

CORRECTED VERSION

RURAL AND REGIONAL COMMITTEE

Inquiry into rural and regional tourism

Newhaven — 2 April 2008

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Witnesses

Mr F. Cameron, chief executive officer, Phillip Island grand prix circuit and chair, Destination Phillip Island; and

Ms K. Storey, project manager, Phillip Island Tourism Association.

The CHAIR — Thank you, Fergus and Kim, and welcome to the hearing. Before we start I need to go through a few formalities. All evidence given today will be captured by Hansard and is protected by parliamentary privilege. Any comments that are repeated outside the precinct are not afforded parliamentary privilege. Before we take your evidence, could you give us your full name and address and the name of the organisation you are representing today? Could you keep your initial comments to 10 or 15 minutes and leave us time to ask you some questions at the end of your presentation?

Mr CAMERON — My name is Fergus Cameron, and I live at [detail removed]. I represent two organisations: the Phillip Island grand prix circuit and Destination Phillip Island.

Ms STOREY — My name is Kim Storey, and my address is [detail removed]. I am the project manager of Destination Phillip Island.

Mr CAMERON — I want to start off by saying that I have been a resident of Phillip Island for 58 years. Our family has farmed on the island all of that time, and I continue to be a farmer at this point. I have also been associated with the Phillip Island grand prix circuit since 1984, initially as an owner. I am currently the managing director of Phillip Island Operations, a Linfox group company which manages the Phillip Island grand prix circuit on a daily basis.

I have had a reasonable amount of experience in motor sport. Currently I represent Australia on the FIA circuits commission, which is a body that looks after safety in international motor sports, and since its inception in 2005 I have been the chairperson of Destination Phillip Island, the Tourism Victoria regional body.

Today what I would like to quickly cover is the issues facing Phillip Island generally as far as tourism is concerned and some more specific issues related to the Phillip Island grand prix circuit. I would also like to touch on some of the zoning issues which are facing the farming industry.

I want to recap and also say that Phillip island has been a tourism destination since the early 1920s. We had a thriving industry on the island at that time; it was a summer destination with lots of guesthouses and hotels on the island. People came down here for their summer holidays. They principally came because they enjoyed being by the seaside and taking in some of the things that Phillip Island had to offer. It was as early as that that people started visiting the Penguin Parade in an informal sense. We also had motor sport on the island, commencing in 1928. Some of the ferry operators who were around at that time reported that they carried up to 10 000 people across to the island for some of those early race meetings. I just mention those things to imprint in your minds that tourism, as far as Phillip Island is concerned, has been around for a long while.

Notwithstanding that, obviously farming was the main enterprise on the island during those days. What is starkly different now is that those roles have totally reversed, and now tourism is by far the most important industry on the island, and while the farmers are still here they still have an important role to play.

In relation to Destination Phillip Island, I would like to say that we are regarded by Tourism Victoria as a level 1 destination, which is defined as attracting a strong mix of international, interstate and intrastate visitors, and particularly demonstrating international and national appeal matched to Victoria's key strengths. There are about eight or nine level 1 destinations that Tourism Victoria identifies in the state, and we are one of those destinations.

Our key commitment as far as Destination Phillip Island is concerned is that we want to increase the length of stay of the visitors who come here and increase the yield from those visitors as well. I might add that as far as the international status is concerned there are two icons if you like in the penguins and the grand prix circuit that give us the status we have. We currently have a mix of motels, apartments, bed-and-breakfasts, caravan parks and home accommodation, and while there are a number of developments planned we are still lacking in 4 and 5-star quality accommodations.

In the domestic sense we are primarily focused on the family market — obviously because of our seaside, the attractions and the sorts of things we have here — and also our eco-based tourism. We are also presently targeting the couples market: people who are looking for a short-stay break in very pleasant surroundings. Internationally we attract groups and independent travellers to the penguins. Independent travellers are inclined to spend more time exploring the other attractions around the island, and a lot of our marketing initiatives at this point in time are aimed

towards those people to ensure they do stay around and we are able to achieve more yield out of their visit to the island.

Group visitation at this point in time rarely includes overnight stays here; it is generally up and down to the island from Melbourne and back again. We do understand though that if we are able to provide the right sort of accommodation for those people we can achieve some significant growth in that area. To illustrate the fact that we are so important in a tourism sense in the local region I would like to point out that in the Bass Coast Shire's *Economic Impact of Tourism in the Bass Coast Shire* document, dated December 2004, it was estimated that the total expenditure from holiday homes, overnight visitors and day trippers was \$443 million for that year. It contributes indirectly to 25 per cent of the employment in this area, so it is a significant contributor as far as tourism is concerned.

