

CORRECTED VERSION

RURAL AND REGIONAL COMMITTEE

Inquiry into rural and regional tourism

Mansfield — 30 August 2007

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Mr M. Watson, Watson's Mountain Country Trail Rides.

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The CHAIR — This is the all-party Rural and Regional Committee. We are conducting an inquiry into rural and regional tourism. Everything that you say here today is covered by parliamentary privilege. That is through the Constitution Act 1975, the Parliamentary Committees Act 2003 and the Defamation Act 2005. Anything you say outside the hearing is not covered by parliamentary privilege. Before you start, Michael, if you would give us your full name and address and the organisation you are representing. Then it is all over to you for your presentation.

Mr WATSON — My name is Michael Alexander Watson, date of birth is [detail removed], and I represent my business, Watson's Mountain Country Trail Rides. I am also involved in another business called Adventure Victoria. I am one member with another three members of that organisation.

From my perspective we see domestic tourism across Australia as going through probably a seven-year period of dormant activity. We anticipate that domestically we will still have custom, but it is not going to grow so we have focused our business on international tourism. I suppose my perspective for the rural and regional areas is how do we bring the international tourists into our area. I think transport is the critical issue. We have a public transport system across Victoria, but that is not suitable for international guests. I say that from feedback I have received from my attendance at various trade shows, the most notable one being the Australian Tourism Exchange — we have attended that for two years in a row — and the wholesalers and inbound tour operators all feel uncomfortable with sending their potential clients into any area that does not have a door-to-door transport service. I see that as probably the single biggest issue that will impede growth into regional areas. I think there is potential for our particular area — we will call it the high country. I know there was discussion prior to this, but I did not hear all of it. Within Victoria there are well-established international touring routes. We know about the Great Ocean Road, Phillip Island and Ballarat. That certainly services the industry, but there is an opportunity for this particular region of Victoria to be the next big thing. I say that from the reaction that I have received from various inbound tour operators. I assume everyone is familiar with the structure of international tourism, inbound tour operators, wholesalers; would that be correct?

The CHAIR — Reasonably, yes.

Mr WATSON — They are enthusiastic about our product, but the barrier that we have is the transport. A lot of international visitors, particularly from the Eastern Hemisphere, do choose to come back into our regions. Once they have actually visited those other areas there is the opportunity for them to explore new areas of Victoria. That is certainly one market we are looking at. But you are looking at the Western Hemisphere and a lot of the research on the types of travellers from that Western Hemisphere is that they would be very suitable to the type of product offered in the high country — namely, adventure. Unless we resolve that issue it is going to be a very difficult task to gain a market share of international tourism.

The CHAIR — Michael, just with western and eastern hemispheres, with the Eastern Hemisphere you are talking about Asia, and the Western Hemisphere you are talking about — —

Mr WATSON — Yes, Eastern Hemisphere probably covers Japan, north Asia and down through places like Singapore, Hong Kong, Malaysia.

The CHAIR — And the Western Hemisphere?

Mr WATSON — The Western Hemisphere is probably North America and you would be looking over in the UK and then countries like Germany — those European countries as well. They are sort of the main markets. That is really what I am bringing to the inquiry — my emphasis on that we really need a transport solution. I think the transport solution would come in the form of cooperation between the range of different government bodies and in turn meeting with industry.

I am not suggesting that we would have a transport system that would be paid for by the government as such. I think we just need the government to perhaps lead the funding and for commercial operators to buy into the system. An example would be a bus service perhaps run by one of the major bus companies that has the resources. It would move through the north-east high country region with hotel pick-ups out of Melbourne. We need to look at where the international tourists generally land. It is either Sydney or Melbourne, but Melbourne is our closest market of course. Then we have a regional airport at Albury, so there are probably three points of entry in terms of flying in. But we need a service that picks people up from their hotels and brings them into the regions and then the opportunity for commercial operators to buy in to pick up those guests from central areas. I am not talking about

door to door. I am not talking about from my business, being a farm 20 minutes outside of Mansfield, that the bus is going to pull up and drop people out there. The service would come into Mansfield and there are a number of businesses within Mansfield that would then be able to do the pick-up from the township itself.

