

Trouble in paradise

With pure white beaches and crisp blue seas, the picturesque Queensland coast and its islands are the envy of the world. But behind the palm trees and sunshine, trouble is brewing.

By Josh Bavas

Updated Mon 23 Apr 2018, 1:48 PM AEST

VIDEO [0:52]

South Molle Island resort still in ruins after Cyclone Debbie

ABC NEWS



Despite decades of success as one of Queensland's most popular resorts, South Molle Island is almost unrecognisable today.

It was once described as the "heart of the Great Barrier Reef", a "wonderland of scenic majesty" with scenes reminiscent of a Hawaiian Elvis movie.





But it has been closed for the past two years, having been taken over by a foreign company and smashed by Cyclone Debbie – and there is no clear indication when it will reopen.

Twisted remnants of the once-bustling resort are like a scar on the resplendent landscape, nestled among dozens of other Whitsunday Islands.



It is one of just 20 resorts operating on a State Government lease, many of which are running into trouble.

And its current state appears in breach of the conditions of the lease that rules its operations on crown land.

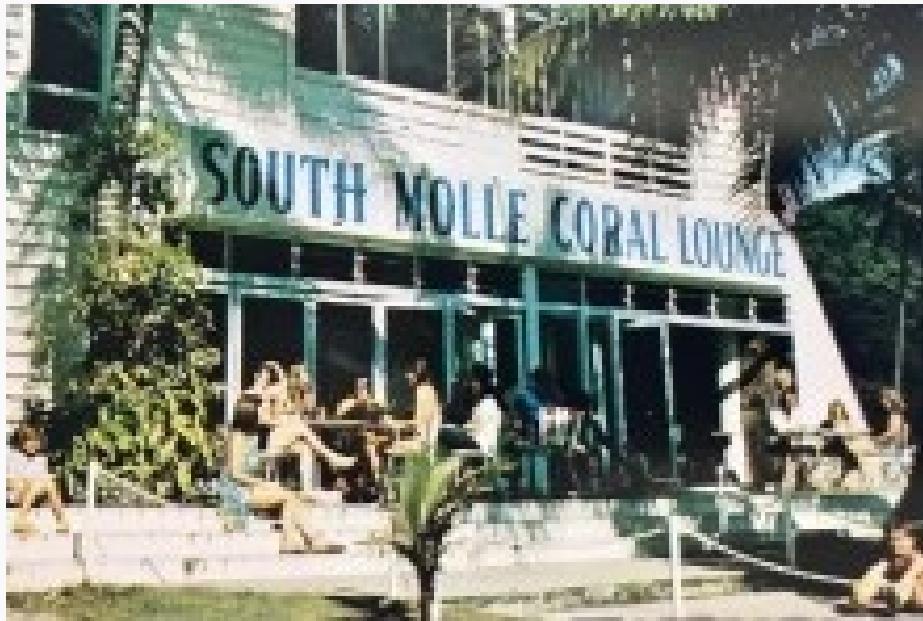




Heart of the reef

South Molle Island grew to prominence after years of strong marketing.

In the 1950s visitors were promised "carefree days and carnival nights".



A South Molle Island postcard from the 1950s.

STATE LIBRARY OF QUEENSLAND

“This fascinating holiday playground off the Queensland coast is a magical isle beneath smiling skies of perpetual sunshine,” a brochure proclaimed. “

Kevin Collins remembers the boom years of the 1980s and 1990s when he managed the resort for more than a decade.

“It was just wonderful over there – all the islands were in those days,” he said.

“You could shoot across in your speed boat to Hamilton or Hook Island or Daydream – they were all vibrant, buzzy, busy places.”





"It was almost like an island equivalent of what the cruise industry is now."

Tony Fontes was visiting from California in 1978 when he fell in love with the Whitsunday Islands.

"I had my opportunity to dive the Great Barrier Reef for the first time and once you dive the Great Barrier Reef you don't go back," he said.



