

WHAT PRICE

Times are changing. The classic “us against them” syndrome – developers vs communities, developers vs governments, and governments vs communities, wherever mega-resort developments are carved out – is now being replaced by the “community first” approach. Al R. DIZON investigates and speaks to Dorian Landers CEO of Nirwana Bali Resort and widely praised to have turned around the nightmare of property developer Bakrie Nirwana while LD. LACSON talks to Noel Carino, Vice-Chairman for FELI in Manila.

PARADISE?



Strategically placed rice terraces are very much part of Bakrie Nirwana’s golf course on Bali.

In 1984, when the barren moonscape of Bang Thao Bay in Phuket was taken over by Thai Wah, a subsidiary of the Singapore leisure and resort giant Wah Chang, the area was a picture of devastation. A victim of erosion - the result of hundreds of years of tin mining operations in Phuket - the whole area was thought incapable of sustaining vegetation. Even a United Nations Development Plan team surveying Phuket's tourism potential reported that Bang Thao Bay had no development potential at *all*.

Nevertheless, Thai Wah went to work, moving in fresh, fertilised topsoil to recontour and replant the land. Today, the site boasts the award-winning development, Laguna Phuket. Many other developers, however, haven't had the good fortune, or the foresight, of Wah Chang. From Boracay to Bali, from Johor to Samal Island, the script is the same. Paradise becomes a prime tourist destination, its development is fast-tracked, business thrives, everybody is happy. But wait, not quite everybody. In the rush to take advantage of the tourism dollar, invariably, the establishment of utilities in these idyllic locations is not able to keep up with the rapid pace of development, causing disruption and resentment in the local community.

And when a mega-resort project is involved - one which integrates vast, water-thirsty golf courses and sewage intensive hotel projects, one would think that the problems would be magnified many times over - even more so if these developments are portrayed by the media as monsters out to destroy the environment, culture and way of life of whole communities.

The experiences of two South-east Asian developers in building their own version of Paradise on Boracay Island in Central Philippines, and Tanah Lot, on the Indonesian Ocean side of Bali, debunk this perception.

BORACAY ISLAND

Fabled the world over for its white beaches and clear water, this little island, just 50 minutes south of Manila, sees at least 750 tourist arrivals daily. The number swells to over 900 during the hot summer months. Boracay's main draw: its remoteness from civilisation, and of course, the white sand along the 4km shoreline on the northwestern side of the tadpole shaped island. This popular beachline is called "White Beach" or "Long Beach". Boatman Henry Solano, 48, one of the early settlers on the island who makes a living ferrying tourists around the island's attractions on his outrigger, testifies to the fact that Boracay's white sand remains cool to the even at the height of summer.

When first discovered, Boracay was merely an adventurer's paradise. The land was unspoiled. Pristine, clear water flowed through the island. It was paradise indeed. Today, just a few two-star hotels and about 300 no-frills cottages in the island play host to visitors, offering some 2,000 rooms in the White Beach area. Several shops have also sprung up, as well as museums and other similar commercial establishments. Sounds good for an island with the most basic of infrastructure and economy.

But there's a limit to what the small island can take. While Boracay is a continuing story

of development, progress, ironically, is beginning to take its toll as more people discover its wonders. The Boracay Island Master Development Plan cautions: "Boracay island is an ecosystem with a limited and fixed carrying capacity. The island is fast approaching critical thresholds on its water supply, sewage, solid waste and pollution levels and its supportable population. To stretch the limits of the island's ecosystem, it is imperative that the island is not burdened further with intense physical developments."



The message has become more urgent with the arrival of giant Filipino developers with aims of establishing mega-resorts on the island. Take Fil Estate Land Inc. (FELI), for example. It is now building an 18-hole championship golf course, 81 luxury golf villas, a 220-room, five-star hotel to be managed by ITT Sheraton, a 120-room boutique hotel, a 108-room condotel, a town centre and other sport and recreational facilities. Collectively, the US\$230 million, 117ha development is known as Fairways and Bluewater Resort Golf and Country Club.

