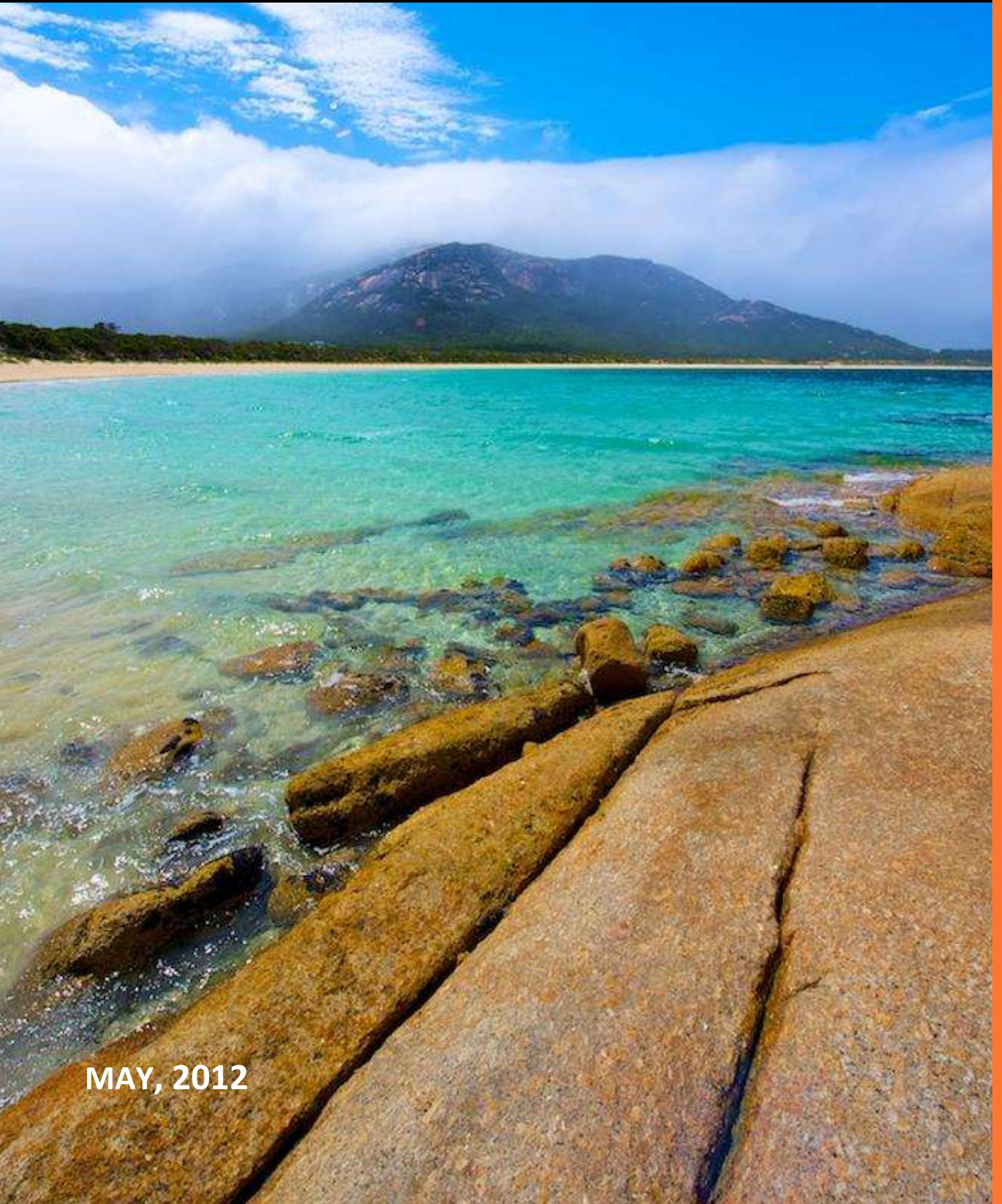


ECOTOURISM ACCOMMODATION INVESTMENT POTENTIAL
FLINDERS ISLAND



MAY, 2012





PURPOSE OF THE DOCUMENT

The Flinders Council in partnership with the Flinders Island Tourism Association are exploring the ecotourism investment potential for Flinders Island.

