

CORRECTED VERSION

RURAL AND REGIONAL COMMITTEE

Inquiry into rural and regional tourism

Bright — 29 August 2007

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Witnesses

Mr W. Phillips, president, and
Mr D. Kennedy, vice-president, Bright and District Chamber of Commerce.

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The CHAIR — This is an all-party parliamentary committee inquiring into tourism. Anything that you say here today is covered by parliamentary privilege and that is covered by the Constitution Act 1975, the Parliamentary Committees Act 2003 and the Defamation Act 2005. Anything that is said outside the hearing is not covered by parliamentary privilege.

Gentlemen, I invite to give your full names and addresses and the organisations you represent.

Mr PHILLIPS — My name is Wayne Phillips. I represent the Bright and District Chamber of Commerce, P. O. Box 19, Bright, 3741.

Mr KENNEDY — My name is David Kennedy and my address is [detail removed]. I own a tourist park, and I am vice-president of the chamber of commerce.

The CHAIR — I invite you to make an opening statement, if you wish.

Mr PHILLIPS — Firstly, I would like to thank the Rural and Regional Committee and you, Chair, for the opportunity today to convey our concerns to you. I would also like to thank the Alpine shire for allowing us to use their facilities today.

The first point I would like to touch on is the huge issue that we have in the Upper Ovens area in regard to water criticality and how this is impeding tourism and economic development at an enormous rate. There is a train of thought within the Alpine shire that we were more affected by drought and lack of water last year, in the 2006–07 summer period, than we were actually affected by the bushfires. I take the point that Ms Lovell made earlier in regard to the former Premier's announcement in early December: obviously that was an important factor in why we did not enjoy good visitation for quite some months thereafter.

I do understand, though, that the Alpine shire has a working party working with North East Water to try to look at some of our water issues. However, it really has come to the stage in the Upper Ovens catchment where we need stored water facilities. We are 100 per cent reliant on this system — that river down there. The population in the Upper Ovens is about 4500–5000 people. As you know, the river basically pooled up last year. Flows were very low, to the extent where we really did not have the water availability to put 18 inches in a toddler's pool in Bright over the summer period.

When we talk about an issue that can really cause harm to an economic area, it is not having water availability in the summer months. If you took the ocean away from the coastal towns you could imagine the effect it would have. The effect in the north-east has been absolutely critical. We would like to encourage the state government and the relevant authorities to work diligently in fast-tracking action in trying to overcome our water problem. It is certainly having a massive effect on agricultural businesses, and it is having a massive effect on tourism.

We are of the thought that the Ovens River really should be there for the enjoyment of the environment, for our tourism and for our agribusinesses, and all residential and commercial users should be coming off some sort of stored water facility at this point in time, particularly going into the future, if we are to see good economic activity take place in and around the Alpine shire.

The other point that I would like to make is that again it is an infrastructure matter. We believe, particularly up in the Alpine shire, we are not seeing the appropriate funding coming through from the state government in regard to infrastructure requirements. Water is a prime example of that.

The other example is the procrastination that took place in regard to Mount Buffalo. As you know, Mount Buffalo has collapsed. It is very disappointing for us from the business sector in Bright. While we understand that there are moves afoot to try to rejuvenate that we were very disappointed that in order for the criticality of Mount Buffalo to be highlighted, it had to collapse. That was poor business management by the relevant authorities to allow that to take place.

The previous three operators on Mount Buffalo always expressed concerns about the business relationship up there and how it was always very tenuous at the best of times. That has been a massive impediment, again, to that tourism development. It is infrastructure related: water-Mount Buffalo. We are very disappointed.

We are disappointed because we see the huge potential for Mount Buffalo. We look at other ecotourism outfits throughout Australia, such as Tasmania, the work that has been going on up in the Otways area, and the work up in

northern Queensland. We see huge potential for that. We see huge potential to promote tourism 12 months across the board, which obviously would give us great stability, employment and the ability to attract employment — which was the subject of one of your questions to a previous presenter. It would stabilise our marketplace. We would not be so heavily reliant on certain seasons.