Kim and I made a note of some of the significant challenges that face Destination Phillip Island and other tourism stakeholders. The things we see that we need to do are improve the partnerships with surrounding regions, including the Mornington Peninsula and the Yarra Valley, establishing a well-defined touring route between each of these regions, and in turn linking with areas like the Great Ocean Road and the Great Southern Touring Route. As part of this touring route we need to encourage the establishment of a car ferry between Stony Point and Cowes.

This is an issue that has been around for some time. It has been in the planning phase for quite a while and it would be nice to get it to the next point so that we can actually get the car ferry happening. I might just take a break and add that not so long ago I pointed out to Minister Holding that having a car ferry is not something new to Phillip Island. We had one here in the 1920s, and if we can just reinstate this service it would be great.

Other things we need to do include working with stakeholders to improve the road access to Phillip Island, which is very congested during weekends and when events are held at the circuit. We want to work with other stakeholders to further enhance the Sydney to Melbourne coastal drive and the Melbourne surrounds marketing opportunities.

It is very important to encourage training opportunities for hospitality staff locally and to foster participation in the hospitality industry as a career. I am sure you will have come across this issue in some of the other areas you have visited. People who are trained in the hospitality industry are few and far between in regional Victoria. We are in a desperate state in terms of trying to find those people, to encourage them to participate. Hand in hand with that, we need to encourage better restaurants, which are a very necessary component of our overall tourism package. We want to encourage improvement in our retail precincts to provide more attractive shopping opportunities for visitors.

We need also to focus on improving visitation in non-peak times — in other words, during the non-summer or Easter and event periods — for winter visitation. Significantly, we need to manage day tripper volumes, which place significant strain on our utilities, including roads, parking, boat ramps, emergency services and all those sorts of things. As Destination Phillip Island, we are not specifically targeting day tripper visitation. Whether we like it or not, due to our proximity to Melbourne, this is likely to increase significantly over a period of time and it is something that we need to think about, in terms of how we are going to manage that in our overall tourism strategy.

We need to establish marketing initiatives that are tailored to the regional industry — in other words, all the partners working locally to be a cohesive force. We need to work at improving and fostering local businesses to support tourism and provide excellent services. Most importantly, we need to source funding to enable us to achieve these objectives. That is pretty well it, from a Destination Phillip Island point of view.

I would like to add a few comments on my own specific area of the Phillip Island grand prix circuit. The first is that, as I said before, Phillip Island has been home for motor sports since the early 1920s. The current circuit was established in the early 1950s and had a very chequered history right through until 1989, when the first Australian Motorcycle Grand Prix, which was won by Wayne Gardner, came to Phillip Island. Instantly Phillip Island became internationally renowned as a motor sports venue.

Currently the circuit hosts rounds of the Australian MotoGP, the Superbike World Championship and every national championship here in Australia. We have activity on the circuit on more than 300 days of the year. The importance of the contribution of the circuit and events held at the circuit is summed up in a report done for the Bass Coast Shire prepared by the National Institute of Economic and Industry Research. The opening comment in the executive summary states that in Bass Coast shire the fastest industry between 1991 and 2001 was cultural and

recreational services and that this growth corresponds to the return of the Australian Motorcycle Grand Prix in 1997 and the increased usage of the Phillip Island circuit over the decade.

Most people are not aware of the mid-week activities at the circuit. We have vehicle launches, international tests, driver training and drive days. The corporate facilities are used for conferences, weddings and other functions. We also have a visitor centre, which is open all year round and offers all sorts of motor sports-related activities. In summary, we have about 400 000 visitors a year to the circuit, a full-time staff of 35, casual employment for up to 100, and several thousand contractors and their employees for the major events that we hold at the circuit.

Some economic data as far as the circuit is concerned: the NIEIR assessment of the Australian MotoGP is that it made a contribution of \$50 million; and last year's assessment of the superbike event said there was an increase to the Victorian gross state product of \$12.5 million attributed to the event. Obviously I would put the case that the circuit is very important in terms of the local economy.

The key issues confronting us at the present time include the longevity of those contracts for the Australian MotoGP and superbike events. Both of them end in 2011. There is a need for us to be able to maintain our competitive edge in an international sense — in other words, on the facilities we have at the circuit, we need to have a process of continual improvement of the capital infrastructure of the circuit so that we can keep up with what they are doing overseas. We need to provide appropriate accommodation for corporates and international visitors and those sorts of things. We do have a permit for a 160-room hotel adjacent to the circuit. Work will get under way on that facility within the next 12 months, but there is a need beyond that for additional accommodation.