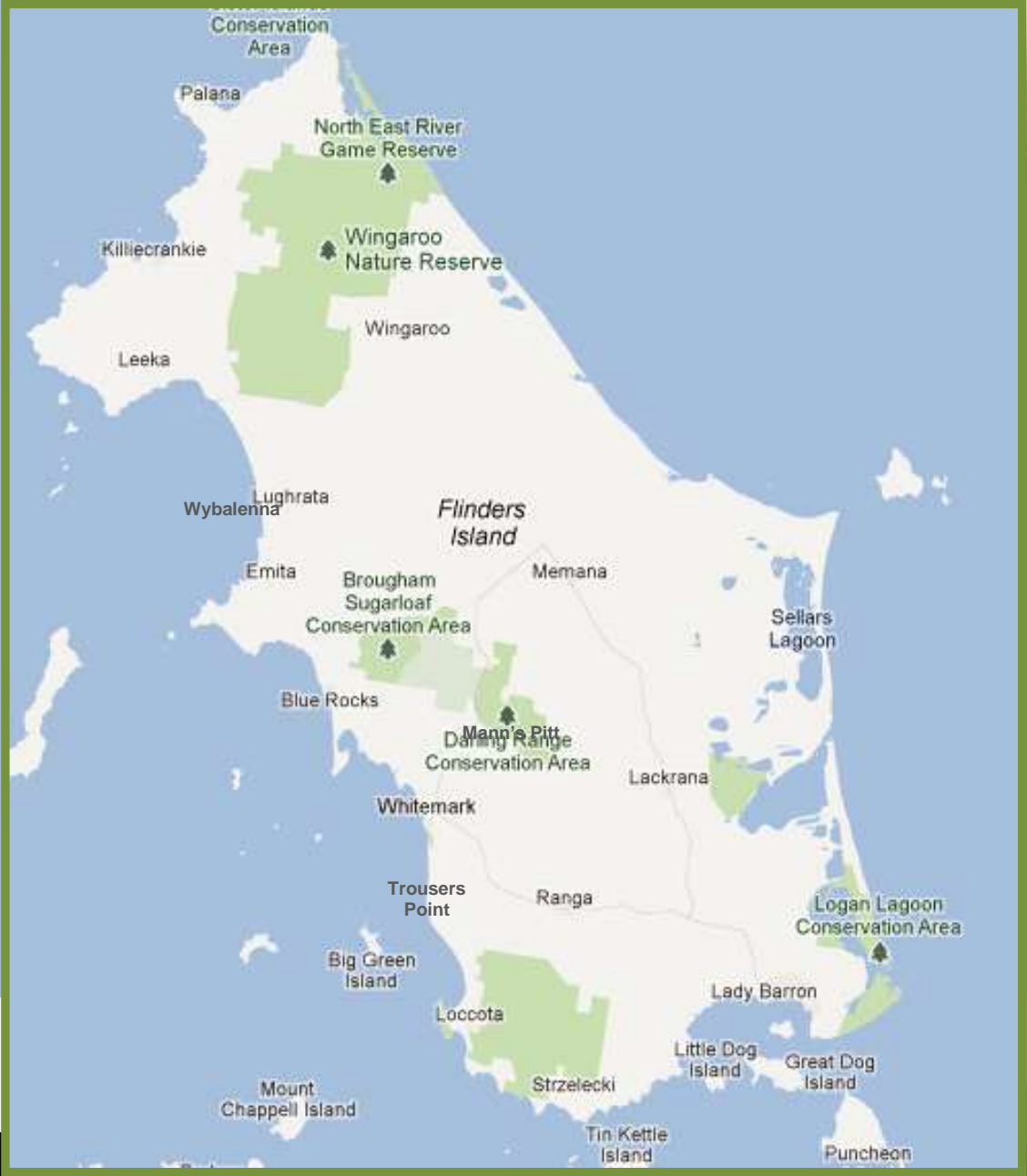
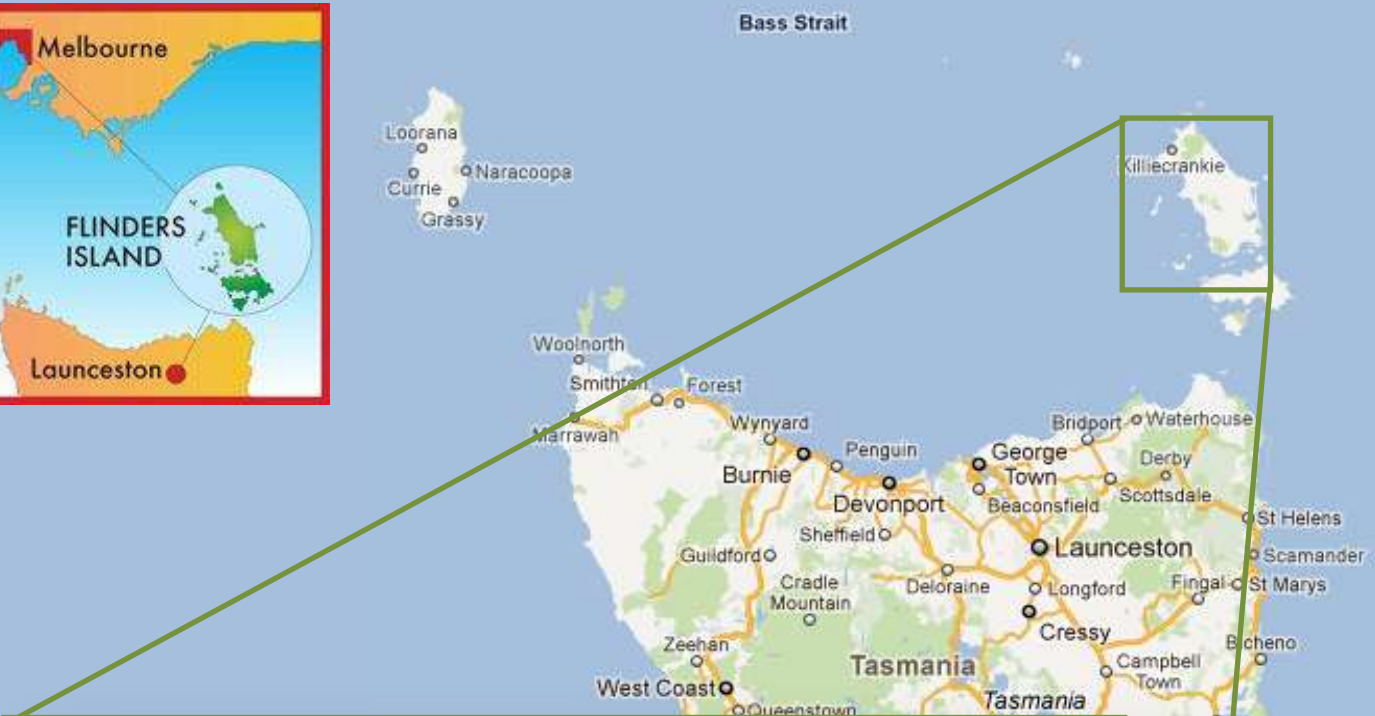
While the Island economy is stable and tourism continues to play a key role, it has been identified that investment is needed in quality accommodation to service a growing market of more affluent travellers. Over the last decade there have been several new developments in accommodation, and while some more are planned, an iconic project could be the catalyst for achieving the Island vision of sustainable tourism.

This document includes a detailed market assessment, and pre-feasibility analysis and the outcomes of community consultations, building on the recommendations of the Flinders Island Nature-based Tourism Feasibility Study (2010) which identified the potential for ecotourism accommodation on the island. is intended to

increase awareness and highlight the opportunities for commercial investment in high yield, unique accommodation linked to nature-based experiences on Flinders Island, Tasmania. It outlines the potential for the Island to boost visitation through investment in new product that meets the needs of identified visitor markets while complementing the Flinders Island tourism industry and environment.

Precinct suitability analysis and concept development, prepared by EC3 Global and Clarke Hopkins Clarke, have been used to identify opportunities for accommodation investment on Flinders Island.

The community of Flinders Island, while supportive of new sustainable tourism projects, is not supportive of projects on crown land in the coastal reserve. This document is designed to explore the potential for an ecotourism accommodation project in partnership with an investor.





WELCOME TO FLINDERS ISLAND

Flinders Island in Bass Strait, is famous for its beautiful untouched beaches, stunning mountain scenery and culinary tourism experiences. Situated in the “roaring forties”, it has a surprisingly mild climate.

