

CORRECTED VERSION

RURAL AND REGIONAL COMMITTEE

Inquiry into rural and regional tourism

Bright — 29 August 2007

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Witnesses

Mr J. Schryver, chief executive officer, and

Ms H. Moran, group general manager, Australian Alpine Enterprises.

The CHAIR — Welcome, John and Helen, to this hearing of the Rural and Regional Committee, an all-party committee of the Victorian Parliament. We are currently conducting an inquiry into tourism in rural and regional Victoria. I need to let you know that all evidence that is taken here today is covered by parliamentary privilege and protection is afforded to you under the Constitution Act 1975, the Parliamentary Committees Act 2003 and the Defamation Act 2005. Any evidence given outside the hearing is not covered by such privilege. Before you start with your presentation, would you be kind enough to give us your full names and addresses and also the name of the organisation which you are representing.

Mr SCHRYVER — I am John Schryver, chief executive officer of Australian Alpine Enterprises, which is a wholly owned subsidiary of MFS Living and Leisure, a listed entity. My permanent home address is [detail removed]. In winter I reside half my time at Hotham and half my time at Falls Creek.

Ms MORAN — I am Helen Moran. I am group general manager for Australian Alpine Enterprises. I am also the current chair of North East Victorian Tourism Inc. I reside at [detail removed].

The CHAIR — It's over to you, John or Helen.

Ms MORAN — We are going to talk to the submissions that we lodged at the beginning of the inquiry. I will talk to the first point on that — that is, the economic benefit of tourism in this area. One in 10 jobs in Victoria's high country region are dependent on tourism. That represents nearly 10 per cent of the total regional employment for this area — 2840 jobs. Those statistics come from the Tourism and Transport Forum in 2005. Every day of the year there are more than 8000 visitors to Victoria's high country, each spending an average of \$122 a day. In 2006-2007 the region benefited from a total of 2 982 000 visitors who spent in excess of \$361 million, so tourism is definitely an economic benefit to this area.

The potential impediments to the growth of sustained regional tourism: we see that underdeveloped transport options and infrastructure are a major concern for our area. The north-east is relatively distanced from Melbourne and has a low level of connectivity between air, road and rail.

Albury airport is developing and should be encouraged to become a major regional hub. We are quite excited about some of the developments that are going on there and we see that that could be very beneficial to our region particularly.

Marketing to international visitors must include these transport options. The fly-drive concept for international tourists — they are not necessarily familiar with those self-drive holidays and we are more than 2 hours from Melbourne so it does make it very difficult when appropriate transport is not available in the area.

Underfunding of regional tourism bodies to reach and maintain professional standards: such bodies must be appropriately funded to ensure adequate resourcing, to achieve goals for the benefit of both the tourism industry and the wider communities in which they operate. It is well known that we do not have great, reliable broadband access in the north-east and we see that this is definitely an impediment to business growth in an era where customers and wholesalers expect and demand that type of activity.

The increase in fuel prices has been debated. We see that it is affecting operator profitability in the area. They are issues that I think go to some of the sustainability questions in regional tourism.

The effectiveness at a national, state and local level of current programs to promote and enhance tourism in regional Victoria: the regional partnership program, as administered by Tourism Victoria, has been a very welcome and effective structure for developing and delivering marketing programs for regional Victoria; however, one of the things that I think perhaps has gone a little bit by the by is that there is no coordinated effort interstate to actually brand Victoria, and I think that the branding of Victoria has slipped a little.

When the Jigsaw campaign was first launched it was a very successful campaign interstate and won a lot of awards. I think it is time to re-look at that branding of Victoria that actually helps the regions as well as bringing people into the major capital cities.

When branding the regional centres, the Yarra Valley campaign was very successful and it was largely due to the fact that there was enough funding there to actually continue the branding activity for the Yarra Valley, unlike most of the other regional branding activity that has taken place where funding has been limited.

Initiatives: I also think it is important that campaign committees, the local shires, the regional associations and the local tourism organisations all work cooperatively together and are supported to streamline activity and not to overlap. I think there is still too much overlapping going on between all of those organisations.