We need also to attract higher yielding mid-week activity. At the moment a lot of the activities are ride days, drive days and those sorts of things. What we want are corporate, conference and incentive-type activities at the circuit. They are obviously a lot higher yielding activities and will mean that people will stay there for a longer time.

The last thing I would like to make a quick comment on is the farming industry, which I also have a fairly good, in-depth knowledge about. Whilst as far as tourism to Phillip Island is concerned it has been very important to maintain the farming vista, the pressures on people in the farming community at this point in time are enormous because they are restricted by the new zoning changes to principally carry out the business of farming, but a lot of those farming units are no longer viable farming units. They are not big enough and they are subject to external pressures in terms of the tourism industry — what the visitation brings with it and all those sorts of things. We need to loosen up, if you like, and enable those farmers to participate in tourism in some way, whether it is through extended farm-gate experiences or all those sorts of things, or by establishing alternative farming methods that have some relationship to the rest of the tourism industry here on Phillip Island.

The CHAIR — Are you happy for us to ask you questions?

Ms STOREY — Yes.

Ms MARSHALL — On that last topic, when I drove into Cowes, I saw a smallish piece of land covered in what I call dog boxes. I do not know what you call them. It is just incredible, and I have never ever seen anything quite like it, and I am trying to understand it. That is farming land, as I understand it, except for that block, which has on it what I thought were temporary buildings.

Mr CAMERON — They are unanimously referred to on Phillip Island as the chook sheds. Universally people regard it as a totally inappropriate development. It was allowable under the planning scheme at that point in time for that to occur. The buildings are semi-demountable buildings, so theoretically you could take them away from where they are. Yes, it is not the sort of development that we like.

Ms MARSHALL — My question to you is: how did that come about, when it is so out of character with everything we are looking at in terms of tourism and the imagery of Phillip Island? It is so out of character that I do not understand how the local community and council did not have a greater say in that actually being developed.

Mr CAMERON — I think it is correct to say that the tourism industry was not asked for an opinion, as far as that was concerned. I think everyone was caught, to be quite frank. It was promoted as an ecotourism resort and everyone was fooled, I think, by the process or the image those words conjured up. It is clearly not appropriate for where we are trying to head in terms of the tourism industry.

The CHAIR — Just on the second last point you made in relation to the farming community of the region, would most farmers share your views that the land is now so valuable that it is effectively nearly getting to the stage where it prohibits traditional farming practices?

Mr CAMERON — Yes.

The CHAIR — And therefore there is a need to branch out into non-traditional farming ventures such as bed-and-breakfast or farm stays or, as you say, farm-gate industries. Do you think that view that you hold would be widespread?

Mr CAMERON — There is a lot of frustration in the farming community that they are restricted in what they can do. I talk to quite a number of farmers, and I think most of them would share that view.

The CHAIR — I am staggered, Fergus, that the track at the grand prix is used 300 days a year. Are you talking about the track, or are you talking about the conferencing facilities as well?

Mr CAMERON — The visitor centre, which is in this region here, is used 365 days a year. This is where people, who want to come and see the circuit, go on a daily basis. They participate in all sorts of activities like the go-kart circuit here or guided circuit tours or going through a history display and all of those sorts of things. They do that through here. The main circuit itself is used over 300 days of the year for all sorts of other activities like driver training and all of those sorts of things.

The CHAIR — Did you say in your evidence that you were a former owner of that?

Mr CAMERON — Yes, I was.

The CHAIR — So are we talking about a major coincidence here?

Mr CAMERON — Yes, I guess it is a chance. It is lucky that it became a circuit.

The CHAIR — You owned the land?

Mr CAMERON — We bought it as farmland, but it had an old racing circuit on it. Even though we lived on a farm next door to it for years and years and I had not taken any interest in motor sport, when we bought the circuit it became very apparent that there was a huge feeling about the circuit in the motor racing community about wanting to get it going again. In some ways the steps that we took to actually get it to the point where the first motorcycle grand prix was held there, there were a lot of vagaries in those steps. The chance of it happening could have gone either way. As it turned out, it happened and now we are well and truly on our way.

The CHAIR — Can you explain to the committee some of the pressures that face Phillip Island and Victoria being able to keep the grand prix? Is there pressure from Asia? Is there pressure from other countries around the world to take the grand prix?

Mr CAMERON — Absolutely. Some of the oil-rich nations or some of the nations which have no issues in relation to tobacco advertising and those sorts of things, they have those massive dollars that they can offer series promoters of MotoGP and superbikes and those sorts of events, then we are competing very strongly against them. How do we compete against them? In partnership with government, first of all, we have a very good base in terms of motorsport here in Australia. We have a solid foundation of national activity that feeds people into the international level. You see lots of people like Casey Stoner and Troy Bayliss and the Gardners and Doohans and all those sorts of people being fed into the system, so we become important as a nation from that point of view.