Mr Fontes eventually returned to become a resident and worked as a dive instructor on South Molle Island.

"It was a lot of fun because it was very much a family-orientated island – a lot of young people, a lot of young families," he said.

Mr Collins said he couldn't believe what had become of the once-thriving holiday destination.



"It breaks my heart to see what's happened to it."

“I left the island in 1997 – that was my last time there and I remember sailing away with a tear in my eye”

"It was still going well in those days but it wasn't many years later that the costs of operation started to catch up with them."

Restoration 'years away'

VIDEO [0:38]

Cyclone-damaged South Molle Island off north Qld remains in tatters

ABC NEWS



The resort has changed hands a number of times over the past century.

In the 1980s, it was owned by the now-defunct airline Ansett.

Queensland businessman Craig Ross purchased South Molle resort out of receivership in the early 2000s and later ran it as a backpacker hostel.

Then Shanghai-based China Capital Investment Group (CCIG) took over in 2016.

The foreign-owned business describes itself as an investment company with interests in mining, real estate and tourism.



While it may have had big aspirations for the tropical island, nature intervened.

Category four Cyclone Debbie wreaked havoc when it hurtled towards the Queensland coast just a few months after CCIG's purchase.

Now, more than a year after the devastating storm, South Molle Island is still a mess.



A toilet, sodden mattress and a pile of debris are all that remain of one cabin. The golf course and tennis courts are overgrown and the resort's jetty is twisted and collapsing, unsafe to use.

While CCIG has begun work on an \$86 million renovation of Daydream Island, which it also owns, a spokeswoman told ABC News that South Molle would require "major work" and a redevelopment was still "a few years away".

Because the resort is on state-owned land, there are strict conditions over its upkeep.



Under the terms of the agreement, the lessee must reasonably "at all times provide and maintain on the lease land tourist accommodation of a standard acceptable" to the State Government, and "at all times provide, maintain and staff a satisfactory transportation service between the mainland and the leased land".

Last September, the State and Federal governments released a combined \$2 million in grants for projects to help drive tourism in the Whitsunday region.

No-one from peak industry group Tourism Whitsundays would comment to ABC News on the situation.

Resorts in ruins



PHOTO Dunk Island Resort remains closed to the public, with much of it looking as if the storm blew through yesterday.

ABC NEWS: TOM ORR

South Molle is not the only resort dogged by issues related to state leases.

Unfolding disaster of Queensland resorts

- [Resort residents angry at inaction over possible seawall collapse](#)
 - [Tangalooma's island paradise becomes a 'nightmare' for some property owners](#)
 - [Port Hinchinbrook property prices plunge as residents beg for government help](#)
 - [Dunk Island Resort in ruins seven years after Cyclone Yasi](#)
-

The Queensland Government said five of the 20 resorts operating on tourism leases are in arrears, but it would not reveal which are falling behind.

A spokesman for the Department of Natural Resources, Mines and Energy said it was working with island lessees impacted by Cyclone Debbie to enable them to repair and reopen resorts.

"Where lessees owe substantial rental arrears, we arrange payment plans to manage debt," the spokesman said.

"There are other mechanisms in place to administer rental arrears where payment plans are unsuccessful — they include taking possession and sale or utilising the forfeiture provisions of the Land Act."

Off the far north coast, the resort on [Dunk Island](#), which was destroyed by [Cyclone Yasi](#) in 2011, remains in ruins.

While the resort is on privately owned land, the neighbouring spit and campgrounds are part of the island's national park, with a sub-lease managed by the council.

It was awarded to an adventure tourism company in March.



PHOTO Units at Dunk Island Resort are still badly damaged from Cyclone Yasi in 2011.
ABC NEWS: TOM ORR

Port Hinchinbrook, off the coast of Cardwell, [has serious problems of its own](#).

Unlike the tourism ventures of the islands, property owners at the mainland marina have suffered a series of issues since the global financial crisis.