We can see the potential to grow our regions so long as we have, again, good state government involvement and appropriate funding of what is absolutely iconic in the state of Victoria. The building up there is iconic. The mountain itself is iconic. The environment up there is just pristine. It deserves far more recognition than it has been given, and it really should be focused on far more highly in promoting the north-east of Victoria. Again we implore the state government to be a bit more speedy, if I could use that word, in developing something that we in the north-east would consider to be appropriate and justifiable for Mount Buffalo.

The third point I would like to discuss is tourism — and tourism particularly in isolation of other issues. There seems to have been a propensity over the last few years for the state of Victoria to be heavily focused on regional marketing in the tourism entity. We think that has come at the expense to a certain degree of destination marketing. We believe there should be a greater balance between destination and regional marketing. We seem to try to be all-encompassing and everything to everybody in the state of Victoria. We think that has come at great expense to acclaimed destinations, particularly in the north-east.

We do have a tourism decline and it has taken place in iconic places or tourism places like Bright and Beechworth. We would like to see those iconic places used as marketing and branding initiatives to work in a collaborative approach with destination marketing. We seem to have far too many organisations in the tourism arena who we believe are overlapping in responsibilities.

We see quite an extensive amount of waste and duplication taking place. We have NEVT (North-East Victoria Tourism), a regional tourism body for Tourism Victoria promoting regional areas. We have the Alpine shire representing the entire Alpine shire. The branding seems to be totally regionally focused at the expense of destination marketing. Obviously there is a slight exception to that — that is, our resorts up on top of the mountains, but they normally enjoy greater funding benefits and have greater resources at their availability to promote their destination, unlike smaller valley towns, such as Bright, Myrtleford and Mount Beauty.

We would like to see a bit of a restructure in regard to tourism. We would like to see clearly defined boundaries on what these bodies represent, what their charter of obligations is, their criteria for allocating funding, and again less waste and less overlap in responsibilities and a little bit more streamlining and more efficiency built into the tourism market place in the north-east.

In regard to the 2006 bushfire relief program, in recent weeks the level of disappointment as to what the state government has provided, particularly in the alpine shire, has been conveyed to me. The Alpine shire has secured \$105 000 from NEVT and a small interim grant in regard to assisting one of our festivals that took place back in April. I believe there was \$3.86 million on offer in regard to assistance from the state government.

In regard to our allocation of a little over \$105 000, that represents less than 2 per cent. We think that is very inappropriate for an area that generates huge wealth in the tourism marketplace when we are operating at our full potential. We think we deserve a bit better than that. We were very disappointed with the allocation that NEVT provided us.

As I said, from a Chamber of Commerce perspective, our spring festival put in a submission to NEVT which was refused. The Bright and District Chamber of Commerce for some two years has been working diligently with APN Outdoor in Melbourne. We have realised that existing advertising and marketing platforms that we have used in the past are becoming very expensive, and we are not being exposed to the marketplace enough. I am referring to radio in metropolitan Melbourne. Seventy per cent, or in that vicinity, of our market comes from metro Melbourne.

To get into 3AW and get into the *Herald Sun* and the *Age* and all those magazines is very expensive and we were getting very short exposure. In fact they had a life of less than a bore leg at times, and we were looking at greater opportunities to broaden our market. We worked with APN Outdoor in Melbourne. We came up with a \$121 000 marketing and advertising campaign to promote bill boarding of our three valley towns — Myrtleford, Bright and Mount Beauty.

That would have given us 18 months to two years exposure in the Melbourne market. We could have relocated our 6 by 3 metre billboards, and we had multiple billboards from the freeway system, to the transport system, to the rail network. We would have had two years exposure for \$121 000. We could quite easily have blown \$120 000 on radio and TV in less than a week in Melbourne. We thought this was going to generate us exposure in the marketplace that is critical to us. It would reinforce the fear that we needed to overcome. We were not going to overcome fears by doing short snippets all over the Melbourne metro market. We need to be in that marketplace for a sustained period of time, and this is a way in which we could have achieved that.

We researched other organisations that had gone down this path with bill boarding. We looked at Esperance in WA, which had a wonderful bus transit system campaign and had great success. It was monitored. We also would have monitored the success of our bill boarding campaign through a newly developed Bright and District Chamber of Commerce website. We could have monitored the performance of that site and how effective that marketing was going to be.