Mr VOGELS — A couple of minutes ago you asked whether we all understood how international, domestic — I do not understand at all. Could you explain?

Mr WATSON — Yes. I am new to the game too, I must confess. There are three tiers. There are the inbound tour operator, which is Australian-based. They are the go-between between the overseas country where the visitor is coming from and the Australian-based business that is going to be servicing those customers. They are generally located in Melbourne and Sydney for our markets. Then you have the wholesaler who buys the product in bulk and then sells it to retailers. An example would be Flight Centre. They would be a retailer. They would buy from, say, Scenic Tours or Australian Pacific Touring as the wholesaler and then Australian Pacific Touring would use any number of lesser-known names, because the inbound tour operators generally are not well known, to buy the product. Through that process there is up to 30 per cent commission that is taken out of the sticker price of any product. But they are the three entities that you pretty much deal with.

Mr VOGELS — Thank you.

Mr WATSON — No worries. I see that as the single biggest situation that needs to be resolved in order to grow international tourism into country Victoria, particularly in the high country region.

Ms MARSHALL — I was actually really interested when you were talking about the fact that your business has focused on the international market. My first question is what is wrong with the local market? Secondly, how do you access through advertising a main form of, I guess, promoting your business internationally?

Mr WATSON — Certainly the focus is still on domestic, but the research shows — and I think it is probably largely a result of cut-price airlines these days — that it is much cheaper to travel for an overseas holiday, so that would certainly be one of the factors. We certainly have not taken the eye off the ball because in my case domestic is still 95 per cent of the market. I am talking about the potential for growth and how do we grow our businesses further. Although it is a small percentage, I think the potential there is for it to become perhaps more a 70:30 split. In terms of access to marketing, it is very expensive. It is the type of venture where you would plan to lose money for five years before you see any results. With my group that I am involved in, which I alluded to before, called Adventure Victoria, we actually applied under the federal Australian tourism development program and received some funding from that. That has given us more opportunity to actually roll out more advertising and marketing for the international market. It has allowed us to go to trade — we have self-funded trade shows, but it has allowed us to support it with websites and marketing material. It is a show of faith going into the international market. I think every new player would happily confess that they have their moments of wondering whether it is all worth it. I see it is the growth potential. Quite honestly, when you do have internationals up here, they are just gobsmacked. We have fantastic product. So it is just a matter of getting in some of the right people. It is a big market out there, and it is not easy to do.

Mr VOGELS — Has continually increasing the size of our national parks had any effect on your industry? As a national park is created, are you no longer allowed in there, obviously, with your — —

Mr WATSON — It has not had any effect on the horseriding part. I see that the nature-based tourism strategy, if all those recommendations are adopted where infrastructure, be it temporary infrastructure, is allowed in national parks, is probably a critical issue. It would certainly tie in more with Tourism Australia's National Landscapes initiative. Are you familiar with that? They are looking at their next campaign. I think the potential there is enormous. Everywhere has alps, but we have a high country that allows you to look over the top of them, and it just gives perspective that you do not see in many other parts of the world. So even if you look in Europe, where they have much taller alps, you cannot actually see the next one, because it is all blocked out. I am only guessing. You would probably know, Kirstie, but that is the feedback we get. It is always disappointing and frustrating when access to national parks is restricted, but the rhetoric is that they are allowing access — I mean the horseriding sector, so there would be bias there in allowing access — so as long as that comes to fruition then that is okay.

Ms TIERNEY — Michael, in the information that we have been provided it states that your company employs 17 staff; is that correct?

Mr WATSON — Over the various stages, yes.

Ms TIERNEY — Depending on the season?

Mr WATSON — Yes, depending on the time of the year. It is a seasonal business, so probably 12 at that peak period at one time.

Ms TIERNEY — I was just interested in terms of the skill shortage that we hear about and whether that has had any impact on your business; and whether the retention of your employees has been an issue at all.