The international and domestic visitor nights in regional Victoria: we recognise that there is direct competition from New Zealand, particularly for our nature-based tourism offerings. I think that we need to be doing something to stem that flow of people. Our own domestic tourists are actually exiting Australia and going to New Zealand, spending their holiday time in another country, taking our tourism dollars with them, basically.

Mr SCHRYVER — When you look at the statistics, the ski industry in Victoria over the last five or six years has had low single-digit growth. The ski industry in New Zealand has had high-single digit growth and it is predominantly Australian visitors. In my view because of the adventure tourists, whatever you want to call that — the nature-based or whatever — I think New Zealand is eating our lunch and we are letting them do it.

Ms MORAN — I think that there needs to be greater integration between Regional Development Victoria, DSE, Parks Victoria and Tourism Victoria so that they are working together. The government has launched its 10-year tourism strategy and in that it advocates a whole-of-government approach to tourism.

I support that, my committee supports that, my company supports that, and it is really important that those government agencies are each across what is going on and how important tourism is to the whole economic viability of some of these regional centres. Private investment will only come if there is significant work done between all of those agencies to make it easy for people to spend their money in our regions.

Mr SCHRYVER — We are a commercial operator at MFS Living and Leisure Group. For those of you that not aware, I will just recap what we do. We are listed on the Sydney stock exchange, but we are the owners and operators of the Mount Hotham skiing company which is all of the skiing assets within the resort management land. We are the head leaseholder on the ski fields so we have a range of assets up there, but basically run the ski business. We do exactly the same at Falls Creek. We are the ski company at Falls Creek so we are 65 per cent of the Victorian ski market — or 60 per cent, whatever it is.

Reporting to me is the Otway Fly; the treetop walk in the Otway region, just north of Lavers Hill on the Great Ocean Road. We, through a separate division of our company, are also the owners of Melbourne Aquarium, and are currently looking to build stage 2 of the aquarium at the moment. That is under way with the king penguin exhibition.

I know that is Melbourne, but at the end of the day, we at MFS Living and Leisure feel that we are perhaps the biggest tourism investor in Victoria, with the assets that we own. We think we are one of the biggest investors generally in Victoria with the asset base that we own.

Helen has mentioned some of the economic issues that the ski industry has seen, in a study last year on the economic significance of the alpine resorts, there is 20 per cent of the GDP of the Alpine shire. Those statistics are all available; I am sure the committee has drawn on them from the reports that were produced last year.

What we do believe at MFS Living and Leisure is, you may well be or probably are aware of the development plans we have for Hotham with a road realignment project and the creation of the village. We think that that project will be upwards of \$400 million to \$500 million of investment. That will not be all our investment, it will be investment by other developers, but it will be our initiation of the project and our road construction that gives rise to that.

We have had discussions with a developer who has a 10-year plan to build 1000 tourist apartments in Victoria, and we expect anything from 40 to 120 of those could be built at Hotham and Falls Creek. We have a \$200 million plan that we are just initiating for further development at Falls Creek, all aimed, from our viewpoint, to just grow our business and get commercial growth.

There is no reason that Hotham should not have the visitations per year that Thredbo has, and Hotham at the moment has two-thirds of the visitations per year, or less than Thredbo has; there is no reason we should not be able to do that. For us to pull that off, we feel that the tourism agencies need to understand what we are trying to do and work with us on those things, to try to bring this about. Tourism Victoria has worked with us on particular elements of the Hotham project. However, what we see as the event focus does detract from regional tourism; it

does produce a very Melbourne-centric approach to tourism, and I think those things do not benefit the region greatly at all. Evidence from the Commonwealth Games and from the grand prix is that we do not really see material or significant flow-on to the regions from those sorts of activities.

One of the things that does trouble us is that investment in the alps is an expensive process. If Ned Kelly were alive today, he would actually be a bricklayer in the Alps, I suspect.

It is an expensive process. If as a company we have a frustration, it is that there are very long planning processes involved and large numbers of government agencies we must deal with. Unfortunately, at times many of those agencies are not necessarily cooperative and it leads to a situation, from our viewpoint, where the time delays, the hurdles, the issues that we need to overcome all put quite significant pressure on the investment.