The Island has about 900 permanent residents, who are engaged in rural production such as sheep and wool, cattle, lambs, fishing (crayfish, abalone and scale fish), tourism and support industries.

With a land area of 1,333 square kilometres, the Island is 75 kilometres long and 40 kilometres wide, with 73 km of sealed roads and 312 km of gravel roads. Three main population centres are located at Whitemark, Lady Barron and Killiecrankie. There are daily commercial air services from Launceston in Tasmania and flights from Melbourne at least three times a week, as well as charter flights.

The natural quality of Flinders Island undoubtedly constitutes a major component of its appeal to visitors but the unique selling points are the relaxed and friendly locals and a real sense of community.

Flinders Island is a place that is not following the rest, offering something refreshingly different and real: the shacks, the beach, the spectacular backdrops, uninterrupted views, the sense of being a part of something worth looking after.

Flinders Island is administered by the Flinders Council. In its 2011 Strategic Plan Council outlines a community vision for:

“A thriving, inclusive and self reliant community that offers opportunities for current and following generations while maintaining the diversity, uniqueness and attractiveness of the natural environment”

An increased high quality tourism offer, including catalytic tourism investment consistent with the community vision, is one of the Island’s future aims. The strategy also identifies the need to optimise infrastructure to support existing settlements and enhance sustainable development opportunities and remove impediments to growth.

FLINDERS ISLAND TOURISM VISION

“To become Tasmania’s leading nature based tourism destination and regarded as a highly desirable place to visit that manages and respects its environment”

Flinders Tourism 2020

*Our future visitors will be **higher yield nature lovers** who seek to **immerse themselves** in the **environment** while ensuring that it is protected.*

*It is most likely that they will continue to **originate from Victoria and Tasmania**, be **financially well off** and seek information through the internet*

The Flinders Island Nature Based Tourism Feasibility Study (2010) identified a number of tourism product development opportunities for the Island based on growth in target markets and expected growth in air capacity. Identified product development opportunities included accommodation and nature-based attraction development.



ACCESSIBILITY

Visitation to the Island is primarily by air capturing close to 90% of all visitors, including residents, to the Island.

Sharp Airlines introduced air services to Flinders Island in 2010 replacing services operated by Airlines of Tasmania. Sharp Airlines currently operate daily flights from Launceston and flights at least three times a week from Melbourne with a capacity of between 16 to 19 pax per flight. With Through a dedicated approach to marketing the service Sharp has seen in an increase in passenger numbers reaching the Island. Charter flights are also available on a needs basis and carry around 20% of visitors to the Island, particularly in peak periods.

Adult fares to the Island cost around \$166 from Launceston and \$223 from Melbourne (one way) which account for an estimated 35% of visitor expenditure.

Sea freight services, primarily for cargo, travel to the Island on a weekly basis. Transport of cars cost \$250 one-way and \$440 return, while passengers cost around \$60 per person one way and \$105 return.

On the Island, transport is limited to car hire (used by 46% of visitors) or transport provided by friends or relatives.

Access options, including times and costs, to the Island are summarised below.

Access times to Flinders Island

	Air
Melbourne (Essendon) to Flinders Island (Whitemark)	1 hr, 5 mins (\$223 one way)
Launceston to Flinders Island (Whitemark)	35 mins (\$166 one way)
Launceston to Flinders Island by Ferry (Lady Barron Ferry, departs weekly from Bridport)	10 hrs, 10 mins Launceston.– Bridport (Road): 1 hr, 10 mins Bridport – Lady Barron (Ferry): 8 hrs (\$650 return for 2 people and 1 car)

(Source: [Sharp Airlines](#) 2012)



EXISTING TOURISM PRODUCT

ACCOMMODATION SUPPLY

Flinders Island has an estimated total of 100 rooms spread across an array of accommodation options including one high end hotel, two hotels/motels, two bed and breakfasts and a number of holiday houses and cabins and camping. Accommodation is primarily located in the major residential areas of Whitemark and Lady Barron or near visitor attractions such as Trouser Point Beach. Year round occupancy rates for self-contained / cabin accommodation are estimated at around 30-40%. This is a conservative estimate based on limited occupancy data; there is currently a high fluctuation in occupancy between peak and low periods.

Accommodation on Flinders Island

	Est. Number of Establishments	Est. number of Rooms	Est. number of Beds
Hotel / Motel	3	29	58
B&B	2	9	18
Holiday houses	18	57	108
Cabins	1	8	32
Camping	8		
Estimated occupancy rates (self-contained / cabin accommodation.)			30-40%

(Sources: [Visit Flinders Island](#) 2012; [Discover Tasmania](#) 2011)

ACTIVITY HUBS

Killiecrankie – Beautiful beaches, sea and mountain views, swimming, snorkelling and rock climbing, with great views over the bay.

Emita – Safe, sheltered swimming and snorkelling at Allports and Emita beaches. Free Gas BBQ at Allports Beach, and wood fired BBQ at Sawyers Bay Beach. The museum at Emita contains a wonderful collection of recorded exhibits of the Island’s natural history, maritime heritage and lifestyle.

Whitemark – the Island’s main centre supermarket, local shops, cafe, hotel, petrol, sports club, accommodation, airport, post office, gallery and Visitor Information Centre.

Trousers Point – explore the beach, have a swim or snorkel and make use of the free BBQ. There are walking tracks along the coast, or go inland to climb Mt Strzelecki for a bird’s eye view of the Island.

Lady Barron – Stroll around the working port set within the dramatic Franklin Sound landscapes while making use of local amenities such as a supermarket, petrol, a tavern and other community facilities.

The Patriarchs – three granite mountains on the mid east coast, The Patriarchs features walking trails, a wildlife sanctuary and views to Babel Island.



OUR VISITORS

FLINDERS ISLAND VISITATION

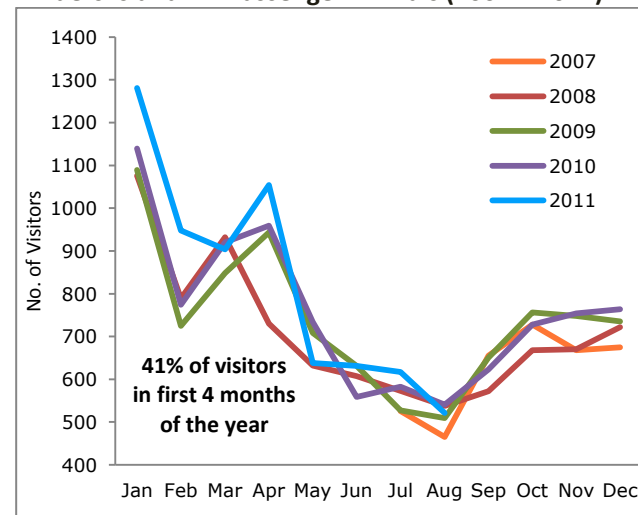
Flinders Island has a largely domestic visitor market (98%) with the key source markets being Tasmania (42%) and Victoria (35%).