The other big player on the island, Primetown Property Group Inc., is constructing corporate lodges to give private companies a chance to have their own vacation suites. This project, called Diamond Head Boracay, is situated on a 25ha property at the island's northern tip near the Puka Shell Beach area. The first phase of the project also

features an international beach resort hotel, complete with all the amenities of an urban hotel.

"Local folk are worried about the repercussions of these projects on the fragile ecosystem of the island," says Congresswoman Tessie Oreta, who also acts as the House of Representative's Majority Floor Leader. "Boracay is probably the country's most prized tourist attraction. Many commercial real estate developers are now eyeing it as their next conquest for their bandwagon of condominiums and golf courses without the usual due consideration for the welfare of the island's local citizenry or its environment," she adds.

But the problem with Boracay, essentially, is its water supply and lack of sewage treatment facilities. The proposed golf course and the other developments suggested by the master plan were premised on one very important factor that a water system sourced from the mainland where plenty of water sources had been identified, would be in place and functioning efficiently. "It would, first and foremost, supply the local residents in the mainland and in the island with badly needed potable water, then the resort owners, and eventually, other big players who would come in when certain basic infrastructure had already been provided by the Government," says former Tourism Secretary Narzalina Lim.

Boracay does not have a water system, raw or potable. All major establishments in the area have their own means of water supply. These tap into the groundwater table to

supply the needs of tourists and residents. Neither does the island have a wastewater management system. While all the hotels on the island have their own septic tanks into which waste is disposed, there is no safeguard against sewage leaking into the ground water. Utilising septic tanks is no longer effective and efficient in properly disposing of waste. Septic tanks are able to remove only about 40 per cent of the pollutants. The remaining 60 per cent, however, seeps into the groundwater - the island's only supply of water. This is the main challenge to developers on Boracay.

TANAH LOT, BALI



This secondary temple is located on one of the most sacred pieces of real estate in Bali outside the revered Mt Agung. This was the rock that Hindu priest Dang Hyang Nirartha moved out into the sea some time in the 14th or 15th century to avoid being disturbed by followers of Bendesa Beraban who wanted him out of the area. Eventually though, Bendesa Beraban became one of the most loyal followers of Dang Hyang Nirartha.

And so for centuries, the temple on that rock received worshippers, including tourists who also wanted to witness one of the most stunning sunsets on earth. But in 1990, PT Bakrie Nirwana, a member of the Jakarta-based Bakrie

conglomerate, came in with plans to build an integrated mega-resort adjacent to Tanah Lot: the 100ha Nirwana Bali Resort. The development itself was envisaged as a first of its kind for Bali. It will have the first membership golf club on the island (Its 18-hole championship course, managed by the International Management Group, was designed by Greg Norman). The resort also comprises 137 luxury villas and resort homes, a 284-room hotel managed by Le Meridien, and South-east Asia's largest marine spa. The whole development is carved along the beach-front, with views of the promontory that hosts Ulu Watu Temple due south, terraced rice *padis*, and the magnificent sunset at Tanah Lot.

The problem with the development was that it was regarded by the people of the Tabanan Regency as desecrating Tanah Lot and the other surrounding Hindu family shrines. Twelve shrines were to fall within the resort complex" two of them were to be right in the middle of the golf course.

"Our parents were scared that the basis of our way of life will be taken away from us," says Suwati, a 23-year-old Tabanan native who now works as a golfer's assistant at the resort's golf course.

Religious and cultural passions were kindled. The people of Tabanan registered their protest via demonstrations which saw them battling police at times. Their main arguments: a 1991 circular issued by Bali authorities stipulating that there shall be no construction within 5km of a major temple of worship, such as Besakih Temple, or within 2km of a

secondary temple such as Tanah Lot.

The protests caused the development to be delayed, with costs escalating drastically from the original estimate of \$200 million. Perhaps incalculable is the loss in earnings opportunity, since Nirwana missed the property market boom in 1994.

The resort's Chief Executive Officer, Dorian Landers, is optimistic. "At least we're on our way now and we've put those difficulties in the past behind us," he says. Landers joined Nirwana to resolve many of its earlier problems, and is poised to witness the resort's opening later this year.