Ultimately every new piece of legislation, every new constraint, every new requirement, every new redefinition of something fundamentally adds cost to any project. That cost could be in terms of delays which affect feasibility studies, it could be direct costs in terms of specific things that we have to pay for and do — lawyers we need to engage, consultants we need to engage, or whatever — all of those things put pressure on the investment. In our view generally it is harder to invest in regional Victoria, accepting the fact that we are in the Alps, but we are interested in sustainable investment, too. Our shareholders are interested in long-term, sustainable returns. The way we generate long-term, sustainable returns is with high-quality, long-term sustainable investments.

I think those things are an issue for tourism. We have been at projects for the best part of two years now. It is a telling fact for me that at a board meeting that I had yesterday afternoon I was asked about my ability to deliver a project in 2010 and 2011, and I had to say, 'I'm not sure I can', because they are the kinds of things I have to deal with. I do not have an easy answer because it is not about managing our environment. We have to manage our environment. We are a key part of that environment — we depend on that environment. It is about having a set of processes that allow investors to invest in a cost-effective and timely manner.

At the same time that I am pitching with my board for funds to do significant investment in the alpine regions and in the Otway region of Victoria, I have two foreign governments ringing my chairman, asking what they can do to help them build an aquarium in their countries, right down to governments offering to potentially underwrite the project and the like. That is the landscape that we are competing in. For a company like ours, for all investors in the Alps and for all investors in Victoria, there are more projects than there is money. So it will flow to where it can flow easiest. That from our viewpoint is probably the point that I think is an important one.

The tourist associations and other tourist bodies working together, that can be worked and that can be done. We are not after handouts. We are happy to invest the money. We will get the return, we will run the business, we will grow the ski business — all those kinds of things. We can do all that. However, if the roadblocks become significant enough, the cars will find another way.

The CHAIR — Thanks, John. Can I just pick up on something before I hand over to other members? Do you have good access? I have seen firsthand the development on the mountain at Falls Creek. You really have made some significant improvements there in just the past few years. When you want to do major investments, do you have good access? If you have issues with various departments, whether it be Parks Victoria or DSE or the various groups, do you have good access to the people who make the decisions?

Mr SCHRYVER — We have access, yes. Having said that, we have a group of consultants who work for us who we pay handsomely to manage that process because it is a process. There is a lengthy consultative process, and there are many groups with an interest in the Alps, as there should be — it is a very pristine and special part of our country. So the access can be there. I do have to say that at times not all people you deal with are necessarily supportive. I do not think it would be provocative to say that there are groups within the community and government that would prefer to see declining investment in the Alps rather than increasing investment in the Alps.

Ms MORAN — Can I just add to that? We know and I found out last week that there is a committee which has been formed with representatives from different government agencies as a go-to point for development initiatives. I just wonder how that is being communicated, because it took me until last week to find out about that committee.

The CHAIR — Is that state government departments?

Ms MORAN — It is state government, yes. Tourism Victoria certainly sit at that table, and I think DSE and Parks Victoria — so there are a number of government agencies that sit at that table. Now they are meant to be the go-to point, to give you a smooth pathway through, but it really has not been communicated all that well.

Ms LOVELL — Thanks, Helen. I was interested when you said that the image or branding of Victoria interstate has slipped. I was just wondering what data you have to support that and how we could improve it?

Ms MORAN — A lot of the marketing that is done now, as John alluded to, is about events in Melbourne and about Melbourne itself. It is anecdotal. You talk to people from interstate who have not really heard about Victoria as a destination for quite some time. It is very difficult for the smaller regions to actually go and brand themselves interstate; it is an expensive exercise.

If there was an umbrella Victorian campaign that went out there that we could actually support underneath, I think it would be a step in the right direction. It worked and it worked beautifully. I am not saying that you should always do what you have always done, because if you always do what you have always done you will always have what you have always had. It is anecdotal and definitely when I travel around Australia I very rarely see anything about Victoria.

Ms LOVELL — So you would say that the page of the book that opens out and says ‘Melbourne’ is not necessarily good for the entire Victoria?