In 2009 Flinders Island received approximately 5,500 visitors. Visitation to Flinders Island represents only 3% of total overnight visitors to Northern Tasmania.

Recent air arrivals data indicate a year on year increase in airline arrivals by 4.2% in 2009 and 2.3% in 2010. While it is estimated that up to 90% of visitors travel to the Island by air, arriving at Whitemark airport, it should be noted that airline arrivals data includes the travel of residents.

Visitation to Flinders Island is highly seasonal with a major peak period experienced in January and a minor peak in April. Data since 2007 shows that recent growth in visitation is occurring in what are already peak periods. There is a real need to spread visitation across the year maximising utilisation of existing infrastructure.

Flinders Island Air Passenger Arrivals (2007 – 2011)



On average visitors to Flinders Island stay 6 nights on the Island. Those visiting their friends or relatives stay the longest (8.3 nights), followed by holiday visitors (5.2 nights).

(Source: [Sharp Airlines](#) 2012)

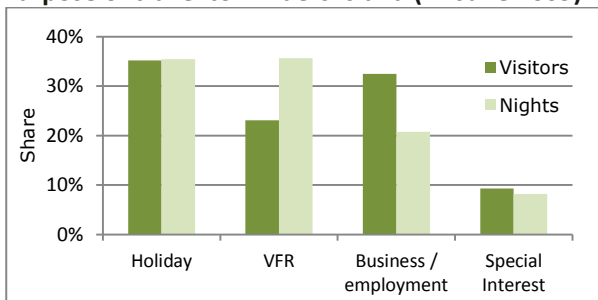
(Source: [Tourism Tasmania](#) 2009)



PURPOSE AND FREQUENCY OF VISIT

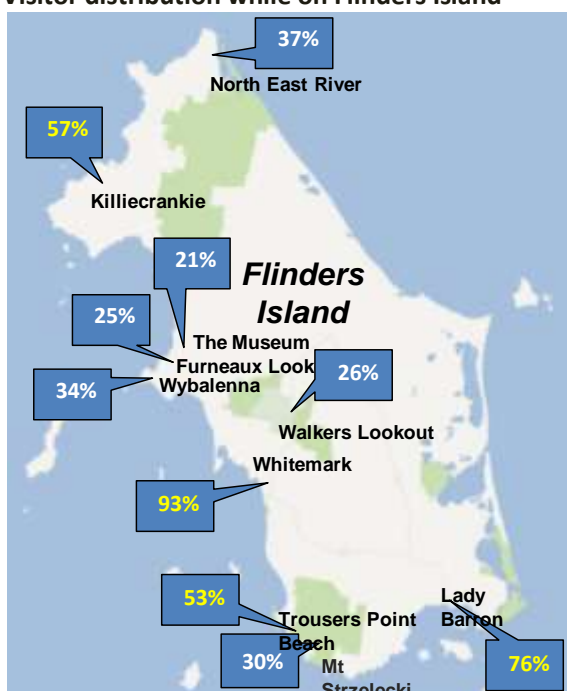
Visitors travelling for holiday and for business or employment make up a majority of visitors to the Island. The longer length of stay of those visiting their friends and relatives (VFR) however, means that while they account for only 23% of visitors, they account for 36% of nights on the Island making them an equally important group. Business or employment trips tend to be shorter at an average of just over 3 nights. 37% of visitors are first timers and 34% visited within the past 12 months.

Purpose of travel to Flinders Island (YE June 2009)



A vast majority of visitors travel to the key residential areas of Whitemark and Lady Barron. Other popular areas include Killiecrankie, and Trousers Point Beach.

Visitor distribution while on Flinders Island



ISLAND PURSUITS

Visitors are generally satisfied with their stay on the Island with close to three in four indicating that they would like to return in the future. In reality however less than 20% return. This is a significant loss to the Island based on the well accepted marketing principle that it costs between 5 and 7 times more to attract a new customer than to re-engage with an existing customer.

Activities undertaken by visitors to Flinders Island

Activity	% of total visitors
Recreational walks	41
Fishing	35
Bushwalking	28
Swimming / beach	27
Boating / sailing	14
Off road tours	13
Other activities	32

While on the Island the most popular activities for current visitors are passive outdoor activities with walking for recreation or bushwalking together with fishing and swimming ranking the highest. These are complemented by more Island specific activities and active pursuits of off-roading, diving and fossicking which are undertaken by between 5 and 15% of visitors to the Island.



(Source: [Tourism Tasmania](#) 2009)



EXPENDITURE

In 2009, tourism generated approximately \$4.9 million p.a. This equates to over \$5,444 per resident. Airfares account for an estimated 35% of total expenditure.

Holiday visitors are the highest yielding visitors to the Island. While they make up 35% of all visitors they account for 58% of total expenditure on the Island, the equivalent of more than \$200 per night. Special interest visitors are also significant in terms of Island expenditure.

Reasons for Visiting Flinders Island and Spend:

Market	Spend per Night (ex Airfares)	Share of Total Spend
Holiday	\$202.10	58%
VFR	\$60.89	18%
Business / work	\$79.48	13%
Special Interest	\$154.90	10%
Average / total	\$122.89	100%
Tasmanian Ave.	\$141.00	

TRENDS & IMPLICATIONS

Outlined below is a list of key local and state tourism trends and consideration of how these trends impact on tourism and investment opportunities on Flinders Island.