We wanted assistance in this area because we believed that is where 70 per cent of our market was going to offer us our greatest return on expenditure. We believe that if we are going to spend money, we need to try and quantify the returns before we commit to that expenditure. Unfortunately, that did not even get a look in through any of the people that were presented with that document.

Again, we were very disappointed. We have now had to modify that again even further and, with the assistance of Alpine Regional Tourism, who have committed \$11 000, we are going to do a small portion of this campaign only on the internal tram system of CBD to Melbourne. However, we would have loved, if we had the ability, to become a little bit more all-encompassing to get into the freeway system of Melbourne and to the outlying metropolitan areas of Melbourne, which is the market we enjoy more than anything in Bright.

They are the four points that I would like to express concern over, and that is predominantly where we are in Bright at the moment. As I said, we are a member of the Bright and District Chamber of Commerce. We have 140 members. That is attainable out of about 320 businesses as the Victorian Employers Chamber of Commerce and Industry would recognise. We are one of the strongest regional chambers of commerce in Victoria. We have an enormous penetration rate within our business community.

We represent many food and wine businesses, retailers and accommodation sectors, so we come to you from a broad platform of industry, and we would like to think that by working and the advice we are offering you today, we can come back in the future and create a little bit more economic stability within the north-east, because at the moment in light of the events we went through in the 2003 bushfires, repeated again in 2006, frosts, lack of water, particularly in regard to infrastructure, we think the state government had a duty of care to be a little bit more upholding in regard to the north-east. Thank you very much.

The CHAIR — When questions come back, David, feel free to answer.

Mr KENNEDY — Sure.

Ms TIERNEY — Wayne, you mentioned that there had been a decline in tourist numbers in Beechworth and Bright. Can you let us know what data collection you utilised to substantiate that and, in terms of the whole region, what changes have you seen with the type of tourist that comes to the area — whether they come in groups, their mode of transport, how many nights they might be staying here than, say, five years ago, 10 years ago?

Mr PHILLIPS — Holidaying has changed in the state of Victoria. Far more people are booking their holidays far later. I think far more holidays are now tourist groups, which we facilitate really well up in the north-east. Most people leave it till the last moment. Bookings are normally two to three nights here, two to three nights there, two to three nights somewhere else and then back home. That is what we are noticing.

In regard to visitation declines in the number of people, David has some interesting material he can present to you.

Mr KENNEDY — These are numbers taken from Tourism Victoria's website, and also there is a company that massages their data for them. It is based in Canberra; I cannot think of the name now. But I have bought data from them to compile this table. You will see that I have listed the Victorian tourism regions and I have pulled out the Alpine shire, which is a statistical local area included in Victoria's high country. You will see that in overnight visitor nights we have declined — our average annual change over the past eight years in overnight

visitors has been negative 4.9 per cent, and in visitor nights it has been negative 5.1 per cent. So we are actually one of the worst-performing of the regions, if you take the Alpine shire out and report on it separately.

Mr NORTHE — To either Wayne or David, this is probably a similar question to the one I asked Helen. The facts here that say that 40 per cent of local employment is derived from tourism, hospitality and the like. From a chamber of commerce perspective, do you find it difficult to retain youth in the towns because it is of a seasonal nature to some degree?

Mr PHILLIPS — Correct.

Mr NORTHE — How do we improve that situation? Is it a continuity factor again, that we need to have it year round?

Mr PHILLIPS — Correct. Continuity is brought about by creating sustainable markets, both in agriculture and tourism for our region. We understand that we are probably geographically remote to bring in manufacturers and logistics companies to a certain extent. So our focus is primarily tourism and agriculture. To try to get continuity over 12 months is what we try to achieve in Bright. Obviously it creates stable employment.

If we can get to the stage in that industry where we can create stable employment, we will have a far better ability to retain youth within our community. That is what we try to achieve. We have an ageing work force. We need to try to retain the youth; they invigorate the work force and they bring new ideas, fresh ideas, to workplaces. But we struggle to meet these demands, we really do. In light of the hardships that we have gone through over the last three or four years, it is demoralising, absolutely demoralising not to be able to keep your staff.