Ms MORAN — I would say it is definitely not good for the entire Victoria. People will come to a city and they will enjoy the city — Melbourne has so many fantastic things to offer. I think what is happening is that people are losing sight of the fact that we are a small state and it is easy to get around. People do not want to travel any more than about an hour and a half these days, particularly when they come to regions where they do not have good public transport and a lot of those things they can have in Melbourne, where they can hop on a tram and go wherever they like.

Ms MARSHALL — I was very interested when you were talking about the access of Australian and Victorian skiers to New Zealand and the large part of the market being made up of Victorians, basically. I think many small operators may look at your position and think that your market is quite safe, but obviously it is not. I know that firsthand, as to how many people are now skiing in New Zealand. How do you think the state government can better prevent that from happening, or what do you think is necessary to boost the tourism industry specifically?

Mr SCHRYVER — I do not think we are talking well enough to our domestic tourists, saying that we have a lot to offer in Victoria, in Australia domestically. I think that is an issue that we have. I will be tongue in cheek: I think there are elements of the Australian community that see skiing as silvertail enviro killing, which it is not — it is neither.

I think what you do have in New Zealand is a very coordinated approach to it all. The New Zealand government sees skiing and alpine tourism in New Zealand as a core part of its offer. I simply do not think that we do; I honestly just do not think that we see it. It is an ongoing issue for the industry that every Tourism Australia campaign that you see it is about the reef, the rock and the road. You see nothing whatsoever of the alpine regions. I think the New Zealand government takes it a step further, in that it provides not ungenerous subsidy, right down to issues like insurance — and insurance is a fairly hefty part of our business, unfortunately. There is significant government support of those things.

We are not looking for that. We do not need that. We are a commercial business. I will pay my own bills — no problem at all. But what I think we do have in New Zealand is a government-driven, coordinated approach to this adventure tourism piece that it sees snow and ski and mountains as a core component of, and I do not think we see that in Australia or Victoria.

Ms MARSHALL — So when you are saying ‘government’ specifically, you are talking about New Zealand — I am thinking of the federal government as opposed to you talking specifically about the state government?

Mr SCHRYVER — No, the government areas of New Zealand. Even the provincial governments are very heavily involved in those sorts of campaigns. You know the great cheap New Zealand lift ticket that you read

about? There is actually not insignificant government subsidy under that. I have done the maths, where I have said I think our costs of compliance with government requirements are about \$5 to \$7 a lift ticket. Again, that is fine. That is our marketplace and we are a profitable business. I am not asking anybody to feel sorry for us but I do think there is that holistic approach to it within that adventure and nature-based tourism in New Zealand that in Victoria we do not have.

Mr NORTHE — Actually, Kirstie stole my question, so I will just make a couple on the same point, John, just about the New Zealand aspect. I think obviously the New Zealand market sells very well in Australia, there is no doubt about that, about their ski season and the like. How much can you see the redevelopment of Mount Hotham, for example, boosting tourism numbers there? The second point: how far do we market in Australia to interstate as such for skiing holidays? As much as what, I guess, New Zealand does in Australia?

Ms MORAN — Do you want to do that?

Mr SCHRYVER — She will interject in a moment, I can tell! New Zealand has ski fields, Australia has ski resorts. You can come and live on snow. You can ski in, you can ski out. You can do all those kinds of things. All of our research is that the village atmosphere we are trying to create at something like Hotham is an absolute cornerstone. The first thing they want to do is be there. You have got to have somewhere they want to be. A windswept road is not where they want to be, a village with articulated buildings and that kind of environment, that is where they want to be.

We are prepared to back with our money, that if we create the right environment, people will come. That is the bet we are quite happy to take because we believe that one. The New Zealand ski industry struggles in that regard. You basically cannot stay on snow. If you like to spend an hour on the bus getting to and from you can and all of those kinds of issues. My wife has skied New Zealand once, that is it. She is over it. She does not need to do that when she can, you know, walk out the front door and clip them on and away she goes. That is something we can clearly deal with as we grow the business but I believe we need that to then be marketed and not just left to fate or whatever.