We are fortunate that we have a circuit that has wonderful vistas in terms of television production and all of those sorts of things. We do our bit in terms of promoting Australia as a destination because of what we send out to the world. I guess we are seen as a destination or a place that can attract a lot of visitors to an event. If you go to a grand prix in Qatar in the Middle East, there might be 2000 people there, whereas there are 100 000 people who come to the grand prix at Phillip Island. There is a big difference.

The CHAIR — I am just inquiring into the accommodation. Where do the vast majority of the visitors stay? Off the island?

Mr CAMERON — No, they stay on the island. Pretty well all the international people still stay on the island. The general admission patrons and all of those sorts of people who come to the event stay in holiday homes or in caravan parks or camp. There are temporary camping areas set up and all those sorts of things.

The market we miss out on, though, that we are not able to service is the corporate market. If you are Joe Blow Corporate sitting up in Melbourne and you make an inquiry and say, 'I would like to come to the event and stay for three days', we can say to them, 'That's okay. I can sell you a ticket.' They say, 'Where do we stay?'. We say, 'There is a bit of an issue here. We don't actually have the sort of accommodation that you are looking for.'

Ms MARSHALL — Fergus, as an extension of that, you have obviously known that there was that demand. You said you have now got a permit to build. You are going to begin within the next 12 months. My question is: how hard was it to actually get to the point where the permit was granted? What were the obstacles that you faced and how long was the actual process?

Mr CAMERON — The process for getting the original hotel permit was a process of about three years. It went through all the appropriate stages, if you like, in terms of being considered by council, being considered by community, going to a VCAT hearing, giving everybody the opportunity to have a contribution to it and eventually a permit being issued. It went through all of those processes. It was before zoning was brought in. I might add that we have another application — it is in VCAT at the moment — being considered at this point in time for a golf course and some resort accommodation attached to that golf course.

Ms MARSHALL — Where is the accommodation in relation to the circuit, just out of interest?

Mr CAMERON — The hotel is here and the other development is in this area here.

The CHAIR — Fergus, just changing tack slightly, what sort of travelling time would a car ferry save an average tourist accessing Cowes from Stony Point or from Melbourne?

Mr CAMERON — It is not likely to save a lot in travelling time. What it does mean is that people who are short on time, who are going around a touring route, who have hired a car — they are heading off and they are having a good look around Victoria — do not have to cross over their tracks again. If we wanted to establish a touring route between the Yarra Valley, Phillip Island and Mornington Peninsula, you could do a circle of Melbourne, go into the Yarra Valley, come into Phillip Island, crossing over the bay to the Mornington Peninsula. You could then extend that to crossing over and heading off to Queenscliff and down the Great Ocean Road. It is a very important missing link that we have at this point in time.

Mr NORTHE — As an extension to that question, what would a project such as that cost in terms of infrastructure at both ends and the vessel itself?

Mr CAMERON — I know that Ken Hore is a speaker a little bit later on. He is on the committee that is actually dealing with that, and he can talk about specific costs.

The CHAIR — How long have the penguins been coming in for?

Mr CAMERON — The penguins have been coming for thousands of years, but people have been watching the penguins since the early 1900s.

The CHAIR — When was it commercialised?

Mr CAMERON — It was commercialised in the 1950s or thereabouts.

The CHAIR — Kim, is there anything that you would like to add?

Ms STOREY — There is just one other observation that we probably failed to put in the submission. As far as Phillip Island industries and businesses are concerned, we always have a concern about workshops and presentations that the state government arranges and actually having them closer to Phillip Island. We often get invitations to Traralgon and Leongatha. They are still an 1 or 1½ hours away from Cowes — or Traralgon is 2 or 3 hours. To ask a businessmen to take 4 hours travelling time and 3 hours workshop is a really hard ask. Those

opportunities really will change the perceptions of a lot of our small businesses down here. They are great opportunities, but we would like some increased thought into placing them a bit closer to our industry here.

The CHAIR — That is a very strong point. We appreciate the time you have taken to come and give evidence today and good luck with the event in the future. I was unaware that you actually put vehicles on the track as well. It is not just motorbikes?

Mr CAMERON — Yes, absolutely.

The CHAIR — You have raised some very interesting points and certainly the importance of the new convention centre and accommodation centre is going to be a major filler for the island, so good luck with that.

Ms MARSHALL — And the golf course — I like that!

The CHAIR — Good luck, and thanks again for your evidence.

Witnesses withdrew.