State and Local Trends	Implication
Tourism Tasmania targeting high yield domestic and international visitors	Potential to capitalise on state marketing and grow the 'domestic Experience Seeker' market
Visitation to the Launceston, Tamar Valley and North region increased by 5% from YE June 2010-11, despite a decrease of total visitors to Tasmania over this period	Opportunity to tap into increasing visitation to this important gateway region with cooperative marketing
Recent improvement in air access to the Island	Growing visitor numbers and appeal to a significant domestic market
No significant tourism investment on the Island in recent years	Opportunity for catalytic investment, principally accommodation and tours

Source: [Tourism Tasmania](#) 2010/11

Case study: Maria Island Lodge and Walk

Multi-award winning Maria Island Walk is a family owned and operated tourism experience which highlights authentic Tasmania and has been recognised for its environmental friendliness and leadership in the tourism industry. The four day walk through forests, along beaches and past historical remnants includes a champagne lunch on the last day and leaves ample time after a day's walk to swim and relax before dinner. To rest between walking days, there are two wilderness camps adjacent to the beach, with comfortable beds and basic necessities. On the last night, walkers are rewarded with a more luxurious stay in the restored colonial, heritage listed home of entrepreneur Diego Bernacchi.

The Maria Island walk operates between mid-October and the end of April. \$2150 per person covers all transport to and from the Island, two guides, all accommodation, food, wine, national park passes and equipment.

Relevance for Flinders Island

The multiple accommodation options of the Maria Island Walk make it a good model for Flinders Island to investigate for the adventurous and spirited travelers. At each location, 4 double or twin accommodation units are provided for guests and another one for the walking guides. The model of a combination of different, high quality but on-theme accommodation types means that Flinders could adapt and add to existing facilities to create one or more walking, cycling or kayaking multi day itineraries. This model should be considered as special interest activities are nurtured and layered to boost Island appeal.



(Source: [Maria Island Walk](#) 2009)



ATTRACTING EXPERIENCE SEEKERS

Tourism Australia has identified a segment of the international travel market called ‘Experience Seekers’ who’s preferred travel style is perfectly suited to Flinders Island.

INTERNATIONAL

International Experience Seekers want:

- Authentic personal experiences;
- Social interactions – making friends and developing personal relationships;
- Opportunities to meet and interact with the locals;
- Experience something different from their normal day-to-day life;
- Learning experiences with different lifestyles and cultures;
- To participate rather than observe;
- Challenges – physical, emotional and/or mental;
- Authentic destinations that are not necessarily part of the mainstream tourist routes; and
- Exposure to unique and personally compelling experiences.

DOMESTIC

Australians have become increasingly experienced international travellers and, as such, a domestic Experience Seeker market is emerging.

Domestic Experience Seekers want:

- Nature, activities and adventure in Australia;
- Interactive travel experiences;
- Opportunities for personal growth and transformation (away from the crowds);
- Physical or psychological challenges;
- To travel without kids; and
- To visit Tasmania (more than national average).

Recent analysis shows:

- They spend more than other travellers;
- Overseas holidays still popular and top of mind;
- It is ok to want luxury again;
- Online experiences of a destination are popular, offering reassurance for ‘challenging’ destinations;
- ‘Responsible’ travel is an emerging consideration for many domestic Experience Seekers; and
- Opportunities exist in the interstate market.

State / Territory	% Domestic Experience Seekers (2008-2011 Ave)
Northern Territory	65%
Tasmania	41%
ACT	40%
South Australia	23%
Western Australia	22%
Queensland	20%
New South Wales	15%
Victoria	14%

(Source: EC3 Global from Roy Morgan Research)



TARGET MARKETS

Visitors to Flinders Island are predominantly:

Male	63%
Married	75%
>50 years of age	73%
Book by phone or internet	65%
Annual income \$30K - \$39K	40%
Ask their family and friends for advice	48%

Potential growth opportunities for Flinders Island need to be viewed in the context of the Island's limited access, the range of existing products and most importantly the Island's tourism vision. Taking those into account there remains an opportunity to attract the 'Domestic Experience Seeker'.

The ideal target market is a nature-lover, looking for something authentic, immersive and committed to the ideal of sustainability.

The Domestic Experience Seeker is looking for mid to high end nature based experiences. They are typically older affluent couples (over 55s), corporate and incentive travellers and special interest travellers with an interest in nature, quality and a bit of adventure. They are keen to be involved in organised activities. As identified by Flinders Tourism, these markets will continue to originate

from Tasmania and Victoria. More detail of these markets is included below.

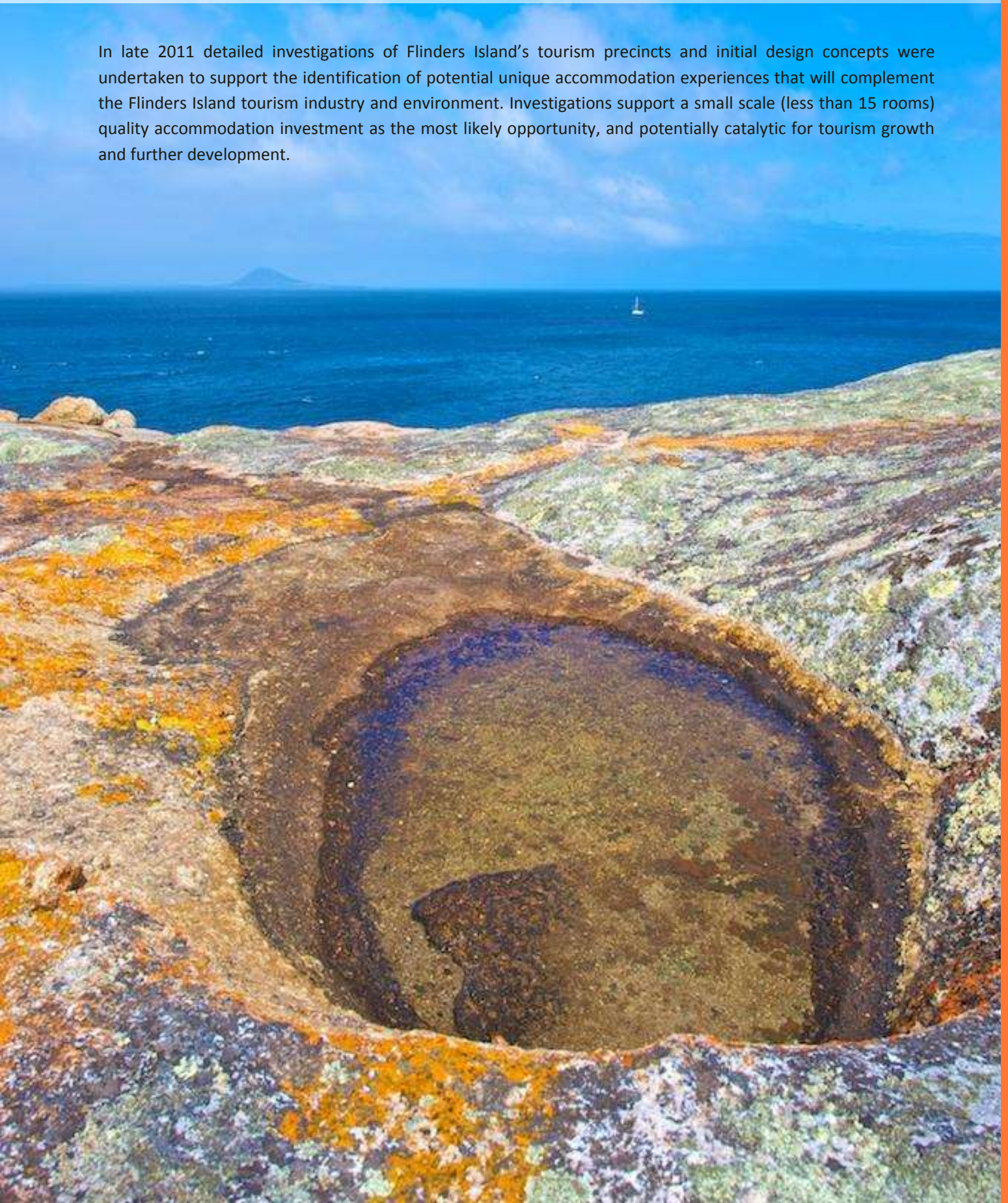
Target markets identified for Flinders Island