In terms of interstate, at Falls and Hotham about 62 per cent of our skiers are Victorians. Everybody else comes from interstate. We get good market share from Queensland. We get good market share from South Australia, Western Australia. South Australia is quite a big supporter of Falls Creek. With Hotham airport and the marketing efforts we have put into Sydney over the years, we draw good skiers from New South Wales. In general we draw more skiers from other states than the New South Wales resorts do — they draw from greater Sydney and whatever

Mr NORTHE — I will just allude to the point that I want to make. It is about aviation, which I have asked about through previous public hearings. How much impact has the airport up at Hotham had in numbers?

Mr SCHRYVER — We are under parliamentary privilege here, aren't we?

Ms MORAN — We are.

Mr SCHRYVER — In all honesty it probably accounts for 5 or 6 per cent of our visitations. What I will say though is that 5 or 6 per cent of visitation is a higher rolling — they are people who fly in and book a private instructor for five straight days and out they go. You know, we have had one person flying in regularly from Singapore via Sydney. So far this season at Hotham she has spent \$30 000 on instructors alone, buying lessons for her and her family and the group that she travels with.

Mr NORTHE — I am sure that is an example of where that has been really a great advantage to a tourism area — —

Mr SCHRYVER — Yes, it is

Mr NORTHE — — by having that infrastructure in place.

Mr SCHRYVER — Absolutely. Having said that under parliamentary privilege, our airport is not a profit-making exercise for us. It is not a profit-making exercise when you look at it as an airport. When you look at it as a selling and marketing tool, then it is part of the real deal. I think the potential impact of Albury airport being upgraded to take jet aircraft in — you know what the market is like, it is pretty competitive out there amongst the

airline boys now — if they had that sort of facility I think we would see guests to both Falls Creek and Hotham dropping in Perth–Albury direct in the winter.

Brisbane–Albury direct, Townsville–Albury direct, they would just drop them straight in and they are 90 minutes by bus to Falls Creek, and 2 hours and a bit to Hotham. I think that is really a massive opportunity. I actually think Albury airport is a bigger opportunity for Victoria than it is for New South Wales because all the action is down here, quite frankly, from that border region.

Ms MORAN — The ski industry in Victoria is also well supported by Tourism Victoria. There is a committee called BART (board of alpine resort tourism) which does attract some funding from Tourism Victoria and also from the resorts. We have a budget of about \$950 000 annually to market our resorts both interstate and domestically, and we are starting to look at dipping our toe in the water with some international markets as well. We appreciate that support from government. It has certainly assisted Hotham in marketing into the Sydney market by underpinning some of the work that has been done through that committee.

The CHAIR — You get that funding from Tourism Vic?

Ms MORAN — Tourism Victoria funds that committee to the tune of about \$310 000. Each of the major resorts — Hotham, Falls and Buller — contributes \$155 000.

Mr SCHRYVER — That is the resort management boards, which are the land managers.

Ms MORAN — And the smaller resorts make smaller contributions towards that committee as well.

Ms TIERNEY — I am interested in the fact that you are a significant company with significant investments. I am just wondering whether you have a strategy that you implement in dealing with the ongoing engagement of the local communities in which your investments are located. Secondly, the sort of role that I assume that you take, a leadership role, in coordinating the other tourism stakeholders in those local communities to have a coordinated tourism voice in the community and to government.

Mr SCHRYVER — I have a couple of questions. First up, we do try to take a community role. We only acquired the Otway Fly recently. I have already been down there and met with the local community and frankly got a reasonably long list of complaints about lack of integration with the local operators. The alpine resorts are a simple example. We need other operators. We need to have a sound working relationship with the land managers, the resort management boards, because they are not only our landlords, they control many of the aspects of the services and the touch points of our visitors and our guests.

We own very few beds on the hills — other people own those beds. We certainly manage them, we have quite a big property management business. That is in Helen's portfolio at Hotham. We have a smaller one at Falls Creek but we depend on those stakeholders. One of the things we have tried to do in the three years since we bought the alpine businesses is improve the working relationships with the resort management boards. I think we always had a good one for Hotham, have had for many years. I think if you spoke with — I know Ross is sitting up the back of the room — the CEO at Falls Creek resort management, the relationship at Falls Creek has improved significantly over the last couple of years, largely through the will and actions of both groups.