It took a direct hit from Cyclone Yasi, two successive companies went into administration, the marina filled with mud, the sewage treatment plant failed and property prices fell.



PHOTO Cyclone Yasi caused havoc in the Port Hinchinbrook harbour in 2011.

AAP: DAVE HUNT

It too operates partly on a state government lease, and has faced years of disputes over who is responsible for each issue.

Gary Scott, who bought a lot just before Yasi hit, just wants a resolution.

"Without the state government involvement, Port Hinchinbrook will stay basically the same as it is at the moment – which is not going anywhere," he said.

The once luxurious Lindeman Island has been closed for the past six years, although work on a \$580 million redevelopment is expected to start soon after it received the green light from the State Government last month.

It was taken over in 2012 by White Horse Australia, a subsidiary of another China-based company.

On the Fraser Coast, property owners at the Great Sandy Straits Marina sounded the alarm after a recent engineer's report [found the main seawall holding the structure could be at risk of collapse](#).



PHOTO The Great Sandy Straits Marina boardwalk is closed for repairs.
ABC NEWS

The marina site, which also sits on a state lease, is at the centre of a dispute over who should improve the seawall and fix a public boardwalk which has been fenced off for three years after falling into disrepair.

Retiree Ray Maxwell said the risk of collapse was alarming.

"Basically we sit here year by year, hoping that we don't get a cyclone event come through Hervey Bay or touch near Hervey Bay," he said.

"I've always called the situation we face a miniature New Orleans."



PHOTO Some Tangalooma unit owners have seen their annual fees rise more than 300 per cent over a decade.

SUPPLIED: DREW WILSON

On Moreton Island, off the coast of Brisbane, a [dispute between property owners and a major tourism company at Tangalooma Island Resort](#) has reached crisis point.

Unit owners such as Drew Wilson say their property prices have slumped in the wake of them being hit with skyrocketing service fees imposed by the resort which holds the lease and runs the operation.

“Our dream house has become quite the nightmare really – we are fearful for our financial future,” he said.

"We're stuck in a house that is slowly driving us bankrupt and that point is coming closer and closer."

He said the government leases were "clunky and unsustainable", especially when they involved more than one party.

"I suppose the State Government uses them to maintain some degree of control over sensitive state land – which given current circumstances is arguable – but what it does is set up a bunch of little fiefdoms within Queensland," Mr Wilson said.



The beach at Tangalooma on Moreton Island off Brisbane in south-east Queensland.
FLICKR/CREATIVE COMMONS

"The perpetual lease holder becomes a private council to his or her sub-lease owners.

"There is no regulation or body like a strata that exists to protect these

sub-lease holders – or peasants as we often feel like.

"This power imbalance needs to change."

The Queensland Government is [yet to announce how it plans to resolve the issues there](#) – the centre of yet another of its tourism leases.

Moves towards mediation have stalled.

Return to paradise?

Mr Fontes said while some of the Whitsunday Islands had seen financial trouble, he still believed they had a promising future.

"Everyone comes here to see the corals, to experience the sailing and the boats and so on, and get out around the islands – that's the Whitsundays, it's the islands," he said.

"We shouldn't see new operations opening up when these old operations could reopen and fill the need for extra beds, extra boats, whatever that may be."



Mr Collins said he was hopeful South Molle Island's future was bright, but warned that future would come at a cost.

"How do you make a small fortune out of an island resort? You start with a big fortune," he said.

"South Molle's a tragedy that it's not there anymore, but it's going to take someone with a very deep pocket to re-invent South Molle into an

island resort that people would love to go to.

"South Molle has the most beautiful walking tracks that people have forgotten about ... just to have it cleaned up and have it as a day-trip nature walk would be fantastic.

"But even in that, if you start dropping 1,000 people a day there, what happens to their waste? What happens to their sewage? How do they get a drink of water?

"Nothing comes without consequence."

Credits

- **Reporter and photographs:** Josh Bavas
- **Producer:** Nick Wiggins
- **Historical items:** State Library of Queensland

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