Older affluent Couples	<ul style="list-style-type: none"> Couples without children, empty nesters and affluent retired couples Looking for relaxation, indulgence, luxury and satisfying achievable adventures Experienced travellers, seek value for money
DINKS	<ul style="list-style-type: none"> Double income, no children Seeking short breaks in great outdoors From Melbourne and Hobart
+55s	<ul style="list-style-type: none"> 55% of existing holiday market Disposable income and time Growing market globally
Corporate	<ul style="list-style-type: none"> From Melbourne and Tasmania Short stay with some activities Incentives and events
Specialist	<ul style="list-style-type: none"> Diving, bird watching, kayaking, rock climbing, self fly

(Source: [Tourism Tasmania 2009](#))

THE OPPORTUNITY

In late 2011 detailed investigations of Flinders Island's tourism precincts and initial design concepts were undertaken to support the identification of potential unique accommodation experiences that will complement the Flinders Island tourism industry and environment. Investigations support a small scale (less than 15 rooms) quality accommodation investment as the most likely opportunity, and potentially catalytic for tourism growth and further development.





UNDERSTANDING THE COMMUNITY

As part of the planned processes for this project, community consultation was undertaken on the concept document by EC3 Global on the 1st of March 2012. In total, 73 community members were in attendance to provide feedback and comment on an ecotourism accommodation concept.

Consultation outcomes indicated that the community was not in favour of any investment or development on coastal and/or public land, so as to not take away from the spectacular visual elements the island is known for.

While ecotourism projects were broadly endorsed in concept, gaining community support for the location of any project will be a critical success factor.

SUBMISSIONS RECEIVED

The consultation process also included written submissions, which were received by Council up until COB 16th March. A total of 78 submissions were received, with the majority in support of ecotourism investment on private freehold land.

During the consultation process a range of factors were identified as critical to the development of a sustainable tourist accommodation model for Flinders Island.

To meet community and commercial aspirations there is a need to:

- ✓ Ensure infrastructure is set back at least 50 – 100m from the coast on private (not coastal reserve) land to allow for unimpeded coastal walkways and tracks for locals and to reduce the visual impact of the coastline.
- ✓ Carefully match size to air capacity and seasonality constraints.
- ✓ Ensure links to existing tourism nodes (Emita, Wybalenna, Killiecrankie, and Strzelecki) without impinging on community values.
- ✓ Located so that good food is available within close proximity (e.g. 15-20 minute drive).
- ✓ Hire car availability and access for accommodation guests.
- ✓ Links to activities such as walking trails, tour operators and the emerging villages.
- ✓ Ensure opportunities to grow over time (without departing from our guiding principles).

As a result it was determined that a small scale, authentic accommodation establishment targeted towards the higher-end ‘experience seeking’ visitor could complement the existing supply of accommodation currently available on the Island.

CASE STUDY: CAPE CONRAN

Located near the town of Marlo in Eastern Victoria, around 400km from Melbourne, the Cape Conran Conservation Park was a campsite, then caravan park located within 11,700 ha of coastal wilderness.

Parks Victoria sub-leased an area of the Park to a private operator to develop four types of ecologically sensitive accommodation including bush camp sites, 7 cabins, a lodge equipped with a large kitchen, BBQs and log ovens and 5 permanent luxury safari tents. All of the accommodation is sensitively set back a minimum of 150m from the spectacular wilderness beaches

Implications for Flinders: Like Cape Conran the Flinders Island economy, environment and community are not well suited to mass-tourism or large-scale projects. .





GUIDING PRINCIPLES

The community of Flinders Island is passionate about their Island and are committed to ensuring its unique flora and fauna are protected and that new developments do not negatively impact on the visual amenity or sense of community.

The following **Guiding Principles** have been prepared to guide investors; appropriate development must have:

- ✓ local support and a demonstrable benefit to the community
- ✓ respect for the place and the culture
- ✓ sustainable design features with a low carbon footprint
- ✓ an approach that works in harmony with the landscape, with an architectural style that suits the Island personality
- ✓ working with, not competing with local businesses to grow the value
- ✓ a business that is a part of the community not separate from it
- ✓ a showcase of local produce, character and attitude - not imposing its own character
- ✓ scalable business planned to grow over time as the Island tourism industry matures

CASE STUDY: LADY ELLIOTT ISLAND

Leased in 1969 to create a unique Southern Great Barrier Reef experience Lady Elliott is a multi-award winning property. The 20 cabins are located on the beach of a National Park Island operating under a long-term lease.

Lady Elliot Island has strict environmental controls in place and carries no more than 15,000 guests per annum (40 per day). The owners go beyond their regulatory and legal requirements to fund much of the marine research in the Southern GBR and are 70% solar.