In terms of the various stakeholders, many of them are great, willing, happy, engaging partners, some of them less so. It depends on how they see the priorities of their business. But we cannot look after our guests in our businesses without the support and work of other stakeholders in the community and other businesses. One of our mantras has been from the very outset that if we can bring 20 per cent more visitors to the region, there are no losers. Everybody wins if we can bring 20 per cent more visitors to the region.

The CHAIR — Thanks, John. Whilst you have just had a good year — —

Mr SCHRYVER — We have had an okay year.

The CHAIR — Take yourself back 12 months, how does a company like yours survive a winter with effectively very little snow?

Mr SCHRYVER — We are actually announcing our results before the market opens tomorrow morning — I suppose I can say it, can't I?

Ms MORAN — Under parliamentary privilege.

Mr SCHRYVER — Parliamentary privilege. Both our resorts were quite profitable last year. One of the misnomers is that when there is no snow, ski businesses make no money. That is frankly just not true. Yes, we missed our plan and our numbers were down, and we were down probably 35 per cent on where we would like to be, but I think the market will be quite surprised by the results we have achieved.

They are fundamentally good businesses. Our school holidays were good last year. Our school holidays were better this year, there is no doubt about that. At Hotham for one week they were frankly a little too good, because we were beyond comfortable for a few days there. The businesses are quite resilient. Snowmaking has a big part to do with that and as an indicator we will be issuing a press release tomorrow that over the summer we are going to put \$3.5 million worth of snowmaking in Heavenly Valley at Hotham, which will just probably guarantee we can have two-thirds of the resort open for the July school holidays, whether Mother Nature is with me or not.

The CHAIR — Just to finish off, on a similar theme, what sort of condition would you say the skiing industry is in at the moment? Is it secure into the future with this potential of changing climates and so forth? Are you confident going forward?

Mr SCHRYVER — Yes. Climate change is a whole issue in itself. Certainly climate change is happening. There are mixed opinions amongst many experts on the issue.

Last week or two weeks ago we made snow at +2 degrees because we had low humidity. Snowmaking technology is advancing at a very rapid rate. I think we do as an industry need to improve the guests' understanding that there is actually nothing wrong with man-made snow. Kirstie might notice the difference, but I think 95 per cent of the skiers cannot tell, quite frankly — they think they can, but they cannot. So supplemented by snowmaking, and that is in our development plans, one of the big issues is the snow line. Both of our resorts are high.

When there is one resort left in Australia, if it gets to there being one resort left, it will be Hotham. That is just the geography — you cannot change that. Falls Creek will be there too but on the fringes. We think there is a long-term sustainable future. My own view is, I know our businesses are profitable, and I think I can extrapolate enough the operating models of our major competitors: I think all of the five large resorts are profitable.

Buller had a tough couple of years, no doubt. Buller obviously has had a better year this year. The smaller resorts do struggle, and frankly I think are propped up by government through their resort boards, but I think all the commercial operators in the large resorts — of which I am in the big five of Buller, Hotham, Falls, Perisher Blue and Thredbo — are long-term sustainable, profitable, good businesses.

The CHAIR — Still on the same theme, does that extrapolate down then into the accommodation houses and the hotels, chalets and lodges? Would you also say they are in a similar position, or is that a bit tougher again?

Mr SCHRYVER — No, frankly, overall I think they are just fine. Obviously they are affected by good years and bad years. A lot of them had to have their holidays in Queensland last year; the year before they went to Austria. I do not mean that tongue in cheek, but you will obviously get the bell curve, and there could be operators here going, 'It is no good, I do not make any money, it is all the ski lift company's fault because we're too expensive'. We are about 20 per cent of the guests' holiday; everything else is the other 80 per cent.