Mr KENNEDY — If I could speak a bit on that, too. We need to focus on finding events to run during our off period. I get approximately 6000 people a year through my park — 15 per cent of them come in the winter months. The rest — by far the vast majority — come in summer. So I need to somehow get events, attractions — something — that will bring people here in the winter months. Then I can get the continuity of employment that we are talking about. Right now I have four cleaners on in January and I have no cleaners on at all during winter. I just bring them in on a casual basis.

Ms MARSHALL — Wayne, you made mention that the state government has a duty of care. I think that is one of the last points you made?

Mr PHILLIPS — Yes.

Ms MARSHALL — How do you think the state government could be best utilised by the tourism industry — and I am interested in David's response, too?

Mr PHILLIPS — How do I believe the state government?

Ms MARSHALL — How do you think the government can be made useful by the tourism industry, from your perspective?

Mr PHILLIPS — Kirstie, the state government — and federal government, for that matter — has budgets in surpluses these days, so the provision for money coming in does not seem to be a concern for governments. I just like to think that the governments would be devoting a fair amount of that money to infrastructure development, something which I think has been neglected not just in Victoria but in Australia for quite some time. I would like to see a refocus on that, particularly.

Our environment up here is very, very sensitive to some of the changes that have taken place throughout the world, and I think we need to offset some of those changes. We need to see governments now starting to commit to infrastructure and work in closely with the relevant authorities — water authorities and local government authorities — to facilitate that at a much, much quicker level than what is taking place at the moment.

Mr VOGELS — Wayne, I think you are saying that infrastructure is the responsibility of state and federal governments to make sure you have the facilities here.

Mr PHILLIPS — Sorry, John, I think it is the responsibility of all entities.

Mr VOGELS — Yes, it is.

Mr PHILLIPS — It needs local business as well to help facilitate it, but we do not seem to be doing a great job of it.

Mr VOGELS — Would fixing up the Great Alpine Road right through to Bairnsdale be a great benefit? Often people say, 'Don't go that way because some of it's still unmade'. I have not been through that way before.

Mr KENNEDY~~— No, it is all made now.

Mr PHILLIPS — The Great Alpine Road is a fully sealed road.

Mr VOGELS — So there is no problem getting through that way?

Mr PHILLIPS — No, none at all.

Mr VOGELS — So the biggest problem with infrastructure, from what you are saying, is lack of water?

Mr PHILLIPS — Water.

Mr VOGELS — Is North East Water looking at building a storage facility here?

Mr PHILLIPS — I am not actually on that working party. I know it is facilitating with local community members, and the Alpine shire has done some good work working with North East Water. There have been feasibilities done well into the past — well throughout the 1990s, I believe, up at the Upper Ovens — that were not instigated back then. I believe some of those are being looked at.

But I am sure that one of the biggest impediments for the working party and North East Water and our local government here will be funding. I would hope that the state government could come on board to look at any proposal that is put forward by that working party, or North East Water, to hopefully correct our problem here.

Mr VOGELS — You would not think it would be all that hard. Water from the Ovens flows through here fairly regularly, and you would think anybody with a few brains would say, 'We are going to have a bit of a dam or a facility so that when the seasons are low, like they have been, we have some water left up here'. If you were running a farm or anything like that and you did not do that, you would go broke pretty quick smart.

Mr PHILLIPS — In light of the tobacco industry's demise last year, even if they did not lose their contracts with British American, they would not have been growing tobacco. That just goes to emphasise the economic impediment that is being created now. We need to address that, or we would hope we could be assisted in addressing that. You mentioned the word 'dam'; we just prefer to use 'stored water'.

Mr VOGELS — I am a farmer; I use the word 'dam'.

Mr PHILLIPS — I understand, but we understand there are some sensitivities with the word 'dam'.

Ms LOVELL — Wayne, I was very interested in what you had to say about Buffalo. It is extremely disappointing that we lost Cresta in the bushfires, which did not need to happen. Even more disappointing has been the debacle over the lodge. For two years prior to the closure of the lodge Burbank had been seeking talks with the government about its lease, which the government was not willing to then sit down and discuss with them. The lodge did not need to close.