Mr WATSON — It certainly has been with this four-pronged attack of drought, bushfires, lack of water and the equine flu. I do not know how many more we can fit in a year. But it is a constant problem. In fact in two weeks time I will be running a workshop to train and accredit and qualify more staff. That is something that we just have to do year in, year out. We do work in a seasonal environment. I suppose if we are better at it we can balance some of the winter demand of snow product with summer demand and try to retain some of those people within the area. The other one of the ways something like may happen is through an education institute — where perhaps in the quiet times in between they can keep being qualified. Unfortunately La Trobe University has not had an outdoors program; it is not doing that up there any more. That is an institution which you would see on the outside as being an ideal way of doing it. But it is a constant problem and we just have to be on the ball and look far enough ahead to do our required recruiting.

Ms TIERNEY — Do you have perhaps strategies to encourage local people to actually become qualified and work for you?

Mr WATSON — Yes. One of them we work with, as a number of businesses do in this area, is the local secondary college that runs a VCAL program, so usually we have a couple of traineeships going on at the one time. In fact one of my trainees that is in her second year will be doing the accreditation course, so she will get her certificate III, which is linked to the national training authority. So yes, we try to do that, but we have to be a bit realistic in our business too that we are certainly a lifestyle business. There are probably no huge long-term career prospects. It is a type of employment that sort of matches well with people's lifestyle up here, but it is not something necessarily that you can move too many places within the industry. You can go out and create your own, but we are microbusinesses, so we have our limits.

Mr NORTHE — Michael, I am interested to hear from you as a business owner about any suggested improvements, if any are possible, in working with the tourism bodies and local governments and other organisations in promoting your business.

Mr WATSON — Yes. It is interesting that you would ask me that question, because I am the chair of the Mansfield Shire Tourism Advisory Committee and also director of the Mansfield–Mount Buller reservation — —

Mr NORTHE — And you are a business owner.

Mr WATSON — Yes. I have got my finger in just about all the tourism bodies. I am involved with NEVT. I am involved with Tourism Victoria; we use them as a mentor for Adventure Victoria. I am involved with the nature-based tourism strategy as one of the industry's reference group stakeholders. I think it all works pretty well. I can hear people's frustrations about the focus on perhaps Melbourne, or the focus on the bigger players, but I also believe, particularly when it comes to the international market, if you try to have too many smaller regions to market you are losing the message there somewhere. I am quite comfortable with marketing Victoria by leveraging from Melbourne. Melbourne is a name that is well established. I am happy for people to come into Melbourne and give us the opportunity there to leverage from Melbourne. In talking of Adventure Victoria I would like to say that our tours depart ex-Melbourne. I am comfortable with that concept. I just think when you are talking such a big market it is unrealistic to think that you can put high country as a brand alongside Melbourne, as such. We are talking about it being across Australia, so you are talking of Sydney: you do not really see the marketing too much internationally other than getting to Sydney and the adventure starting from there.

Mr NORTHE — I might just rephrase the question to some degree. Do you feel that locally you get enough state government support in relation to tourism?

Mr WATSON — I think we do. I think we have to work hard at it though. I am not one to believe that someone should come to us with the solutions. I think we should try to find the solutions and go to them for assistance. I think it is much more effective that way.

Mr NORTHE — Absolutely.

Mr WATSON — I know that when you have initiatives that come along like, say, a seminar to become internationally ready, which has happened from time to time, at your first meeting you might get 100 per cent attendance, but I think sometimes the expectation is that people are going to walk away and all of a sudden they have an international market. At the second meeting and follow-up meetings you start to get down to 80 per cent, 50 per cent and so forth. So I think it has to be driven by the business owners to that degree. So long as there are opportunities, if you are willing to put effort and initiative in, then you can start to utilise the services. I think that is probably a more effective method.