PUTTING THE COMMUNITY FIRST

Both FELI and Bakrie Nirwana approached their dilemmas with what can be called the 'Community First' approach. In the case of Fairways and Bluewater, FELI decided to bankroll part of the cost of building a potable water system, centralised sewage treatment plant, centralised garbage collection and disposal system and upgrading the island's power supply. FELI's commitment was estimated to be \$13.5 million. Commenting on the additional expense, FELI Vice-chairman Noel Carino says the initiative to provide long needed utilities to the island's natives and visitors is part of FELI's "wholistic development strategy of enhancing while preserving Boracay's natural splendour".

The developer also extended a \$3.8 million soft loan to Boracay Utilities, Inc. (BUI), which is building the potable water system that will funnel fresh water from the mainland town of Malay to Boracay via a

submarine pipeline. FELI's top priority, however, is a centralised garbage collection and disposal system which will protect the island's natural environment from degradation and pollution. Carino says FELI will also build these utilities, citing the pre5sirig need to prevent effluent from overflowing septic tanks seeping into the island's bedrock and contaminating the few remaining aquifers and the beach areas.

The sewer system will start from the south side of Boracay and run all the way to the north where a low-lying area away from the beaches, secluded and protected by two hillside, has been identified as a suitable location for the sewage treatment plant.

A garbage disposal site is also being sought. Carino says treated water coming from the central sewage treatment plant will be used for non-potable water requirements over the whole island as well as to maintain the golf course of Fairway and Bluewater. Solid wastes will also be recycled as organic fertiliser for the golf course. As well, FELI will upgrade the existing one-megawatt power supply a Boracay to 22 megawatts.

But there are those who believe that FELI's measures are a little too late. "Potable water is no longer available on the island," says BUI President Porthos Alma Jose "Tourists and residents have turned to bottled mineral water to meet their need for drinking water." Whatever water is available is also not even safe for bathing and cleaning purposes due to the pollutant present in it, adds Jose.

And there are other warning signs of pollution. Perhaps the most visible is the presence of

algae along the beaches. The water in some areas has exhibited unusual levels of waste which are conducive to algae growth. Incidents of diseases caused by poor water sanitation have also started to rise. "The situation in Boracay is approaching a critical stage," Jose says. "it won't be long before more serious problems and damage arise from the pollution."



Nirwana Bali Resort provides employment for local residents

Bakrie Nirwana, on the other hand, went on a public relations spree after it became clear that opposition to its project was mainly due to the lack of dialogue between the company and the community, but also partly to the misinformation campaign waged by rival groups and foreign media elements which agitated the villagers living around Tanah Lot and in the Regency of Tabanan to speak out against Nirwana.

According to Dorian Landers, the public and community relations exercise included direct dialogue with the residents, with reassurances that the developers had followed, to the letter, all environmental restrictions imposed by local authorities.

In addition, Nirwana installed microwave phone lines for the use of the village, as well as a large fresh water pipe from its own water treatment plant to the village. Bakrie's spokesmen also explained to the villagers the economic impact the project would have on their lives.

"In fact, new shops have mushroomed along the main road leading to the resort," Nirwana's Communications Manager Retno Priambodo says. "The shop owners at Tanah Lot are also looking forward to the 1997 opening of the resort."

The resort's spokesmen also underscored Bakrie Nirwana's commitment to creating employment opportunities for Tabanan residents. Landers says 75 per cent of pre-opening employees at the resort are from the Tabanan Regency. "They are employed as site engineers, site supervisors, irrigation and rice terrace supervisors, cost controllers, assistant managers and storemen," Landers says. By the end of 1997, when the resort is fully operational, there will be over 1,100 jobs for the local people. Already, Tabanan natives have begun to appreciate the employment opportunities at the resort. Suwati, the golfers' assistant, used to work 50km away in Nusa Dua where she had to rent a room. "Now, I stay with my parents in Tabanan, she explains.