There are a couple of things that I want to raise with you. A point of view has been put to me locally that perhaps there was an ulterior motive to take Buffalo out of the system. I think it is an important niche in the alpine strategy as a playground and a learning field.

But it has been put to me locally that perhaps it may serve the government better to take Buffalo out of the system so there is more support for Hotham, where there has been significant investment. I am interested whether you have heard that and have any views on that. Also, I believe a committee has now been formed to come up with a strategy for the reopening of Buffalo. Could you give us some information about how that committee is working and where it is at?

Mr PHILLIPS — That reference group committee is facilitated by Parks Victoria. There are good messages coming out of that reference group at the moment about the direction that wants to take. In regard to your first point about closing it down, we hear those rumours all the time. I do not believe that is the case; I do not believe that is where Parks or the state government want to go, I really do not. It is a beautiful mountain, it is a wonderful piece of infrastructure, it is supported at present through Parks Victoria and it is using taxpayers' money. On that basis it should be open to the public for the enjoyment of all Victorians and not be mothballed. As long as taxpayers' money is used to facilitate that mountain, then taxpayers should have the right to enjoy it.

I do not believe it is the intent of groups or Parks Victoria or the state government to close it down. They have been conciliatory at best over the debacle which took place, giving us some form of verbal assurances about where they intend to go with it and that they would like to reinvigorate it. From our point in Bright, we would just like to see it happen a lot faster.

If it did, it would certainly offset a lot of the impediments and give us greater ability to ramp up far more quickly and give us more confidence to invest in business. That is where we are at. Unless some state government money is seen coming into the north east and some impetus is being shown to invest in infrastructure, there will always be businesspeople who are really reticent about committing their wealth.

We really need to get a better level of facilitation with state governments and business people. If the government can show the impetus and that it is really keen on investing in our area, I am more than confident that business will run with you and create opportunities up here.

The CHAIR — Thanks, Wayne. You mentioned the permanent population of Bright at about 4000?

Mr PHILLIPS — Bright is 2000 but with our catchment up here, including Harrierville, obviously, Smoko, Freeburg, Porepunkah, we do come in around 4500 on some sort of permanency basis. That is not factoring in tourism.

The CHAIR — If you went into peak holiday, what would it be — 10 000, 20 000?

Mr PHILLIPS — Even more. In a very good autumn period in Bright — we have not had one for some time; I think 2004 was the last time we peaked up and I think we have fallen away a bit since — we often run between 30 000 and 40 000 in the month of April. We often hover between 20 000 and 30 000 in the month of January. Spring is hopefully a developing market for us — we put a lot of work into the spring festival, the chamber of commerce. Visitation up there is also climbing.

But in Bright we are not doing enough to capture our market. John made comment about the sealed road going all the way through. We are on that driving route now; we have the ability to try to capture market. We are lacking in certain infrastructure development, attractions, festivals and things like that to try to capture some of that through traffic.

The CHAIR — We have heard that before. We have gone to some areas that have been outstanding with events marketing but with an area 200 kilometres way having absolutely negligible results. A comparison between different communities that we visit is quite stark. It is interesting that you have also said that.

Mr PHILLIPS — Destination branding and, as the gentleman alluded to earlier, signage is critical in regard to that as well.

The CHAIR — On the \$120 000 billboard proposal that you had on your books that you could not get assistance for, did you have good data from the Western Australian place that you mentioned?

Mr PHILLIPS — The Esperance tourist information centre.

The CHAIR — Did they go into Perth?

Mr PHILLIPS — They went into Perth. We tried to get outside the square. We tried to look at different avenues of marketing and advertising that were not mainstream, that we were going to try and offer as a little bit more. We tried to be different. We tried to put it in an advertising market that was continually out their reinforcing, that was cost-effective for our community.

We looked at Esperance because Esperance had done similar things to what we had done in Bright. The chamber of commerce has outlaid considerable funding to put together a website called brightvictoria.com. We have received accolades from all over Victoria and right throughout Australia on the professional way this site is presented. We paid Google for optimisation so that when you type us, we always come up on page 1. We wanted to be out there. We were going to use this website as a measurement guide to see how we performed in our advertising and marketing because we wanted to advertise this site.