Lady Elliott employs approximately 50 local staff (guides, cleaners, admin, sales, etc) and pays approx. \$250,000 per annum in lease payments plus in excess of \$200,000 in Environmental Management Charges annually.

That is equivalent to \$22,500 per cabin pa.

Implications for Flinders: A conservation program similar to Lady Elliott could be of great benefit to Flinders Island to help manage weed invasion of the coastal reserve and ensure the Flinders Island wombat populations are monitored and protected.



(Source: EC3 Global)



DESIGN CONSIDERATIONS

Many potential building forms could be explored under the Town Planning guidelines.

Many sites on Flinders Island are located within visually sensitive areas and as such it is integral that the building design is complementary and incorporated into the landscaping. Through the consultation process, the community highlighted that they would like to see a sustainable building that does not infringe on the visual elements of the island.

Considering this and the fact that nature-based and eco-tourism visitors are interested in

accommodation that is ecologically friendly and in harmony with its landscape, the design team have also considered a design rationale based on the habitat of the Flinders Island wombat (distinct to the region, and seen throughout the Island). A building that is built into the landscape, like the wombat hole, is one way of building a connection for nature-based tourists, while minimising the visual impacts of development.

A series of building forms that can be integrated into the landscape and have potential for development have been analysed below.

PAVILION STYLE	BUILDING INTEGRATED INTO LANDSCAPE	BUILT INTO THE LANDSCAPE
<p>PROS -</p> <ul style="list-style-type: none"> - Captures views. - Possibility for lightweight construction to be used. - Can create distinctive Architecture. <p>CONS -</p> <ul style="list-style-type: none"> - Building is dominant form in landscape. - Minimal protection in terms of bushfire. - Potentially obscures views from surrounding buildings. 	<p>PROS -</p> <ul style="list-style-type: none"> - Possibility for lightweight construction to be used. - Can create distinctive Architecture. - Partially integrated into landscaping. <p>CONS -</p> <ul style="list-style-type: none"> - Building is dominant form in landscape. - Minimal protection in terms of bushfire. - Potentially obscures views from surrounding buildings. 	<p>PROS -</p> <ul style="list-style-type: none"> - Retains view lines for surrounding users. - Landscaping is the dominant form, building secondary. - Integrated into landscaping. - Offers bunker protection from threat of fire. <p>CONS -</p> <ul style="list-style-type: none"> - Lightweight construction can not be used. - Large amount of earth works.
 <p>- Visually dominant in the landscape. - Views blocked by built form.</p>	 <p>- Reduced dominance in the landscape - Views partially blocked by built form.</p>	 <p>- Minimal visual impact within the landscape. - Views maintained as built form is integrated into landscape.</p>
		



PRECINCT OPPORTUNITY AND CONSTRAINT ANALYSIS

An Island-wide review was undertaken to identify sites that might be suitable for accommodation development. Outlined below are the sites that were considered in the assessment, as well as a summary of the opportunities and constraints associated with each precinct, in terms of investment potential.

Location	Opportunities	Constraints
Killiecrankie	<ul style="list-style-type: none"> Identified village for growth Walking / riding trails Significant visual amenity <p>Potential for future cabin development once / if volume increases</p>	<ul style="list-style-type: none"> Already has sufficient accommodation supply Access / tenure Community opposition to the use of coastal and public land
Emita	<ul style="list-style-type: none"> Popular local and tourism nodes Excellent access Well managed visitor facilities Wildlife tourism opportunities Development sites located close to public access areas <p>Opportunity for small-scale cabin accommodation</p>	<ul style="list-style-type: none"> Concerns about impact of development on visual amenity Concerns about coastal development Community opposition to the use of coastal and public land
Wybalenna	<ul style="list-style-type: none"> Popular tourism node Excellent access <p>Opportunity for small-scale cabin accommodation</p>	<ul style="list-style-type: none"> Proximity to significant Indigenous heritage site Aboriginal ownership Community opposition to the use of coastal and public land
Trousers Point Beach	<ul style="list-style-type: none"> Popular local and tourism nodes Excellent access Well managed visitor facilities Wildlife tourism opportunities Development sites located close to public access areas <p>Potential for future cabin development once / if volume increases</p>	<ul style="list-style-type: none"> Close to planned new accommodation Community opposition to the use of coastal and public land
Mount Strzelecki	<ul style="list-style-type: none"> Proximity to national park / significant vistas Walking trails Good access <p>Potential for a standing camp on or near the National Park</p>	<ul style="list-style-type: none"> Weeds and site compaction High potential for local opposition
Patriarchs	<ul style="list-style-type: none"> Popular spot for locals <p>Day use potential only. Not suitable for accommodation development.</p>	<ul style="list-style-type: none"> Conservation area High potential for local opposition Not suitable for large development Limited access
Mann's Pitt	<ul style="list-style-type: none"> Uncrowded location Proposed mountain bike trail <p>Opportunity for a trail head camp</p>	<ul style="list-style-type: none"> Limited access within site Visual amenity not ideal (old quarry site)
Lady Barron	<ul style="list-style-type: none"> close to access point and facilities including winery and restaurant / pub ideally suited to new tours <p>Opportunity for mainstream accommodation if volume increases.</p>	<ul style="list-style-type: none"> significant distance from key attraction nodes south facing orientation less appealing Community opposition to the use of coastal and public land



LINKS TO EXISTING INFRASTRUCTURE

Based on an understanding of the market and site assessments it is recommended that any development build on and support existing tourism infrastructure (soft and hard) on the Island in the short to medium term to ensure that a strong platform is prepared that will be attractive to investors. This includes strengthening the Flinders Island brand and market position, better utilising existing accommodation and other Island facilities and developing quality and appropriate niche market opportunities for visitors with specialist interests in the short to medium term.

Any planned accommodation would need to be designed to enhance, not compete, with existing options.

LINKS TO ACTIVITIES

It is recommended that, to enable and support visitor growth on the Island, existing and proposed accommodation be linked through the development of two new touring routes as follows:

- ✓ a cycle touring route with locations identified for possible development of 'standing camps'. Cycle touring route could connect major centres by road with mountain biking trails developed for additional level of experiences. The cycle itinerary should be 50 to 70km per day.
- ✓ A coastal walk trail and itinerary to connect existing a future accommodation 'pods' The potential to porter bags to each accommodation pod would add value to this route while the ability to deliver catering to this market would be essential.