"We hope young people in the surrounding villages will no longer have to travel to Denpasar, Kuta or Nusa Dua in search of employment, but will be able to find jobs close to home, continue staying with their families, and yet be financially independent at the same time," Landers says.

The resort has also tied up with the University of Tabanan for a three-month tourism and hospitality course. Nirwana also resolved to preserve and refurbish the family shrines within the resort. "We reassured the villagers that they are free to come and go as they please to their temples" says Landers. "And that's exactly what is happening here."

LESSONS TO BE LEARNT

The FELI and Bakrie Nirwana experiences pose valuable lessons to developers keen on developing mega resorts.

- Developers need to understand the needs of the community and it should be informed on what the development is all about. This way, mutual trust will be established between developers and the community. Fortunately, Nirwana was able to retrieve the situation by embarking on a dialogue with the residents of Tabanan Regency. Landers underscores the importance of true dialogue. Dialogue sessions established the community's needs and concerns, and allowed Nirwana to take action. Nirwana also offered substantial employment opportunities to the residents of Tabanan Regency.

- Next, developers need to understand the environmental requirements of a locality right from the concept stage of a project. This is vital to ensure that when the earth lovers come in and begin to do their job, nothing is left to chance as far as the environment is concerned, especially in vast, meandering mega-resort developments. If this is done, those concerned with environmental matters will

have no case against developers. With FELI, the water/sewage dilemma was only realised long after work had begun on Fairways and Bluewater. And this was only after intensive lobbying by environmentalists and sharp criticism from the media, including a former Tourism Secretary. Nirwana Bali, on the other hand, was more conscious of environmental factors at the drawing board stage, making the rice terraces and *padi* fields part of the golf course landscape.

- Developers need to have deep pockets. If FELI didn't have the means to bankroll the utility and infrastructure projects on Boracay, it is unlikely that anybody else would have taken on the mantle of managing the water supply and the sewage systems. "Anybody smaller than FELI would have abandoned the project," says a Manila-based property analyst. Bakrie Nirwana had to have the financial resources to sustain the cent increase in development cost!. "Let's face it, megaresorts are for big ticket players," says the analyst.

- Developers also need to realise that their accountability is not limited to their shareholders. They are accountable to the community and the resort's customers as well. These parties need to know whether all regulations have been complied with and what the developer is doing to comply with these regulations.

- Governments, too, need to get their act together, especially in terms of approving golf course projects. A Manila-based non-government Organisation (NGO) suggests that golf projects, including those that are part of

integrated mega-resorts, should be classified as 'environmentally critical projects' (ECPS) and thus be subjected to more rigid 'environmental impact statement' systems. This means golf course project proponents must conduct comprehensive environmental impact assessments. Already listed as ECPs are heavy industries like petrochemical and power plants, major infrastructure projects like large dams and highways, and resource extracting projects like mining and forestry. Aside from not unduly competing for, depleting or polluting water resources, developers of golf course projects and mega-resorts will have to have a particular mindset which will see them:

- adopting a corporate policy of environment protection and

equitable sharing of benefits to host communities by providing employment, development and livelihood programmes, medical and education assistance and resource sharing; having respect for adjacent land use by facilitating resolution of right-of-way issues;

- fostering pride, appreciation, and respect for the community's culture and values;
- adopting zero-waste management;
- promoting biodiversity by restoring and enhancing natural habitats for affected wildlife and ensuring a diverse environment that will include grasslands, wetlands, miniforests and rice *padis*;
- ensuring the landscape and facilities blend into the natural setting;

- using locally available, environment friendly raw materials, products and processes;
- ensuring the project is compatible with and protects other resource systems;
- ensuring regular monitoring of the project's impact on the environment and adopting a quick response system to mitigate adverse effects;
- providing environment education for golfers, management staff and the public
- avoiding conversion of prime agricultural lands for project uses;
- consulting with all affected public sectors;



- ensuring liberal, equitable privilege policies for both local and foreign tourists;
- providing community development and training programmes for displaced workers and communities.

Certainly, the price is not too high if the prize is Paradise itself.