Esperance had done the same at the information centre. They had just developed a brand-new website, over 12 months ago now. That put it in the marketplace; they got to roughly about 5000 hits per month. On our site on Bright we are running well in excess of 10 000 hits per month at present. Esperance ran a three-month campaign on the bus services in the Perth CBD and it went from 5000 to 50 000 hits and held that up. So that gives you the potential exposure.

How that materialises back into bookings or what not is hard to quantify, but it was exposing. It was overcoming, in our particular case, the fears that had been portrayed by mainstream media in the Melbourne market. To overcome people's fears you need a sustained campaign over a long period of time.

The CHAIR — Who did you approach with that proposal?

Mr PHILLIPS — First of all I had an interim one, a \$55 000 one, which I approached with ART and Ronnie Beauchamp at the time. I really did not get beyond the door with that one. With advice from further chambers and members in light of what we went through over summer, we all thought it was a great idea. We decided to go back to APN and potentially boost it because our predicament was a little bit more grave after what we went through in December and January. So we thought, 'Let's try and beef it up'.

We were confident that the state government was going to come in with the funding. We were not holding out our hand for direct assistance, but hopefully we were going to get some indirect assistance with marketing and branding. That was our main thrust or our priority in trying to allay fears. We had experience with this back in 2003 on what was required to overcome people's fears. We understood it could take 12 to 18 months. We were coming off an awful winter. We had drought. We could not wait another 18 months. We still have business operators out there who cannot wait. A lot of business operators had already leveraged themselves up after 2003. They just were not in a position to go back to the banks and say, 'Give me some more'. All we wanted really, as I said, was not necessarily direct assistance. We just wanted assistance in trying to get our message into the biggest marketplace that we enjoy — that is, metropolitan Melbourne. We thought that at 70 per cent of our market we could quantify the spending that we were asking for. We thought we would justify a solid return for that \$120 000.

The CHAIR — That was fantastic. I really appreciate your giving your time and both of you coming in and presenting to us the way you have. Again, sorry about the delay at the start, but you got through your work very quickly and very well. We will provide a copy of the transcript within a couple of weeks for you to peruse and check that there are not any typographical errors.

Mr KENNEDY — Can I just make one more comment that will take about 2 minutes?

The CHAIR — Yes.

Mr KENNEDY — It is on something that Wendy said earlier, when she asked about the comment that the Premier made about the fires. That did not do us a lot of good but what did us infinitely more harm was the misinformation put out by the media, the CFA and DSE. The media we cannot do much about, but the CFA and DSE are government agencies and hopefully we can do something about them. We had days like this and Bright was not under any threat whatsoever, but if you phoned the CFA and DSE hotlines they would say, 'Don't go to Bright'. They were adlibbing; they were not reading from a prepared script. We had kids down there saying, 'Oh, I wouldn't go there if I was you'. We tested it several times every day.

We reported back to the CFA and DSE and they said, 'Okay, we'll make sure the right information is getting out', but constantly they were giving out misinformation. A good example was the Bright-Tawonga Gap fire, which started at Tawonga Gap, about 15 kilometres that way and burnt that way, so that after a few days it was about 60 kilometres away. They were still telling people, 'The Bright-Tawonga Gap fire is burning near Bright', and it went on throughout the fires. It caused us incredible harm. The CFA had on its website almost every day, 'Do not

go to the region unless absolutely essential'. People were not coming, and that was all through January, our peak period. We had cancellations by the score.

I spoke with Tim Holding about this when he was up here. He said, 'Yes, we need to think about some sort of process to put in place so that we can handle another event like this', which is inevitable. There has to be some way of testing what is being put out there to the public, to ensure that the correct information is getting out. We do not want to bring people here if they are in danger. That is of no benefit to us. Again, we were sitting here, on perfect days like this, with empty hotels, motels and caravan parks, purely because of that misinformation.

The CHAIR — Thanks very much, David. It is important information that you have just shared with us. Thanks for your time.

Witnesses withdrew.