INVESTMENT IMPLICATIONS

Trends / Observations	Implication
Tourism Tasmania targeting spirited travellers / experience seekers who desire quality experiential	Potential growth for Flinders Island, this market desire lots of activities (grow new market) with quality accommodation that is an experience in its own right
Location with the highest concentration of activities that meet needs of Spirited Travellers	Detailed site visits were conducted with the outcome that there are several precincts suitable for the appropriate investment
Scale of development limited by site planning, access, staffing and market size	Accommodation of 8-10 pods/ units (30 pax) most viable, but without a restaurant or staff quarters (onsite manager)
Location must be unique to Flinders Island , that is it must showcase the best the Island has to offer	A number of locations present spectacular views, access to nature and walks is key
The preferred style of development is not intrusive, built to ecologically sustainable development (ESD) standards and supported by community	Low-profile (into earth), maximise local employment and links to other businesses



ZONING CONSIDERATIONS

Almost all coastal areas on Flinders fall within the following two zones / planning overlays in the Flinders Planning Scheme which will affect their development:

Environmental Management and Recreation Zone:

- Requires landforms, landscapes, places, habitats, natural processes, native vegetation, indigenous fauna and items of cultural heritage are protected.
- Management goals to identify and protect environmental and heritage values.
- The careful siting and design of buildings, structures and landscaped space in order to minimise adverse impacts on the identified values of the locality.

Visually Sensitive:

- These areas require minimal visible evidence of human activity in the form of buildings, structures or works when seen from roads, foreshores and waters.
- To retain the natural appearance of each Area; to minimise the visual impact of Use or Development; to retain and restore where possible the natural vegetation cover.
- Consideration is given to the visual impact of buildings, clearing, excavation, access, construction, fences, firebreaks or the deposition of fill.

Areas such as Trousers Point also fall within an identified **Ecologically Sensitive** area, which means that the area has been identified as important for the maintenance of natural processes, for the conservation of rare, endangered or threatened species, as refuges for migratory bird species or as reservoirs of biodiversity. While this does not preclude the opportunity for a sensitively designed development, additional considerations would need to be made by both a potential investor and by Council in the proposal development, assessment and approval process.

For more information on the planning guidelines for the Island, please refer to the current Flinders

Planning Scheme available online and through the Council.

Table of Use or Development

Permitted (as of right)	Recreation	Passive Recreation
Permitted (with Planning Permit)	Public	Public Utility (minor)
Discretionary	Public	Car Park Public Utility (major) Telecommunication Structure
	Recreation	Active Recreation
	Tourism	Tourism Operation
Prohibited	All other Uses or Developments except as provided for under Clause 3.7 and Clause 3.15 of the Planning Scheme	

INVESTMENT CONSIDERATIONS

- Community and stakeholder support for the identified site is vital.
- Understanding the impacts of seasonality is likely to play a big part in any business feasibility.
- High yield accommodation will require matching experiences in food and wine and touring.
- Branding needs to be developed in partnership with the industry and community to differentiate Flinders from other Islands and Tasmania in general but to remain true to the Flinders brand essence.
- Staff availability and affordable accommodation for staff a major consideration.
- The island has significant environmental and cultural values which need to be considered.
- There is limited infrastructure (soft and hard) to support significant developments.
- Building heights limited to ensure development fits within landscape and reduces the impact on visual amenity.

POTENTIAL FOR ECOTOURISM ACCOMMODATION INVESTMENT

FEASIBILITY OF ECOTOURISM ACCOMMODATION

An investment in high-quality eco-accommodation on Flinders Island represents an opportunity to be a part of a truly unique part of Australia. It is important to note that the community of Flinders Island are supportive of innovative and sustainable tourism projects on private land, however they do not support development within the coastal reserve or on public land.

While investors would need to explore their own return on investment models, the following analysis is provided based on a break-even analysis conducted for an eco-accommodation project similar to that described by the community as most suitable.

Based on the market assessment contained in this document, the current market conditions and occupancy rates on the island, and feedback from the community the most suitable accommodation options would be between 6-10 rooms.

Based on a concept for bespoke design and architecturally designed villas, the above average building costs (approximately \$350,000 per villa) and operating costs the villas would need a rack rate of above \$400 per night and a seasonal (nine months only) occupancy rate of 60%. This is currently well above the value and the occupancy rate of other quality accommodation on the island.

As such, the estimated commercial return at 60% occupancy and \$400 per night is approximately 5.5%, which is below the current borrowing rate (7%-9%). Therefore, while the island presents many potential investment opportunities, additional high quality ecotourism accommodation without a base of existing operation would not meet a commercial feasibility threshold.

Key barriers the raising occupancy rates will be the cost of access and awareness of the Island which suggest the need for a corporate chain rather than stand-alone property. Key to the success of the business model will be limiting the capital and operating and streamlined business operation.

While eco-accommodation investment has potential the island firstly needs to build its appeal as a tourism destinations through a range of tourism promotion and product development activities.

Flinders Council and the Flinders Island Tourism Association recognise the following as 'enablers' of successful tourism investment:

ENABLERS OF SUCCESS

- Leadership is being provided by Flinders Council and FITA in attracting investment
- Promotion is focused on providing exceptional opportunities for our existing target markets - delivering well for these markets will attract new markets
- Council is keen to capitalise on the opportunity to be positioned as a responsible destination
- The island has improving access capacity and scheduling for passengers and services to the Island
- Attracting investment to the Island to create the new experiences and quality accommodation
- The community supports effective planning for the infrastructure needs to deliver for new markets
- Adopting a customer focused approach to marketing (i.e. an experience driven website) and services and ensuring industry works cooperatively to attract visitors to the Island
- Staffing with high quality, local knowledge based on education and training opportunities
- Enabling electronic connectivity including web based information and booking systems
- Council is willing to facilitate but not fund investment proposals

If you have any questions about the ecotourism potential of the island please contact

Adam Saddler, Economic Development Officer on 0448 813 800.



DISCLAIMER

The information and recommendations provided in this Report are made on the basis of information available at the time of preparation. While all care has been taken to check and validate material presented in this report, independent research should be undertaken before any action or decision is taken on the basis of material contained in this report. This report does not seek to provide any assurance of project viability and EC3 Global and Clarke Hopkins Clarke accept no liability for decisions made or the information provided in this report.