, most of the services typically undertaken by Councils such as road maintenance, are undertaken by Hamilton Island Enterprises Limited.

We are proud members of the Whitsundays community and happy to contribute to this vibrant community through reasonable rates and charges. We would, however, like to see a greater return to the Island for those rates, particularly given around 2000 people reside on the Island, in addition to the tens of thousands of guests who visit the region every year.

Council fees are in addition to State and Commonwealth lease rent payments and the licences and permits required to operate in a world heritage site, making operation of Island resorts an expensive proposition.

These fees are not in isolation to other regulatory costs. For example, moorings require a Great Barrier Reef Marine Park Authority Permit and Marine Safety Queensland Authority, both having their individual requirements. Hamilton Island must pay local rates, state rent and Commonwealth lease fees.

We also have further significant recurrent expenditure maintaining facilities and infrastructure at the highest level to ensure the marine park is protected as much as possible whilst still maintaining world-class tourist operations.

Generally, especially prior to the COVID outbreak, we have been left to fund our infrastructure and improvements, including upgrades and maintenance to our airport, despite its classification as a 'Strategic Airport' for the region.

Furthermore, we have approximately 2,000 full time residents that live on Hamilton Island and yet we are not provided with SES or QFS support, but in turn provide support in times of crisis to the whole community.

A Word of Thanks: Timely Support During COVID

It is worth noting for the record, that both the State and Commonwealth governments have provided invaluable support to the Island, most notably during the COVID pandemic, when some rents were deferred or even waived. Additionally, during the pandemic, Hamilton Island received several grants from both the State and Commonwealth Governments, including operational support for our Wildlife Park and Airport. The value of this support during such a tumultuous time cannot be understated.

Also, prior to the outbreak of COVID, we received matched funding grants to assist with various maintenance and upgrade projects around the Island.

Hamilton Island is thankful to both levels of government for their support.

Staffing Challenges

Island resorts operators are faced with further difficulties trying to manage a workforce under the current Modern Award systems.

Hamilton Island is a 7 day a week, 24-hours a day operation, with 21 different Awards that apply to the workforce on the Island. Island communities do not have the luxury of having a general population as a source of employees and as such they are reliant on a small pool to draw from for their staffing. This limits the flexibility of our workforce and results in increased payroll costs due to overtime and penalties. Additional staff accommodation may be built, but this takes time, significant capital cost and recurrent costs to operate and maintain.

The small proportion of our workforce that commute from the mainland face their own challenges. Travel to and from the mainland is expensive. To encourage people to work on the Island, often employers must subsidise workers' travel expenses. Often, Island operators must also fully or partially subsidise travel for tradespeople who provide services required at Island communities.

Workers are also required to pay a daily parking fee for car parks adjacent to mainland wharves, which adds to the already expensive transit fare. Inconsistencies also exist in public transport as schedules to Shute Harbour do not always align with ferry services.

Rising Insurance and Finance Burdens

Island communities in the Whitsunday area have experienced a significant increase in insurance premiums following Cyclone Debbie both on a commercial and private level. Some property owners on Hamilton Island have experienced an increase in their insurance of up to 200%. Despite the ACCC's Northern Insurance Inquiry, property owners continue to have trouble obtaining insurance. This is a significant issue for Hamilton Island as the flow-on effect of not being able to obtain insurance, affects the viability of developing new properties on Hamilton Island.

Furthermore, the leasehold structure on the Island, and the necessity to transfer shares in the sale of a Sublease, presents an unwelcome complexity to banks and inhibits access to finance. Private developments on Hamilton Island are owned by individual companies as Body Corporate legislation is not applicable to leasehold land.

Recommendations

In supporting positive outcomes for Queensland Island resorts we recommend:

- More transparency is required as to how rates, rents and fees are used. To ensure a fair distribution of revenue.
- Review of local government legislation to ensure ratepayers do not experience increases at a disproportionate rate to other ratepayers in the area.
- The creation of a Modern Award that addresses the challenges Island resorts face as a result of the diverse workforce that is required to operate Island Resorts; similar to the Alpine Resorts Award 2020 which covers the Alpine Resort Industry.
- Government assistance with affordable transport to Island communities to encourage a greater number of commuters to ease the stress on island staff accommodation.
- Assistance to ensure property owners have access to insurance and at reasonable rates.
- A review of the tenure structure to ensure financial institutions have a greater confidence in providing finance.
- Distribute the costs of caring for the Great Barrier Reef Park proportionally among users.
- Take action against leaseholders who fail to abide by the requirements of the lease and perhaps incentives for leaseholders who consistently satisfy their lease requirements.

Conclusion

Hamilton Island has proven its resilience, forging on against the considerable challenges stacked against it in the Whitsunday Region. Following Cyclone Debbie, one of the most destructive weather events the island has ever experienced, Hamilton Island was operational again within just 14 days. The Island not only sheltered hundreds of guests and staff, it provided crucial support to neighbouring islands (and mainland visitors) by evacuating guests and staff from the only operational airport during this crisis.

This was possible due to substantial contribution from the owners and forward vision to ensure Hamilton Island was equipped to be as self-sufficient as possible in times of crisis, including back-up

power generation, freshwater reserves and a reverse osmosis water treatment plant, as well as an airport and barge service.

Hamilton Island regularly hosts famous celebrities and dignitaries, which has brought the world's attention to this area, showcasing not only Hamilton Island but the local region, the state and Australia.

Hamilton Island also provides jobs and deliberately utilises local suppliers and trade people. These contributions to the tourist industry and local economy help ensure the longevity of the region. However, greater recognition of the challenges faced by Queensland Island Resorts and proactive action to address those challenges will assist all.

Thank you for the opportunity to contribute to this important inquiry.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Glenn Bourke', with a stylized, flowing script.

Glenn Bourke AM

Chief Executive Officer | Hamilton Island Enterprises Limited