But my own smart alec observation would be that the businesses that consistently struggle are being poorly run. That would be my commercial view of the situation. I think we had a great July with terrific snow conditions. Even though snow conditions have been less than great in August, particularly the last two weeks — it is tough for a ski hill to deal with +9 degrees — I think bookings have remained strong through August. If anybody says 'No, I've had a really tough year, I've not made any money', my overall view would be they are running their business poorly, not picking their segment, or whatever, whether it be marketing-based or an operationally based bad deal, I do not know.

Ms MORAN — I would just like to add to that the fact that the ski season does only go for about three months, and we are very much looking at long-term sustainability and trying to get some summer visitation happening in our resorts in this area, which will have a flow-on effect to everybody in the region.

You do not build \$500 million worth of accommodation on a mountain and only expect to run it for three months of the year. We are very focused on that long-term sustainability and how we get that visitation maybe through business marketing or conference marketing.

Mr SCHRYVER — One of the partners that we are talking to to be engaged in the Hotham Village development runs a large conference business right through South-East Asia and sees himself bringing people from Asia to here. I think that long-term sustainable thing is the case, and all-year operation obviously is an issue. The overrider to that that I use is that I think at times the resort boards are too focused on driving too much about summer; we do need to remember that in the alpine resorts winter is the economic engine. A 100 per cent increase in summer visitations will not compensate for a 5 per cent drop in winter visitations. It is the economic engine.

The CHAIR — Well said. Thank you very much for your time today.

Ms MORAN — Thank you.

Mr SCHRYVER — Our pleasure. Thank you for your time.

Mr VOGELS — You tell me you want to develop more infrastructure up there, but there are so many authorities so it is very difficult to actually get an answer from anybody, whether it be DSE, Parks Victoria and no doubt Tourism Victoria?

Mr SCHRYVER — They are all legitimate and genuine stakeholders.

Mr VOGELS — They are. Now you have taken over the Otway Fly, which is on private property, you would be a good person to talk to in a little while to see how much difference that would make if you wanted to expand that, because you would probably deal with one person and one local government authority and get on with it, rather than all these other people overlapping?

Mr SCHRYVER — That is quite right. It will be interesting, because we do have some plans for Otway, not to turn it into a theme park but to improve the offer to the guest and do some development in that area. It is a natural extension of the Great Ocean Road. We are already seeing issues of zoning and stuff like that that we will need to talk about with the local authorities. My one or two meetings down there to date have indicated to me that there is quite a willingness to work with us to grow. There seems to be quite a degree of enthusiasm in the Otway shire for the fact that a true leisure operator has bought in, rather than a group of engineers that built the walkway, and I am hoping we do not let them down.

Mr VOGELS — I think that is important. I have just one question which might upset a few people here, but that is okay. When I was shadow Minister for Local Government local councils used to often say to me, 'These resorts would be much better managed by local government because they already have the graders and the snow ploughs and they supply the services. Why do you have a separate operator?'. You do not have to answer that question, but once again, instead of dealing with so many different people you would deal with one authority.

Mr SCHRYVER — I have one of them sitting up behind me here, so I have to watch myself.

Mr VOGELS — There are one or two councillors here.

Mr SCHRYVER — What I will say is that the way we operate with the resort management boards in Victoria — just as someone who has lived in New South Wales and now works in Victoria — I think we have a better model overall than they have in New South Wales. At least when we sit down with our land managers we are both interested in the growth of the resort and the growth in long-term sustainable tourism. I think that helps. I think it does as a cost overlay, and I think it adds another layer of process — you know, how that works and how that does not work. At Falls Creek some years ago it did not work that well. It works a little better now for us, there is no doubt about that.

I proudly say that with what we are trying to do at Hotham, we feel the resort management board at Hotham is our genuine partner in what we are trying to do. That is an easier environment for us as a commercial operator than it might be in New South Wales, where Perisher does not have an area lease for its skiing. The only lease it has with national parks is the area underneath the lift where the tower sits, and when you get off the lift you are skiing in the national park. That creates some challenges there. Having said that, I think the Thredbo model has a bit going for it,

in that there is the Kosciuszko–Thredbo run shuttle. They have every component of it and every level of accountability.

The CHAIR — Thanks, John and Helen.

Witnesses withdrew.