Ms LOVELL — I was just interested in the impact of the bushfires on the trail riding industry. I have had a number of local operators lobbying me quite heavily after the bushfires and I came up and met with quite a number of people as well. When they were getting quite desperate people were really concerned about the closure of the tracks and the time frame for reopening them. There were a number of things that were put forward. People felt that perhaps the tracks that were safe could have been reopened to the licensed operators earlier than they were reopened to the public because the licensed operators would be responsible about actually accessing them and not going into sensitive areas. I was wondering if you could expand on the feelings of the local people.

Mr WATSON — That is something on which I have lobbied Parks Victoria a number of times and it is something we have lobbied on during the formation of the nature-based tourism strategy; and also another forum where they were just looking at the park licence reforms. Through the efforts and the higher responsibilities of licensed tour operators we contended that perhaps we should have some more privileges. I think that is really where that emphasis should be placed. I still believe licensed tour operators should perhaps have greater access, privileges and responsibilities within the parks system.

Equally if you had a year where perhaps the scheduled park opening time was 1 November but you had a particularly dry October, I think it would be sensible for licensed tour operators to have access earlier, in consultation, if the environment is not going to be affected by it. I think those sorts of privileges would be fantastic for the tourism industry. Logically, to me it makes sense, but I think in such a large organisation they have fears that they will not be able to monitor it all and something will go wrong. But I think logically if you are requiring licensed tour operators to take greater responsibility, that should be a trade-off for giving them more responsibility at the same time. At the moment a licensed tour operator needs to satisfy a higher level of criteria than the general public, but there is no recognised benefit for them doing that, other than being required to.

Ms LOVELL — Also, was any compensation given to licensed tour operators because for the majority of the period the tracks were normally open they were locked out of them?

Mr WATSON — No, none at all. But Parks Victoria — it initiated this with the 2003 bushfires — did invite licensed tour operators to apply to the organisation that was contracted to assist with the reopening of the track. It was not compensation but an opportunity to have some earning capacity. But there was no compensation scheme that was actually in place from the 2003 bushfires. We certainly tried to lobby for one, but the feedback was that they wanted to put the money into campaign funds. Some of those campaign fund moneys are being released now. I think individual businesses would have really benefited from a cash contribution, because although it is great to market afterwards, there are immediate cash concerns. You will find that a lot of tourism businesses flow from season to season, and that particular time that the fires struck was the peak season. People might have been relying on 75 per cent of their annual income coming from that season alone. It certainly did put a lot of pressure on them.

Ms LOVELL — So rather than workers compensation, even perhaps low-interest loans or something like that would have helped the operators, or no-interest loans?

Mr WATSON — It is hard to say because of the criteria. I am saying that because, for instance, I run a farm as well and you sometimes fall between the cracks. I know there is not an easy solution, but that is what happens.

The CHAIR — Michael, is there an opportunity — do you know from any operators or have you tried it yourself — to value add to the experience? For instance, if you have been able to get a group of 20 or 30 up there in the high country on one of your trail rides, have you then linked in with rock climbing or abseiling businesses, or helicopter rides, or fly fishing?

Mr WATSON — We do that all the time, yes. That is what Adventure Victoria is about: different activities — that is horseriding, rafting, abseiling and caving. Even locally I run a product, a winery ride. They ride the horse, the winery serves lunch and there is an opportunity to purchase wine. It is completely separate, priced separately, but linked together. What are you guys doing after this?

The CHAIR — It would be fun getting them home after a winery!

Mr WATSON — No, we do not ride back, that is the other thing. We take our OHS seriously. We are an accredited business, so we work around that as well and even provide a full transport solution for it. That again links in with a third business. We are looking at working in with Mount Buller and providing a product for them over summer. A number of those things happen. But it is largely operator initiated. There have been a number, and particularly this shire has been active in rolling out workshops to improve the Web and so forth. One that is coming up soon is packaging, value add versus discounting. You have to look to value add and rather than packaging to people to get discount, to actually add more to it. It is certainly important.

The CHAIR — Thanks, Michael; that was a fantastic presentation. Good luck with your businesses.

Mr WATSON — Thank you very much.

The CHAIR — And thanks for making your time available to us today.

Mr WATSON — A pleasure, thank you.

Witness withdrew.